

**Scenario Planning: The Link Between Future and Strategy, Mats Lindgren & Hans Bandhold, Palgrave Macmillan (2003), 240 pages, ISBN: 9780333993170**

Ten years have passed since the onset of the new millennium. Complexity and uncertainty of factors that impart influence on economic environment are further increasing as evidenced by the two economic downturns we have experienced in the new millennium. Countries throughout the world including enterprises are concentrating much efforts in scenario-based<sup>1)</sup> strategic foresight that describes diverse range of images of future society and establishes strategies to cope with such environmental changes. Recently, Korea carried out scenario-based strategic foresight on renewable energy and energy efficiency in addition to Delphi-oriented forecasting.

As the interest in scenario is increasing, publication of literatures that introduce this is also becoming quite active. The standard of the books is highly diversified ranging from popular simple introduction to those with philosophical depth that are difficult to understand unless the reader is a specialist in the relevant area.

“The Art of the Long View” by Peter Schwartz, a globally renowned scholar on the future, is a leading introductory work on scenario planning<sup>2)</sup>. The book emphasizes that scenario is an excellent tool to provide a long-term framework for perspective in the world of uncertainties. It offers insight through which those living with uncertain future can peak into the future by presenting history of scenario, his personal experiences and many examples. However, for the foresight practitioners, this book lacks somewhat in its application due to insufficient consolidation of the specific processes.

“Creating Futures, Scenario Planning as a Strategic Management Tool” by Michael Godet is also a good book that introduces scenario planning. It contains

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- 1) Scenario is a forecasting technique that assists one to clearly understand diverse range of images of future by conveying various situations that can occur in the future in the format of ‘story’ similar to the script for theatrical play.
  - 2) Scenario planning refers to combining of strategic planning process onto the scenario, and, currently, scenario and scenario planning are used indistinguishably.

quantitative methodologies based on the system analysis that he and his fellow workers developed as well as many cases. This book offers new perspectives to readers who are familiar with intuition-oriented qualitative scenario planning. However, explanations on foresight that contains philosophical depth and wide range of analytical models such as morphological analysis are difficult for general readers to understand.

I strongly recommend readers who are interested in scenario to read “The Scenario Planning Handbook” by Bill Ralston and Ian Wilson. In particular, this book would be quite helpful for the foresight practitioners. The author with experience of having worked at the SRI Consulting has explained the SRI scenario process for each step in detail. However, it is not appropriate to enable readers who are introduced to scenario for the first time to understand the fundamental concepts as the book is composed mainly of practical aspects of rather than providing fundamental explanations on scenario.

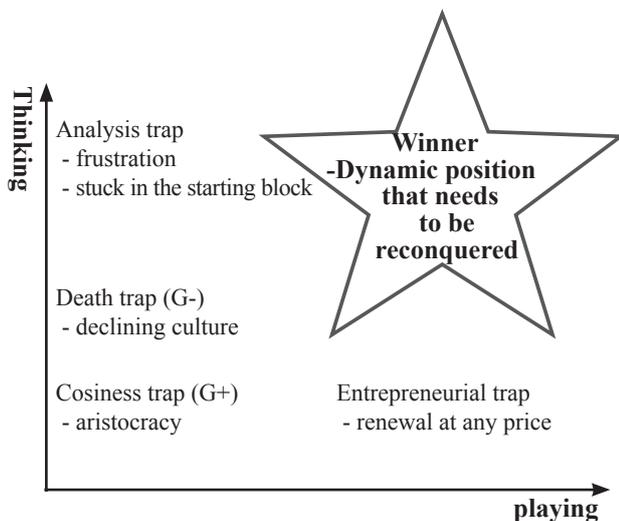
Among the books on scenario, there is a book that provides substantial help in directly applying the processes and methodologies for pursuit of scenario for each stage by presenting them appropriately while explaining the scenario to the readers who are introduced to scenario planning for the first time in easy to understand terms. It is the book titled “Scenario Planning” with subtitle of “The Link between Future and Strategy”. The joint authors of this book, Mats Lindgren and Hans Bandhold, have systematically consolidated the scenario planning on the basis of their experience of having worked at Kairos Future, a globally renowned forecasting institution in Sweden. In addition, brief descriptions of approximately 20 useful tools are given in the appendix of the book in order for hands-on workers to utilize them usefully.

This book consists of five chapters and the contents of each chapter are as follows. The first chapter mentions the need for scenario planning. It emphasizes the importance of establishment of flexible strategy that encompasses both the robustness and responsiveness under uncertain and rapidly changing corporate environment. In order for a company or an organization to be strategically flexible, it must be well-equipped equally with three dimensions, namely, ‘Thinking’, ‘Playing’

and ‘Gardening’. Organizations that are strong in the ‘Thinking’ dimension are able to anticipate the changes ahead of other organizations through environmental analysis and alternative thinking. Organizations skilled in the ‘Playing’ dimension are imaginative and innovative, and are not conventional. Such organizations explore the future in practice through continuous innovation and try to predict the future in order to create the future. ‘Gardening’, as a supportive dimension, emphasizes strategic communication in the organizations and leads the culture of avoiding office politics, which is a factor that may elicit conflict within an organization (Figure 1).

In the second chapter scenario planning is briefly introduced. Scenario is neither a forecasting nor vision. While the forecasting and vision deals with the probable futures and desired future, scenario explores all probable futures and describes them. While the forecasting and vision have the tendency to hide the risks, scenario enables management of risks.

Scenario is a strategic planning tool as well as learning tool. Scenario is a planning tool that refines the strategy under uncertain situations, establishes plans that can cope with sudden unexpected situations, and assists users to take caution in treading the proper path. In addition, scenario is also a learning tool that assists users to understand the development and motives of, and key players in a case. Although scenario is a strategic planning tool, it is different from



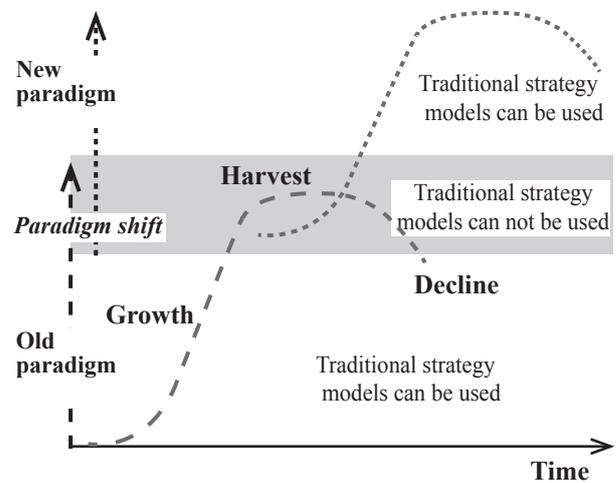
**Figure 1** Different types of organizational anomalies

the traditional strategic planning in that it considers the uncertain future. Scenario is an appropriate tool for medium to long term during which uncertainty increases, and, in particular, is suitable at the time of paradigmatic, non-linear change that traditional strategic planning cannot cope with. (Figure. 2)

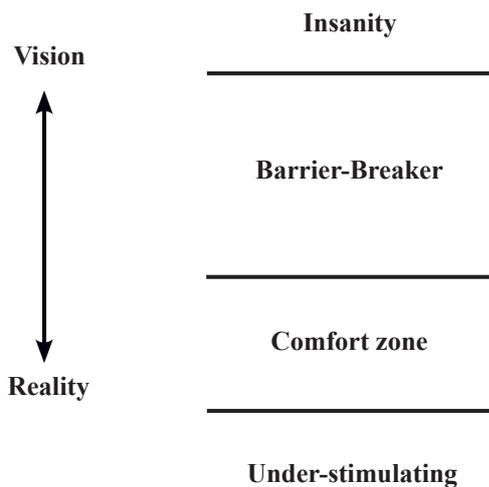
The third chapter explains how the TAIDA™ framework, which the authors used in several hundreds of public and private sector projects more than ten years, is actually applied. TAIDA is a scenario planning process that signifies the five steps, namely, Tracking, Analyzing, Imaging, Deciding and Acting.

Tracking is about finding trends, drivers and uncertainties that affect the theme. Although there are diverse methods for assessing the trends, it is advisable to utilize the simple and direct method of finding and analyzing by using those with relevant knowledge within the organization first. If there is no one within the organization with experiences on relevant theme, or in order to assess specific trends that need deeper analysis, more advanced methods such as media scanning, Delphi and expert panel, etc can be then used.

Analyzing phase is about assessing correlation between the trends. Trends are closely connected with each other with some trends as the drivers or results of other trends. It is important to assess the relationship between the trends by utilizing cross-impact analysis in order to understand the image of



**Figure 2** Scenario planning is well suited to the task of dealing with paradigmatic, non-linear change

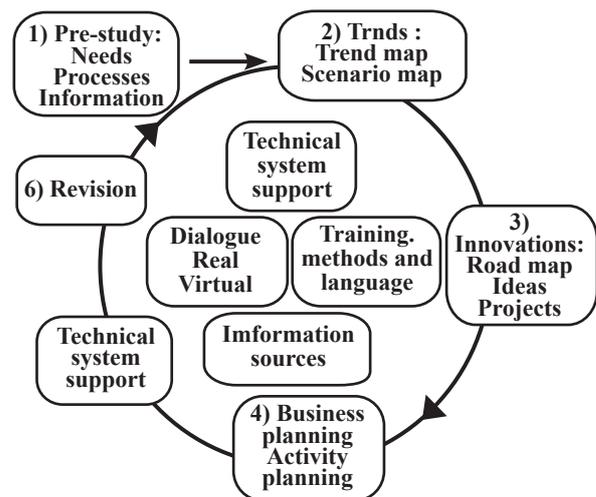


**Figure 3** The tension between vision and reality

the future from overall viewpoint. Since scenarios change substantially for the trends, which are likely to have a great impact on the theme and are uncertain, it is important to identify them among the trends. If two important trends with high degree of uncertainties are identified, then, logically, four different scenarios can be developed. Of course, if many important trends with high degree of uncertainties are identified, then, much larger number of scenarios can be created. However, three to four scenarios are generally drafted because it would be very difficult to manage all the scenarios if there are too many. In order to effectively convey the scenario, the contents of scenario should not be a simple brief but, rather, must be expressed with a highly descriptive and memorable title and as a story with a narrative and vivid description.

**Imaging phase** is about drawing the desired image of the future, that is, the vision. Vision is composed of audacious goals over 10~30 year period, and vivid description of the image when such goals are accomplished. Vision is created through workshop that demands intuition and creativity from the participants. Such vision must be defiant without being insane to the point of being unachievable or must not be accomplishable easily without substantial efforts (comfort zone) (Figure 3).

In the **Deciding phase**, take advantage of the opportunities and avoid the threats of future environment by establishing strategies to accomplish



**Figure 4** Example of a typical TRIM process

the vision. Strategies are generated by considering trends, scenarios, core competences of the organization and visions as inputs. Ideas presented are integrated and adjusted, and the suggested strategies are evaluated by using methods including WUS analysis<sup>3)</sup>, cross-impact analysis and causal-loop diagram.

In the **Acting phase**, continuous follow up activities such as monitoring of environmental changes are carried out while executing the established strategies. Putting the strategies into action can be done by utilizing traditional implementation toolsets that most organizations are well accustomed to. Monitoring of environmental changes as a follow-up activity provides early warning that indicates where the environment is heading by comparing with the scenarios drafted in the analyzing phase.

Such scenario process is an essential element in acquiring long-term competitive advantages by organization. The authors are presenting the Trend and Innovation Management (TRIM) Process developed by the Kairos Future in order to link the scenario planning with the ideas and innovation that enterprises are seeking (Figure 4).

The fourth and fifth chapters present principles of Scenario Thinking and Strategic Thinking. For the

3) WUS analysis is an analysis method that determines the priority that needs to be concentrated and pursued through evaluation in accordance with the demands from the vision and future environment, and present strengths or assets of the organization among the proposed strategies.

scenario thinking, principle of ‘drama thinking’ that the future is shaped by the interactions of different actors is presented. Other principles of thinking on the future, system, uncertainty and actors are also described. Lastly, principle that thinking can be improved by diverse range of techniques, methods and tools is presented. For the strategic thinking needed for scenario planning, principles of thinking on paradoxes, visions, jamming, time, resources, life

cycles, experiments and bets are presented.

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