

THE ART OF THE LONG VIEW

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The motivation to write this book came from the Royal Dutch/Shell Group success in using scenarios to anticipate the oil crisis in the 1980's. Shell was one of the few companies that managed this crisis with any great success. The following are key points that may be of interest and assist you in making better decisions in planning events in your life or the organizations you work with:

1. Too many people react to uncertainty with denial. They create blind spots for themselves.
2. Scenarios are a tool for helping us to take a long view in a world of great uncertainty. Once you get used to the idea of scenarios, using them comes more easily.
3. Scenario planning is about making choices today with an understanding of how they might turn out. This type of planning comes easy to some people. For others, it takes practice. Be patient, the end result of proper planning is worth the effort. Remember the 6 P's of planning – Proper Planning Prevents Piddley Poor Performance.
4. Definition of scenarios – A set of organized ways for us to dream effectively about our own future. According to Dr. David Ingvar who is a Swedish neurobiologist, we as humans are hard wired to tell stories about the future. It does however, take more effort to build stories into scenarios, connect all the dots and make it a realistic plan of action.
5. Scenarios can be used:
 - To plan a business

- To judge an investment
- To choose an education
- To look for a job

Often, scenarios can help people foresee decisions - usually difficult decisions - that we may otherwise miss or deny.

6. Scenarios are **not** predictions. Rather, scenarios are vehicles for helping people learn and help you perceive futures in the present. Scenarios are like stories. Stories are an old way of organizing knowledge. If planners of Three Mile Island had written a story about how things could go wrong, instead of numeric analysis of possible fault sequences, they would have been better prepared for the surprise they actually encountered when their complex machine went astray.
7. Scenarios allow a person to say, “ I am prepared for whatever happens”. It separates the individual from the bureaucrat or gambler. You become a better decision-maker. You become better at questioning assumptions the way the world works.
8. Predetermined elements in building a scenario:
 - Demographics
 - Economic strength
 - Currency strength
 - Consumer values
 - Quality of life issues
 - The politics of the organization
9. Develop two to three scenarios and then ask yourself how would you, your business, community or organization fare under these scenarios? If you develop too many, it complicates the process.
10. You may find yourself moving through the scenario planning process many times:
 - Refining a decision
 - You may require more research
 - You may seek out more key elements
 - Searching out new plots
 - Rehearse the process again

- If this possibility becomes a fact, what scenarios could it set in motion?
 - Look for those hidden decisions that help you make decisions
11. A common roadblock to using this process is denial. This is the first psychological stage we undergo to protect ourselves from bad news. The other stages are anger, bargaining, despair, and ultimately acceptance. This is the same process we follow when a loved one dies. The stock market crash of 2000 to 2003 had many of these characteristics as well. Not just from the investor but the advisor, analyst, pension manager etc.
 12. Scenarios deal with two worlds:
 - The world of facts. Gather and transform information of strategic significance into fresh perceptions
 - The world of perceptions. You are looking for the “aha” feeling
 13. People often persuade themselves that their decisions do not matter, because they feel powerless to make **the best** decision. Some people feel that, no matter what they do, their decisions won't matter much. We ourselves are arguably the sum total of the decisions we have made in our lives. That sum, in turn, gives us whatever powers we have to affect the world.
 14. Page 52 of the book provides an example on how to use scenario planning for deciding on a career. The scenario process involves skilled hunting and gathering of information.
 15. Every scenario should first start by looking inward. What are the mindsets you currently use to make decisions? Gather information within yourself. Once you have determined your outlook, deliberately examine the possibilities of other outlooks. If you were an oil field executive, look at the downside of assuming the price of oil will continue going upwards. What events might trigger a fall in the price of oil?

16. Ask yourself broad questions - Will consumer incomes continue rising? Then ask yourself more focused questions to build on your scenario, such as the kind of products the consumer may buy. It is more critical for small businesses to focus on the broad questions.
17. For individuals and small businesses, scenarios are a way to help develop their own gut feelings and assure that they have been comprehensive, both realistic and imaginative, in covering all the important bases.
18. It takes persistent work and honesty to penetrate our internal mental defenses. To ensure the success of our efforts, we need a clear understanding of the relationship between our own concerns and the wider world around us. To achieve that, it helps to have a constant stream of rich, diverse, and thought – provoking information.
19. According to Bill Swanson, author of Unwritten Rules of Management look for what is missing. It's human nature to focus on what's in a presentation or a new design. But sometimes what isn't there is more important, particularly strategically.
20. Futurists sometime talk about having their “radar” out. The metaphor is striking: radar sends out signals and wait for the signal to bounce back. We ask questions and get response. The better the question, the better the response.
21. Horse and human eyes – Horses have better peripheral vision because of the way their eyes are positioned. Humans are better at looking straightforward. Develop eyes like a horse. Look to the fringe. New knowledge develops at the fringes, scenario planners pay attention to emerging issues and knowledge. Ensure that your reading is balanced. Read what everyone else reads and that what few people read about. This book provides many examples. Be an unorthodox thinker.
22. Knowledge is the only kind of wealth that multiplies when you give it away.
23. Look for driving forces, the forces that influence the outcome of events. Driving forces are the elements that move the plot of the scenario that determines the story's outcome. They hone your initial

- judgement. Help you sort out the factors which may be significant and those that are not.
24. In every plan, critical uncertainties exist. Scenario planners seek them out and prepare for them. In military terms, where is the enemy coming from? Through the forest or the mountain pass? Prepare for both possibilities.
 25. Page 142 – Finding a plot line. Gather a team who is aware of the decision we are considering. Each member of the team does his or her own research. The team brain storms and respond to these questions:
 - What are the driving forces?
 - What do you feel is uncertain?
 - What is inevitable?
 - How about this or that scenario?
 26. The unbroken line – When developing plot lines, look for the unbroken line. When things get worse, people often expect them to get much worse. Thus, watch out for the unbroken line – conditions that change this event, but do not engender any response. If there is rapid growth, look for the factors that slow down the growth.
 27. Rehearsing the future – Imagine that you are a seasoned actor. Your director gives you one script to study one week, another different one the next and a totally different one the third week. Opening night – You do not know which script to use so you study all three. When you get on stage, you study the surroundings watch the other actors and proceed to use the script that best suits this play. This is what using scenarios is like.
 28. Using scenarios is rehearsing the future. You run through simulated events as if you are already living them. This helps you avoid unpleasant surprises and know how to act. A good scenario leads you to better questions. Movies and books use scenarios to give us a peak into the future. Remember the Dick Tracy comics of the 50's & 60's. The future pretty much unfolded as per the comics and more.
 29. Scenarios have to be simple, dramatic, and bold – they should cut through the complexity and aim at the heart of an individual decision.

The role of scenarios is to arrange the factors so they illuminate the decision, instead of obscuring it.

30. If you run through three scenarios, do not focus on the best one. Be ready to act on any of them. Giving the team a choice of three scenarios also provide some comfort that there is choice. Plan one, two, three or a blend of them all.
31. Selection of the scenario development team should be guided by three major considerations:
 - Support and participation from the highest levels.
 - A broad range of functions and division should be represented on this team
 - Look for imaginative people with open minds who can work well together as a team.
32. Pay attention to warning signals that can negatively impact on your scenarios.
33. It can take years of practice, creating and understanding scenarios. Go back to scenarios that you developed a year ago:
 - What did I not see?
 - What is it that led me to really see that surprise that nobody else thought about?
34. Name your scenarios carefully. The name will carry a lot of weight. Ie; “The Sustainable World”
35. Scenarios can give you huge long-term advantages and allow you to think about long-term strategies. An effective scenario almost always changes behavior.
36. Steps to developing scenarios:
 1. **Identify the focal issue or decision.** What is it that keeps me awake at night?

2. **Key forces in the local environment.** Facts about customers, suppliers, the competition.
3. **Driving forces.** Trends in the macro environment. What are the forces behind those listed in #2? Research for this step may come from markets, political factors, economic forces, new technology etc.
4. **Rank by importance of uncertainty.**
 - The degree of importance for the success of the issue in #1
 - The degree of uncertainty surrounding those factors and trends.
 - Identify the two or three factors or trends that are most important and most uncertain
5. **Selecting scenario logic's.** The goal is to end up with just a few scenarios whose differences make a difference to decision-makers.
6. **Fleshing out the scenarios.** Refer to steps 2 & 3. Weave the pieces together in the form of a narrative. How will we go from here to there?
7. **Implications.** Once the scenarios have been developed in some detail, return to step one, the focal issue or decision. How does the decision look in each scenario? Or does it only look good in one or two scenarios? If a decision only looks good in one of several scenarios, then it qualifies as a high-risk gamble. The bet-the-company strategy.
8. **Selecting the leading indicators or signposts.** What realistic and reliable indexes or indicators will you use to monitor the plan? Is the Dow only represents 30 major corporations in the USA. Maybe the S&P 500 may be more realistic an index to follow.

I highly recommend this book for the family person, volunteers, business owners and managers, and for those of you who just want to make a difference in the world. Good luck with your scenario building experience.

Wayne Taylor