



Don't be a Frog

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Europe's population is getting older. The exact opposite is happening in the countries of Africa and the Middle East. The median age of the population in South Africa is 24.7 year; in the US it is 38.7 years and in Italy a startling 41.4 years.

The social and economic implications of these demographic changes are profound, yet they never make the agenda at the G8 or any other world economic forum. The 'demographic problem' is a second order priority for government policy makers.

As a ceo you don't have the luxury of ignoring these facts. You have to decide if these divergent population trends are a threat, opportunity or an irrelevance. Not knowing or caring is not an acceptable option.

Changing population age profiles affect all parts of a company's operations. Companies risk haemorrhaging skills and experience as the boomer generation retires. An aging population demands changing the priorities for developing products. Diverging age profiles affects the value of a company's brand equity in the different country markets. The list goes on and on.

How well prepared is your company to thrive or flounder?

There is a simple way to test your preparedness. How would you react if these five questions were raised at your next shareholder's meeting?

- ◆ What are the company's plans to exploit the global demographic trends and the resulting commercial opportunities?
- ◆ What immediate actions are planned by the company's HR, Product Development, R&D and Marketing and Sales groups?
- ◆ What are the major risks resulting from the changing population profiles - how are these being minimised?
- ◆ The power of older consumers is rapidly increasing throughout Europe and the US. How does the company's marketing strategy mirror this dynamic?
- ◆ Is the company's brand value increased or diminished by these demographic upheavals.

There are very few companies that are capable of answering these questions.

Congratulations if you are one of them.

If you are worried with your company's preparedness - what is the first step you should take? You might think this is a strange suggestion but make sure you and your fellow directors understand the story of boiling frogs.

If you put frogs into a container of cold water that is slowly heated the frogs die. Why don't they jump out? Because the water heats very slowly and they fail to notice their changing (and dangerous) environment before it is too late to act.

The annual changes in global population structure are minute. Over a decade they are enormous.

The year on year implications of population change rarely warrants mention in a corporation's departmental plans. There isn't a company in operation today that would not have this issue in the top three of its 10 year planning cycle.

Making your company responsive to these demographic upheavals starts by recognising the enormity of the issue. The water is getting warmer!