Robust strategies in a day

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As a development from previous work on “simpler scenarios”, a format has now been devised which allows the complete scenario planning process, from start of environmental analysis to finished robust strategies, to be run in just one day. The new process revolves around four main sessions – compressed into a single day: (1) development of global scenario drivers for 2025; (2) development of “industry sector” drivers for 2010; (3) development of alternative scenarios; (4) investigation of key turning points and development of robust strategies.

Over recent years we have been progressively refining the techniques of scenario planning to make them easier to use by a wider range of managers. These developments, originally based on our work with Shell[1,2], have been reported in a number of journals[3,4]. Most recently, they have been derived from our research work on global scenarios[5] and, in particular, from our consultancy work with a range of organizations. In this latter context, the practical limitations encountered – especially those arising from the limited time available – proved to be much more demanding than the traditional process expected. Accordingly, we have now developed an even simpler approach; but one which still provides useful results in practice.

More specifically, we have now devised a format which allows the complete process, from start of environmental analysis to finished robust strategies, to be run in just one day. This is comparable with similar corporate planning processes in IBM, from which part of the development was derived.

It must be emphasized that, in keeping with our previous philosophy, this scenario planning should be seen as just one part of the overall corporate planning process. Indeed, in this format the outcomes are usually fed directly into the later stage of this overall process. The link between this (day) session and the overall planning is, therefore, best viewed in terms of the latter – the main process – converging on the optimal short-term strategies, where the former – this complementary process – leads to the robust strategies which will safeguard the long-term future of the organization.

Scenarios in a day

Our aim, in simplifying the process even further, was to widen its use to even less sophisticated organizations. Thus, the new process comprises just four main sessions – compressed into a single day – timetabled as follows:

9.00-9.20 Introduction to scenarios*
9.20-11.00 Development of global scenario drivers for 2025
11.00-11.15 Coffee
11.15-11.45 Discussion of results*
11.45-1.15 Development of “industry sector” drivers for 2010
1.15-2.00 Lunch
2.00-2.30 Discussion of results*
2.30-3.30 Development of alternative scenarios
3.30-3.45 Tea
3.45-4.15 Discussion of results*
4.15-5.30 Investigation of key turning points and development of robust strategies
5.30-6.00 Discussion of results – and agreement on strategies*

* plenary sessions

Participants and domestic arrangements

Our previous papers have described “single” group sessions; covering six to eight participants from the corporate planning function only. One major change, therefore, is the number and range of participants involved. The new planning process may only last a day but it takes in senior managers from across the whole organization; ideally including all those who will have to implement strategy. In addition, some organizations also choose to include representatives from their key...
customers. The result is that something between 20 and 30 senior managers and board members attend the day.

As a result, it is necessary to run three to four groups (of six to eight members each) in parallel, to handle the 20-30 managers involved overall. The groups are chosen by the organization, usually mixing them on the basis of getting managers from the different sides of the business to meet each other – and, as well as fostering building of relationships across the organization (an important secondary outcome), this approach also seems to provide the most stimulating format for the groups.

The basic space requirement, thus, is for a large conference room which can accommodate around 30 people seated round a conference table – but with space, behind the chairs, to work in the separate groups. In view of the techniques used, the room should have at least four walls with clear access to eight feet or more of a surface which will take 3M Post-it Notes (most walls do, but not all). Ideally, this should be supported by four separate seminar rooms. The groups work best, as we will see later, in the main conference room – as they are initially learning the scenario processes when they need the immediate support of a trained facilitator – but, later, in seminar rooms as they switch to more traditional meeting mode.

As we would always recommend for such high-level planning meetings, the conference room environment must be isolated from all outside interruptions. A hotel is the usual venue; preferably one which specializes in conference activities.

First session. Development of global scenario drivers for 2025

The first stage (“deciding the drivers for change”) of our normal scenario forecasting is to examine the results of the prior environmental analysis to determine which are the most important factors that will decide the nature of the future environment within which the organization operates. These factors are sometimes called “variables” (because they will vary over the time being investigated). We tend to prefer the term “drivers” (for change), since this terminology is not laden with quasi-scientific connotations and reinforces the participants’ commitment to search for those forces which will act to change the future.

In the case of this new process there is no prior analysis, since most of the members of the groups come fresh to it. On the other hand, they should all have been exposed to a wide range of analytical inputs as part of their day-to-day work; and this knowledge should prove quite sufficient for them to engage productively in the debate – and for them to produce meaningful results.

In any case, perhaps the most difficult aspect is freeing the participants from the preconceptions they take into the process with them. Due to the disparate backgrounds of the participants, typically covering functions across the whole organizations, this is not usually a problem for groups in the new process. Equally, and more fundamentally, the requirement that they look 30 years into the future creates few objections; and poses remarkably few problems in practice, possibly because the pace of the day is such that the participants simply do not have time to develop any objections!

Global scenarios

One aspect of the process which may seem especially theoretical is the subject of the first session, that of scenarios covering the future of the whole world – for the next 30 years. The very positive rationale for this session, which poses no problems for the participants, is derived from our recent research work[5]. It allows participants quickly to learn the techniques by exposure to a practical example, where their “mistakes” do not matter. As such it significantly reduces stress levels. It puts all participants on an equal footing. The “experts”, who might otherwise dominate the overall process, hold no particular expertise here – so hierarchies are avoided. Most important, though, it establishes the widest possible perspective as the context for the rest of the day.

Accordingly, this first session is one key to the success of the new approach.

Group session format

The simple technique we have come to recommend for general usage in scenario forecasting is based on the now almost universal availability of Post-it Notes. It is a very simple technique which is especially useful at this, first stage, but we now also use it more generally for handling all scenario planning debates; and it may be used to support any form of planning process. In line with our objectives of simplicity and ease-of-use, it requires only a conference room, as specified, with the requisite number of bare walls and copious supplies of Post-it Notes.

The six to eight people taking part in each group are simply asked to congregate in front of their “wall” and, at the start of the first scenario session, participants are deliberately given a very short briefing – with the bare minimum of information. In essence,
apart from introducing the basic principles of using Post-it Notes as the vehicle for discussion (and record), little more is said than “We want you to describe the future of the world in 30 years’ time”. In practice this proves quite sufficient for the participants to then engage in free-form debate. Most teams are producing a flow of relevant ideas within five minutes and none takes more than ten minutes to become fully involved in the debate.

The “drivers” for (global) change they identify are written, with a thick magic marker so they can be read from a distance, on separate Post-it Notes. These Post-it Notes are then, at least in theory, randomly placed on the wall. In practice, we find that even at this early stage the participants wanted to cluster them in groups which seemed to make sense. The only requirement – which is why Post-it Notes are ideal for this approach – is that there is no bar to taking them off again and moving them to a new cluster.

As in any form of brainstorming, the initial ideas typically stimulate others and everyone is encouraged to add their own Post-it Notes to those on the wall. It should be noted, however, that the technique differs from the “rigorous” form of brainstorming described in “creative thinking” texts in that it is much slower paced and the ideas are discussed immediately. In theory, ideas can be removed as not being relevant as well as being added; but in practice this rarely happens.

The result is a very powerful form of creative decision making for groups, which is applicable to a wide range of situations (but is especially powerful in this context). Most importantly, in view of the short time available for the groups to work together, it also offers a very good introduction for those who are coming to the scenario process for the first time. Since the workings are largely self-evident, participants very quickly come to understand exactly what is involved. The role of the one expert “facilitator” is, thus, to monitor the progress of each of the groups – which is why it is more efficient if they are all in the same room at this stage – and to introduce them to the next stage as they are ready for it.

Thus, as the initial flow of ideas slows down, participants are introduced to the idea of selecting the most important variables, though in practice many of the groups move to this stage of their own volition. Thus, this step is also one of selection – since only the most important factors will justify a place in the scenarios. The 80:20 rule here means that, at the end of the process, management’s attention must be concentrated on a limited number of the most important issues.

Bring drivers together into clusters

The next step, in our “simpler scenarios”, was to link these drivers together to provide a meaningful framework. This is usually the most (conceptually) difficult step. It is where managers’ “intuition” – their ability to make sense of complex patterns of “soft” data which more rigorous analysis would be unable to handle – plays an important role.

In our new process we have simplified matters by including it as just one part of the first session and removing the more esoteric terminology. We now ask participants, as they reach this stage in their work, only to cluster together those drivers which seem to share common features or to relate to each other.

At this stage, therefore, participants are asked to try and arrange the drivers which have emerged into groups which seem to make sense to them. Initially there will be many such small groups. The intention is gradually to merge these to lead into the creation of the six to eight larger groupings: the clusters or mini-scenarios; although, in the case of the first session, the (global) scope means that rather more groups may initially be identified. This is where the Post-it Notes are almost essential – they will continue to stick no matter how many times they are moved around. While this process is taking place the participants continue to add new topics, and more Post-it Notes are added to the wall. In the opposite direction, the few unimportant ones are removed.

As the clusters – the mini-scenarios – start to emerge, the associated Post-it Notes can be stuck to each other rather than individually to the wall, which made it easier to move whole clusters around. The great benefit of using Post-it Notes is that there is no bar to changing your mind. If you want to rearrange the groups, or simply to go back (iterate) to an earlier stage, then you strip them off and put them in their new position.

It is important that the groups are informal, and each person should feel that they “own” the wall. There should be no chairperson! The only “official” should be the person who documents the outcomes (on flipcharts or acetates) for the plenary session which follows; and even this role should rotate between members.

Discussion of (first session) results

Each group session, throughout the day (except the last), is followed by a coffee/lunch/tea session where the informal debate is just as important as that in the formal sessions. These are then followed by a plenary meeting at which the conclusions of the individual groups are reported and
Second session. Development of “industry sector” drivers for 2010

The second session is, in effect, a repeat of the first, except that the question is focused on the industry sector within which the organization operates (not of the whole world) and the timescale is halved, to 15 years. Even so, in order to maintain the wider and long-term perspective, the participants are instructed to start with the relevant drivers which they have discovered in the first session. They are, however, allowed to introduce new drivers, specific to their sector. Indeed, as the day progresses, the groups typically move away from purely global factors towards ones which are specific to their industry.

Once more, this session is followed by a plenary – this time after lunch (which allows more time for the most important informal debate) – at which group results are reported and a new consensus developed.

Third session. Development of alternative scenarios

This is the first session where the scenario process diverges significantly from that which we have previously recommended. In the classical approach the main action is to reduce the seven to nine clusters (or mini-scenarios) detected at the previous stage to two larger scenarios we now recommend. This is a bottom-up approach which takes considerable amounts of time; it can iterate over a number of weeks. Here, however, we have just one hour, following immediately on the surfacing of the drivers themselves (and the clusters into which they can be fitted). Accordingly, a very different approach is necessary, and a top-down framework is used instead.

Thus, the group members are, in the first instance, encouraged to find a theme – and in particular a title – for each of the two scenarios. These themes should, as far as possible, encapsulate the main trends which have been unearthed. We have found it best to talk about the “flavour” of the future for their industry. They then allocate, again as far as possible, the clusters (or mini-scenarios) to each of these alternative scenarios (themes). The end result is something which looks very like a conventional scenario, and (within the context of being just one of the tools of overall planning) works well as such, but has been arrived at by a much simpler route (and is, accordingly, that much less rich in its connotations).

Our experience is that, during this session (and reflecting the change in style), the groups tend to switch from using Post-it Notes to flipcharts.

Discussion of third session results

We have generally found that this plenary session is the most enlightening of the day. It is where, in particular, the hidden assumptions of the participants – and those implicit in the organization’s strategy – are surfaced and challenged. As a result, at times it can seem to be a very fraught session. On the other hand, precisely because it does surface hidden tensions between the various participants, it is often the most productive.

Investigation of key turning points and development of robust strategies

The final stage of the conventional process is to examine these scenarios to determine what are the most critical outcomes: the “branching points” relating to the “issues” which will have the greatest impact (potentially generating “crises”) on the future of the organization. These should, once more, emerge at the end of an extensive (iterative) process. Here we have barely one and a half hours, at the end of a long day, in which we also have to generate the strategies to address these key turning-points! One major advantage, however, is that the 20-30 key decision makers are present, and they are already converging on much the same pattern of future developments. Under these circumstances, the tight timescale proves not to be a problem (as we feared) but a challenge which rapidly generates the required outcomes; and there is no time for the rancorous differences, which often beset such decision making, to emerge. In any case, it should be remembered that the aim is to develop robust strategies which complement the main strategy process.

The turning-points tend to emerge relatively quickly, since there has usually been debate about them in the previous sessions. Thus, the “robust strategies” are typically the focus of the session – and this part of the work should be encouraged, since it is important for all involved that the day ends with positive actions (or at least positive – strategic – decisions). In our experience, this session is
likely to be conducted much more as a conventional management meeting; albeit one in which there is much better understanding between the participants. Hence, the advantage at this time of the separate seminar rooms; though groups without these find their own private areas, usually in the corner of the hotel bar! Once more, the outcomes are summarized on flipcharts or acetates.

The final plenary session, which follows, is usually much less tense than the previous one. There is typically a significant convergence of views. More important, perhaps, this becomes a very positive session – a fitting climax to the day – as the groups positively agree on robust strategies to address the future dangers.

**Conclusion**

Clearly, the most important – immediate – outcomes are the identification of the alternative futures (and facing up to the uncertainty these imply) and developing the robust strategies to address these (as a complement to the optimal short-term strategies).

As a footnote, the robust strategies which emerge seem to most commonly revolve around the organization’s investment in its marketing position. It is traditionally expected that the really long-term decisions are about the technology, but the indications are that the most robust strategies of all are those which focus on the relationship between the organization and its customers. In essence, this “goodwill” provides the breathing space necessary for the organization to develop its responses to any unexpected challenges it might face.

One especially important outcome of the overall process is, however, the value of the communication process itself. The process of working under pressure (and without any hierarchical framework) in the close-knit groups very quickly consolidates relationships between participants from different parts of the organization, and with customers, where these are included. In particular, the underlying tensions are surfaced, and positively addressed. As a result, what often starts as body of managers fearful about what the future might hold usually finishes with a very optimistic one. This is, not least, because the managers’ fears have been answered. Accordingly, the overall process turns out to be one which is highly motivational. Indeed, a number of participants have stated that this may be the main benefit – outweighing, even, the benefits of positively addressing the uncertainties lying ahead.

**References**


**Application question**

1. Run some or all of the scenario sessions as described. Adapt the system based on your experience.