



TUESDAY, NOVEMBER 27TH, 2018 | STONECUTTERS RIDGE GOLF CLUB

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INTRODUCTION: THREE WAYS OF THINKING ABOUT THE FUTURE

1. Three Ways of Thinking About the Future

- (i) **prediction** (“Moore’s Law”/ doubling power of computers eg December 2006 “Deep Fritz” beat world chess champion Vladimir Kramnik; in December 2002 he held it to a draw but in four years it got a lot smarter)
- (ii) **preferred futures**: building a bridge back from the future eg 1962 President Kennedy’s pledge to put a man on the moon
- (ii) **possible**: scenario planning: importance of paradigms/ worldviews (role of paradigms: Nokia and texting)

PREDICTION

2. Moore’s Law and the Information Revolution: information is the currency of power

- since last Ice Age: farming/ agriculture: “how can we make water come to us?”
- 1750: Industrial Revolution: factories/ manufacturing
- now: information: information and communications technology

3. Moore’s Law

- Gordon Moore of Intel: April 19 1965 prediction
- power of computers will double every 18 months-2 years
- price of computers will halve every 18 months-2 years
- Google driverless cars; Mercedes driverless trucks: for how long will we continue to allow humans to drive vehicles (road crashes kill 1.2million around the world each year); will human drivers be gone in 15 years?

4. “Digital Disruption”

- digital disruption and the story of *Encyclopaedia Britannica* (Philip Evans and Thomas Wurster *Blown to Bits*, 2000)
- in recent decades the publishing company failed to monitor the rise of online reference works and ran into financial problems (English language Wikipedia appeared a year after this Harvard Business School book was published)
- Evans and Wurster identify these lessons for all businesses:

- (i) *“the most venerable can prove the most vulnerable”* [note the speed of the collapse]
- (ii) *“a strong corporate culture can blind business leaders to events that do not fit into their collective mental framework”* [just because a company is a vital part of today’s community, there is no guarantee it will still be needed tomorrow]
- (iii) even if executives do fully grasp the impact of new technologies, they may be at a competitive disadvantage because they are *“saddled with legacy assets”*

5. Changes to the World of Work: Three Possibilities

i. “Gig Economy”

- there is plenty of “work” to do but not “jobs”
- “jobs” (invented in 1750 for the Industrial Revolution) may be replaced by “gigs”
- this is self-organized self-employment, working on-demand, with every worker as a “manager” running their own business

ii. Universal Basic Income (UBI)

- UBI scheme would mean that all adults would receive a flat sum of money from the government
- the sum would provide a bare minimum on which to survive; doubtless many people would also continue to work for much more money
- with the increasing loss of jobs from automation, a UBI scheme would put some money in circulation to stimulate effective consumer demand
- Finland, some parts of Canada and The Netherlands are continuing with their UBI experiments

iii. OR: Just a Race to the Bottom

- this is a race to the bottom with workers living on piece-work (as in England before the 1750 Industrial Revolution): little certainty, little opportunity to accumulate assets, increased tension, social unrest
- perhaps the next generation will not live as long as predicted?

6. Implications for Golf Clubs

- how will golf clubs fare in the new world of work?
- software eats the world: what administrative work now being done in clubs could be automated?
- when will driverless golf carts appear on the courses? Do clubs have enough bandwidth to support them?
- what will be the impact of virtual reality? Golf Club VR. People could “play golf” at home
- will the medical profession insist on everyone wearing a Fitbit to ensure they get enough exercise? Could golf clubs be registered providers of fitness?
- could micro cameras be used to monitor every play and so guide a player in improving their game? (enhanced TrackMan with “intelligent” golf balls)
- when does a robot become the world golf champion? Computers are already the best at chess and go; IBM’s Watson is transforming medicine (having been the champion player at *Jeopardy*)
- will trans-humans be allowed to compete in golf events?

PREFERRED

7. Blue Ocean Strategy (W Chan Kim and Renee Mauborgne)

- “blue ocean” is new market space
- “red ocean” is the contested market space (think of blood in the water from all the fighting); the blue ocean intention is not so much to beat the competition – as to make it irrelevant
- most strategy work has been done on competition-based red ocean strategies
- blue ocean Henry Ford (working in a field of 500 established car producers) invented the mass-produced, inexpensive automobiles (rather than contest the red ocean of expensive, elite automobiles) [Henry Ford: “If I had asked my customers what they wanted, they’d have said a faster horse”]
- other examples of Blue Ocean thinking:
 - i. Yellow Tail Australian wine (targeting Americans who don’t drink wine because they thought that there were not “sophisticated enough”)
 - ii. Cirque du Soleil, Canada: reinvention of the circus (eg no animals)
 - iii. Japan: fuel-efficient cars in the 1970s
 - iv. E-bay: online auctioning
 - v. Starbucks coffee as a low-cost luxury for high-end consumers

8. Blue Ocean Thinking

(i) Techniques:

- stop benchmarking the competition – the more you benchmark, the more you get to look like the competition
- don’t focus so much on the competition and instead look at the Blue Ocean horizon
- look to non-customers; they provide the most insights into how you can create new, uncontested opportunities [who in your family do not play golf: why?]

(ii) Ask Some Basic Questions

- which of the factors that the industry takes for granted should be eliminated?
- which factors should be reduced below the industry’s standard?
- which factors should be raised well above the industry’s standard?
- which factors should be created that the industry has never offered?

9. New Opportunities: *The Experience Economy* Joseph Pine and James Gilmore

- there is greater wealth in the world than ever before
- old era: three layers of economic activity: (i) commodities (ii) goods (iii) services
- people now have so much wealth that we need to find new ways of extracting money from them
- new era: four layers of economic activity: (i) commodities (ii) goods (iii) services (iv) experience [St Andrew’s was a pioneer in the experience economy]
- experiences are memorable (rather than tangible)
- McDonald’s do not just sell fast food; they sell bright, clean, safe, family-friendly eating places suitable for socializing
- Starbucks sell more than coffee; they provide the “third” place (after “home” and “work”)

- wineries that now host music/ comedy festivals: “grape grazing”

10. Implications for Golf Clubs

- can established members accept the challenge of Blue Ocean thinking? It will take them out of their comfort zone
- how can the club be changed to make it attractive for tomorrow’s potential members as well as today’s?
- is there enough space for the golf club to also provide space for weddings, conferences, gyms, health centres?
- can the club be refashioned as a “community centre”?
- are golf clubs more in the real estate business than in the golfing one?
- do we have too many golf courses?

POSSIBLE

11. The Evolution of Scenario Planning as a Management Tool

- Pierre Wack at Shell: 1973 OPEC oil increase
- Clem Sunter: early 1980s: South Africa
- for more information see: <http://www.churchfutures.com.au/>

12. The Technique of Scenario Planning

- decide on the basic “question”
- interview experts
- look for the two main drivers of change: STEEP: Social, Technological, Economic, Environmental, Political
- produce two or four scenarios (never three)
- discuss the draft scenarios with “remarkable people”/ “lateral poppies”
- create indicators
- create contingency plans
- talk up the scenarios (strategic conversation)

13. Demographic trends

a “Four Generations”

- pre-1945: *Depression*: loyalty, obedience, institutions, self-improvement
- 1946-66: *Baby Boomers*: the generation that will never grow old, out to change the world, most selfish generation, most divorced generation
- 1967-86 *Generation X*: no commitments, pop culture (raised by TV sets), self-absorbed, like integrity and dislike fakes, they support causes but not institutions; they thrive on change; they are the survivors
- 1987-> *Millennials*: burdened with education-related debts, having difficulty getting into the housing market; prefer informality; always connected to IT, concerned about the environment; reluctant to commit to membership

b New “Four Ages”

- childhood, maturity, well-aged, compression of morbidity

14. Scenario 1: “Thriving Clubs”

- golf clubs have reinvented themselves for the new era
- very much seen as a community asset and a centre of the community
- visitors comment on the friendly, relaxed, welcoming atmosphere
- diverse membership (including 3Ms: moms, minorities and millennials)
- diverse range of offerings at each club. Including good IT connection and co-working space
- clubs are in a good financial situation (if necessary through amalgamation)
- golf carts have good IT connection (important for music)

15. Scenario 2: “Recessional”

- decline of social capital/ rise of individualism/ from community to cubicles
- golf seen as an “old person’s”/ elite sport; municipal-owned land should be used for other purposes (current Wimbledon Golf Club/ Lawn Tennis issue)
- it takes too long to play; millennials don’t have much of a concentration span
- concern over climate change; golf clubs seen as using too many resources
- greying of community associations; “old” associations are not attractive to younger people
- Boomers taking care of aging (Depression) Generation parents and so with less time for community involvement
- a golf club gets on a downward spiral and cannot reverse it
- “maintenance mentality”/ too much concern with bricks and mortar
- increasing government red tape in the recruitment of volunteers (police checks, insurance cover, OH&S issues, etc)
- increasing issues of corporate governance: the only difference between an association and a for-profit company is what they do with the surplus/ profit

16. Developing Indicators

- need to see which scenario is coming into play
- indicators drawn from data over as many years as possible (to avoid statistical blips): for example, number of members/ volunteers, ages of members/ volunteers, rate of membership renewal, annual income, opening/ closure/ amalgamation of golf clubs, morale of existing members/ volunteers, motivations of new members/ volunteers, donations, bequests, and experiences of similar clubs

17. Implications of “Thriving Clubs”

- will “millennials, moms and minorities” (3M) want to join your club?
- what accommodations will need to be made to recruit and retain 3M?
- “do not just repeat what our forebears did – but work for the same vision as they did”; in other words can the club be refashioned with new methods of work but still working for the same ends?

18. Implications of “Recessional”

- are people ready to make the decision to wind up/ amalgamate the club?
- what is your exit strategy?

- how do you safeguard your assets?
- how to comfort people who hold themselves responsible for the ending of the club?
- what is the media/ communications strategy?

19. The Value of a Scenario Planning Process

- it is so not much about getting the future right as to avoid getting it wrong
- encourages us to think about the unthinkable
- encourages us to “see” trends that are currently “invisible” (they are there all right – it is just that we are not noticing them)
- scenario planning encourages people to be alive to possibilities

CONCLUSION

20. Conclusion

- read widely and critically
- avoid getting locked into paradigms/ worldviews
- beware of “epistemic communities”: to whom do you speak?
- value of this type of event: it broadens one’s horizons

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