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Tying the Organization's Future to Strategic Foresight: Deal or No Deal?

Leadership Advance Online– Issue XV, Winter 2008

by Dale Garrett

In the popular television show, "Deal or No Deal," contestants choose between 26 briefcases, one containing a million dollars, while the others hold varying amounts ranging from a penny to $750,000. After selecting a briefcase, contestants randomly choose the numbers they passed up and their contents are agonizingly revealed. Meanwhile, host Howie Mandel steps in periodically, offering an alternative amount of money to buy back the case they originally selected. This offering, from an unseen banker, is accepted or rejected until two cases are left. Finally, one final offering by the banker to buy back the case and an opportunity to switch cases is made before revealing if the contestant made the best deal possible.

The banker's offer increases or decreases based on the value of the remaining cases. Strategizing whether the deal should be accepted makes the game fun for viewers, but nerve wracking for the contestant. It seems near torturous for the close friends and family the player turns to for advice on the next move. Amid all this, is the image of a cold, calculating banker, isolated in a separate room, seemingly in total control, reacting calmly to every turn of events. Everyone knows the banker is lurking there in his bunker, deliberately calculating his next move, regardless of what is revealed in the next briefcase. It is as though he has been there before; experiencing the future, contemplating what he must do in every event. So now he sits calmly and confidently reacting in the most advantageous way possible.

Imagine that instead of a game, we were talking about organizations or businesses, the contestant and banker representing two very different types of chief executive officers. Both know exactly what they want to accomplish (win/keep the million dollars securing the best deal possible) and each has a strategy to get there. Like contestants, organizational leaders use a variety of strategies and, like contestants, some will be successful and some will not. What the contestants all seem to have

in common, however, is the propensity of reacting to rapidly changing scenarios based on the emotion of the moment and the clamor of voices surrounding them. In contrast, the banker is calmly adjusting, using a pre-planned prescription sagely devised well in advance by simulating as many different situations as may arise when the contents of each briefcase is revealed.
Which organization would you want to trust your future to: one using a contestant's approach or one run with the banker's approach? Like being uncertain what the next opened case may reveal or how it may change the situation's dynamics, there is no surefire way of guaranteeing the future challenges our organizations may face. Occasionally, those less prepared, like the contestants, may be more successful. Even so, the banker's approach offers a much better chance for securing the best results the vast majority of the time.

Suppose a contestant carefully plans a specific strategy going into the game, like selecting even numbered cases at first, then switching to odd ones if that strategy is not panning out. Does this make you more willing to give up your place in the banker's organization? The answer is probably no. Unless the contestants can ensure us that they have carefully reviewed and planned for as many outcomes as the banker has, we are not likely going to switch sides.

The Need for Flexible Planning

In his book, *Building the Flexible Firm: How to Remain Competitive*, Henk Volberda (1998) explains why executives should begin building as much flexibility into their future plans as possible, if hoping to compete in tomorrow's ever-changing business environment. According to Volberda, single, inflexible strategic plans cannot compete effectively over the long haul with those using a more flexible model designed for reacting to the rapidly changing environment of the global business world.

Acknowledging this need for building more flexibility into strategic planning, expert John Bryson (2004) added this thought in the 3rd edition of his popular step-by-step guide, *Strategic Planning for Non-Profit Organizations*, when he said:

> Strategic planning is not the same as strategic thinking, acting and learning. What matters most is strategic thinking, acting and learning. Strategic planning is useful only if it

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> improves strategic thought, action and learning; it is not a substitute for them … Wise strategic thought takes all sources into account. (p. xiii)

One complaint about calling for more flexibility is that it can result in the loss of organizational focus. Authors John Pearce and Richard Robinson (2007) agree, lamenting that although objectives should be adaptable to extraordinary changes, such flexibility often comes at the expense of being specific in the approach. This lack of specificity makes obtaining the objective much less likely.

Leadership coaches David Cottrell and Eric Harvey (2004) counter by stating that maintaining focus is at the very heart of leadership while today's business environment demands flexibility in organizations. Referring to our Deal or No Deal banker, no one could ever accuse him of losing focus, even though he remains extremely flexible to the changing circumstances of the game. Instead, he remains poised to react deliberately to any new future developments, adapting his response very specifically according to any general trends he senses as the game develops. He is capable of being both focused and flexible because of the time spent beforehand; imagining as many possibilities as feasible and contemplating the wisest reaction to each one. His thorough knowledge of the amounts contained in all 26 briefcases and the affect the removal of each means on the final outcome of the game, allows him to react wisely under any circumstance. He is flexible, yet he uses a distinct strategy that allows him to maintain focus of the overall objective as he responds to each new revelation along with each contestant's reaction.

Leading with Strategic Foresight

The leadership term that best describes our banker's action is called strategic foresight. Australian Foresight Institute creator, Richard Slaughter, describes strategic foresight as:

> The ability to create and sustain a variety of high quality forward views and to apply the emerging insights in organizationally useful ways; for example, to detect adverse conditions, guide policy, shape strategy. (Hines & Bishop, 2006, p. 1)

Slaughter (1995) describes some processes as "the deliberate process of expanding awareness and understanding through futures scanning and the clarification of emerging situations" (p. 1). He lists four key applications of strategic foresight: "Assessing possible consequences of actions and

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decisions; anticipating problems before they occur; considering the present implications of possible future events; and envisioning desired aspects of future societies" (p. 2).

One method for becoming more flexible is imagining several possible futures by using scenarios. Healthcare futurist Joe Flowers (1997) explains the use of scenarios:

> When you spin scenarios, you end up with an array of plausible futures. The idea is not to decide which of these is right. Rather, the idea is to create an array of plausible futures, and then 1) examine how prepared you are or could be for each of them, and 2) look for markers that will tell you which of them – or some other you had not imagined – is unfolding. (p.1)

One shortcoming of scenario planning is the time necessary for imagining an infinite number of possibilities, which can lead to unfocused and unfruitful discussion. Hines and Bishop (2006) say that this can be alleviated by carefully framing the effort, as "framing prevents misunderstandings that generate confusion and wasted work" (p.13). Included in framing is:

- **Defining boundaries based on the objective or vision:** Our banker needs to concentrate on options resulting from the 26 briefcases and not spend time pondering what each contestant may buy if they win.

- **Assessing the required research:** Our banker uses statistical research calculating odds based on money outstanding and the number of briefcases remaining.

- **Determining the number of alternative scenarios based on trends in the industry:** Our banker adjusts his offer according to the number of high value versus low value cases remaining (Hines & Bishop, 2006).

Like it or not, the environment modern organizations must function within is changing at an increasingly rapid pace. What future possibilities these changes may bring about within our organizations in the next 20 years is impossible to determine with 100% certainty. Strategizing and planning for as many future possibilities as feasible allows organizations to position themselves for

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making the best deal possible under the circumstances given. Do you want to be the future contestant in this game or the banker?

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