

JUNE 2010

McKinsey Quarterly

Global forces: An introduction

Five crucibles of change will restructure the world economy for the foreseeable future. Companies that understand them will stand the best chance of shaping it.

Peter Bisson, Elizabeth Stephenson, and S. Patrick Viguerie



“I never think of the future,” Albert Einstein once observed. “It comes soon enough.” Most business managers, confronted with the global forces shaping the business landscape, also assume that their ability to sculpt the future is minimal. They are right that they can do little to change a demographic trend or a widespread shift in consumer consciousness. But they can react to such forces or, even better, anticipate them to their own advantage. Above all, they ignore these forces at their peril.

Business history is littered with examples of companies that missed important trends; think digitization and the music industry. Yet this history also shines with examples of companies that spied the forces changing the global business scene and used them to protect or contribute to the bottom line. Companies ranging from insurers to energy producers did precisely that in embracing the growing social concern about climate change. So did Wal-Mart Stores in applying technology to automate inventory management and reduce costs dramatically for the company and its suppliers.

The fact is, trends matter. Systematically spotting and acting on emerging ones helps companies to capture market opportunities, test risks, and spur innovation. Today, when the biggest business challenge is responding to a world in which the frame and basis of competition are always changing, any effort to set corporate strategy must consider more than traditional performance measures, such as a company’s core capabilities and the structure of the industry in which it competes. Managers must also gain an understanding of deep external forces and the narrower trends they can unleash. In our experience, if senior executives wait for the full impact of global forces to manifest themselves at an industry and company level, they will have waited too long.

For much of the past year, a team at McKinsey has revisited and retested our assumptions about the key global trends that will define the coming era. We have identified five forces, or crucibles, where the stresses and tensions will be greatest and thus offer the richest opportunities for companies to innovate and change:

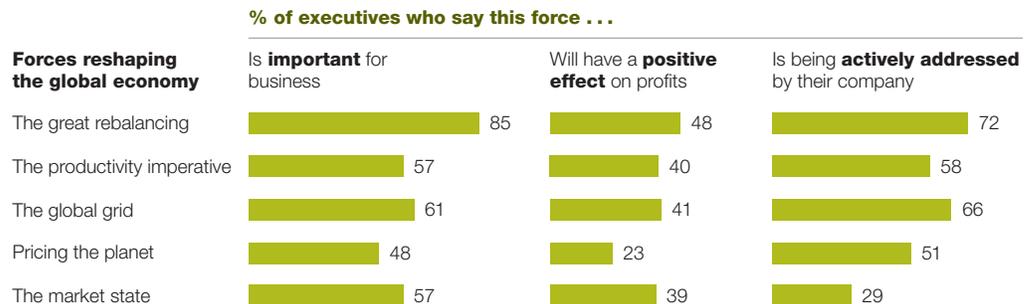
- **The great rebalancing.** The coming decade will be the first in 200 years when emerging-market countries contribute more growth than the developed ones. This growth will not only create a wave of new middle-class consumers but also drive profound innovations in product design, market infrastructure, and value chains.
- **The productivity imperative.** Developed-world economies will need to generate pronounced gains in productivity to power continued economic growth. The most dramatic innovations in the Western world are likely to be those that accelerate economic productivity.

- **The global grid.** The global economy is growing ever more connected. Complex flows of capital, goods, information, and people are creating an interlinked network that spans geographies, social groups, and economies in ways that permit large-scale interactions at any moment. This expanding grid is seeding new business models and accelerating the pace of innovation. It also makes destabilizing cycles of volatility more likely.
- **Pricing the planet.** A collision is shaping up among the rising demand for resources, constrained supplies, and changing social attitudes toward environmental protection. The next decade will see an increased focus on resource productivity, the emergence of substantial clean-tech industries, and regulatory initiatives.
- **The market state.** The often contradictory demands of driving economic growth and providing the necessary safety nets to maintain social stability have put governments under extraordinary pressure. Globalization applies additional heat: how will distinctly national entities govern in an increasingly globalized world?

Our thinking is exploratory rather than definitive. Precisely how these forces will unfold—and, as important, how they interact—is very much a work in progress. Still, our research, extensive one-on-one contacts, and broader survey data give us confidence that these topics should be framing every organization’s strategic conversations about how best to chart its future course. Over the coming year, McKinsey will dive deeper into each of these five areas to draw out the business implications and inform the strategic debate. We can be certain that this new era will not evolve smoothly. Future economic crises—quite likely, major ones—are inevitable. And management theory for the 21st century, the first with truly global enterprises, is being invented in real time, as thousands upon thousands of companies make it up as they go.

Exhibit

The impact of global forces on business



Source: Mar 2010 McKinsey global forces survey of >1,400 executives

Related thinking

[“Five forces reshaping the global economy: McKinsey Global Survey results”](#)

[“Globalization’s critical imbalances”](#)

[“How companies act on global trends: A McKinsey Global Survey”](#)

What we do know is that the forces driving the emergence of this new world are too powerful to be denied and that running a 21st-century company is exponentially more complex than running a 20th-century one, of any size. Companies must pay attention to more stakeholders, more regulations, and more risks—and watch to see what their customers are tweeting about them. That complexity is greater, but so, we believe, is the opportunity.

Even the most talented strategists will have, at best, incomplete knowledge of what comes next. But from our experience, we know that an understanding of the forces defining the future will also provide the best chance for seizing it. [○](#)

The authors would like to acknowledge the contributions of Rik Kirkland to the development of this article.

Peter Bisson is a director in McKinsey’s Stamford office, **Elizabeth Stephenson** is a principal in the Chicago office, and **Patrick Viguerie** is a director in the Atlanta office. Copyright © 2010 McKinsey & Company. All rights reserved.