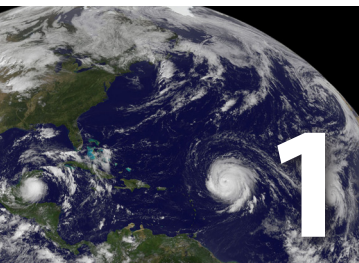


# Trust Trends

# 2014

*An executive brief on how to gain the ultimate competitive advantage from key opportunities embedded in the year's trends*

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In 2014, eight key global trends reveal that the world is in **a trust crisis**, and developing the eight-pillar framework of *The Trust Edge* is the way out.

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## An Answer to the Trust Crisis

From the Cyprus bank fiasco and Edward Snowden's leaks to the Syria chemical weapons attack and horsemeat scandals, stories of distrust are overflowing from the news. These trust breaches are combining with trends of rapid change to leave the world in a volatile state.

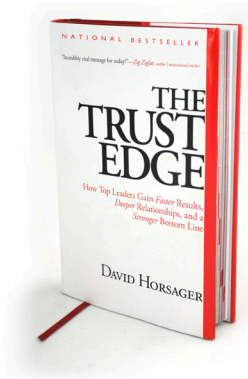
Worse yet, leaders are leaving our world vulnerable. One of the biggest questions of the year is whether leadership is consistent, predictable, and transparent in decision and action, according to the Interaction Associates.<sup>1</sup> Leaders who once exhibited these trustworthy characteristics have fallen in the last year, such as Silvio Berlusconi, Lance Armstrong, Bo Xilai, Anthony Weiner, and Joe Paterno. Edelman Public Relations is aptly calling 2013 the year of the "Crisis of Leadership", and we are feeling the consequences in 2014, just like we did after the AIG, Enron, and Lehman Brothers disasters.<sup>2</sup>

The trust crisis appears to be an inescapable cycle, but **at Horsager Leadership, Inc., we believe there is hope.** Edelman's 2013 Trust Barometer supports this claim, revealing that global trust is rising slowly across all measures in comparison to 2012. Trust in government is up to 48% from 43%, business is seeing a bump for 53% to 58%, NGO's jumped up seven percentage points to 63%, and even trust in the media has risen from 52% to 57%.

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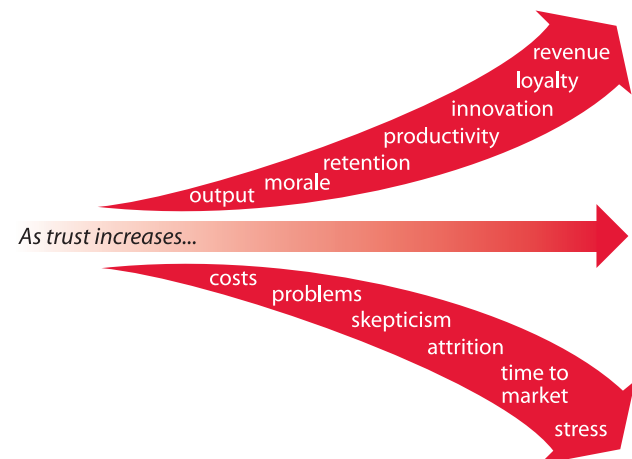
Perhaps the biggest question, then, is whether leadership will leverage this upswing, learn from trust breaches, seize opportunities embedded within this year's trends, and develop trust.

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In the volatile and vulnerable world of 2014, David Horsager's national bestselling book, *THE TRUST EDGE: How Top Leaders Gain Faster Results, Deeper Relationships, and a Stronger Bottom Line*, provides a way out of the trust crisis.

*The Trust Edge* eight-pillar framework for developing trusted leaders and organizations has been utilized everywhere from John Deere Credit and the U.S. Congress to FedEx and the Department of Homeland Security through Horsager Leadership's consulting, training, speaking, coaching, and other resources. As leaders and organizations learn to implement these eight pillars, they experience better relationships, reputations, retention, revenue, and results.



### Pillars of Trust

The eight pillars (or commonalities) of history's greatest leaders and organizations are:

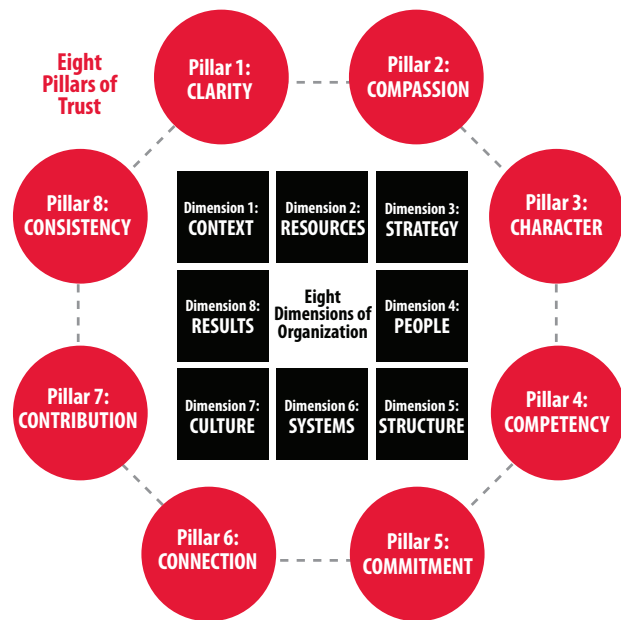
1. **Clarity:** People trust the clear and mistrust the ambiguous.
2. **Compassion:** People put faith in those who care beyond themselves.
3. **Character:** People notice those who do what is right over what is easy.

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(The Answer, cont'd.)

4. **Competency:** People have confidence in those who stay fresh, relevant and capable.
5. **Commitment:** People believe in those who stand through adversity.
6. **Connection:** People want to follow, buy from, and be around friends.
7. **Contribution:** People immediately respond to results.
8. **Consistency:** People love to see the little things done consistently.

When the eight-pillar framework is laid over each of the eight dimensions of organization, it forms a powerful tool for assessing and designing solutions for teams, departments, companies, nations, and society.



This tool, called **the Trust Edge Organizational Effectiveness Metric**, was utilized in the development of this report to assess the global business landscape, analyze the most prominent trends in each dimension, discover key embedded opportunities, and design broad solutions.

## Organizational Dimensions

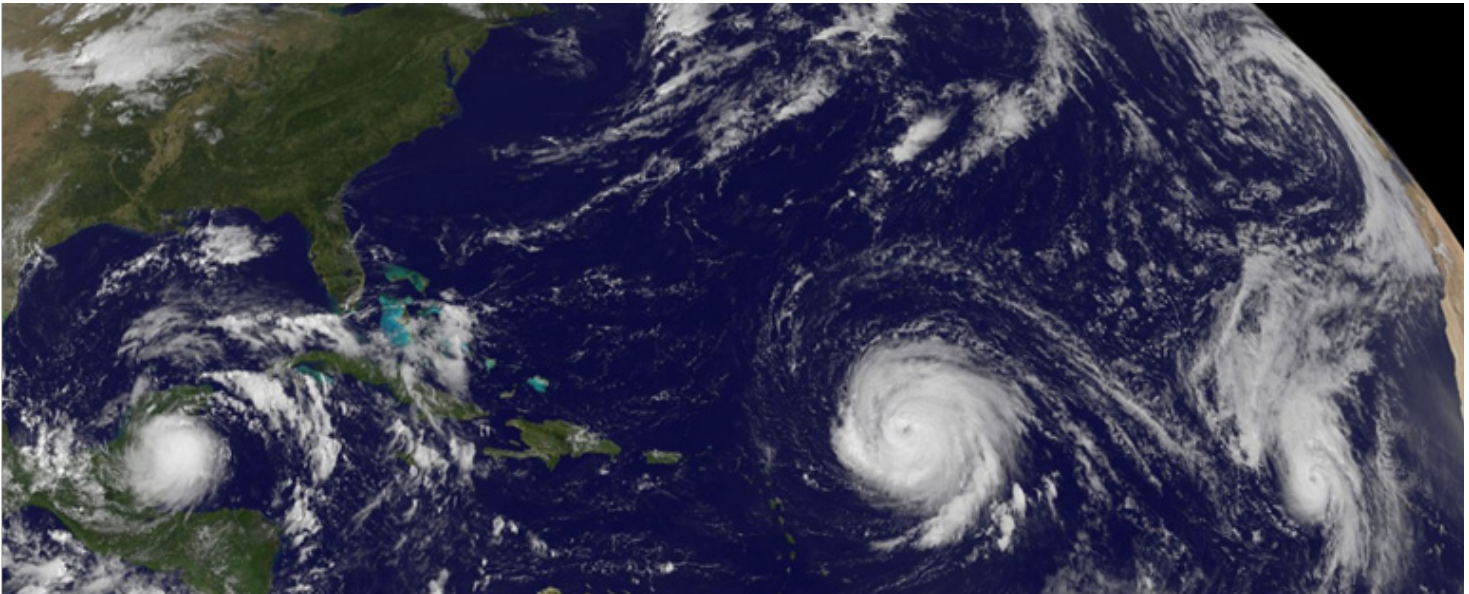
The eight dimensions of organization include:

1. **Context:** Holistic environment in location, time, and relationship.
2. **Resources:** All environmental components that can be used to create value.
3. **Strategy:** Planning that guides decisions to gain desired outcomes.
4. **People:** Human capital directly carrying out the strategy.
5. **Structure:** Strategic coordinating arrangements of components.
6. **Systems:** Processes and procedures that coordinate activities.
7. **Culture:** Shared values, behaviors, beliefs, and communication methods.
8. **Results:** Outcomes of strategic functions.

This report examines the most prominent trend in each of these dimensions, briefly explains why they matter, and provides timely solutions for developing trust. Leaders ought to seize the opportunities embedded in **Trust Trends 2014**, especially the highlighted key opportunities. By doing this, organizations will decrease volatility and vulnerability and increase productivity and profit. Those that apply the eight-pillar framework of trust to the trends will gain faster results, deeper relationships, more committed teams, and a stronger bottom-line. They will experience **the greatest and ultimate competitive advantage** of all time: *The Trust Edge*. ■



# 1 A Volatile and Vulnerable Global Context



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**The three-speed global economy is volatile, and a deficiency of trusted leadership makes the entire world vulnerable.**

The global context is marked by volatility and vulnerability. The global population is rising quickly, resources are growing scarce, new technology is causing constant disruption, employment rates are on the downswing, and tensions remain. The three-speed global economy (US, Europe/Japan, emerging economies) is volatile, and it's not a good time for a crisis of leadership. A deficiency of trusted leadership makes the entire world vulnerable.

## A Volatile and Vulnerable Global Context

### United States Crawls

The U.S. economy was expected to grow at 1.6% in 2013 and average out at **2.3% growth** through 2018.<sup>4</sup> GDP and the national deficit continue to rival each other as they both approach 17 trillion dollars. Global GDP ownership is expected to shrink from 26% to 24% in the next decade.<sup>5</sup> Phrases like quantitative easing, discretionary fiscal policy, and sequestration have become household terms. Americans can feel the economic volatility as gas and food prices rise, the dollar declines, and government programs like Medicare, Welfare, and Social Security get pinched. Vulnerability from the Crisis of Leadership is well known as well. The news is littered with stories like Anthony Weiner's troubles, government spying, Wall St. scandals, athletic doping, and widening polarity in congress. Despite a depressing cornucopia of negatives, Americans are also experiencing many positives. The housing market is rebounding, automakers are hitting five-year highs, universities continue to educate the world, and tech firms surge onward.<sup>6</sup> The U.S. remains a global superpower, and many see a near future of energy independence, with further developments in shale gas, oil sands, and the keystone pipeline.<sup>7</sup> America will continue as a global superpower, but only with increased intelligence and global economic engagement.<sup>8</sup>

### Europe and Japan Struggle

The Euro Zone economy sat at a miniscule 0.3% in 2013 and the future looks grim.<sup>9</sup> 17 countries remain in recession; Cypriots remain flummoxed over up to 60% siphoning from Cyprus banks, and Spain and Greece face 27% unemployment rates. Economic struggle is felt all across the region, but Germany may feel the most pain as it carries the region on its back and realizes that long-term debt mutualization may be the only solution. German Chancellor Angela Merkel balances this pain and a plan forward after her re-election in 2013. Similar to European struggles, Japan is also plagued by debt and banking problems, as economists fear a nearing tipping point to catastrophe. In the increasingly interwoven global economy, **drastic measures are essential for the sake of all.**<sup>11, 12</sup>

### Emerging Economies Accelerate

India's Tata Motors sells their new Nano automobile for \$2,900—less than half the cost of any other automobile on the market.<sup>13</sup> The developing world is continuing to create cheaper and more innovative solutions, and most of those economies are growing well. Overall, developing world economies were forecasted for 5.0% growth in 2013, down slightly from 5.5% in 2012. China will most likely see a minor drop from 7.8% to 7.5% and India from 5.5% to 4.7%.<sup>14</sup> In the next few years, 70% of world growth is expected from emerging markets, 40% from China and India alone. China is set to become the world's largest economy by 2016, and by 2020, the BRIC nations (Brazil, Russia, India, & China) are expected to account for around 50% of all global GDP growth. Right behind the BRIC's, the "Next 11" are emerging quickly as well—Bangladesh, Egypt, Indonesia, Iran, Mexico, Nigeria, Pakistan, the Philippines, South Korea, Turkey, and Vietnam. Currently, emerging markets attract nearly half of foreign direct investment inflows and a quarter of outflows. Continued growth isn't going to change, as the middle class grows and **82% of the global population will be contained in developing countries by 2022.** Emerging market companies are driving this growth, and they continue to list global expansion near the top of their agendas, according to a recent Ernst and Young report.<sup>15</sup>

### Geopolitical Tension

In 2014, tensions over land, ideals, power, and resources are as commonplace as ever, and the fight to control the future is on. Cyber, nuclear, and drone warfare pose major threats, and **military experts are predicting a volatile 21st century.**<sup>16</sup> Spring-time threats from North Korea cast worries throughout the world, but conflict settled and Kim Jung Un is actively seeking to restore relationships. Most of the world's conflict wages on in the Middle East. The Middle East middle class is growing, and so are the

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*(Context, cont'd.)*

youth unemployment rates.<sup>17</sup> With a growing demand for representation and/or change in power structure, Arab Spring is especially present in Libya, Egypt, Syria, Mali, and Tunisia.<sup>18</sup> Beyond Arab Spring, the world also looks on as Israel-Palestine negotiations restart, American troops depart from Afghanistan, Iran nuclear programs develop, and U.S. drones strike northern Pakistan. Like in the Middle East, Latin America's growing middle class is expanding and clashing with neighbors and power structures. Hugo Chavez death and Fidel Castro's brittleness magnify post-Cold War questions south of the U.S. and around the world. Communist influenced leaders in Russia also continue to be a question-mark to America, especially after Edward Snowden's granted asylum.<sup>19</sup> All around the world, power is balancing and shifting much faster than what was expected.<sup>20</sup>

### **Employment Rates Decrease**

197 million people were unemployed in 2012 and 29 million people dropped out of the market, making a 67 million global jobs gap.<sup>21</sup> The less educated continue to be the most unemployed in the U.S., according to the Bureau of Labor Statistics—approximately 12% of people without a high school diploma, 8% with high school diploma, 6% with some college, and 4% of college graduates.<sup>22</sup> Due to displaced jobs from smart technology and fewer infrastructure projects in the developed world, the uneducated are becoming more difficult to employ and talent gap is growing. Globally, youth are being hit the hardest. 73.8 million young people are unemployed and 35% of them remain unemployed for six months or longer. In addition to these unemployment statistics, informal employment is also increasing, especially in Eastern Europe and Central Asia. Beyond the unemployed, many of the developing world's employed are in such dire poverty that they are worse off than many of the unemployed. 397 million workers are in extreme poverty, and at least **472 million workers cannot address basic needs on a regular basis**, deeming them in “vulnerable employment”.<sup>23</sup>

### **Technology Disruption**

Today's businesses experience drastic change and disruption continually, and it poses a major threat to their livelihood. **66% of the 1960's top 100 companies survived unscathed** through disruptive technology into the 21st century, according to IESE Business Professor Adrian Done.<sup>24</sup> Today's potential disruption comes from technology like natural gas, micro-fiber, quantum computing, self-driving cars, smart factories, and big data. Shifts in Big Data, for example, alter the course of entire departments as new methods are introduced. Leaders, companies and nations that can't keep pace get left behind, and those who can, gain a powerful competitive advantage.<sup>25</sup> The same is true with digital security. Falling behind on digital security makes an organization even more vulnerable to attacks, as the recent CNN & Washington Post hack shows. Just like the spring-time South Korean bank hacking showed, cyber-warfare is a serious danger.

### **Resource Scarcity**

By 2050, the global population is set to expand to 9 billion, all while the world moves from abundance to shortage. By 2030, the Economist predicts the world's **resource demand will be twice as much as the planet can supply**.<sup>26</sup> Fossil fuels are being depleted, and the world is begrudgingly shifting to natural gas and other alternatives. The world may also need to find alternative methods for using water. 1% of the earth's water is readily available for consumption, and 70% of it goes to agriculture. That number is increasing as the population grows and the growing middle class wants more meat. Phosphorus, a pivotal element for growing crops, is also being depleted. Beyond food, biodiversity is decreasing as well. There's been a 40% biodiversity decrease since 1970.<sup>27</sup> Global scarcities of all types put pressure on markets, increase price volatility, and slow growth.<sup>28</sup> Our current systems are hopeless for sustaining a growing world, and the world must heed the words of Coca-Cola's CEO, Muhtar Kent, who reminded that, “Hopelessness precedes innovation.”<sup>29</sup>

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(Context, cont'd.)

## Energy Race

The search for the energy panacea is in full throttle. Energy demand has **grown by 50% since 1980**, and it's expected to increase another 36% by 2020. Globally, ½ of the world's electricity production is in emerging regions like China and India, and 93% of new energy use is expected to come from emerging markets between 2019 and 2035, according to the International Energy Agency. The IEA is reporting that by 2035, China alone will need 70% more energy.<sup>30</sup> Fossil fuels still consist of 90% of all consumption. With increased demand, shipping, food, and gasoline prices tick upwards. Automotive fuels will need to shift, and they are. Already, over 40 million electric 2 and 4 wheelers are being sold annually. E-mobility production and consumption is on the rise, and other alternatives to oil are needed. The keystone pipeline, shale gas, fracking, and oil sands across North America have increased America's supply dramatically. Within two years, **America is expected to surpass Saudi Arabia as the top oil producer.** Other efforts are being put toward wind, solar, geothermal, and hydro energy solutions, and if public-private partnerships can hack it, nuclear fusion or fission with uranium or thorium could have the greatest potential, unlike the proven inefficiencies of corn-based ethanol.<sup>31</sup> ■

## Why This Trend Matters

- The global economy, nations, companies, and families are vulnerable in the absence of trustworthy leadership.
- Stay up to date on technology movements. 66% of the 1960's top 100 companies survived unscathed through disruptive technology into the 21st century.
- Resource depletion is real and systems built around depleting resources aren't sustainable.
- Small & medium enterprises (SME's) are key engines of job creation.<sup>33</sup>
- Unemployment has long-term adverse effects on all.
- Every sphere of influence in the world needs stability from trusted leaders and organizations.
- Falling behind in digital security can be extremely expensive.

*Men make history and not the other way around.  
In periods where there is no leadership, society stands still.  
Progress occurs when courageous, skillful leaders seize the  
opportunity to change things for the better. —Harry S. Truman<sup>32</sup>*

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## Opportunities You Can Implement

- ❑ Emphasize development of the commitment, consistency, and **character** pillars of *The Trust Edge*.
- ❑ Develop as a trusted leader and organization and provide stability to your sphere of influence.
- ❑ Be consistent, predictable, and transparent in decisions and actions.
- ❑ Learn from the innovative techniques of emerging market companies like Tata Motors.
- ❑ Partner with other influential leaders to design solutions for areas of volatility in your communities.
- ❑ Recognize the truth in IMF Managing Director Christine Lagarde's famous statement to the Greeks on having more sympathy for children in Africa than economically suffering Greeks.<sup>34</sup>
- ❑ Encourage policy makers to take additional steps to avoid further unemployment.
- ❑ Build systems that can be sustained.

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**Key opportunity for competitive advantage = trusted leadership**

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# 2 Growing Pains from Resource Distribution



<http://upload.wikimedia.org/wikipedia/commons/d/d7/Philippine-stock-market-board.jpg>

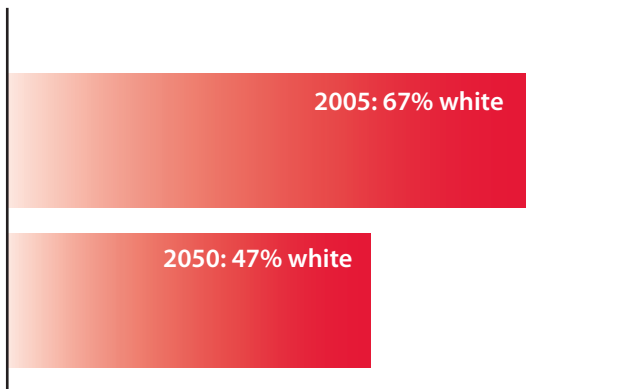
Through ongoing globalization, the world's resources are slowly balancing, but not without experiencing some standard growing pains.

Through ongoing globalization, the world's resources are slowly balancing, but not without experiencing some standard growing pains. In America, legislation is providing further equality to homosexuals, non-whites are becoming the majority, and women are breaking through the glass ceiling. Globally, the middle class is expanding quickly, economies are weaving tighter, and resources are balancing. Racial tensions, party polarity, brain drain, and demands for middle class privileges and representation are resulting as major growing pains.



## Further Equality in America

America is the world's beacon for personal liberty and equality, and its efforts for equality across race, gender, age, ethnicity, sexual preference, and other differences continue. Women are slowly breaking through the glass ceiling, with 30 set to head Fortune 500 companies by 2020.<sup>36</sup> According to the FarmLASTS project, women are expected to take control of as much as 75% of farmland that changes hands in the next 20 years.<sup>37</sup> Along with women, non-whites are also finding increasing equality, but not without a struggle, as the demographic prosperity window quickly closes.<sup>38</sup> Stories like the George Zimmerman trial have revealed pockets of strong white, black, and other racist sentiment. Regardless of conflicts, America's racial balance is shifting. Only 47% of the population is expected to be white in 2050, compared to 67% in 2005. Also, by 2050, 29% are expected to be Hispanic, 13% black, and 9% Asian.<sup>39</sup>



In addition to gender and racial balancing, states across America are beginning to recognize homosexual marriage and provide marital privileges, like the ability to adopt children. And, although ageism still exists, Generation U (un-retired) and Generation Y and Millennials are co-existing in workspaces, gaining understanding for each other, and narrowing the generation gap.

## Global Middle Class Grows

Over 1 billion people will enter the middle class by 2020, and most will live in emerging markets. As this middle class expands, its global purchasing power is estimated to more than double by 2030 to \$56 trillion, equal to **over 80% of global demand**.<sup>40</sup>

Many complex problems are arising from this expansion. One concern is over the increased demand for meat. Meat consumption is expected to grow by at least 1.8% annually over the next decade. A combination of current meat infrastructure, water scarcity, and increasing grain scarcity, make supplying the demand a challenge. Google's co-founder Sergey Brin is investing \$330 million into synthetic meat production via stem cell research, and other futurists are addressing middle class challenges.

Perhaps the biggest middle class trend to watch, however, is their increasing demand for representation and government accountability around the world.<sup>41</sup>

## Global Liquidity

Wealth is becoming more disconnected from assets. As the growing middle class spends more, money is sloshing around and becoming more evenly distributed, somewhat similar to how liquids fill their containers. And, the world's super rich are getting richer and a gap is widening between everyone else. They have **\$21-32 trillion sitting offshore** in banks that are lending it out to others, often times continuing the distribution cycle.<sup>42</sup>

## More Globalized Economy

The developing world economies are accelerating forward, financial assets are becoming more evenly distributed, and the global economy is becoming more interwoven.<sup>43</sup> **70% of world growth over the next few years is expected from emerging markets.** China and India are expected to make up 40% of that growth—fitting, considering they account for 2.6 billion of the 7 billion global population.

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(Resources, cont'd.)

50% of foreign direct investment inflows are in emerging markets as well. Asian markets are keeping special attention of investors, as their economic growth spurs on Reverse Brain Drain. As educated professionals return home to India, China, Indonesia, Philippines, Sri Lanka, and East Africa, they will provide leadership for further development. Brain drain back to Nigeria, Kenya and South Africa will be especially important for the development of sub-Saharan Africa. Other key factors to African development are increasing manufacturing, emerging to emerging (E2E) trade, and Chinese infrastructure and agriculture investment. Across the globe, new partnerships are springing up and the global economy is becoming increasingly interwoven. ■

### Why This Trend Matters

- Disengaging and fear of engagement in the global economy can be dangerous to competency levels, business opportunity, and sustainable success.
- The developing world and middle class will inevitably expand. How it happens is a key question. Companies and nations will remember how others interacted with them.
- Far too many American business leaders waste time complaining about outsourcing challenges, China's growing economy, and other victim-based complaints.
- Solutions need to be designed to address the demands of the growing middle class. These will prove to be massive business opportunities.
- How will those in power react to losing their power?
- How will those gaining power handle their new power?

*It has been said that arguing against globalization is like arguing against the laws of gravity. —Kofi Anan<sup>46</sup>*

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### Opportunities You Can Implement

- ❑ Emphasize development of the character, consistency, and **compassion** pillars from *The Trust Edge*. These are especially important for the most influential global elites.
- ❑ Open a foundation or new business unit that designs solutions in the developing world.
- ❑ Build partnerships in America's Native American reservations, many of which qualify as 3rd world nations.
- ❑ Engage globally so as not to be swallowed by competition. The BRICs and Next 11 are excellent stepping stones. Secure a strong base with them.
- ❑ Develop, market, and build your organization's culture around strategic environmental, social, and corporate governance (ESG) initiatives.
- ❑ Work for equality consistent with your organization's values.
- ❑ Further your understanding of other cultures, travel, learn a language, and think in a global paradigm.
- ❑ Refresh your brand to appeal to a more diverse audience.
- ❑ Prepare systems to sustain ongoing global financial and economic weaving.

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**Key opportunity for competitive advantage = ESG initiatives**

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# 3 Strategy for Innovative Agility



<http://estebanribero.com/2013/01/30/how-can-you-be-more-agile/>

Success, let alone survival, demands an ability to quickly respond to fast-changing markets and environments.

Financial squeezing, increased digital commerce, cutting-edge Big Data technology, increasing distrust in big institutions, and quickly changing markets has given way to innovative strategies for agility. Small organizations are more insightful, and larger organizations are more agile. In addition, new financial systems are being developed, entrepreneurs have an opportunistic outlook, SME's are thriving, and agile systems of all types are being developed to replace outdated, bulky, and bureaucratic systems.

### Scale Paradox of Big Data

Big Data's shift from Wall Street to Main Street is **changing operation for big and small companies**. Big companies are becoming more nimble, smart and quick. Small companies are becoming more researched, thorough, and precise. Hefty market research strategies are becoming obsolete. Instead, organizations of all sizes are crunching vast piles of information in nimble, context driven marketing. Individuals who sort through this information, **data scientists**, have created an entire new job description, and it's evolving as Big Data technology improves. Deloitte's Tom Davenport, describes data scientists as, "a hybrid of data hacker, analyst, communicator, and trusted adviser." Among the many capabilities of the Big Data revolution is R&D. When combined with social media and other online outlets, research teams can gain instant customer reviews, suggestions, and insights for improvements.

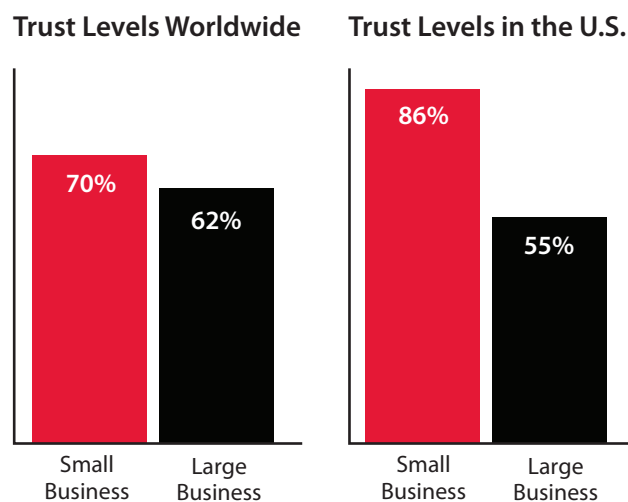
### Alternative Finance

Banks and financial services companies rank as the very least trusted industries, and their corporate culture of greed and the low-morality leaders seem to be to blame, according to the Edelman Trust Barometer.<sup>53</sup> "Who needs banks anyway?" notes IMD strategy professor Thomas Malnight, in response to the broken financial system.<sup>54</sup> **Consumer demand for alternatives is growing**, and some, such as digital wallets, community currencies, and crowd-funding are being offered.<sup>55</sup> Exacerbating consumer interest, demand is growing from worsening banking scandals, European crisis shockwaves, and sequestration. Crowd-funding and bit coins are two hot approaches.

### Success for Entrepreneurship and Small Businesses

Confidence in small business is up, and so is their outlook.<sup>56</sup> Globally, **small businesses are more trusted than large business** 70% to 62%, and in the U.S.A, the

spread is more absolute at 86% to 55%, according to the Edelman Trust Barometer.



Although small businesses are being plagued by higher gas prices, rising payroll taxes, and federal sequestration cuts, 2013 began with fewer SME's relying on credit card debt and more than usual paying bills on time. This led to Dunn and Bradstreet increasing the Small Business Health Index by 3.2%.<sup>57</sup> This proves to be an excellent thing for America, where family firms account for most of America's wealth. Whether entrepreneurs have ideas for pinpointed local markets or Blue Ocean strategies, the outlook is good and the opportunities are endless.<sup>58</sup>

### More Models for Agility

As organizations feel the squeeze from government cuts and increased taxes, other more agile models must be developed. Employee healthcare programs are being re-designed, as **only 12 of Fortune's "Top 100 Places to Work" companies can afford to pay health care premiums**, in comparison to 100% of them paying premiums several decades ago.<sup>59</sup> As alternatives, companies are shifting to lighter healthcare coverage, employee options, and employee wellness programs. More agile systems are being designed and introduced in

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(Strategy, cont'd.)

every sphere. Car sharing, 3D printer manufacturing, shared workspaces, pay-by-the-hour bicycles, 3rd space retailing, mobile wallets, and loyalty rewards programs are a few examples.<sup>60</sup> Lastly, enterprise social networking is one of the most pervasive adaptations. Engaging through social media outlets builds brand awareness, gathers customer feedback, and saves on marketing resources. ■

### Why This Trend Matters

- Going agile is a paradigm shift and it takes time. Those that don't will lose a competitive advantage to quicker, smarter competitors.
- Agile technologies provide deep insights at low costs.
- A recent Deloitte survey found that 93% of c-level executives believed they are losing revenue opportunities by not devoting enough attention to taking advantage of data they collect.<sup>62</sup>
- The stage is set, now more than ever, for leaders to influence the world for positive.
- Organizations are seeing shorter and less smooth business cycles, with greater need for agility.<sup>63</sup>
- Transparency is highly valued for building trust, and online outlets help to develop this trust.<sup>64</sup>

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## Opportunities You Can Implement

- ❑ Emphasize development of the competency and **clarity** pillars of *The Trust Edge*.
- ❑ Train your team to think and function in your agile systems.
- ❑ Implement the trustworthy characteristics of local SME's into your organization.
- ❑ Consider investing in a crowd-funded project.
- ❑ Share the vision often and trust your team members to be resourceful in developing solutions.
- ❑ Get a patent to protect your IP and get the ball rolling for development.
- ❑ Remember that your corporate and talent brand are two sides of the same coin. Hire people who will uphold your brand and encourage your teams to consider the company brand as they interact both online and offline.
- ❑ Use systems of agility that will save time and increase precision for your systems. Don't get bogged down in the hottest new thing for agility; do your research and recognize what is relevant for your company.
- ❑ Stay up to date in quickly finding the best tools for your organization's online data-gathering strategies. Make sure not to get bogged down trying every new tech tool.
- ❑ 90% of SME's don't have mobile optimized sites. Get one and gain a competitive advantage.
- ❑ According to *Best Places to Work's* report "Building Trust in Business 2012", trust declined by 10-17% in leaders modeling company values, demonstrating commitment to employee development, and effectively communicating the organization's vision, mission, and strategy.<sup>65</sup> Gain a competitive advantage by doing these things.
- ❑ Implement what the Edelman Trust Barometer calls "the new mandate," where leaders share the vision to activists, the community, customers, and employees to gather feedback and adapt. Essentially, listen and adapt.
- ❑ Utilize social media to engage, build brand awareness, offer value, and gather feedback.

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### Key opportunity for competitive advantage = big data insights

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*In a world where change is more prevalent and rapid, global innovation management will be the key to success—particularly for companies in mature markets. Future market leaders will be entrepreneurial, agile companies. The need to make and execute decisions quickly has never been greater. —Ernst & Young<sup>61</sup>*

# 4 Quality and Meaning for People



<http://www.flickr.com/photos/brianglanz/3303155124/sizes/l/in/>  
photostream

Talent economists know that in order to maintain top employees, they have to develop business around meaningful missions and create fulfilling roles.

In the open-talent economy, employees have options, and talent is a scarce resource. Business leaders are thinking like talent economists and sustainability directors. Leaders know that in order to keep top talent, they must introduce environmental, social and governance strategies, provide collaborative work, create environments conducive to multiple generations, allow for flexible work schedules, and focus on happiness. People are searching for meaningful mission statements and high quality work environments.

### Open Talent Economy

By 2020, 50% of the people producing companies' outcomes won't even work for them. Welcome to the talent war of the open talent economy.<sup>67</sup> Currently, **14 of America's 100 best companies have at least 50% of their workers residing outside of the U.S.**, while 27 of the 100 best have at least 25% outside.<sup>68</sup> In the open-talent economy, talent searching means rethinking the labor supply chain, focusing on projects, developing partnerships, and developing a culture of trust and innovation. Today, the talent search extends across the globe now. The BRIC economies and Indonesia, Malaysia, the Philippines, South Africa, Thailand, Turkey, and Vietnam boast sought after talent.<sup>69</sup> Talent seekers of the open-talent economy have to function like economists, directing the allocation of a scarce resource.<sup>70</sup> The old method of hiring workers around fixed machines and structures is dying slowly, and there's a transition from traditional approaches.

### Building to Sustain

Sustaining partnerships, customers, and employees is more valuable than ever, especially in the open-talent economy. To sustain their employees, business leaders are articulating, building cases for, and aligning ESG strategies and initiatives.<sup>71</sup> They develop leaders who understand talent ecosystems and **hire leaders who can function as sustainability directors.**<sup>72</sup> The 2013 Fortune Best Companies were uniquely able to sustain employees, with the lowest turnover rates. These findings were correlated with paying attention to employee feedback, use of the newest technologies, cross-cultural collaboration, and developing culture and values. Another uniqueness of Fortunes' Best Companies was a focus on employee development. Best companies devoted 66 hours of training to full-time salaried employees and 53 hours to full time hourly employees. Also, they worked through career road mapping with employees, but left succession up to employees to drive on their own.<sup>73</sup> Lastly, according to Deloitte Human Capital, top companies don't search for cookie cutter leaders, because leadership

theories can't keep pace with jagged markets, the velocity of disruptive marketplaces, and perpetual uncertainty. Instead, they focus on resilience, agility, and adaptability.<sup>74</sup>

### Want Meaning

The 21st century employee wants meaning in their work. Consumers and stakeholders also have a growing desire for meaning. In response, organizations are developing more strategies that tackle social and economic challenges, and they're giving more effort to create purposeful meaningful environments for employees. Companies are creating more collaborative work environments where employees engage and get to know their co-workers, and they're integrating environmental, social, and governance (ESG) initiatives into their strategies. Many are "innovating to zero" and proactive with "Cleantech." Smart companies, according to Deloitte, use these initiatives as **catalysts to improve their businesses, refresh their brand and innovate.** They claim integration of ESG initiatives are leading to higher profits and lower costs and risks. Deloitte's research points to 5 factors driving this trend: a loss of trust in businesses, stakeholder pressure, natural resource pressure, social media pressure, and supply chain pressure.<sup>75</sup>

### Happiness = Business Success

400 relaxation drinks are bursting into one of the hottest new markets in America. It's a \$521 million annual industry, and annual growth is projected at 20%.<sup>76</sup> The boom in relaxation drinks is in response to hyped-up and stressed-out Americans. **85% of Americans say their stress is a serious health issue,** according to a FOX Small Business report, and many businesses are making employee wellness programs a top priority.<sup>77</sup> Program offerings include fitness incentives, healthy food options, healthcare opportunities, and flexibility. A Deloitte Human Capital report shows that 68% of women with children would rather have more free time than make

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(People, cont'd.)

more money, and 62% without children feel the same way. 40% of professional men say they work more than 50 hours per week, and 80% of them would like fewer hours. Organizations are shifting to become elastic workplaces. Organizations are sustaining employees, as they experience better balance. From schedule flexibility to management goofing around, companies that implement stress-reducing activities and increase employee happiness are finding increased business success.<sup>78</sup>

### Quality with Generations

Generations are converging in the workplace, the most drastic being Gen Y and Gen U. Generation U (unretired) is staying in the workplace. The AARP believes that 80% of baby boomers will keep working full or part-time past their retirement age.<sup>79</sup> 48% are expected to work past 65 and 13% into their 70's. **The unretired are expected to drive 93% of growth in the U.S. labor market through 2016.**<sup>80</sup> By 2025, the opposite end of the generation spectrum in the workplace, Generation Y, is expected to make up 75% of the workforce. This group makes for the most educated, affluent, and assertive generation in history, and top companies are adjusting to accommodate both ends of the spectrum. They are maintaining older communication techniques preferred by Gen U, staying cutting edge with technologies that Gen Y will use long into the future, like Gamification, and training employees about underlining generational differences.<sup>81</sup> ■

### Why This Trend Matters

- The latest Human Capital Institute and Interaction Associates report showed that employees of High-Performing Organizations (HPO's) trust colleagues are working diligently to accomplish shared goals, feel safe communicating ideas and opinions together, have shared commitment and responsibility, are treated fairly, and believe the culture rewards honesty.
- HPO's also make it their priority for retention, attraction, deployment, and development of talent.
- In the open-talent economy, key talent has access to more options than ever before.
- Studies show that increased happiness leads to increased business success.
- Who doesn't want to have more fun, especially if it impacts the bottom-line?
- People crave meaning and purpose.
- People want to connect with others, and collaboration can be used to increase efficiency.
- Gen U can be used to fill talent positions that would otherwise be challenging to fill.

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### Opportunities You Can Implement

- ❑ Emphasize development of the compassion, connection, and **commitment** pillars of *The Trust Edge*.
- ❑ Think like a talent economist and sustainability director and encourage your team to also. Consider creating a new position that focuses on sustaining employees, customers, and stakeholders.
- ❑ Use Gen U to develop younger generations through teaching, mentoring, and wisdom sharing.
- ❑ Develop ESG initiatives and integrate them into the corporate strategy.
- ❑ Provide more flexibility to employees and shift to a project and outcomes paradigm.
- ❑ Pay attention to the 10 transitions in hiring, featured in Deloitte's 2013 Human Capital report: hierarchical to networked, direct to coach, top-down to bottom-up, process-focused to outcome-focused, autocratic to democratic, measures to improve, external rewards to intrinsic rewards, fixed organization to matrix organization, annual cycle feedback to just-in-time feedback, and weakness-based to strength-based.<sup>83</sup>
- ❑ Develop environments conducive to all generations and train on underlining generational differences.
- ❑ Provide wellness programs.

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**Key opportunity for competitive advantage: talent economists**

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# 5 International Hubbing and Structure



[http://upload.wikimedia.org/wikipedia/commons/3/3f/Rainbow\\_colored\\_Rainbow\\_Bridge\\_at\\_night.jpg](http://upload.wikimedia.org/wikipedia/commons/3/3f/Rainbow_colored_Rainbow_Bridge_at_night.jpg)

**Major international hubs are forming around manufacturing and logistics clusters, and corridors between them are developing like superhighways of land, air, and sea.**

Major international hubs are forming around manufacturing and logistics clusters, and corridors between them are developing like superhighways of land, air, and sea. Global trade, services, and online infrastructure are becoming quicker, easier, and more connected to the source, and manufacturing is shifting from China to Southeast Asia, Africa, and back to the United States. In 2014, the world is growing an international infrastructure.

### International Hubbing

Economic centers are sprouting, clustering, and becoming large hubs around the globe, and they're becoming more connected and efficient. Rapid urbanization is leading to mega cities and regions around the U.S.<sup>85</sup> America 2050 names **11 emerging mega-regions** where economies are becoming strongly interconnected: Cascadia, Northern California, Southern California, Arizona Sun Corridor, Front Range, Texas Triangle, Gulf Coast, Florida, Piedmont Atlantic, Northeast, and the Great Lakes.<sup>86</sup>

The world is developing in a similar way, especially at logistics clusters, and China is an excellent microcosm.<sup>87</sup> China's Guangdong factory metropolis between Shenzhen and Guangzhou is expected to balloon to 42 million people by 2018. Shanghai continues to expand as a shipping hub at Pudong International Cargo Hub, with an expected 50 million tons of annually cargo passing through annually by 2020. With FedEx's \$100 million investment in the hub, it will triple its capacity, blowing away the size of any other hub in the world.<sup>88</sup>

As global hubs grow, sustainable and smart cities are becoming more valued and possible. In 2010, 80% of Americans lived in cities, and it's expected that **90% will live in cities by 2050**. 67% of energy used, 60% of water consumed, and 70% of greenhouse gas emitted are in cities.<sup>89</sup> Smart and sustainable city revolutions are beginning and much needed in these global hubs.

### International Corridors

Hubs are growing increasingly more connected. Trading agreements and infrastructure are resulting in the development of corridors between hubs. New flight paths like those connecting American cities to Southeast Asia, new infrastructure like the **Beijing to London high speed rail**, and new shipping lines like the increased European car shipments to Singapore, are creating land, air, and sea superhighways around the globe.<sup>90</sup> To increase the rate even further, previously limiting trading restric-

tions are being abolished and new partnerships are forming every month. In addition, United States trade agreements continue to improve, and U.S. diplomats are working to remove barriers that could boost exports of the service industry by \$860 billion per year and create 3 million jobs. Above that, Fed Ex claims that Japan's new participation in the Trans-Pacific Partnership could define 21st century trade. Also, a new deal was recently approved between the United States and South Korea for 95% bilateral duty free trade for 5 years, the U.S. and Panama recently removed hundreds of tariffs in a new 5 year trading plan, and the list goes on and on.<sup>91</sup> In the next 10 years, these corridors and hubs will expand, grow stronger, and become centers for innovation.

### Improved Online Infrastructure

More are connecting, digital commerce continues to rise, and online infrastructure is rapidly improving. Upwards of 45% of adults now own smart phones, compared to just 35% in 2011, and many expect there to be **50 billion web-connected devices by 2020**. That is right—you heard the number correctly—50 billion.<sup>92</sup> RFID, WIFI, and WIMAX networks are becoming more integrated, quantum computing is in initial stages with the potential to transform computing, and cloud infrastructure is lightening and securing the end user experience. Both public and private cloud infrastructure are maturing and growing smarter and more customized. Cloud and other online infrastructure are arriving just in time as digital delivery of products and services skyrockets.<sup>93</sup>

### Distributed Everything

With increased online connection, shipping methods, and trade, end users rarely need brokers to the source. Dr. Andrew Simon refers to this change as "**middleman extinction**".<sup>94</sup> Personal 3D printing is expected to change the way individuals and small businesses think about manufacturing. Some call it the "makers revolu-

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(Structure, cont'd.)

tion”, as networks grow that allow everyday designers to click to have their creation manufactured on a local 3D printer and delivered to their home.<sup>95</sup> Mass teaching platforms are revolutionizing education from paying to sit in a 30-chair classroom with a local instructor to free lectures from the world’s brightest professors online.<sup>96</sup>

### China Manufacturing Shift

Global manufacturing norms are transitioning, and American businesses are zooming out their focus from only China. In a 2013 report, Deloitte cites rising production costs, improving competition, intellectual property risk, and dwindling government incentives as reasons for the shift away from China.<sup>97</sup> In a recent poll, Deloitte found that **37% of businesses manufacturing in China are expecting to shift to other countries by 2014.** These shifts from China are moving to less expensive Southeast Asian markets, African markets, and back to the U.S.A.<sup>98</sup> Deloitte Manufacturing research shows that 39% of 900 predominantly U.S.-based executives and managers believe their next manufacturing plant will be in the U.S.. 16% said they will stay in China. Deloitte sites that the **American Manufacturing Renewal** is fueled by a stable and clear legal and regulatory environment in the U.S. and faults poor math, saying that a quarter of manufacturing offshore could be done more profitably onshore. ■

### Why This Trend Matters

- It’s often less expensive to maintain control of the supply chain from the source versus using a broker.
- Building Trust in Business found that HPO’s (high-performing organizations) focus on building and managing relationships and sharing responsibility for success in the workforces.
- Expanding U.S. companies globally actually increases U.S. job growth for R&D.<sup>100</sup>
- Singapore and Germany boast the world’s greatest infrastructure, and there’s a clear link between their level of development and both nation’s economic status, with Germany carrying Europe and Singapore as the hub of a regional boom.<sup>101</sup> What if the world’s major economic cities linked up, like the streets of Singapore and the cities of Germany, and created economic corridors?
- Fast internet connection and computers save frustration, time, and money.

*A recent estimate by the United States Congressional Budget Office suggests that every dollar of infrastructure spending generates an extra 60 cents in economic activity (for a total increase to GDP of \$1.60). —Deloitte<sup>99</sup>*

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### Opportunities You Can Implement

- ❑ Emphasize developing the clarity, connection, and **consistency** pillars of The Trust Edge.
- ❑ Function like an HPO, and allow employees to build relationships and become bridges, upon their own accord. In fact, incentivize them to do it.
- ❑ Don’t get stuck in the traditional procedures and systems of the organization.
- ❑ Invest in better, up-to-date technology.
- ❑ Locate your next office near a growing hub.
- ❑ Recognize corridors relevant to you, and build corridors that can become superhighways for your business. Secure manufacturing that will be most efficient. Get to the source.
- ❑ Consider shifting your manufacturing elsewhere, possibly even back to the U.S.A.
- ❑ Engage globally across corridors and create new micro-corridors to increase revenue.<sup>102</sup>
- ❑ Strategize how your organization can make its current network pathways into fast superhighways.

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**Key opportunity for competitive advantage: intelligent manufacturing**

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# 6

## Systems Collaboration and Interdependence



<http://upload.wikimedia.org/wikipedia/commons/f/fa/MarionBarber-2008ProBowl.JPG>

**In the US, and around the globe, systems are becoming more interdependent, and leaders are teaming up to accomplish shared goals.**

These interdependent systems and global partnerships are happening at a time when global citizens trust systems, but distrust the leaders that operate them. Trust in business, government, media, and NGO's are up slightly from 2012, but 2013 has been deemed the year of the "Crisis of Leadership", by the Edelman Trust Barometer. Most Americans feel that the government is having more impact on their businesses and threatening their rights. In the midst of this tension, public-private partnerships and cross-sector collaboration are increasing, as leaders team-up to tackle top challenges like healthcare, social security, and banking.



### Low Trust in System Leadership

Across the globe, Edelman research shows a gap between people's trust in institutions vs. leadership. In America, 50% of individuals have trust in business, but only 15% trust business leaders to tell the truth.<sup>105</sup> **Only 17.5% of people around the globe said they trust their business and government leaders** to solve social issues, correct issues within industries that are experiencing problems, make ethical and moral decisions, and tell the truth regardless of complexity or unpopularity.<sup>106</sup> In separate research from the Interaction Associates, 31% of individuals said their organization has effective leadership, down from 50% in 2009.<sup>107</sup> Why is trust dropping? 50% of people in Edelman's research said the reasons are corruption, fraud, and wrong incentives driving business decisions.

In government, it's a similar story. Pew Research from January reveals that both democrats, 57%, and republicans, 58%, believe the political system can work fine, and that the members are the problem.<sup>108</sup> 38% of people have trust in government, and a measly 10% trust government leaders to tell the truth.<sup>109</sup> Interaction Associates research confirms these findings with only 26% of Americans trusting the government in Washington to do the right thing just about always or most of the time, and 73% say they can trust the government only some of the time or never. Edelman's research reveals that 50% of individuals are less trusting in government leaders because of corruption, fraud, and wrong incentives driving policies. 31% say it's related to incompetence issues.

### Public-Private Partnerships Increase

85% of people surveyed in a Deloitte study said the government's role has "greatly increased impact" on their business. This is happening during a time when Americans distrust the government 10 percentage points more than business, and public-private partnerships (PPP's) are increasing.<sup>110,111</sup> PPP's are shifting from the last 200 years of primarily focusing on infrastructure projects to other projects that are too risky, daunting and expensive to handle alone. Deloitte's report rationalizes, "The increasingly complex nature of our national challenges, along with recent shifts in economic and social forces, are creating incentives for government and business to collaborate more frequently and in new ways that go well beyond traditional infrastructure investments, expanding the definition of partnership in the future."<sup>112</sup>

**Public-private partnerships are forming to tackle pervasive problems** in healthcare, social security, Medicare, and welfare programs. Perhaps the greatest opportunity in these partnerships will be the potential for balancing notorious problems: leech-ridden welfare system, sometimes enabling Medicare system, unmotivated TSA, bureaucratic healthcare system, and overly systemized and suffering education. Meanwhile, government could mitigate corporate greed with limits on executive pay, heightened corporate governance, better consumer protection, more regulation and transparency of over the counter derivatives, and restrictions on property investments.

### Overbearing Government

A 2013 study by PEW Research Center found that **53% of Americans' view the government as a threat to their personal rights and freedoms.**<sup>113</sup> Slicing the data further, 76% of conservative Republicans say it's a threat, and 54% call it a major threat, up from 62% and 47% in 2010. 38% of democrats say it poses a

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*(Systems, cont'd.)*

threat, and 16% say it poses a major threat. Lastly, 62% of gun-owning households compared to 45% in non-gunned households say the government is a threat. All of this data was gathered in January, prior to the Edward Snowden leaks about NSA spying programs that gather public data from companies like Verizon and Google. ■

*In the long history of humankind,  
those who learned to collaborate  
and improvise most effectively  
have prevailed. —Charles Darwin<sup>114</sup>*

### Why This Trend Matters

- Trust is pivotal to performance. Consider that employees at HPO's (high-performing organizations), according to "Building Trust in Business", are more trusting than non-HPO's employees that individuals in their organizations will work diligently to accomplish shared goals.
- American PPP's need to become less political and bureaucratic.
- Americans are feeling increasingly threatened by government influence in their businesses and lives.
- Complaining about business, government, or media roles in getting outcomes is generally a waste of time, but many still do it.
- Down 9% points from 2009, only 32% see their organization as collaborative.<sup>115</sup>

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### Opportunities to Seize

- ❑ Emphasize developing the clarity, connection, and **competency** pillars of *The Trust Edge*.
- ❑ Increase collaboration internally in your organization.
- ❑ Find ways for your leaders to collaborate with others.
- ❑ Recognize future institutional partnerships and develop competence to be able to hit the ground running.
- ❑ Provide feedback or solutions to decision-makers to give ideas for tackling major challenges.
- ❑ Encourage congressional leaders to work diligently toward shared goals. Consider funding an organization like No Labels, who is working to pass bills through congress that incentivize leaders to collaborate.
- ❑ Select tools and technology that could be helpful to collaboration.
- ❑ Leverage the fact that 77% of global society trusts in the technology industry.
- ❑ Consider how can you or your team/organization collaborate better. What tools could help?
- ❑ Follow these HPO collaboration strengths: shared responsibility for success, holding each other accountable, people have the interpersonal and group skills needed for collaboration, openness to ideas and suggestions, understanding for how perspectives link together, access to tools and technology, and share information and resources.<sup>117</sup>
- ❑ Avoid these key HPO barriers to collaboration: inefficient communication, botched time lines, unclear objectives, changed objectives, and poor leadership.

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**Key opportunity for competitive advantage = leader collaboration**

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# 7 A Hyper-Personal and Shared Experience Culture



[http://farm3.staticflickr.com/2504/3906743418\\_bee4e58027\\_o.jpg](http://farm3.staticflickr.com/2504/3906743418_bee4e58027_o.jpg)

**Increasingly, Americans desire to be entertained, fulfilled, and transformed, and they want to share these experiences with their friends.**

Americans are stressed-out, staying obese, and becoming more self-focused and unhealthy. They are often distrusting critics, especially younger anti-institutional generations who have been influenced by scandals in hierarchies, and this makes them increasingly informal. As consumers, they are demanding and difficult to please. They trade their money and options for what they want, when they want, and how they want. Increasingly, they desire to be entertained and fulfilled, and they want to share experiences with friends. In 2014, American consumers desire hyper-personal products, services, experiences, shared experiences and transformations.

## A Hyper-Personal and Shared Experience Culture

### Stressed & Unhealthy

Americans are stressed and unhealthy. Professionals' work hours are rising, more energy drinks are being sold, and America keeps getting fatter. The Associated Journal of Preventative Medicine projects that **American obesity and severe obesity rates are projected to rise from around 31% and 5% to 42% and 11% by 2030.** They also project increased rates of diabetes.<sup>119</sup> People, especially Americans, are more self-focused than ever. Whereas previous generations only saw themselves in mirrors, the self-shot, picture happy, YouTube era has dramatically increased the amount that people see and think about themselves. The difference may seem small, but it's not. Gen Y has seen thousands of images and videos of themselves. Couple that with the prevalence of pornography, provocative pop culture, beauty infomercials, and we end up with the runaway train culture of self-focused America. Body modifications, tanning, cosmetic surgeries and product sales are rising, as individuals become more aware and dissatisfied with their conditions.<sup>120</sup> Americans are become more stressed out and unhealthy.

### Informality & Anti-Institution

The pre-1960's America is gone. An American free-market economy, democracy, and ideals for self liberties and equality have further disintegrated hierarchical structures, and America's most powerful CEO's are universally known as just Bill, Steve, Arianna, etc. Billionaires dress in jeans and untucked shirts, and cable news anchors are as much comedians as they are newscasters. Uniforms are for the lower status workers of society, and freedom of dress at work is a sign of privilege. Insights into the Roman Catholic Church have revealed that their own hierarchy covered up scandals. Similar scandals across hierarchies in business and government have elicited responses from groups like Wiki Leaks and consumers have encouraged corporate transparency. **Gen Y is the most affected and anti-institutional group the world has seen.** Even the Christian churchgoers have encouraged movements like the emerging church, and those in dating relationships often prefer cohabitation to marriage.<sup>121</sup>

### Demanding Consumers

Consumers are growing increasingly demanding. Why? Because in this flat world, they have lots of options. This is breeding a non-commitment culture, where companies need data scientists who can keep up with shifting expectations and interests.<sup>122</sup> With their newly gained power, **consumers want what they want, how they want it, when they want it,** and they want to know about it.<sup>123</sup> Consumers want to purchase personalized products, and they even want to participate in value creation.<sup>124</sup> More and more want to know where something is from and how it is made. Documentaries on big farms, big companies, and big media have spawned distrust, and more are being asked to reveal the story of their product before it's purchased—whether it's how Chinese factory workers are being treated, the types of fertilizers used on vegetables grown in Iowa, or the quality of life of poultry before it becomes Thanksgiving dinner. Lastly, in what JW Intelligence calls the **“Urgency Economy,”** consumers want it NOW because they're in a hurry and used to limited-time deals.<sup>125</sup>

### Hyper-Personal Experiences

Consumers want personal devices and services, and they are receiving them. America's becoming more mobile reliant, with **45% of adults using smart phones, and 20% of Americans owning tablets.** Workplace flexibility is increasing, with employees working from online and owning some control over their schedules.<sup>126</sup> Education of all types can be purchased online or in a box, and for those without education budgets, they have access to the world's best content and courses, from outlets like YouTube, Khan Academy, and even MIT and Stanford. Even medicine is becoming more personalized. Customized drugs can be manufactured using epigenetic insights for population economics and individual gene expression. A combination of synthetic biology and molecular medicine is forming a new wave of medicine, and neuroscience progress is transforming the way we understand and work with the brain.<sup>127</sup>

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(Culture, cont'd.)

## Shared Experience

The new American consumers want their senses titillated, and their mindset is shifting from “I want” to “we want”. For most purchases, the American mentality is beyond-scraping by on commodities, goods and services. Consumers are seeking **experiences and transformations**.<sup>128</sup> Whether they're buying jeans at Gap, sitting in a 4D theater, or downloading a new book to their Kindle, they want to fill their void of fulfillment and entertainment. Productions are getting more silly and crazy, with such popular content as the Stratosphere Jump, the 1 billion+ YouTube views for Gangnam Style, and Discovery Channel's tight-rope walk across the Grand Canyon. New software programs are also helping to feed this every-day hunger. New geo-coding applications track user's travel routes, suggest local businesses, automatically show consumer reviews, and allow people to predict their friends' future locations. These predictions are so accurate that one company found average error was 65 feet for predictions of where someone would be the next day.<sup>129</sup> **Predictive GPS** is beginning to plan our lives for us, and, at the pinnacle, Google Glass is quickly moving from prototype to mainstream. Finally, Americans want to share these engaging experiences with their friends. They desire social shopping, **creating shared value (CSV)**, and having “made with me” and “shared with me” experiences.<sup>130</sup>  
<sup>131</sup> They want experiences and transformation that benefit society rather than possessions.<sup>132</sup> ■

## Why This Trend Matters

- Consumers have reached the edge of their spectrum on individualistic personalization. Now, they want to be entertained with friends.
- A 2013 Deloitte survey revealed that 67% of organizations' top priority for consumer engagement is through social media.
- Some generations like informality and others prefer formality.
- People want to be entertained, engaged, and fulfilled. If you can't do that, your competitor will. Internally, increase trustworthiness with your team—they want to engage with others and collaborate.
- Americans like options, but not so many options that it creates the paralysis of choice.
- Consider how Americans' unhealthiness is a barrier to long-term sustainability and success. What are potential solutions?
- Americans often enjoy knowing the backstory for how something was developed before they purchase it.

## Opportunities to Seize

- ❑ Emphasize developing the pillars of clarity, commitment, and **connection** of *The Trust Edge*.
- ❑ Knowing on the American desire for sensory engagement, find ways to entertain buyers and potential buyers.
- ❑ Find value in good hard work, in and of itself.
- ❑ Be sensitive to formality levels with generations, but err on the formal side.
- ❑ Help make consumers more intelligent and developed individuals.
- ❑ Contribute to making Americans healthier.
- ❑ Give your sales team on-demand tools that will engage customers and allow them to interact with products and services.
- ❑ Recognize that people want to be fulfilled. Engage them personally to win friends, and you'll win customers as well as help bring some fulfillment.
- ❑ Develop trusted memorable experiences for those who engage with your brand.
- ❑ Use the “Inclusive Management Strategy” outlined in the 2013 Edelman Trust Barometer and share vision with employees, experts, media, consumers and activist. Then listen for feedback and adapt.
- ❑ Involve consumers in the story of what they are considering buying.
- ❑ Offer more than one version of your offerings so consumers have options. Consider a hyper-personalized version.
- ❑ Americans generally distrust authority figures, but trust their peers and experts. Leverage peers via social networking and collaborate with experts.<sup>134</sup>

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**Key opportunity for competitive advantage = customized experiences**

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# 8 Smarter Proficiency and Precision Results



[http://upload.wikimedia.org/wikipedia/commons/a/a4/Airbus\\_A380\\_cockpit.jpg](http://upload.wikimedia.org/wikipedia/commons/a/a4/Airbus_A380_cockpit.jpg)

**Machines are becoming more intelligent, interactive, efficient, and precise.**

Machines are becoming more intelligent, interactive, efficient, and precise. Nano-technologies are changing clothing, photonic thread is transforming computing, driverless cars are shifting the transportation paradigm, drones are altering warfare, and three-dimensional data visualization is revolutionizing decision-making. Smarter computers deliver increasingly more proficient and precise results.

### Smarter

Machines are becoming progressively smarter, leading to more proficient surgery, video games, phones, cars, appliances, factories, cities, etc. Vending machines don't just sell soft drinks and candy anymore—they now function as movie stories, restaurants, and even retail stores.<sup>136</sup> According to a report from FedEx, web controlled cars are expected to be on America roads by 2015.<sup>137</sup> Machines and robots like these are increasingly overtaking human jobs, such as receptionists, banking assistants, prison guards, and farmers. Drones and other robots are doing the work of the military, 900 more satellites have been launched to space for communication and navigation, and entire environments are under further control by machines. Entire factories, **smart factories, will soon be operable by just a handful of individuals**, and entire cities, smart cities, will have more calculated energy expenditure, public transportation, and government services.

Techies are creating more fun and simplified consumer interfacing as well. Video-gamers are soon to experience mind control gaming, and smart phone owners will get improved pervasive computing, with relevant apps surfacing on screen, based on location.<sup>138</sup> The pinnacle of all is Google Glass, a smart phone built into a pair of glasses.<sup>139</sup> Machines of all types are getting smarter and more proficient and precise.

### Micro-Technology

Technology is getting smaller, and smaller technology is getting faster. Nano-materials are improving clothing and other products, lasers are improved, neuro-enhancements are improving the brain, pharmaceutical drugs are becoming more precise and customized, and quantum mechanics is beginning to break onto the scene. Research led by the Center for Quantum Sciences at the University of Vienna for Quantum Optics and Quantum Information is developing a **photonic thread** that is expected to transmit information so quickly that machines would be able to process multi-dimensionally instead of linear-sequentially.<sup>140,141</sup>

### Simulations & Data Visualization

Pictures are worth a thousand words, videos are worth a thousand dollars, and **simulations and data visualization are worth millions of dollars**. Welcome to an age where ideas can be tested without the expensive costs of manufacturing and modeling with real material, and where communication is a virtual experience. With simulations, teams are increasingly able to envision the potential impact of choices prior to massive investments. They're able to play out entire scenarios with just a few clicks of a button and make strong collective decisions quickly. PWC's Digital IQ names data visualization as the only analytical technique more valued than simulations. With data visualization, virtual reality, augmented reality, and advanced display devices allow teams to interact with their data in three dimensional space, and play out scenarios for the future.<sup>142</sup> ■

### Why This Trend Matters

- You need technology, but your organization's ability to utilize the right technologies in the right way, will make or break your results.
- The gap is widening between what customers expect and what is delivered to them. Most notably, there's a 22% gap on "offers high quality products or services." <sup>144</sup>
- Smart technologies displace jobs and create other jobs.
- Smart technologies save a lot of time and money.
- Simulations and data visualization will save on manufacturing, modeling, and physical testing.
- Ethical dilemmas become more present with robot use, such as drones, self-driving cars, and personal robots, especially on taking accountability and blame out of situations of death and pain.
- Smart, micro, and simulations are proficient and precise.

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### Opportunities You Can Implement

- ❑ Emphasize developing the competency and **contribution** pillars of *The Trust Edge*.
- ❑ Avoid unnecessary troubles in the early adopter stage, and wait to spend your time and money on new investments until you are confident in the value it will offer.
- ❑ Consider if there are vending machine-type robots that could help simplify your business.
- ❑ Don't get bogged down in too much technology. Have a strong idea of your likely ROI before you get too far.
- ❑ Be sensitive to the potential jobs smart technologies could displace.
- ❑ Utilize data visualization and simulations for scenario planning.

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### Key opportunity for competitive advantage: data visualization

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*The first rule of any technology used in a business is that automation applied to an efficient operation will magnify the efficiency. The second is that automation applied to an inefficient operation will magnify the inefficiency.*

—Bill Gates <sup>143</sup>



# Conclusion



For help applying *Trust Trends 2014*,  
email [reid@HorsagerLeadership.com](mailto:reid@HorsagerLeadership.com)  
or call 651-340-6555.

The world is in a trust crisis and **developing the eight-pillar framework of trust is the way out.** Top leaders ought to use *Trust Trends 2014* as a timely application for developing themselves, their teams, their organizations, and society.

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**Trend 1:** A volatile and vulnerable global context

*Key opportunity:* trusted leadership + *Pillar focus:* Character

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**Trend 2:** Growing pains from resource distribution

*Key opportunity:* ESG initiatives + *Pillar focus:* Compassion

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**Trend 3:** Strategy for innovative agility

*Key opportunity:* Big Data insights + *Pillar focus:* Clarity

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**Trend 4:** Quality and meaning for people

*Key opportunity:* Talent economists + *Pillar focus:* Commitment

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**Trend 5:** International hubbing and structure

*Key opportunity:* Intelligent manufacturing + *Pillar focus:* Consistency

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**Trend 6:** Systems collaboration and interdependence

*Key opportunity:* Leader collaboration + *Pillar focus:* Competency

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**Trend 7:** A hyper-personal and shared experience culture

*Key opportunity:* Customized experiences + *Pillar focus:* Connection

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**Trend 8:** Smarter proficiency and precision results

*Key opportunity:* Data visualization + *Pillar focus:* Contribution

Organizations that seize the embedded opportunities will decrease volatility and vulnerability and increase productivity and profit. Leaders who actively and consistently develop the Eight Pillars through these suggestions will gain faster results, deeper relationships, and a stronger bottom-line. This **ultimate competitive advantage** is something that we call *The Trust Edge*. ■

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