

Raising the flag on threats and opportunities

 By [Terry Levin](#)

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Known for the type of scenario planning techniques espoused in his book, *The Mind of a Fox*, the eternally youthful Clem Sunter recommends using the bright eye of the fox to recognise opportunities and its agility to take advantage of them. During his keynote address at Deloitte's State of the Nation forum in Cape Town recently, Sunter used the analogy of flags as markers for global game-changing opportunities and threats.



Clem Sunter chats to host, Bruce Whitfield at the Deloitte State of the Nation forum. Photo: Terry Levin

International flags we should be watching

1. The religious flag: despite its US\$6trn investment in disarmament in Middle East, the world is more dangerous place for the US than it was 20 years ago. Sunter's take out is that bombings have driven people to extremism. Thankfully this global flag does not really impact much in South Africa, except in places that might attract American tourists, such as the V&A Waterfront, making them vulnerable to the type of incident that killed not only 30 people, but also the entire tourism industry in Tunisia last year.
2. The European flag: Putin's sending weapons to the European border, Russian expats being recalled from Europe, the US call for a no-fly zone over Aleppo and Boris Johnson's call to send troops into Syria. All point to the need for high alert to avoid triggers to an unthinkable world war. For South Africa, the question will be which side do we back, but in the opinion of this author, might government's recent cosying up to the Russians via nuclear power deals indicates that the decision has already have been made for us, unwittingly drawing us into global scenarios whether we like it or not?
3. The grey flag: the populations in Japan, Europe and China are ageing, which indicates low economic growth. This is very different from the US which, as young nation, enjoys 2-3% growth and no doubt the reason why its international companies in search of market share still eye South Africa with predatory zeal. (I hate you Dunkin' Donuts.)
4. The anti-establishment flag: long the preserve of the poor, the revolutionary rage of the middle classes towards the super rich is usually a good indicator of change, says Sunter (Karl Marx and Friedrich Engels who wrote *The Communist Manifesto* in 1848, were both middle class). In the UK, this has manifested in the election of Jeremy Corbyn as leader of the opposition, and in the US Donald Trump's run for president signifies "the US' bitterness towards Washington". This flag gives rise to increased scrutiny into corporate governance, transparency, tax havens and so on, which have recently impacted on the fortunes of VW, Deutsche Bank and Apple globally.
5. The green flag: as indicated by the groundswell in supporting environmental issues and climate change.
6. The porous borders flag: general migration due to inequality or unrest sees Europe with no plan on how to respond to

these challenges.

7. The technological flag: even though the economic outlook for the next five to 10 years still points to hard times and low economic growth, technology could propel new booms in some areas such as smart energy, AI, medical advances and so on.

South African flags to watch

1. Corruption gets a red flag, somewhat ameliorated by a green flag for the fact that it is exposed by a healthy social media, public protector and Constitutional Court.
2. The department of energy gets a red flag for the proposed trillion rand nuclear power plan, but a green flag for Eskom's maintenance programme being back on track, with no load shedding in over a year.
3. Leadership gets a red flag in that no successors have even come close to Nelson Mandela as agents of uniting South African to common causes. This could be turned into a green flag if leaders emerge from the younger generation, who can inspire and unite.
4. Education again produces a combination of red and green. Of South Africa's 28,000 schools, 5,000 are reasonable to excellent while 23,000 are dysfunctional. On the other hand, the six-storey library at UJ apparently rivals any at Harvard or Yale. Then there's the Steve Jobs effect – the fact that an adopted Syrian orphan can change the world, means that entrepreneurs and game changers can emerge from anywhere and when you least expect them.
5. Red flags may be raised for the EFF's call to nationalise land, banks, mines, but green flags exist for a different kind of redistribution - that of access to economic opportunities. Sunter is not the only one who has identified the need for an economic Codesa, similar to the one that took place in 1991, where all parties would come together to thrash out whole new economies. This will ensure a more equal game for all, creating environments for entrepreneurs who can broaden the base of access to economic opportunity. These crises, he says, will decide whether South Africa stays in the premier league, maintaining its 150-year reign as Africa's number one economy, or whether it drifts down to the third division, overtaken by the likes of Egypt and Nigeria. The worst possible case scenario is that, like Syria or Libya, we succumb to public violence and obscurity.

No doubt we are at a tipping point, but as South Africans we have been at the brink before and triumphed. What is required is an economic revolution, creating conditions for confidence, whatever that takes, be it new business maths models, venture capital and mentoring models or as yet unimagined solutions. Maybe #feesmustfall is the wakeup call we should heed before it is too late?

ABOUT TERRY LEVIN

Brand and Culture Strategy consulting | Bizcommunity.com CCO at large. Email terry@offtheshelf.co.za, Twitter [@terrylevin](https://twitter.com/terrylevin), Instagram, LinkedIn.
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