



**Crystal Ball Gazing or Strategic Thinking:
what is this Futures thing all about anyway?**

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Abstract

The stereotypical response to thinking about the future is the crystal ball, and we all know how reliable they are as strategy development tools!

Strategy is all about the future. It is about deciding on, and then mapping a path to a preferred future as well as preparing an organisation to deal with challenge of uncertainty inherent in the future. Thinking about the future systematically is therefore critical, but how do you do it?

It is because the future is so uncertain, and because crystal balls do not work, that strategy development needs to incorporate ways of preparing for uncertainty, rather than relying on extrapolating from the present to devise strategy. Futures approaches strengthen strategic thinking by building on our knowledge about the past and the present to develop wise, strong and sustainable strategy for the future.

Futures approaches eliminate crystal balls, and provide a systematic and information rich approach to enhance strategy development. Futures approaches use a wide range of both quantitative and qualitative data and, most importantly, integrate working with people to interpret that data for a particular context as a critical element in strategy development. Futures work involves strengthening strategic thinking and judgement about what factors might have an impact on an organisation in the future, and then thinking about how to respond to those factors. It is not about crystal ball gazing, and it is not about prediction, both of which hold little value in strategy development.

This paper provides an overview of futures work, introduces core methods such as environmental scanning, emerging issues analysis and scenario planning, and discusses how futures can be used to strengthen strategy development and the underpinning strategic thinking in organisations.

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Introduction

The first thing we often think about when we hear the word 'future' is a crystal ball. Because the future is uncertain and cannot be predicted, the idea of a device that will let us see into the future with any certainty is appealing, but ultimately misguided. A crystal ball provides certainty in an uncertain world, without much thinking effort. But, like most things that offer immediate benefit without effort, forecasts and predictions about the future are unlikely to provide the depth of understanding that is required to develop sustainable and strong strategy.

Since the future is inherently uncertain, there is no 'quick fix' strategy that will achieve immediate positive outcomes for an organisation, except by luck. Developing futures ready strategy - flexible strategy that positions your organisation to respond quickly and effectively to the challenges and uncertainties of the future - requires hard work and effort sustained on a continuing basis over time. An organisation cannot develop futures ready strategy, however, unless it is first open to the idea of using futures approaches as part of its strategy development toolkit.

In today's organisations, talking about the 'value-add' of exploring the future to inform strategy development is not straight forward. The future is an amorphous term that can mean tomorrow, five years or 50 years time. There are no future facts as we know them today, so we cannot 'know' the future in the same way that we know about the past and the present. Our understanding of the future is based on ideas and images, which hold little apparent value for managers in today's organisations obsessed with data-driven decision making, and which risk taking them outside their knowledge 'comfort zones'. Dismissing the future simply because it is not 'knowable' in the conventional sense of the term, however, is short-sighted and generates potential strategic risks that will, unfortunately, only be visible in hindsight.

A significant impediment to using futures work in strategy development processes in our western organisations is the strength of current worldviews about both how strategy should be developed, and the nature and scope of the thinking that should underpin that strategy. Since there are no future facts, and since the future is uncertain, it is easy to dismiss it as not needing to be understood. Indeed, such a perspective is often held by chief executive officers who believe their thinking about the future is sufficient for their organisational processes. In relatively stable environments, this approach is satisfactory, since change is slow and can be responded to as it happens. In the current rapid and complex change environment in which organisations exist today, however, spending time to understand how the future might emerge is a pre-requisite for developing strong strategy that will be robust enough to deal with that future.

A related impediment to the acceptance of futures approaches as a way to strengthen strategy development is that many people working in organisations do not like to admit that they are uncertain about anything. This is particularly true for managers who are paid not to admit uncertainty about the future, but to get tangible results today. This fear of uncertainty results in scepticism which is not necessarily unhealthy in itself, but which can lead to closed minds and the dismissal of anything that does not 'fit' the patterns of current conventional thinking and perceived wisdom. The use of terms such as 'futurology' and the often derogatory mention of crystal balls suggests minds still closed to the advantages of opening up strategy development to the future.

This paper provides a theoretical overview of futures work in the context of its value for strengthening strategic thinking in order to enhance strategic decision making. The paper then provides a practical outline of how to use futures approaches in organisations, and details of indicative case studies in the use of futures approaches. While the paper focuses on using futures approaches to enhance organisational strategy development processes, a wise reader will be able to discern how futures approaches can be used at any level of an organisation to improve the quality of day-to-day decision making.

Definitions

There are three major terms that need to be defined when writing about futures work.

The first, **futures**, refers to the broad academic and professional field now developing globally, which is multi-disciplinary and inclusive in its approach.

The second, **futurists**, refers to those people who work in futures, either as academics, consultants (outside organisations) or as practitioners within organisations.

The third is **foresight**, which is the innate individual capacity we all have to think about the future. In an organisational sense, this individual capacity is translated to **strategic foresight** which is the ability of an organisation to systematically explore its future to inform decision making today. Foresight is a capacity that needs to be made overt, and that we need to develop as individuals, as organisations and governments, and as societies.

Futures Work and Strategy

In a strategy sense, futures work enhances strategic thinking so that decision making about futures directions is better informed and results in stronger and more sustainable strategy. As Conway and Voros (1) suggest, futures work in an organisational context is:

... meant to open up an expanded range of perceptions of the strategic options available, so that strategy making is potential wiser. Strategic thinking is concerned with exploration, often based on limited and patchy information and options, not the steps needed for implementation of actions, which is the realm of strategic planning.

Liedtka (2) suggests that strategic thinking is intuitive, experimental and necessarily disruptive, and attempts to explore areas beyond logical thinking in order to develop a vision of an organisation's future. Because information about potential futures is always incomplete, the thinking required for success in this activity needs to be 'synthetical' and inductive, rather than analytical and deductive. It is about identifying options to inform strategic decision making. It is not strategic planning, which is about documenting strategic directions and action to take to achieve those directions.

Figure 1 shows the relationship between these three elements of the strategy process.

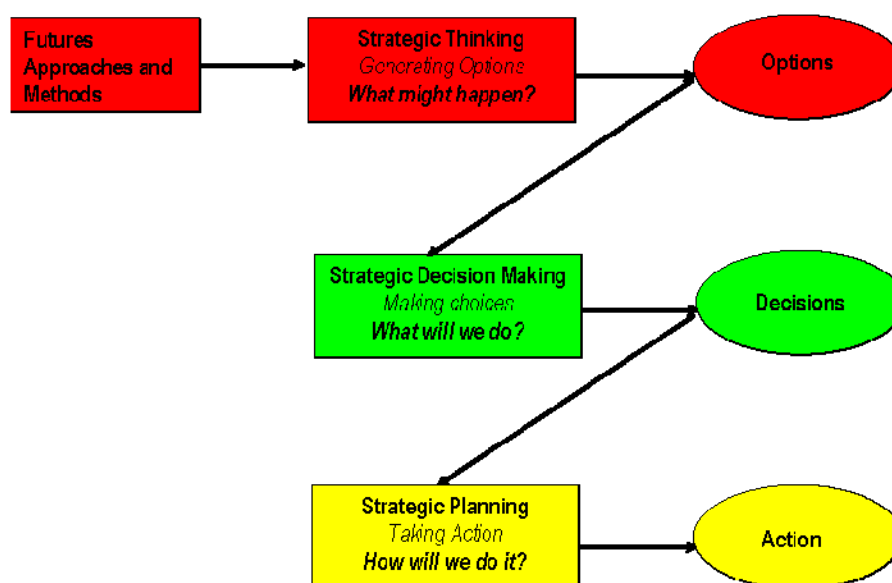


Figure 1: Three Level Strategy Development Process

These three levels overlap and are interrelated, but each requires its own approach and methods. *Strategic thinking* is about exploring possibilities and options. *Strategic decision making* is the interface between strategic thinking and planning, where directions are set. At this stage, options are assessed, choices examined, decisions made and a destination selected. *Strategic planning* is about documenting, implementing and monitoring actions. Successful strategy needs all three stages. As Wilson (3) writes, 'there is little to be gained from developing a plan per se. There is everything to be gained from the thinking that lies behind the plan--and the action that follows it'.

Core Elements of Futures Work

There are many approaches to futures work, but the following list distils the core elements that underpin any credible futures approach.

- 1 **The Futures Imperative.** Futures work is driven by the imperative to make wise decisions today to ensure a sustainable future. Recognition of our collective responsibility for future generations underpins futures work, since every decision we make today, as individuals or organisations, **will** have an impact downstream into their future world.
- 2 **Futures Principles.** There is always more than one future. The future can be influenced. The future is neither pre-determined nor predictable so we have alternatives and choices, and there are consequences of those choices today for future generations.
- 3 **Depth.** There are layers of depth in futures work. Credible and professional futures work seeks to move beyond the litany of conventional thinking and ways of knowing to explore systemic drivers of such thinking, and deeper still to uncover the mental models and worldviews that create and sustain that thinking. Having explored deeply, effective futures work then re-builds the new understandings to create stronger and shared strategy for the future.
- 4 **Broad and Deep Information Sources.** Futures work seeks to use a wide range of information sources, both qualitative and quantitative. It looks for information in the mainstream, in trends and in emerging issues at the periphery. Qualitative information includes information gained from engaging directly with staff in an organisation.
- 5 **Participation.** Futures work recognises the innate ability of every individual to think about, and plan for the future. All staff in an organisation therefore have the ability to think strategically, if given the opportunity to participate in strategy processes. Futures work seeks to provide a voice for staff and their views, hopes, dreams and fears about organisational futures.
- 6 **Time.** The past, present and the future are given equal weight in futures work and push, pull and constrain our thinking in strategy development. These three dimensions are inextricably linked, and cannot be separated out in strategy. Since most strategy processes today only pay lip-service to the future, the challenge for effective futures work is to build new processes to re-integrate this 'missing dimension' into strategy development.

Futures Methods

It is now relatively simple to find books and papers on futures methods, especially some of the more popular approaches such as scenario planning. One of the biggest dangers, however, is to use a futures method on its own, as an ad hoc intervention in a strategy process. Unless futures approaches are grounded in a clear understanding of their potential and limitations as tools to think about the future, two things may happen. One is that a group undertakes a once-off exercise that is fun and provides a diversion from day-to-day work. There is no link, however, with that day-to-day work and required outcomes, so the value of thinking creatively is quickly forgotten.

The second and related effect is that a group may consider their futures exercise a waste of time, and a failure because it did not link directly with day-to-day work and decision making. The risk here is that those people will never again open their minds to a futures approach.

The Generic Foresight Process (GFP), developed by Dr Joseph Voros (4) and shown in Figure 2, provides a framework for approaching the use of futures methods in organisational strategy development. The GFP is composed of a series of levels of activities and core questions.

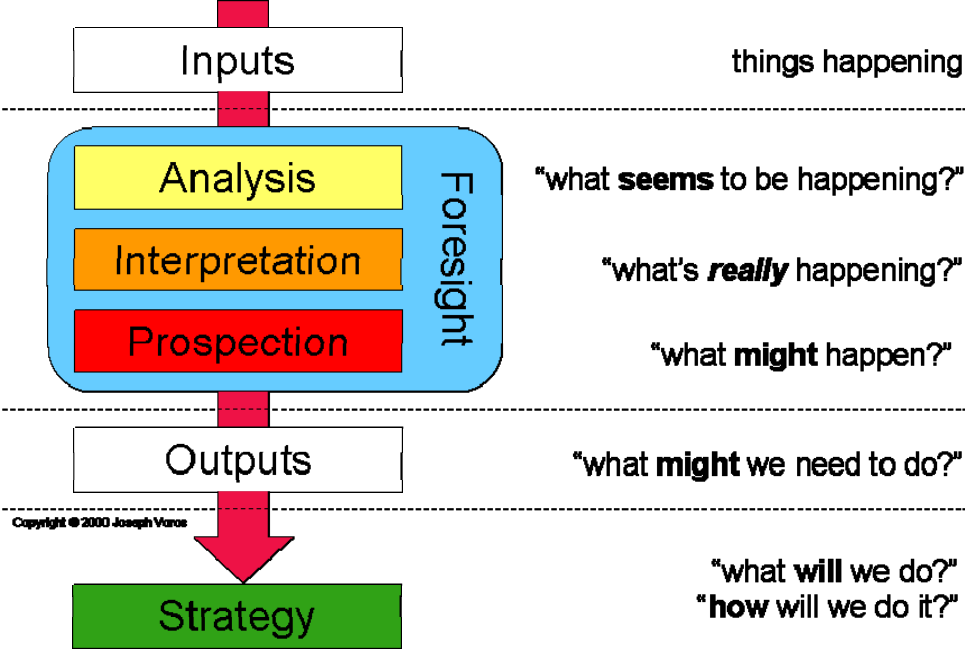


Figure 2: The Generic Foresight Process

The GFP demonstrates the need to build a foresight capacity by progressively building on the depth and quality of information available to an organisation. Starting with **input** methods to identify events in the external world, the model moves to **analysing** and categorising the data obtained at the input stage to be able to present it to managers and staff in an organisation. Managers and staff then **interpret** that information to make sense of it for their organisation and to begin to create a shared view of its strategic options. Much current strategic thinking stops at this step, with decisions then made about which option(s) to pursue.

At this interpretation stage, however, organisations are basing their strategic decisions on information about the past and the present only. It is the **prospection** stage that adds the future into the strategic thinking equation by challenging the analysis and interpretation of previous steps through an exploration of multiple, plausible and alternative futures for the organisation. This futures view generates additional strategic options that might have been missed if the conventional thinking of the previous steps had not been challenged.

The value from using such an approach to develop strategy comes with its sustained use over time, so futures methods and approaches need to be embedded in organisational strategy and planning processes. Examples of futures methods applicable at each level of the GFP are shown in Table 1.

Table 1: Indicative Futures Methods

GFP Level	Core Questions	Indicative Methods
Input	What is happening?	Delphi Environmental Scanning
Analysis	What seems to be happening?	Emerging Issues Analysis Trend Analysis
Interpretation	What's really happening?	Systems Thinking Causal Layered Analysis
Prospection	What might we happen?	Visioning Backcasting Scenario Planning
Strategy	What will we do? How will we do it?	Strategic Planning

Two other models that strengthen futures methods are **Spiral Dynamics** (5) and **Integral Theory** (6). Providing any detailed explanation of these two models is beyond the scope of this paper, but their value for futures work lies in their holistic and inclusive approach to understanding how strategy is developed. Both take strategy to deeper levels of exploration to incorporate how and why people think in particular situations and life stages (Spiral Dynamics), and the need to ensure that strategy takes into account individual and cultural aspects as well as organisational processes and behaviour and what is happening in the world external to the organisation (Integral Theory). Both identify the need to combine understanding of what is happening 'out there' in the external world with what happens 'in here' in the internal worlds of individual worldviews and mental models.

Using Futures Approaches

The idea of systematically exploring the future still generates comments about crystal balls, accompanied by grins and smirks which largely arise because people do not know how to go about using futures approaches in organisations. An outline of how to go about using futures approaches is therefore provided in this section. Given the limitations of this paper, this outline should be viewed only as a starting point for consideration, further research and discussions within your organisation. Hines and Bishop (7) provide a more extensive and detailed roadmap for using futures approaches in organisations. Conway and Stewart (8) provide a set of benchmarks that can also be used to help design and run organisational futures programs.

Step 1: Recognition of the Value of the Future

This is the hardest step, and it will take the most time to achieve, but it can occur simultaneously with other steps. Recognition of the value of futures approaches usually requires changing the way people think about strategy and planning, and that is never an easy task. The good news is that there are many people in organisations who either 'get' the futures message, or who are open to exploring the value it might hold, and who will be allies in this process. Recognise too that because future work involves how we think about the future, implementation is a long term endeavour – it is not the quick fix weight loss cure.

Step 2: Understand your Context

Understanding the organisational context is critical to understand what will and will not work and to be able to design a practical framework. Language should be tailored to the organisation. Staff involved in futures work should be trained in the broad approaches and methods available to enable them to develop a framework that is intellectually rigorous and appropriate for the organisation's purposes. Staff involved in futures work also need to have a high level of goodwill and have established credibility in the organisation to provide the foundation for communication and engagement of other staff in futures processes. Communicating the framework to the organisation is critical to begin to develop understanding and buy-in, and needs to continue over time.

Step 3: Select Methods

The Generic Foresight Process (Figure 2) is the best framework to use to ensure a holistic and deep futures process is designed and implemented. Choose a method at each level of the framework to implement to begin to develop an information base about future trends and drivers of change relevant to your organisation. This will allow you to build a sophisticated understanding of the external environment in which your organisation operates, and the most critical trends and drivers. Over time, you will come to understand how best to use this information at the different levels of the GFP from input to strategy.

Step 4: Run Processes

Running futures processes can be undertaken by trained in-house staff or external facilitators can be used. Beware facilitators who bring with them 'off the shelf' scenarios to use as a starting point for your organisation's strategic conversations. While such scenarios may provide some input, it is staff within the organisation who need to develop scenarios for that organisation's future. Such scenarios need to use the developing understanding of the external environment and tap into staff expertise and views about how the future might emerge over time.

Step 5: Link Outcomes with Action

There is no point running futures processes unless the outcomes are used to inform decision making about actions to be taken today. This is probably the most critical element of futures work, since if staff cannot see the value of futures work for their day-to-day work, it will be easy to dismiss that work as meaningless. A significant amount of time and effort will need to be devoted to this step to ensure outcomes are communicated in ways that clearly demonstrate their value.

Step 6: Evaluate and Change

Every futures process needs to be evaluated for impact and outcomes, and adapted for subsequent offerings.

Indicative Case Studies

European governments have, since the 1990s been developing and using futures approaches to build a foresight capacity to underpin policy decisions, particularly in the areas of science and technology. The **UK government foresight program** (<http://www.foresight.gov.uk>) has operated since the early 1990s. The **European Commission** has an extensive foresight program (see, for example, <http://cordis.europa.eu/foresight/home.html>), and most recently the **European Foresight Monitoring Network** (<http://www.efmn.info>) has been established to provide a portal to foresight projects and activities around the world.

Shell Oil is the best known example of a commercial organisation that has devoted extensive time and resources to building a strategic foresight capacity. The most visible sign of this is its work on global scenarios (<http://www.shell.com/scenarios>) which provide a set of plausible global views about how the world may develop into the future. The World Business Council for Sustainable Development (<http://tinyurl.com/26cuh7>) also uses scenario planning to inform its work.

Universities have been seemingly less willing to use futures approaches in their strategy development. Some institutions have used a single method on a single occasion (for example, <http://www.utas.edu.au/academicplan/scenarios.html>), while others have run significant projects (for example, <http://www.bemidjstate.edu/scenarioplan>). Attempts to embed futures work in university strategy development are rare, and often short-lived because of their dependence on individual champions (for example, foresight and planning at Swinburne University of Technology 1990-2004). More research needs to be undertaken to explore reasons for the reluctance of universities to use futures approaches when governments and business organisations have been using a range of methods since the last quarter of the 20th century.

Benefits of Using Futures Approaches

Futures approaches strengthen strategic thinking and broaden out the perspective on available strategic options. They are participative processes, and give staff an 'authentic' voice in strategy development. Done well, futures approaches will embed longer term thinking into strategy development which will, in turn, enable a focus on what is important in the long-term rather than appears to be urgent in the short-term.

So, this futures thing is not crystal ball gazing but a way to think strategically about the future. It allows the futures imperative - *the need to make wise decisions today to ensure a sustainable future* - to be operationalised in ways that can be understood across an organisation. As well as having value for organisational strategy, it is a way of thinking that anyone can begin to explore and adopt. The only pre-requisite is an open mind and a willingness to challenge individual and organisational perceptions of current realities in ways that recognise the potential impact of our decisions today on the future.

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- 5 See <http://www.spiraldynamics.com> for more information on Spiral Dynamics.
- 6 See the website of Ken Wilber, who developed integral theory: <http://www.kenwilber.com>.
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About Thinking Futures

<http://www.thinkingfutures.net>

Thinking Futures helps people in educational organisations and professional associations to think long term, and to use that thinking to build stronger strategy today.

Strong strategy is **futures ready** - flexible strategy that readies people in organisations to respond quickly and effectively to the challenges and uncertainties of the future.

We use innovative futures approaches to bring the outside in to expand short term perspectives - by merging the latest insights about external trends and drivers of change with organisational knowledge to help people think long term. We build global thinking about the future into your local strategy to build a 'big-picture' and 'long picture' view that drives daily action.

We connect this thinking with the doing and acting today, by helping to develop meaningful strategic plans that align daily action with strategy. We increase staff ownership of plans by involving them in authentic ways in the thinking that creates the plans.

