

Your Say: scenarios in the changing global climate

Zanthus, Positive Productivity, the Williams Inference Center, St. John's University, Curtin University of Technology, Soularium/LoganLearn, University of Saint Andrew's

Society, culture and business are transforming at a rapid pace. **Anna Scott** talks to representatives from Zanthus, Positive Productivity, The Williams Inference Center, St. John's University, Curtin University of Technology, Soularium/LoganLearn and the University of St. Andrews about how global transformations are changing the role of the scenario planner, and how scenario planning will become an essential tool of the future.

This month's participants:

*David Edwards is founder and CEO of Zanthus. He can be contacted at: **dedwards@zanthus.com**.*

*Dr. Tracie Hiemstra is CEO of Positive Productivity. She can be contacted at: **drtracie@positiveproductivity.com**.*

*Bradley Hoyt is partner with The Williams Inference Center. He can be contacted at: **hoyt@williamsinference.com**.*

*Dr. Chaman L. Jain is professor of economics and finance at St. John's University. He can be contacted at: **Jainc@stjohns.edu**.*

*Trudi Lang is manager of the scenario planning and research unit at the Curtin University of Technology. She can be contacted at: **t.lang@curtin.edu.au**.*

*Joseph Logan is cultural futurist at Soularium and LoganLearn. He can be contacted at: **joseph@thesoularium.com**.*

*Adam Scott is senior research fellow at the University of St. Andrew's. He can be contacted at: **adam.scott@btinternet.com**.*

We have been asking questions about the nature of the changing world for centuries—examining past mistakes and successes, and looking to the future—but at the beginning of the 21st century, this practice has become more widespread. Some of the changes we have experienced, particularly in the 20th century, have been fast, some have been gradual, but all have been monumental: they have affected the way people think. Thinking about change is fundamental to scenario planning, and the transformation of the world has huge implications for the discipline.

In years to come, when historians look back over the late-20th century, there is one trend that is likely to come up again and again: globalisation. "Globalisation may be considered the defining force of the late-20th century," says David Edwards, founder and CEO of Zanthus. This is a popular view to have. According to Trudi Lang, manager of the scenario planning and research unit at the Curtin University of Technology, the globalised world has increased the complexity of the milieu in which public, private and not-for-profit organisations operate. She says: "Whether it be the effects of a floating currency on import prices; the dislocation of changes in workforce skill requirements; the growing environmental requirements; or rapid advances in information technology—these all greatly impact on local communities."

The influences that have led to globalisation becoming a dominant force are varied and numerous, and have changed concepts of space and geography, which has

implications for business. As Lang points out: "The context in which all our institutions operate has grown from local, to the national, to the international, and will increasingly, I suspect, expand to the galaxy [space]."

This view is reinforced by Dr. Tracie Hiemstra, CEO of Positive Productivity, who says: "There are virtually no limits on where and even how we can do business. Decisions we make in our day-to-day dealings now include consideration of global factors, whereas before we may have only thought about regional impacts, or impacts within our own country."

The change in ideas has been massive in the 25 years or so. Ideas are essential to the scenario planner or forecaster. Joseph Logan, cultural futurist at Soularium/LoganLearn, suggests that the global landscape has moved from an exclusionary hierarchy valuing the closed trade of tangibles, to a more inclusionary web, valuing the open exchange of ideas. Ideas and knowledge have become key drivers in the changing global landscape, he argues, partly because of the concept of the 'global village.' Among other things, the global village allows ease of communication across the world, enabling the sharing of ideas across the world.

Information can be accessed and processed easily and at great speed as a result of technological advances, according to Chaman Jain, professor of economics and finance at St. John's University. Adam Scott, senior research fellow at the University of St. Andrews, provides an interesting chronology of the changes in communica-

tions and technology during the 20th century. "Twenty-five years ago people like us in the west took the telephone, telex and colour television for granted," he says, "but in the UK, radiopaging (1977), voice services over optical fibre (1978), and Prestel, a forerunner of some internet services (1979) were still to come. Radiophones had been introduced in 1959, but mobile phones, which now seem almost ubiquitous, were still far off."

Capitalism is another fundamental facilitator of globalisation. It is a force that has permeated most of the world. As Edwards says: "The post-Cold War rise of capitalism around the world has tightened the bonds among countries both near and far." Scott points out that in the UK in the middle of the 20th century, many organisations had a monopoly on the market and were state run—for example, the rail network. But now, organisations have become free to operate wherever and however they want, and if this is at the expense of their competitors, then so be it.

But not all of these changes are necessarily positive. Both Jain and Lang point out the disadvantages for business. "The rapid technological developments along with rising consumer demand for new and better products have shortened the life of products," says Jain. "The increasing trend towards openness has intensified the global competition."

Lang argues that globalisation has led to diverse and numerous pressures for firms to face. Global companies that operate in local economies must understand regulatory, cultural and political factors, among other things. She says: "The result is that in increasingly complex operating environment exposes organisations to even more uncertainties and a desire and need to understand them." This is illustrated in *figure 1*.

Bradley Hoyt, partner with the Williams Inference Center, sees many of the changes that have occurred in the global landscape as being negative for the future of humankind. He says: "We realised ten years ago that people are running out of time. The only certainty is change itself. Everything has speeded up. There are no borders or boundaries for information." This has an enormous impact on the practice of scenario planning—business has lost sight of its meaning. The information overload we are now experiencing has had an unexpected consequence for the scenario planner: a narrow focus. There is not enough time for scenario planners to look outside their own company.

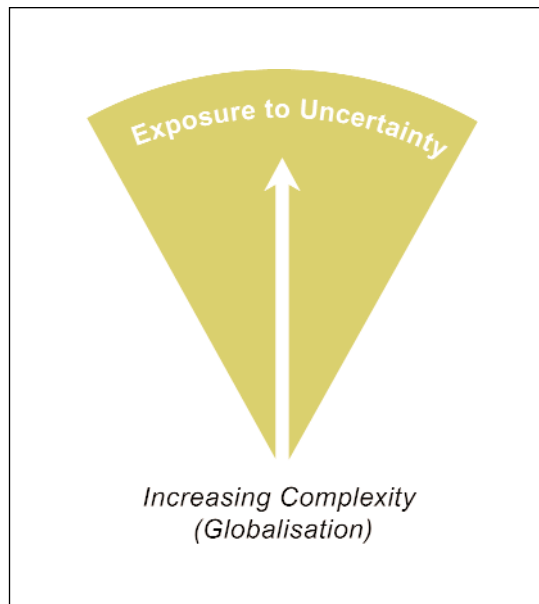


Figure 1
Exposure to uncertainties increases in a globalised world

However, the job of the scenario planner is more essential and important than ever, because of the changes we are experiencing. Tools such as scenario planning—which aim to clarify—have to be more adept at understanding and dealing with uncertainty, and the learning objective of scenario planning more important than ever, according to Lang.

The aforementioned inclusionary web of ideas has a set of values and beliefs that are constantly changing. "As scenario planning draws upon the values and beliefs that play in the past and present," says Joseph Logan, "scenario planners must be aware not only of what those values are now, but also how dramatically they have shifted in the past, and how they may change in the future." This has made the job of the scenario planner more difficult.

However, technological developments—especially the internet—have enabled easy and fast access to information, data and input from partners and competitors, making the scenario planner's life easier. "Because of the increasing co-operation among partners within and outside the company afforded by easier communication," says Jain, "forecasters and planners can now come up with issues and scenarios that are more realistic and relevant."

Scott notes that modern communications have enabled the easy publication of scenarios. He says: "Scenario planning now takes place in the context of a world of global communications at many levels." The role of forecasting has become more recognised, and the methodology of sce-

nario forecasting has significantly advanced. The most recent survey of the Institute of Business Forecasting (IBF), revealed that 88 percent of large companies in the US have one or more full-time forecasters. The role of the planner or forecaster has been redefined. Jain says: "In the past, planners themselves prepared forecasts. Often, their plans (wish lists) became the forecasts. But more and more companies are now separating the function of preparing forecasts from those who use them."

However, scenario planners must remember to take global issues into consideration when creating business strategies, or risk missing out, warns Hiemstra. She says: "Understanding other cultures has become much more important: this has a large impact on communication and understanding for the scenario planner."

Advanced communications have enabled effective networking across continents and bypassed conventional channels and hierarchies, and scenario planners must bear this in mind. Scott says: "Differences between individual perceptions, perceptions shared within particular groups, and apparent evidence may all surface and be highlighted in a scenario process prompting debated, offering fresh insight and providing targets for future enquiry."

Richer scenarios are becoming more possible, because communities and organisations are being redefined, says Logan. For many, the primary concern is the relationship between social dynamics and the diffusion of innovations. While this is a very complicated task for the scenario planner—because it must be carried out on a global scale—it is nevertheless essential. This diversity must be reflected in the scenario planning team, says Lang, to include as wide a range of perspectives as possible.

Scenario planning will remain essential, as long as there is uncertainty, says Jain. Scott says that in a volatile world it is extremely important to communicate stories with meaning and understanding. He says: "Scenarios can provide a powerful tool in an organisation that needs to re-tell its story and to demonstrate internally and externally that it has not 'lost the plot.'"

But many organisations are discouraged from using scenario planning because of the rapid pace of change. Edwards says: "The current accelerated environment tends to induce a short-term mindset." Hoyt agrees, saying the value of scenario plan-

ning has decreased because of the internal focus companies have. Funds are being withdrawn from scenario efforts, and as a result, failure becomes a self-fulfilling prophecy, he suggests. The role of judgment in scenario planning has diminished because of the availability of more data and information.

Scenario planning is perceived to take too long in a world that wants 'quick fixes.' Lang says: "The irony is that in a fast-changing world people feel there is no time to take a step back and reflect, anticipate and strategise."

The rapidity of changes forces scenario planners to think of 'everything' and consider that there is not one right way to do anything, according to Hiemstra.

Logan argues that scenario planning itself is not obsolete as a business tool, but the word 'planning' is. He suggests 'exploration' as a more appropriate alternative. "I believe the breadth and inclusion of the process are more important criteria," he says. "In a world of ever greater connectedness and many more possible stakeholders, richer scenarios can emerge from involving large numbers of relevant parties in the process of scenario creation and reaction."

Organisations must be open-minded and consider their place in the world business environment, and keep themselves fluid in order to respond to unforeseen hazards and opportunities.

What is especially important is that scenario planners think about the unthinkable, according to Jain. "Very often scenario planners tend to ignore the danger resulting from a scenario as long as they feel the probability of that happening is relatively small," he says. For example, in the 1960s few people thought that Israel and the Arab countries could affect the energy scene in the 1970s.

Key decision makers should be involved in the research and conversation that leads to scenarios, according to Lang. These scenarios should then be used at individual business unit levels, as a 'spring-board' to discuss future strategies.

Logan emphasises this, saying: "Scenario planning should be embraced and advocated by organisational leadership, and it should be present throughout the whole organization."

"Scenarios need not be treated passively," says Scott. "They can be used normatively—what is needed to be in place for

a desirable future?"

Scenario planning should become part of day-to-day activity. Edwards says: "Scenario planning results tend to 'fossilise' over time. What was once a new insight gradually becomes a hardened, and more importantly, unquestioned assumption."

According to Hoyt, it has become important for organisations to slow down, and "look outside the box." As well as organisations, scenario planners themselves have had to learn to adapt to the changing global landscape—they have no choice, otherwise they will not succeed. Scenario planners have to know more about their business and industry, and recognise that real change rarely comes from insider their business or industry.

Scenario planners have had a hard time being heard and recognised, according to Logan. They have had to present the benefits of a long-term narrative in a world that seems increasingly time-challenged and chaotic. He says: "We struggle with the perceptions that we are dilettantes inventing bizarre stories, or that we can be relied upon to predict the future."

But what does that future hold? Logan suggests that community and organisations will continue to challenge our ability to define or even recognise them. The global landscape will change in response to people's ability to connect in a way unconstrained by traditional boundaries of time and place.

There will be more reliance on communication technologies, and people will work more closely around the world. Hiemstra argues that we will need to embrace change and a sense of togetherness more than ever before; we must focus on our similarities, while honouring our differences.

Edwards predicts further conflict, pointing to the recent protests against the World Trade Organisation. He says: "As industrial nations link their rising fortunes to those developing nations (and vice versa), the potential for conflict will escalate, particularly over scarce natural resources like oil and water."

To achieve peace, according to Scott, we must tackle the complex and demanding issue of the nature of the global community achieving a "world of well-educated political and economic haves without have-nots."

Jain predicts more globalisation, less protectionism and more competition. He says: "China is a sleeping giant, which will

one day wake up and start roaring."

But how will scenario planning evolve with these predictions? Scenario planning needs to find better ways to incorporate discontinuities, because the changing nature of the world will produce developments that are not necessarily a logical progression of past or present trends. Scenarios should not be seen as granting certainties, but as opportunities to reflect and explore.

Scenario planning should assume a more scientific guise, according to Jain and Edwards, and will be less judgmental as a result.

The fit between scenario planning and management must become tighter, and the gap between scenario and strategic planners needs to be bridged, so that scenario principles and approaches might be incorporated more in strategic planning.

Logan believes that much of the foundation of scenario planning will remain the same in the future. He says: "While complexity seems to be increasing, I believe scenario planning will undergo moderate change in response to these new needs rather than reinvention." However, communication will add a layer of complexity. Hiemstra says: "Where something is clearly understood in one realm, it may have an opposite meaning when translated into another."

The fundamental role of scenario planning is to consider the future possibility and change, but like the rest of the world, it has to adopt to these changes itself. What seems of immense importance is that those working in scenario planning do not lose sight of what they are doing—despite what goes on around them—and look to how they need best accommodate the transforming global landscape. **SSP**

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References

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