

Introduction and ‘Problem’ Summary

How can corporate leaders prepare for the future in an uncertain and unpredictable world? What will their operating environment be in 2030 or 2040? Momentous changes happen in relatively short timeframes, and in the next 10-15 years, the world will change even more rapidly, primarily due to technological advances, climate change, and geopolitics. How can organizations withstand or thrive and prepare for such swiftly changing operating environments?

History teaches us to expect the unexpected. Humans enjoy periods of peace and growth and yet these are interrupted by horrific wars and conflicts, plagues, great recessions, and other disastrous and highly impactful events.

Humans are often a key part of the problem. ‘Machiavellian’ political leaders – whose egos and cunning aid their election, appointment to, or seizure of positions of power – can either make decisions with good or malicious intentions. Domestic or geo-politics are often the main driver of, or significant contributors to many uncertainties.

“If the human race wishes to have a prolonged and indefinite period of material prosperity, they have only got to behave in a peaceful and helpful way toward one another.”

Winston Churchill

Churchill saw appalling wars during his lifetime, and conflicts are thought to have occurred every year of recorded human history. In 2022, there were **55** active State-based conflicts, and **8** of these conflicts are classified as wars according to the Uppsala Conflict Data Program ([UCDP](#)).

“Observers often see international politics as a clash between good and evil. Sometimes it is, but more often than not, international politics takes place in a gray world under gray skies where every decision requires trade-offs and difficult choices where legitimate ends pursued rationally still lead to unsavory destinations and where tragedy is all but inescapable.”

From **Sean A. Mirski’s** 2023 book: *We May Dominate the World: Ambition, Anxiety, and the Rise of the American Colossus* (p.347)

In today’s fast moving and complex world, organizations must use high-quality data to minimize garbage-in, garbage-out, and also learn from history. In addition, they recognize that not everything can be

known, forecast nor quantified – particularly the future because there is no data for the future.

While we cannot predict the future, we can prepare and plan for it, and we need to become much more resilient to and improve planning for future uncertainties.



Change is the only constant, and business executives continuously manage changes. When confronting geopolitical risks, critical thinking is even more essential.

Two great leaders in times of adversity:

“By failing to plan, you are preparing to fail”

Benjamin Franklin

“He who fails to plan is planning to fail”

Winston Churchill

Importantly, a leadership team cannot predict what future U.S., EU, Peoples Republic of China (PRC), India, Russia or other government administration policies will be despite their government affairs teams’ hard work to protect their interests.

Geopolitical and systemic challenges come in many forms, sometimes as pure domestic or international politics. In others, they result from economic conditions, societal or technological changes, or regulatory or environmental changes.

In 10-15 years, geopolitics will undoubtedly continue to create uncertainty, so it is essential that it be central to strategic planning.

One thing is certain: throughout human history, there has been geopolitical uncertainty.

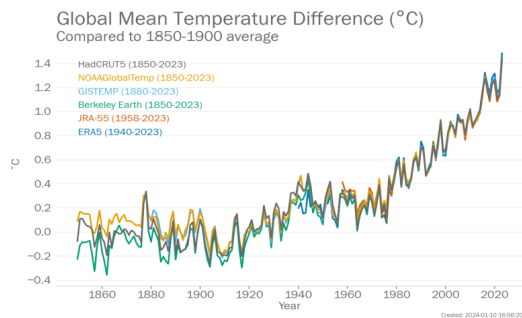
We need to become much more resilient and improve planning for future geopolitical & systemic uncertainties

What if a company could improve its ability to withstand future shocks?

How can organizations be better prepared for their operating environment in 5, 10, or 15 years from now? How will unknown or known, primarily external factors including new technologies such as artificial intelligence, neural networks, machine learning and foundation (including large language) models, or the energy 'transition' and climate warming, or geopolitical rivalry between the two largest economies impact operations in 2030 or 2040?

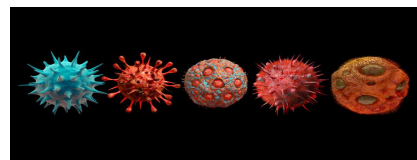
By exploring different future scenarios and expanding our understanding of what's possible and plausible, we are better equipped and prepared to deliver better outcomes. So, in the next 10 years, consider ...

- what if ... despite best efforts, the Intergovernmental Panel on Climate Change (IPCC) scientists have underestimated the effects of global warming in its [AR6 Synthesis Report: Climate Change 2023](#) and extreme weather events such as excessive heatwaves, super-storms, flooding or glacial melting and sea level rise (SLR) occur much quicker than currently estimated?

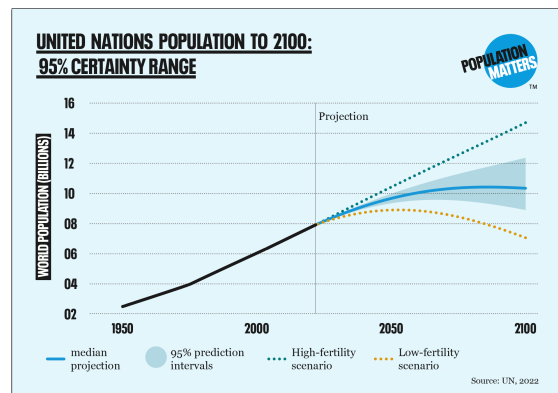


- what if ... political leaders don't deliver reductions of greenhouse gas emissions (45% by 2030 and net zero by 2050) to limit warming to 1.5°C as pledged under the Paris Agreement (the [WMO has already confirmed 2023 at 1.45 °C](#)), and as a result global surface warming rises beyond 2°C or more, triggering multiple tipping points and causing significant SLR, crop failures, food shortages, or significant population migrations?
- what if ... despite significant potential benefits in productivity and [innovation](#), the societal [risks](#) of artificial general intelligence (AGI) become critical? Or, if current generative AI [problems](#) (including biases, errors/hallucinations [e.g., 69-88% in [legal](#) contexts], deepfakes, copyright issues and energy needs) persist such that use of LLMs plateau or cause new uncertainties and 'shocks' (e.g. a dot-com like bust) or from malicious use by 'bad actors' or governments?

- what if ... trust, reliability, and ethics in (robotic) manufacturing and other industrial applications can be [achieved](#)? How will human society adapt to working with AI robotics, and what will tomorrow's [factory](#) look like?
- what if ... Russia's war with Ukraine continues for many more years? It's already been 10 years since the 2014 invasion of Crimea.
- what if ... despite pronouncements of support for foreign investments, the Peoples Republic of China (PRC) and Chinese Communist Party (CCP) instead continues opaque authoritarian policies that drive more multinationals to consider PRC as 'uninvestable'? Or what if ... PRC blockades Taiwan (the Republic of China / RoC), or President Xi has a major health 'event', or if there is massive socio-political upheaval (like the 2022 '[blank white paper](#)' movement) undermining current CCP rule? And if so, will this diminish or enhance the PRC as a global political power?
- or, what if ... the U.S., EU and China learn to cooperate in producing global goods?
- what if ... a more deadly [disease](#) than SARS-CoV-2 is discovered and rapidly spreads around the world? Will CRISPR sequencing, diagnostics and other technologies such as protein folding effectively control the consequences of new diseases?



- what if ... new biotechnologies create new food supplies?
- what if ... with fertility and birth rates falling and worldwide population getting older, human population declines?



What potential tipping points are known today, how do these scenarios inter-connect, and how do we evaluate these uncertainties and other potentially highly impactful triggers and consequences to an organizations' ability to operate, achieve its strategic and mission-critical objectives, and protect its business for future generations?

As these are often medium to long-term uncertainties, it can be tempting to bury ones head in the sand (with Ostrich effect bias) and hope that all will be well. However, hope is not a strategy.



Humans are known to be prone to heuristics as well as cognitive and motivational biases. In addition, humans are overconfident when [making](#) decisions.

Humans average only **40-55%** accuracy for 90% confidence estimates of *certain* outcomes. Early research into ChatGPT suggests similar accuracy but in specific [legal queries](#) to state-of-the-art LLMs, accuracy was only 12-31% with pervasive hallucination (error) rates ranging from 69-88%.

Good Judgment, Hubbard Research & Stanford HAI

Also, some political leaders are notoriously deceptive and cause disruption to anticipated futures.

Corporations can be better prepared for and make better decisions about futures where outcomes are either certain or uncertain. Furthermore, change and uncertainty don't solely create risks; they also create opportunities.

It is critical to continuously evaluate both opportunities and risks by:

- focusing on the deceptive dynamics of geopolitics, and recognizing that it will continue to drive conflicts. As history may not be a reliable indicator of future events and geopolitics is rarely black or white – rather mostly 'gray' – it will always create uncertainty, so needs to be a fundamental part of strategic planning;
- critical, lateral, contextual and pragmatic strategic thinking about these complex problems; and
- custom solutions using objective-centered risk assessments and mitigations, strategic foresight, and futures planning that provide a holistic framework for **Corporate Foresight & Planning** (CFP).

Find critical thought specialists to assist your:

- assessment of your current risk profile, including the interconnection of geopolitics with domestic **p**olitical, **e**conomic, **s**ocial, **t**echnological, **l**egal, and **e**nvironmental (PESTLE) uncertainties
- identify potential risk concentrations, and
- strategically plan an opportunity and risk-smart global profile to help achieve future mission critical objectives.



Corporate Foresight & Planning:

Why it matters to plan for medium to long-term futures:

- have more balanced decision-making
- support flexible and agile choices
- perform better over the long term with average **33%** improved profitability, & **200%** increased market capitalization growth, and
- build entities strong enough to withstand future shocks.

[World Economic Forum](#)

As part of our CFP and holistic risk assessment work, we think that the window for making opportunity and risk-smart global operating location decisions around significant PESTLE uncertainties is closing rapidly.

We believe contextual assessments need to be undertaken this year to plan for "known" Gray Rhino 🐘 risks. This is, in part, based on the UN Environmental Programme's 14th (GHG) Emissions Gap Report (2023) — and its statement that, **even in its most optimistic scenario**, there is only a **14%** chance of limiting global warming to 1.5°C, and various scenarios leave open a large possibility that global warming exceeds 2°C or even 3°C.