



A dip into the past

There has been a barrage of articles, books and television programmes over the past couple of months concerning the previous century. Some of it has been trivial, some fascinating. So how does it help us anticipate the future?

Well, 1900 sounded quite familiar. There was an influenza epidemic and hospitals were struggling to cope. There was shortage of nurses and some wards had to close. Less familiarly, gravediggers were working night and day as the epidemic worsened (bubonic plague had also broken out in Glasgow).

The Boer War was raging, ladies' fashion struggled between the skirt and the knickerbocker, and moving pictures (the precursor to films) were becoming the vogue. Politics as ever was in the news. The Conservatives had been re-elected with a huge majority and the Labour party was starting from scratch.

There were some interesting firsts. The first Zeppelin flew, the USA won the inaugural Davis Cup, The Commonwealth of Australia was born and Coca-Cola arrived in Britain 14 years after it went on sale in the USA. Max Planck unveiled a proposal named 'Quantum Theory' and Sigmund Freud published his seminal book *The Science of Dreams*.

How about some other stories from the last 100 years? The electric battery was invented in 1902. The Model T Ford was mass produced on an assembly line in 1908. The first in-flight movie was shown on a Universal Airline flight in 1929. The BBC's first television broadcast was in 1936. Scientists created the atomic chain reaction in 1942. The properties of DNA were established two years later. IBM created the electronic calculator in 1946 (it had 18,000 electronic valves), and by 1950 kidney transplants were a reality.

More recent developments have been relatively rapid. Microsoft, the largest company in the world, did not exist 30 years ago. The precursor to the internet, a communication system used by academics to swap technical research, existed for many years before its explosive growth in the 1990s.

A number of development scenarios can be seen in the above. On one hand you have products that are being continuously improved or more cheaply manufactured for the benefit of the ordinary consumer. On the other hand there are ideas and concepts which are in existence for many years before some catalyst causes them to burst onto the world stage.

What could be the big industrial themes for the next few years? Biotechnology and the impact of genetic engineering could present significant change, although difficult ethical questions still need to be overcome. Environmental issues will become more pressing and the electric car could have a profound effect on the automotive industry. Obviously communications and internet-related shifts will continue to become increasingly evident. In the West the creation and exploitation of some form of intellectual property will remain important to companies that have relatively high labour costs on a global basis.

The human dimension also cannot be ignored. As the poorer nations such as China increasingly activate the potential of their enormous populations, there could be significant shifts in global wealth distribution. We have already seen the start of this with companies beginning to outsource IT contracts to India with its cheap but well-educated labour pool. Demographic factors will also come into play, as the ageing populations of Europe struggle to meet their pension obligations which the younger populations of third world countries do not yet have to carry.

Industries change, often quite rapidly. The impact of the internet, which exploits the value of information in a dramatic way, is the current catalyst for changes in marketing and distribution channels and in consumer behaviour on a global basis. Understanding the potential magnitude of these seismic shifts on your business and the risks it faces is crucial to the treasurer in preparing for choppy waters ahead.

Are you prepared? ■

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