Leading Through an Age of Discontinuity

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History is in motion. Over the last decade, while recovering from a global financial crisis, we have witnessed extraordinary and foundational shifts. These have included increasingly vivid manifestations of climate change, as long understood theory has been steadily affirmed by newly lived reality; rising inequality, accompanied by a resurgence in populism, nationalism and a trend towards increasingly autocratic leadership; increased polarization and decline of trust in many societies; new and impactful civic movements challenging old injustices; millions of human lives lost and almost all lives disrupted by a severe global pandemic; and the gradual but steady demise of the post WW2 world order—now tragically highlighted as the horrors of war return once again to Europe and the citizens of Ukraine suffer heartbreaking violence.

Today, as we hope that COVID-19 will soon transition to a manageable endemic status, many business leaders are probably, and naturally, preparing for a return to something resembling “business as usual”. In some respects, we will, hopefully, be able to do so. But we should also prepare for continued seismic change ahead, as the world—and the business environment—moves through inevitable further surprises, and we navigate through an era of profound discontinuity. The stakes are high—the coming decade holds both extraordinary opportunities and unprecedented challenges. Bold action will be required from business and other leaders, as we endeavor to forge a shared future that is productive and sustainable, meritocratic, and equitable, profitable and purposeful, logical and human-centric, and competitive but also deeply collaborative.

This paper anticipates five of the most critical discontinuities we believe lie ahead and suggests several new priorities leaders should embrace to help secure sustained success for their businesses, while also playing an increasingly vital role in shaping a better future for us all.
Introduction

Five discontinuities ahead
Introduction

Most leaders have shouldered heavy responsibility over the course of COVID-19, navigating the challenges and imperatives of the global pandemic while helping secure the wellbeing of their people, customers, stakeholders, and organizations. It has been a long, hard journey—and it is not yet over.

These have been testing times—but we have all collectively learned important lessons over the last two years that we cannot, and should not, unlearn. Many leaders have developed a much deeper understanding of what makes our businesses resilient and where previously unnoticed fragilities and vulnerabilities lie. We have experienced the importance of essential jobs that have often been undervalued. We have discovered where and how traditional working practices can be flexed and where they can’t. We have witnessed the myriad of ways in which our people, customers, communities, and other businesses depend on us, and how absolutely we also depend on them. Above all else, we have viscerally recognized the fundamental importance of a healthy, prospering society upon which our businesses’ success and growth rely and our own vital agency in ensuring sustained and equitable progress.

These lessons will serve us well on the road ahead because our experience leading through profound discontinuity has only just begun. Early in the pandemic, we anticipated in our paper “Recharting Our Course” that COVID-19 would both introduce new forms of disruption and highlight, amplify, and accelerate massive structural shifts in business and in the larger world that were already in progress before it arrived. This has proved to be true: Broad-ranging change is now moving at an even faster pace than most of us have ever experienced.

As described in “The World in 2030”, epochal shifts, fundamental challenges, and new opportunities are unfolding simultaneously across multiple domains of our lives and societies. Breakneck technological progress is creating new capabilities and upending established orders. The structures and forms of our economy, businesses, and even human work are evolving in front of our eyes. Power is shifting globally and long-standing institutions and alliances are changing as severe geopolitical tensions manifest in increasingly alarming—and currently in Ukraine, tragically violent—ways. Meanwhile, traditional hierarchical power is both competing and blending with highly effective new models of more “bottom-up”, networked models of power, as trust in established institutions declines. Relatively unregulated social media, deliberate and systemic disinformation campaigns, a sense of decline and loss amongst many demographics, and a very human thirst for
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simple answers to complex questions have all contributed to a volatile period of polarization and the fraying of previously well-established norms in many countries, including the US. And profoundly, climate change has moved beyond scientific theory to a manifested reality that poses deep, permanent challenges to how we currently inhabit our planet, while other sustainability issues—including water and air pollution, deforestation, loss of species and habitat, and unsustainable waste generation—are quickly approaching irreversible tipping points.

Most leaders today already sense and appreciate the uniquely dynamic—and frankly precarious—period we are living through. Yet it is hard to extract signal from noise, identify where the most significant changes will occur over the coming decade, and anticipate the opportunities and challenges these will pose. Above all, it feels unclear exactly what we, as business leaders, can do about any of this. But, collectively, business leaders have astonishing agency and should activate it responsibly. Over the last few centuries, we have very meaningfully created the present world; therefore, as we continue to shape the future, we should do so with a strong and explicit commitment to making it better.

The next decade will be largely defined by the aggregated impacts of billions of decisions, actions, and innovations of millions of leaders across many thousands of businesses and other organizations. None of us can individually control what happens over the next decade or so, nor dictate the outcomes. But each of us can and should contribute to shaping that better future, directly connecting the continued success and growth of our own businesses with an increasingly healthy, equitable, productive, sustainable, and human-centric “next economy.” As leaders, we are blessed with opportunities, resources, and agency; now it is important to activate these with fuller recognition of our social responsibilities as good stewards for our businesses, and good ancestors for the future generations who will follow us.
Five discontinuities ahead
Five discontinuities ahead

In our conversations with leaders from across many industries and regions, several topics are repeatedly raised as areas of concern and uncertainty. None of these are surprising: What will technology do next? How will the societal role and expectations of businesses evolve? What is happening to globalization? How should I think about my organization’s strategy and planning in such a complex world? What will it take to lead through so much social change?

There are no simple nor definitive answers to questions like these—unfortunately, there are no crystal balls. But we believe that we are now living in an age of such dramatic and foundational change that it is prudent to assume that over the next decade we will experience several major discontinuities—shifts that fundamentally undermine and sometimes reverse long standing “truths” and orthodoxies that have held powerful sway and shaped our thinking and choices for decades. Below, we highlight five critical discontinuities that will likely reframe our perspectives and inform our actions as we grow our businesses and help shape a better future in the years ahead.

1. RADICAL SCIENCE AND TECHNOLOGY: The next wave of exponential progress. A thousand years ago, universities in the Middle East codified the first model of scientific discovery, and it has more than stood the test of time. In fact, it has largely created our modern world, through a consistent and repeated process: human observation of nature, the development of hypotheses, the design and iteration of experiments to test and amend those hypotheses, the discovery of truths, and the development of practical technologies and applications for human benefit.

Over the last 60 years, the primary focus of technology has been digital computing, which has changed the world at an accelerating (and staggering) pace—driven mainly by the exponential force of Moore’s Law. That force is now, inevitably, reaching the limits imposed by the laws of physics. We might expect the pace of change to slow, yet new investments and innovations promise renewed impetus and faster growth. New materials such as graphene are expected to gradually displace silicon. Advances in chip specialization, design, and architecture are steadily securing significant performance gains. Quantum computing, biological computing, and artificial neural networks will continue to evolve rapidly and enable step changes almost beyond our imagination. And software will continue to “eat the world,” with leaps forward that greatly magnify the revolutionary impacts of artificial intelligence and machine learning.

Over the next decade these technological advances will almost certainly have an ever-expanding influence on human life on planet Earth and transform the art of the possible across many dimensions of our societies, economies, and businesses. But their most profound impact can already be witnessed today—the emergence of a new, second model of scientific discovery. In a virtuous cycle, science has birthed technologies that are leading to exponential growth of digitized data; this data can be automatically interrogated by machines that are themselves becoming exponentially more powerful. This is already revealing correlations impossible to detect or even hypothesize through human observation alone, and will increasingly reveal causation, in time voiding the need for painstaking and lengthy processes of experimentation.

The pump is therefore primed for truly unprecedented levels and novel types of scientific discovery over the coming decade. This will turbocharge the convergence of digital technology, biotechnology, nanotechnology, neuroscience, materials science, and behavioral science and inevitably drive phenomenal new technological breakthroughs. While we cannot currently predict the exact nature of these breakthroughs, we can with confidence identify the areas where revolutionary advances are likely to occur. We characterize them as “New Worlds,” each of which will generate both remarkable new opportunities for human progress and profound new ethical dilemmas and challenges.
Five discontinuities ahead

Over the next decade, technology will continue to broaden and deepen its impact. It is now prudent to assume that this will create a series of new worlds, each likely to result in markets worth trillions of dollars and generating stunning new promise and new challenges.

**Inner World: Technology is conjoining with life—and coming inside the human body.** Technology has consistently improved our ability to detect, prevent, and treat disease. Wearables and interoperable health data are now improving care, enabling earlier diagnoses, and increasing not just life spans but also health spans. Over the next decade, our bodies will probably not simply be healed but increasingly also actively augmented. Synthetic biology, nanotechnology, cyber-bio convergence, neural improvements, and other advancements are creating a new world of longevity, radical wellness, and human enhancement. This Inner World will also inevitably exacerbate pressing moral dilemmas around health equity and accessibility, security and privacy, and sustainability concerns.

**Mirror World: Technology is already creating an increasingly perfect and seamlessly connected replica of planet Earth.** There is a great deal of excitement around the “metaverse”—the immersive, communal cyberspace that is already emerging today. Add the steady growth of technological developments such as digital twins and Internet of Things (IOT), and the opportunities become much vaster. In the coming decade, technology will continue to create an increasingly comprehensive “digital twin” of our world, engendering new forms of communication, social intercourse, innovation, prototyping, and community formation. This promise of Mirror World greatly expands new opportunities to deploy digital technology to create solutions to our toughest problems. But without careful consideration, it also has the potential to sustain and amplify the biases, disinformation, isolation, cyberattacks, and other societal challenges we experience today.

**Off World: Technology is expanding beyond Earth.** Large investments by billionaires, space tourism, and visions of space colonies are high profile developments, but these are likely only the beginning of even more impactful innovations in space. In the years ahead, technology will probably tap into its abundant resources, and make full use of its micro / zero gravity and vacuum environment—enabling the capture of new sources of energy, catalyzing further ubiquitous connectivity worldwide, and creating novel materials and products through advanced off-planet manufacturing approaches. While these have the potential to radically enhance our lives, Off World will surely also be shaped by complex geopolitical tensions, military dynamics, and questions about the governance of space resources.

**War World: Technology is continuing to enable our fighting capacities.** Technology has always had a deep relationship with war. In recent decades, it has aimed to reduce military casualties by distancing the warrior from the battlefield. In the decade ahead, we should expect technology to increasingly be at the center of geopolitical hostility. It is highly likely that cyberattacks will continue to threaten financial and physical infrastructure, alongside sustained attempts to deploy disinformation to divide societies, fuel mistrust, and threaten democratic principles around the world. War World could also continue to expand the battlefield into the digital realm and in the worst case, meaningfully shift casualties from warriors to civilians—but activated wisely, it could also lead to global cooperation and greater security and peace for humankind.

**Habitable World: Technology is currently being developed to help protect and heal our planet.** Technology plays a critical role in ensuring we can access the most important resources of our planet—especially energy, food, and water—in ways that can increasingly help address our climate and sustainability crises. Over the next 10 years, technology is also likely to support new smart and adaptive infrastructure, carbon capture, clean energy, and other sustainability innovations as we strive toward a more habitable planet. While increased investments and innovation in technology offer critical new paths to progress, the scale of change required is daunting, and technology alone cannot suffice. Long term success will depend on the collective action of societies, governments, businesses, and individuals to create, together, a more Habitable World for tomorrow.
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2. SHIFT TO STAKEHOLDER CAPITALISM: The inevitable internalization of “externalities.”

Forty years ago, the rather simplistic idea that the sole purpose and responsibility of the corporation was to maximize short-term shareholder value was not widely embraced. By the mid-1990s, it had become an almost unchallengeable orthodoxy. Ever since then, the notion of shareholder supremacy has profoundly informed the choices, priorities, and behaviors of most businesses and their leaders. This has undoubtedly brought benefits by driving competition, increasing efficiency and growth, and spreading prosperity. However, unaccompanied by a broader sense of social responsibility, purpose, and ethics (beyond simple legal compliance), it has also been costly and consequential in societal terms—and, in the case of climate change, potentially catastrophic.

Fragile physical environments, fractured and unhealthy societies, and an increasingly unstable and volatile global climate do not combine to create a business environment conducive to sustained success and growth over the long term. Nor are customers, (potential) employees, societies, and public opinion forgiving of activities that make things worse. No wonder, then, that more and more business leaders are publicly disavowing shareholder supremacy and embracing a more balanced model of “stakeholder capitalism” that includes the needs and interests of customers, employees, suppliers, communities, and our shared natural environment. Even institutions that once advocated for relentless short-term shareholder value maximization are now exhorting leaders to instead adopt an authentic ESG agenda as a central business driver.

This critical shift is already in plain sight. But it will inevitably lead to a less recognized and very profound discontinuity that will deeply challenge leaders from businesses, governments, and academia, and demand significant investment, ingenuity, and innovation. Economists have long pondered the problem of “externalities” in markets—the positive or (mainly) negative, and unpriced, impacts of commercial transactions, that are carried by communities and physical environments not directly involved in them. Negative externalities have been largely accepted in the past as a tradeoff for the remarkable economic growth and prosperity that market economies have so effectively generated. But their adverse impacts have grown to be increasingly significant and alarming, and leaders should now innovate to dramatically reduce them while continuing to improve human life.

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3. GLOBALIZATION REINVENTED AND ACTIVE GOVERNMENTS RETURN: Slippery roads ahead!

For several decades, economic globalization was a powerful, continuous, and largely uncontested force that spread progress, growth, and prosperity and generated remarkable new opportunities for many businesses. A rapidly growing global middle class created new customers, while increasingly educated and skilled workforces provided wage arbitrage opportunities. But their adverse impacts have grown to be increasingly significant and alarming, and leaders should now innovate to dramatically reduce them while continuing to improve human life.

The growing importance of stakeholder capitalism demands a change in the way businesses account for externalities over the coming decade. As former governor of the Banks of Canada and England Mark Carney has observed in his book Value(s), “we have moved from a market economy to a market society.” In essence, an extraordinarily powerful and effective operating system with a known critical flaw has become central to the organization of almost every aspect of human life on Earth. This, along with the lack of recognition of real planetary limits and thresholds, has led to mounting (and in the case of climate change, existential) challenges. Now and over the coming decade, we should address this flaw by innovating to remove negative externalities (and create positive ones) where we can, and to start to internalize their costs into pricing where we cannot. This will require the adoption of new tools and practices, including continuous scanning and identification of the broader societal and environmental impacts of our business, and the development of fair and accurate methodologies to quantify them. Further, it will mean holding ourselves to the highest standards of accountability and transparency in both our communications and our conduct across a broadening set of stakeholders. Many leaders will embrace this enormous undertaking as a core part of their personal and business missions.
Widespread deregulation, convergence of standards, and reduction of trade barriers also contributed substantially to a more benign international business environment. Underpinning all of this, and profoundly informing the “rules of the road” for globalization, was a set of ideas supported by many prominent governments and international institutions and often referred to as “the Washington Consensus”: that the best way to manage economies was through minimal government intervention, low taxation, no (or low) government deficits, and as free as possible trade.

Even in developed countries, this “consensus” started to crack in the aftermath of the global financial crisis; has been undermined by the rise of populism in many parts of the world, was put on hold during the COVID-19 pandemic; and will be further challenged by climate change and the inevitable government investments and interventions it will require. As power and economic might shifts around the globe, and the geopolitical climate has become increasingly fraught and dangerous, the core ideas of the Washington Consensus have limited resonance in fast emerging economies that were previously, if perhaps reluctantly, willing to comply with the ruleset it helped establish. We are now in a new era of highly uncertain globalization, which will in many countries—including probably the US—open the door to much more active government intervention.

Many business leaders should therefore expect to address discontinuous changes in their global strategies and their interfaces with governments at home and abroad. Long-standing geopolitical relationships and norms are being challenged, and a new order has not yet been established. Though the shocking current events in Ukraine are bringing matters to a head and might accelerate some new and strengthened global arrangements and multilateral alignments, we should certainly also prepare for a lengthy period characterized by a messy patchwork of competing powers; fraying and fluid alliances; increased (and probably increasing violent and dangerous) conflict; weakening of traditional multilateral institutions and limited coordination among international economic policymakers; growing problems such as environmental and conflict refugeeism; and, in many countries, increasing use of regulation and protectionist measures to advantage domestic businesses. We should ready ourselves for the tensions, uncertainties, and threats these might collectively generate, resulting in a much more complex and difficult global economy for most businesses.

Meanwhile, at home, governments are likely to play a more central role in their domestic economies, creating further new opportunities and challenges for business leaders. Climate change mitigation and adaptation, mounting national security challenges, increased disruption to traditional types (and availability) of work, growing inequality, accelerating technological and societal change, and polarization and absence of trust will all likely create pressures for significantly enhanced government intervention, investment, and innovation. As a much more directive force in the economy—as regulators, funders, priority-setters, partners, and potentially even as industrial policymakers—the role and reach of government will probably exceed anything that most Western business leaders have experienced in their careers to date. This will require new forms of engagement and collaboration with government, demanding the development of new skills and relationships as collaborative solutions are increasingly required and explored.

4. DECLINE OF “THE THEORY OF THE FIRM” AND RISE OF “THE THEORY OF THE ECOSYSTEM”: A new strategic unit of analysis. Adam Smith first observed the key role of division of labor in driving productivity and growth. Technological progress and increased specialization of work resulted in growing complexity of economies in meeting human and societal needs. In the 1930s, shocked by the devastation wrought by the Great Depression, the US government launched an unprecedented program of economic and statistical research that led to the 1938 publication of the Standard Industrial Classification Code—for the first time comprehensively defining the shape and structure of the US economy. A year earlier, Ronald Coase, in his seminal essay “The Nature of the Firm,” had significantly advanced understanding of microeconomics
and the essential role of firms (primarily, management of transaction and coordination costs). Both were formidable works that contributed deep and long-lasting insight. But more than 80 years later, these traditional views of industry structure and the role of individual firms are of rapidly declining usefulness for understanding and leading the emergent value creation systems now reshaping the economy.

Digitization, datafication, advances in connectivity, and increasing specialization are steadily dissolving old structures and blurring old boundaries by empowering powerful cross-industry and cross-firm collaboration and co-creation. Previously distinct industries are converging to form dynamic human-centric ecosystems that are neither organized around nor constrained by the limited capabilities of the last century. Instead, they address fundamental human and societal needs and wants in newly possible—and typically more effective, precise, accessible, and sustainable—ways. Within these ecosystems, individual businesses (alongside government, academic and philanthropic actors, and now consumers) collaborate, compete, and co-evolve together, with diminishing transaction and coordination challenges and growing levels of interdependence and vital shared interests. This is an acceleration of a long-standing trend (highly autonomous and fully vertically integrated organizations are now largely historic). Over the coming decade, the concept of a “self-contained firm” as a useful unit of strategic analysis of value creation will decline even further.

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While every business will continue to need its own strategy and vision to inform its own ongoing choices and priorities, it is becoming increasingly critical for these to be anchored in and directly tied to the strategic intent, collaborative opportunities, and shared imperatives of the ecosystems within which it creates and captures value. By focusing on collective strategies, we will more effectively connect and integrate our capabilities in alliances centered on common undertaking and for mutual benefit. This will not be simple. Strategy in a fast-changing world is already hard enough; collaborating with multiple other entities to create evolved, shared, ecosystem-wide strategies might feel a little like learning to play three-dimensional chess. New strategy tools and methods will be required, and new relationship norms must be evolved.

But this is the discontinuous reality: Becoming leaders and innovators in creating shared ecosystem strategies with others is expected to confer adaptive and collaborative benefits every bit as valuable in the decades ahead as competitive advantages have been in the past. Because together we can better tackle the challenges and seize the opportunities that will determine the sustained success of our own businesses and enable us to play key roles in shaping a better future.
Six Key Ecosystems

Every economy is a timebound construct that forms organically to best meet the needs and desires of humans through currently available capabilities and means. The economy is now being reshaped in six key ecosystems—three of which consume too much "share of wallet" and are therefore insufficiently accessible; and three of which consume too much "share of planet" and are therefore unsustainable:

Reducing Share of Wallet:

Health & Wellness
Physical and mental well-being are fundamental human needs and have been the focus of discovery, innovation, and huge investment for centuries. But for too many in the US and around the world, health care is inaccessible, either demanding a disproportionate share of their income, or simply beyond their reach. We can help make health and wellness more predictive, preventative, precise, and personalized—and more accessible for all.

Education & Learning
Education and learning are increasingly critical to society and individuals in our complex and dynamic world but too often require people to accumulate massive debt that takes decades to clear or are simply unavailable beyond the most basic levels. That need not remain true. There are new opportunities for radical improvement in delivery, effectiveness, customization, and accessibility.

Shelter, Security, & Sustenance
Housing and basic security, access to water and food—these fundamental needs are still not readily affordable or available for far too many people. We can help provide more effectively, sustainably, and equitably for these fundamental needs, and can play a key role in making clean water, nutritious food, and affordable shelter available to all people around the world.

Reducing Share of Planet:

Energy
Energy literally powers our societies, economies, and lives and has been a core and essential driver of most human progress to date. Fossil-fuel based energy systems are being steadily augmented by new and more benign systems. Energy consumption—both personal and institutional—are becoming more and more trackable and scrutinized. Radically accelerating this transition is one of the most urgent priorities for humanity over the coming twenty years. We can help bring renewable energy sources, new storage technologies, and smarter grids to greater scale, affordability, and resilience.

Manufacturing
Geopolitical tensions, protectionism, and the global pandemic have exposed the challenges with our dependence on global supply chains and on manufacturing production many thousands of miles from where the goods are ultimately consumed. We can help build a completely different manufacturing system that is digitized, distributed, and mainly additive—bringing production much closer to consumption and hugely reducing its negative environmental impacts.

Mobility of People and Goods
The ability to travel and move people and goods safely, conveniently, quickly, and affordably is fundamental to human progress. Population growth, infrastructure pressures, and climate change are straining traditional systems. We can help make mobility less congested, more efficient, and more sustainable.
Five discontinuities ahead

5. RISE OF NETWORKED POWER: Power default is switching from hierarchies to networks. Power—who has it, how they get it and use it, the rules they set with it, how they treat those who don’t have it, and the checks and balances they face if they abuse it—has critically defined our societies, economies, and lives. Throughout history, the default modality of power has been consistently hierarchical, centralized, and operated primarily through command and control systems. The powerful institutions that have ordered our societies have been built primarily upon these defaults. Yet very different power modalities have also helped shape human life—and frequently driven change. Networked, decentralized, autonomous, and collaborative models of power have frequently emerged as strong but temporary forces, often to tackle the abuse of traditional power and drive change and reform.

The default toward traditional hierarchical power models is simple to explain: They work very effectively, get things done, and are stable and enduring. But they also tend to lack speed, flexibility, agility, responsiveness, and adaptability—all important qualities in periods of significant change. This explains why over the last few decades most large organizations have launched initiatives aimed at “decentralizing,” “delayering,” “empowering,” or “dissolving silos.” The sheer strength of the traditional defaults explains why these efforts have often resulted in new layers, different silos, and re-centralizing systems. But over the coming decade, the conditions are in place for the defaults to be reset, at societal, economic, and organizational levels.

Power is already shifting dramatically—but so much more lies ahead.

Twenty-five years ago, many expected that the internet would catalyze massive decentralization and shift power toward networks and away from formal institutions. Some of the more utopian aspirations of the 1990s have certainly not been realized—and the pace of change has perhaps been slower than some expected. But there should be no mistaking the significant impact of the internet on shifting power and influence. We have all witnessed the steady growth of customer power. Platforms such as eBay, Etsy, and Shopify have enabled new levels of distributed economic activity with tens of millions of active participants. Movements such as #MeToo and Black Lives Matter have triggered foundational societal changes that have impacted the behaviors and priorities of many major businesses. Open-source intelligence (OSINT) tools and platforms are strengthening, and along with a variety of citizen-led investigative organizations, are playing a real-time role today in tackling disinformation regarding the dreadful events in Ukraine. Greta Thunberg, lacking any formal authority or even organization, has catalyzed millions of youth activists in response to climate change.

Power is already shifting dramatically—but so much more lies ahead. Trust in many old, centralized institutions is declining rapidly, eroding their authority and gatekeeping roles. Exponentially growing volumes of digitized data are becoming more openly available to more people. Gen Z, the first generation of digital natives, has reached adulthood with ingrained networking skills and deep personal convictions regarding the need for social and environmental change. Web 3.0 and crypto networks are laying the foundations and establishing the capabilities for a decentralized digital economy populated by new decentralized autonomous organizations (DAOs). And the macro-level challenges and opportunities that lie ahead of us all demand multi-dimensional, multi-actor collaborations that defy centralized coordination and control. Business—and other—leaders can of course choose to resist the rise of networked power models—but the costs, in terms of slowed innovation and weaker collaboration models could prove high. We therefore encourage taking a longer-term perspective to embrace this discontinuity and blend traditional power modalities with the new ones now moving center stage.
Forging a better future

A time to be bold

Five discontinuities ahead

Forging a better future
Forging a better future

Together, these discontinuities are reshaping the landscape of business in ways that are deep, structural, and enduring. The implications will vary from business to business, and each will have to define their own path forward. There is no guaranteed playbook to provide instructions on how to lead through the coming decade, nor any simple set of rules to follow. On the contrary, we will likely need to tear up some of the current playbooks as many of today’s orthodoxies fade into history. Yet it is also clear that business leaders should not be passive observers of this whirlwind of change. Rather, we must be active participants, preparing our organizations for a new era and activating our agency to help shape a better world.

Having steered our organizations through a global pandemic over the past two years, most of us have recent and memorable practice in leading through discontinuity. Building on—and building out—this skill is now mission-critical. The ability to lead through these disruptive dynamics will likely be the most important and differentiating leadership skill of the next decade—a vital capacity that will position leaders and their organizations to play an outsized role in defining the next economy. This will require redoubling our focus on three key areas: intentionality, integration, and learning.

INTENTIONALITY (to Provide Direction)

“A vision is not just a picture of what could be; it is an appeal to our better selves, a call to become something more.”
– Rosabeth Moss Kanter

For most businesses, the many changes ahead will create an abundance of new opportunities and challenges, and a growing array of options and choices. Which of these we choose to pursue and prioritize should be informed by clear intentions regarding what we want to achieve and contribute, how we want to act, and what we want to stand for (and against) in the world. Aspirational vision, strong lived values, and a human-centric purpose have characterized many of the most influential and enduring businesses over the past hundred years. But these qualities have probably never been more essential than now, as we together forge the next economy, heal our environment, and consistently act in ways that help restore trust and enable our society and communities to cohere and prosper.

The consequences of the choices made by businesses in the next decade cannot be underestimated—and our shared future depends on those choices being responsible, equitable, and sustainable over the long haul. As leaders, we should recognize that purpose and profit can be mutually reinforcing, and that opportunity and social responsibility are inseparable. Individually and collectively, the impact we have and the influence we hold is too significant to be morally neutral in our activities or vague about our purpose. We cannot simply adapt to the changing world—we must seek to proactively direct our strengths to make a positive difference, guided by clear intention.

INTEGRATION (to Maximize Impact)

“Coming together is a beginning. Keeping together is progress. Working together is success.”
– Henry Ford

The macro-level shift towards business ecosystems and persistently increased specialization have steadily ratcheted up the need for improved integration across our dynamic and multi-faceted value creation processes. Over the last couple of decades, this long-standing trend has been hugely accelerated by digitization, datafication and real time connectivity across every dimension of the business environment. As a result, the imperative of effective integration is today of paramount and still growing importance—both internally within our businesses, and perhaps even more critically, externally with other businesses and stakeholders.
Forging a better future

Internal alignment, integration and pursuit of synergies should typically start with our leadership systems. Yet as this has become ever more critical, it has also become more challenging. As summarized in an earlier work, “The C Suite: Time for version 3.0”, since the 1980s, CSuites have evolved to be larger in size and populated by more and more distinctive functional leaders (the growing variety of Chief X Officers) and proportionately fewer generalist integrative leaders. And these specialist leaders often have such deep expertise—even their own language and vocabulary—that their colleagues sometimes struggle to comprehend their work. The resultant sub-optimal collaborations frequently cause high but not always obvious yield losses. These can be significantly reduced if leadership teams, as they revisit their vision and purpose, also reimagine their existing collaborations and opportunities for new ones. In the process, they should also identify ways to secure strategic integration across multiple time horizons, by ensuring that short-term priorities and investments are directly informed by longer-term vision, as required in an era of discontinuous change.

Externally, the shift from the individual firm to the broader ecosystem as the most critical unit of strategic analysis will demand an equivalent shift in how businesses engage with others. Historically, and still predominantly today, relationships between businesses have been founded primarily upon negotiation, establishing service level and other agreements, and detailed contracting. While these have been steadily evolving beyond zero-sum game logics to increasingly win-win arrangements, they generally still fall well short of underpinning the levels of collaboration and integration likely to be demanded by the next economy. The opportunities and challenges of the times simply cannot be addressed by single actors or stand-alone types of deep expertise. Integrated strategies, co-envisioned, co-developed, and co-delivered with other organizations will provide very significant “force multiplier” benefits in an increasingly fluid and connected economy. In developing these, the well-established tools of systems thinking and modelling will be of growing importance.

LEARNING (to Sustain Success)

“In a time of drastic change, it is the learners who inherit the future. The learned usually find themselves equipped to live in a world that no longer exists.”

– Eric Hoffer

For decades, organizational learning has been focused largely on training, and improving operational excellence. But as the COVID-19 pandemic acutely reminded us, ensuring such efficiencies must be balanced with resilience in times of disruption and change. Business leaders should increase the nuance of their thinking and build the muscles required for change and adaptation to mirror the complexity of a profoundly changing environment. Current assumptions about what works and what matters should be questioned as we prepare for the decade ahead, during which we expect more and more external factors from far outside prior experience to impinge profoundly upon our organizations and stakeholders. The kinds of open-minded doing and learning that we came to embrace during the COVID-19 pandemic must continue; we will all, hopefully with humility, become learners again.

Happily, there are significantly expanding opportunities to support this growing priority. Learning alongside machines, with digitized data as the fuel, is only in its infancy relative to the promise it now holds. The emerging Mirror World and the growing promise of digital twins will play a significant role in accelerating this. Learning through disciplined experimentation—setting and testing hypotheses and deriving objective insights from each test—is a trick from the first model of scientific discovery from which businesses have not yet extracted maximum value. Such experimentation should lead to significantly more evidence-based management systems, allowing us to confidently challenge or substantiate long-held myths or beliefs. We can glean important insights by crowdsourcing ideas from diverse internal employee networks about issues that matter to our businesses and to them. And learning from the “outside-in” through diverse external networks holds equal promise, as connectivity and collaboration tools continue to proliferate. If training our people to execute existing playbooks was top of the agenda over recent decades, learning how to engage them in fundamentally rewriting those playbooks will become a top priority in the decade ahead.
A time to be bold
A time to be bold

“Make no little plans. They have no magic to stir [the] blood and probably themselves will not be realized. Make big plans; aim high in hope and work, remembering that a noble, logical diagram once recorded will never die, but long after we are gone will be a living thing, asserting itself with ever-growing insistency.”

– Daniel Burnham

For millennia, commerce, trade, entrepreneurship, and innovative businesses working in increasingly open and dynamic marketplaces have driven human progress and helped define our present world. As today’s generation of leaders, we must carry that baton—but now we have even more to offer, and an unprecedented moral obligation to do so with wisdom, boldness, and deep responsibility.

In the coming decade, our businesses will likely have to change even more frequently, more rapidly, and more dramatically than in the past. We must break with previous orthodoxies and mindsets to imagine, experiment and scale rapidly in new opportunity spaces, and with a renewed focus on our societal and environmental impacts as well as our profits. We should expect to be called upon to act boldly, in ways that are neither comfortable nor familiar. We shouldn’t allow our mental models to remain too firmly anchored on the traditional structures launched 250 years ago by the industrial revolution. Actions that feel dissonant and uncomfortable will often be required for sustained growth and success.

It is now our turn to make our mark and establish ourselves as good ancestors for those to follow us.

Almost 8 billion of us now occupy a unique, nurturing, and generous planet: We currently run the very real risk of simply overwhelming it—and failing to live peacefully together upon it. Prior generations have been repeatedly faced with their own narrower but equally daunting challenges, and have always, ultimately, succeeded. It is now our turn to make our mark and establish ourselves as good ancestors for those to follow us. Our shared future must be productive and sustainable, meritocratic and equitable, profitable and purposeful, logical and human-centric, and competitive but also deeply collaborative. Embracing renewed intentionality, integration, and learning in our businesses, we ourselves will need to draw upon our core humanity to lead with courage, empathy, and creativity as we help bring this future about.
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