



PLANNING FOR A NUMBER OF POSSIBLE BUSINESS FUTURES IS ONE THING, BUT STRATEGIC FORESIGHT PUTS YOU IN A POSITION TO ACTUALLY CREATE THE FUTURE RATHER THAN REACT TO IT

TAKE CONTROL OF YOUR

BUSINESS DESTINY

Words:

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HISTORY IS LITTERED with big organisations that didn't see it coming. The future, that is.

Global computing powerhouse IBM was blindsided by the popularity of desktop PCs developed by innovative, nimble Apple. Philips was so late entering the home videotape market that its Video 2000 never caught up with JVC's VHS or the Sony loser, Betamax. And investors who believed that HD-DVD would win out over Blu-Ray discovered that this was one rare battle Sony (supported by Disney) would actually win.

If 'big guns' like these, with their deep pockets funding armies of futurists, strategists and 'blue sky' thinkers, can't foresee what's around the corner, what are the chances for the rest of us? More to the point, with the speed and complexity at which change happens and affects all businesses these days, how can anyone anticipate what's coming down the pipe next year, let alone in the next decade or two? Or even understand what future implications there might be for what's happening now?

As has been widely reported, disrupter Airbnb is now the world's largest accommodation provider while owning no properties. Yet *CNN Money* reported last October that 'after a lot of thinking and work', Hilton's CEO Christopher Nassetta doesn't believe 'strongly' that Airbnb is 'a major threat to the core value proposition we have'.

Which makes you wonder if they've heard of an approach known as 'strategic foresight', or considered that one day the current provider of 'staycations' might decide to move into the corporate travel business.

Having a say in how the future unfolds has nothing to do with peering into crystal balls or making predictions. Nor is it synonymous with forecasting. According to Patricia Lustig, Founder of international business consultancy LASA Development and author of *Strategic Foresight: Learning from the Future*, this approach "represents a range of tools and processes for gathering systematic, participatory intelligence. It's the practice you use to engage with the future".

In that sense, it's different from scenario planning. Two Oxford University futurists summed it up in a 2013 *Harvard Business Review* article entitled *Living in the Futures*: "At Shell and elsewhere, scenarios have helped leaders prepare for futures that might happen, rather than the future they would like to create."

Strategic foresight, however, allows you to do exactly that.

FUTURE PERFECT

"Strategic foresight tools enable you to discover which potential futures are possible by looking at emerging trends that could have an impact, even disrupt, your business," explains Lustig. "These pockets of the future are already happening. When you've decided which of a range of possible futures you would prefer, you develop a plan for how you would handle each of those scenarios."

Then it's a case of keeping your eyes peeled for early warning signs of which trends are bringing any of the various futures closer. Do this right and you'll have strategically positioned yourself to influence, even co-create, the future you want – unlike 'ostrich' Blackberry, which Lustig cites in her book as having completely overlooked the impact of the iPhone so that "by the time the company realised what had happened, events had overtaken it".

However, as Harvard psychologist Daniel Gilbert asserts in his book *Stumbling on Happiness*, human beings are poor at

envisioning future events. Or, rather, at imagining futures far different from what we've experienced in the past or present.

"Most leaders engage in variations of strategic planning, which is rooted in history, the present and just a pinch of the future," suggests leadership coach and consultant Scott Yorkovich, whose paper *Why Strategic Foresight?* was published by the School of Global Leadership and Entrepreneurship at Regent University in Virginia. "This looks only a few months out and is often tied to semi-hard data such as booked sales orders, verbal commitments, and interpolation of demographic and historical trends," he says.

"True strategic foresight activity, which breaks from known realities and envisions a created future, is rare. Strategic planning is reactionary. Strategic foresight is anticipatory, active and creative. In defence of leaders who use traditional methods, current economic realities make it very difficult to justify large investments and massive strategic shifts in what is often perceived to be a dreamed-up future."

But, according to Lustig, it's easier to make frequent small tweaks to your plans as new conditions unfold, than try and bring about the kind of large-scale change necessary when a totally unexpected scenario hits you in the face.

OPPORTUNITY KNOCKS

However, strategic foresight isn't just about anticipating potential unpleasant circumstances, according to Jay Ogilvy from strategic intelligence company Stratfor. Writing in *Forbes*, he says: "On the upside, scenarios can identify white space opportunities that remain unfulfilled until a first mover occupies the space that less imaginative competitors never knew existed."

This was the case with Austrian insurance company Erste Allgemeine Versicherung, which anticipated the fall of the Berlin Wall and ended up leading the market because of its first exposure in former Soviet Bloc countries.

The key is to not restrict your thinking to just one desired future but to generate at least three or four different scenarios so you can position yourself across a range of uncertainties, says William Miller, co-Founder of Values Centered Innovation and former Head of the Innovation Management programme at Stanford Research Institute. Miller's organisation offers a similar approach to Lustig's, but it's known as scenario-based strategic planning and is used to guide corporate innovation.

He believes this approach can end arguments among team members who disagree about which uncontrollable situation is most likely to affect the business. Since any one of them could be right, that's all the more reason to create a range of scenarios.

Miller agrees with Yorkovich that "scenario-based strategic planning moves you away from focusing only on numbers and into the innovation sphere". However, Miller recollects talking to the CEO of Sun Microsystems who, at that point, told him the company didn't plan further than 18 months to two years out because its strategy was based on being very agile, with the ability to "turn on a dime as conditions change".

This points to the fact that for some businesses, ensuring they've developed a sufficiently nimble, reactive culture to meet trends head on is a more sensible approach.

Jason Romer, Managing Partner of offshore law firm Collas Crill, points to a recent situation in which HM Revenue & Customs delisted more than 300 Qualified Recognised Overseas Pension Schemes (QROPs) from Guernsey. By staying close to various political and industry associations, the firm was able to anticipate this legislative change – although it was surprised by the 'ferociousness' of HMRC's targeting of Guernsey.

While the concept of strategic foresight has challenged his thinking, Romer says he's happy with the way his firm handles

THE HUMAN ZOO

In order to be successful at strategic foresight, you need to involve a diverse range of people – ideally from a variety of industries, divisions, roles and levels – so you don't suffer from 'group think'. This means including those with different ways of thinking, says futurist Patricia Lustig. In her book, *Strategic Foresight: Learning from the Future*, she outlines three 'types' that can contribute to future planning.

Animal type	Characteristics	Advantage for strategic foresight	Value to SF process: 5 = high 1 = low
 <p>EAGLES</p>	Systems thinkers whose vantage point enables them to engage in blue sky thinking. Have the ability to uncover the causes of patterns and events.	When exploring different potential futures, eagles are able to look at the past, present and future as a continuum.	5
 <p>FOXES</p>	Love complicated or 'wicked' problems with many variables and no 'right' answer. Comfortable with paradox and ambiguity. Continually ask 'Why?'	Ability to 'connect the dots'. Good at generating new possibilities across different time frames.	4
 <p>HEDGEHOGS</p>	Preference for structure and working with details, processes, spreadsheets etc. Prefer problems that once solved (because there's a 'right' answer) remain so. Dislike ambiguity and change.	Good at running day-to-day operations, so can help teams choose realistic options that enable organisations to respond effectively to trends as they emerge.	2

the kind of "legislative pressures forced upon us by the UK". "I would be extremely daft to ignore [strategic foresight], but there's the potential to get carried away and forget the here and now," he says. "The ability to be innovative in a law firm is directly related to the quality of the services you provide to clients. I believe it was Jack Welch who said that you can't grow long term if you can't eat short term."

On the other hand, risk expert Nassim Nicholas Taleb, author of *The Black Swan*, thinks it's beneficial to make big mistakes now and then and face the consequences. As he told the *Airtel-Economic Times* Global Business Summit in New Delhi, India in January: "Banks fail repeatedly because every time they crash, governments come to their rescue, not allowing them to learn and adapt from their mistakes. This is also what happens to companies that have strategic plans. They become 'prisoners' to them. They don't give themselves flexibility to tear up the plan and benefit from changes in the environment."

Proponents of strategic foresight say that's exactly what you can do by embracing this discipline. It all depends on how quickly and easily you believe you can bounce back from disaster. Or are willing to watch the future pass you by. ■

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