

# WHY STRATEGIC FORESIGHT?

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by Scott Yorkovich

It seems that every business has a strategic planning process (and if you don't, you're embarrassed to admit it to your golfing buddies). The number of articles, seminars, books and conferences extolling the virtues of and need for strategic planning are innumerable. And they're right! You *do* need a strategic plan. The planning process forces you to analyze a variety of factors, usually measurable, that help you align your resources toward a strategic goal. This process also helps you develop a stronger picture of your business, your market and your competition. But that advice is only partially right. A strategic plan isn't enough.

Let me ask, did your strategic plan anticipate the near-doubling of fuel prices since a year ago? Did your strategic plan anticipate that Hurricane Katrina would wipe out your biggest client? Did your strategic plan anticipate the increased need for your product in the rebuilding of Iraq? Did your strategic plan anticipate retooling your systems for a raft of new regulations (e.g. HIPAA and Sarbanes-Oxley)?

Maybe these specific factors didn't affect you, but every company's leadership, at one time or another, can sit down and say, "Wow! We didn't see *that* coming!" To be fair, there is no magic tool that will help you anticipate every transformational shift in the business climate. But there is something you can add to your planning process that can make a quantum difference in the outcome of your plan.

## The Potential

What if, five years ago, your planning process had anticipated one of these business-changing factors and you were prepared when it came to be? What if you were the Austrian insurance company, Erste Allgemeine Versicherung, that actually prepared in advance for the fall of the Berlin Wall and, as a result, captured market-leading first exposure in former Soviet Bloc countries (Ringland, 1998).

Imagine you are Royal Dutch/Shell and, in the early 70s, you initiated a planning process that actually anticipated the rise of OPEC and the resulting oil crisis. Your foresight positioned Shell to weather the crisis and you emerged a healthy player in the oil industry (Schwartz, 1996). If you had anticipated these or similar events, you would have been using an extension of the planning process called "strategic foresight."

## The Tool

What's the difference between strategic planning and strategic foresight? It's all a matter of direction. "Planning" considers a multitude of factors in the *present environment*, measures them and then extrapolates the data into the future. On the other hand, "foresight" considers first what the *future* might hold and gives you a target to plan back into the present (Marsh, McAllum & Purcell, 2002). Planning is very inward-focused. Foresight is very outward-focused.

Let's explore a specific example of how planning can be improved with strategic foresight and the resulting future scenarios. Doug Randall (2005), senior practitioner at the Global Business Network ([www.gbn.com](http://www.gbn.com)), a worldwide scenario and strategy consultancy, has developed four intriguing scenarios for the future of the Internet. Two of them are:

- The Resistance Scenario – "a world in which groups of people disengage from the Internet and keep their private information out of data banks in order to preserve their security. In this reactionary world, some activists may sabotage those who violate their privacy. According to the experts, few companies are prepared for a business environment like this."
- The Aikido Scenario – "where the value proposition of networking takes precedence over privacy." For example, both LinkedIn ([www.linkedin.com](http://www.linkedin.com)) and [dodgeball.com](http://dodgeball.com) ([www.dodgeball.com](http://www.dodgeball.com), a subsidiary of Google) offer to store and *publish* personal information for personal and professional networking purposes. ("Aikido" is a Japanese concept referring to the coordination of mind, body and spirit with a partner or an opponent.)

So, how do these future scenarios impact your present planning process? Let's imagine you're a medical device manufacturer. Being a progressive, high-tech firm, you are developing an Internet-based system for the tracking and servicing of your devices. You will have advanced databases with secure logins for your personnel, medical professionals and patients. Your devices will have integrated next-generation GPS, RFID and wireless capabilities. With these features in place, you can remotely measure, diagnose or adjust virtually anything in your device.

If the trajectory of Internet technology development maintains today's status quo, you're in good shape. (This is a typical strategic plan because you are taking present data and extrapolating forward.) If you discover a repairable software flaw in your device, you're prepared. You designed your device and its supporting technologies for exactly this scenario. You can automatically locate your patients and begin the remote repairs. Well done!

But wait! In Randall's Resistance Scenario, some of your patients will not have signed off on the privacy waiver and you can't locate them automatically. Furthermore, the software flaw could be fatal! Now what?

This is where strategic foresight becomes important in your planning process. You can prepare for this scenario by looking into the future and planning in the present. You will have a plan for the Resistance Scenario. Your competitors may implode under the pressure of a future they didn't "see."

It is important to note that there are multiple possible futures (of course!). It's obvious, but the application to your planning process might not be so obvious.

Earlier, I mentioned that Royal Dutch/Shell anticipated OPEC and the oil crisis. To be more accurate, Shell explored several potential futures, one of which was written into actual history. The point is that

Shell prepared, in various ways, for each of the scenarios they imagined. When a consortium of oil producing nations emerged, Shell already had a plan in place! Do you have a plan in place for the potential futures for your business?

Consider these possible future scenarios:

- What if the Hispanic population becomes the dominant labor pool in the U.S.?
- What if the U.S. gives way to Asia as the leading source of technological innovation in the world?
- What if terrorism becomes as commonplace in the U.S. and Europe as it is in the Middle East?

The nature of your particular business will determine which influences to consider, but the range of possibilities is almost endless.

### The Next Step

Do you want to learn more about using this powerful tool in your planning process? Do you want to see how leaders all over the world are discovering that they don't have to limit their planning to what is measurable and visible in the next five years? Do you want to prepare today for future scenarios that could transform the very nature of your business? The resources listed below will get you started.

### Resources

Reading:

- Marsh, N., McAllum, M., & Purcell, D. (2002). *Why Strategic Foresight? Strategic foresight: The power of standing in the future*. Australia: Crown Content.
- Ringland, G. (1998). *Scenario planning: Managing for the future*. Chichester, England: John Wiley & Sons.
- Schwartz, P. (1996). *The art of the long view*. New York, NY: Doubleday.
- Slaughter, R. (Ed.). *Knowledgebase of futures studies: Professional edition*. Queensland, Australia: Foresight International.

Websites:

- Foresight International [[www.foresightinternational.com.au](http://www.foresightinternational.com.au)]
- Global Business Network [[www.gbn.com](http://www.gbn.com)]
- Infinite Futures [[www.infinitefutures.com](http://www.infinitefutures.com)]
- Regent University [[www.regent.edu/leadership/foresight](http://www.regent.edu/leadership/foresight)]
- World Future Society [[www.wfs.org](http://www.wfs.org)]
- Foresight 2006: Leading from the Future [[www.regent.edu/acad/sls/conferences/foresight/2006/home.htm](http://www.regent.edu/acad/sls/conferences/foresight/2006/home.htm)]

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Randall, D. (2005, March). Four Futures: Privacy Battles and Chatty Networks. Global Business Network. Retrieved September 7, 2005, from [www.gbn.com/ArticleDisplayServlet.srv?aid=28482](http://www.gbn.com/ArticleDisplayServlet.srv?aid=28482).

Ringland, G. (1998). *Scenario planning: Managing for the future*. Chichester, England: John Wiley & Sons, 31.

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