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1. Introduction to the concept of Scenario Thinking

In session 1, I was introduced to the concept of Scenario Thinking. I had not heard of 'Scenario Thinking' before the class. The concept of Scenario Thinking turned out to be quite different from my understanding of the literal meaning of the word 'Scenario Thinking'.

Shell's use of Scenario Thinking as integral to corporate strategy and its success with the process is a classic example of how Scenario Thinking can help companies prepare better for anticipated eventualities. The story of Peerwijk and his contribution to Shell's scenario thinking opened my eyes to a new concept.

2. What is Scenario thinking?

Scenario thinking is the process of anticipating future events that are plausible, but surprising. It is a process wherein one steps out of the most likely thinking mode and anticipates events that might happen but may have a zero probability at this point. It is an act of thinking the unthinkable which is plausible. The company needs to adopt a strategy that would help it cope with the situation if any of the possible scenarios become a reality. Scenario thinking is also sometimes referred to as scenario planning.

3. Adoption by corporates'

After Shell's success many companies have adopted scenario planning as part of their corporate strategy. Some companies follow it in a more formal way, like Shell, with a separate department looking into it, while others do it in a more subtle way by incorporating scenario thinking into its strategic planning model.

4. Relevance of Scenario Thinking to the top management

Its important for top management to understand the practice of scenario thinking and also to link it to its strategic planning process. Shell had a tough time in merging both the process. If ideas

that come out of the scenario planning process are not acted upon in the strategic plan prepared the scenario planning process has no relevance.

5. Key aspects of the scenario thinking process

The actual process of scenario thinking and its sequence is listed below

5.1 Knowledge of the subject

Knowledge of a subject is critical to forecast an event. With knowing the ground realities it would be difficult to anticipate events that could have an impact. Since, its difficult for one person to be an expert in all matters, scenario thinking is more of a group activity. The group brings forward its combined knowledge and thinking on the subject. Ideas get debated and knowledge gaps are filled through research.

5.2 Research

Research on the subject is critical for the scenario thinking process. Knowledge gaps need to be addressed through research. The research could span from reading relevant information on the subject to interacting or interviewing experts for their views on future trends.

5.3 Role of Heretics

Scenario thinking requires some unconventional thinking. Our minds are so toned to think conventionally. Conventional thinking will not help in the process of scenario thinking. It does not allow us to forecast events that could surprise us.

I personally had some difficulty as I was very prone to conventional thinking and any idea that would take me out of my comfort zone would be a little unwelcome to me. For eg. We were discussing the Future of Europe in 2020, and my team mate Gudmundur who is great at unconventional thinking suggested the 3rd world war. I consider humans to be saner and would not get into a third world war. I am more tied down by my conventional thinking and try hard to be unconventional compared to my other 4 team mates.

5.4 Driving forces

After comprehensive research and talking to experts and unconventional thinkers it is important to list down the driving forces. Driving forces are the important elements that would be critical in driving the future needs to be identified. The impact of the driving forces needs to be debated and understood and in addition it is critical to know the enablers, inhibitors and paradigms for each driving force.

Enablers – are events or circumstances that make the driving force possible. The enablers turn the events that we had anticipated into reality.

Inhibitors – are events or circumstances that slow down the driving forces or stop them from happening.

Paradigms – Paradigms help us understand relationship of ideas to each other and also helps in changing the way we think.

5.5 Systems diagram

Taking each driving force a systems map needs to be drawn to work out the path to which the driving forces would lead to. The map would help us relate driving forces and chart out the road map. The map could be clustered because of some inter linking between various driving forces. Being clustered is considered to be good as we are working on forecasting a situation, which would have a surprise element. The systems diagram would help us identify the direction. What happens based on certain events occurring or not occurring. The network map should ideally lead us to our scenarios.

5.6 Other finalisation techniques

After the systems diagram is ready there are couple of techniques that can assist in helping us develop more clarity on the scenarios. The two processes are fish bone and key listings.

The fish bone technique helps us draw a simple map of the scenarios and answer critical questions.

Another technique is to list down all the key elements from the system map and the key questions associated with these elements. These questions would help us draw the scenarios.

5.7 Scenario Tree

The scenarios should finally be represented in a scenario tree that would help understand the direction of the scenarios and the differentiating elements between each scenario.

5.8 Story telling

A story needs to be told for each scenario. The story needs to have a logical sequence of events that would trigger the various twists and turns in a story. The story needs to have the surprise element and must be plausible.

6. Personal learning's

6.1 A new concept

For me scenario thinking was an eye opener. I had never heard of it before though I had worked on some strategic plans for my previous employer. My strategic thinking was more oriented to the conventional way of thinking. The courses on strategy do not mention about scenario thinking, which I believe is key for developing an organisation strategy.

6.2 Mental block

Thinking out of the box especially for working on scenarios was a little difficult for me. I had a mental block that made me refuse ideas that were a little difficult for me to accept. For example the ideas of world war 3 or Europeans moving away to their villages from the towns in the next 20 years due to seamless communication, etc., were a little hard for me to accept.

6.3 Research

What I realised is research to understand the subject is critical for success. Our team choose the, 'Future of Europe in 2030', but there was only one European on the team. Hence, without understanding Europe it is difficult to work on the scenarios for Europe.

Again, Europe being such a vast subject it is difficult to have well reasoned and debated scenarios in place within the available time.

6.4 Application

To derive the most of this course I need to start by putting the concepts into practice in a small way while working on strategy or forecasts. A strategy that would cater to various scenarios would de-risk against potential adversities.

6.5 Relationship between Scenario Thinking and SWOT

The difference between the two is represented in the below structure

