



Forum for talere

Februar 2006

Richard Scase

Towards a World Class Scandinavia

Globalisation

Globalisation is having a major impact on the Scandinavian economies. The technological revolution allows for the creation of global supply chains, strategic out-sourcing and the fundamental re-structuring of business processes. The impacts are significant for all aspects of business, ranging from corporate structures and cultures through to more 'personal' impacts such as skill requirements and career development.

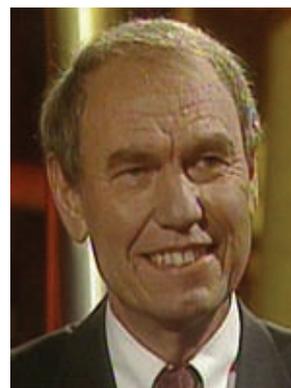
The need for continuous personal development is self-evident as is the need for companies to roll out a steady flow of innovative, customer-focused products, services and other business solutions.

India and China

The rise of the economies of India and China is now well-known. The information and communication revolution allows for businesses to outsource key aspects of their business processes to these low cost economies. It means that over the past few years no fewer than 2.5 billion people have been drawn into the global economy. India and particularly China are becoming the world's centres for manufacturing production.

China takes the lead

China accounts for the production of 50% of the world's supply of electronic goods including computers, cameras and household domestic products. The Chinese economy is drawing in ever-expanding amounts of the world's raw



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materials, including iron ore, oil and other commodities. It is estimated that by 2030, it will account for 30% of total world trade. According to some estimates, China will consume by 2030 more than today's total world consumption of oil.

Not only outsourcing

To view India and China as only locations for the outsourcing of low cost business activities is misplaced. The impact of these two economies is far greater than that. For a start, they will be the world's centres for the major growths in consumer spend. The emergence in these countries of the largest concentrations of affluent consumers creates tremendous business opportunities for Scandinavia businesses.

A market for all?

How are these corporations to exploit these? How can small and medium size enterprises develop business ventures in China? There is a way, as I know personally from the business ventures I have created in China. The growth in demand for financial, health care and life style products and services will be huge over the next few years.

And a threat

But it is the threat of the emerging economies that worries Scandinavian corporate executives most of all. And so they should be. Chinese and Indian companies are on the acquisition trail in Europe, including Scandinavia.

But just as importantly, how do Scandinavian companies compete against their Asian low-cost competitors? One solution is to re-position in the global marketplace on the basis of 'niche', quality products. Sandvik is a great example of such a company: it has re-focussed on the delivery of high quality products against the mass steel producers of Asia.

The Scandinavian challenge

But in my experience – as an observer of the Scandinavian economies over the past thirty years, as a presenter at corporate events in Sweden and as someone who is a part-time resident in Sweden (I have a house outside Uppsala)



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– there is much that needs to be done if Scandinavian companies are to compete successfully in the future.

Where are the entrepreneurs?

I fully appreciate the fundamental differences between the various Scandinavian economies, but there are also a number of common issues that need to be addressed. These range from reforms of the education systems, re-establishing the traditional well-known Scandinavian work ethic through to generating more forceful entrepreneurial cultures. Why were all the great Scandinavian companies-with the exception of Nokia- set up before the Second War? Where are today's entrepreneurs? Why are there so few of them?

Entrepreneurial leadership

But corporate executives have a major task ahead if their businesses are to be successful in this rapidly changing global economy. They need to re-invent their structures and cultures. The old business models no longer work. Management cultures need to be replaced by dynamic leadership approaches. Every executive, in my experience, has these. It is a matter of developing these in ways that fit the needs of their particular businesses at specific points of time.

Commitment, motivation, performance

With high quality leadership comes employee commitment and with this motivation and high performance. Employees cannot be told to be creative and innovative simply because line management methodologies do not work. 'Spontaneous creativity' has to be encouraged and then guided in cost effective ways so that it leads to the continuous rollout of innovative products and services. It means workplaces have to be inspirational and an exciting places to be. This requires shifts from the management assumptions of the 20th century to 21st leadership practices.

Future talent

Young talented employees – and these are not necessarily university graduates – the I-generation (the Internet generation) will not be told what to do. They expect different rewards from their employers and they have different work and life aspirations. This talent has to be captured through



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re-invented corporate processes if companies are to become employers of first choice.

Change is inevitable

The Scandinavian economies, although small in scale, are successful in the world arena. But the 21st century global economy offers opportunities and threats that are quite unprecedented. Business practices that guaranteed success in the past will not suffice in the future. Now is the time to re-invent before the dynamic growth of India and China swamps us all.

