Embracing the “New Normal”

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So what is truly Normal? Have we seen this before?

Embracing the “New Normal”

• So there have always been events that have changed our perception and reactions to what is “NORMAL”
• Why does it seem like things are “out of control”?
• What can we do to embrace this “new normal” rather than fight it?

Embracing the “New Normal”

www.objflicks.com/decadeofthe1940s.html

Embracing the “New Normal”

• Understand that it might not be change itself
• It is more likely the feeling that you are on a motorcycle in a bug storm
• High Velocity change – how do you prepare for it?
Embracing the “New Normal”

• 3 Key Drivers of Change
  • People – more of them – people cause change – 1 billion in 1860, 2 billion in 1935, 4 billion in 1975, 6.9 billion today, 9 billion in 2050
  • Technology – rate of change feeds on itself
  • Information - more of it between 2000 & 2010 than in 5,000 years before

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• More knowledge -> reaching more people
  -> more quickly
• Change = Stress -> good or bad?
• “History shows that Humans have never, ever opted for slower” – Stephen Kerns
• “Speed is God – Time is the Devil”

Embracing the “New Normal”

• Be Optimistic
  • 30 minutes vigorous exercise 3-5 x/week
  • Cut Caffeine
  • Eat right
  • Quiet Time
  • Time Mgt
  • Play / Have Fun
• Sleep!
  • Smile/Laugh/Humor
  • Thankfulness
  • Say nice things when you talk to yourself
  • Simplify
  • Set goals / Purpose?
  • Forgive

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• OK, that’s us – what about our industry?
  • What are the big drivers of market changes?
  • CHINA
  • OIL
  • More Hungry People -> increasing standard of living -> more grain

Embracing the “New Normal”

• Speed of market information -> the world never sleeps
• More “players” – not just US
• Must be plugged in
• Let’s look @ CHINA

Pudong (Lujiazui) in 1994
The New Normal

Vita Plus Swine Summit 2011 • March 31 & April 1 • Morton, Minn.

Pudong (Lujiazui) in 2000

Pudong (Lujiazui) in 2010

More and More Chinese People Living in Cities

- 1.4 billion people in China
- 45% in cities = 630 million

With revenue increase, consumption increases sharply

- 20 cities with more than 10 million people
- 5 cities with more than 20 million people
- 2 cities with more than 30 million people

The Five-Year Plan

From 1952 to 2010, China had 11 Five-Year plans

Past: Planned Economy

- The Central government allocates the resources and decide the targets for each region. It invests on 'big projects' (state-owned enterprise, infrastructure, etc.).

Now: Marketing Economy

- The 11th plan is different. It is a ‘Guideline’ which reflects China’s transition from a Soviet-style planned economy to a socialist market economy.

- It’s a process used to determine how to develop the entire country over the next five years.
  - The central government has Five-Year Plans for the entire nation in the region, including plans for electricity, transportation, education, etc.

First Five-Year Plans were a ‘Planned economy’

1. 1953-1957: Construct 156 big projects; lay the primary foundations for China’s socialist industrialization
2. 1958-1962: Great Leap Forward: increase steel productivity from 12.5 to 30 million tons/year. Twenty million peasants starved to death.
3. 1966-1976: The blind pursuit of rapid development and accumulation actually created a barrier for future development of the national economy.
6. 1980-1990: Continuing Reform: To increase total import and export volumes by 50%
8. 1996-2000: Building Socialist Marketing Economy; to quadruple per capita GNP as compared to 1980; to eliminate poverty, and to speed up the establishment of a modern enterprise system.
New Five-Year Plans: Accessing World Trade Organization

   - Achieve an average annual economic growth rate of about 7%.
   - Increase the number of urban employees and control the registered urban unemployment rate at about 5 percent.

11. 2006-2010: Scientific Development - Sustainable Development
   - GDP up 7.9% annually.
   - Per capita GDP up 6.3% annually.
   - Energy consumption per unit of GDP down 20% in five years.
   - Total discharge of major pollutants down 10% in five years.

12. 2011-2015: Harmonious Society and Scientific Development
   - Address rising inequality and create an environment for more sustainable growth by prioritizing more equitable wealth distribution, increasing domestic consumption, and improving social infrastructure and social safety nets. The plan is representative of China’s efforts to rebalance its economy, shifting emphasis from investment toward consumption and for urban and coastal growth toward rural and inland development.

Embracing the “New Normal”

- Human nature – fight or run
- Flow with it – use it
- Give up / Toughen up / Wise up
- “Ride the Horse in the direction it’s going”
Embracing the “New Normal”

• “Any time there is change, there is opportunity. We must get energized, not paralyzed.” - Jack Welch
• “The future is purchased by the present.” - Dr. Samuel Johnson -> 1709-1784
• CARPE MAÑANA