



Scenario planning and foresight

Also during 2016 we have continued to spend time discussing scenario planning and foresight techniques and methods, along with examples.

What is Scenario Planning?

Several new clients have asked recently for a quick summary of the whys and wherefores of scenario planning. We have produced a comprehensive round-up of what we see as the key issues and techniques in [Scenario Planning – A Primer](#). But we thought that a quick blog to summarise some key points might be useful for those new to it or those, faced with Brexit issues, who are thinking of returning to it.

Brexit is a wonderful example of the difficult circumstances in which scenario planning can help organisations address the future. There is change ahead, but no one knows what will happen, few know how it might affect them, fewer have plans in hand to prepare themselves for change.

There are plenty of views about what might happen ranging from apocalypse to a nirvana of freedom from the shackles of foreign power. And it is likely that for each individual or organisation the impact will be different, ranging from not a lot to life changing.

The first stage of scenario planning is to identify the kind of possible key changes in the future that are likely to affect the organisation in the future. These of course are a matter of opinion, but in scenario planning the more diverse opinions the better. The process of scenario planning takes all these views, analyses them for probability and impact, groups them as similar or opposite in possible impact, and develops a number of plausible scenarios covering most of the biggest issues. These scenarios are mental models, they are qualitatively different, they present a range of possible futures. They give a framework and language that permits rational discussion about the different directions in which things may change, and what the organisation should do to prepare for whatever might be thrown at it

No narrow forecasts of what might happen, no arguments about what will happen, just consensus about the need to prepare for the future. As with other business techniques, the process itself and the participation by influential members of the organisation can be as important as the production of a plan, or plans, themselves.

If you feel the need to know more, please help yourself to an in depth read of our [Scenario Planning – A Primer](#). Or you can see chapters of “Scenario Planning – managing for the future”, which is the standard text on MBA courses, on www.unlockingforesight.org.

Written by Nick Jackson, SAMI Principal, published 17 October 2016.



Flex Your Foresight Muscles

SAMI Associate Tricia Lustig is also a **Fellow of the Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA)** and has recently posted a blog on the RSA site "[Use your "foresight muscles" to plan successfully for the future](#)" – discussing the role of foresight in strategy and reproduced here for ease of reference.

In today's constantly changing, ever more connected, digitally disrupted, politically challenging and uncertain world, is it a good idea to make a single strategic plan and stick to it regardless? How do you perform due diligence on the future of your organisation or business? How do you ensure that your business grows and thrives when you know that future is uncertain at best?

The film *Back to the Future II* is a great example of how you just can't predict the future. 26 years later we can see the film got many things right, like video calls and big flat screen television, wearable tech, smart glasses, there were also many things it got wrong. Most importantly, it missed something huge; our ubiquitous smartphones... but then 1989 was the year Tim Berners-Lee invented the worldwide web, so the film went out before our current, always connected world emerged.

The point is that no one can accurately predict the future. But you can use strategic foresight, the practice of anticipatory thinking, to get close enough to ensure that your organisation is amply agile and resilient to respond, adapt and succeed.

Strategic foresight helps you imagine a *range* of possible futures and uses structured frameworks to minimise what you might miss.

These 5 steps will help develop your "foresight muscles":

1) Search out emerging trends and keep your eyes open for new things. Which of them might disrupt your business? How might different trends combine and what would that mean to you? What advantages could you develop? What risks might need to be mitigated? This must be an ongoing activity.

2) Develop a range of possible, probable futures based on how these trends may unfold. This is never a direct extrapolation from the past. That only wastes your time. Exercise your "foresight muscles" and think out of the box. Add a wild card future – caused by a highly improbable event. The Fukushima disaster happened not because they hadn't done any disaster planning, but because they hadn't thought through the effect of three catastrophes happening at the same time. That was just considered too unlikely, so no plans were made. Wild cards help you exercise for really 'far out' events.

3) Identify how you would know that one of the futures you imagined was actually emerging ("early indicators"). Work backwards from the futures you've developed to see how it would happen and therefore what you need to watch out for, in the case of each of the futures.

4) Each of the futures you developed needs a plan. If this future emerged, what would you do to take the best advantage of the situation? What would you need to stop doing? What risks would you need to mitigate? How can you innovate?



5) In step 3 you identified early indicators, now you need to actively monitor for these signs that a particular future is unfolding. When you notice this, you can execute the appropriate plan for that future. This will give the best opportunity to thrive and endure.

Keeping an eye on not just how the future unfolds in the present, but also on how trends could emerge will enable robust decision making for your organisation and will help you succeed and flourish in the future. Exercising your foresight muscles and thinking through what could happen in several circumstances will enable you to respond more quickly and easily even if you encounter one that is unforeseen. Your resilience and agility are improved because you have thought about several futures and have, therefore, several plans you can build upon. You have a Plan A, B and C that you have already learned from. You don't have to start from scratch. And because you are keeping an eye on emerging trends, you will be aware of the need to act sooner rather than later. This is the reason you conduct due diligence on the future.



Shell scenarios – a net-zero CO₂ emission world

Why net zero CO₂ is important

In a report <http://www.shell.com/energy-and-innovation/the-energy-future/scenarios/a-better-life-with-a-healthy-planet.html> which supplements the Shell *New Lens Scenarios* (NLS) published in 2013, Shell have concluded that a net-zero CO₂ emissions world is attainable by 2100:. A rising level of CO₂ not only puts pressure on the climate, but also warms and acidifies the oceans, raises sea levels, threatens land-based ecosystems and affects patterns of food production. There is broad scientific consensus that the quality of life for hundreds of millions of people stands to suffer from this.

The Paris agreement

An important and constructive milestone on the journey was the recent Paris climate conference (COP21) in December 2015. At this, 196 countries adopted the Paris Agreement, which will enter into force after 55 countries that account for at least 55% of global greenhouse emissions have deposited their instruments of ratification. The agreement sets out a global action plan intending to put the world on track to avoid dangerous climate change by limiting global warming to well below 2°C.

The architecture of this agreement has been described as a “motorway” to address climate challenges in which there are different lanes, with different economies going along these lanes at different speeds and using different vehicles. But they will all be moving in the same general direction on the same motorway – and this movement, over the course of the century, will bring us towards increasing decarbonisation of our economies and transitions in the way energy is used.

It is valuable to recognise, however, that a *net-zero emissions world* is not necessarily a world without any emissions anywhere. It is a world where remaining emissions are offset elsewhere in the system, an outcome that is more rapidly achievable and hence more consistent with limiting the accumulation of greenhouse gases. This means that the world will need “negative” emissions in some sectors to offset remaining emissions in others such that zero additional emissions enter the atmosphere – the so-called “net zero.”

Demand for energy will double to 2100

Shell point out that the energy system responds to the demands of a growing number of people in the world with aspirations to make life materially better for themselves and their children. Meeting this demand will probably require approximately doubling the size of the global energy system over the course of this century. And that means the potential growth of atmospheric CO₂ and other greenhouse gases – unless something is done at the same time to reduce these emissions so that there are no net additions. The challenge is how to supply this demand while at the same time halting the accumulation of CO₂ in the atmosphere – ensuring *a healthy planet*.

The New Lens Scenarios

Scenarios offer plausible alternative stories of the long-term future. They do not describe what will happen (a forecast) or what should happen (a policy prescription), but what could happen. The NLS scenarios – Mountains and Oceans – considered alternative ways influence in society could evolve and described different routes for the



future evolution of the global energy system. The write up can be found at <http://www.shell.com/energy-and-innovation/the-energy-future/scenarios/new-lenses-on-the-future.html>

The Mountains scenario represents much of the current status quo, and Oceans is a more fragmented and diverse set of actors. Both the Mountains and Oceans scenarios led to CO₂ levels which led – in the MIT model widely used for this modelling – to temperature rises in excess of 2 degrees.

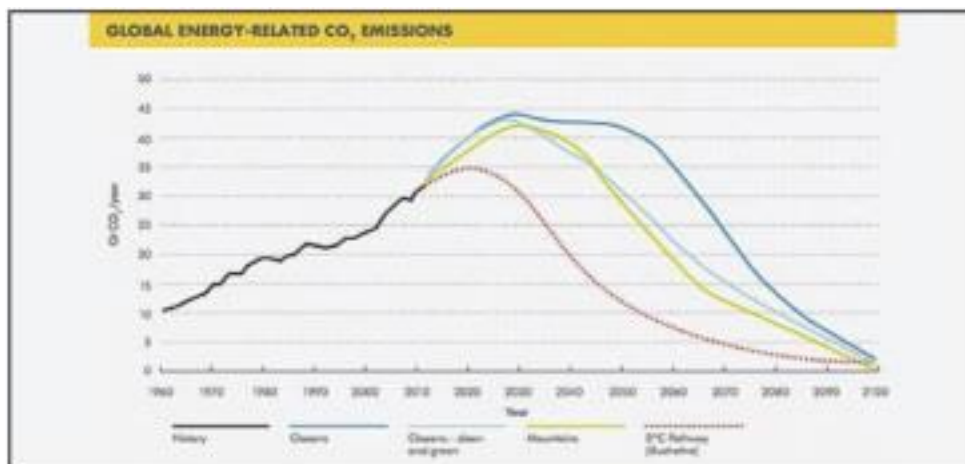
Can the world do it?

In the report building on the New Lens scenarios, Shell construct a “Goldilocks” scenario combining the “best of both”. By analyzing the hurdles and opportunities in each of the four pillars of the energy system – transport, power, buildings and industrial use – they conclude that three areas are critical.

The first area is the use of fossil fuels. Shell assess that this will still be significant right through the century, so imaginative approaches to carbon capture are needed. They discuss the use of oceans, the impact of agriculture and forestry policy. And they also suggest that solar power costs are reducing at such a rate that it would be economically viable in the medium term to retire coal burning plant.

The second area is renewable, where solar energy in particular is obeying – and will continue to obey – learning curve pricing, and also can be generated in bite sized components, giving individuals the capability of making their own choice.

The third area is energy efficiency, in all four pillars of the system.



Shell conclude by suggesting that, even taking into account the greatly increased demand for energy over the next decades, this goal can be met. However they emphasise that many of the hurdles are political and societal rather than technological.

Written by Gill Ringland, SAMI Fellow and CEO, published 26 November 2016.