



# Introduction to Strategic Foresight



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## Guiding Assumptions

Strategic Foresight is a management discipline developed after World War II to help people think and plan effectively in complex and uncertain conditions. Previously, planners assumed that future conditions would be more or less like present conditions. Thus, planning for the future did not take changing conditions into account. People used mechanistic, linear assumptions to plan for the future: inputs into a system were expected to result in proportional outputs.

As technology advanced and society grew more complicated in the 20<sup>th</sup> century, people began to realize that their existing planning tools were not adequate to address their rapidly changing world. Strategic foresight, which offers systematic and rigorous frameworks, emerged to help people think more clearly and plan better in non-linear, complex and uncertain environments. At Prescient, we couple these planning methods with Strategic Narrative—a proprietary framework for developing the new, aspirational stories that help people go beyond planning to behaviors that help them bring future visions into existence.

Our environments today are:

- **Complex:** Complex systems—like a beehive, or a city, or a human body—have many small parts that are both independent and connected to other parts. The actions in one part of the system ultimately contribute to the behavior of the whole but not in a predictable way.
- **Non-Linear:** We live in a world of interconnected systems. As a result of those connections, small changes in one system can have outsized, or non-linear, impacts in unexpected areas.
- **Uncertain:** Complex systems demonstrate unpredictable behavior and as a result, the environment is uncertain. It is not always possible to quantify or assess the level of risk that will unfold.

Today, people can see these characteristics playing out in our natural environment, politics, and companies. Strategic Foresight is as a result increasingly viewed not only as valuable, but vital, to planning because it is based on assumptions that accurately reflect our reality.

At Prescient, we view the discipline of foresight as having five building blocks: **Mindset, Methods, Evidence, Leadership & Strategic Narrative.**





# 1

## Futurist Mindset

Humans do not naturally think clearly about the future, but we are perfectly capable of cultivating the clear-headedness and creativity that are needed to do so. This combination is what we call a Futurist Mindset.

Fields such as neuroscience, cognitive psychology and behavioral economics are teaching us that the human brain did not evolve to be rational. We seek to limit ambiguity, often remember the past differently from how it actually unfolded and find it difficult to accept evidence that contradicts our existing beliefs, to name only a few of our basic human biases. These ways of thinking color our ability to seek and interpret meaningful signals of potential change in our conditions. As a result, we do not plan as well as we could for future change.

Becoming conscious of these biases in our own thinking is a powerful step toward becoming a more accurate reader of potential change. At Prescient, we believe this individual skillset is an indispensable aspect of Strategic Foresight.

# 2

## Futurist Methods

Strategic Foresight practitioners have developed frameworks and methods that are simply conceived, but can be very powerful for organizing large amounts of complex, and ambiguous information about the potential future so that it can be made useful in decision-making.

In the same way that a spreadsheet system can help organize a budget and show patterns that might not be otherwise visible, Foresight methods help streamline the different kinds of data and qualitative judgments that go into thinking about the future, so that patterns and potential options can be more clearly seen.

Some of these frameworks and methods are widely used in various domains, and you are likely to be familiar with some, if not all. These are among the most well-known, but there are many others:

- Back-casting
- Cone of plausibility
- Delphi method
- Futures wheels
- Horizon scanning
- Scenarios and scenario planning



These methods are typically executed by a group of stakeholders working together to generate a decision, to better understand a problem area or to explore potential opportunities (such as new markets or products).

It is worth noting that *only* performing this step does not mean that the goal of Strategic Foresight—*making better decisions*—has been achieved. There are plenty of examples of organizations spending time and money to go through the steps of a scenario planning activity, for example, only to have it be soon forgotten. You will find the greatest value if you also commit to developing a robust mindset, using the best data available, and becoming an anticipatory leader whose story of the new future inspires others to act.

### 3

## Evidence of Change

Futurists often point out that the future cannot be predicted. In a technical sense this is true: only in a laboratory is it possible to precisely control the factors that shape the environment and therefore, to predict precisely the effect of changing one variable.

The real world is nothing like a laboratory. In the real world, there are many factors that affect how events unfold and whether change occurs. These factors — whether they are economic, social, or come from the natural environment, for example, also interact with each other, creating feedback loops that can also interact. These complexities make it difficult to isolate one factor and to predict whether it will change and what effects that change may have.

This is where data and evidence come in. Relevant empirical evidence about what is happening in the world around us is critical for developing a nuanced understanding of how present conditions could change in the future.

Futurists use a variety of implicit and explicit guidelines to evaluate the quality and relevance of the evidence that they use to inform projections about the future. Here are a few of the most important precepts:

1. **Holism:** Terms like “scanning the horizon” are often used to describe information gathering because it highlights the importance of a wide-angle view. Most people and organizations are specialists. When we know a domain well, we can easily identify anomalies and emerging issues.

Strategic Foresight asks people to develop skills and build systems for gathering relevant information *\*outside\** their area of expertise, so that “unknown knowns” do not distort their mental model of reality or show up later to surprise them. Gathering information holistically is a competitive matter: just because an organization is surprised by information of which they were not previously aware does not mean that it is unexpected to their competitors.



2. **Clarity about patterns of change:** Change occurs in different ways. Some change is linear (such as demographic trends), but much is not (the stock market). Sometimes events are not the product of a clear pattern, but can be projected as possible unique outgrowths of particular circumstances. Some changes are cyclic. Understanding patterns also improves planners' ability to create projections.
3. **Contextual relevance:** Bare facts and raw information are not meaningful in themselves. They require context to give them significance and relevance. Strategic Foresight frameworks require that information be tied to a relevant context.

## 4

### Anticipatory Leadership

This is a demanding era for leaders. Faced with uncertain conditions and an uncompromisingly transparent environment, it can be difficult to make strong decisions. In the face of these conditions, Prescient proposes elements of a new model of leadership that highlights the ethical importance and practical utility of leading with the future in mind. The imperatives of this model include:

- Using Foresight frameworks to better capture and plan for future uncertainty
- Transformation strategies that focus on engaging all stakeholders as meaningful participants in sensing and creating the organizational future
- Modeling new a narrative in their behavior and speech, and in the organization by aligning incentives and processes with the needs of the future, not the past
- An ethical position that takes legacy seriously: What kind of organization would you like your successors to inherit?

People who engage in Strategic Foresight on behalf of their organizations often find it personally empowering as well. While it can be alarming to learn that the linear path to the future that once seemed certain is neither linear nor guaranteed, this fact also makes it demonstrably clear that there are many routes to success and that it is possible to develop new visions and carve our own paths.

## 5

### Strategic Narrative

Planning for an uncertain future begins with creating a baseline understanding, often in scenario form, of the potential opportunities offered by the future. But this is only the beginning. Preparing for changes in the external environment is likely to introduce the need for changes in your internal environment, perhaps even major transformation.



Cognitive psychologists have explained that humans experience their lives as stories and interpret events in the forms of stories, series of actions that unfold in time and are connected for reasons we can understand. We use these stories to help guide our behavior in the world. Yet, as a species, we are not always good at changing our stories about ourselves even when conditions change, and the old ones are no longer useful. This happens at an organizational level as well, and it helps explain how even organizations that clearly recognize the need to shift in the face of new, emerging conditions, find it difficult to do so.

Developing a new narrative that engages stakeholders as active players in its unfolding is an integral part of Strategic Foresight. A strong Strategic Narrative serves both as an element of resilience as it radiates enduring meaning to its participants, and as a model of transformative change, demonstrating new behaviors and interactions that will lead in new, productive directions.

## TO LEARN MORE

about how Prescient can help you to plan effectively for the future, contact us at:



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# PRESCIENT, LLC

ACTIVATE THE FUTURE



## ABOUT US

Prescient LLC, a foresight consultancy, helps executives and organizations anticipate the impacts of critical global trends to capitalize on changing conditions, stay ahead of the competition and minimize risk.

Prescient provides you with knowledge, tools and frameworks to explore how emerging change could impact your firm, your stakeholders and your vision of the future. Work with us to create long term success.

## SERVICES

- strategic foresight
- executive foresight training
- strategic narrative/organizational transformation
- keynotes

## TESTIMONIALS

"Organizations willing to invest in long term visioning and strategy development deserve a professional, thoughtful, skilled approach. Prescient brings all of these to the table."

**Matt Horn, Institute for Building Technology & Safety**

"We learned [in our strategic narrative workshop] that an organization is defined by its narrative, and that the ability to strategically take ownership of that narrative is invaluable. The insights elicited crystalized two major things for us: an understanding of each individual's separate piece and perspective of our shared past narrative, and practical methods for discussing, defining, and shaping our future story."

**Jayson Blair, Goosecreek Consulting**

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