Proposition 3
Reading the Future

In a Word Scenario building enables managers to invent and then consider in depth several varied stories of equally plausible futures. They can then make strategic decisions that will be sound for all plausible futures. No matter what future takes place, one is more likely to be ready for and influential in it if one has thought seriously about scenarios. Scenario planning challenges mental models about the world and lifts the blinders that limit our creativity and resourcefulness.

Rationale

The future will not happen just because one wishes hard. It requires action now. Because nothing lasts forever and no product or service sells itself for long, small businesses and large organizations (individuals too, for that matter) have no alternative but to forerun the future, endeavor to shape it, and balance short-term and long-term objectives. This means that the short term calls for strategic decisions just as much as the long term. And so, strategic planning stands for the unremitting process of making decisions systematically with the greatest intelligence of their futurity, organizing the resources and efforts needed to carry them out, and measuring outcomes against expectations with feedback and self-control. Only then can one avoid extending carelessly past and present trends.

Readjusting Mindsets

More often than not, however, strategic planning holds out only one scenario that underplays the unpredictability of the world. That future stands for the set of assumptions implicit to blind spots. Yet, the point is not to pick an ideal future, hope that it will come to pass, or even strive to create it. Nor is it to find the most probable future and bet the house on it. Rather, it is to make decisions that will be suitable for all plausible futures. That is why the challenge is to develop a small set of distinct scenarios covering the main areas of uncertainty—and in so doing define direction without confining it.

Thinking the Unthinkable

A scenario is an internally consistent view of the future. Scenario analysis is the process of generating and analyzing a small set of scenarios. This exercise stretches mental models, enhancing perception of events as part of a pattern, and leads to better thinking about the future. Scenario analysis involves discrete steps (explained by Peter Schwartz (1996) in *The Art of the Long View*).

- **Uncovering the Focal Issue** For small businesses and large organizations alike, "What should our business be?" is usually the first (and natural) question. If not, the focal issue should be what keeps one awake at night.
- **Making Out Key Factors** Once the focal issue has been decided on, the next step is to identify the key factors in one's environment. What will managers want to know when they have to make choices? What will be seen as success or failure?
- **Listing Driving Forces** Then, after the key factors have been identified, the third step involves listing candidates for prime movers (driving forces) that will impact the key factors. They lie in society, technology, economics, politics, and the natural environment. This is, without doubt, the most research-intensive stage of the process of generating and analyzing scenarios; it requires much information hunting and gathering.
- **Ranking Driving Forces** Next, comes the ranking of driving forces based on two main criteria—the degree of importance vis-à-vis the focal issue, and the degree of uncertainty surrounding each driving force. The outcome of such ranking will, effectively, draw the lines along which scenarios differ. However, if scenarios are to serve as learning Learning before doing tools, the lessons that they teach must be fundamental to the resolution of the focal issue. So, the driving forces must also be few to curtail generation of scenarios around every conceivable uncertainty.

- **Fleshing Out Scenarios** The scenario skeletons can then be fleshed out with regard to the key factors in one's environment and the driving forces identified. Every one of them should be given some attention in each scenario.
- **Drawing Implications** Once the scenarios have been fleshed out, it is time to return to the focal issue and examine how it comes across in each scenario. What vulnerabilities have been revealed? Is a strategy robust across all scenarios? And, if it looks robust in only one instance, then it qualifies as a gamble.
- **Selecting Indicators** Last, it is important to know quickly which of the several scenarios is closest to the course of history as it plays out. And so, one must identify indicators to monitor. Fortunately, the coherence built into the scenarios makes easy the selection of indicators.

Abandoning Stale Pursuits

The end result of building scenarios Scenario building is not an accurate picture of tomorrow but better thinking about the future. And, since scenarios provide a context for decisions, better thinking should lead to more robust decisions. Still, just as important as the permanent process of making decisions about what things to do is planned and systematic abandonment of the old that no longer fits purpose, conveys satisfaction, or makes a contribution. As events unfold, it is therefore necessary to continue to review existing products and services (as well as processes and distribution channels). Do they still fit the realities of society, technology, economics, politics, and the natural environment? And, if not, how can one discard them, or at least stop devoting more resources and efforts? Otherwise, the best definition of the focal issue will turn out to have been a thankless exercise: energy will be used up in defending yesterday.

Reference

Schwartz P (1996) The art of the long view: planning for the future in an uncertain world. Doubleday, New York