

THERE'S NO FUTURE IN PREDICTING THE FUTURE

Conventional
planning no
longer works

Setting strategy
for the future
involves
accepting and
practicing 7 key
principles

The future can't
be predicted -
but it can be
influenced by
your actions



Living in the new normal

Conventional planning no longer works

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The new normal

The term “new normal” has been coined to describe this period of incessant change and uncertainty. It outlines the fact that we have new rules and dynamics in the global economy, new social and political structures, strong pressures from our distressed environment and a technology revolution that continues to disrupt all of the above.

Because the environment is in a state of continuous flux, our conventional planning approaches are no longer effective. Why? Because they rely on a series of assumptions for variables such as exchange rates, market growth and customer preferences. These assumptions are nothing short of predictions about the future - bets we take about future conditions in order to achieve our planning objectives. When these prove invalid because of unexpected shifts in the environment, our plans become useless. No wonder that numbers of executives have abandoned planning in these uncertain times!

Developing strategy for the future

But is possible to set strategy for the future. We just have to change the way we approach the challenge.

Our research shows 7 key principles underpin effective strategy in changing and uncertain environments:

1. The future does not exist a priori

In essence, this means that the future is not pre-determined or “waiting” for us to reach it. The future is not a reality that exists in another time dimension. Fatalism has little place in setting strategy for the future!

2. The future is a set of possibilities that can be influenced by our purposeful behaviour

The choices we make today will drive our actions. These actions will always have a set of consequences that we then “discover” tomorrow. The discoveries we make will then influence and shape the choices we make on the following day. And so, we can influence the shape of our future.

Seven key principles underpin future strategy

3. No monarchy has fomented its own overthrow

Because the elite in organisations and society usually have a vested interest in retaining their positions of power, it is difficult for them to envisage a future that is radically different to the present. Others, unencumbered by power and privilege, are better suited to studying and envisaging the future.

4. Embrace the uncertainty in the situation

Rather than attempting to predict the future, it is better to embrace the uncertainty inherent in a situation. Accept that events can unfold in different ways due to this uncertainty.

5. Recognise that alternative futures are possible

As the uncertainty presents different pathways for events to unfold, it is best to recognise that the organisation faces alternative futures. Instead of attempting to predict which future will unfold, accept that there are alternative futures with which the organisation will have to contend.

6. Focus on developing the capabilities needed for the alternative futures

The essence of strategy in an uncertain and changing environment is to understand the “winning” position in each of these alternative futures, and then to identify the capabilities that will be needed to support these positions. Capability development is the key to success in this approach.

7. It is better to be vaguely right than precisely wrong

As Clem Sunter¹ remarked, we cannot be precise about the nature of the future. Much like NASA's journey to the moon, we set off in the right direction and keep modifying our approach as the information become more precise and we keep learning.

¹ Clem Sunter, *The Mind of the Fox*, 2001

Planning is not strategy

Generally speaking, planning is about setting objectives and actions to achieve a goal. We make assumptions about future conditions and set firm objectives, based on what we know now. Strategy, on the other hand, is about positioning and equipping the organisation to deal with the future. Strategy develops objectives as the future unfolds and learning occurs. The focus is on having the capabilities needed to deal with the alternative futures facing the organisation.

The future is not what it used to be Implications for developing future strategy

- The world has changed. The “new normal” means that our conventional planning approaches - with their emphasis on assumptions and pre-determined objectives - no longer work
- We should not attempt to predict the future. Recognise that alternative futures are possible and should be accommodated
- We are likely to need to assistance of those outside the power elite in order to envisage a range of alternative futures
- The future can be influenced (and even shaped) by our purposeful behaviours
- Our focus should be on building positions and capabilities for the alternative futures
- Instead of running to where the football is, we should run to where the football will be.

This is different to the conventional approach for developing business and corporate strategy. But it seems more consistent with our views on organisations that learn and adapt to a constantly changing environment. Welcome to the world of future strategy.