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volume 2 number 1

**After the Scenarios, Then What?**  
**Strategic Conversation, Early Indicators, and  
the Art of Communication Scenarios**  
*Erika Gregory, Gerald Harris, and Jay Ogilvy*



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## Introduction

by Jay Ogilvy

“After the scenarios, then what?” So asks someone at some point during virtually every project in scenario planning. This report provides two parts of the answer: first, how to identify—and use—early indicators for different scenarios; second, how to communicate the value of scenarios to those who were not there for their creation.

There is a third, more elusive piece of the puzzle: the move from a set of several scenarios to a single explicit strategy. This report does not attempt to cover that important task, and for good reason. As both GBN’s Kees van der Heijden and Peter Schwartz have shown, there is no step-by-step method leading reliably from a set of scenarios to a winning strategy.

A moment’s reflection tells us why there can be no surefire tool for developing a winning strategy. If there were such an off-the-shelf formula, then we would face the Lake Wobegon paradox. Lake Wobegon is humorist Garrison Keillor’s fictional town, “where all the kids are above average.” If there were a foolproof tool for generating winning strategies, would all strategies built with that tool be guaranteed to win?

No. Risk is real. The future is uncertain. Scenarios can articulate risk, but they cannot reduce it to zero. Nor can they eliminate uncertainty. Rather than claiming to have identified a foolproof route from scenarios to strategy, we prefer to talk about the way scenarios stimulate strategic conversation.

Because strategic conversation is the largest part of GBN’s answer to the question, “After scenarios, then what?”, the other parts of the answer—early indicators and good communication—gain added significance, since early indicators and superior communication contribute to the overall quality of strategic conversation.

This report therefore serves as a supplement to essays by van der Heijden and Schwartz on strategic conversation. It shows how the strategic conversation surrounding scenarios can be enhanced. Early indicators and a range of communication tools—from kiosks and posters to role playing and improvisation—can deepen the reception of scenarios, and increase the likelihood that a set of scenarios will impact the minds of managers and improve the quality of their strategic decisions.

This report is divided into two parts:

- *Early Indicators.* GBN Principals Gerald Harris and Jay Ogilvy offer a series of examples to show how to identify early indicators for different scenarios, and how the task of identifying early indicators can serve as a tool for communicating scenarios throughout an organization.

- *Communicating Scenarios*. Drawing on her theatrical training and media background, Erika Gregory illustrates the lessons that scenarios planners can learn from the world of theater and shares her experiences with and observations of projects concerned with communicating scenarios.

## **Early Indicators**

by Gerald Harris and Jay Ogilvy

Very often, after a team has gone through the challenging (and sometimes fun) process of creating scenarios, there comes a period of euphoria that is followed by a much longer period of frustration. The euphoria generally comes because the scenarios provide some new light on the focal issue or key decision that initiated the process in the first place. More specifically, the “wind-tunneling” of the issue or decision through the scenarios surfaces some genuine new perspectives and ideas. The euphoria can also be driven by the new relationships built among the team members, and the new ideas and language created in the effort.

This euphoria may last for quite some time, but eventually it may be overshadowed by a sense of frustration. The frustration can arise when some members of the team realize that using the scenarios and their new perspectives can bring real benefits to the organization over the longer term, however, they don’t exactly know where to start in bringing these benefits about. Somehow the scenarios need to be embedded in the organization’s ongoing strategic conversation. This article will explain the role of early indicators in this process, and offer a number of guidelines, suggestions, and hints on how to identify and monitor them.

Early indicators are signs in the environment that point to the possible futures described in the scenarios. Through the scenarios, they link the outside environment to the strategic conversation within the organization.

### **Scanning vs. Monitoring**

Two basic approaches to looking for early indicators are scanning and monitoring. Scanning is like a 360-degree radar sweep that surveys the entire environment for blips that might signal new developments. Monitoring focuses on just a few degrees of the arc in order to track previously identified early indicators on a periodic basis. While you can monitor skirt lengths, a new hairstyle might show up in a scan; while you can monitor memberships in established organizations, new organizations would show up by scanning.

Determining which indicators to monitor can be part of the scenario process, as described below. Monitoring tends to be more quantifiable than scanning. For example, the growth or decline of earnings across a key segment of companies in an industry might be monitored to assess competitive conditions. Conditions that support mergers among the companies might also be monitored; within the merger process, we might follow the behavior of a critical number of companies to determine when mergers might result in oligopolistic behavior.

Effective scanning is less systematic, but it does require a sensitivity to the outside environment enhanced by full assimilation of the scenarios and their

logics. Unanticipated discoveries in basic science would show up in a scanning process, as would new social trends. In scanning processes, you know that you don't know what you are looking for. You just notice novelties as they appear. Monitoring, on the other hand, presupposes that you have already identified, as part of the scenario exercise, those early indicators that are worth tracking as advance warnings that a given scenario might be unfolding.

### **Identifying Early Indicators**

Now that we're familiar with the search methods for early indicators, how do we decide what signs to look for? Since early indicators can play such a vital role in the strategic conversation and enable a longer-term use of the scenario results, what are the practical steps that are used to identify them?

Specific ideas about future worlds are woven into scenarios. By looking for underlying assumptions, core logics, big changes, shifts, or turning points in each of the scenarios, we develop a sense of the factors that differentiate the scenarios from each other. From there, we determine the small and large signs that might relate to these major factors and ask where these critical developments might originate. Here are some possibilities:

- Competitors
- Politics
- Social attitudes
- Technological breakthroughs
- Legislation
- Economic policy
- New entrants

Another source for early indicators is generated during the scenario planning process itself: the exhaustive list of key factors and environmental forces, many of which reflect the fundamental concerns of the organization. Usually, only the two most uncertain and important factors are selected from a lengthy list to provide the basic framework (generally, but not always, a two-by-two matrix) for developing the scenarios, although all of the remaining key factors are at least partially incorporated into the scenario narratives; revisiting these key factors can be another fertile source for possible early indicators.

Like the scenario/strategy process itself, identifying and monitoring early indicators is more of an art than a mechanical procedure: it calls for creativity and imagination. There are no specific rules that guarantee an "optimal" set. To begin, here are some general guidelines that can help to identify early indicators:

- *Think upstream* of the scenarios. What are the preconditions for the unfolding of a given scenario? What precursors would warn of a shift



toward the logic of a given scenario? Pierre Wack, the originator of scenario planning at Royal Dutch/Shell, was fond of “thinking upstream” quite literally, and often used the metaphor of the River Ganges to illustrate his point. Floods were once regarded as mysterious and unexplainable—as acts of the gods. With the advent of modern communications, it took no more than a phone call from those dwelling upstream to know that a flood would follow rains in the headwaters of the Ganges. In looking for early indicators, we can look even further “upstream” for reports predicting rains in the headwaters; once they come, we know that flooding upstream will be followed even later by flooding on our shores. So monitor the weather reports for your analog of the Himalayas!

- *Identify the little signs of big changes.* Early indicators are more likely to turn up on page 14 of the newspaper than in the headlines. If it’s a headline, it’s already part of a scenario—an *obvious* indicator, not an early indicator. Nor are we looking for the obvious indices of economic activity like those published in *Business Week*. The little signs that we’re looking for are often anecdotal—the sorts of things that turn up in those New Year’s Day articles about the year ahead. The editor asks a cub reporter to interview local executives about their favorite signs of health or weakness in their industries. One might talk about counting the cars in a particular parking lot on his way home from work each night. Another might point to new titles of specialty magazines at a local newsstand.
- *Look to your customers’ customers.* In a *New York Times* interview some years ago, ARCO’s Tony Finizza, a GBN WorldView member, described a clever method he uses for identifying an early indicator of oil and gas demand in California: once a month a member of his staff calls the Department of Motor Vehicles office in Sacramento to check on net increases or decreases in motor vehicle registrations and license applications. His customers—gas stations—have their customers—car drivers. By checking with the DMV, he can anticipate gasoline demand. This is not corporate espionage: the information is not secret—but neither is it published on the leading indicators page of *Business Week*.

The scanning process, with context provided by scenarios, can bring into prominence other unusual events that may appear at first in our peripheral vision, but then graduate to the status of early indicators to be regularly monitored.

## Some Early Indicators from the Past

With the benefit of hindsight, it is possible to argue that certain signs and events of the past were early indicators. Thinking through some examples can help us see how early indicators can work.

- In the mid-1980s, power companies soliciting bids for new power generation were oversubscribed by 10 to one; that is, generative capacity was 10 times the anticipated new demand. Here was a sign, but the power companies did not know how to interpret it at the time. It turned out to indicate that electricity generation, heretofore the product of regulated monopolies, could become competitive.
- By 1992, 50 percent of new electric generation was started by nonutility generators. This was a clear indication that a technology, gas turbines, had evolved to the point that it was playing a significant part in restructuring the power industry by supporting a more dispersed and efficient electric generation system.
- By 1993, the Dell computer company had established its success in selling computers by mail order. This was a sign that computers, which had once been considered so complicated that they had to be installed by professionals, had become plug-and-play and could succeed in the home market.
- California's Proposition 13 severely restricted the ability of local governments to increase property taxes, and probably contributed to the decline of California's ranking in per capita educational expenditures from eighteenth in 1978 to forty-first in 1995. Tracking the success rate of local bond initiatives for spending on education, together with public attitudes toward education reform, could serve to monitor the likelihood of a new, leading-edge revolt against the original tax revolt represented by Proposition 13.
- In 1980, AT&T was found guilty of violating U.S. antitrust laws. The \$113 million settlement with MCI was the "handwriting on the wall." The ensuing divestiture, which resulted in 22 local operating companies, opened the telecommunications marketplace to competition.
- Features that originally appeared on high-end vehicles (e.g., air bags on Mercedes Benz automobiles) eventually became standard features on nearly all vehicles. Extending this pattern, we could say that today's luxury products may be tomorrow's mass-market items.

## Places to Look for Early Indicators

- *Patent applications* can indicate levels of interest in new technologies.
- Rising and falling *subscription rates* for specialty publications can demonstrate corresponding levels of interest in associated products and services.
- The actions of *standards-setting bodies* can foreshadow the success or failure of different products. In pagers and cellular telephones, for example, the rising and falling rates of adoption of TDMA, CDMA, and GSM standards have had an impact on companies like Motorola, Ericsson, and Nokia.
- Track *literacy rates* in the developing world as an indicator of future economic activity.
- Watch *product placements* in movies. The opening scene in *The China Syndrome* (1979) offered an introduction to the home phone answering machine. The futuristic *Invasion of the Body Snatchers* (1956) showed people walking around listening to music on their own private headphones, long before the advent of the Sony Walkman.
- Track rising and falling levels of *postgraduate degrees* as signs of vitality in different fields of research.
- Observe high-level *executive relocations*. When Kodak announced that it had relocated its chief operating officer from Rochester to Hong Kong, it sent a clear signal that Kodak intended to increase its activities in Asian markets.
- Look at the interactions between *immigration flows* and *unemployment rates* as indications of the economic health and vitality of different national markets.
- Read the *wanted ads*, especially if you are well employed, as an indicator of how the world looks to those who are unlike you.
- Don't just look at housing starts—an obvious indicator. For an earlier indicator look at the *book-to-bill* ratio for architects.

### **Early Indicators of a Scenario: The Future of Global Electricity**

One of the future worlds that emerged during a 1994 GBN collaborative study of the future of the electric industry was called The Tidal Wave. This was a world of global energy empires, where these groups cater to a fairly stable consumer demand in a global marketplace. One of the main ideas of the narrative was the emergence of a new industry structure that integrated electric generation (by acquisition from incumbent holders and new investment) with major fuel suppliers or engineering and construction firms.

*An obvious indicator of this changing structure would be various kinds of mergers and acquisitions involving companies in the electric utilities industry. Would players merge with each other, or would they join up with companies outside the industry?*

*In fact, signs that this scenario might be developing are appearing regularly. Shell has been carrying out its intention to build up a significant position in world electricity markets not only by developing a global electricity business from its gas and coal reserves, but by its purchase of USGen facilities from the Bechtel-PG&E venture. Other oil and gas companies are building new generation in fast-growing markets in Asia. Enron Corporation is integrating forward by acquiring Portland General Electric Co. These behemoth-sized companies gain a considerable advantage by controlling the entire "pipeline," from the energy reserves through to the generation of electricity. This forward integration of oil and gas companies signals the formation of a new structure and could also be a portent of The Tidal Wave scenario.*

### **Caveats and Concerns**

No process involving sensitivity to change in the world can be carried out mechanically. Here are some ways to avoid problems that might arise from an overly mechanical approach:

- Don't get stuck in the "cause and effect trap"—arguing about whether particular events can really cause certain changes. You are not looking for an airtight cause-and-effect relationship. It is enough to find strong or supporting influences.
- Follow your hunches and pay attention to those events that seem important, but don't yet follow a pattern.
- Don't abandon the scanning process too soon. Single events without a context cannot stand alone as early indicators, just as directions without a reference point have no meaning. A sufficient number of early indicators need to surface to suggest plausibly that a particular world is unfolding.
- Don't be content once you have spotted a few indicators. Be alert to other emerging trends that could alter the initial assessment of the environment.
- Remain engaged in the scanning process; pay attention to what is happening in the surroundings while looking ahead.
- In looking specifically at organizations, remember that they are human institutions. How they react to events may depend on their history and point of view. Their interpretation depends on how the organizations define themselves. Change in an organization is dependent on the leader. A young leader may be more willing to implement change than an older leader.

## Early Indicators, Scenarios, and the Strategic Conversation

For the identification of early indicators to work, it must be integrated into the strategic conversation. It is important to create a dedicated process for scanning and monitoring the environment, gathering relevant information, and sharing it on a regular basis with an identified group, much as the California Teachers Association (CTA) and SENCO, a building products company, have done (see box: “Early Indicators in Practice”).

It may prove practical to organize subgroups for scanning around:

- Individual scenarios
- Subject areas
- Functional departments in the organization

Aside from assuring that the organization functions properly, you should also be aware of who you are, and how your viewpoint or historical position may influence how you interpret early indicators. Keep in mind:

- Your definition of “self”—what Kees van der Heijden calls the “business idea”
- Your values—what you *want to see* as distinct from *what you need to see*
- The potential or expected impact on your interests
- Your bias toward taking action
- Your assessment of the central actors in the events

While early indicators can serve a number of different purposes, it’s worth distinguishing two quite distinct areas where they can be most useful. One lies in the use of early indicators for the adoption of different strategies; the other lies in the broad communication of scenarios throughout an organization as part of its strategic conversation.

### Early Indicators and Strategy

Once a set of scenarios has been created and first-level implications for the focus issue have been discovered, then the team must take up the next steps in the process, which are basic to creating or adding to the strategic conversation:

- Assume that each scenario is real and live in it. Determine what potential actions or strategic options might work well. Different tools can facilitate the process of generating strategic options, including industry structure diagrams, business idea representations (see Kees van der Heijden<sup>2</sup>), or competitive market structure analyses (see Michael Porter<sup>3</sup>). Sometimes the group is so familiar with the issue at hand that its own creativity is enough

<sup>2</sup> Presearch, vol. 1, no. 1 “Provoking Strategic Conversation” by Kees van der Heijden

<sup>3</sup> *Competitive Strategy: Techniques for Analyzing Industries and Competitors* (Free Press, 1980).

to allow it to work directly from basic questions like “What will it take to succeed in this world?” or “What strengths do we need to develop?”

- Assess all the strategic options for robustness across all the scenarios (in other words, see which options might work reasonably well in all scenarios). The robust options are the first ones to subject to deeper analysis and to move toward implementation.
- Assess those options that work well in more than one scenario, but not in all. For these options, deciding whether and how to proceed involves assessing their importance and upside potential for the organization, and determining how to reduce risk if they are pursued. These options are also the first level for which early indicators might be important.
- Finally, the team must assess those options that work well in only one scenario. Here special care must be taken to assess risk, and it is here that the use of early indicators can be most critical. Since these options work well only in particular circumstances, they are necessarily “contingent options.” The right early indicators will give the organization hints of whether or not these particular circumstances are unfolding. The organization can also take low-risk preparatory steps (i.e., certain investments or expenditures) that will enable it to move quickly toward implementing contingent strategies once it becomes confident that the right conditions are developing. Figure 1 summarizes this thinking process.

### Early Indicators and the Communication of Scenarios

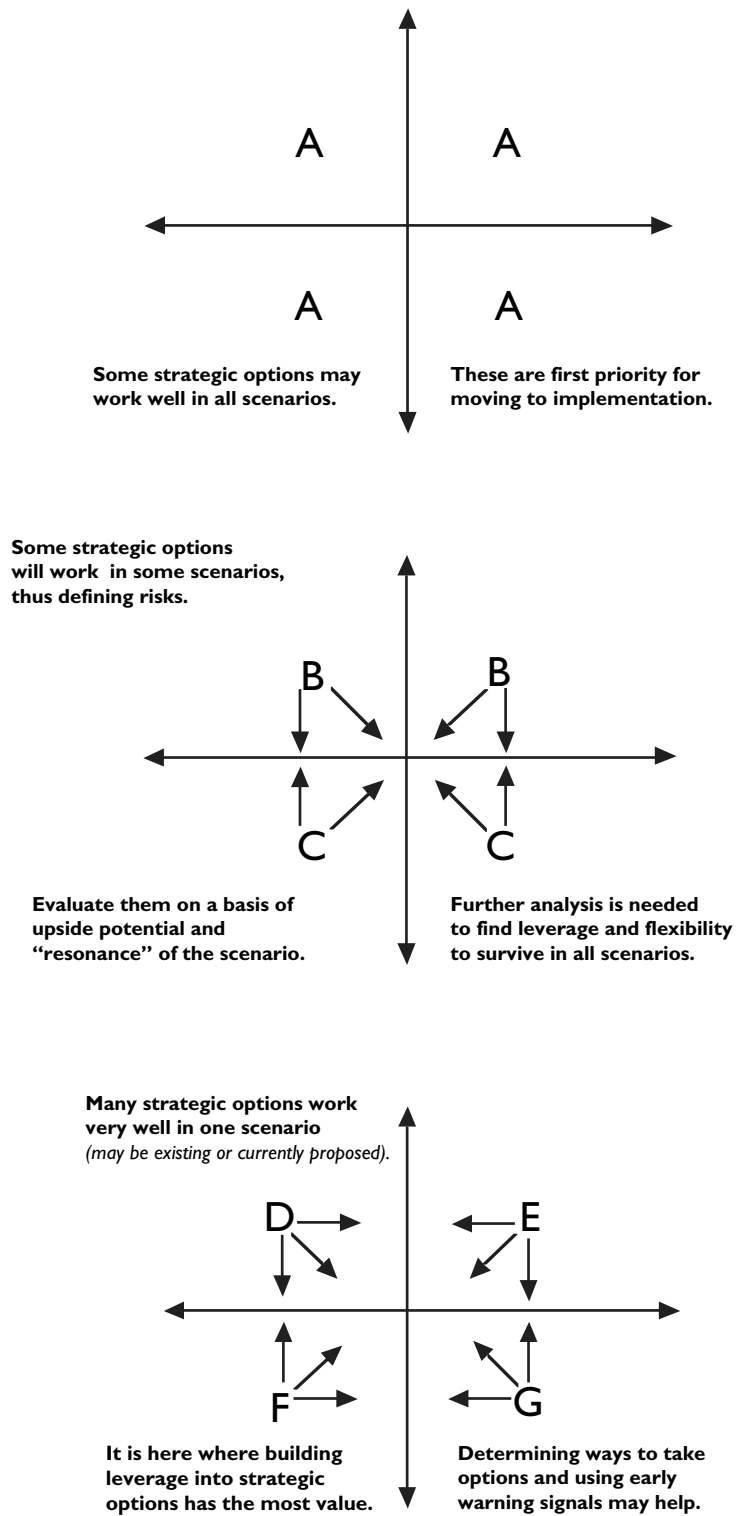
Using early indicators in the development of strategy clearly involves communication. The results of scanning and monitoring are obviously of limited value if they are not communicated—shared with others, as we noted above. This is, after all, what the strategic conversation is all about.

However, early indicators can also play an important role in the communication of scenarios to an audience beyond the 15 to 25 people in the scenario team and the strategy and management groups the team may report to. One of the best ways to expose a broader audience to the value of scenarios is to assign them the task of coming up with early indicators.

To communicate scenarios to a larger group (as many as 50 to 100 others), the scenario team can adapt the normal scenario workshop method for developing early indicators by employing the following tried-and-true process:

- Circulate the scenario narratives in written form and ask the entire group to read them. Probably only half will have completed this part of the assignment before the event.
- Present the scenarios using some visual format: overheads of logic diagrams, kiosks, videos, or any of the other tools described in the second part of this report.

Figure I. Scenarios and Strategic Options





- Then divide the large group into smaller groups of six to eight people. Assign one scenario to each small group. Ask them to take five minutes “in silent study hall to reread their scenario.” (Some will not have completed that part of the prior assignment and others can benefit from a second reading.) Then ask each small group to come up with a list of early indicators for their scenario. This exercise will force them to think hard and eventually “upstream” of the logic of their scenario.

This exercise will appear to be product-oriented: to develop lists of early indicators. It may in fact result in the identification of some good early indicators. But equally important, the process will go a long way toward involving this wider group in the logics of the different scenarios. They will have to dwell within each scenario in order to think of its precursors. So the process, in addition to the product, serves as a means of communicating the scenarios themselves.

Once this first exercise has been completed, you may ask the same small groups to come up with lists of strategic options appropriate to their scenarios. After those lists have been compiled, you may want to engage in a prioritizing exercise to reduce the long lists down to a shorter “strategy for all seasons.” This exercise, when undertaken by the senior management group, will have serious consequences. You may be developing in real time the long-range strategy for a very large organization. The same exercise, when undertaken by middle-level managers, can serve as an excellent means of communicating the scenarios and seeding the kind of strategic conversation that will, eventually, filter up to senior management.

Whether working with senior executives or middle-level managers, you will find that the challenge of communicating the value of scenarios to larger groups and the task of identifying early indicators are closely related. Some of the more creative approaches to the communication of scenarios are described in the second part of this report.

### ***Early Indicators in Practice: The California Teachers Association (CTA) Work Group***

*The CTA's early indicators work group provides an excellent example of the way scanning and monitoring can foster the strategic conversation around previously developed scenarios. The 12-person work group was appointed by the CTA president to engage in scanning, and the team includes CTA board members, the executive director and staff members, Peter Arum of the parent National Education Association (NEA), and GBN's Jay Ogilvy. The work group meets for two to three hours the day before the monthly board meeting.*

*At the work group meeting, representatives from each of the CTA's four regions report on the happenings in their regions. These scanning reports include items relating to the scenarios and summaries of significant articles and books as well as events.*



The work group then reports the results of the discussion to the board. Several times this year, the work group has identified special areas of concern for the board to discuss at length at special sessions usually held after the formal board meetings. Recent concerns have included the impact of California's class-size reduction program and the impact on private companies going into the education business. These are the types of topics that the board would not usually consider in depth, but they now make a point of taking the time, sometimes as much as three hours, to do so.

Aside from the specific advantages of maintaining a watch on the environment, the work-group meetings have added communication value. Group members enjoy sharing their knowledge and working together, and they recognize the importance of taking time to keep watch on long-term issues and developments.

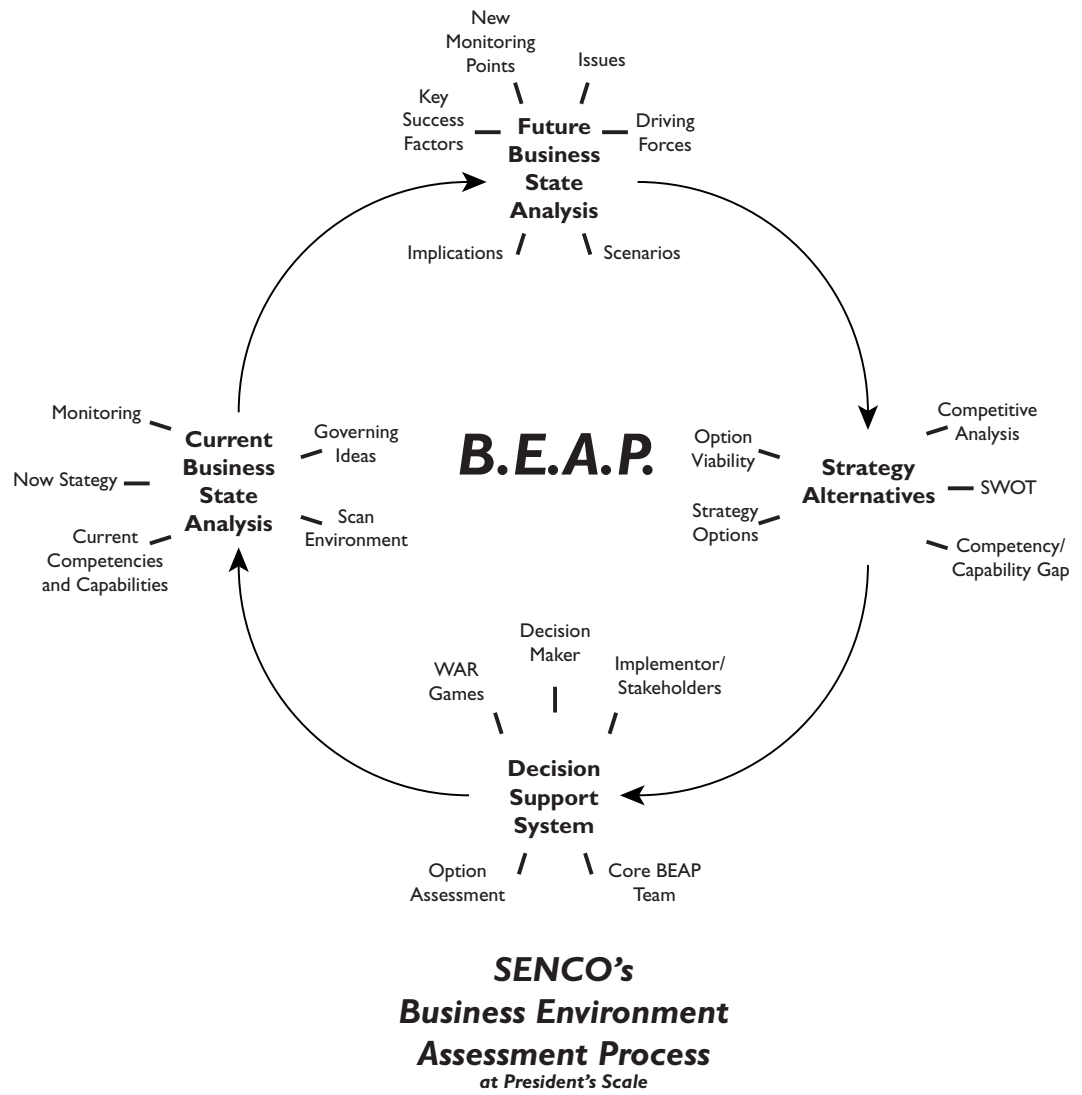
### **Early Indicators in Practice: Scanning at SENCO**

At the building products firm SENCO, scanning and monitoring are integrated into a highly elaborate and structured learning and strategy process, one element of which is called the Business Environment Assessment Process (B.E.A.P.). Among the phases of B.E.A.P. are the Future Business State Analysis, which includes scenarios and the development of new monitoring points, and the Current Business State Analysis, which includes monitoring and scanning. In other words, in looking at the future, the organization determines which points are important to monitor. The actual monitoring is part of the process of looking at the present environment.

Scanning and monitoring are done continuously. Unlike scanning, monitoring is highly focused and highly selective. One purpose is to discover important issues that are then addressed in the future analysis phase through the scenarios. A small group of three to four people is engaged in the scanning and monitoring process. Among its products is a monthly newsletter, which not only presents in-depth studies of important issues, but also includes a column on learnings and implications and a space for feedback from readers who have reviewed the material prior to its publication. Thus, although the newsletter is only distributed to top management, it is also a venue for a wider conversation.

Scanning and monitoring are done at the "presidential scale," that is, with a level of detail appropriate for the group's monthly briefing sessions with the corporation's president. The briefings are, in effect, a dialog about the scanning and monitoring that the group has done. The president encourages scanning and monitoring at all levels of the company.

Brad Hoyt of SENCO uses GBN as a key source of information: meeting reports and pre-readings, online conversations, publications (like this one), and Book Club selections all lend to his scanning and monitoring process.



## Communicating Scenarios: Setting the Stage for Conversation

by Erika Gregory

### Introduction

“What next? Where do we go from here?”

“Now that we have this set of scenarios, how do we get other people to talk about them?”

While these questions come up all the time in scenario work, they have practical answers. Organizations are figuring out how to communicate scenarios in a number of ways. In the past few years GBN has had the opportunity to design a variety of scenario communications projects, and to observe a number of others.

At a retreat in California, a group of union leaders view possible futures of their organization through videotaped newscasts from the year 2005. In Glasgow and Cape Town, actors perform scenes from several different worlds, inspiring spirited conversations among members of the audience. In Geneva and New York, scenario teams use specially designed graphic installations depicting the present world to stimulate thought about alternative futures.

Each of these presentations invites participants to bring heart and imagination into their exploration of the future; in each instance, participants describe their experiences as “profound” and “mind-changing.”

From the work we’ve done at GBN and with initiatives in such member organizations as Morgan Stanley, the California Teachers Association (a National Education Association affiliate), Scottish Enterprise, and Old Mutual, we have identified some common threads in communication:

- We have much to learn from the theater: *dramatization* and *storytelling* are powerful tools to use in helping a group orient itself in various futures.
- The scenarios are *backdrops* against which conversation unfolds and decisions are tested.
- *Installations* and interactive exhibits of scenario work create a sense of immersion in alternative worlds.
- *Active participation* in creation and coevolution of the scenarios is crucial; it is essential to engage a group in the work physically and imaginatively, as well as intellectually.
- *Facilitation* is, in itself, a key communications tool; role-playing games and other exercises foster communication within the scenario-building process itself.

- *Conversation* is an art—and a tool—that can be cultivated. To that end, aesthetics matter: the quality of light, availability of fresh air, and flexibility of working environment all influence the quality of conversation and expansiveness of thought.
- *Reflection is itself an activity.* Where we tend to think of communication as an activity, and more often than not an activity involving words, it is also important to allow time (and room) for reflection. In each of the cases we describe in this article, group and individual reflection has played a key role in the ongoing development and communication of the scenarios.
- *The work is ongoing and time-consuming.* An active life for the scenarios and the maintenance of ongoing group participation (in scanning, strategic conversation, and implementation) require a continuing commitment of time and resources. A scanning effort alone, for example, can generate enormous amounts of data to sort through. Without a “gardener,” it is difficult to separate the weeds from those plants well worth cultivating.

### **From Presentation to Conversation**

GBN and its members have experimented with different techniques for presenting scenarios. Efforts have ranged from simply improving overhead slides to interactive events that include live or videotaped dramatizations. And the more we talk with people in the GBN community, the more confident we are that there is much more experimentation going on in this arena than we know about.

The inherent danger of presenting scenarios in any traditional medium, as GBN’s Lawrence Wilkinson has often noted, is that they assume a false concreteness where they are in fact intended to be evolutionary. What has become clear is that the scenario presentations that really work are those that seduce people into conversation—where “audience members” become partners in a process of continuing inquiry.

There are more ideas for communicating scenarios than can be recounted here. Some of the simplest examples, using minimal resources, have come out of GBN’s Scenario Training Seminar, where one group presents its scenarios to other groups: work groups have written jingles and have drawn oversize scenario matrices, hung them as backdrops, and performed skits in front of them. One person, in presenting scenarios that dealt with increased understanding of consumers from different cultures, introduced each scenario in a foreign language, wearing a different hat each time: a simple device, but effective. Another popular presentation included an impression of a well-known CEO discussing strategy; in that case, a golf club was a vital prop.

Another simple, yet effective communications device is a timeline that is both retrospective and prospective: a graphic depiction of an organization’s history (major events, strategic decisions, key developments, etc.) which branches

into the several worlds of its future scenarios. A timeline is a straightforward way of surfacing, in retrospect, key decision points that might have yielded different results if the company had considered a range of outcomes; at the same time, it helps remind an audience of its organizational past before introducing it to scenarios about its future. This is a great mechanism for fostering discussion.

The case studies that follow describe large-scale process innovations that have deeply enhanced the quality of conversation within several GBN member organizations. Some of the examples demonstrate the power of immersion, of enticing participants to “live” in alternative futures before endeavoring to choose between strategic options; others invite their colleagues to walk in someone else’s shoes as part of the immersion. All have aimed, in the words of Pierre Wack’s article “The Gentle Art of Reperceiving,” to “penetrate the core of the mind of a decision maker—that intimate stage of the mind where possible futures are rehearsed and where judgment is exercised.”

These are all cases where organizations have engaged participants viscerally, for scenario work is about changing more than just mental maps: it is also about addressing emotional, spiritual, and cognitive frameworks. In his work, the *Poetics*, the Ancient Greek philosopher Aristotle described effective drama as evoking “pity and fear.” A good set of scenarios might arouse more than just the intellectual participation of decision makers who leave corporate offices to go home every day to husbands and wives and children, dogs and debt and desire.

### **The California Teachers Association**

In 1994, a scenario team led by GBN’s Jay Ogilvy embarked on a lengthy and broad-reaching scenario project about the future of teacher representation in California. The project was conducted for the California Teachers’ Association (CTA) under the auspices of its parent organization, the National Education Association (NEA). NEA liaison Peter Arum, working closely with CTA President Lois Tinson and Executive Director Carolyn Doggett, oversaw the development of four scenarios intended to challenge union leadership.

Early drafts of the scenarios were actually rejected by the CTA scenario team because they did not “look far enough down the cellar stairs” to provoke reaction. The subsequent scenarios, bearing titles such as *Starve the Gorilla* and *Cook the Frog* (both of which posited the union’s failure to survive because of its “inability” and “complacency” in responding to political and demographic trends) were to be introduced to the union board at its annual summer retreat. GBN’s mandate was to create a communications strategy that would “grab people” and “shake them up.”

With these instructions in mind, we designed a day-long series of interactions with the scenarios. To prepare attendees for the event, we provided two different treatments of the scenarios: a traditional paper document, an audiotape

containing an overview of the scenario process, a précis of each of the four worlds, and an invitation to participate “in a meeting that would be unlike any other you have attended.”

To prepare for the event, Doggett and Arum visited the studio of the improvisational actors Fratelli Bologna. The Fratelli had spent considerable time getting to know the scenarios and the complex tangle of forces at work, and had prepared exercises that demonstrated some aspects of how the meeting would be designed. Both Doggett and Arum admit to having had second thoughts during this visit, but in the end, explains Arum, “We just told the actors that we trusted them. They had done their homework. They had immersed themselves in the scenarios. And they were wonderfully conscientious, concerned, and funny. Their spirit of commitment at the event itself was beyond helpful; it was very touching. They understood this was about education. They cared. They felt ownership and they knew the union leadership was taking a big risk in trying something different.”

The retreat began normally enough, with opening remarks from Ogilvy and a standard overhead slide presentation. But before everybody could relax into what they expected to be just another run-of-the-mill presentation, into the room burst a group of uniformed “meeting referees” (the Fratelli Bologna actors), blowing whistles. The refs had been charged with stopping the proceedings any time that participants became disengaged. From then on, it was clear that this was to not going to be business as usual. “At that moment,” says Arum, “we showed that ‘if you’re going to treat the scenarios as something different, you have to be prepared to behave differently.’”

After a series of team-building exercises led by the actors, the participants broke into four work groups. Each group was assigned one of the four futures, which they learned about through videotaped TV “newscasts,” circa 2005, that described the state of the CTA. Based on what they’d seen in the news videos, everyone then engaged in a role-playing exercise, where they assumed the characters of key players whose points of view differed from their own. Implications and options were thus explored from several different angles. An hour-long strategic conversation ensued, followed by a discussion of how the experience of “walking in another’s shoes” affected the way they considered potential outcomes.<sup>4</sup>

At midday, the group reassembled in plenary and all four videotapes were shown. Each work group reported its findings and its experience of having been immersed in the material for the morning. Once everyone had seen—and listened to—stories from all four worlds, the acting troupe used the last half-hour to improvise skits around aspects of the scenarios.

Two years later, CTA’s strategic conversation has now expanded to include more and more of its membership. Of the investment in communications tools, Doggett says that “the money is well spent because mental maps have been changed. We have personal testimony that tells us that. They’re engaged,

<sup>4</sup> Role-play has been used in a variety of other scenario settings, from early work at Shell to the first Morgan Stanley workshop, described on page 23, where participants were asked to assume the identity of the person sitting next to them. At a workshop about sustainable development in late 1996, team members were asked to represent the voices of “those who are not present,” but whose interests had to be represented in the scenarios: future generations, animals, developing countries, etc.

there's a spirit to the work, we're starting to see things happen. We haven't found a better vehicle for getting people to have conversations."

The success of the CTA project in getting people involved has relied heavily on two factors: a willingness on management's part to take risks and the commitment to follow through. Doggett describes the risks: "The first time we showed the videos, we were afraid to let them out... 'What if the press gets hold of them?' we said. They were shocking, because they showed the CTA running itself into the ground, going out of business. Down the road it became OK, but we couldn't push it. These really were shocking videos for our group."

Follow-through has meant the formation of an active work group to scan for early indicators and to provide ongoing input to the board (as described in the previous article). The point to emphasize here is the interaction between the work group and the leadership. The composition of the work group, a mix of leadership and staff, is a direct effect of the 1995 board retreat, which included leaders of the two staff unions, something that had never been done before.

At the scenario work group's first meeting, CTA President Tinson insisted that she never wanted a written report from this group, and that it would continue to meet "as long as I'm president of the CTA." Face-to-face conversation was to be the communications mode. When the work group meets with the board, there is no rigid agenda, but the group always concentrates on scanning and reports from the four CTA regions. Says Arum, "One reason this group has functioned so successfully is that we haven't planned every detail of the work. Dotting every 'i' would be counterproductive. It is also important to have leaders who will take risks, and who are flexible enough to 'go with the flow.'"

These conversations have yielded tangible changes. For example, the minority caucus within the CTA has expressed strong feelings that the original four scenarios did not go deeply enough into the issues surrounding dramatically changing demographics in the state of California. In spite of attempts to anticipate minority/ethnic issues, and a deliberate effort at including minorities in the first scenario group, the consensus was that this aspect of the future deserved deeper analysis. So now—more than two years into the project—the CTA is working on a fifth scenario specifically about this topic. "We spend a lot of time talking about how our organization can't respond quickly," said Doggett, "but this is an indication of how that's not true."

Evaluating the scenarios and the methods of communicating them is difficult. As Doggett notes: "We're not building widgets or cell phones or taking over the Chinese market with our product. Because we are a nonprofit, assessment is the most difficult thing we have to deal with in the public sector. Our bottom line is different." But from personal testimony they know that the mental maps of some board members have been changed by the scenarios. Both



board and staff are engaged in reflections about the future, and there's a positive spirit to the work.

This strategic conversation has led to a major departure from the CTA's past behavior in the realm of politics. The scenarios demonstrated how much the changing political landscape might influence the future of the union, so at its December 1996 meeting the board decided to make substantial contributions to both the Republican and Democratic state parties, an unprecedented change for an organization that has traditionally been perceived as an arm of the Democratic party.

Nevertheless, one obstacle to broader adoption of the scenarios as strategic tools within the CTA is that some elected leaders and staff don't buy in to the scenario method, or don't demonstrate the commitment to follow through. The real issue, according to Doggett, is time. "We find ourselves thinking, 'God, this is slow.' We know in our guts how important this is, but then suddenly bang, bang, bang: there are three things that we need to deal with right now. This is real: we have to marry creativity and the visionary process with 'real management.'"

### **Old Mutual: South African Scenarios**

Old Mutual is the largest life insurance company in Africa, employing some 18,000 people in South Africa, with direct business interests in many other African countries and on several other continents.

Old Mutual's experience with scenarios began early in this decade with their cosponsorship with the financial services company, Nedcor Ltd., of a major scenario planning project, "South Africa: Prospects for Successful Transition," prior to South Africa's democratic elections in 1994. Pierre Wack facilitated the work, which involved a high-powered team of professionals and academics. The political and economic issues that emerged were considered so significant and urgent that private and public seminars were organized to take the conclusions to audiences in government agencies, the "government-in-waiting," and groups of business leaders.

These were lengthy personal presentations using overhead transparencies. The earliest presentations were made by some very senior people, including Bruce Scott of Harvard Business School and Pierre Wack. These early presentations—which took place all over the country—could last for as long as seven hours. Notes Eric Le Roux, head of Old Mutual's strategic planning unit: "The insights were so astounding that people were queuing to attend. Low on communication technique, but high on content impact!"

A condensed version was ultimately presented to more than 45,000 people in South Africa in 1991 and 1992. Finally, a full video version was produced, and in 1992 a book was published.<sup>5</sup> While the impact of this work will never be known precisely, Le Roux notes that "the language of the scenarios became

<sup>5</sup> *South Africa: Prospects for Successful Transition*, edited by Bob Tucker and Bruce R. Scott (Kenwyn [South Africa]: Juta & Co., 1992).



commonplace in the national dialogue. We believe they had a significant influence on the outworking of the South African ‘miracle.’”

### **Old Mutual: Employee Benefits Scenarios**

In 1995, Le Roux conducted a scenario exercise on the future of retirement funds for Old Mutual’s employee benefits division, one of the company’s three major lines of business. The development of the scenarios involved the division’s top management team. Its challenge was to communicate the material down through the network of operational managers. More specifically, as Le Roux explained, the challenge was “to convey the essence of the future worlds, to enable people to ‘experience’ them and probe for implications, to understand the underlying business competencies needed for success in each world, and how Old Mutual would have to change to survive.”

Le Roux presented the case for scenarios as a powerful management tool in times of turbulence to a biennial national planning event for about 40 managers. He gave a brief talk introducing the employee benefits scenarios, and also provided a written version.

That evening, the employees and their spouses attended an industrial theater event at a converted warehouse on the Cape Town waterfront. They witnessed a set of sketches that portrayed the nature of life in each of the four scenario worlds. These were performed by three actors, simply dressed in white. Carefully chosen physical icons suggested the different scenes: hanging on the stage’s backdrop were visuals depicting subtle variations in each world. An African wire art technique was used to make oversized props for each scene: for example, a large sculpture of a sewing machine indicated the home environment.

The sketches themselves were meant to convey something of the emotional quality of each world, but they relied heavily on humor. According to Le Roux, some were better than others; a scene depicting a “wired world” scenario worked superbly. But he notes that “ideally, we would have had more time to develop and hone the scripts.”<sup>6</sup>

The theater experience was a supplementary event, designed as a parallel activity to the scenario work, not the story of the industry scenarios in and of themselves. It was a way to get another perspective on the worlds, and to explore the social implications of the scenario work.

The sessions on the following day brought deep learning to everyone involved. Le Roux notes that by far the greatest impact and benefit came from taking groups through in-depth analysis of the scenario implications. To set the stage for those conversations, the principal stage props from the theater

<sup>6</sup>This is a sentiment echoed in other discussions. The process of translating scenarios into viable scripts, either for live staging or for video production, is not as simple as it might appear at first glance. It is valuable to leave time for numerous iterations of the scripts, for deciding which stories are indeed most usefully emblematic of the scenarios, and which promise most satisfaction for an audience. There is also an art to assembling the right team to produce such scripts, including the project’s lead consultant or champion within the organization, a writer, and a producer—and possibly others.

event were moved to the conference break-out rooms. Aided by a facilitator, participants spent an hour in each world, examining the implications of the scenarios for Old Mutual by using four searching questions.

In the afternoon, facilitators pushed the work forward by asking: how the company would have to adapt in each scenario. Which current paths for investment would make sense, and which would need to change? The groups went into an options planning session, identifying each significant part of the business and areas of focus for development expenditure. The various options were evaluated critically in the context of each future world, and consequences were noted, together with the new issues that emerged from the analysis.

For Le Roux, the process led to really profound, mind-changing experiences. "Hands-on exploration is much more valuable than a passive analysis, or even sitting in a theater watching others perform."<sup>7</sup>

Old Mutual is now using the scenarios as a platform for sales, taking its sales staff through the processes just described so they can bring a felt experience of the scenarios to their clients. The company has also developed a connected sales plan for new products and services created in the wake of the scenarios.<sup>8</sup>

The process of communicating the scenarios was completed in June 1997, as part of the normal business-planning cycle. At the staff "winter school" that month, every staff member had an opportunity to take part in a presentation and dialogue around the scenarios, as backdrop to the business plan. The winter school is an elective, annual three-to-four day program offering the opportunity for in-depth inquiry into 15 or so topics related to Old Mutual's development initiatives (ranging from business process reengineering to the implementation of electronic workstations) and the future of the business. As Le Roux explained, "Over the course of 12 months all of our staff were exposed to the scenarios in one way or another, either here at the head office (where two-thirds of the employees work) or in a road show for the outlying regions."

Le Roux points out that communicating scenarios takes a lot of time, but the case for scenarios as an important leadership tool is clear. "I get the impression that in many contexts, scenario development teams need to sell the senior management on their work. Here, we included the most senior people in the work, so buy-in was never in question and communication was much easier, with management participating in the communication strategy at every step of the way."

<sup>7</sup> GBN Principal Eamonn Kelly, formerly of Scottish Enterprise, tells another story about integrating dramatizations into his scenario communications. Working with British Troupe AKT, a theater group who specialize in working with businesses using role-playing and other dramatic techniques for training and to affect cultural change, Scottish Enterprise developed a set of exceptionally stimulating dramatizations that worked as a counterpoint to other tools. Eamonn structured his workshop so that the dramatizations were interspersed with audience discussion, demanding "the most difficult facilitation work I've ever done." Participants were emotionally absorbed in what they saw onstage, and the task of bringing a strong level of feeling into the conversation about the futures—with thought given to the quiet that can result when a group has been deeply affected and takes a few moments to reflect before being ready to talk—was taxing. However, Eamonn describes the whole process as "tremendously powerful" and clearly a successful way of embedding the scenarios in the experience of those present.

<sup>8</sup> In other such projects, GBN members have actually included senior members of client companies in the scenario development team, drawing on their expertise and perspective to construct a set of futures that became powerful sales tools.

For Old Mutual, the experience has been “an unqualified success,” according to Le Roux, who points out that “the scenarios now permeate our management thinking and conversation,” and have “fundamentally driven our business strategy, particularly affecting our understanding of new market segments and business competencies.” Old Mutual is also taking the scenarios to its clients and using them as a consulting and communications tool. Le Roux concludes: “The quality of conversation here has been affected profoundly.”

## **Morgan Stanley**

In late 1995, Morgan Stanley approached GBN about using scenario planning to look at the future of Morgan’s client technology enterprise, which deals both with internal and external clients. The GBN team conducted interviews and ran two scenario workshops. An internal committee then formed to take the output deeper into the company. A second project, involving 200 senior managers in the 1,800-member department, was initiated to help build a foundation for IT strategy. In the latter part of 1996, GBN consultant Eric Best joined Morgan Stanley as a principal in the information technology division. His contributions to the scenario process at Morgan have included some particularly innovative communications work.

Best’s first significant scenario communications challenge was to disseminate the first-generation IT scenarios to 200 senior managers. He did so through a series of exercises, done individually and in facilitated workshops, that helped to deepen and broaden the managers’ understanding of the scenarios. One of these was a voting exercise that asked participants to rank the top 20 implications suggested by the scenarios in order of relevance to their business units.

The scenario work group analyzed the results to extract the key issues that made sense in all scenarios. They wound up with a strategy “to-do” list of 20 items that reflected the thinking of more than 200 people across the company. The team then arranged a four-day offsite retreat, the objective of which was to translate those major implications into a set of operating principles.

A key element of that retreat was its *mise en scène*: the meeting room was turned into a physical “thinking laboratory.” Four kiosks—one per scenario—stood in the corners of the room. Each consisted of a large rectangular panel seven feet high and four feet wide, and each related the story of a scenario and its representative timeline. A seven-foot hexagon stood in the middle of the room. Its panels recounted the predetermined elements (both internal and external to Morgan); the top 20 robust—or cross-scenario—implications; and the top 10 implications for each specific scenario.<sup>9</sup>

This scenic gallery also contained relevant social, political, technological, economic, and environmental data, statistics, and imagery. What the Morgan

<sup>9</sup> Similar kiosks were used in projects for the World Business Council on Sustainable Development workshops in Switzerland. In these cases, photographs, newspaper articles, and artwork were used to seed participation by the workshop attendees, who were given the task of scanning available resources for pertinent headlines, stories, images, etc., and adding to the kiosk. Scenario-related graffiti was also encouraged. The result was a mural that told the story of the work through its various phases and provided yet another conversation piece for sharing the work with others who were not part of the original scenario team.

team had accomplished was to bring relevant and challenging aspects of the outside world into the meeting room.

The point was to create a useful thinking space: the kiosks were meant to be tools used in the workshop, and interactive small-group exercises were designed to draw on the displays throughout the four-day meeting.

As in the 1994 CTA retreat, the Morgan workshop combined more conventional interactions with the scenarios with game-playing and other pathways to the material. Morgan now realizes that the visual elements—beautifully rendered by their art department—need to be more interactive and malleable. They have created poster-like editions of the visuals that can be republished periodically.

During the retreat, the participants organized themselves into teams around key areas judged to be the most important for action. The teams then came back to day-to-day operations, working on their own agendas. The idea was to bring the work done at the retreat into the operating plans of individual business units, making strategic implications tactically real in establishing a three-to-five-year strategy.

Best's team also gave a series of presentations in meetings for the whole department, using the scenario panels from the original "thinking space." The feedback from these meetings was integrated into a new edition of the panels that was displayed at the 1,800-person annual meeting.

Morgan Stanley has extended its communications effort by:

- Displaying the scenario panels and implications boards in common areas—like elevator banks—and asked people to contribute any observations or further input.
- Creating a Web site on the Morgan Stanley intranet, which:
  - Outlines the background, purpose, and use of scenarios
  - Contains an explanation of "why scenarios?" and a "how-to" guide
  - Reports the background and outputs of projects on client technology, information technology futures, and the European Monetary Unit (EMU)
  - Includes a number of references to other scenario work, the GBN Web site, a bibliography, and a "trends" site where people post interesting material, including PowerPoint presentations on some of the scenarios
- Building a mural, seven feet by thirty feet, on the back of the departmental cafeteria wall, which:
  - Shows the major events and dynamics of the decades from the 1920s to the 1990s
  - Invites people to visit the Web site and suggest scenario ideas that they should be considering for the balance of the 1990s and beyond

Best summarizes the team's accomplishments: "Now we're helping people use these scenario frameworks in different conversations throughout the organization."

There are some obvious challenges to undertaking such a large-scale communications and thinking process: one is getting a large group of senior managers away from day-to-day pressures—first, to interview them under conditions that allow them to be thoughtful, and second, to create an offsite opportunity that does not intrude on them to the point that they become hostile, yet is sufficiently intrusive, as Best says, "so they're not on the phone all the time." Within the workshops themselves, individual and cultural issues arise: who's expert and who's not, who's who in the hierarchy, who perceives their agenda to be furthered—or threatened—by the work. Some of those issues are explicit and some are not, so part of the facilitative challenge is to clarify obstacles, identify them in advance, and avoid getting entangled in them.

The main obstacle, according to Best, is an artifact of the modern workplace: "There's so much going on, so much pressure and so many demands that to define and follow through on ownership and accountability and then get things done in the context of a large, complicated organization is the problem everyone has: 'What's the next thing we ought to do in light of all the things we have to do?'"

At Morgan, people have begun to develop a deeper sense of the issues in the evolution of financial markets, which are problems of complexity management. For Best, scenarios are a tool for complexity management in and of themselves, "because they create huge boxes in which you can deposit lots of complex ideas," and in the process create meaning, an internalized, purposive understanding that goes beyond a factual grasp of the issues. "It's about identifying the meaning that matters and putting it in the context where it will make a difference."

Central to the question of meaning is language. The Morgan project hinged on an extremely detailed interview process, where the interviewers paid particular attention to the language used in the Morgan culture, seeing language as a vehicle for cultural understanding and change. "The way they talk about who they are, what they're doing, what they need...all that constitutes the beginning of a conversation that will develop its own trajectory," says Best. "The interviewing and facilitation allow you a certain altitude from which to see things from another perspective. The facilitator is trying to help people fly out into the future on the strength of their own ideas. In the futures that are created, there is the potential to bring people to a conclusion they wouldn't have reached without thinking about all that might occur—and all of that happens in a linguistic or metaphoric context that they've created with you, the facilitator."

Visual language can be tremendously powerful in reflecting back the ideas, ambitions, and concerns surfaced in a series of interviews or workshops. Best

sees a scenario matrix as a sort of kanji, or symbol, that can convey the consensus reached after hours of conversation involving hundreds of people.

How is the success of his communications strategy at Morgan Stanley measured? Much of the evidence is anecdotal. Said Best, "Somebody calls out of the blue, based on a presentation I've done, saying 'I read the (retreat) communiqué and understand for the first time how my work fits into the overall plan for IT.'" People ask for copies of the material, or ask how to get on the Web, or use the ideas, or get help for their thinking. The scenario work has created a vocabulary that is being used: certain phrases and names have come to represent whole constellations of thought.

To determine how effective communication has been, it's also important to structure a communications plan for the year. Ideally, says Best, a single person should be dedicated to thinking about what is being communicated, and to "watch over our communications process like a gardener. It would be his or her job to harvest input from the Web site, to look for events that are particularly interesting, to pay attention to what various people in the department and company could be saying to whom about scenario issues." How senior or junior that person should be, or whether the person should be a writer, a presenter, or someone skilled in graphics is still an open question. For Best, "The ideal person would be a pragmatic intellectual political publisher with an operations obsession. And a penchant for organizational therapy."

At Morgan Stanley, scenario work groups are moving key issues to the conversational front and keeping them there. The top 20 list of what needs to be done forms the foundation for departmental operating plans. With the scenarios as a backdrop for conversation across the company, it becomes clear when there are areas of strategic congruence between business units. With a kind of "road map" indicated by the recording and synthesis of the months of conversations spawned by the development of the original four scenarios, management maintains an overall picture of how departmental divisions are working together to implement strategy. Meanwhile, visual cues about the scenarios are displayed in public areas of the IT division, creating an intellectual commons where strategic conversation spontaneously evolves.

### **And You...?**

We have just described how three of GBN's member organizations have made imaginative efforts to communicate their scenarios and develop their strategic conversations. We are certain that other organizations have been equally innovative in this regard. If you'd like to share your story, please send it to [stratcon@gbn.org](mailto:stratcon@gbn.org), or visit the WorldView Web Site (GBN's member Web site) where you'll find this paper posted in e.press, (at <http://members.gbn.org/Index/Epress/Epress.html>) The report is also linked directly to Conversations (<http://members.gbn.org/Index/Conversations/Conversations.html>), where you can join an ongoing discussion about the material.

