Foresight Infused Strategy Development

A How-To Guide for Using Foresight in Practice

Maree Conway

1

Introduction

Using foresight approaches in your strategy development will be one of the most challenging and intellectually stimulating things you might do in your career. Because you are reading this book, you are probably interested in finding out more about foresight and about how to:

- build a deeper understanding of change shaping your organisation's future,
- enhance the strategic thinking capability of people in your organisation,
- strengthen your organisational strategy development by integrating foresight approaches into your processes, and/or
- prepare your organisation to be able to respond more effectively and more proactively to its emerging future.

The book will move through the major phases of using foresight in strategy development. I mention the need to change the way you think about the future often because using foresight involves not only doing strategy differently but also thinking in new ways. It takes internal change in our minds and external change in our strategy development to use foresight successfully. By the end of the book, you should have enough information to determine both how to surface and use your foresight capacity and how to introduce foresight to your organisation.

Why Foresight and Foresight Infused Strategy?

It's a truism that organisations today exist in environments that are changing rapidly and increasing in complexity. Conventional methods of interpreting and understanding those environments work well when the world is comparatively stable. In such environments an organisation does not necessarily need a collaborative and organisation wide scanning, strategic thinking and planning capacity, since possible futures can be extrapolated with relative certainty and strategic choices are often quite clear.

We have not had those sorts of environments since the middle of the twentieth century. The environments in which organisations now exist are moving so quickly that future outcomes can no

longer be assumed. Because our worlds are mired in complexity, there are often no obvious choices. A different approach to strategy development is needed.

Infusing your strategy development processes with foresight will allow you to strengthen the strategic thinking that ultimately informs your strategic plan, and ensure your strategy is futures ready – this is flexible strategy, ready for whatever challenges and opportunities the future brings to your doorstep.

It will not be easy. Because there are no facts about the future, you will need to convince people who are familiar and comfortable with quantitative data and evidence based decision making that using images, imaginations and working with the inherent uncertainty of the future are valuable and essential additions to strategy development. You will come up against deeply held and often unquestioned assumptions about the way strategy **should** be developed, how your organisation **should** view the world in which it operates and how its future **will** evolve over time.

Conventional strategy models tend to centre on processes run by planners to develop and implement plans for the here and now, for action to be taken today. These processes will include words about the future that are usually written following some ad hoc mainstream trend analysis rather than an exploration by the whole organisation of what **might** happen to shape its future. The result is a single, business as usual future described in a plan upon which the organisation 'bets the farm'.

Such a plan built around business as usual is called the official scenario. When the official scenario fails because of unforeseen change in the external environment, an organisation tends to enter crisis mode and becomes reactive. Using foresight is one way of avoiding crisis management because it allows you to take the time to **think** more systemically about the future and to plan ahead of time to identify responses to those possible shifts in the external environment. By taking time to think, an organisation is anticipating the future rather than reacting to it and will be better prepared to adapt to change. Table 1 shows a set of questions asked when you are either reacting to change or anticipating the future. Both end with the same question but the starting point is quite different.

Table 1: Proactive and Reactive Strategy Questions

Reactive Strategy: Reacting to Change	Proactive Strategy: Anticipating the Future
What has happened?	What is happening?
What caused it to happen?	What is driving the change that will influence our future?
	What might our alternative futures be?
How do we respond now?	How might we respond today?
	What could be the long term consequences of our actions today?
What will we do?	What will we do?

How to think about the future systemically is the least understood element of conventional strategy development, even though everyone would agree that strategy is developed to allow organisations to survive and be sustainable into the future. This book aims to give you the fundamentals, the how to of using foresight in your strategy development to help you anticipate rather than react to the future, to help your strategy become futures ready.

The Value of Foresight Approaches

Just how are foresight approaches different from conventional planning? Where's the value? This section provides my rationale for using foresight.

Using foresight allows us to take a forward view to identify possible, plausible and probable futures and then to develop a preferred future (see Chapter 3 for more information on different types of futures). A preferred future provides a long term strategic focus that informs decision making today. Instead of giving in to the view that change is happening so quickly there's no point planning for the future, we instead use the future as the strategic end-point, something that helps us move ahead with clarity of purpose and that provides the ability and flexibility to mitigate challenges and grasp useful opportunities as they emerge.

Foresight approaches consider a wider range of issues and change across industries, including emerging issues and more general societal issues and trends. They also take a big picture, systems approach to identifying and understanding global change and look for systemic drivers of that change. Industries are shaped by this global change and not exploring it means you have an incomplete picture of change shaping your organisation's future. Trends are also not confined to particular industries and interactions, collisions and intersections between trends and across industries are explored in depth to identify potential strategic implications for your organisation.

Foresight work identifies and uses wider sources of information from both the mainstream and the periphery, as well as seeking to source tacit views, beliefs and ideas about the future held by individuals. This exposes people in organisations to different types of content about the future and helps to challenge individual and collective taken for granted ideas about what the future will be like.

Foresight approaches use a long term time frame. Thinking systematically about the future is not about trying to get the future right through prediction, but rather ensuring you don't get it wrong. Potential longer term impacts of decisions may not be visible if the time frame used in strategy is too short term. A longer term time frame creates a strong context for your decision making today.

Foresight work aims to surface and challenge assumptions that underpin current thinking and decision making. These assumptions are often grounded in deeply held beliefs that are difficult to shift, even in the face of disconfirming evidence. Surfacing assumptions can therefore be hard work, and asking individuals to recognise their blindspots and cognitive biases will usually be an uncomfortable

experience. Trying to avoid this discomfort by dismissing the new and the different will only allow people to ignore the change that could disrupt their business models and make them irrelevant.

Foresight approaches allow strategy development to be an inclusive process. Because foresight is an innate human capacity, everyone in an organisation is capable of thinking strategically if given the opportunity and the information. Using foresight can allow staff to be involved in authentic ways in the process of creating a shared view of their organisation's future. Since staff will be asked to implement the strategy, enabling them to both shape and see themselves in the future embodied in that strategy is common sense.

Using foresight will help you see the big picture. The world is changing across all domains – social, political, technological, economic, environmental – and that change **is** connected globally and across industries. Crafting strategy without developing a deep and systemic understanding of this change and identifying what really matters for your organisation will make your strategy superficial and open to being irrelevant as soon as your plan is written.

Foresight work provides an opportunity to recognise that sometimes the opinions we hold so dear today may not be viewed as relevant or reasonable in the future. Here are some quotes that demonstrate the folly of letting your unquestioned assumptions get in the way of recognising the implications of change coming over the horizon.

- *Inventions have long since reached their limit, and I see no hope for future development. Roman engineer Sextus Julius Frontinus, 1st Century AD*
- *Louis Pasteur's theory of germs is ridiculous fiction. Pierre Pachet, Professor of Physiology, Toulouse, 1872*
- *Heavier than air flying machines are not possible. Lord Kelvin, President of the Royal Society, 1895*
- *The aeroplane will never fly. Lord Haldane, British Minister of War, 1907*
- *Stocks have reached what looks like a permanently high plateau. Irving Fisher, Professor of Economics, Yale University, 1929*
- *I think there is a world market for maybe 5 computers. Thomas Watson, Chairman of IBM, 1943*
- *Space flight is hokum. Astronomer Royal, 1956*
- *We don't like their sound, and guitar music is on the way out. Decca Recording Co, rejecting The Beatles, 1962*
- *But, what is it good for? Attributed to an engineer at Advanced Systems Division at IBM, commenting on the first microchip, 1968*
- *There is no reason anyone would want a computer in their home. Ken Olson, founder of Digital Equipment, 1977*
- *640K [of RAM] ought to be enough for anybody. Bill Gates, 1981*

These statements were probably considered to be realistic and accurate in the context of knowledge available at the time. They were made by experts so had an aura of credibility. It is only hindsight

coupled with our knowledge of the present that allows us to recognise how short sighted these statements were. Yet, every time someone 'predicts' what's coming they are at risk of making a statement equally as silly as these. What is even worse is many of us accept these predictions are valid. They rarely are.

The future is characterised by uncertainty, complexity and much that we simply cannot yet know. More significantly, we do not know what we do not know. For anyone to claim absolute certainty about the future is at best well-intentioned but misguided and at worst, incredibly arrogant. Foresight has value because it allows us to acknowledge uncertainty and seek to better understand it, not try to explain it away with predictions.

Done well, using foresight moves thinking beyond the status quo and helps organisations prepare to respond to change proactively. We all know that being trapped in the status quo is a formula for crisis management when change arrives unannounced on your organisation's doorstep. If you use foresight and scan at the edge, at the periphery where the seeds of the future are emerging, you can gain competitive advantage. You will expand your thinking about what is possible in the future so you can develop products and services that will matter in that future. You will be futures ready.

Moving Beyond Case Studies and Best Practice

Context matters when using foresight. If you have relied on case studies or best practice to use foresight or copied an approach used in another organisation, then you may have a problem. Certainly there are a set of tools like scenario thinking that are available to everyone, but how they are tailored and applied must be unique for each organisation.

When I am talking with people about using foresight in practice people often ask for case studies or best practice examples. I usually resist and they resist right back. Why do I resist? Much good foresight work is not public but rather considered proprietary although an article by Farrington, Henson, & Crews (2012) is an example of what is shared. It's difficult to respond to requests for case studies and best practice with much detail therefore so I usually share my experience of using foresight or provide a list of companies that I think use it well. But I resist mainly because I am dubious about the value that emerges from our apparent preoccupation with best practice and case studies.

Best Practice

It is the context of the organisation, its past and present and its current challenges that define how foresight is used in practice. Pfeffer and Sutton (2006, p. 2) write: 'Instead of copying what others do, we should copy how they think'. The point is that using best practice copies a process and that's easy enough to do, whereas more value comes from understanding why people in successful organisations designed those processes the way they did, and that's a lot more difficult to discover.

Best practice is about using someone else's experience to inform your operations. It's only useful when there is a single right answer and that answer is accepted and unquestioned by people in the relevant

field. With best practice, everyone has a shared understanding about the nature of the thing being 'best practiced'. Ways of knowing in the best practice space are also fixed. There are a set of often tacitly accepted ways of doing something. This is the space where we find conventional strategic planning, where the process is so formularised that developing a plan often seems more like a compliance exercise than a strategic process. This isn't the realm of foresight work where mostly we do not know what we do not know, there are no right answers and there is no accepted and unquestioned understanding of the likely impact of change shaping the future of our organisations.

Best practice is also falling out of favour in the mainstream business world. Goddard and Eccles (2013) describe best practice as a recipe for failure:

> *the single most value-destructive idea to have come out of business schools and management consultancies over the past 20 years. All they have achieved is to urge the laggards to catch up with the herd.*

They point out that failing organisations rely on benchmarks and best practice rather than imagining their own model of success. And Gary Hamel writes "Why are we so satisfied with 'best practice' when we should be inventing bold new practices?" Best practice lives in today, bold new practice emerges from thinking about change, its implications for your operations and how to respond. Best practice is based on what organisations have done in response to today's challenges and is unlikely to be replicable in that form when responding to challenges in the future. I'm not saying don't read reports of how others use foresight. I am saying don't follow their process blindly. It's a starting point only; you will always need to adapt it and redesign it to suit your organisation and recognise that its value may not last for long as the world changes and the best practice becomes obsolete.

Case Studies

People typically ask for case studies of successful foresight to use as proof of concept, proof that foresight is valuable, proof that it's worth their resources and time. They are asking me to assure them that someone else has used it successfully and they can too. On one level I understand this. For me however, this request is an indicator that the person in trapped in the data driven decision making world of today and not yet ready to use foresight. To these people I now say 'you are asking the wrong question. Ask me not what companies use foresight successfully. Instead ask me 'what's the best way to test foresight in my organisation?'

I have also been asked for another sort of case study when I have done sessional teaching. This is a case study that sets a hypothetical situation that asks students to interrogate it to identify challenges, mistakes, solutions, ways forward. I call this the MBA effect. A senior bank manager once told me that using case studies is how adults learn and I need to provide them. Thankfully, my sigh was inside my head. Like best practice, case studies reflect someone else's circumstance and issues. Working through them is about applying a tool or thinking to a situation that you may never encounter in that form. Similar maybe, but not your exact situation or your exact challenges.

There are no right answers, no formula or benchmark that will ensure you use foresight successfully. A case study approach may generate some scenarios for example, but they are artificial. Giving you a case study in a workshop to ponder over is unlikely to provide you with the thinking capacity you need to use foresight well in your organisation. It may allow you to consider what tools might be appropriate in a particular situation but it won't give you the 'right way' to use foresight in all situations. As with best practice, read case studies but don't expect to get a 'silver bullet' from them. There are none.

It often seems to me that people asking for case studies want me to say 'do it like this, approach it like this, apply this tool in this situation, and it will all work out'. To these people I now say 'I could describe to you some situations I've been in while I worked in organisations or other hypothetical situations and ask you to discuss what happened or what you would do in that situation. But that won't change your understanding of how best to use foresight in your organisation, just how you think one organisation might respond given its context and its challenges.' I lose most people in the room then and they usually leave me terrible student feedback, but that's okay. Those people aren't ready to use foresight yet.

For me, using foresight is personal. It's changing the way **you** think about the future. You can read and analyse all the case studies you want or follow best practice, but unless your foresight switch is turned on, you are applying conventional thinking to the future and that won't help you craft futures ready strategy.

Trusting Insight and Emergence

I learned about the value of foresight by using it - how to design processes that were effective, how to talk to people about it, how to communicate outcomes, how to present a case for the value of using foresight in strategic processes. My academic study in foresight provided the intellectual grounding I needed to do this well and to redesign processes in the room when they weren't working well. Every organisation I've worked with has received a tailored approach to some degree; I don't think I've ever designed the same foresight process twice. And I'm still learning, still building insight. I do know that using foresight with people who are affected by change every day has the effect of building understanding and appreciation of the value and importance of foresight to a greater degree than you will ever get from a written case study or following best practice guidelines. In my opinion.

It's not actually the foresight process that matters most in the long run, although processes must of course be well designed and executed. It's what you and others in organisations do with that process. It's how you design the process to gain commitment to using it on a continuing basis, to encourage many and deep strategic conversations, to challenge now unhelpful assumptions about work and organisations in the future, to trust emerging ideas and insights, and to reframe your strategy processes to enable foresight to be used well. Only you can do that based on your knowledge of your organisation today.

Using foresight is about engaging with such uncertainty that it usually produces those wicked strategic problems that have no easy answers, arising from contexts that may never have happened before. There is no rule book for unique situations – what was reasonable in the past and the present is unlikely to be reasonable or useful when you are facing the unknown. I see my role as giving you the ability to think

about using foresight in practice in your context to face those wicked problems, not follow yesterday's rule book.

This book then provides you not with case studies or best practice examples. It provides instead a set of principles, concepts, frameworks, methods and reflections that you can use to design a foresight process that will be useful for your organisation and its challenges. Even with that set of resources though, you will need to learn to trust emerging insights that don't have the depth of data to meet today's validity requirements, but may well hold the kernel of an idea critical for your organisation's future.

I admit that my resistance to providing case studies and best practice examples is a blindspot for me. It's one I've thought about a lot and one I've decided to keep. I also admit I'm asking you to trust me that using foresight in practice is valuable and only you can decide whether I've earned your trust. Read the book before you decide.

Why This Book?

One of my guiding principles since establishing Thinking Futures in 2007 has been to share information on what I know about using foresight as widely as I can. I wrote my three Strategic Futures Guides in 2007, 2009 and 2013 and my Reference Guide in 2015, I run webinars and share resources as part of how I enact this principle in my work. This book is published with a Creative Commons License so that it is accessible and usable in practice. I am also working to help people starting out with using foresight through my free membership program that I am now developing.

This book replaces my three existing Strategic Futures Guides:

- Using Futures Approaches: a guide to getting started,
- Environmental Scanning: what it is and how to do it, and
- Strategic Thinking: what it is and how to do it.

These guides had similar content so it made sense to combine them to put everything you need to use foresight in your strategy development is in one book. Writing the book has also given me the opportunity to update and revise that content to include more recent research on foresight.

How the Book is Organised

The book takes you through the steps involved in using foresight in strategy processes and should ideally be read sequentially. That said, each chapter is more or less self-contained so you can explore topics of interest right now too.

Chapter 2 is my about my foresight journey, how I started out, how I eventually moved to work full-time in the foresight field and some reflections on that experience so far. Here I'm aiming to show that it's possible to start using foresight with no prior knowledge as long as you are willing to establish a strong intellectual and methodological base as quickly as possible.

Chapter 3 provides a conceptual framework for using foresight and some basic foresight concepts and principles. Understanding what foresight is about and how to design processes that suit your organisation are prerequisites for successful implementation. Ken Wilber's integral theory and Richard Slaughter's social foresight model provide the conceptual framework.

Chapter 4 explores the relationship between foresight and strategy. It covers challenges with, and the need to reframe conventional strategic planning to use foresight in strategy development, and an overview of the four stage strategy process to do that. This chapter also introduces the Generic Foresight Process Framework (Voros, 2003) and a summary of other foresight frameworks.

Chapter 5 identifies the preliminary steps you need to consider before infusing foresight into your strategy development processes. It covers an organisational futurist's audit to help you identify your positioning in your organisation, prerequisites for foresight use and the steps to take to begin using foresight.

Chapter 6 provides an overview of some foresight methods you can use in your organisation. Choosing methods carefully is essential because you have to match those methods to the foresight readiness of your organisation.

Chapter 7 covers how you do environmental scanning, the foundation for foresight infused strategy development. It takes you through the steps involved in scanning so you can identify change that matters for your organisation's future. It provides you with enough information to start doing scanning in your organisation.

Chapter 8 deals with strategic thinking, the core activity we engage in when we are using foresight in strategy development. This chapter provides an overview of what strategic thinking is, the differences between thinking and planning, being alert to your cognitive biases and getting started with strategic thinking.

Chapter 9 provides some of my lessons learned from my experience using foresight since 1999.

Chapter 10 is some final comments and some self-reflection questions for you.