Scenario Planning

The link between future and strategy

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The link between future and strategy

Revised and updated edition

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Foreword

The first years of the new millennium have clearly pointed to the need to prepare for the non-preparable. The dangers of failing to prepare were shown in the aftermath of an insane race on the world's stock markets around the year 2000 when ICT and telecom shares hit new highs every week, but a year later many hit historical lows.

Could the 2001–02 downturn have been foreseen and prepared for, and thus even been possible to capitalize on? Could the rising oil prices, the race for natural resources and the global warming shock in 2007–08 have been foreseen? Or even the financial crises in September 2008? We believe so. Much of what happened, both during the dot.com boom and during recent years, was not at all unthinkable; it could have been imagined. The potential problems with the 3G launch were already clearly foreseeable in the year 2000, when European governments made big money out of the 3G race. That could have been a wake-up call for everybody involved.¹ The insane prices on dot.coms during 1999 and 2000 were another sign, and were interpreted correctly by some brave investors. The food and energy shock was a quite natural result of the combination of booming economies in the East and agricultural politics in the West, and oil became even more significant for geopolitics several years before the price took off. The 2008 financial crisis and the government interventions that followed were predicted accurately by one of our colleagues in spring 2006 in a report for our knowledge communities. Even the global stock-market race in the 1980s, as well as the crises that followed, could have been anticipated using simple economic long-wave theory.

Scenario planning is a powerful tool for anticipating and managing change on an industry level or environmental level, and scenario thinking is the strategic perspective necessary in today's turbulent business environment. Scenario thinking incorporated into scenario planning is useful in almost any strategic question in today's businesses. Scenario planning is clearly the link between futures thinking and strategic action, between creative, innovative and imaginative futurizing and the more hands-on strategic

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planning. And strategic planning, or strategizing, without scenario thinking is more or less pointless.

In this book, our aim is to introduce the concept of scenario thinking and scenario planning and to provide our readers with some concepts, models and tools to take back to their own companies. It is based on almost two decades of experience of scenario planning as a strategic tool, where we as consultants have guided multinationals and medium-sized companies as well as governments and non-governmental organizations in these approaches.

We would also like to take the opportunity to thank our clients and our colleagues at Kairos Future for countless inspiring dialogues. We also want to thank our families for their understanding and support during the process of writing the book.

We hope that you as a reader will find it useful. Please feel free to contact us for comments.

Mats Lindgren and Hans Bandhold