

“21ST CENTURY MEGATRENDS AND THEIR IMPACTS ON BUSINESS STRATEGY AND INNOVATION OPPORTUNITIES”

WHAT:

The complexity of the world is growing at an unprecedented pace and is creating new, unpredictable and volatile challenges to leaders of various institutions. Megatrends such as population growth, climate change, resource scarcity, food security and ecosystem declines necessitate a new framework for business thinking and planning. The roundtable focused on strategies to enable global companies to align their business case and value creation plans, while simultaneously addressing societal challenges at global scale. Prof. Dr. Wolfgang Plischke of Bayer AG posed a central question for the Roundtable: “what does this all mean for us—as individuals, as multinational corporations, and as diverse societies?”

The roundtable objectives included:

- Reviewing how global megatrends interact and identifying the challenges they present
- Understanding the potential to convert business risks into opportunities across differing sectors
- Discussing strategies employed by individual companies to solve global sustainability challenges

WHO:

The Roundtable was structured to provide a highly interactive process of discussion amongst 36 sustainability experts from seven countries. 47% of participants came from WEC member companies, 25% from non-member companies, and 28% from NGOs and academia.

HOST

Bayer AG

Jochen Rother, Head of Environment & Sustainability Strategy

MODERATORS

IMD International: Prof. Dr. Ulrich Steger (Prof. Emeritus)

Merck KGaA: Gerald Washausen

University of Augsburg: Prof. Dr. Armin Reller

WEC: Dr. Terry F. Yosie

SPEAKERS

Bayer: Prof. Dr. Wolfgang Plischke

Cisco Systems: Dr. Klaus Juffernbruch

Dow Chemical: Dr. Anne Wallin

F. Hoffmann-La Roche: Dr. Peter Schnurrenberger

French Academy of Technologies: Dr. Bernard Tramier

GIZ: Ruth Schumacher

Iglo Foods Group: Peter Hajipieris

ICLEI-Local Gov. for Sustainability: Dr. Wolfgang Teubner

KPMG: Prof. Dr. Jochen R. Pampel

Nestlé: Dr. Claus Conzelmann

Nokia: Arja Mehtälä

Rio Tinto: Paola Kistler

Siemens: Dr. Roslyn Sayers

Swiss Academy of Technologies: Dr. Kaspar Eigenmann

University of Augsburg: Prof. Dr. Armin Reller

Volans Ventures: Mr. John Elkington

MAJOR POINTS OF DISCUSSION:

- (1) **Global megatrends are increasingly interconnected** and generate the probability of more highly unpredictable local, regional and planetary outcomes. Such convergence is also altering the dynamics across the footprint nexus, the ecosystem nexus and the innovation nexus that create business risks and opportunities. At this time, company responses to disruptive forces vary from a focus on compliance, implementing initiatives to manage reputation, or developing value added business strategies. More transformative and radical innovations and business strategies will need to emerge. Keynote speaker John Elkington addressed the need for a new breed of innovator that integrates economic with social entrepreneurship and mentioned some leading companies that already drive their businesses towards ZERO footprint: they are realizing zero water intake, deforestation, zero discharge of toxic chemicals and waste.
- (2) **A transition from issues to systems is taking place.** Much of the past thirty years has witnessed the development and implementation of ever more sophisticated approaches to managing individual issues such as air pollution, water pollution, waste management and energy demand. There are many successes to report from investments in these initiatives. However, in examining topics such as climate change, resource scarcity, and population growth/urbanization, it is increasingly apparent that future challenges will be driven by system-level changes to our planet. For global companies to effectively rethink and respond to such challenges, while having to successfully compete in a global market, they will need to adapt in at least three ways: a) investing in data analytics to obtain a system-level understanding of the risks and opportunities across their business portfolios in order to optimize their decision making; b) developing a value proposition for sustainability so that their future business models generate products and services that embed sustainability benefits within them; and c) recruit new skill-sets through people that can think around systems, in a non-linear way, who have a holistic view and the ability to create more collaborative initiatives and institutional innovations to solve global scale problems.
- (3) **Megatrends are eroding traditional business boundaries**, thereby increasing competition but also creating new opportunities for collaboration. As societal demand for products that improve health and wellbeing increases, a new industry is emerging between established methods of food production and pharmaceutical manufacturing. Access to quality health care is not only linked to societies' ability to maintain social security systems in aging demographics, but also to the implementation of technological solutions that enable better access to healthcare for the poorest. Furthermore, engineering and ICT companies are now offering more integrated business solutions for developing more sustainable cities, while automotive and electronics manufacturing are merging in ways that are reshaping the concept of mobility. Amidst this evolution is a transition from life time product ownership to differing time cycles of product use, enabling a circular economy in which “the product is the resource”.
- (4) **Global companies must acknowledge their failures, and install more collaborative learning into their business strategies and operations to avoid being overtaken by external change.** New forms of collaboration and governance need to emerge to ensure accountability and performance across new kinds of institutional relationships that involve global companies and their increasingly innovative economic and social partners. Future business leaders need to have a deeper level of understanding about how to implement more sustainable business strategies.