

17 Uncertainties that will Define (or Redefine) Your 2014

Year-end lists proliferate like national security secrets in Edward Snowden's backpack. Although these backward looking lists are fun, they don't help leaders and organizations prepare for what's ahead. It is important early in a new year to glance forward, not just at what is known, but also what is unknown. Uncertainty has grown in many areas since the beginning of the Great Recession. Not that it didn't exist before, but the impact of long-term uncertainty has been joined by equally important near-term uncertainties. It is incumbent upon managers to understand the uncertainties faced by their industries, but they also need to consider broader global issues like international tensions, civil unrest and even the reliability of technology.

The following list itemizes many critical domestic and international issues that may find some clarity in 2014, but as long as they remain uncertain, these uncertainties will force organizations to develop contingencies in order to maintain multiple degrees of strategic agility.

1. Workforce Dynamics

Key Dynamic: *Will the workforce effectively integrate, or will generational issues result in bifurcation? What skill gaps and needs for knowledge will emerge as each generation seeks to define its future?*



Although many Baby Boomers are retiring, many are remaining in place as they attempt to rebuild lost nest eggs, fund college for their children (or replay college loans) and maintain the position in society to which they have become accustomed. Even if GenX leaders step up, there simply isn't enough of them to meet demand, so Millennials will need to fill the gaps. It isn't clear how well Millennials will step into leadership roles, or maintain those roles in order to establish some continuity for their organizations. Perhaps the most important

uncertainty comes from the loss of Baby Boomer knowledge. Market and customer knowledge will need to be retained in order for organizations to remain competitive, while internal process knowledge will likely prove less important due to automation and rapid shifts in technology. The practices required by organizations to attract and retain Millennial talent isn't well known at this time, so organizations need to monitor successes and failures within all industries to find formulas that work for them.

Industry Analysis

2. Globalization

Key Dynamic: *Will the global economy march to ever more ubiquity, or will it fracture and retreat into nations with new alliances based on 21st Century wealth and scarcity?*



Globalization finds its origins in the Roman Empire, the Parthian Empire and the Han Dynasty's development of the Silk Road. Gross World Product (GWP) has grown from just over \$4 trillion in 1950 to \$27 trillion in 1990, and over \$40 trillion in 2000 to nearly \$46 trillion in 2012 (using 1990 dollars—71,830 in 2012 US dollars). Globalization has expanded economic development and has brought millions out of poverty. (J Bradford DeLong, Department of Economics, University of California at Berkeley, [Estimating World GDP, One Million B.C. - Present](#) and CIA World Factbook).

A recent working paper by Peter Edward of Newcastle University and Andy Sumner of Kings College London (working paper [here](#)) estimate 1 percent of the global population accounted for \$1.5 trillion in global consumption increases from 1990 to 2010. Those approximately 71 million people with incomes \$250,000US and above, are in stark contrast to the 35 percent of global population still subsisting on \$2 a day or less.

Globalization has transformed how we live, work and think, but not in a linear way, leading to regular uncertainty about the ability of nations to sustain global trade, not to mention naysayers who regularly propose protectionist, if not nationalist, models for their local economies.

3. Income Inequality

Key Dynamic: *Will income inequality lead to civil unrest at a global level, or will government and businesses find new ways to distribute wealth?*



That income inequality is growing isn't in doubt. World Institute for Development Economics Research at United Nations University reports that the richest 1% of adults accounted for 40% of global asset holdings in the year 2000, and the richest 10% of adults accounted for 85% of the world's assets. The bottom half of the world adult population account for only 1% of global assets. The result of inequality may lead to multiple forms of legislative and public referendums like the minimum wage law that went into effect in the city of Seatac just outside of Seattle. Various forms of civil disobedience, and even violence, may arise if frustration levels deepen.

Organizations may need to rethink revenue sharing and executive pay structures in 2014 in order to position themselves to be perceived as part of a solution rather than part of the problem. Organizations should also closely monitor for any local or national unrest in order to protect employees and assets. A more cynical analysis would ask where consumer goods companies focus their investments. Will they scramble to collect easy money from the concentrate wealth at the top, or innovate to find new ways to serve bottom of the pyramid.

4. Public Bankruptcies

Key Dynamic: *Will cities fight through financial difficulties or shift to courts to help restructure their debt?*



With the approved bankruptcy of Detroit, Michigan, other cities facing revenue and pension issues may well choose the same path. Organizations in these municipalities need to understand this uncertainty in order to navigate the opportunities that will likely emerge from the bankruptcy action, and to mitigate the loss of any revenue associated with assets that will be devalued in the action. The future of cities also calls into question support for employees, (and former employees,) and the viability of local services and public utilities.

5. Cloud Failures

Key Dynamic: *Will the cloud become the dependable source of data and transactions, or will major failures in reliability result in retreat and distrust of cloud-based services?*



Intermittent cloud service failures at Amazon, Microsoft and others were shaken off in 2013, but the breach of Target data and the lackluster performance of the Obamacare website called IT effectiveness into question at the end of 2013. If cloud infrastructure fails at a significant level, it will send ripples through assumptions about the reliability of computing in the cloud, while further security breaches will cast doubt on technology's ability to protect consumers at scale? If recent net neutrality rulings hold up, 2104 might be the first year that an internet outage is intentionally caused by a service provider (based on excessive use or failure to pay for some information's privilege to move freely across the network.)

6. Energy

Key Dynamic: *Will traditional energy firms remain economically and politically dominant, or will emerging energy options also result in emerging energy suppliers?*



As the U.S. moves toward energy independence, energy companies are themselves facing uncertainty about just what business they are in and how to capitalize on the various alternative energy platforms available to them. Highly regulated industries like energy simply are not constructed to move rapidly. Not only will they need to reconsider their positions, they will need to work actively with legislators and regulators to achieve the degrees of freedom necessary to reinvent themselves. Outside of their core business, a range of political issues and consumer concerns, like the Keystone pipeline to increasing oil shale production fracking, have the potential to drive innovation and hinder it. This confusion by major energy providers may create room for new companies to disrupt established markets, potentially driving innovations in distribution and business models. The meaning of the U.S. as the "oil refinery" to the world is also unclear as it continues to become a net exporter for refined oil products. Look for small energy firm moves in 2014 to cast direction arrows going well into the future.

7. Middle East

Key Dynamic: *Will current Middle Eastern issues remain local, or will they find new ways to spread either disruption or relief globally?*



The exuberance following the Arab Spring has deteriorated into major uncertainty as new governments find it difficult to establish a foothold and the civil war in Syria threatens to further destabilize the region.

But outside of energy markets, much of the Middle East remains disconnected from other global markets. A recent study ([Political Uncertainty and Stock Market Volatility in the Middle East and North African \(MENA\) Countries](#)) by Frankie Chau, Rataporn Deesomsak and Jung. Wang reports a marked volatility in MENA markets during times of unrest while conventional markets remain relatively unaffected.

A larger issue remain with Syria and Iraq where the regional outcome of terrorism may be fighting its own battles. Since the departure of the U.S. from Iraq, the Islamic State of Iraq and al-Sham (ISIS) have been asserting their will, taking Sunni-dominated areas in the north while terrorizing Shias in the south. They are now in Syria, but Syrian Islamist brigades along with the Free Syrian Army have fought ISIS as a second-front. 2014 may provide some insight, if not resolution, as to the predominate ideology and political force that will establish itself for local governance and international relationships — unfortunately, it is equally likely that uncertainty will increase as the back-and-forth struggles for power continue.

8. Africa

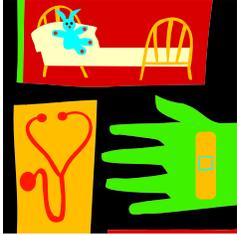
Key Dynamic: *will African nations be able to create stability despite continued challenges to investments from cash-strapped U.S. and Europe?*



Africa shows up on every futures list as a very uncertain place in the future, but a place with plenty of speculation about possibilities as democracy swells, foreign investment increases and demographics put it on a path that challenge Asia's population by 2100. Africa is also a somewhat blank canvas for technology, with discussions about its ascension coinciding with a technology leapfrogging of the stogy, legacy infrastructures of the U.S. and Europe. For 2014, however, questions are many, including if key African nations can move from years of civil war, poor governance and failures in environmental protection to become the leading light of the late 21st Century. Unfortunately, the Great Recession continues to curtail foreign investments in Africa aimed at helping the continent find its footing in the second decade of the 21st Century.

9. Health Care

Key Dynamic: *Will the Affordable Care Act be able to heal itself in 2014, or will chronic issues with structure and technology take the young idea before it can mature?*



The efficacy of the Affordable Care Act in the United States is only one uncertainty related to health care that will be important in 2014. That law will create uncertainty at the very personal level about providers and services, but it will also introduce new models of care, primarily technology-driven, to a wider range of consumers. It is unclear how technology-enabled health care will be accepted, but 2014 will provide the first indications. Health insurance providers will also find 2014 a year of existential examination as they seek to define what businesses they are in, and how to run those businesses in light of the Affordable Care Act.

The healthcare system, while in the midst of record keeping technology and business model revolutions, will also see increasing uncertainty from too much information as more and more people document their personal genomes. On one hand, this will provide a wealth of data that can help researchers better understand variations within the population, leading perhaps to better, more personalized treatments. On the other hand, this information will start to eliminate some of the uncertainty that makes health care insurance a feasible business. As more is known about individuals, organizations will have to insure against known pre-existing conditions as well as known future conditions.

10. U.S. Elections

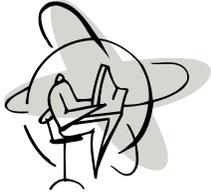
Key Dynamic: *Will the Democratic party win sufficient seats in the House and retain control of the Senate in order to take some of President Obama's policies out on a powerful note his last two years, or will a consolidated Republican front wrest control of the Senate and retain the House, leading to continued uncertainty about where compromise can be found, and what legislation actually gets passed and enacted over the next two years?*



As the world watched, public opinion vacillated between contempt for those who perpetrated the shutdown of the U.S. Government and those with equal disdain for the incompetent rollout of technology and policies related to the Affordable Care Act. The early months of 2014 won't necessarily be a clear indicator of voter sentiment going into the fall elections. How debt ceiling, farm bills, immigration and other issues are handled between January and the election will determine the outcome, as will the eventual health of the Affordable Car Act. Cooperation or stalemate, however, will both lead to uncertainty, just different ones. Cooperation may lead to disavowal of "collaborators" by extreme elements on the left and the right, and the introduction of new, unknown legislators into the mix. Continued stalemate may result in more certainty about particular elected officials, but will maintain uncertainty about where and if cooperation will emerge.

11. The Internet of Things

Key Dynamic: *Will the Internet of Things come to fruition, or will technical limitations reveal weak conceptual underpinnings?*



As much as the technology companies want people to believe that everything will be connected, much work remains to establish the protocols and priorities associated with the coordination of connected devices and services. It is uncertain just what the Internet of Things will do for consumers, and what types of services will be adopted early. Technology organizations in particular will need to spend as much time watching what people are actually doing as they do pushing their own “solutions.”

12. U.S. and European Economies

Key Dynamic: *Will the U.S. and Europe continue their slow recoveries or will some unforeseen investment in education, risk taking, social stability or integration with other economies find its legs in 2014?*



In early November 2013 the European Commission forecasted a continuation of subdued economic growth and near record high unemployment. That forecast may be more certain than other near-term projections, but how it affects the global economy, and what actions will be taken by Europe to stimulate its economy remain highly uncertain. In the U.S., the Federal Reserve is poised to decelerate the fiscal juggernaut that has helped buoy the U.S. economy. With consensus growth figures between 2.8 and 3 percent, a housing price recovery, a reduction in consumer debt and lowering unemployment, will the U.S. economy find a way to beat expectations, or has the U.S. entered an extended period of stagnation that may take as big a disruption to get it moving as it did to bring it to its knees?

13. Analytics

Key Dynamics: *Will analytics bring deep and useful insight or be used to exert overly quantitative control over businesses, employees and consumers? Will analytics create a more open, transparent view of the world, or one increasingly fueled by the myopia of caring only about those things that produce digital data?*



Big data has been on the lips of business, government, not-for-profits, even education professionals for the last couple of years, but in 2014, big data may well be challenged on multiple fronts. The accumulation of data from big retailers and the government may be curtailed following the Snowden and Target revelations, causing both government and citizens to push back against the collection and correlation of data. Uncertainties also exist for where analytics will be applied and how the application will affect those industries. Education for instance, is talking about “interventions” for students based on analysis of their performance. It isn’t clear if the data in schools is sufficiently rich and inclusive to draw conclusions that result in intervention-like actions. Analytics suffered from *black box syndrome* as a major factor leading to untoward risk-taking prior to the Great Recession’s financial market collapse. It is uncertain if the “quants,”

and the institutions they work for, have learned enough about transparency and feedback loops to stave off future automation facilitated misjudgments—and perhaps more importantly, if industries outside of finance learned enough from the financial markets to avoid similar mistakes.

14. Money

Key Dynamic: *Will sovereign currency remain the preeminent form for financial transactions, or will the Internet and the emergence of alternative currencies create viable, alternative financial markets with no sovereign center?*



Bitcoin became more than an experiment in 2013—2014 may well see other virtual currencies join it in an attempt to define alternative economies with new rules. What those rules are, what markets they serve and the trustworthiness and efficacy of the actors and the institutions remain uncertain. Bitcoin’s survival depends on a number of complex uncertainties including the health of the global economy, the character of risk taking behavior and how widespread the currency becomes (perhaps making it difficult to regulate if widely used.) The relationship between people and physical money will also be brought into question as e-payments from devices become more common.

In the traditional currency markets, the retirement of Ben Bernanke and the move to ease financial intervention by the Federal Reserve Bank will likely introduce new volatility into capital and equity markets, creating uncertainty about interest rates and investment strategies.

It is also unclear how the legal fallout of the Great Recession will reshape global finance as cases around foreign exchange, energy trading, Libor manipulations and mortgage management practices get resolved in 2014. Will a rational framework emerge, or will a hodgepodge of disparate rulings leave “sense making” to legislator and regulators?

15. The Weed Economy

Key Dynamics: *Will the states (Washington and Colorado) get it right, and keep the U.S. Government at bay from interfering with the legalization of marijuana, or will the U.S. Government assert itself if implementations start to go awry and will messing up implementation reshape public opinion? Will the legalization of marijuana lead to other State’s Rights challenges?*



How the Weed Economy evolves in Washington State and Colorado is completely unknown heading into 2014. What opportunities exist for entrepreneurs in retail or agriculture isn’t clear, nor are the impacts of legalization on law enforcement, communities or personal health. Perhaps the biggest uncertainty is the role of State’s Rights in creating laws that clearly conflict with established U.S. Government laws and regulations. Two uncertainties exist in the Weed Economy: the first is the role the U.S. government decides to play in the enforcement of Federal law. Federal officials at some point could still decide to step in and invalidate State law regardless of how well the implementation is controlled. The second, and perhaps the bigger uncertainty, relates to State’s Rights in general. If marijuana legalization works well, and if it remains unchallenged, states may choose to challenge other areas of Federal authority.

16. The Environment

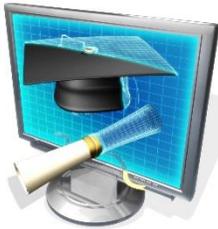
Key Dynamics: *Will events in 2014 lead to catalyzing environmental protection movements and action, or will it just be another year of kicking the leaking nuclear containment vessel down the road?*



With continued uncertainty about West Virginia drinking water, 2014 begins with the environment top of mind for some. For others, honing down the EPA and deregulating remain key positions. Caring for the environment always seems like something more easily postponed than confronted. Will 2014 environmental disasters coalesce enough to make the environment a key personal, and therefore, election year issue?

17. Education Models

Key Dynamic: *Will the Internet and employer expectations converge to push education into a new era, or will the failure of MOOCs and other technologies keep traditional education looking backward and inward?*



MOOCs were touted as the democratization of education, taking elite courses and making them available to the masses. Colleges and universities scrambled to implement MOOCs. Toward the end of 2013, the data came in, and MOOCs were found to be far from the panacea for low cost public access to education (more at NPR story: [The Online Education Revolution Drifts Off Course](#)). At the same time, many public institutions remain under pressure from revenue starved local and state governments to cut costs and reinvent themselves, often using industrial metaphors like “productivity,” resulting in shortened baccalaureate programs or single year MBAs. New models are also emerging, like lower-cost competency-based online educators, that offer more services compared to the relatively under curated MOOCs. As MOOC designers retreat and reinvent, many of them are focusing more on “worker readiness” training than traditional academic courses. How people are educated and the value of traditional education in the current market will be uncertainties that keep the education market in flux. It is also uncertain how much commercial and not-for-profit employers are willing to invest in new options for ensuring workforce readiness, and if those investments will be made inside, outside or through a combination of educational investments.

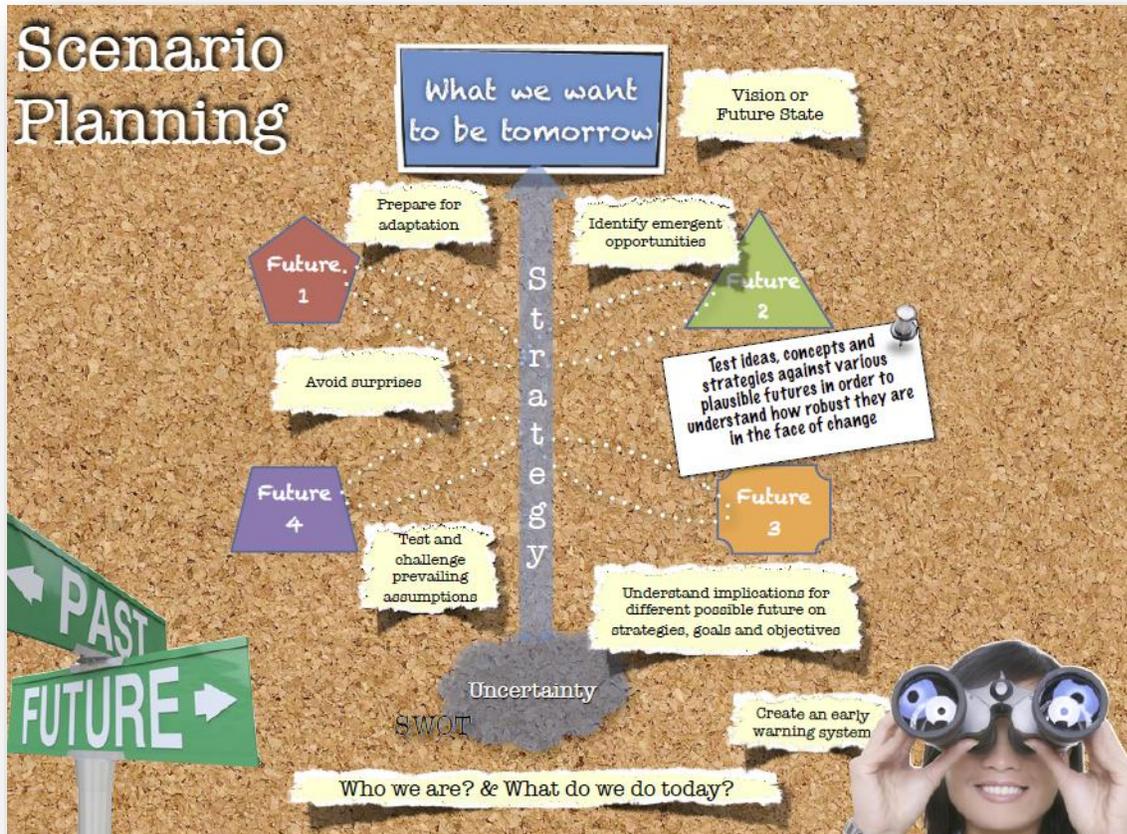


These seventeen uncertainties represent areas far outside the control of most organizations. They are broad and far reaching. How they play out will influence the strategic and tactical choices of all types of organizations and nearly every industry. Some uncertainties are more focused. Here are three additional uncertainties that will influence specific industries in 2014:

- How does the **cable industry** react to increasing online content delivery? How does the idea of *Net Neutrality* evolve over the course of 2014?
- What strategic moves will **online retail** make to control the last 100-feet of their transactions by moving into various forms of home delivery?
- What will the **gaming industry** do as as new forms of online gambling get tested?

What To Do When the Future is Uncertain?

How uncertainties develop impact organizations in unexpected ways. To better navigate uncertainty, organizations should adopt scenario planning so they can actively garner insights about the way particular uncertainties may evolve under different conditions and, more importantly, how different values for uncertainties influence one another. Organizations that fail to document and confront uncertainty will be at a disadvantage to those who aggressively engage with the unknown in order to practice various futures, identify signposts of change, develop contingencies to mitigate risk and leverage opportunity, and to anticipate disruptions ahead of their competitors.



About the Author

Daniel W. Rasmus, the author of *Listening to the Future*, is a strategist and industry analyst who helps clients put their future in context. Rasmus uses scenarios to analyze trends in society, technology, economics, the environment, and politics in order to discover implications used to develop and refine products, services and experiences. His latest book, *Management by Design*, proposes an innovative new methodology for the design workplace experiences. Rasmus's thoughts about the future of work have appeared recently in *Chief Learning Officer Magazine*, *Government eLearning!* and *KMWorld*. Rasmus is an internationally recognized speaker. He has addressed audiences at CeBIT, The Front End of Innovation, The National Association of Workforce Boards, ProjectWorld, KMWorld, The CIO Association of Canada and Future Trends. He writes regularly for *Fast Company*, *iPhone Life* and *PopMatters*. Rasmus is the former Visiting Liberal Arts Fellow at Bellevue College in Bellevue, WA where he continues to teach strategy and social media.

