THE LACK OF TANGIBILITY OF THE MID-TERM (CORPORATE) DEATH?
Why We Care About Mortality

UN (2015) World Population Prospects, 2015 revision (Human Life-Expectancy from the age of 1, world)
LACK OF TANGIBILITY
SHAPING BEHAVIOR TO STAY ALIVE

FOR HUMANS

FOR COMPANIES

NOT ENOUGH
FUTURE PREPAREDNESS PRACTICES
“LA PROSPECTIVE” LEADING THE WAY

“We need more powerful practices to collaboratively define the desired ends”

Gaston Berger
French Philosopher
1896 - 1960

STRAEGIC FORESIGHT
1. Practices are patchy

2. None of the firms have managed to create a constant stream of successful business renewal actions
Dedicated sensors to monitor driving factors

Analyzing broad and deep

Systematically challenging dominant beliefs and mental models

Collaborative interpretation using systems-thinking methods

Continuous trial-and-error learning

Appetite for uncertainty
CORPORATE FORESIGHT AT GENERAL ELECTRIC

Corporate Foresight Practices

- Perceiving
- Prospecting
- Probing

Corporate Acceleration

- 2013
  Energy & Water 31% of GE’s EBITA

2004
Water scarcity as Mega Trend

2004
“Water business synergetic with existing energy business”

2005
Pilot plant in strategic R&D Center

2005
Acquisition Ionics (water treatment industry)

2006
Acquisition Zenon to secure technology leadership

Source: Dr. René Rohrbeck, Corporate Foresight Benchmarking Study 2010
COPRORATE FORESIGHT AT SAMSUNG

Systematic identification of key capabilities needed to become a world leading company

Samsung mostly a white-label manufacturer

Leader in global TV market

Samsung beats Apple on Innovation by introducing the Phablet category

Samsung among top two in the mobile telephony market

Samsung Stock Price
MAKING FUTURE PREPAREDNESS TANGIBLE?
THE BIG IDEA

TRANSPARENT INDICATOR
Comparable across industries and firm sizes

OUR MODEL FOR FUTURE PREPAREDNESS
Comparing Corporate Foresight Need and Maturity

THE BIG IDEA

NEED
For Corporate Foresight

MATURITY
of Corporate Foresight practices

A+++  A++  A+  A  B  C  D

DANGER  VULNERABLE  VIGILANT  NEUROTIC
MEASURING FUTURE PREPAREDNESS
COMPARING THE NEED FOR AND THE MATURITY OF CORPORATE FORESIGHT PRACTICES

<table>
<thead>
<tr>
<th>NEED for Corporate Foresight</th>
<th>PREPAREDNESS Level</th>
<th>MATURITY of Corporate Foresight</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Dynamism</td>
<td>Level 4</td>
<td>Level 4</td>
</tr>
<tr>
<td>Environmental Complexity</td>
<td>Level 3</td>
<td>Level 3</td>
</tr>
<tr>
<td>Environmental Hostility</td>
<td>Level 2</td>
<td>Level 2</td>
</tr>
<tr>
<td>Strategic Orientation</td>
<td>Level 1</td>
<td>Level 1</td>
</tr>
</tbody>
</table>

**Need level**
- **RED Danger**: When Need Level ≤ Maturity Level
- **ORANGE Vulnerable**: When Need Level, 1 Level > Maturity Level
- **ORANGE Neurotic**: When Need Level < Maturity Level
- **GREEN Vigilant**: When Need Level = Maturity Level

**Maturity level**
- **Level 1**: Maturity areas
- **Level 2**: Perceiving
- **Level 3**: Prospecting
- **Level 4**: Probing

When Need Level = Maturity Level
- **Vigilant**: GREEN
- **Neurotic**: ORANGE
- **Vulnerable**: ORANGE
- **Danger**: RED

When Need Level < Maturity Level
- **Perceiving**
- **Vigilant**
- **Neurotic**
- **Vulnerable**

When Need Level, 1 Level > Maturity Level
- **Prospecting**
- **Vigilant**
- **Neurotic**
- **Vulnerable**

When Need Level, 2/3 Level > Maturity Level
- **Probing**
- **Vigilant**
- **Neurotic**
- **Vulnerable**
With our framework we can ...

...identify vulnerable firms and prescribe practices.
IS FUTURE PREPAREDNESS A GOOD INDICATOR FOR MID-TERM SUCCESS?

Corporate Foresight Need

Future preparedness
The ability to systematically and ahead of competition
• spot trends
• understand and use systemic change effects
• probe into new markets

Schumpeterian rents generate higher market valuation growth and superior profitability, when compared with industry peers.

By acting ahead of competition, firms attain superior positions in future markets

Corporate Foresight Maturity
FUTURE PREPAREDNESS TO ADVANCE YOUR POSITION IN YOUR INDUSTRY

Outperformer

Average

Underperformer

Future Preparedness in 2008:  • Vigilant  • Deficiencies
FUTURE PREPAREDNESS AND ITS EFFECT ON...

**Profitability**
- ALL FIRMS: 12%
- VIGILANT: 16%
- NEUROTIC: 10%
- VULNERABLE: 10%
- IN DANGER: 9%

**Market Capitalization**
- ALL FIRMS: 25%
- VIGILANT: 75%
- VULNERABLE: 38%
- IN DANGER: 1%
- NEUROTIC: 6%

* Data: Future preparedness data from 2008
  Profitability and Market Capitalization data from 2015
In consequence...

...enhancing future preparedness pays off (in the mid-term).
THANK YOU!

JOIN US IN DRIVING STRATEGIC FORESIGHT FOR BETTER FUTURES
THANK YOU!

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BLOG: http://futureorientation.net
RESEARCH: http://mgmt.au.dk/strategicforesight
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