

# living with uncertainty

## how to get fit for the game of strategic change

### Right thinking

- What everyone wants is an enhanced capacity to navigate their way through seas of uncertainty, and more clarity and confidence about what they can comfortably do without regret.
- A new approach to long-term planning transcends immediate issues and challenges executives to foresee and shape their possible futures.

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Many organisations face unprecedented levels of uncertainty as a result of changing industry economics, technological or competitive innovation, and legislative and regulatory change. There can also be uncertainties due to social activism, criminality, accident or Mother Nature.

Right Lane has seen how planning for the long-term can be challenging enough, but the overlay of complex and sometimes extreme uncertainty can truly challenge organisations. This has led us to develop an approach that was inspired by scenario planning but more specifically helps an organisation to embrace and really engage with the long-term, to better plan in times of uncertainty, and to develop more capacity to better shape its own future.

This approach was influenced by the work by Hugh Courtney in his *20/20 foresight: Crafting strategy in an uncertain world* (2001), a book published the day before the terrorist attacks of September 11, 2001. He outlined a four-part framework

to help managers determine the level of uncertainty surrounding their strategic decisions, broadly characterised as: a clear enough future (e.g. companies in mature industries), alternative futures (e.g. markets facing legislative or regulatory change), a range of futures (e.g. companies entering new markets), and true ambiguity (e.g. companies in emerging markets facing multiple uncertainties).

Events like September 11 and the GFC clearly shifted organisations' world-views, and everyone has had to move to some degree along the Courtney spectrum toward more ambiguity. We could see many organisations not having as sharp a sense of their own future as they previously thought, or at least less able or confident in articulating a sense of their future.

At Right Lane we took all our own experiences, research and thinking to adapt our approach and tools to provide even more meaningful insights and support for our clients.

The first rollout of our approach, to a division of a major client, was embraced for its insight and immediately expanded as a parallel project with its overseas team. A superannuation fund adopted the approach in a participative way, to tap into the experiences of managers with direct consumer insights, but also as a development opportunity for those managers.

Some of our clients are quite mature and operate in heavily regulated sectors, and on the surface have fewer vagaries about their future, but they now have a sharper appreciation that change can come from anywhere, at any time.

What every client wants is an enhanced capacity to navigate their way through seas of uncertainty and more clarity and confidence about what they can comfortably do without regret.

Our approach involves four steps that increase executives' capability to foresee and shape their possible futures:

1. Identify your main target outcomes for the planning period – What are the three or four things you are setting out to achieve over the next five years?
2. Identify the groups – for example, your organisation, competitors and policy makers – that will influence the achievement of these outcomes, and determine possible behaviours of these groups that would help or hinder you reaching your outcomes
3. Assess these possible behaviours for likelihood and impact and, for the most likely/impactful, identify possible triggers for their detection and plan how you can influence or respond to these behaviours
4. Develop pathways to your target outcomes – actions you can take to shape the environment in your favour over the course of the planning period as well as actions that you can take now, without regret.

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Many organisations do not have a clear sense of how their aspirations interact with the dynamic environments in which they operate, including which forces or influences could have the most impact on them, and whether they have a real capacity to influence or shape their future.

We work to get executive teams and boards to think more outwardly, and to focus on planning for the long-term. It is easy for many organisations to have an internally shaped view, and to be more focused on immediate issues.

Strong and successful organisations are cognisant of these immediate realities, but continue to invest more time and effort thinking about, and planning for, what they need to do to get the most positive impact in the longer-term.

When long-term planning is an on-going focus, then in times of change and challenge it can be an important navigation aid, helping provide organisational clarity and unity, and building capacity for organisations and their people to better foresee and prepare for various scenarios.



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#### References

Courtney, H 2001, *20/20 foresight: Crafting strategy in an uncertain world*, Boston MA: Harvard Business School Publishing

**want to know more?**

If you want to know more about Right Lane's approach to long-term planning, contact **Brad McSwain** or **Marc Levy**:

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