Lessons from using scenarios for strategic foresight

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ABSTRACT

Strategic foresight requires a longer and broader view of the environment and, as we at the Institute for Alternative Futures (IAF) would argue, a conscious attention to the organization's vision and visionary scenarios in the environment. Having promoted foresight on six continents for a wide range of governments, corporations, and non-profit organizations, we have developed lessons on the design and set-up of foresight efforts, their use and follow-through. Lessons include: Scenarios using 'aspirational futures' should include expectable, challenging, and visionary alternatives; beware of and understand 'allergic reactions' to foresight given some individuals', particularly leaders', psychological preferences; foresight is most effectively done by and for top leadership but foresight for units or regions of the organization can also be successful; to get the most value, it is important to err on the side of boldness and vision in developing scenarios; foresight efforts create a 'safe space' for exploring challenging situations; associations as collections of companies or professionals have unique foresight needs including elected leadership that rotates every year, and the need to communicate the results of foresight efforts to their members effectively; government and corporations have more similarities than differences in foresight, but companies have more resources and can move quickly to develop and use the foresight.

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1. Introduction

Most organizations fail to consider more than a narrow set of obvious factors. Strategic foresight requires a longer (10 to 50 years or more) and broader view of the environment, the organization and its strategies. Scenarios are a leading tool for taking such a longer and broader view. This article will identify lessons on using foresight based on our experiences with a wide range of organizations here at the Institute for Alternative Futures (IAF) and Alternative Futures Associates (AFA), which is IAF's for-profit subsidiary. To provide context, I will first describe the IAF, the nature of our work, and our 'aspirational futures' approach. I will then provide the lessons.

The Institute has three decades of experience developing and using scenarios in governments, non-profit organizations, and companies. We started our futures work focused on 'anticipatory democracy' and foresight in communities, organizations and governments (both executive and legislative branches of government) [1–3]. Five years later, in 1982, we founded our for-profit subsidiary, Alternative Futures Associates. We have worked for a wide range of organizations in all stages of foresight efforts. These organizations include many Global Fortune 100 companies; not-for-profit organizations, including the largest—the American Association for Retired Persons (AARP) and the American Cancer Society; governments and community groups in cities; state government agencies, legislatures and courts; national governments in North America, Europe, Africa, and Asia, and the World Health Organization. We have developed scenarios or conducted scenario coaching for clients on six continents during that time. And we have evolved our particular approach — 'aspirational futures' [1–4].

1.1. Aspirational futures

Strategic foresight is successful if it inspires the organization to learn more effectively and to be more creative in developing strategies and initiatives, and if it helps to pursue the organizational vision with more potent results and thus make it more successful. To accomplish this effect, strategic foresight requires that organizations look out further into the future than is typically done in strategic planning (5 to 10 years). Strategic foresight must also consider the organization's vision within the context of its environment. Scenarios allow an organization to do both, look into the future (typically 10 to 50 years) and consider likely and visionary possibilities. We argue that scenarios should consider a range of expectable (most likely), challenging (what could go wrong) and visionary (surprisingly successful) possibilities. This inclusion of these three types of possibilities, particularly potential visionary paths, is a differentiating factor in our approach to scenario construction. More will be said on this below.

1.2. Scenarios

Scenarios are parallel stories about how the future will unfold. Scenarios can take many forms depending on 1) the objectives for the scenarios, 2) the resources of the organization focused on the scenario effort, 3) the culture and planning style of the organization, and 4) the psychological preferences of the audience (see below). The ultimate shape that scenarios take ranges widely from parallel images or cartoons of the same scene to a text and narrative report and even to live or virtual/visual vignettes. Scenarios can also be primarily qualitative or heavily quantitative, depending on the routines and resources of the organization.

There are several approaches to scenario development and use. We argue that scenario sets should include three or four scenarios. The first should be the organization's best estimate of the most likely future — this is the expectable future. Developing this scenario requires gathering available intelligence on trends and forecasts, identifying major forces in the environment and clarifying the organization's assumptions. The second scenario should consider 'what could go wrong'. There are many challenges that organizations face. This second, 'challenging' scenario should consider a taxing, but not overwhelming set of challenges. The third and fourth scenarios explore paths to surprising success. If forces in the environment successfully created visionary outcomes, consistent with the organization's vision, what would that look like, and what would be the path to that visionary state? The third and fourth scenarios should identify differing paths to visionary outcomes.

In contrast, the most widely used approach to scenario development is the method developed largely by Peter Schwartz and his Global Business Network [5,6]. Also called the double uncertainty, or 2×2 matrix approach, it has scenarios developed in each of the four quadrants of a grid whose axes are defined by the 'most important' and the 'most uncertain' factors facing the organization or topic. This is a useful approach for categorizing drivers as well as targeting key uncertainties and organizing scenarios around them. As Curry and Schultz point out, reducing the focus to two axes does simplify the effort but requires picking drivers that are sufficiently different from one another to generate a strategic conversation [7]. Thought should also be given to drivers of the underlying system as well as the dimensions of likely, challenging and visionary are each critical also. The double uncertainty approach diminishes the contribution of scenarios by not including visionary paths among the plausible paths into the future. As scenarios shine light through uncertainty, they define pathways we can 'see'. They should aid in exploring plausible and preferable space. They should help understand how surprisingly successful conditions can occur. Of course, it takes judgment to identify what surprisingly successful even means or define what it would look like if effective stakeholders achieved conditions that parallel the organization's vision takes judgment. It also requires clarity on the organization's vision. Our aspirational futures approach requires effort in considering the organization's vision and how that would translate into visionary conditions in the environment.

Using this aspirational futures approach in a wide range of settings has led me and my colleagues to consider the lessons of designing, delivering, executing and reporting on foresight. We also confront leadership challenges, the special requirements of associations, and the differences between government and corporate foresight.

2. Benefits of foresight

Organizations seek the following benefits of foresight:

• Heading off problems
• Dealing with problems when they are easier to solve
• Improving perception of opportunities and options
• Clarifying vision- or mission-focused objectives
• Generating audacious goals that motivate and align effort
• Monitoring the future to check plans.

Yet many organizations and particularly governments are organized in ways that make foresight less likely to occur and make foresight more likely to fail when it does occur.

3. Challenges to effective foresight

The challenges to effective foresight are many. Foresight, in itself is not a panacea for wiser, high performing organizations, and there are limits to what foresight can accomplish.