

The Future You Want Is Not The Future You'll Get

Will Dragon

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While we're all familiar with Yogi Berra's famous malapropism, "the future ain't what it used to be," it isn't enough to acknowledge that the future is a moving target. Organizations need to plan for uncertainty, but basing their plans on a single, predicted future that they know won't materialize risks implementing a strategy designed for the wrong set of future industry conditions.

Scenario planning is an excellent tool to help companies hedge their bets against an unknowable future. Scenario planning starts with the premise that the future is unpredictable, and that organizations should plan for a variety of multiple, plausible futures that are depicted by several scenarios that speak of future industry conditions, threats and opportunities. And while it's easy to focus on the scenarios themselves as a key output, the real benefits that accrue to organizations -- the strategic flexibility, preparedness, and peace of mind -- that use the method can be significant.

Consider the consumer products manufacturer that used scenario planning to help plan for and anticipate rapidly evolving and volatile consumer attitudes towards environmental sustainability. The high degree of uncertainty about what "the environment" would mean to consumers and retailers in the future made product, research and market planning more difficult than it had been in recent years. In addition, the recession of 2007 - 09 was continuing to deepen, casting further doubt on the firm's plans for the future.

Using scenario planning, the firm identified four broad categories of interrelated industry variables that had the potential to significantly impact or disrupt its strategy, goals and objectives. These four categories -- the relative power of retailers, consumer attitudes towards both brands and sustainability, and the regulatory environment -- were used to develop scenarios that depicted several plausible outcomes to present-day industry variables. To deal with the added complexity posed by the recession, a layer of economic uncertainty was embedded into the scenarios.

While the resulting scenarios were fascinating -- spinning stories of retailer consolidation, confused consumer attitudes toward sustainability, and varying degrees of

economic recovery, the real value to the firm lay in the rigorously tested strategies that are the output of the scenario planning process.

Through the process, the firm was able to develop a suite of 'core' strategies -- ones that proved resilient in every set of scenario conditions -- that enabled it to address some of top management's most immediate concerns. Because the core strategies had been vetted by operations, marketing, research and development, and finance staff as part of the scenario planning process, management was able to rely on the integrity of the core strategies and implement them with confidence. The scenario planning process not only identified significant holes in the firm's strategic plan, it also presented compelling solutions to fill those holes.

But the process doesn't merely yield a means by which to fill gaps in existing strategy. As this firm discovered, the process also yields highly flexible 'contingent' strategies -- or those that test well in some, but not all, scenarios -- that could be deployed on an as-needed basis as emerging industry conditions warrant. The contingent strategies proposed innovative solutions that would likely have been overlooked had more traditional, single-point forecasting planning methods, been used. In other words, the scenario planning process resulted in a 'playbook' that senior management could refer to as market conditions continued to evolve. And because the firm linked its contingent strategies to emerging scenario conditions through an early warning framework, management knew just what to look out for, when to act, and exactly what to do.

In a nutshell, scenario planning can yield a "future-proof" toolkit for managing customer, competitor, regulatory, and consumer uncertainty. The future surely isn't what it used to be, but scenario planning can help any organization prepare for whatever the future becomes.

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