

The FutureBuilders

“The future is not what it used to be”



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I have been reflecting about my experiences with clients preparing and developing their strategic plans. In the last few years, this exercise has become increasingly complex and challenging. In part, this is due to markets having become so unpredictable and volatile. But it is also been hampered by the growing inability of conventional planning approaches to cope with discontinuity and change.

Why Future Building?

I HAVE WATCHED MANY ORGANISATIONS STRUGGLE with typical forecast-based planning approaches. Their plans are based on sets of assumptions that predict factors such as market size, interest rates and the like. Often these assumptions become invalid soon after the start of the planning period, and the plan loses much of its credibility. Leaders often give up on the planning process in these situations, declaring planning not worthwhile (or even required) in these rapidly changing environments.

But I have also witnessed another group of leaders who engage in quite a different form of planning for the future. Rather than evading the uncertainty by making predictions about the future, they embrace the uncertainty and use it to drive their planning processes. These leaders have recognised that different planning approaches are required when working in unpredictable environments. And they have used these approaches to build purposeful futures for their organisations. I call them the **FutureBuilders**. These are some of the principles they espouse.

Legacy Assets Can Become A Major Competitive Disadvantage

In these “new normal”¹ conditions, it seems as if even the most venerable brands are vulnerable. Organisations such as Encyclopaedia Britannica, Ansett Airlines and Rover cars are evidence that when the rules of the market change, everyone goes back to the start. Previous track records don't count!



¹ A term coined to describe the fact that discontinuity and change should now be considered as “normal” operating conditions.

FutureBuilders ... work on developing a series of alternative and plausible futures, and then examine the organisation's position within each of these alternatives.

In addition, as the environment shifts, your most powerful competitive weapons can become millstones around your neck. Those very assets, processes or competencies that have provided you with competitive advantage in the past, can hold you back by narrowing your range of strategic options. Examples include the integrated steel producers' inability to compete with the nimble and flexible mini-mills, or the inability of the traditionally full-service airlines to compete effectively with the highly focused niche specialists such as Easyjet and South-West Airlines.

Culture Is Often Blinding

Encyclopaedia Britannica found that their previous success formula (printing high quality volumes and distributing via a direct sales force) was so deeply etched into the culture of their organisation, that management was unable to see alternative pathways to success. Even with the best consulting firms working alongside them, these decision-makers could not accept the fact that their culture was giving them selective perception, and there was no future in their current strategy!

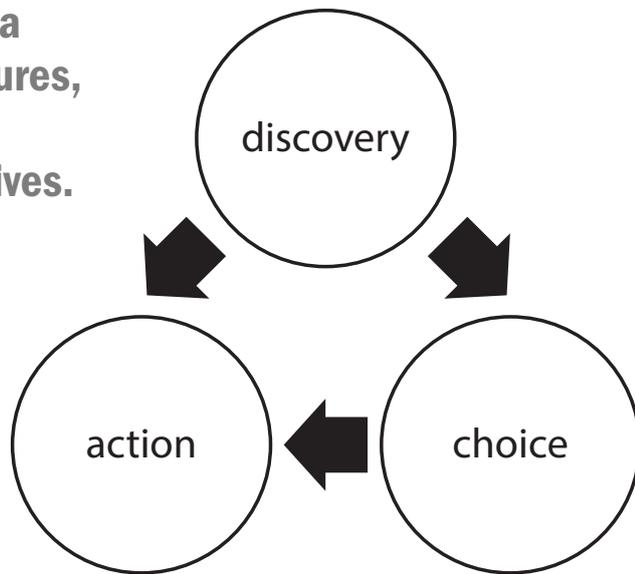
Strategy Is A Conversation Within The Organisation

FutureBuilders recognise that strategy evolves in a continuous process as managers and staff interact, share ideas and make decisions. They describe it as an ongoing "conversation" within their organisation.

These leaders will seek to develop strategy by influencing and shaping the direction of the conversation. This can be done by inputting key information and concepts at various points. Although many people are involved in the conversation to develop strategy, **FutureBuilders** accept a significant responsibility to shape and direct it.

The Future Is A Set Of Possibilities That Can Be Shaped And Influenced By Purposeful Behaviour And Actions

FutureBuilders understand that the future does not exist a priori. The ongoing cycle of *discovery*→*choice*→*action* means that individuals and organisations influence the shape of their environment by the very choices and actions they take.



Futurebuilders Do Not Attempt To Predict The Future

FutureBuilders don't attempt to predict the future. Instead, they work on developing a series of alternative and plausible futures, and then examine the organisation's position within each of these alternatives. These so-called scenarios are not just pie-in-the-sky science fiction or fantasy, but rather a series of plausible stories about the **different paths along which the future is likely to unfold.**

FutureBuilders ... recognise the importance of focusing on people and their experiences rather than simply the data that measures market size and relevant demographics.

FutureBuilding offers useful pointers for planning effectively in an uncertain and challenging world.

No Monarchy Has Ever Fomented Its Own Overthrow

My experience is that leadership teams usually find it difficult to envisage bold and adventurous futures, particularly those that might threaten their vested interests and privileged positions. **Envisaging the future** is therefore best left to bright, younger people that have creative and contrary views about the way the industry will unfold into the future.

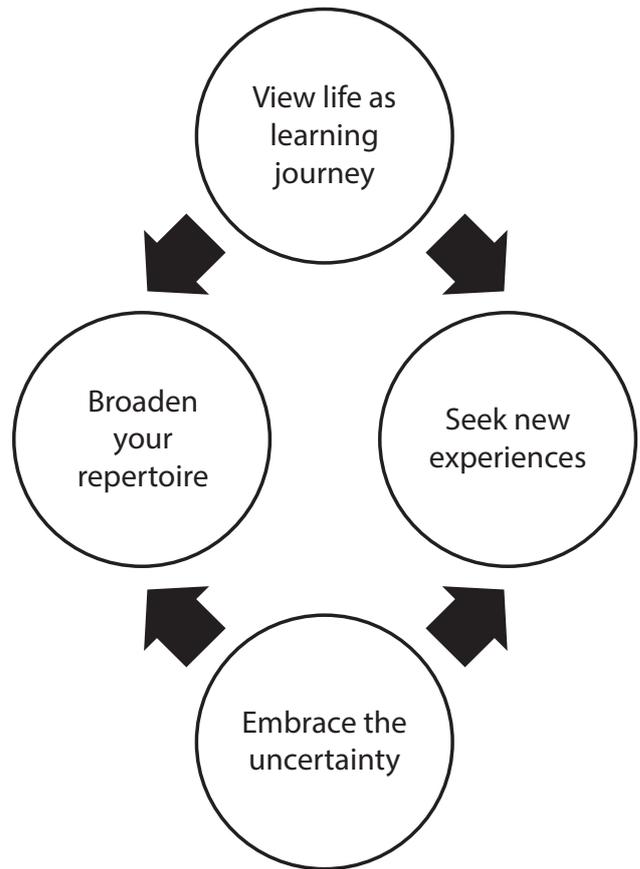
Leaders are best making the **strategic choices** about a particular strategy or course of action.

FutureBuilders will often separate the process of searching for new opportunities from the allocation of resources and traditional decision-making.

They generally mobilise younger, often more junior staff to develop these alternative scenarios as part of their planning process. These **Pathfinder Groups** are then directly sponsored by the leadership team and afforded some protection from the prevailing culture.

The Futurebuilding Process

Their process can be summarised by the following three steps:



Key Characteristics Of The Futurebuilder

From my research and observation of **FutureBuilders** at work, I have isolated four key characteristics that seem to describe the way they work.

A Growth And Learning Mindset

FutureBuilders are characterised by a growth and learning mindset² that sets up a virtuous cycle. The key elements of that cycle are:

- Treating every day as a school day: A belief that life is a journey of learning and growth
- Seeking new experiences to create learning opportunities: One can only learn by being exposed to different experiences
- Accepting the uncertainty that accompanies these new experiences: In order to learn something new, the experience has to be different and therefore uncertain
- Learning from new experiences to broaden their repertoire: The enhanced repertoire increases their capability and overall effectiveness as a leader.

² Based on the ideas of Carr, Liedtka, Rosen and Wittbank, in "In search of Growth Leaders", MIT Sloan Management Review, July 2008.

Prefer People Over Data

FutureBuilders recognise that the traditional emphasis on “customer-centricity” can often obscure the real people who make up the customer base. They recognise the importance of focusing on people and their experiences rather than simply the data that measures market size and relevant demographics.

So, instead of simply describing the market by way of standard demographics and statistics, they focus on identifying target groups who are characterised by particular lifestyles, product usage patterns or needs. They use research approaches where they can study and understand the real life experiences of customers³. Approaches such as these enable **FutureBuilders** to understand the needs of target customers as real people – thereby promoting value propositions that address these customer needs more closely.

Avoid Big Risky Bets

FutureBuilders are not avid risk seekers. They prefer to place small bets fairly quickly and then learn from the outcomes. They move on quickly and recognise that any failures from these small experiments are the price for learning and testing propositions. It’s the performance of the overall portfolio of experiments that counts – not the outcome of an individual bet.

As a consequence, **FutureBuilders** are fairly conservative and tend to shy away from making large and risky “bet-the-business” decisions.

Allied to this is the fact that **FutureBuilders** rarely describe themselves as perfectionists. In a way, perfectionism may be interpreted as a fear of having one’s work judged and receiving feedback – hence the need to continually avoid releasing it. In addition, the notion of “completing something to perfection” connotes that there is no more to be achieved or learned. **FutureBuilders** favour the view that preparing for the future is an ongoing dynamism – something that keeps moving as they learn and develop their capabilities further.

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Rational Optimists

FutureBuilders are rational optimists – they believe that they can and will make progress by pursuing a bold, but sensible, approach. While they hold an optimistic view of life, they recognise that optimism is NOT necessarily the opposite of pessimism. It is not the idealistic belief (or hope) that things will get better simply because they want them to.

Instead, rational optimism is a balanced understanding of the whole system of which they are part. It is recognition of both strength and weakness; an interest in building the best as well as repairing the worst; and a concern for finding self fulfilment as well as serving the community. Rational optimists are realists, but their defining point of difference is that they don’t give up on themselves.

What Does This All Mean?

It is clear that the traditional approaches to strategic planning are not coping well with the post GFC conditions. Making planning assumptions by predicting future market conditions is too risky in these circumstances. But we can influence and shape our future by using the principles adopted by **FutureBuilders**.

Developing alternative future scenarios is an important element in building a preferred future for our organisation. But, this approach of **FutureBuilding** requires a particular approach from leaders. They need to adopt a growth and learning mindset; look behind the data to understand the people in their markets and organisations; avoid the risky “bet-the-business” decisions as they seek competitive advantage; and understand the whole system of which they are part.

In these practices, **FutureBuilding** offers useful pointers for planning effectively in an uncertain and challenging world. ■

Dr Norman Chorn is a strategy and organisation development practitioner with over 20 years experience in Australia, UK, New Zealand and South Africa. His work is focused on strategies for growth and corporate resilience. The firm works with businesses and organisations that are increasingly challenged by the accelerating pace of change and globalisation. Our partners provide fresh advice and insights on markets, strategy, supply-chain, organisation design and leadership. The author can be contacted at Norman.Chorn@centstrat.com

³ Ethnographic research focuses on intimately examining the daily life of customers and consumers. This is often done by spending time and developing personal relationships with them.