

A New Approach to major strategic decision-making

This paper briefly outlines an approach to help corporations to make major strategic decisions and also provides a case study with a major Global FMCG brand.



The Future Worlds methodology... a holistic and creative way to think strategically

Although the expression '*change is the only constant*' is not new, the times we live in right now make these simple words more relevant than ever. What was acceptable yesterday may not be acceptable tomorrow. What was believed to be safe and solid can with little warning crumble and disappear from one day to the next. We are at a point in history where long-term trends and underlying systemic factors are rising to the surface and starting to manifest themselves in our collective belief system and through the way we live our daily lives.

With this in mind, the commonly shared challenge for all organisations across both the public and private sectors is how best to respond to this changing environment. Although the exact context may vary from company to company and sector-to-sector, usually the difference between merely surviving and actually thriving, is the extent to which the organisation has been proactive in anticipating, preparing for and even leading the change.

Planning ahead, taking a step back and thinking 'big picture' is all key to determining successful business strategies. In the past, strategic plans have tended to consider the 'official future'; a straight-line prediction of current trends carried into the future. Often these trend lines are generated based on financial parameters and lack a more diverse range of inputs whether it be political, societal, legal, environmental, demographic and/or attitudinal factors. These somewhat simplistic 'guesses' fail to consider fundamental contextual and qualitative shifts that affect a business.

The Future Worlds methodology is different... It involves scenario planning that helps businesses envisage how the various strands of a complex 'tapestry' could change if one or more 'threads' are pulled. By exploring interdependent factors *together* as part of a holistic picture, rather than in isolation, we are able to create a multi-dimensional and therefore vivid view of what the future *could* look like. These holistic pictures are known as 'Future Worlds'.

Importantly, the aim of a Future World is *not* to predict the future or indeed create an accurate view of what might happen in 5, 10 or 20 years time; instead their purpose is literally to bring the future into the present thereby enabling businesses make decisions which will stand the test of time and prepare them in the best possible way for the various eventualities that lie ahead. This is why it is helpful to create not just one Future World, but two, three or even four Future Worlds as part of the strategic planning process

By creating these Future Worlds, we are not only able to better understand how seemingly unrelated factors might relate and influence one another, we are also able to literally step into each world thereby envisaging ways in which to succeed should this world (or part of it) become reality.

Scenarios planning starts by dividing our knowledge into two broad domains: (1) things we believe we know something about and (2) elements we consider uncertain or unknowable. The first component – trends – casts the past forward, recognizing that our world possesses considerable momentum and continuity. For example, we can safely make assumptions about demographic shifts and, perhaps, substitution effects for certain new technologies. The second component – true uncertainties – involve indeterminables such as future interest rates, outcomes of political elections, rates of innovation, fads and fashions in markets, and so on. The art of scenario planning lies in blending the known and the unknown into a limited number of internally consistent views of the future that span a very wide range of possibilities.

Numerous organizations have applied Future Worlds scenario planning to a broad range of issues, from relatively simple, tactical decisions to the complex process of strategic planning and vision building. The power of building Future Worlds for business was originally established by Royal Dutch/Shell, which has used Future Worlds since the early 1970s as part of a process for generating and evaluating its strategic options. Shell has been consistently better in its oil forecasts than other major oil companies, and saw the overcapacity in the tanker business and Europe's petrochemicals earlier than its competitors. But ironically, the approach may have had more impact outside Shell than within, as many others firms and consultancies started to benefit as well from Future Worlds.

CPW Case Study

Cereal Partners Worldwide (CPW S.A.) was founded as a joint venture between General Mills Inc. and Nestlé S.A. to produce and sell ready-to-eat breakfast cereals worldwide outside the United States and Canada. It leverages the strengths of its two partners. Headquartered in Lausanne, Switzerland, Cereal Partners Worldwide has 16 factories and employs over 4000 people all over the world. CPW has a strong portfolio of over 50 brands - including the Fitness® franchise, Cheerios®, Chocapic® and Nesquik®-- with sales in over 140 countries worldwide. The company has a track record of strong volume growth, as well as sales and market share development.

The company had a major strategic decision to make and the management asked the marketing team to review the possible effects of this decision on their marketing strategy and competitive positioning

CPW asked us to create a set of workshops to help envision the future where this decision has been taken. In discussion with us it was agreed to utilise the scenario planning methodology to describe a number of different future worlds into which the CPW team could play out the strategic decision and review its possible implications.

Due to the need to fly team members in and the pressure of ongoing projects CPW was only able to do two full day workshops to this effort and so we set about honing the scenario planning process to this timescale. It was agreed to run the first workshop as a scenario generator and the second as the 'war gaming in the future worlds' workshop. Detailed agendas were created for each day with much consideration given to the involvement of the CPW team and the interactivity of the sessions.

The first workshop aims to explore and establish a set of scenarios surrounding the 5 to 10 year view of global marketing to children under a certain age. These scenarios will act as 'stories of the future' and will help generate real insights for the team in terms of how their world might evolve.

Day one

- Introduction and explanation of the process
- Contextual driver identification
- Distillation of the core drivers
- Selection of relevant drivers
- Clash drivers and score scenarios
- Select scenarios to create future worlds
- Add context and meat to scenarios

Between workshops we took the future worlds and added a lot more detail concerning how the scenarios came about and what news stories in that world might look like.

The second workshop will use the scenarios to 'war-game' a range of different strategies and actions the kids marketing team need to consider for the future. We will rank these actions in terms of urgency and importance in order to create a logical road map for change.

Day two

- Review scenarios and step into future worlds
- Swot for each world
- Review swot items and identify trends/similarities
- Detail multi-world swot
- Identify tasks and action items
- Close

After the workshop CPW asked us to add some more detail to a number of future worlds so that they may be used as inputs to their long term planning exercises.

As a result of the scenario exercise CPW now have arrived at a number of action items should the strategic decision be made to go in a particular path. Equally importantly they have a set of future worlds that can be used to explore many strategic plans and decisions that might arise in the next couple of years. They have also created a common language of the future among the marketing team so that discussions of a strategic nature are made easier and more productive.