

To Survive, Companies Must Constantly Reinvent Themselves, Become Socially Responsible

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- Today's companies are under pressure to constantly change because of technology and the rise of emerging market consumers, as well as the European crisis
- The key to success is to become and to be seen to become a good corporate citizen
- The theme of the 42nd World Economic Forum [Annual Meeting](#) is *The Great Transformation: Shaping New Models*. For more information, visit <http://wef.ch/Davos>

Davos-Klosters, Switzerland, 25 January 2012 – Companies everywhere must fundamentally change the way they do business if they are to meet the challenges of 2012 and beyond, the world's top business leaders warned at the World Economic Forum Annual Meeting 2012 in Davos, Switzerland.

"We had about 100 great competitors in the 1990s," said John T. Chambers, Chairman and Chief Executive Officer, Cisco, USA. "All but two are largely gone." If a company continues to do what it has always been doing, he warned, it is going to be left behind.

The life span of companies that are unable to change is around 15 years, the panellists agreed. The latest example is Kodak, which recently declared bankruptcy. It was unable to adjust fast enough to the rise of digital photography, despite its commanding lead in photographic film a decade or so ago.

The need for constant reinvention stems not only from the financial crisis in Europe, which is a short-term problem that the world will eventually muddle through, said Duncan Niederauer, Chief Executive Officer, NYSE Euronext, USA. The real drivers of the need for rapid and constant change are technology and the rise of hundreds of millions of new consumers in the emerging markets.

One consequence of living in a "25/8 world" made possible by the Internet and always-on news media – beyond 24 hours a day, seven days a week – is that businesses can no longer pretend to be good corporate citizens when they are not, said Klaus Kleinfeld, Chairman and Chief Executive Officer, Alcoa, USA. "You will be quickly found out."

Yet every company must be a good corporate citizen, the panellists agreed. Business must do good and must be seen to do good as well. This is essential in a world where consumers, suppliers, employees, shareholders and other stakeholders have full access to information and make decisions based on that knowledge.

Being a socially responsible and environmentally sustainable company is also essential in recruiting and retaining global talent. Gifted employees, especially the young, will be attracted to these enterprises. The era of companies gaining competitiveness primarily through access to capital is over.

The real driver of corporate success today is access to talent. It therefore makes sense for

companies to get involved in education as part of their social responsibility initiatives. Alcoa, for example, is partnering with community colleges in the United States to upgrade the skills of welders and industrial maintenance workers. "Fundamental to wealth creation is education," said Kleinfeld.

With record participation of over 2,600 leaders from government, academia, business and civil society, the theme of this year's Annual Meeting is *The Great Transformation: Shaping New Models*.

The Co-Chairs of the World Economic Forum Annual Meeting 2012 are: **Yasuchika Hasegawa**, President and Chief Executive Officer, Takeda Pharmaceutical, Japan; **Vikram Pandit**, Chief Executive Officer, Citi, USA; **Paul Polman**, Chief Executive Officer, Unilever, United Kingdom; **Alejandro Ramirez**, Chief Executive Officer, Cinopolis, Mexico; **Sheryl Sandberg**, Chief Operating Officer, Facebook, USA; and **Peter Voser**, Chief Executive Officer, Royal Dutch Shell, Netherlands.

Notes to Editors

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