

“Ready for the Future?!”

Ladies and Gentlemen,
Parents, partners, relatives and friends of the graduates,
Professors and Lecturers,
Honourable guests from the business world,
and especially,
Graduates,

My sincere congratulations on your huge achievement during all the months of hard work, long nights, not much sleep and very little time with your families.

Graduation ceremonies have not been a regular feature of German university life for very long. Leaving university used to be pretty unexciting: you either picked up the final documents at the university office or you found them in your mailbox at home.

And so it is a great pleasure to be your speaker today; to have the privilege of playing a part in honoring your academic performance and you as individuals.

I am sure you have already reached several milestones in your lives – but this graduation is bound to be a very special one.

Most of you will be leaving the IMB in the next few days and, as the New Year begins, you will be entering a new crucial stage in your lives.

It is a good moment to look forward:

- What opportunities do I have?
- How am I going to pursue them?
- What will I do differently in future?

But it is also a good moment to look in the rear-view mirror:

- Where was I three years ago?
- When did I decide to go for an MBA?
- What were my expectations then? Have they been met?

When we look back, we realize how quick and complex change often is. And we can recognize whether we are participants, urging change on, or whether we avoid and resist change – whether we embrace change or struggle with it.

If there is one thing certain about our future, then it is change. The CEO of Henkel, Kasper Rorstedt, recently put it like this: “Volatility has become normality”.

The milestone of your MBA graduation is a valuable stepping stone on the way to embracing the changes that are coming – to making the most of the wealth of opportunities they offer us.

I would like to focus on just 3 examples of how our world is changing.

1. Demographic Development

My next topic is demographic change. It is another important cause of many other changes: for example it demands greater productivity of our workforce, from when people start work right through to retirement, because the workforce is getting smaller and older.

The German population is set to decrease from 85 to 75 million by 2050, taking migration into account. This is a reduction of 15 %. By the same time the workforce will be even 20 percent smaller.

These developments will change the ratio between demand and supply significantly. It is already critical for every employee to remain highly

qualified and in good shape physically during his or her complete professional life and beyond.

Stabilizing social insurance systems and financing increasing health care costs have been key topics in political and social discussions for many years. Launching compulsory nursing care insurance and increasing the retirement age are only the first concrete steps.

What other steps will follow?

More Women in Leadership Positions

The reduced size of our workforce will also require women's talents and expertise to be used to the full.

During the past few years we have had some quite passionate debates about introducing a compulsory minimum quota of women on management and supervisory boards. In most cases those debates were pretty emotional. But they did not lead to any concrete measures to make it easier for women to get to the top.

When I go to the regular meetings of senior executives of the consumer goods industry, like two weeks ago to the "Goldener Zuckerhut" here in Berlin, I am often the only woman in the room.

I am pretty sure that you, the coming generation of decision makers, will have learned through practical experience that mixed groups achieve the best results.

And so I urge all the women here to draw attention to your achievements and be clear about your demands and your personal targets. Look out for personal allies and work consistently to achieve your own career targets – and not just those of your boss. Do not hide your light under a bushel. The motto is: "Yes, she can!"

Structural Change of Demand

Demographic change will also lead to a dramatic shift in demand structures. People of different ages have different consumption preferences and routines. Groups that will benefit most from this shift are the pharmaceutical industry, the medical appliances industry, hospitals and nursing services. Products and services in the leisure and entertainment industry will undergo dramatic changes, too.

Retired people in the 1960s and 1970s – my grandparents' generation – led a quiet and withdrawn life. Today seniors are often in very good physical shape and are hungry to enjoy life. They have plenty of time and enough money. So traveling, cars, fashion, wellness and fitness are consumption areas of high interest.

With the gradual postponement of retirement age, people even start a second career in their 50s or later.

Could you imagine starting something completely new at that age?

2. Individualization

The megatrend of “individualization” is another global development. Behind it lies people's growing desire for uniqueness and distinction. For markets, this represents a growing fragmentation into smaller and smaller segments and thus the end of the mass market and a comeback for individualized products.

The conventional economic model of mass production was strictly focused on the objectives of productivity and efficiency. “Economies of scale” was THE magic word.

In the overall context of globalization, cost pressure and increasingly volatile demand, we need new ideas for creating value added. Our new information and communication technologies provide a solution.

They facilitate mass customization, in other words, the individualization of goods and services for a relatively small number of customers, and produced as efficiently as in mass production.

The new technology required was already lauded in the 1980s under the title of “Rapid Prototyping”. It was originally used for producing models and prototypes quickly. This kind of “rapid machine” is in essence nothing more than a kind of 3D-printer that can produce virtually any kind of three-dimensional form. Sun glasses, lamps, metal automotive parts and false teeth are already produced with “rapid machines”.

“Additive fabrication” is the term used to summarize all these procedures that transform virtual models into real items. They use plastics, liquids, paper and even powdered metal to build up the forms that engineers have designed on their computers with the aid of current 3D-design programs.

Some visionaries are going a step further and want to bring the industrial manufacturing process into the homes of consumers.

Can you imagine one day being able to produce clothes, furniture or shoes at home, just as today you print your own documents?

3. Bionics: Nature as a Role Model

My final example is the increasing importance of bionics. What is the main idea behind it? Bionic science attempts to learn from nature when

solving technical issues. This is desirable because evolutionary pressure typically forces living organisms to become highly optimized and efficient.

An example is cat's eye reflectors, a standard feature of every bicycle. They were invented by Percy Shaw as early as 1935 after studying the mechanism of cat's eyes. He had found that cats have a system of reflecting cells capable of reflecting the tiniest bit of light.

Bionics will have a big impact on social development as well as technical development. One example is "swarm intelligence".

Studying swarm intelligence helps improve our understanding of how complex behavior is organized. The rapid growth of networking via the internet, mobile phones or smartphones – "ubiquitous computing" – will spark a new dynamism in innovation. At its forefront will be the image of the swarm as a new metaphor and a social organization principle.

We can observe swarm intelligence among ants, bees or termites: every single animal fulfils its task without any specific surveillance. Evidently it is collective self-organization that is the secret of swarm intelligence.

Over the next few years, swarming will become a key business strategy. The aim of a swarming organization is to create an infrastructure that supports the fast creation of self-organized teams able to make autonomous decisions and take action.

Twitter is regarded as a classic example of successful swarm intelligence. Exciting news goes out extraordinarily quickly, while boring stuff disappears into data nirvana almost instantaneously after a few tweets.

Many practical experiments have already proved that human beings take better decisions together than on their own. For example, people can estimate the weight of a bull relatively precisely if you take the mean average of their estimates.

In the light of this theory you might of course wonder how on earth the financial crisis could have happened. Science has an answer to that, too.

Research projects have shown that the result of a group of people is best when each individual is unaware of the decisions or estimates of the others. If an individual is aware of the other players' answers, he or she is influenced and the total result of the group will be significantly worse than if the individual had relied exclusively on his or her own intelligence and intuition.

Social impact reduces the variety of answers, but not the severity of collective error. Researchers call this the trust effect. And this is exactly why the world ran into a financial crisis: If everyone is doing the same thing as me, then I must be on the right track.

Can you imagine what this might mean for the strategic processes of companies, banks and controlling institutions?

Ladies and gentlemen,

we do not have to consider many of these trends for it to become clear that the best way of coping with the future is to play a role in shaping it.

I have also had to cope with a lot of change during my business career to date. And in hindsight I am very glad to have had the opportunity to change my regular track from time to time and face new situations.

At the age of 20, for example, I suffered from serious pain in my spinal column. I went to the doctor and he said, “I advise you to go out jogging three times a day for a quarter of an hour.” The first few weeks I ran – to my mind extremely early in the morning – at 7 o’clock through the forest, and I shed many tears along the way – it was a painful experience. After three weeks I got used to it, and I have been running every morning since then, often at 5.30 for an hour, and I love it.

At the age of 40, I decided to leave Unilever after 16 years. Unilever is, as you know, a large multinational, with two big headquarters in Rotterdam and London. It is very marketing driven and sells a lot of market leading icon brands. I had the opportunity to change to Sara Lee, again a very big corporation, but in contrast to Unilever very finance driven, very American, with headquarters in Chicago and with a lot of smaller brands in all kinds of business. In fact it took me quite some time to get used to the very different orientation of the company: I could develop my financial skills extremely well. And with the experience I gained during my MBA program in the US, I quickly understood the typical American entrepreneurial spirit of “yes, we can” and achieved a turnaround of the German and Austrian business within a year.

In 2009, I opted for another change: I joined the board of the iglo group, the market leader in frozen products across Europe. For the past five years this company has been owned by Permira, one of the leading private equity companies. It is yet another completely different world: a very lean organization, very short-term and bottom-line focused and with the high aim of constantly optimizing and maximizing every single part of the business. With my in-depth marketing and financial skills, developed at Unilever and Sara Lee, I was able to turn the business around fast: within a year – and after three years of flatlining – we achieved double-digit growth both top and bottom line and record high market shares.

In all this time I have learned three basic lessons:

1. Embrace change. Always give yourself at least three weeks or three months to recognize the underlying opportunities and to learn to appreciate them.
2. Develop your social skills to the full. In our increasingly complex world, where the matrix organization is one of the most common organizational structures, you need to become an excellent diplomat. Always go for win-win results. Never go into negotiations wanting your counterpart to lose the game. I observe many young people who simply try to achieve their goals too directly and head-on. And it is very painful for them to face endless conflicts rather than solutions.
3. Always start a journey with a longer-term goal in mind. I quite often speak to young people who do not have a clue what they want to achieve in five years' time. It makes a big difference whether your goal is to become a functional expert or whether you want to be a general business leader with the focus on inspiring leadership, visionary thinking and soft skills. Think before you act and determine the next step of your career

Graduates,

Wherever you start or continue your career – whether in industry, in customer service, in consultancy, in research or in teaching – I hope you all find that your studies at the IMB prove an excellent basis for the many opportunities for professional development that you will have in the future.

I wish you every success and good luck!

Enjoy (!) this very special evening and this very special graduation ceremony.