



Exploring the Future through Scenario Planning

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Introduction

1. What scenarios are
2. Types of scenarios and why use them
3. Scenarios from around the world
4. Benefits and limitations
5. How to tell if Scenario Planning would meet your organisational requirements

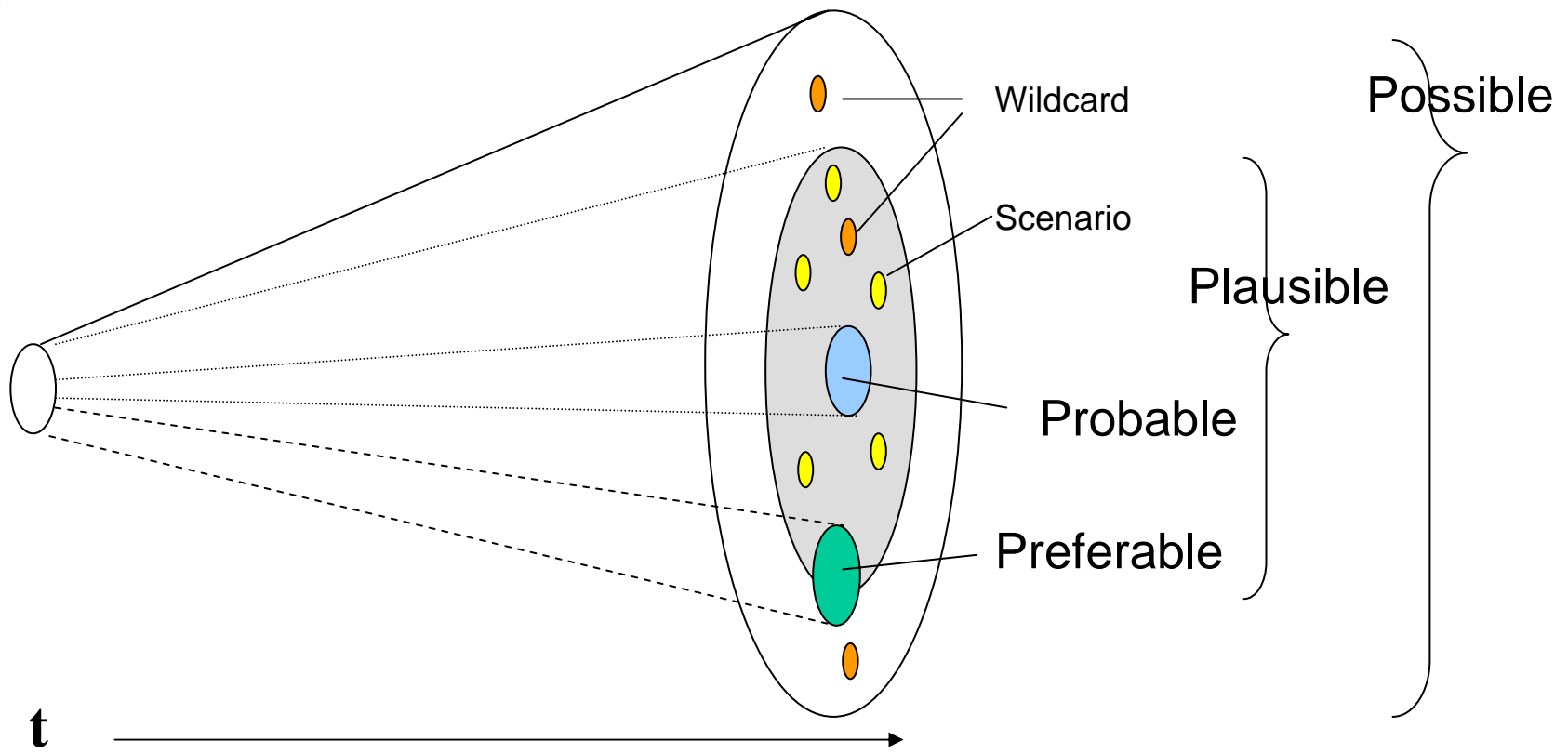


The Aims of Futures Thinking

- I. Test the validity of our assumptions
- II. Check if our expectations are realistic
- III. Gain awareness of changes earlier
- IV. Enable us to make better decisions in the here and now for better future results



Futures Cone



As time extends into the future, the range of possible outcomes expands.

Based on Future's Cone created by Clem Bezold



What are Scenarios?



Scenarios

Are – stories of a specific part of the future

That - help create a safe conceptual ‘place’
where you can test your current
assumptions and expectations.



Scenarios

Incorporate qualitative and quantitative assessments of potential future landscapes



And...

The single most valuable aspect of Scenarios is to improve the quality of a 'plan for the future'



So...

Scenarios are ways we can question how
we see our world



Great Scenarios

Are generated through great questions

So...

Excel at asking great questions!



Word Association Test



Shell

- Group Planning Unit late 1970
- Pierre Wack and small planning team
- Key Question: ‘What might affect the price of oil in the future?’
- Team begin looking for ‘signs’



Shell

- ES identifies ‘interesting stuff’
 - US exhausting own oil reserves
 - US demand for oil on the increase
 - Arab states cartel beginning to solidify

A good cluster, and they went off to find more



Shell

- Neurologically rich
 - Implications of shift
 - Shocks to business model
 - Loss of oil fields
 - Loss of control over market pricing
 - Inability to maintain critical infrastructure
 - Critical drivers that would emerge and how they would play out in this new pricing squeeze
 - Management began preparing contingency plans in the event that ‘this world would come to pass’



Shell

- October 1973 - Yom Kippur war
- One of the scenarios eventuated
- Shell management hit the 'GO' button on the contingency and operational strategies they had designed
- Other oil companies still thinking about what was happening (and what it meant)
- From bottom two, to top two



Lessons

- Neurologically rich scenarios engaged
- Based on ES, known data and perception
- Identified a Wildcard
- Thinking about that Wildcard made it a Discontinuity (for Shell only)
- The strategy development linked the 'future' back to the 'now'



Mont Fleur

‘The Future of South Africa in the next 10 years to 2002’

- 1992 facilitated by Global Business Network (GBN)
- Precipitated by release of Nelson Mandela in 1990 and ‘legitimation’ of ANC, SACP etc
- Wide participation of groups in discussion forums

* ‘The Mont Fleur Scenarios’ Adam Kahane, GBN



Mont Fleur

- Open ended conversational approach among the various parties
- Consensus not reached but shared understanding of the underlying 'operational code' of South Africa identified
- Each scenario identified critical limitations which 'opened the door' to potential give and take.
- 30 potential stories about evolution of South Africa over the next decade
- Plausibility 'filter' applied
 - 9 survived
 - Research about them conducted
 - 4 Scenarios survived (mergers, adjustments, discounting)
 - Consultation and refinement
- 4 Final stories



Lessons

- Open ended approaches to scenarios work well
- Identifying what is required does NOT mean appropriate action will or can be taken
- Likely that parts from all scenarios will appear in the 'real world' that forms



Aids in Africa

- *UNAIDS

'Aids in Africa: Three Scenarios to 2025'

‘..using scenarios can help people...to learn, to create...understanding and to galvanise commitment and informed action’



Project Egypt 2020

‘An indigenous futuristic study from the standpoint of Arab countries...’

12 in-depth subject areas such as transport; society; housing; food & agriculture; governance; regional integration etc

5 Core scenario themes: Business as Usual; Neo-Capitalist; Neo-Socialist; Islamic State; and Social Solidarity scenarios

www.idrc.ca/en/ev-83261-201_100615-1-IDRC_ADM_INFO.html and www.egypt2020.org/



Energy Scenarios*

- 14 supporting arguments on aspects of energy production
- 6 major signposts marking the end of the 'cheap energy' era
- Suggestion that a 'managed collapse' might enable countries to transition without chaotic collapse
- *Richard Heinberg 2003, 'The Parties Over: Oil, War and the Fate of Industrial Societies'



Books & Films

‘Oryx and Crake’

- Margaret Atwood 2005
- Fiction Novel
- Draws on extensive research into current Genetic Engineering to create a plausible scenario story*

* Impacts of genetic engineering as dystopic



Visions as Scenarios

“I’m hoping to be morbidly obese by
the age of 15”

‘9 year old boy’



Visions as Scenarios

“I believe that if we put our minds to it, we could really maximise how quickly this company goes out of business”

‘Company CEO 57yrs’



Visions as Scenarios

“We have the singular and focused purpose of helping to generate a 300% increase in the rate of global warming”

‘4WD salesperson’



Visions as Scenarios





Accelerated Scenario process

- State Water Utility
- 4 Scenarios: 20 year horizon
 - Identified critical service area improvements
 - Identified new infrastructure requirements
 - Identified major challenge for staff retention and attraction
 - Identified stakeholder engagement models

Project teams established to begin working on strategic intervention



ASp

- Major Fed Government Dept Unit
- 4 Scenarios – 10 year horizon
 - Experienced an ‘a ha!’ moment
 - Customer focus shifted from sub 19yrs out to beyond 70yrs
 - Major shift in ‘departmental purpose’ and methods for engaging with customers

Not the final decision makers though...



ASp

- CDSS - 25 countries represented in group
- 6 Scenarios – 25 year time horizon
- 2 Lenses used (Oz & Sino)
 - 35 plus independent strategic plays
 - 20 odd common strategic plays
 - 1 single most important strategic play



ASp

- Major Corporation
- 4 Scenarios – 10 year time horizon
 - Moved focus beyond ‘trend data’ & forecasting
 - Identified opportunity for new product line
 - Budgeted expenditure re-allocated
 - New product launched with immediate impact
 - Main competitor still playing catch up

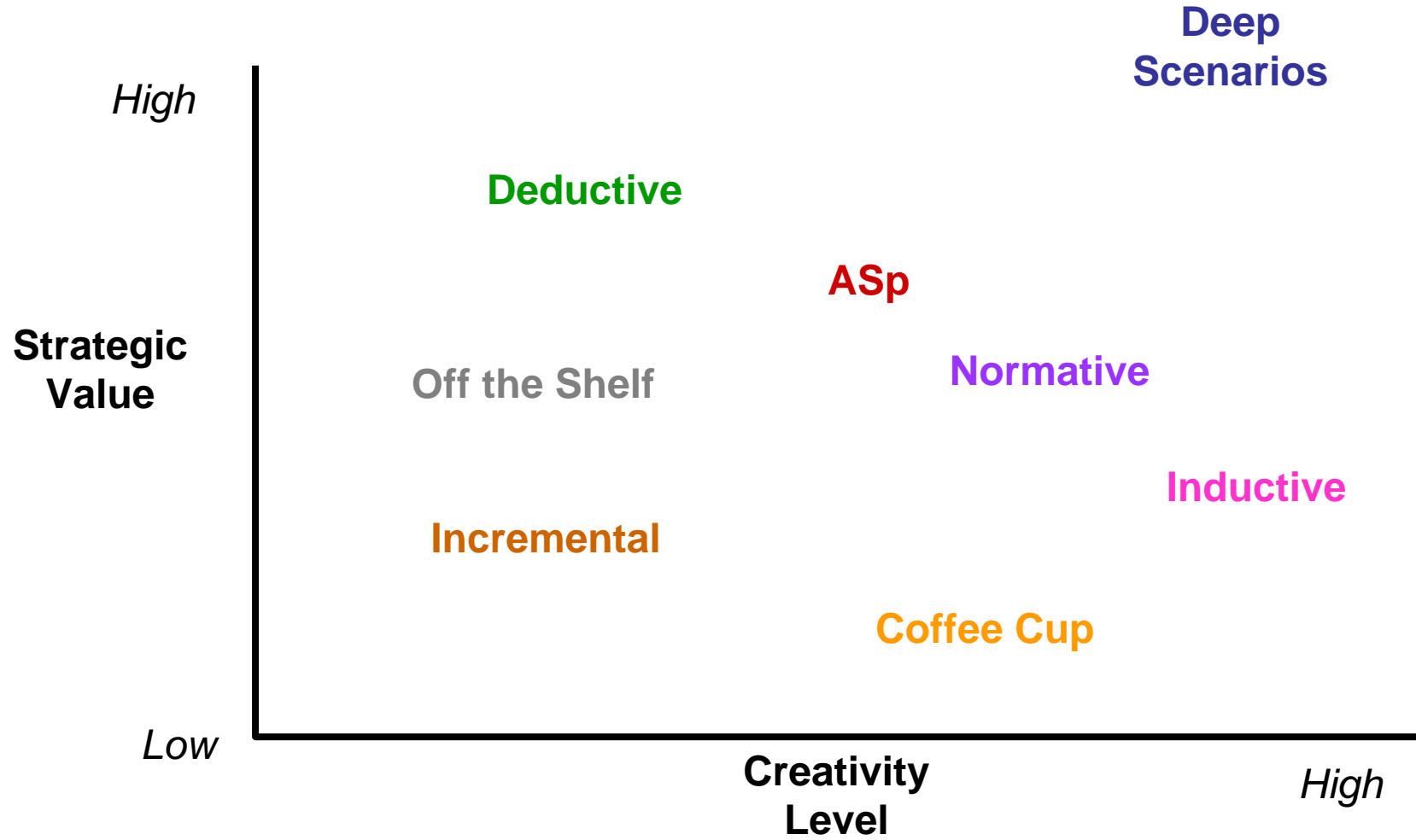


Common Scenario Purposes

- *Directional Strategy* - critical look at ways forward (usually shorter term scenarios)
- *Contingency Planning* – consider and prepare for potential events (risk profiles)
- *Learning & Team Building* – working through the process rather than an end goal outcome



Functional Values





Which Scenario Process is Right for You?

Types

- Coffee cup
- Incremental
- Inductive
- Normative
- Off the shelf
- ASp
- Deductive
- Deep scenarios

Rated Against

- Time Commitment
- Costs
- Depth of Inquiry
- Contingency Planning Value
- Learning, Creativity & Team Building
- Strategic Value



Are Scenarios for You?

- Do you have a clear understanding of what you want to explore and why?
- If a serious issue, do you have a serious commitment?
- Have previous efforts at developing strategy struggled to deliver results?



'Coffee Cup' Scenarios

Overview: 1 hour over coffee, pick a few areas of interest, create scenarios based on how the areas might play out

Benefits

- Quick & energetic
- Great for developing creative thinking
- Good for team building and to introduce futures

Limitations

- Assumptions are high
- Used to inform strategic choices with no depth behind them
- People think 'this is all there is to it'!



Incremental Scenarios

Overview: Take an existing (official) view of the future and suggest a way in which the future may alter course over time

Benefits

- Existing baseline speeds process
- Can be more comfortable where high resistance to change exists
- Gives annoying people something to do

Limitations

- Passed off for serious inquiry
- Offered as 'honest assessment for alternatives'
- Existing baseline assumptions may not be valid yet go unquestioned



Inductive Scenarios

Overview: Take an existing starting point and inject a driver for change. Consider evolution of scenario. Inject another driver, consider evolution (repeat)

Benefits

- Unlimited moves and drivers can be considered
- Excellent for highly creative thinkers
- Forward development can be tracked

Limitations

- Rationalist mindsets pushed too far or creative mindsets held back
- Presupposition that all drivers are worthy of consideration
- Strategic value may or may not emerge



Off the Shelf Scenarios

Overview: Take a pre constructed scenario and consider how you would deal with what that world presents to you

Benefits

- Existing base line saves time
- Good way to introduce scenarios as a tool for thinking
- Elements of the scenario are likely to look familiar to the organisation

Limitations

- Strategies not specific to needs of organisation
- Assumption that the scenario is a valid starting point
- Participants may not agree with elements of the scenario (no buy-in)



Normative Scenarios

Overview: Establish a clear and enticing vision for your organisation. Establish how you are going to achieve it

Benefits

- Can be generated very quickly
- Creates a compelling 'star' to guide the organisation
- Cuts to the chase – this is where we will get to (preferred future)

Limitations

- Open to Wildcard events and Cascading Discontinuity Sets
- Validity of 'preferred' future may not be tested
- Expectations and assumptions may go unquestioned increasing risk profile



Deductive Scenarios

Overview: Identify significant drivers for change. Place two most critical along X & Y axis. Create 4 worlds based on the play of those drivers

Benefits

- Identification of drivers enables buy in for participants
- 'deducing' from 'known' information fits well in many organisations (greater belief in validity)
- Blend of possible futures with probable futures

Limitations

- Selecting appropriate drivers is critical
- Can restrict exploration space to a limited number
- Some drivers do not get included when scenario builds occur
- No tie in to existing needs



Deep Scenarios

Overview: Extensively informed and assessed drivers are used to inform process. Scenario worlds are built and assumptions then critically tested and recalibrated

Benefits

- Incredible depth
- Strategically robust thinking tied to organisational needs
- Combines extensive rational and creative processes

Limitations

- Time consuming
- High resource commitment (personnel & costs)
- Delay in completion may see some elements change before completion (redundancy)



A Model for Creating Scenarios

Accelerated Scenario process (ASp)

- Incorporates:
 - building awareness
 - selecting waves of influence
 - creating images of the future
 - reducing variables whilst identifying signals
 - tying anticipation to action



ASp

- Determine your key question and pick an horizon year far enough into the future to allow for change
- Identify the (series of) waves of influence (drivers) likely to impact around that time – look for emerging issues and group them if possible
- Select the two most significant drivers that have ‘opposite’ ends of a spectrum



ASp

- Set up an X axis and Y axis with tips of axis points being 'significant' and 'not significant'
- Create scenarios using combination of the outer points of the drivers
- Use remaining drivers to flesh out scenario



ASp

- Run through a Backcasting exercise (absolutely critical)
- Identify your operational responses at each stage AND the 'signals' indicating emergence of the next (future) stage
- Collate strategic responses and signals
- Connect back to operational choices for today!



For You Tomorrow

Consider:

1. How you currently think about the future
2. The types of information you rely on – historical; current; future?
3. The 3 key future questions you want answered

4. The proactive steps you will take to discover and act upon, the answers you obtain!



Summary

- ✓ Sometimes getting scenarios right means what you 'see' doesn't come to fruition (no 5th P is a good thing)
- ✓ Seek to add breadth, depth and distance to your organisation's strategic thinking
- ✓ Learn, think, decide, then implement



Summary

- ✓ Scenarios are one futures method of expanding your thinking (caveat)
- ✓ The greatest benefit comes from connecting them back to the 'now'



Questions?



- Fore warned is...
- Look before...
- The early bird...
- Make hay...



Benefits and Limitations

Benefits

- Expands breadth of inquiry into topic
- Safe Conceptual Space
- Creates environment against which strategy can be 'wind tunnelled'
- Learn to drive before you are on the freeway

Limitations

- No guarantee of depth
- Short 'horizon year' limits ability to break from current mindset
- Time restrictions on 'inputs' phase reduce quality of factors able to shape development



Mont Fleur

4 Scenario worlds:

- **Flight of the Flamingos** (slow take off, fly high, fly together)
 - Sustainable government policies and inclusive and democratic growth
- **Icarus** (myth with a message)
 - Rapid transition but government policies are geared around populist notions that ultimately prove unstable
- **Lame Duck** (long transition)
 - Agreement among the various factions and parties is achieved but the progress towards economic and social improvements is slow and erratic
- **Ostrich** (stuck in the past)
 - No agreement of the direction and future for South Africa can be achieved leading to continuation of unrepresentative government



Aids in Africa

Three Scenarios Via 5 Key drivers –

Beliefs; Values; Resources; Knowledge; Authority

- Tough Choices

- Told as documentary scripts from 2026
- Leadership demands and forces coherent strategy for tackling problem

- Traps and Legacies

- Told as series of lectures from 2025
- 7 traps identified
- Responses to challenge fractured & derailed

- Times of Transition

- Told as story teller's account from 2036
- 6 interlocking transformations



Lessons

- Lessons

- Inclusion of cultural, values and worldviews absolutely essential
- Being honest with self: ‘sometimes even your best scenario outcome is unpalatable’
- “If by 2025 there are still millions being infected...not through lack of choice...collectively there was insufficient will to change behaviour and halt forces driving AIDS”



Scenario Intention

- *Vision Driven*
 - expanding conceptual thinking
- *Decision Driven*
 - attempting to Identify best possible options
- *Competitor Scenarios*
 - attempting to identify options for your competitor and how that may impact on you



Linking Today to Tomorrow

