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The Conference Board Europe's Corporate Affairs Forum on Future Trends

Why Businesses Must Start Talking About Tomorrow Today

An uncertain future is rushing towards us. What can companies do today to prepare for tomorrow?

By Katherine Davies

Rising energy costs, climate change, digital convergence, and a precarious global financial system show the future is as uncertain today as it has ever been. But one thing is certain: there is no time to waste.

Corporate leaders must begin to engage all levels and departments of their organization in strategic conversations about the future. "With the speed of change only getting faster every day, companies need to get the dialogue going as soon as possible," says Marc Stegeman, senior communications advisor for The Conference Board.

Over 60 senior executives began that dialogue at The Conference Board Europe's first Corporate Affairs Forum on Future Trends held 10-11 June 2008 in Brussels. Five European Councils gathered to identify the most significant "high-impact" and "high-uncertainty" drivers of future change for their field and share their insights in a plenary session. Several topics were highlighted, including climate change, the weak U.S. dollar, and how to maintain a high quality of decision-making with accelerated speeds of communication. Philip Lowe, Director General for Competition of the European Commission and a guest speaker at the Forum, focused on an additional topic of key concern to major multinationals – "The Future Trends of EC Competition Policy." The main message of the Forum was clear: To achieve success, now and in the future, executives must effectively manage uncertainty in these changing times.

The Conference Board Appoints Acting Managing Director for Europe

The Conference Board has named David Learmond as Acting Managing Director for Europe and the Middle East. Mr. Learmond, a former Senior Vice President for Unilever and currently an Executive Fellow at The Conference Board Europe, succeeds VP & Managing Director Barbara Reno, who is leaving to head the Washington-based Chief Executives Organisation (CEO).

Mr. Learmond will be responsible for leading the staff, programmes and activities of The Conference Board Europe across all its areas of operation. Mr. Learmond has been working with The Conference Board since 2006 as the Executive Fellow for the HR-related councils of senior executives across Europe, and this year he began directing The Conference Board's global Research Working Group on strategic workforce planning. He also holds the position of Principal Industrial Fellow at the University of Cambridge, Institute for Manufacturing, and is a founding partner of Better Business Coaching, an executive coaching business.

See back page for interview with David Learmond.

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Upcoming HR Council Summit

The Conference Board will bring together executives from four of its Human Resources related Councils on 16-17 October in Geneva, Switzerland to discuss the topic: "Changing attitudes to work – What should HR do?" Hosted by DuPont de Nemours, the HR Council Summit will provide Members with a unique opportunity to engage with peers from various disciplines within the HR field.

For more details about the HR Council Summit, contact:
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One big question is the future role of emerging markets. "There is now an increase in Chinese and Indian shareholders, and they are increasingly becoming active shareholders of Western companies," says Thomas Tindemans, a Member of The Conference Board's European Legal Council and an attorney for White & Case. He adds: "The expectation from legal counsel is that this would modify the way in which the company is governed. They come with different legal notions, such as financial transparency or strategic thinking. The notion of hierarchy is different. It is not clear whether this is for better or for worse, just that it is a factor of change and increases uncertainty."

Energy

Uncertainty also plagues the energy industry. "The world has to realize that there is less and less easy oil we can get. The exploration of oil and gas resources has to move to geographically difficult and politically sensitive places – Russia, some Middle Eastern countries, deep waters, and the Arctic regions, for example," says Albert Wong, a Member of The Conference Board's Corporate Respon-

sibility and Sustainability Council and Head of Policy & External Relations for Shell International.

Rapid restructuring of the energy industry is widely expected. "Obviously there is a great impact on the demand for energy from the emerging markets, as countries like China and India have large and very dynamic economies and therefore they affect the price of energy for the rest of the world. Even more so, because some of them have subsidies which artificially affect the demand. They also try to secure energy resources for themselves (especially China in Africa), thus competing with European oil companies," explains Vlad Manole, Senior Economist for The Conference Board.

Facing increased competition from China and India, Europe must become resourceful in new ways. Dr. Manole adds, "Europe is one of the most efficient users of energy in the world – exporting this know-how makes sense, as the emerging economies are relatively inefficient."

Oil, however, is not the only resource that is a "high-impact" and "high-uncer-

tainty" driver of change; new, rapidly emerging markets could exploit other natural resources in unusual ways. Although Eastern European resources are growing, many are heavily underutilized and have enormous unleashed potential. "In the Ukraine, they have not managed to exploit their potential yet," says Ondrej Landa, a Corporate Strategy Council Member and Chairman of the Czech Society for Strategic Management, referring to the rising yields and exportation of grain. "This could utterly change the global food production – if the state-of-the-art agricultural technologies and seed material are applied."

Another future trend involving energy is reverse globalization. "The premises of a globalized economy are the speed of information and cheap transport," Mr. Tindemans from White & Case says. "With the technology gap disappearing rapidly and cheap transportation over, this could well lead to the reversal of globalization, going back to the localization of production. The drivers of globalization are exhausted. The competitive advantage of high technology is no longer there, and moving goods around the globe is too expensive."

Corporate values

Also highlighted at the Forum on Future Trends was the increasing expectation that companies should address issues beyond their traditional sphere of influence – for example, addressing issues of social justice rather than just being a source of employment. With corporate social responsibility (CSR) policies moving to the forefront, companies are increasingly being held accountable for the societal

The Conference Board Welcomes

The Conference Board has appointed three new Council Directors – Lucas Bergkamp, Gabriele Hasenbrink, and Albert Wong. All bring extensive experience and expertise to the Board.



Lucas Bergkamp succeeds Urban Jacobsson as Council Director for the European Council on Environment & Product Stewardship, which focuses on environmental policy and compliance issues and explores best practices for proactive environmental management. Mr. Bergkamp holds a J.D., M.D., and Ph.D. from the University of Amsterdam and a LL.M. from Yale University. A partner of Hunton & Williams, he has represented multinational enterprises in a variety of environmental matters, from contaminated sites regulation to biotechnology.



The European Council on Investor Relations also welcomes a new Council Director, **Gabriele Hasenbrink**, who is a former Member of the Council. Ms. Hasenbrink has served as the Head of Corporate Communications and Investor Relations at Sulzer in Winterthur, Switzerland as well as Executive Director of Zurich MedNet, where she developed the Zurich MedNet marketing program.

impact of their business transactions.

But the broader implications of promoting corporate values and CSR policies arise when working in difficult regions, such as when extracting oil abroad. Shell's Mr. Wong points out: "We have to work through others more. We must work with locals and joint venture partners, who may

have different values and standards. So for the company long term, we ask how can we maintain our business principles and corporate standards while doing business in some difficult working environments."

Key to forecasting what the future holds, be it the restructuring of the energy indus-

try or the promotion of corporate values, is the ability to manage uncertainty, particularly in innovative ways. Mr. Landa shares his technique: "I call it backcasting. Rather than unrolling your business plans three or four years ahead from now, you set your stake 10 years in the future and develop appropriate strategies."

European Council on Health & Safety Celebrates 10 Years

Machinery standardization. Pandemic preparedness. Nanotechnology. The field of Health & Safety has evolved over the past decade – and so have the meeting themes of The Conference Board's European Council on Health & Safety, which will celebrate its 10-year anniversary during its 5-6 November meeting in Brussels.

"In the field of Health & Safety, we are always asking, 'to what level shall we advise?'" says Frans Schot, a long-time Member of the Health & Safety Council and Manager of Corporate Safety for Sara Lee International. "This cannot be achieved just by looking at legislation, which needs to be translated for every company. The most valuable thing is to benchmark with your peer companies."

John Lyons, another long term Council Member and Group Head of Health, Safety & Environment for Telefónica Europe agrees, adding: "All of the Members believe that their companies already operate to very high standards of health and safety, but by talking with others and sharing knowledge, you can analyse those values. It is a fantastic opportunity to engage in in-depth talks and hot-topic debates and to ask, 'What does this issue mean to our company?'"

The past, present, and future of Health & Safety

Although the European Council on Health & Safety has seen an evolution in subject matter over the past 10 years – from regulatory requirements to employee behavior – Members agree that while trends may change, the fundamentals remain the same.

"The real art of our profession is the ability to improve safety and efficiency," says Mr. Schot. To best advise management, Health & Safety executives must be able to address both of these issues. Topics like this will always be important in the field. Mr. Schot adds, "Although there has been a change in topics over the years, some topics repeat and will be repeated in ten years, too."

But there are also constant developments, such as understanding the effects of noise at work and establishing health and well-being programmes. "There is a real movement now to imbed Health & Safety in the business culture," says Diana Vilan, a Health & Safety Council Member from Nike EMEA Risk Management. When Council Members recently visited the Nike facility in Holland, for example, they participated in a Yoga class.

So what does the future hold for Health & Safety, especially in this increasingly globalized world? "There is a big challenge being global," Mr. Schot says. "Can you ask for the same standards in China and Indonesia as in Europe?" The answer, he suggests, is yes. "We have to be sure that all of our workers worldwide have the same standards." However, the approach must be culturally appropriate and fine-tuned for different locales.

"Cultural differences are a huge component of managing safety," Ms. Vilan says. "This is something that is changing dramatically. Hopefully, other parts of business will help ease this transition."

Welcomes New Council Directors

Hasenbrink, and Thomas Henriksen – and a new Council Program Director: Sabine Schumann. and expertise to their new positions.

Thomas Henriksen has been named director of the European Council of Economists, which is celebrating its 25th anniversary this year. He succeeds Derek Riley, who served as Council Director for seven years. Mr. Henriksen worked in the leading Danish bank, Danske Bank, from 1993 until 2002, when he joined the Danish newspaper Børsen as Economics Editor. In 2005, he edited a book on growth with contributions from Bart van Ark, the new Chief Economist of The Conference Board.



In March, The Conference Board also welcomed **Sabine Schumann** as Council Program Director. Ms. Schumann is responsible for directing The Conference Board's European Council program, which includes more than 30 Councils as well as an annual conference and high-level forums and briefings. Relocating from Barcelona, Ms. Schumann has worked in diverse managerial and client relationship roles. At her last company, Ms. Schumann was in charge of managing European-wide networks of professionals for different directorate generals of the European Commission. She can be reached at sabine.schumann@conference-board.org.



David Learmond Discusses Strategic Workforce Planning



David Learmond, Executive Fellow of The Conference Board's HR Councils and Leader of the Research Working Group on Strategic Workforce Planning

The Conference Board recently launched a Research Working Group to study the implementation of Strategic Workforce Planning in Global Organisations. The group is being led by David Learmond, the director of the group and newly appointed Acting Managing Director of The Conference Board Europe. *BoardEurope* spoke with David about the demographic issues facing European companies today, and the role The Conference Board can play in helping businesses develop strategies to meet the challenges of the future.

What is the driving force behind this new Research Working Group?

If we look at the latest Conference Board survey of CEO Challenges, we can see that business leaders are very concerned about skill shortages and being able to recruit and develop the talent they need to develop their business. In Europe, for example, the demographic challenges are well-documented, but there is a great deal of uncertainty about how to solve them. This research group will study the implementation of new tools to help businesses identify, attract and develop the skills they will need for the future.

The Conference Board has been studying these issues for quite some time.

Strategic Workforce Planning (SWP) is an area in which The Conference Board has been genuinely leading-edge. Dr. Mary Young, a senior researcher with The Conference Board, published the first report, "Strategic Workforce Planning," two years ago in 2006. Last year, she published a report specifically on the issues of the maturing workforce. That report, "Gray Skies, Silver Linings," describes how companies can use strategic workforce planning to analyse exactly where and when the retirement wave will hit, so they can prepare. A third report on the implementation of SWP will be published later this year. We've seen huge growth in the number of companies that want to implement SWP and only a handful that have developed deep expertise thus far. It's an emerging profession, a subset of the HR and corporate strategy functions, and these issues are becoming of critical importance to businesses.

What are the big demographic issues facing Europe today?

Without doubt an aging population and the availability of key skills to drive business development. It can range from having enough university qualified engineers to enough lorry drivers to deliver products. Strategic Workforce Planning is both an HR issue and a corporate strategy issue. From an HR perspective, you can see companies have to make decisions about whether to "buy, build, borrow or rent" talent. Many tend to default to the most expensive solution, which is to buy it. But they could also "borrow" this talent, for example from customers or suppliers, or by taking people from one end of the business and "lending" them to other areas. Many businesses are still structured too rigidly in silos to do this effectively. They may need to consider breaking down the barriers and moving people to the areas of greatest need and priority. This could also help them develop and retain talent.

Is Europe developing the skills that companies need for today and tomorrow?

We need to get better at predicting the skills we will need and where we will need them. But businesses can't do it alone. They must work with educational establishments and government, to ensure that they get the talent they need to develop their business plans. They need to look around and identify the indicative trends, to do scenario planning, and come to a good understanding of the people and the skills that they need. And they have to work with educational establishments already now, so that 10 years from now they have the right people, in the right place at the right cost. They also need to take a hard look at the progress being

made as a result of their diversity and inclusion strategies. For example, if you have skill shortages, you can't afford to ignore the half of the population that happens to be female. The same is true for migrants, who can bring in key skills. Europe needs to look at the emerging markets and also at Central Europe. It's important to look at all areas where business needs to be done.

How can The Conference Board help?

The Conference Board has a strong Council program in Europe that addresses the needs of Members. Companies spend a lot of time on trends affecting business, and for this The Conference Board is uniquely positioned. It offers a trusted environment for sharing knowledge, and it also has the capability to do the kind of in-depth research that can really help businesses. It also provides opportunities for executives to think about their own situation and challenges from different vantage points. A good example is a recent meeting of the Learning Leadership Council that was held at the British Museum on the theme of managing across cultures. The British Museum is not your typical business, but it is a business and it has a great deal of knowledge and experience on intercultural management as well as being a unique place to really understand different cultures. Getting privileged, behind-the-scenes access to how they deal with the major business challenges of the day is a great way for executives to rethink these same issues within their own companies. It's not like your typical open conference where all you hear is the good sound bite, the positive message that's been carefully crafted for the public. The Conference Board allows you to get to the heart of the critical issues.