// HIDDEN EDGE CLUB

Insights: Predictions for 2017
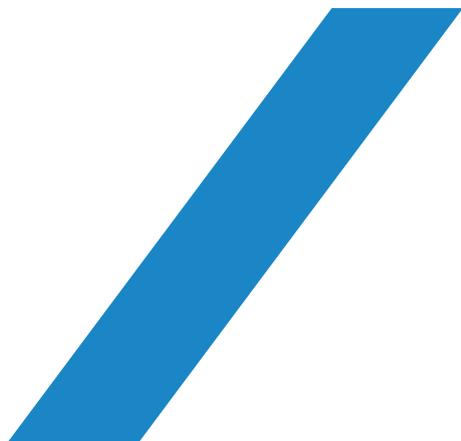
//HIDDEN EDGE CLUB

On this occasion, the Club united senior leaders from a broad mix of industries to discuss their predictions for the future and explore what 2017 has in store.

The Hidden Edge Club connects senior executives from market-leading organisations to explore new avenues for driving business value.

We gather regularly to share experiences, and insights, and benchtest current thinking. As always, the club meets under Chatham House Rule – what happens here, stays here – to create a confidential environment for new ideas and insight-driven discussion.

The Club meets locally, whilst connecting globally. We gather when there's something to say, doing so at discrete city-centre private dinning locations. On this occasion, the club united top executives to speculate on what 2017 will bring socially, politically and economically.

This document captures the discussion from a high level, exploring a few key outcomes from the night. As dictated by club rules, all quotes and insights have been anonymised and no idea is attributed to any one person.

//GUESTS

Invitations for this event were extended exclusively to senior leaders from a mix of industries, including Financial Services, Retail, IT, and Media. The club was joined by directors and senior strategic leaders from such companies as Tesco, HSBC, Barclays, John Lewis, O2, The Guardian and many others.

//PARTNER

The Club is funded in a unique way, which means we're able to keep it collaborative. It has been supported by SAS for three years now in a great collaboration. SAS is the global leader in modern Analytics. SAS helps its clients to discover the hidden insight behind the figures and harness the competitive advantages those insights reveal in real time. SAS is the authority on all things data, and the only company exclusively focused on harnessing insight. It brings to the discussion four decades of experience working with customers at more than 75,000 international sites. UK clients include Shop Direct, Allianz, Royal Bank of Scotland, Tesco, AstraZeneca, Vodafone, BP, DWP, and HMRC. Its market leadership is recognised by thousands of leading businesses, government and university organisations, making them the ideal partner to the Hidden Edge Club.
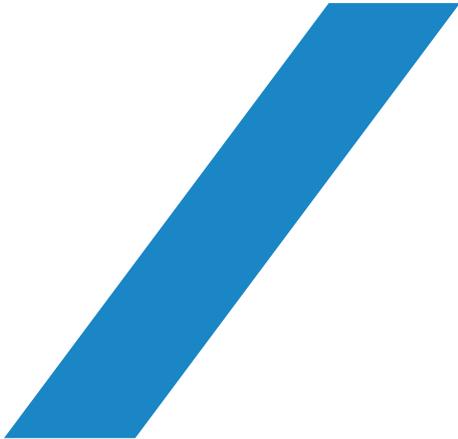
//THE HIDDEN EDGE CLUB CRYSTAL BALL

For this event at Manicomio in the City of London, we asked senior business leaders to share their predictions for the new year. We invited guests to "go back to the drawing board" so we could undertake our own PEST analysis and debate each other's political, economic, social and technological forecasts.

Drawing on the feedback we received from guests before the evening, we discussed the major themes from 2016 and looked at how these might develop through 2017.

Unsurprisingly, the debate was heavily focused on the political aspect of our PEST analysis. This, perhaps inevitably, led to a debate about the validity of quantitative research and its usefulness in decision making.

We debated whether there is a clear need to add qualitative research to the mix in order to understand the emotional reasons behind people's intentions and actions. The discussion then returned to the theme of political uncertainty and its potential economic consequences.

This document captures the discussion from a high level, exploring a few key outcomes from the night. As dictated by club rules, all quotes and insights have been anonymised and no idea is attributed to any one person. To gain full insight into the discussion, attendance at a Hidden Edge Event is necessary. Contact club director Lindsay at lindsay.pope@hiddenedgeclub.com to enquire about your invitation.

CLUB INSIGHTS

Question 1

When compared to other organisations in your sector, how would you describe your organisation?
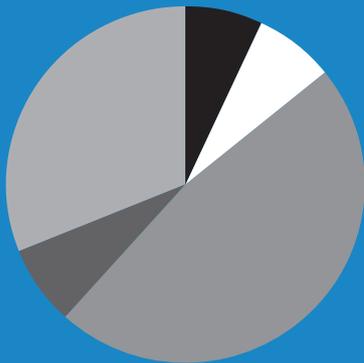
- ● Significantly out-performing 7%
- ○ Slightly behind 7%
- Out-performing 46%
- Underperforming 7%
- The same as 30%

Question 2

Which of these best describes the culture of decision making within your business?

- 32% Nearly always analysis/data-led
- 2% Usually gut feel
- 39% Generally analysis-led
- 5% Nearly always gut feel
- 22% Neither way
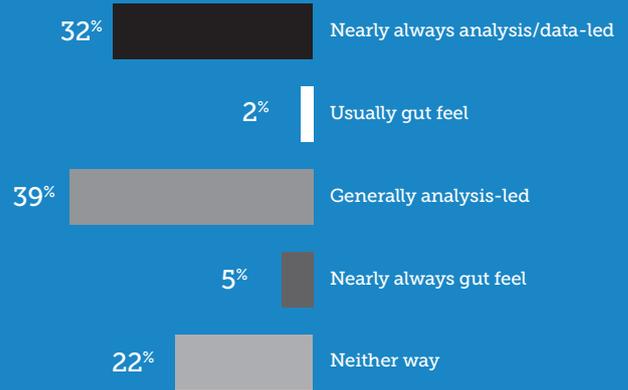
Of those who were out-performing and significantly out-performing other organisations in their sector, 73% stated they described their culture of decision making by nearly always or generally analysis-led.

Question 3

Which of these best describes how you use technology? (Note: Some chose multiple answers)

Make accurate predictions / forecasts
41%

Conduct historical analysis only
29%

Make linear projections
24%

We don't use technology for this
2%

Do real time analysis
32%
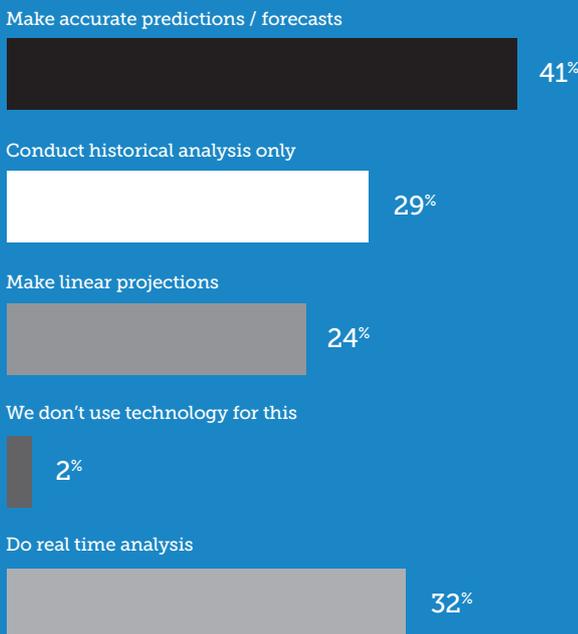
Question 4

What is your big prediction for 2017?
The top four theme of answers:

33% Instability in the world-order. Relating to political shifts including Brexit, further fragmentation of the EU, French elections, further referendums within Britain and Scotland.

20% Continuation of acceleration in the development and use of new digital technology, including the greater use of data, Internet of Things, Robotics, and AI.

10% Uncertainty, meaning things will continue to be unpredictable.

5% Economic downturn trend, relating to economic recession, or businesses closures.
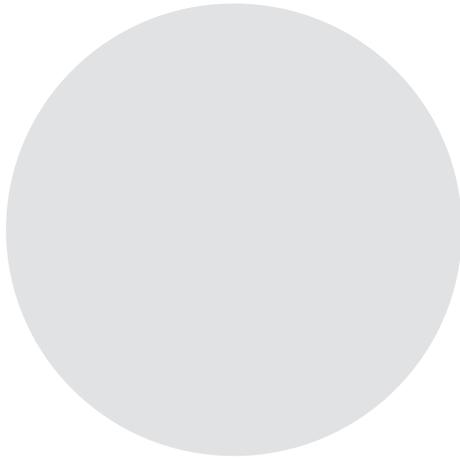
//KEYNOTE REMARKS

James Harris
CEO – Seraph Science

> "Change is the only constant in life. And the only thing we can really predict with certainty for 2017 is more poor predictions, isn't it?"

James introduced this evening's session noting that – although the theme of the evening was our forecasts for 2017 – the art of prediction hasn't had too good a year in 2016.

The theme of this year has definitely been one of disruption. 2016 has delivered a raft of surprises: the incoming US president, the Brexit referendum result, Leicester City winning the Premiership, the demise of Brangelina…

2017 looks set to deliver as much disruption, and the panel outlined their concerns:

- Will we see the continuation of the growth of the far right in 2017?
- Will Le Pen do well in the upcoming French elections?
- How many countries will have a referendum over their own membership of Europe on the cards by 2018?
- Which country will leave the EU next?
- What will the biggest single contributor to market volatility be in 2017?
- Will Britain still have access to the single market?

But James began the evening by asking should we really continue trying to make predictions?

> "We didn't understand voters. And that stems from poor data management and not asking the right questions."

//ARE WE ASKING THE RIGHT QUESTIONS?

"What is fascinating," said a panel member, "is it seems that the electorate in the UK and the US have succumbed to an emotional journey. It is bereft of logic and analytics."

"One's parents are of a different generation – one which witnessed hardship," he said. "They are more resilient. Whereas currently, the mood is 'never had it so good, never been so fed up.'"

This has led for a need for emotional realisation, he argued; a need to satisfy emotional appetites.

It might well be argued that this is nothing new: Churchill's "we will fight them on the beaches" speech was not based on analysis but emotion. One might say the same about Tony Blair's anthem "Things can only get better" – which was similarly electrifying on the 1997 election night.

However, whether a new phenomenon or not, most people agreed that voters and consumers are seeking an emotional connection – possibly at the expense of "experts".

One guest argued: "Brexit and Trump are both votes for nostalgia. Both have surprised and will ultimately disappoint. They were not votes for policy but votes for concepts."

"Trump is not a customer-centric politician. Most politicians listen to people then promise a policy that reflects their views. Trump was inconsistent because he simply said what people wanted to hear. People voted because they heard their voice aloud."

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"Trust is now a big issue," said another. "There was an inherent social contract. That is no longer the case. Politicians are faced with this issue. Getting people to trust them is now much harder."

However, one of our guests insisted that having emotional connection was more important indicator of success than establishing trust.

"Purchase decisions are informed by an array of complex considerations, varying from envy, greed, competition, financial security. Trump nailed it and won. Cameron was naïve and thought the old-school teacher approach would do it. His assumptions were ill founded and therefore unsuccessful."

"People want emotional satisfaction in their political decisions and this satisfaction was not being delivered."

> "People have never had it so good. For example, the motor car used to be a luxury. But people have never been so fed up or depressed."

//IT'S ABOUT THE ECONOMY, STUPID!

One guest argued, somewhat controversially, that "we have never had it so good".

It might be argued that this isn't backed up by the data. A recent Joseph Rowntree Foundation stated that 7.4 million people in the UK, including 2.6 million children, are living in poverty – despite being in working households. It argued that the economy "is not working for low-income families".

With this picture in the country at large, MacMillan's notion of "you've never had it so good" is no longer applicable to "most people".

"What 'most people' want is change," said one guest, "and that is what has driven the disruptive events of 2016".

This led to a discussion about echo chambers and an expression of concern about the increasing fragmentation of society.

An audience member countered this by suggesting that echo chambers have always existed and that Brexit was a result of "gorging on an idea".

"It is a lot easier to convince people that they are unhappy and unsatisfied that to convince them that they are happy," said one guest. "Trump did that well and promised change."

This resonated amongst our audience, with another agreeing: "The long-term economic trend is the polarisation of income. We are kidding ourselves that the messages are wrong.

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People are trying to show that the world does not work for them and that is a very clear message."

Finally, we came to the panel's final predictions.

As to whether the next iPhone would be made in China or the USA, one of our panel said "If Trump wants to put enough incentives in front of Apple they could probably do the iPhone 10 in the USA – if the issue feeds Trumps narcissism enough, then it will happen."

The panel felt Le Penn would not succeed in France.

As for whether the UK will have access to the single market by 2018? "Yes, because we won't have made the break by then."

We will reconvene in 2017 to see how accurate the predictions from our panel and guests prove to be. We hope you will join us then.

//JOIN US

JOIN THE DEBATE

Do you want to join the debate? If you're a senior decision maker within an enterprise-level organisation we would be delighted for you to join us. During 2017, we will be hosting dinner meetings on a regular basis to discuss key operational challenges in the market. For further information and to apply to join us visit our website **www.hiddenedgeclub.com** or contact club manager Lindsay at **lindsay.pope@hiddenedgeclub.com**

CHAIR A DINNER

We are always looking for new leaders with interesting perspectives and experiences to chair these dinner meetings. If you or somebody you know would be an ideal Chair, please contact us. Alternatively, if you have a topic you feel the Club should debate please also drop us a line via the website.
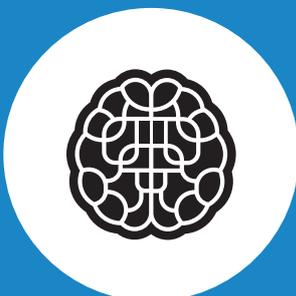
WANT TO KNOW MORE?

The Hidden Edge Club is operated by the team at Seraph Science, based at Marylebone in Central London. If you would like to know more about the Hidden Edge Club, you can reach us on **+44 (0) 20 3322 6788** or at our website **www.seraphscience.com**