

Shi[f]t Happens

The world is changing — Are you?

Insights from Deloitte's Center for the Edge

Increased globalization and rapid advancements in digital technology, collectively referred to as The Big Shift, are profoundly altering our economy and the business landscape as we know it. While some firms have benefitted handsomely by understanding and anticipating these fundamental forces of change, this Big Shift has heaped performance pressures on others.



At Center for the Edge, we quantify and track the Big Shift by studying long-term trends across 26 metrics, which are compiled in our annual **Shift Index**.

Three key insights from our recent reports and publications:

Value is moving from stocks to flows: It used to be that companies could rely on **knowledge stocks** (patents, IP, etc) as their primary source of competitive advantage. However, the value of what we know at any given time is depreciating faster than ever before; according to our research, the half-life of a skill today is just about 5 years. In a world of accelerating change, what's more important than hoarding stocks of knowledge is participating in **knowledge flows** to continually replenish knowledge.

Who is paying attention? Leading executives like JP Rangaswami, Chief Scientist at Salesforce, have already recognized the value of participating in flows. On his popular blog, Rangaswami has **penned a series of posts** on how the Social Enterprise can capitalize on the Big Shift and leverage knowledge flows.

Power is shifting from organizations to individuals: Individuals are using new technologies and more efficient practices to create greater opportunities for themselves. Skilled employees have greater bargaining power than ever, ratcheting up the war for talent. In addition, consumers have more information and more choices, leading to higher consumer power and brand disloyalty.

There are also opportunities for individuals to use the Big Shift as a means to change the world around them. In a recent **Harvard Business Review posting**, we discuss how individuals can take advantage of accelerating change and turn their big idea into a reality.

Performance is falling for companies: Squeezed between empowered employees and informed consumers, organizations are facing intense competition and constant disruption. As a result, Return on Assets has been consistently falling across all industries for over 40 years. These challenges have also manifested in higher stock price volatility, firm topple rate, and executive turnover, as quantified in our **Impact Index**.

While many firms are feeling increased pressure, we think of the Big Shift like a wave; if you can catch it, the Big Shift changes from being a threat to an opportunity. Our latest research paper, **Scaling Edges**, is aimed at change agents looking to transform their institutions to take advantage of the Big Shift without large upfront investment or a politically charged "Big Bang" approach.

Catching the wave of Shift

We welcome you to join the conversation at **Center for the Edge**.

Recent views from the Edge

- **The Labor Day Manifesto:** A call to action for those committed to pursuing their passions
- **Brain from Brawns:** Talent policy and the future of American competitiveness
- **Space Counts:** Why Physical Flows Matter in an Increasingly Virtual World
- **How companies ought to train their staffers:** Making "talent development" more than lip service

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