

The Group Scenarios are **restricted**. This means that the information in them can be freely shared with staff in Shell and Associated Companies, but not with third parties. You must apply due diligence to prevent access by third parties.



## 1998 Group Scenarios – summary

### TINA

The 1995 scenarios introduced us to the idea of TINA: There Is No Alternative to adapting to and making use of the impersonal forces of Globalisation, Liberalisation and Technology. Three years later the power of TINA is undiminished. Different countries or companies may be at different stages of adaptation but the direction is all one way.

TINA is also operating at the people level ('TINA below' as opposed to the impersonal forces of 'TINA above'). People are increasingly impacting the world market as consumers, employees and citizens. Almost everywhere, they are better off, better educated and able to exercise more choice.

The scenarios ask the question; which of these forces of TINA matter most?

### The New Game

'The New Game' is the story of the evolution of new organisational forms and structures to manage these powerful forces. We have always been scared that powerful trends would unbalance society and lead to crisis and disaster. Yet looking back we are able to see that increasingly, institutions (such as governments or companies) are showing themselves to be adaptable and that society is adept at creating new organisational forms. We only have to look at the 'dogs that didn't bark'; disasters that never occurred. As we do look back, we can scarcely believe we once thought Kyoto wouldn't succeed, EMU would be derailed, China would fall apart and so on.

'The New Game' is a very dynamic story. The game is increasingly complex with a bigger board, new pieces, new rules. At the global level we see the emergence of new institutions to set frameworks and rules; on financial institutions, the environment, antitrust and so on. Many of these institutions are amalgams of public and private sector activities.

In this framework of rules, liquid and competitive markets emerge everywhere, for example, in new forms of trading risk and trading of carbon emission permits. This leads to a drive for transparency and commoditisation.

This rules-driven and competitive world leads to continued world economic growth, averaging just under 4% p.a. over the period. Energy demand is curtailed by the effects of environmental management. Coal and oil are particularly affected although gas and later renewables grow quickly. Middle East producers see the writing on the wall and seek the best solution, increasing their share of the limited market by keeping prices around the \$10/bbl mark.

This is a tough world for business. Many industries are at risk of developing unprofitable "Empty Cores". Globalisation is a necessity but there are many models to choose from. Companies seek alternatives to commoditisation by understanding what 'Strategic Control Points' are open to them and seizing them. Fast, cheap and effective learning becomes a core competence and organisational structures are devised to make it happen. This leads to constant adaptation and reinvention as the 'Profit Zone' (the areas of the value chain where customers are prepared to pay in excess of the cost of capital) constantly shift and erode under competitive pressure. The challenge for any management is; why and how will it do better than an atomised impersonal market - what is the added value of the corporation or of a particular grouping of business.

### People Power

The other scenario focuses on the powerful effects of TINA below. What TINA is doing is to release the constraints that have stifled expression; the constraints of poverty, authoritarianism and conformism. What results is a flowering of diversity as people increasingly take control of their lives. This increasing diversity is not always pleasant. We see criminals and sinners, as well as businessmen and saints. This increasing diversity of affiliation, belonging, values and identity, shows itself in a fragmentation of political parties and views. Dispute resolution becomes more difficult and unpredictable.

As a result institutions find it hard to reform themselves or their spheres of activity. Only a crisis can lead to change, and this is a world of shocks leading to progress. The first and biggest of these is what becomes known as the Millennium Bangs. Japanese flood the world with money fuelling the world's stock exchange bubbles until they inevitably burst. The resulting bank crashes in Japan and China reverberate around the world. This is the biggest recession since the 1930s.

The recovery is quite fast except in Europe with its overvalued Euro and endemic labour market rigidities. Thereafter, volatility is ever present but average growth rates return to impressive levels. Creativity, in technology, in business and in society generally, leads to an exciting world of constant ferment. China, for example, becomes a truly entrepreneurial and

capitalist country.

Energy demand is quite strong. Oil demand is limited only by issues such as congestion (and, of course, the Millennium Bangs). In the second decade of the new Millennium, demand for new, highly efficient supercars begin to cap oil growth. Prices are volatile as the market responds to events such as the gushing of oil from Russia and the Caspian, or the effects of sanctions against Nigeria.

Business has to come to terms with this global diversity. In this values-driven but rule weak world, reputation and brand really matter. But brand, for example, may need subtle variations across borders or other customer segments. Resilience is a virtue, to cope with volatility. This is a world of 'Tailorism'; of solutions tailored for different and fast moving customer segments. 'Tailorism' also extends to government and public relations; which NGO is most important? Is government at the local or national level more important? Employees, too, are demanding and diverse, willing to give a lot where they can find fun or whatever else motivates them, but intolerant of companies that don't suit them. Organisations have to adapt. Successful companies are those that have highly empowered and entrepreneurial people close to the customer. Clear purpose and vision is vital to give focus to the business and clarity of choice of what you are and are not. Management roles are to support the front line and provide the architecture and vision. So the competencies required for the front line, the support staff and top management are all quite different. Companies with single competence profiles and inappropriate development models are doomed. Diversity is not just about gender, race and nationality but about character and type. Successful companies will know who they don't want to employ as much as who they do.

## Conclusion

Both of these worlds offer challenge and risk. But both, because of TINA, will result in worlds that are richer and freer. They are quite different, but in both the future is, for most people, a better place.

You can download a PowerPoint presentation on the 1998 scenarios [here](#).  
Warning – this is a compressed (zip) file of 16 megabytes! It expands into a PowerPoint file of 50 megabytes!

To download the quantification of the 1998 Scenarios in Excel format, click [here](#) (54Kb Excel 95 file).

---

| [Shell Wide Web welcome page](#) | [PX home page](#) |

---

© Planning, Environment & External Affairs (PX), Shell International Limited, Shell Centre, London.  
*John Stanning, administrator*