

LOOKING AT THE FUTURE BACKWARDS

WILL STRATEGIES THAT ARE RIGHT TODAY BE WRONG TOMORROW?

“Life can only be understood backward, but it must be lived forward.”

- Soren Kierkegaard – father of modern existentialism

Have your current business strategies become irrelevant? How many people in your enterprise really pay attention to the purpose and objectives of your strategies? How many understand where you're going and when you need to get there? How many are clear about how the enterprise will compete when you get there and what new capabilities will be needed?

Do your strategies and plans seem to become irrelevant even before you begin executing them? Based on behaviors and challenges of many organizations, it appears that many people and many organizations are struggling with this issue.



BUSINESS MODELS VS. BUSINESS PLANS

Increasingly, what used to be considered *business strategies* have morphed into short-term *business plans* that are limited in both scope and energy. Strategies have turned into financial statements that serve as performance roadmaps rather than competitive manifestos. They're strategies that have been reduced to lists of ongoing and incremental technology, product, marketing, and sales tactics (written in even shorter bullet-point formats for efficiency's sake). These strategies are primarily focused on achieving stated financial objectives rather than establishing how and where the enterprise will compete.

As a result of the narrowing of strategic thought and the constant, rapid change being experienced across nearly all industries, a new legion of even shorter-term, transaction-focused, reactive people and organizations has emerged. They're trying harder and harder to complete their lists faster and faster. What other choice do they have?

Instead of falling into these same patterns, let's regroup and go back to the definition of what a business strategy is. We believe that an effective business strategy generates the fundamental energy that drives all the crucial performance aspects of the enterprise:

- It defines *where your business is going* over time, and *why*.
- It acts as the beacon for where you want to be, *how you will get there*, and *when*.
- It declares *how you will deliver value* to the marketplace and *how you will compete*.
- It provides a focus and a *framework for making decisions* and setting directions.

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But if the current and future business environment is in a constant and rapid state of flux, what's the chance that strategies will be successful? How can we apply our understanding of the past to prepare for the future? How is it possible to "live" (compete successfully) in the future when we're confronted with mind-bending surprises every other day?

BUSINESS MODELS AND RISKS

"Concentrate on taking care of today's performance and tomorrow will take care of itself," may be the theory of today's bottom line mentality, but it carries very heavy long-term survival risks. The business graveyard is littered with organizations that have followed this short-term mantra.

In organizations where finance-based planning hasn't totally replaced business strategies, the tying of aggressive financial performance plans to the concept of a uniquely competitive "business model" has all but doomed the value of developing long-term strategies. Business models have emerged as the drivers of competitive performance, with their structure, operation, and function becoming crucial to business. They provide the framework, relationships, and processes that are necessary to make the decisions, create the value, and deliver the goods that achieve the desired performance objectives set by the business strategy.

Business models, however, face the same issues as business strategies. In what future will your business model falter? Will it be your competitive advantage or disadvantage? In which possible futures could your model end up becoming a weak anachronism?

HOW TO DEAL WITH THE UNCERTAIN FUTURE

What other ways exist to handle these issues? Some leaders study historical trends with the hope of anticipating the next game-changing shift. Some follow a "take what the market gives you" approach and eventually take a hit. Some fashion themselves as visionary futurists who believe they can see how the future's transfiguring events will unfold, but then the future doesn't cooperate. Others systematically analyze past and present conditions to arrive at a logical, "most-likely" future that does not occur in the manner they describe and then, "most-likely" puts them in jeopardy. Still others throw up their hands in a "what can I do about it?" pose and believe that their best bet is to just keep doing stuff.

SWOT IT

There's something everyone likes to do to generate strategic thinking. How about conducting a SWOT analysis? It's one of the most popular business analysis techniques of strategists, facilitators, consultants and business leaders alike for helping organizations understand their situation and set direction.

Everyone likes opinions, especially their own. Everyone likes to think and talk and expound on strengths, weakness, opportunities and threats – especially the threats and weaknesses. But what's a common result of SWOT exercises? From what we've seen, mostly nothing – it's a useless effort. SWOT exercises often border on the insipid *unless* they're conducted and developed within the context of the conditions of a particular business environment. To effectively identify and catalog the Strengths, Weaknesses, Opportunities, and Threats of an enterprise or organization, let alone how to take advantage of some and mitigate others, you must establish a business context to play your organization's SWOT against.



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What do we suggest you do? Take a “*Future Scene*” approach. Future Scenes are future business scenarios that are easy to describe and document. They are practical in their detail yet imagination-driven. They might define a radical shift that could force an organization to completely change direction. Or they might imply a small, almost imperceptible change that might eventually put an entire growth strategy at risk.

There are many different futures that are possible for you and your situation a year from now...two years...five years. You don't have to be a futurist to see them. You don't have to always be thinking out of the box. You don't have to be considered an expert in your field. It doesn't always have to be about something earth shattering. It could be below the surface. And you don't have to choose or settle on one future. In fact, you should keep multiple futures in front of you at all times.

CONSTRUCT FUTURE SCENES

How do *Future Scenes* work? They are simple. It doesn't matter whether your organization is 10 people or 10,000. You bring together knowledgeable and experienced leaders who use their collective expertise and imagination to describe different *possible* futures. The more futures they can imagine and the more different those futures are, the better. If they can imagine it, it can happen!

Next, your group of leaders leaps ahead (figuratively) to each future as if it is the reality and imagines they are already there. The details of each possible *Future Scene* are described in terms of its enabling conditions, the competitive situations that are occurring, and the forces that are driving them. Finally, from the vantage point of “being in” each scenario, the group looks back to the present and imagines the sequence of events that must have occurred and the time they would have had to occur to make the *Future Scene* a reality. Imagine ten mutually exclusive *Future Scenes*; then shrink that list down to the five that you believe are the most probable for the situation.

Finally, the group asks itself: what are the commonalities between the chosen futures? What is the probability that one *Future Scene* will occur over the others? And, most importantly, is your organization better positioned or more prepared to deal with one particular *Future Scene* than with another? These questions make the strategic situation even more complex, but that's the way it's supposed to be. If speculating and imagining and capitalizing on the future were simple and strategy decisions were easy, then competition and opportunity would be non-existent.

A RANGE OF FUTURES

Future Scenes are not predictions. They are imagined and simply represent possibilities that could emerge, the type of the forces that would probably be involved if so, and how they might interact to produce the business scenario. The more scenarios you consider, the more effectively you can prepare for the unknowns. The wider the range of possible futures for which you are prepared, the wider your competitive boundaries become.

After you have constructed multiple *Future Scenes*, it is easy to compare them. Their commonalities help you determine what crucial new capabilities you should begin building now to position and prepare you for the future—without the risk of making the wrong bet.

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Thus, the range of your *Future Scenes* is critical to the competitive power of your future business strategies, the structure of your business model, and the risks that come with them. As the future gets closer, you will be ready to quickly take advantage of the *Future Scene* that ultimately emerges.

Future Scenes give you the ability to prepare in advance for what you might be forced to confront tomorrow, to anticipate futures that might be unfolding before they become the reality, and to pre-empt your competitors in seizing new opportunities or avoiding risks. With simple steps to follow and a common method for formatting each scenario, *Future Scenes* makes it easy to build and compare many different scenarios.

APPLY FUTURE SCENES

Once you develop a Range of Future Scenes, how can you use them for their greatest impact? The possibilities are almost endless. You can:

- Develop new strategies, new business models, and begin taking immediate action to position your organization for success—whatever the future.
- Play your current strategies against future scenarios to see if they make sense. Determine the capability gaps that might occur.
- Conduct a SWOT analysis of your current organization.
- Re-work current strategies and business models to take advantage of situations that competitors may not see.
- Continuously monitor current events to determine if they fit into the path of events that might lead to a specific scenario(s). Awareness can quickly turn into anticipation.

Your range of Future Scenes—including the new models that describe them and their connections back to today—should help you frame all your strategic choices. By engaging your colleagues in imaging the possible *Future Scenes*, you are already building alignment to a common purpose, even as the “real” future remains uncertain.

PREPARE FOR MANY FUTURES

If you stepped back and looked at all the possible Future Scenes, decided that **only one** of those futures would emerge, developed a specific strategy for only that future, ensured that the strategy was clear and concise, and executed the strategy with precision, the results for your organization could still be disastrous. In contrast, if you develop your strategies and begin building new capabilities that prepare you for the widest possible set of futures, you will increase your chances of success and reduced your future risk. Maybe building alliances and partnerships across complementary industries helps you in all of the scenarios you created. Maybe it is obvious that you should develop a new sales management system. Or maybe your Future Scenes indicate that you should commit more resources and investment into developing a new customer service mechanism.

STRATEGY AS LIVING VISION

A dynamic business strategy is one that “lives” within your organization. It should change as events and facts unfold. But it also acts as a reference point to help you assess the probability that a future scenario will occur and anticipate the risks and opportunities it presents.

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Future Scenes could mean the difference between being ready for the future or being wrong for it. If you can image a future and “look backward” from it to understand how it might have evolved, you are much better prepared to “live forward” into the future with confidence.