



Economist Predicts Massive Realignment of Global Economic Activity at MSI Global Alliance's International Conference



Professor Joe Nellis, a Professor of International Management Economics at Cranfield University and

keynote speaker at the 21st International Conference of MSI Global Alliance, recently explained to the conference's 165 delegates that "the global recovery is off to a stronger start than expected, but is proceeding at different speeds in the various regions."

"Emerging markets look set to forge ahead relative to developed economies – not just on the back of trade, but more importantly, stemming from growth in their domestic economies as incomes and spending rise."

Nellis also shared what he sees as the risks to global recovery, namely: a premature exit from the fiscal and monetary policy stimulus measures; the slow "repair" of the financial systems; sluggish adjustment in housing markets; and rising unemployment.

"These risks could hold back recovery in household spending more than expected. Furthermore, growing fiscal deficits could unsettle financial markets and stifle recovery by raising the cost of borrowing

for households and firms. Rallying commodity prices may also constrain recovery in advanced economies."

Major economic realignment

Nellis also predicted a 'massive realignment of economic activity' with manufacturing and IT services shifting even more dramatically.

"The largest economies in 2050 will be China, U.S., India, Japan, Brazil, Russia, UK, Germany, France and Italy. The U.S. will continue to account for the larger (but declining) share of absolute economic growth."

Expansion of public sector

An expansion of public sector activities is also on the cards in the developing and developed world, according to Nellis. This will however have implications for productivity and creativity, tax burdens, healthcare, and retirement and pensions. Nellis predicted that private sector approaches will become more pervasive across the public sector worldwide.

Changing consumer landscape

The economist also pointed out the changing consumer landscape: "Consumer spending power in emerging markets will more than double in the next decade towards that of Western Europe."

Technological connectivity

Nellis also predicted continuing innovation in biotechnology, laser technology and nanotechnology, commenting that "We have much to learn in terms of how best to use IT in designing processes and in developing and accessing knowledge.

Talent war

The battlefield for talent will also shift with a shift to knowledge-intensive industries, highlighting the importance and scarcity of well-trained talent.

"Global labour and talent strategies will become as important as global sourcing and manufacturing strategies," said Nellis.

Growth of corporate governance

According to Nellis, corporate governance will grow and the role and behaviour of big business will be subject to intense scrutiny. "We will see growing importance attached to corporate social responsibility. The emergence of giant global corporations will exacerbate the pressures over the next 10 years."

Environmental issues

The growing demand for natural resources will put greater strain on the environment: "This will be driven by economic growth, mainly in emerging markets. Water

“MSI makes us feel as if we have partners from all over the world just down the hall.”

Brian Wynn, Partner, Gardiner Roberts, Toronto



shortages will be the key constraint to growth in many countries. Innovations in technology, regulation and the use of resources will be central to sustained economic growth.”

The changing economics of knowledge

Universal access to information is also changing the economics of knowledge, says Nellis.

“Knowledge production itself is growing, as is the number of patent applications. Companies will have to learn how to leverage this new knowledge universe or risk drowning in information.”

New global industry structures

“Corporate borders are becoming blurred as globally interlinked systems of suppliers, producers and customers emerge. The emergence of global private equity financing is also another big change – it is changing corporate ownership, life cycles and performance expectations. Winning companies will capitalise on these transformations using efficiencies gained by new structural possibilities.”

Management: art to science

Finally, Nellis also predicted that management will go from art to science with bigger, more complex companies demanding new tools and skills to run and manage them: “Gut-instinct as a management style is not sustainable!”

New business realities

We face new business realities, says Nellis. “We are seeing new channels, new business models, new channels, new assets, technological breakthroughs, globalisation and global alliances, shifting industry boundaries, and the emergence of the knowledge economy.

Winning the future

“Winning the future will demand an understanding of the business environment including threats from non-traditional competitors, new market opportunities, new value systems and out of date business conventions. It will also demand a greater understanding of customers’ current needs, what tomorrow’s customers expect, and what determines loyalty.

“We must challenge assumptions and accepted wisdoms and close the creative gap. This means you must understand the gap between the profits you make and those you could make. Recognising that we all have a creative gap is the first step to success.”

For more information about Joe Nellis, please visit Cranfield University’s website at: <http://bit.ly/cs9f0v>

Key MSI Global Alliance International Conference Announcements

- The organisation has increased its footprint to 250 member firms in 105 countries in the last 12 months
- A Development Plan has supported growth to new business centres including: Algiers, Bogota, Lahore, La Paz, Las Vegas, Manila, Rio de Janeiro, San Juan, and Tbilisi
- The launch of an iPhone app (Advisors2Go) and a new website in 2011 are key initiatives of a marketing strategy aimed at building the MSI brand and greater internal awareness
- In the last 12 months, member firms in various countries have cooperated to pitch for, and in some cases win work from larger firms that involve major companies such as Shell and Bharti TeleVentures.

Results of Delegates Survey

Q. Looking forward 12 months, are you optimistic about your local economy?

UK delegates:



Rest of World delegates:



MSI Global Alliance is an international association of independent professional firms. For more information about MSI go to: www.msiglobal.org