

Scenarios and Strategy

On the value of separation

If you do a search on the web for “plan*”, you will receive about 40 million pages. Planning is in our genes. Mental modeling has been hardwired into our species ever since the metaphoric first troupe of primates captured their first Mammoth with a *plan*. As a species we are now somewhat more sophisticated in our use of planning for survival (though still primates), but scenarios are nevertheless still very much a part of how we think and compete.

What Is Planning? The answer used to be, *how to get from here to there*. The classic A-B plan clarified where we are – point A, where we wanted to go – point B, and how to fill the gap. Then life became more complex. Chaos theory tells us that complexity breeds unpredictability, and without predictability forecasting the future is futile. To this hue and cry has been added best-seller titles like, “End of Science” and “Out Of Control”. Reductionism may have delivered us from the Dark Ages into the new millennium, but complexity theory will be needed to get beyond this. Position B is not stationary and in our journey we are often and unavoidably blown off course, forced to make other plans. Enter scenario planning.

What is Scenario Planning? Point B becomes a goal that we accept might not be fully attainable. As Porter (1996) would argue, managers need to accept trade-offs. How we approach B must change because we cannot predict the future. So we have multiple futures in which to rehearse our bumpy ride, believing that *forewarned is forearmed*. Scenarios provide road maps into the future for the troupe to synchronize on - Fuller (1998) of The Monitor Company

speaks of the importance of such maps, to align and communicate.

And we all use scenarios “What do you think it will be like tomorrow?” In America, the popularity of the weather channels speaks to our appetite for scenarios. Scenarios are the



basis for our strategies in life – *shall I bring the umbrella or dress for sun?*

But a web search of scenario planning yields less the 5 percent of the hits for planning? Why? If scenarios are so useful, why does scenario

planning lack popularity? Why is scenario planning not universal in management? There are at least two reasons, neither being a lack of chaos in the environment. The first reason is the *word* scenario - a deceiving word so commonly used it has too many meanings. The other more substantive reason is most scenario plans unwittingly mix church and state – scenarios and strategy. The amalgam of common-interest and self-interest yields *strategy-bonded-scenarios* that must be guarded to their corporate graves, and beyond.

Divide and Conquer. The problem of binding scenarios with strategy is that scenario development necessarily becomes contained, a closed process. To be most effective, scenario development should be as inclusive and open as possible.

By liberating scenarios from strategies, scenarios can be open to precisely what is

needed – *diversity of opinion and perspective*. The genetic make-up of a scenario needs challenge in order to become viable and survive beyond derivative strategies that necessarily come and go. A good analogy from the aerospace industry is the wind tunnel. Wind tunnels provide arbitrarily specified wind and climate conditions to test aircraft designs. A good wind tunnel is the work of many experts, without knowledge of subsequent, competitive aircraft designs (strategic plans).

Another analogy that suites the biological view of business (Clippinger, 1999) is to consider scenarios as the genotype (hardware, wiring diagrams) and strategy as the phenotype (software, behavior).



How Does It Work? Scenarios are crafted in context, and this is important to keep the team on track. But once the scenarios begin to take form they come to life; *they* become the context whilst confidential information fades away. In this form, the scenario framework can be shared broadly for enrichment, challenged and refined by inclusion of factors of highest volatility and impact. Individual organizations are then free to utilize the scenario framework in the sanctuary of their private strategy chambers, to sustain competitiveness to the best of their individual abilities.

Some scenario planning methods are better designed for separation than others, but it is generally a procedural matter to create an effective separation. The relatively few

scenarios published on the Web are in separated form, but unfortunately the vast majority is not and thus remains unpublished.

Enter the Open Source Scenario. By separating scenarios from strategy, scenario development and distribution can openly engage many expert contributors. In the vernacular of open source software, there are *many more eyeballs* to find the bugs and make improvements. And like open source software, there is now building a community of interest in developing *open source scenarios* to take advantage of the separation and harness diversity.

Further Reading

- Clippinger, J. H. (1999). *The Biology of Business*. Jossey-Bass.
- Fuller, J. (1998). *Planning Is Dead, Long Live Planning*. *Across the Board*, March, 35-37
- Horgan, J. (1996). *The End of Science*. Broadway.
- Kelly, K. (1994). *Out of Control*. Addison-Wesley.
- Porter, M. (1996). *What is Strategy*. *Harvard Business Review*. November, 61-78.
- Open Source Scenarios. <http://www.opensourcescenarios.org>
- Open Source Software. See for example <http://www.opensource.org/>

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