# How Can Trends and Phenomena Help to Find Potential Futures?

**Dr. Tuomo Kuosa**

29.6.2022
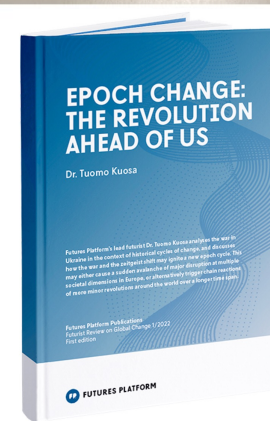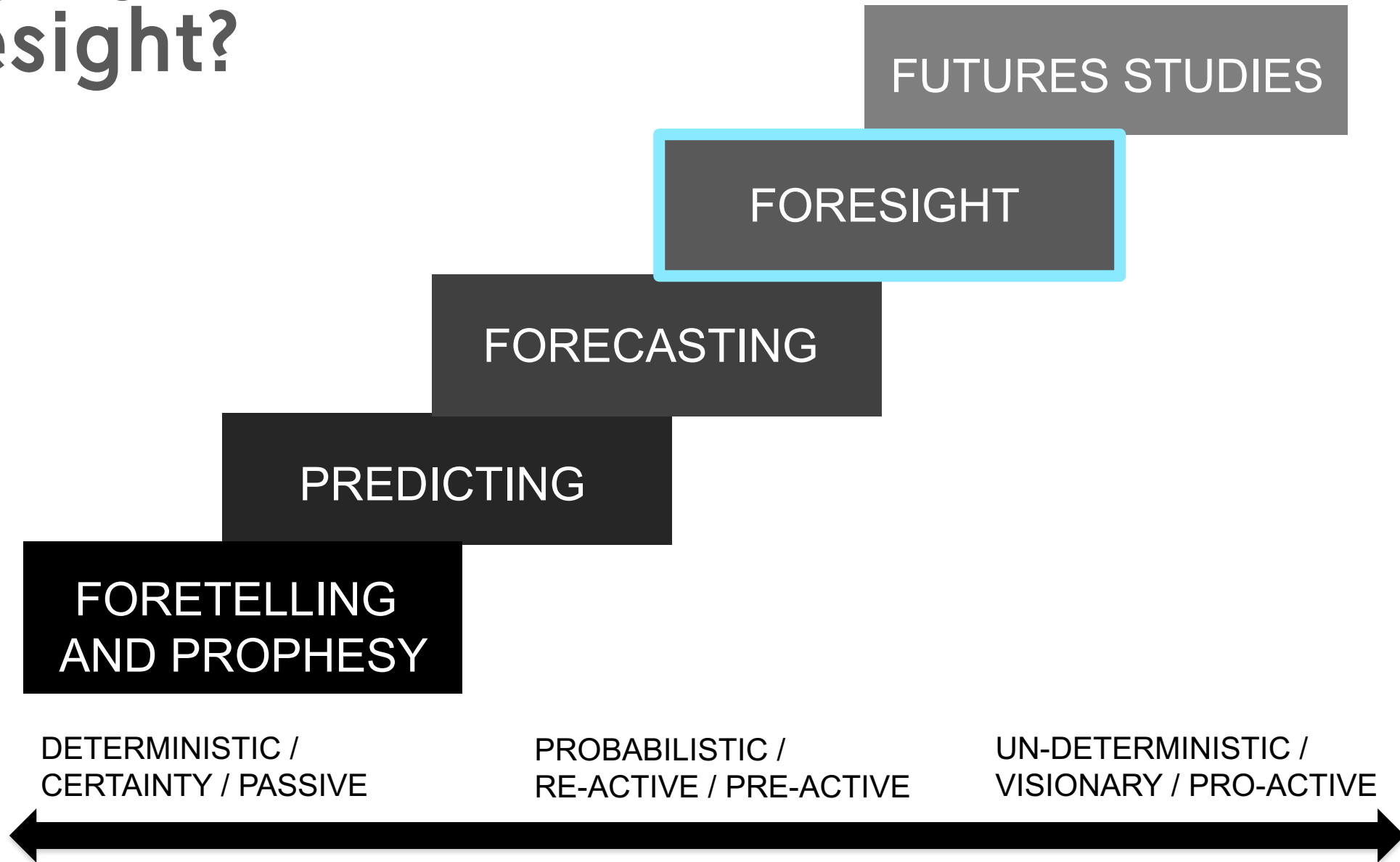
# Tuomo Kuosa

- Ph.D., Founder
- Content Director, Leading Futurist
- Associate Professor of Strategic Foresight in Finnish National Defense University
- 15+ years experience in foresight
- Six books on strategic foresight
- Dozens of research papers, hundreds of lectures and workshops

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# What is foresight?



FUTURES STUDIES

FORESIGHT

FORECASTING

PREDICTING

FORETELLING AND PROPHESY

DETERMINISTIC / CERTAINTY / PASSIVE

PROBABILISTIC / RE-ACTIVE / PRE-ACTIVE

UN-DETERMINISTIC / VISIONARY / PRO-ACTIVE

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# Why foresight?

**TRADITIONAL VIEWPOINT:** following the changes

*Forecasting (future as single most probable outcome):*

Strategy

probabilities

FORECAST

(-) 5-15%     (+) 5-15%

TODAY

Extrapolating the most probable future.
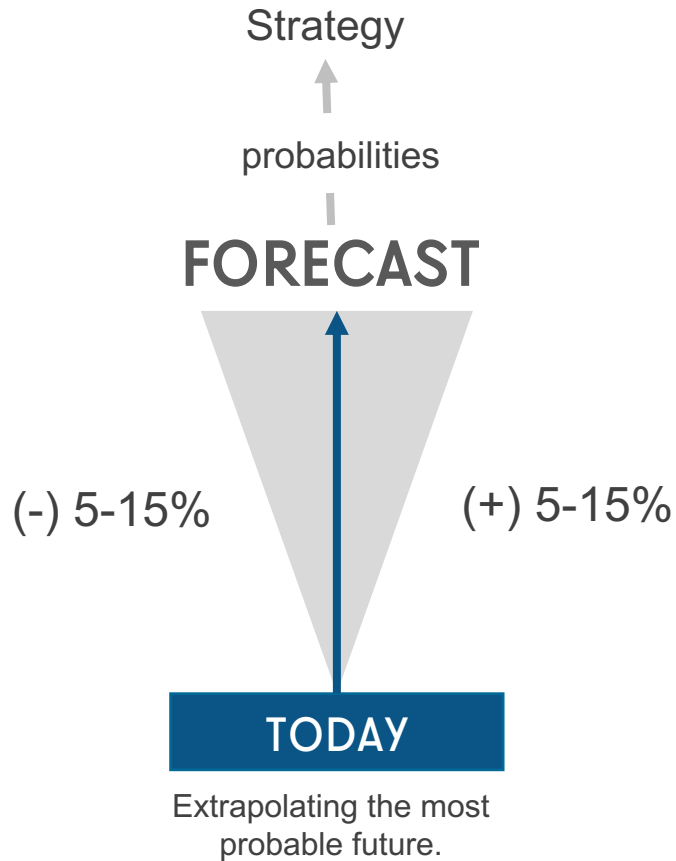
**FUTURES THINKING:** becoming aware of changes and creating the preferable futures

*Future as plural set of options (e.g., scenario planning with intuitive logic):*

Strategy

Strategic option1     Strategic option2     Strategic option3     Strategic option4

SCENARIO2     SCENARIO4

SCENARIO1     SCENARIO3

Uncertainties & Phenomena

TODAY

Describing possible, probable, preferable and plausible futures.

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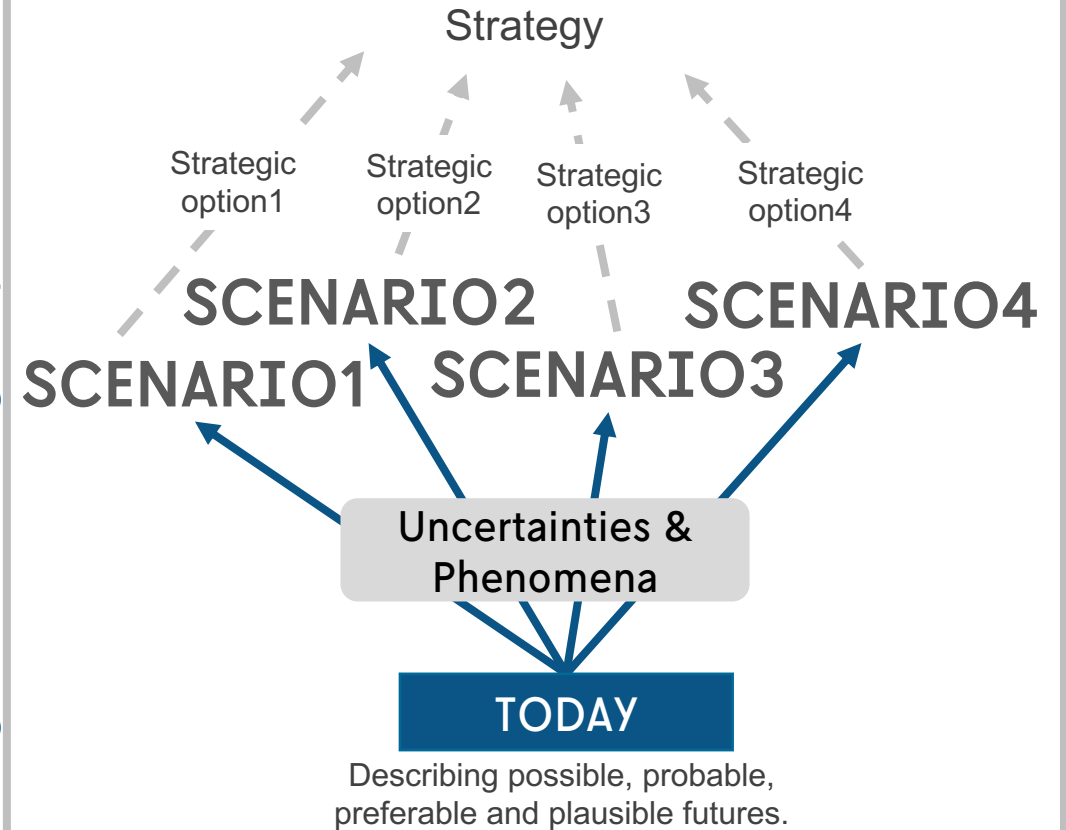
# Why foresight?

**Horizon scanning:
Phenomena that will
change the industry are
usally born outside the
scope of the industry**

**Field or industry**

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# How to conduct foresight?

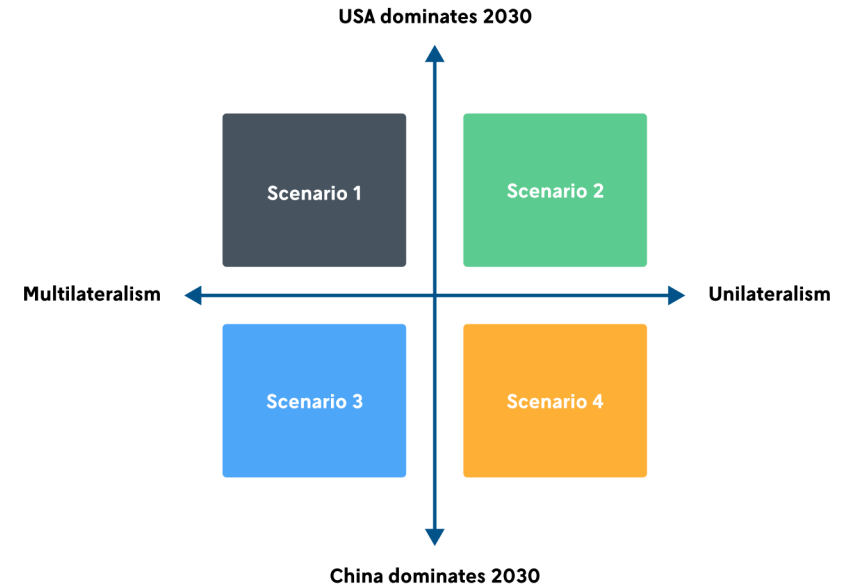*One of the ways to start: from Horizon Scanning to Scenario Building*



d or industry

Scenarios with Two Axes:

or

Scenarios with Futures Table:

**USA dominates 2030**

| | |
|---|---|
| Scenario 1 | Scenario 2 |
| Scenario 3 | Scenario 4 |

Multilateralism ← → Unilateralism

**China dominates 2030**

| | Minimum Development | Modest Development | Large Development | Maximum Development |
|---|---|---|---|---|
| Driver1 | Option 1 | Option 2 | Option 3 | Option 4 |
| Driver2 | Option 1 | Option 2 | Option 3 | Option 4 |
| Driver3 | Option 1 | Option 2 | Option 3 | Option 4 |
| Driver4 | Option 1 | Option 2 | Option 3 | Option 4 |

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# About Scenario Building

*Short introduction to the history of Scenario Thinking and methodological alternatives.*

- Scenarios were first used in RAND corporation which was a joint planning project between US Army AirCorps and the Douglas Aircraft Company during World War II

- The father of the scenario work in RAND is Herman Kahn who introduced the term into planning, military and strategic studies in the 1950s.

- Three methodological alternatives:
**PREDICTIVE–PROBABLE**
Forecasting and predicting by modelling, what is probable – Quantitative

**EXPLORATIVE–POSSIBLE**
Scoping what is possible and alternatives, asking "what–if?"– External factors

**NORMATIVE–PREFERABLE**
Supporting strategic planning, evaluating what is good or bad for us – Preferences

*(classification by Roy Amara)*

# Scenario Building

Case example: Shell plc (private organisation)



*Sources: Shell*

> we tend to be trapped within the limits of our own experience,

## Winning during the oil shock

*The situation:*

Arab oil-producing countries imposed an oil embargo on Western governments in October 1973 as a response to US support for Israel in the Yom Kippur war. Within weeks, the price of crude oil soared from around $2.50 a barrel to $11.

➡️ The high price restricted economic activity in the West, causing a slump in the stock market and a rise in unemployment.

*Scenarios abling competitive advantage:*

Shell's scenarios work had allowed it to **foresee this development as one of the options** and **prepare for this shock before others**. Shell recovered from the shock quickly than its competitors and moved to 2nd biggest and also the most profitable after it (from the 7th).

### Pierre Wack

*The mastermind behind the success of the Shell scenarios and leader of the Shell's Group Planning, who made two scenarios for the oil industry: one with conventional wisdom – somehow the oil price would stay stable through the turbulent times; the second with concrete ramifications of the emerging oil crisis.*

**Using of scenarios:**
1. He helped oil refiners and marketers to be prepared to operate in a low-growth industry.
2. He warned drillers and explorers about OPEC countries to take over their oil field by arranging workshops with management board members to imagine the decisions they might have to make as a result of the emerging crisis.

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# Scenario Building

## Changes in global politics

The Confederation of Finnish Industries (=EK) is the largest employers' association in Finland. EK's member companies collectively contribute over 70% of Finland's GDP, and over 95% of Finland's exports. It has considerable **negotiating power, in collective labor agreements.**

**Ministry of Foreign Affairs has a strong mandate on helping Finnish corporations to succeed abroad**

*The situation:*

World after Trump winning the presidency became uncertain. The situation was hard for public organizations as strategy level predictions became unreliable.

➡️ To survive and strive in this "new normal" EK+Formin decided to conduct scenario building to make sense of all the possible events and futures regarding the next 5–10 years.

*Scenario building helped to prepare for political changes in China and USA:*

EK+Formin mapped out the options of changes in global political scene. They realized that events that first seemed unlikely, can actually happen. New geo-blocks were identified, and strategic options designed accordingly.

KIINAN:n kehitysvaihtoehdot (A, B, C, D)

VAHVA SISÄINEN KOHEESIO
(sisäinen toimintakyky)

**A. VAIHTOEHTO (NIMEÄ)**
1. MITEN TÄMÄ TILANNE OLISI MAHDOLLINEN?
XX
XX
2. KUVAA TILANNE:
XX
XX
3. EU:n TALOUSPOLIITTINEN ROOLI JA TOIMINTAKYKY?
XX
XX

**B. VAIHTOEHTO (NIMEÄ)**
1. MITEN TÄMÄ TILANNE OLISI MAHDOLLINEN?
XX
XX
2. KUVAA TILANNE:
XX
XX
3. EU:n TALOUSPOLIITTINEN ROOLI JA TOIMINTAKYKY?
XX
XX

**C. VAIHTOEHTO (NIMEÄ)**
1. MITEN TÄMÄ TILANNE OLISI MAHDOLLINEN?
XX
XX
2. KUVAA TILANNE:
XX
XX
3. EU:n TALOUSPOLIITTINEN ROOLI JA TOIMINTAKYKY?
XX
XX

**D. VAIHTOEHTO (NIMEÄ)**
1. MITEN TÄMÄ TILANNE OLISI MAHDOLLINEN?
XX
XX
2. KUVAA TILANNE:
XX
XX
3. EU:n TALOUSPOLIITTINEN ROOLI JA TOIMINTAKYKY?
XX
XX

PLATFORM

HEIKKO SISÄINEN KOHEESIO
(sisäinen toimintakyky)

| | A | B | C | D |
|---|---|---|---|---|
| Kiina | | | | |
| USA | | | | |
| EU | | | | |
| WTO | | | | |
| Kiina-USA | | | | |
| Blokit | | | | |

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# Systematic Foresight
Case example: one of the biggest FMCG companies globally (private organisation)

## Establishing systematic foresight

The client company is an American multinational manufacturer of fast-moving consumer good, pet food, and other food products and a provider of animal care services, with a turnover of 38 billion Euros.

### The situation:

World after Covid-19 become hard to compete in. All the traditional logics were broken; global logistics, point of sales (shops) and working from home changes consumer's daily life. Buying and using of daily products changed and no one new when or if there will be "back to normal".

➡️ To survive and strive in this "new normal" The company decided to boost its foresight activities, conduct horizon scanning, test two scenario approaches and use the results in the workshops with different business teams.

*Scenarios helped to map the options for "new reality" from consumer's daily life perspective.*

**Scenario building steps**
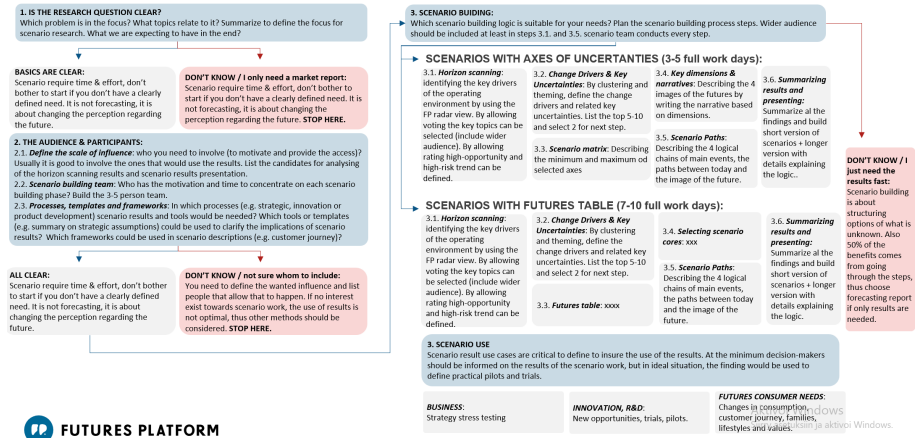


**Consumption & Enjoyment 2032**
*Horizon scanning: from undefined signals to defined signals of change*



| SIGNAL COLLECTION | IDENTIFICATION OF SIGNALS OF CHANGE | VALIDATION | ASSESSMENT | WRITING A PHEMONEMA CARD |
|---|---|---|---|---|
| Research topic: scanning for signals. | Clustering and consolidating the signals | Reflecting signals of change against new signals to ensure the essence is described well. | Systematic analysis of driver interplay. | Writing a standardised product based on the analysis. |

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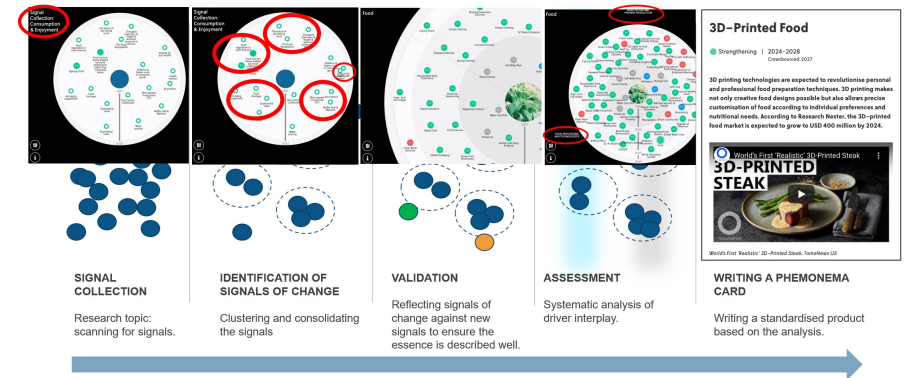
# Scenario building steps

**1. IS THE RESEARCH QUESTION CLEAR?**
Which problem is in the focus? What topics relate to it? Summarize to define the focus for scenario research. What we are expecting to have in the end?

**BASICS ARE CLEAR:**
Scenario require time & effort, don't bother to start if you don't have a clearly defined need. It is not forecasting, it is about changing the perception regarding the future.

**DON'T KNOW / I only need a market report:**
Scenario require time & effort, don't bother to start if you don't have a clearly defined need. It is not forecasting, it is about changing the perception regarding the future. **STOP HERE.**

**2. THE AUDIENCE & PARTICIPANTS:**
2.1. *Define the scale of influence*: who you need to involve (to motivate and provide the access)? Usually it is good to involve the ones that would use the results. List the candidates for analysing of the horizon scanning results and scenario results presentation.
2.2. *Scenario building team*: Who has the motivation and time to concentrate on each scenario building phase? Build the 3-5 person team.
2.3. *Processes, templates and frameworks*: In which processes (e.g. strategic, innovation or product development) scenario results and tools would be needed? Which tools or templates (e.g. summary on strategic assumptions) could be used to clarify the implications of scenario results? Which frameworks could be used in scenario descriptions (e.g. customer journey)?

**ALL CLEAR:**
Scenario require time & effort, don't bother to start if you don't have a clearly defined need. It is not forecasting, it is about changing the perception regarding the future.

**DON'T KNOW / not sure whom to include:**
You need to define the wanted influence and list people that allow that to happen. If no interest exist towards scenario work, the use of results is not optimal, thus other methods should be considered. **STOP HERE.**

**3. SCENARIO BUIDING:**
Which scenario building logic is suitable for your needs? Plan the scenario building process steps. Wider audience should be included at least in steps 3.1. and 3.5. scenario team conducts every step.

## SCENARIOS WITH AXES OF UNCERTANTIES (3-5 full work days):

3.1. *Horizon scanning*: identifying the key drivers of the operating environment by using the FP radar view. By allowing voting the key topics can be selected (include wider audience). By allowing rating high-opportunity and high-risk trend can be defined.

3.2. *Change Drivers & Key Uncertainties*: By clustering and theming, define the change drivers and related key uncertainties. List the top 5-10 and select 2 for next step.

3.3. *Scenario matrix*: Describing the minimum and maximum od selected axes

3.4. *Key dimensions & narratives*: Describing the 4 images of the futures by writing the narrative based on dimensions.

3.5. *Scenario Paths*: Describing the 4 logical chains of main events, the paths between today and the image of the future.

3.6. *Summarizing results and presenting:* Summarize al the findings and build short version of scenarios + longer version with details explaining the logic..

**DON'T KNOW / I just need the results fast:**
Scenario building is about structuring options of what is unknown. Also 50% of the benefits comes from going through the steps, thus choose forecasting report if only results are needed.

## SCENARIOS WITH FUTURES TABLE (7-10 full work days):

3.1. *Horizon scanning*: identifying the key drivers of the operating environment by using the FP radar view. By allowing voting the key topics can be selected (include wider audience). By allowing rating high-opportunity and high-risk trend can be defined.

3.2. *Change Drivers & Key Uncertainties*: By clustering and theming, define the change drivers and related key uncertainties. List the top 5-10 and select 2 for next step.

3.3. *Futures table*: xxxx

3.4. *Selecting scenario cores*: xxx

3.5. *Scenario Paths*: Describing the 4 logical chains of main events, the paths between today and the image of the future.

3.6. *Summarizing results and presenting:* Summarize al the findings and build short version of scenarios + longer version with details explaining the logic.

**3. SCENARIO USE**
Scenario result use cases are critical to define to insure the use of the results. At the minimum decision-makers should be informed on the results of the scenario work, but in ideal situation, the finding would be used to define practical pilots and trials.
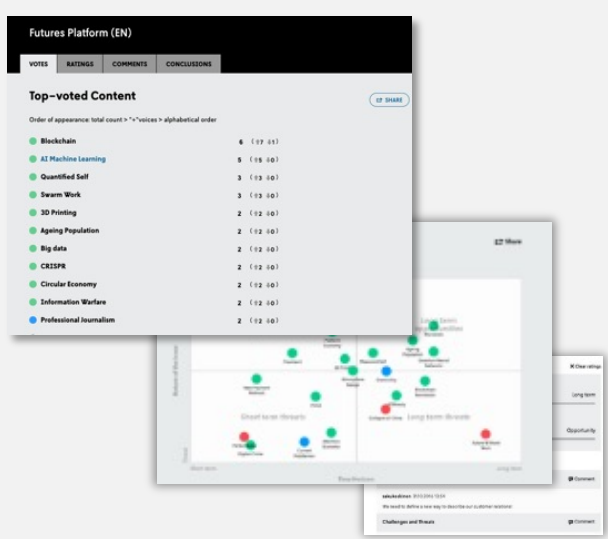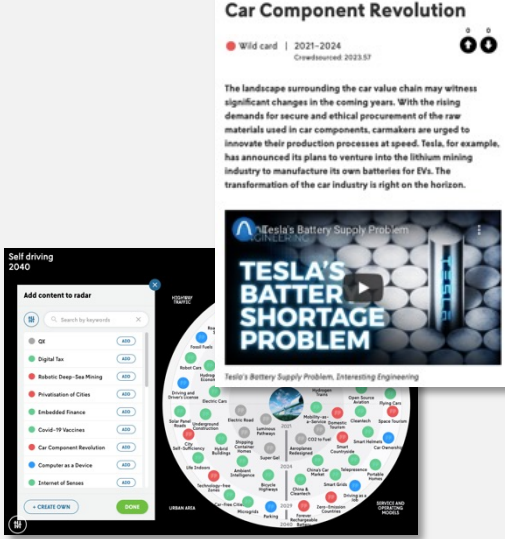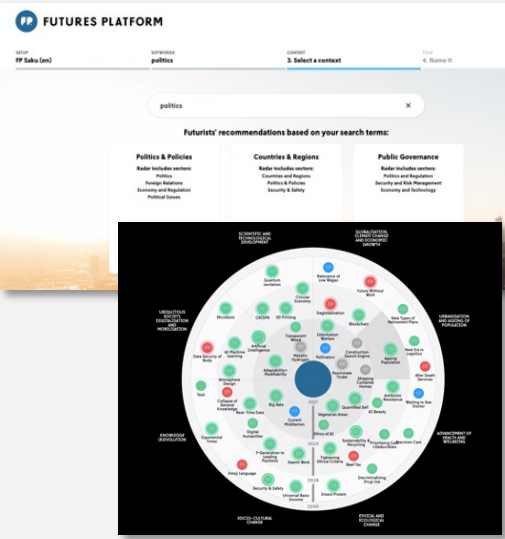
**BUSINESS:**
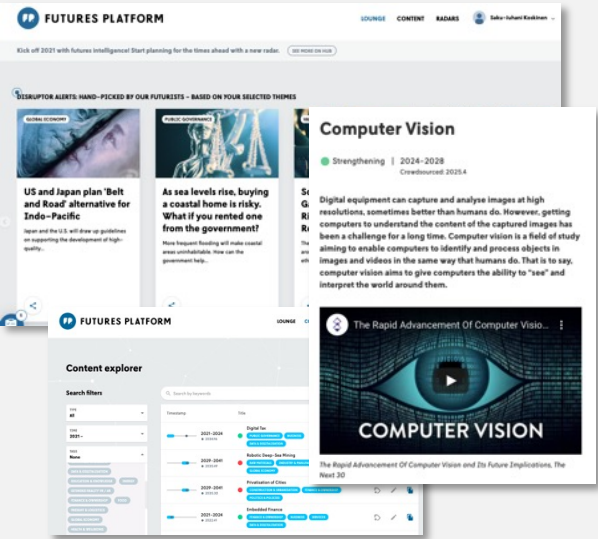Strategy stress testing

**INNOVATION, R&D:**
New opportunities, trials, pilots.

**FUTURES CONSUMER NEEDS:**
Changes in consumption, customer journey, families, lifestyles and values.

# FUTURES PLATFORM

# About Futures Platform



## Trend library & news alerts

**Lounge** displaying the latest news alerts.

**Newsfeed** to show the latest developments.

**Content Library**, with over 800 trend descriptions and analysis, as well as AI assisted search elements. Allows customers to edit and add trends.

## The radar view

**Displays the big picture** of multiple trends and disruptive forces.

**Easy to create** a new radar with our AI assisted radar creation process.

**Select from 40 prefilled radars** created by our Futurists, makes it quicker and easier to start your work.

## Adaptable content and radars

**Customise your futures view** and add your own trends to enhance your own foresight knowledge library.

**Selection tools** allows you to focus on trends that are relevant for your projects.

**Editing and publishing tools:** Add your own trends and insights, change the time range and edit sectors on the radar.

## Collaborative tools

**User admin:** People in your team can login and participate from anywhere.

**Voting tool:** Rank trends into a shared priority list.

**Social commenting:** Helps in collecting insights from participants and encourages dialogue.

**Rating tool:** Enables further analysis of key trends in a 2-by-2 matrix.

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# Make your foresight activities continuous and agile



*Sense-making of changes (e.g., Horizon Scanning)* → *Mapping the Preferable Futures (e.g., Scenario Building)* → *Using the results in decision-making (e.g., futures workshops)*

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# Some of our customers already reaping the benefits of systematic foresight

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# THANK YOU!

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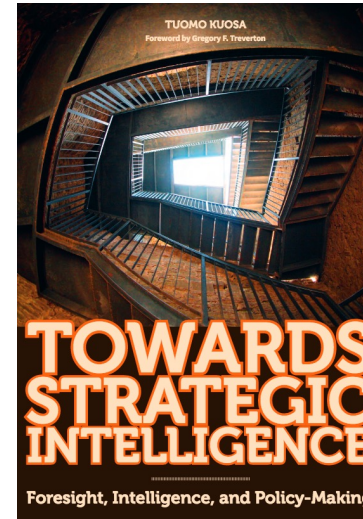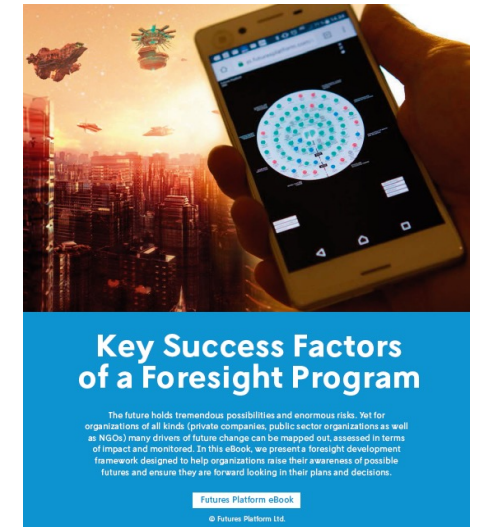00180 Helsinki
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# Read more



Epoch Change (2022) eBook:
https://www.futuresplatform.com/publication/world-epoch-change-revolution-ahead-of-us
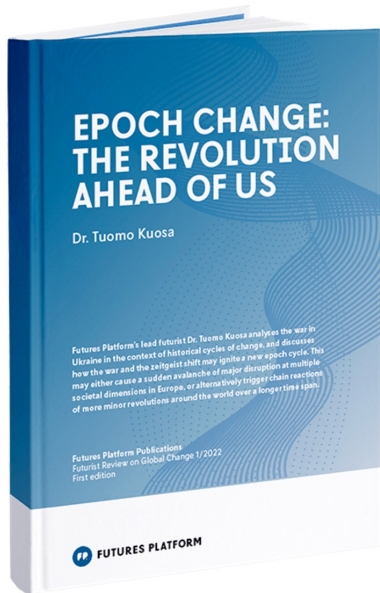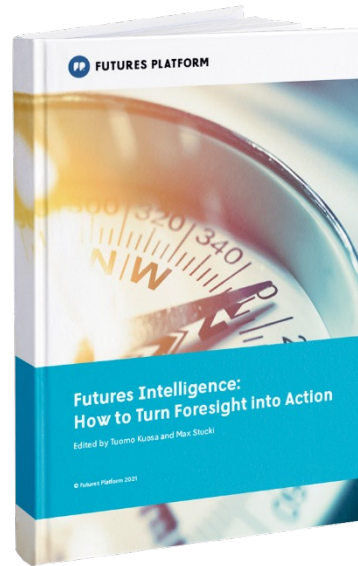
Futures Intelligence (2021) eBook:
https://www.futuresplatform.com/ebook/futures-intelligence

Towards Strategic Intelligence eBook:
http://fhs.diva-portal.org/smash/get/diva2:1235945/FULLTEXT01.pdf

Key Success Factors eBook:
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