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**“Strategic Planning in the 21<sup>st</sup> Century:  
Future Global Realities CEOs Need Junior Executives to Comprehend”**

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## Abstract

Organizations strategically scan the external environment for opportunities and threats. Current trends project factors that will strongly influence the future. CEOs need junior executives to comprehend the affect and that understanding will depend on how well the organization's executive team is prepared to proactively lead their corporation into a future filled with uncertainty due to economic volatility. Among these trends is third world population growth and increased terrorism.

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Strategic Planning in the 21<sup>st</sup> Century:  
Future Global Realities CEOs Need Junior Executives to Comprehend

Successful CEOs know the importance of the strategic management state of mind. Senior management needs to develop that strategic perspective in their junior executives who often focus on tactical or operational issues. Originating in the 1950s, the idea of strategic planning has evolved into the concept of strategic management. “Strategic management can be defined as the art and science of formulating, implementing, and evaluating cross-functional decisions that enable an organization to achieve its objectives. As this definition implies, strategic management focuses on integrating management, marketing, finance/accounting, production/operations, research and development, and computer information systems to achieve organizational success . . . . The purpose of strategic management is to exploit and create new and different opportunities for tomorrow; long-range planning, in contrast, tries to optimize for tomorrow the trends of today” (David, 2003). For this reason, effective proactive strategic management includes the continuous scanning of the organization’s external environment.

Learned top executives perform strategic environmental scanning by monitoring the globe for future opportunities and threats that affect their organizations. These practitioners recognize the ever-changing external environment is generally beyond the control of any organization and includes the following categories: competition, the economy, social-cultural-demographic factors, political-legal-governmental aspects, technology, and the natural environment (David, 2003). In Asia, “Japan Inc.” is strategically preparing for 2025 and Chinese strategists are projecting 2150. Recently, the Central Intelligence Agency (CIA) uncharacteristically released an unclassified document entitled, *Global Trends 2015* (ABC News, 2001). Other sources, *Which*

*World?: Scenarios for the 21<sup>st</sup> Century* (Hammond, 2000), present similar trends and forecasts to 2050. This article presents these trends and likely scenarios of the global environment during the first half of the 21<sup>st</sup> century and concludes with a recommendation to improve management's strategic effectiveness.

#### The CIA's Four Points and Seven Trends

The CIA's *Global Trends 2015* is summarized in one statement: "Globalization will provide mankind with the *unprecedented opportunity to improve the quality of human life* across the planet; *but progress will be hampered* [italics added] by economic volatility, by the political security implications of sharpening inequities in income, and by the growing threat from multiple, relatively small-scale programs of weapons of mass destruction" (Gannon, 2000). The CIA's study makes four points:

1. "First, a networked global economy will be a net contributor to increased political stability in the world. US national interests will increasingly be tied to our dependence on global networks that ensure the unrestricted flow of economic, political, and technical information, as well as people, goods, and capital . . . .
2. Second, global change in the decades ahead will broaden our definition of "national security" and expand the US intelligence agenda in both the numbers and complexity of issues we cover. In 15 years, CIA will still be focused on the proliferation of weapons of mass destruction, terrorism, narcotics, and organized crime. But newer issues, such as information operations and threats to our space systems, will command a growing amount of our time . . . .

3. Third, technology will challenge us in every area of the intelligence business to be smarter, more agile, more responsive to the policymakers we serve, and more collaborative with experts, wherever they may be found – in academia, the private sector, and non-governmental organizations (NGOs) . . . .
4. Fourth, the intelligence business is fundamentally about skills and expertise, and this means people – people in whom we will need to invest more to deal with the array of complex challenges we face over the next generation” (Gannon, 2000).

Additionally, the CIA presents seven trends:

1. “The first driver is global population trends. Despite substantial drops in fertility in some countries, the momentum of the existing population translates into an increase in the world’s population from 6 billion to around 7.2 billion by 2015. Ninety-five percent of this growth will be in developing countries. But population patterns will vary markedly in different regions of the world . . . .
2. [A] second global trend, the demand for food, water, and energy will increase over the next 15 years, while the uneven distribution of natural resources will persist in many developing countries. The good news is that world food stocks are projected to be sufficient to meet overall global needs by 2015 . . . .
3. [T]he third major driver [is] economic growth. We expect world per capita income to increase at an average annual rate of at least 2 percent

between now and 2015, but rising tides will not lift all boats. Not every state will benefit equally, nor will every group within every state. Divisions between “haves” and “have-nots” will have political implications . . . . Volatility will be a major downside of global economic integration. All states will become more vulnerable to shocks and disruptions . . . .

4. The fourth global trend is that scientific and technological developments will permeate every aspect of the global environment . . . .
5. [A] fifth trend [is that] the relative power and influence of many nation-states will continue to erode over the next 15 years, while transnational networks of all kinds will almost certainly grow in number, economic power, and political significance. Globalization and the permeability of borders to the flow of people, goods and information are all combining to erode state sovereignty . . . .
6. The sixth trend points to a shift in power relationships and international alignments. The world currently has only one superpower, but it will not be a hegemon, as other states – principally the collective European Union, Japan, Russia, and China – try to shape the world of the future. Shifting power alliances will take place because of the increased economic and political power of Europe and East Asia and because of the potential for American internationalism to continue to wane over time. Power alignments are in great flux as key states undergo uncertain transitions. . . .

7. The seventh and final trend is the changing nature of warfare. The widespread consensus is that the United States will have no peer military competitor by 2015. But our military and technological prowess will not be enough to guarantee that our interests are protected. Many countries and groups will try to blunt US military superiority in other ways – for example: by improving their capabilities relative to those of their neighbors, and by using asymmetric means, such as terrorism and weapons of mass destruction, instead of conventional forces. Terrorist incidents are likely to continue, at least at current levels, and may increase by 2015. Terrorists will be better armed with more sophisticated weaponry. Some groups are already pursuing chemical and biological weapons capabilities. In the future, terrorists will seek to cause more casualties per incident, the vast bulk of whom will be civilians” (Gannon, 2000).

Although information is plentiful, environmental scanning is becoming more complex due to the increasing rate of constant change. Nevertheless, let us consider the global environment of the 21<sup>st</sup> century. We begin by identifying the regions of the world and then project global competitive trends and governing systems.

#### Political-Legal-Governmental Influences

Future studies at the California Institute of Technology (Hammond, 2000) divide the world into nine regions: North America, Europe, Japan, India, Latin America, Russia/Eastern Europe, North Africa/Middle East, Sub-Saharan Africa, and China/Southeast Asia. By 2020, North American, European and Japanese multinational,

or transnational, oligopolies influence nation-states and dominate global competition. Based on the established trends, the political-legal-governmental aspects will include these influences. First, if not yet accomplished, the push by internationalists for a “New World Order,” or global governance will intensify toward conclusion. Second, nationalistic resistance to the “New World Order” concept of global governance focuses on the issue of sovereignty. The nation-state sovereignty barrier to global governance dates to at least the mid 1900s. By 2025, the lack of effectiveness of many nation-states will strain their legal credibility and international solutions may appeal. In addition, the continuing migration to cities will strain resources as more people live in urban areas (Hammond, 2000; CIA, 2001). Consequently, the number of rules must increase to control human behavior. However, governments’ power over corporations decreases, as many are multinational, or transnational, in scope. Huge multinational corporations with interlocking directorates use their power to influence the international economic system. The “Star Chamber” mentalities of multinational corporate leaders influence politicians easily. Even though competition is intense, some dominant multinationals enjoy a constant advantage and these firms readily form cooperative consortiums as opportunities arise, sometimes with government entities.

#### The Economy

The electronically interwoven global economy of the 21<sup>st</sup> century connects instantly to the world’s communication systems, financial markets, multinational/transnational corporations and governing bodies. This interdependence creates a semi-stable but fragile network that is susceptible to influences due to terrorism, economic shock, and volatility. With the population growing, the gap between the



“haves” and the “have-nots” increases and there are two colliding worlds competing for resources. Some live life abundantly, but most suffer some deprivation. Education, knowledge, skills and abilities are the keys to opportunity and the reasons for the growing gap between the two groups (Hammond, 2000; CIA, 2001).

#### Social-Cultural-Demographic Factors

Future demographics are remarkable. The developed world’s population holds steady at 1 billion from 1950 to 2050. However, the population in the developing world explodes from just over 1.5 billion in 1950 to over 8 billion in 2050 for a total population of 9 billion plus. There are more older people because people live longer (Peterson, 1999); however, there will be regions, in Africa and probably in India and Southeast Asia, where there are few middle aged people due to HIV/AIDS and other infectious diseases (Hammond, 2000). Nonetheless, the world’s population by 2030 is over 8 billion and counting. The family unit as the primary building block of society along with traditional moral and ethical values further erodes. An individual’s culture and beliefs often have more influence than ties to either family or nation-state. Clashes of cultures in the same areas of the world still produce the “hot spots” of violence (Huntington, 1993).

#### Natural Resources

The resources in the natural environment become much more precious: especially water, air, food and energy. Of all the water on the planet, only 2 to 3 percent is fresh and sustains life; household, agricultural and industrial demands will stress this resource to the point of warfare. The air’s quality is worse. The ability to produce enough food is available, but inadequate distribution systems will fail to deliver to the hungry everywhere. Cheap energy and arable land are also problematic (Hammond, 2000). In

addition, incurable fatal infectious diseases increase and modern plagues reduce regional populations (Garrett, 1994).

### Technology

Because technology is increasing exponentially, technology provides the opportunity to determine a better world despite the increased population. However, it also provides opportunities for terrorists to disrupt systems (Betts, 1998; Carter, Deutch and Zelikow, 1998). Technology may improve life by improving the quality of our water, air, food, health, and knowledge, but the benefits although widespread may not be available to all. Additionally, technology may displace many workers through capital equipment investment.

### Alternative Future Scenarios

Trends are interesting, but the future is not always an extension of the past. Global scenarios offer alternative views of possible futures. In addition to that suggested above, three plausible alternatives for the future are: Market World, Fortress World and Transformed World (Hammond, 2000). The future could also include a world with elements from all three.

#### *The Market World*

- ◆ “**Market World** reflects a vision of the future that is widely held today. It assumes that free markets, private enterprise, and global market integration are the best way to increase prosperity and improve human welfare. Economic reform, privatization, and deregulation are, in this view, the key to the future.

### *The Fortress World*

- ◆ **Fortress World**, on the other hand, focuses on the potential of unattended social and environmental problems and the growing gap between rich and poor to diminish social progress and doom hundreds of millions of people to lives of poverty and deprivation. It foresees the likelihood of widespread degradation, social instability, rising conflict – and the possibility of violence and chaos, of a world divided against itself.

### *The Transformed World*

- ◆ **Transformed World** is an optimistic vision of the future, one in which social and political – as well as economic – reforms create a better life, not just a wealthier one. It assumes that human ingenuity and compassion can extend opportunity to all of humanity. And it points to tentative changes, already underway, that may presage such a transformation” (Hammond, 2000).

### *The Combination World*

- ◆ **Combination World** is the idea that some scenarios above may be too hopeful, or too pessimistic; the reality of the 21<sup>st</sup> century could indeed be some combination of all three.

### Conclusion and Recommendation

Today, the present is both a future opportunity and threat depending on how wisely strategists use it to prepare. It seems simple that top executives are best equipped due to experience to impart the strategic management perspective to their junior

executives by including them in the organization's internal and external strategic audits. Every executive needs to understand the mission, vision, long-term goals and objectives, but more importantly needs to think strategically every day. With the Japanese preparing for 2025, the Chinese forecasting 2150, and the events of September 11, 2001, it seems reasonable to start considering, or reconsidering, the first half of the 21<sup>st</sup> century together as a management team. A synergistic management team composed of practitioners who communicate and together practice strategic management as a fiduciary responsibility.

This article presents probable trends, some insight into possible scenarios and concludes with a recommendation. The conclusion is wise top executives proactively create the future by planning for it strategically. Additionally, more organizations are relying on the knowledge, skills and abilities of team-focused management that requires the sharing of information and experience to increase the organization's capabilities and opportunities. Thus, all executives must now develop their ability to think strategically. The recommendation is that every executive from the CEO to the lowest level should participate in the process of strategic management. Fortunately, the finest teachers available are top executives and the best students are the younger generations of executive talent. Learning organizations with mentoring senior executives have a better chance of imparting the needed strategic management mindset to their juniors. Enlightened junior executives are more likely to understand and implement strategy effectively. An organization's developed managerial resources are a significant distinctive competency that can provide an important future competitive advantage. It is time for the entire management team to communicate, educate and learn how to together create a more successful future using strategic management and synergy.

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