Over the past three years, expectations about the world’s future have radically changed. In 2007, the projected four-year growth rate for global GDP was comfortably above 4 percent. Today, after the slump of 2009—when actual annual growth fell to −0.9 percent—the global economy is expected to achieve only slow growth over the next few years, as developed markets struggle to recover.

It could have been much worse. For a while, the world stared into the abyss. But in the end, the financial crisis has led not to a repeat of the Great Depression but rather to what will surely go down in history as the Great Recession.

The concerted efforts of governments and central banks have played a critical role in staving off a 1930s-style depression. But the actions of individuals and companies will shape the next phase of the recovery.

The Glass Half Full: Optimism in Times of Crisis

It is all too easy to take a dark view of the decade to come. After all, there are several reasons to believe that growth in the global economy will remain sluggish for some time—despite the near return to precrisis growth rates in China, India, Brazil, and other developing markets.

Companies and households are facing years—and governments are probably facing decades—of deleveraging; this bitter medicine will depress consumption and investment. Countries, in their efforts to prevent unemployment from rising ever higher and to champion the cause of local businesses, are engaging in protectionist measures; these moves will slow globalization. And regulators are clamping down on banks in ways that will constrain credit and investment.

We should be clear-eyed about these challenges and their implications. But we should also recognize that the world today is primed for change and filled with opportunity.
The fundamental drivers of growth are stronger than they have been at any point in human history. These include the increasing number of highly educated and capable people in the world, the breathtaking speed of technological breakthroughs, globalization, the inclusion of “the next billion” into the world economy, and relative political stability.

Given this platform for growth, leaders have both an obligation and an imperative to move forward—with strategic optimism—to seek and to create growth, value, and opportunity for their countries and companies.

If this appears to be a tough assignment, that’s because it is. But there will be support for this approach. Crisis and upheaval have historically unleashed enormous levels of pent-up creative energy, innovation, and fundamental change. When times are tough, we learn to make the difficult decisions that we should have made a long time ago. We cut back on waste and use scarce resources more efficiently. We come up with new solutions—and are willing to accept them. We step outside our comfort zone and go beyond our previous boundaries.

After the two oil shocks and the deindustrialization in major economies in the 1970s and early 1980s, the future looked bleak, too. But technological advances, the fall of the Iron Curtain, and economic liberalization helped initiate nearly 30 years of unprecedented growth. Along the way, there were downturns and instances of greed, fraud, and irrational exuberance. But despite these detours, the world made progress. Many of the United Nations’ much-heralded Millennium Development Goals—such as reducing hunger and child mortality and expanding education—are now closer to being realized than ever before.

Today’s crisis could very well spur the next big wave of growth. In the aftermath of the Great Recession, we all have a rare opportunity to reinvent ourselves, to start afresh, to make things better than they were before.

**Carpe Diem: Turning Optimism into Action**

What does this mean in practice?

For countries with bloated bureaucracies, aging populations, and rising health-care and pension costs, it will require radically restructuring government programs, raising the retirement age, opening labor markets and, of course, investing heavily in education. Greece, for example, would probably never have implemented its austerity program without the push of the current crisis. The undertaking will be a painful process, of course. But in a best-case scenario, Greece’s moves will help return the country’s people to a path of progress and prosperity.

For companies, it means making major changes that address the deep structural problems plaguing many industries. Pharmaceutical companies, for example, are facing a devastating double whammy; their labs are not developing the kind of breakthrough drugs they need to replace the blockbusters that are losing patent protection. Automotive manufacturers are still producing too many cars and, in North America, too many of the wrong kind of cars—oversized gas guzzlers. And media companies are struggling to persuade consumers to pay for news, music, and videos in the age of the Internet.

In the years before the crisis, companies were able to tinker with reform, safe in the knowledge that the rising tide of the global economy would help them in their efforts to survive and succeed. But today, these companies can no longer simply fine-tune their business model or fiddle with their cost base: the structural defects in their industries and in their business models are just too great to ignore.

Some companies have already accepted that they cannot go back. Faced with extinction and aided by government subsidies, General Motors has made painful but overdue decisions to sell money-losing divisions, close underutilized plants, and focus on energy-efficient cars.

But bold moves will not be enough. Companies also need to be quick because time is not on their side. As the recovery takes hold, they will find it harder to make the tough decisions that were postponed during the boom years. With every passing year, they will also face growing global competition as companies from China, India, Brazil, and other emerging economies climb to the top of their industries. Unencumbered by legacy systems and cultures, these “global challenger” companies can move fast and aggressively.

So it is now time to stand up and be counted, take the future into your hands, grasp the opportunity presented by the worst economic crisis since the 1930s, and do things in a new and different way.
Ten Steps to a New Way of Doing Business

Of course, this is easier said than done. But there are steps you can take to ensure that you become the master rather than the prisoner of circumstance—and that your organization returns to a strong growth trajectory.

- Be frank about your company’s current performance, your competitive threats, and why the crisis hit you so hard. Instill into your organization the courage to change, overturn the status quo, remove cumbersome legacy structures, and dispense with sacred cows.

- Take a long-term view of value creation for your various stakeholders. Quick wins are nice to have, but sustainable success is nonnegotiable.

- Move with deliberate speed to make the required transformation. Pace really matters: the ability to recognize and adapt swiftly to change will be a hallmark of the winners.

- Help your organization see opportunity in the market changes. To be among the first to benefit from these changes, make use of shifting customer behaviors and attitudes and unleash the power of marketing.

- Focus on innovation by investing in R&D, accelerating the introduction of new products and services, and re-designing processes.

- Develop new business models: pilot low-cost approaches, shift from products to services, or fundamentally restructure your portfolio of activities.

- Embrace globalization and use fast-growing emerging markets not only as a supply base but also as additional consumer markets.

- Play an active role in the consolidation of your industry through divestments and through mergers and acquisitions.

- Take an agile and flexible approach. Experiment and transform yourself continuously.

- Build the strongest team you can. You should lead from the front and by example, but you should not expect to do it all on your own.

Future growth depends on our willingness to change the way we do things. This will not be easy. It will call for vision, courage, determination, and a resolute belief that we—each of us—can shape our destiny. As a guiding philosophy, optimism trumps pessimism. By acting with a positive outlook, we can succeed—individually and collectively.

After all, the future does not just happen. We make it happen.

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