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Subject: PLNEWS - FORESIGHT: EXPLORING AND CREATING THE FUTURE (4 pages)

To:

From: PL Newsletter & Forum (+44-171-934-5627 or +44-1732-456759)  
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Subject: PLNEWS - FORESIGHT: EXPLORING AND CREATING THE FUTURE (4 pages)

(N737) John Robinson, Editor

'FORESIGHT: EXPLORING AND CREATING THE FUTURE'

The April 1996 issue of Long Range Planning is devoted almost entirely to the theme of foresight and is claimed to offer a turning point in the way practitioners are beginning to think about strategy. A brief summary of each article is as follows:

1. 'Foresight: Exploring the Structure of the Future' - Mike McMaster, George Mason University, USA

Mainly based on a conference in London on 'Complexity and Strategy', sponsored by the author and the Santa Fe Institute. It argues that the past is a dangerous predictor of the future. On the other hand, there is a structure in the present which contains the building blocks of the future. The challenge of foresight is to see the structure of the future, rather than its detail. This calls for interpretation rather than prediction.

2. 'Foresight Beyond Strategy: Social Initiatives by Business and Government' - Richard Slaughter, Future Study Centre, Australia

Quotes Webster's definitions of foresight: 'act or power of foreseeing; prescience; an act of looking forward; a view forward' and 'provident care, or prudence'. Sees foresight as a process which broadens perception through a careful scanning of possible futures and the clarification of emerging situations. This enhances the boundaries of perception in several ways:

- \* Consequence assessment: assessing the implications of present decisions and actions.
- \* Early warning and guidance: detecting and avoiding problems beforehand.
- \* Pro-active strategy formulation: considering the present implications of possible future events.
- \* Normative scenarios: envisioning aspects of desired futures.

3. 'Creating the Future: The Use and Misuse of Scenarios' - Michel Godet and Fabrice Roubelat, Laboratoire d'Investigation Prospective et Strategique, France

Lists four attitudes towards the future: **Passive** (ostrich), **Reactive** (fireman), **Preactive** (insurer), **Proactive** (conspirator). Defines a scenario as: 'A description of a future situation and the course of events which allows one to move forward from the original situation to the future situation'. Two major categories of scenario are identified:

- \* **Exploratory**: starting from past and present trends and leading to a likely future.
- \* **Anticipatory or normative**: built on the basis of different visions of the future, desired or feared.

The rest of the article is a case study of the use of scenarios in the iron and steel industry.

4. 'Scenario Planning at British Airways: A Case Study' - Kathy Moyer, British Airways

A case study of the first scenario exercise at BA, instigated by DeAnne Julius (previously Chief Economist in Group Planning) and using consultant Barbara Heinzen (previously a consultant to Group Planning). The process involved scenario development, followed by facilitated workshops with each division. The exercise was integrated into the business planning process.

5. 'Emerging Strategies for a Chaotic Environment' - Ralph Stacey, University of Hertfordshire, UK

Discusses 'complex adaptive systems' which operate in an environment with other similar systems and 'learn their way into the future'. Discusses a computer simulation (Tierra) which shows that such systems can exhibit long periods of apparent stability followed by periods of upheaval. It also illustrates that the long term outcomes of specific actions are unpredictable, in contrast to the Newtonian/Cartesian view that outcomes are driven by specific actions.

6. 'Foresight is an Illusion' - Basil McDermott, Simon Fraser University, Canada.

Discusses foresight in the context of control (manage) or caution (insurance) rather than of response (reaction or proaction). On these premises, argues that foresight is illusory.

7. 'Riding the Business Cycle' - William Houston, lecturer and consultant

Explores the implications of various cycles, from a 179-year cycle in the solar system to the shorter term inventory cycle. Then discusses appropriate strategies for businesses in the up and down swings.

8. 'Mapping the Future for Countries' - Jim Northcott, Policy Studies Institute, UK

Discusses the use of scenarios in studies on: 'Britain in 2010', 'The Future of Britain and Europe' and 'Mauritius in 2020'. However, equates scenarios with forecasts by considering only a 'most probable case' plus alternatives.

9. 'Two Styles of Foresight: **Are We Predicting the Future or Inventing It?**' - Paul Raimond, City University Business School, UK

Discusses two approaches to foresight and thence strategy:

\* Predictive foresight: Identify key forces which will shape the future and predict their outcomes. Monitor the environment and take corrective action. The 'intelligent machine' model.

\* Creative imagination: Imagine a future situation which would be ideal, then invent ways to make it happen. The 'creative imagination' model.

10. 'Strategy under Complexity: Fostering Generative Relationships' - David Lane and Robert Maxfield, University of Modena and Stanford University respectively.

Discusses two approaches to strategy. The first is cognitive: a firm studies its environment and the relevant actors, and interprets what they do. The second is structural: a firm fosters generative relationships within and across its boundaries, which produce new sources of value not foreseen in advance. Illustrates the latter with a case study of the entry of the firm ROLM into the PBX (private telephone switchboard) market.

11. 'Technology Foresight: The Future for IT' - Geoffrey Robinson, IBM UK

Identifies and discusses five crucial factors in technology foresight:

- the underlying technological trends;
- predicting markets;
- the route to market, e.g. distribution channels;
- timing;
- organisations which will bring these ingredients successfully together.

Then outlines various historical IT examples - mainframes, PCs, client servers - and possible future ones - multimedia, network centre computing.

12. 'Strategy Software: Exploring its Potential' - Mahen Tampoe and Bernard Taylor, Henley Management College, UK

Records a study on the use of software tools in developing strategy. Finds that most of these are technology rather than market driven and are mainly used by consultants and academics.

Overall impressions

These articles span a range of approaches to 'exploring and creating the future' and leave a number of impressions:

- \* One theme common to several of them (1, 2, 3, 4, 9, 11 above) is the need to see the structure of the future, rather than trying to predict it. One is then in a better position to understand it as it unfolds and take appropriate action. This, of course, has long been a factor in Shell's development and use of scenarios, and is an alternative way of viewing what Mintzberg calls 'emergent strategy'.
- \* The increasing number of people using scenarios (3, 4, 8). The BA exercise draws heavily on Shell's experience but some others have a similar approach. The question of whether we are losing a competitive advantage was discussed in F989 and F990.
- \* The differing interpretations of 'foresight', ranging from prediction and insurance (6, 8) to understanding and creative action (2, 3, 9). More importantly, differentiation between foresight as a means of better understanding the future and thence adapting to it, and as a means of

'inventing the future'. The latter approach is consonant with that of 'strategic intent' espoused by Prahalad and Hamel (HBR May-June 1989).

- \* The increasing interest in 'complexity' (1, 5, 10) which is now an area of specific study, e.g. at the Santa Fe Institute. (For one fascinating account see 'The Collapse of Chaos' by Cohen & Stewart, Penguin 1995. This, inter alia, gives a fuller description of the Tierra experiment.)

Overall I am left with the impression that others are catching up on some of Shell's approaches to planning and in some ways may be ahead. Is this view shared and, if so, are we doing anything about it?

Note: I am unable to supply copies of the above articles, as this breaches copyright, but may be able to indicate where a copy of Long Range Planning can be sighted or borrowed.

Regards  
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