

World Business Issues 2005 - 2008

Strategic business trends affecting most business people over the next few years can be summarised under the following twelve headings. The following has been sourced from the Worldwide Commercial Real Estate Information Portal.

ECONOMY

- Ambitious expansion plans in a slowing world economy.
- Risks include sliding US dollar, its impact on world trade, high oil prices and the impact of economic imbalances.
- Concerns over high levels of debt – both public sector and private sector.

REGIONAL ECONOMIES

- Sluggish growth in Europe is making Asia's growth opportunities more attractive for Europe – based companies.
- However, Central and Eastern Europe presents good growth opportunities for Europe – based companies.
- The United Kingdom expected to be the fastest growing economy in Western Europe.
- Asia Pacific offers the greatest opportunities for business.
- China and India are generating the most interest as areas for expansion.
- Russia provides a major area of growth with concomitant high exposure to risk.

CHINA

- Whilst China offers the greatest opportunities for business expansion there is a risk of a possible economic hard landing in China.
 - Rising commodity prices worldwide due to the demand increases and shortages of supply is mainly due to China's increasing demand.
 - China also presents a risk to the more established economies in coming to compete in their own backyards.
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CRITICAL FORCES

- The twelve most important critical forces changing the global market place are ranked: Advances in technology; increased outsourcing and offshoring; customer pressure for greater quality; cheaper products and improved services; increased competition; globalisation of supply chains; heightened geopolitical instability; opportunities for the opening up of new global markets; global economic and financial instability; shifting relationships between competitors, partners and customers; rising interest rates and demographic change e.g. population ageing, low birth rates etc.

GROWTH INDUSTRIES

- Industries with the highest growth prospects over 2005 – 2008 are ranked: Healthcare, pharmaceuticals and biotechnology; telecoms, software and computers; leisure and entertainment; financial services; professional services; travel, tourism and transport; mining, oil and gas; consumer goods; construction and real estate; aerospace and defence; electronic and electrical; retailing; engineering and machinery; food, beverages and tobacco; agriculture; utilities; chemicals and textiles; automotive; other.

TECHNOLOGY ADVANCES

- An advance in technology is the most important driver of change.
 - The internet is the most important technology, followed by mobile / wireless technology; enterprise resource planning (ERP) applications; new customer relationship management (CRM) applications; supply chain integration and automation and business intelligence /knowledge management solutions being the top ranked six technologies.
 - Information Technology (IT) is integral to connecting and managing complex, globalised operations.
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INNOVATIONS

- To fuel growth in industries innovation must be fostered.
- Customer pressure for new and better products leads to development of new products and services as a major growth strategy.
- Failure to innovate will create major risk for survival.
- Research and development (R & D) must have a clear eyed focus on commercial viability.

FLEXIBILITY

- Corporate agility in keeping pace with change is a pre-requisite for survival.
- Focus on core strengths and outsourcing to remain flexible.
- Corporate rivalry will intensify – only the quick and agile will survive.
- More flexibility with greater reliance on alliance strategies and outsourcing will see corporations moving away from fixed cost structures towards variable cost structures.
- Outsourcing as an enabler of business flexibility particularly through on demand services responding to market forces with agility and scalability.

OUTSOURCING AND OFFSHORING

- Outsourcing and offshoring is reshaping the global marketplace.
- The top 15 most favoured offshoring locations are ranked: India, China, Czech Republic, Singapore, Poland, Canada, Hong Kong, Hungary, Philippines, Thailand, Malaysia, Slovakia, Bulgaria, Romania and Chile.

GOOD GOVERNANCE AND CONTROLS

- Good governance and controls are needed. Imposition of financial discipline and standardised processes across far flung counties are required. Increasing reliance on suppliers, alliances and offshoring result from global expansion.
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AGEING POPULATIONS

- Huge demographic changes brought by population ageing create long term issues with present day ramifications.
- Cautiousness of ageing consumers looking to provide savings for pension and healthcare costs will result in postponement of non-essential purchasers.
- Ageing populations “The Grey Dollar” will boost certain industries catering for the health, welfare, housing, financial services, leisure and entertainment of the affluent older members of the population.

SKILLS SHORTAGE

- Shortages of talented, trained people are hampering growth.
 - Pleasant and flexible working environments will need to be created to attract and retain women and older workers in locations where talent skill pools are diminishing.
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