

# Exploring Scenario Planning Processes

– Differences and similarities

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# **Exploring Scenario Planning Processes**

## **- Differences and similarities**

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## **Preface**

This thesis has been carried out during the exchange programme I have attended in Lund. Before starting the thesis I took English lessons in order to achieve a good written and oral level in this language.

The thesis is about scenario planning which was an unknown method for me. After reading the three books about scenario planning (Scenario planning: the link between future and strategy; Shell. Scenarios: An explorer's guide and The art of long view: planning for the future in an uncertain world) I have learnt a new way which permits companies to adapt different future scenarios.

Making this project I have learnt many interesting things. However, the methodology which had to be carried out was a bit difficult to face at the beginning since it was maybe a little theoretical compared to what I have done in my home University.

I would like to take this opportunity to thank my friends and family who gave me the opportunity to come to Sweden to improve my education and know the different cultures present in Sweden. Particularly I would like to thank my cousin Marina and my best friend Paola who have read the thesis in order to give me an honest opinion about it. Finally, I want to thank Karolin Grönvall my thesis supervisor Daniel Hellström who have always had time for me and have helped me to understand how the thesis had to be developed.

Fernado Menéndez Pastor

Lund, March 2009



## **Abstract**

In this changing world it is very useful for organizations as well as for governments to be able to adapt and anticipate future events. Scenario planning is a method which can be used for organizations and governments to better manage this rapid and complex environment, since scenario planning creates plausible and possible future scenarios. The process of this method has been studied in this thesis.

The purpose of this thesis is to identify differences and similarities between three different processes. The authors of these three processes are Mats Lindgren and Hans Bandhold, Royal Dutch/Shell and Peter Schwartz. Firstly the processes are presented, and after the differences and similarities between them are studied. The comparisons are made one to one, that is: Kairos Future's process vs. Shell's process; Kairos Future's process vs. Schwartz's process; Shell's process vs. Schwartz's process.

From the comparison of these processes it can be observed that scenario planning has essential tasks which are common in the three processes. Also it is observed that the main differences between the processes are according to the sequence of these tasks and the way to develop them.



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# I Introduction

This chapter provides definition of scenario planning and a description of the use of scenario planning. Furthermore the purpose and scope of this thesis is presented; finally the process of investigation, that is used, is described.

## I.1 What is scenario planning?

The roots of scenario planning are in military strategy studies. In the World War II, “*the U.S. Air Force tried to imagine what its opponents might do and to prepare alternatives strategies*”<sup>1</sup>. In the 1960’s, Herman Kahn was an early founder of scenarios, he promoted the idea ‘thinking the unthinkable’ and used scenarios as a tool for business predictions. In the 1970s Shell began to use scenario as a strategy tool.

There are several definitions of this concept.

Mats Lindgren and Hans Bandhold (2003): define scenario planning as: “*a planning method used to deal with uncertainties in the future business environment*”<sup>2</sup>. They also say that “*scenarios are different from forecast, prognoses and visions. Scenarios are vivid descriptions of plausible futures*”<sup>3</sup>. Table 1 describes the differences between scenarios, forecast and visions:

SCENARIOS	FORECAST	VISIONS
Possible, plausible futures	Probable futures	Desired futures
Uncertainty based	Based on certain relations	Value based
Illustrate risks	Hide risks	Hide risks
Qualitative or quantitative	Quantitative	Usually quantitative
Needed to know what we decide	Needed to dare to decide	Energizing
Rarely used	Daily used	Relatively often used
Strong in medium to long-term perspective and	Strong in short-term perspective and low	Function as triggers for voluntary change

Table 1: Scenarios, forecast and visions<sup>4</sup>

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<sup>1</sup> The art of long view: planning for the future in an uncertain world, page 7.

<sup>2</sup> Scenario planning: the link between future and strategy, page 26.

<sup>3</sup> Ibid, page 22.

<sup>4</sup> Ibid, page 24.

Royal Dutch/Shell: defines scenario planning as: “a story that describes a possible future. It identifies some significant events, the main actors and their motivations and it conveys how the world functions”<sup>5</sup>.

Peter Schwartz: defines scenario planning as: “making choices today with an understanding of how they might turn out. Scenario is a tool for ordering one’s perceptions about alternative future environments in which one’s decisions might be played out”<sup>6</sup>.

According to these definitions, scenarios are plausible events that will occur in the future, a description of the possible futures.

There are several differences between scenario planning and traditional planning approaches. Table 2 shows the main differences.

	<b>TRADICIONAL PLANNING</b>	<b>SCENARIO PLANNING APPROACH</b>
<b><i>Perspective</i></b>	Partial, “Everything else being equal”	Overall, “Nothing else being equal”
<b><i>Variables</i></b>	Quantitative, objective, know	Qualitative, not necessarily quantitative, subjective, know or hidden
<b><i>Relationships</i></b>	Statistical, stable structures	Dynamic, emerging structures
<b><i>Explanation</i></b>	The past explains the present	The future is the reason d’être of the present
<b><i>Picture of the future</i></b>	Simple and certain	Multiple and uncertain
<b><i>Method</i></b>	Determinist and quantitative models (economic, mathematical)	Intention analysis, qualitative and stochastic models (cross impact and systems analysis)
<b><i>Attitude to the future</i></b>	Passive or adaptive (the future will be)	Active or creative (the future is created)

Table 2: Traditional planning vs. scenario planning approach<sup>7</sup>

<sup>5</sup> Shell. Scenarios: An explorer’s guide, page 21-89.

<sup>6</sup> The art of long view: planning for the future in an uncertain world, page 4. 1991.

<sup>7</sup> Scenario planning: the link between future and strategy, page 26.

## 1.2 The use of scenario planning

Scenario planning can be used for many different purposes. Mr. Schwartz says that people could use “*scenarios to plan a small business, to choose an education, to look for a job, to judge an investment, or even to contemplate a marriage*”<sup>8</sup>. The most popular and effective use of scenario planning is creating plausible futures. Scenarios also are very helpful for strategy development, innovation, risk management, visioning and executive learning. Scenario planning can be used both new business and old business. If scenario planning is focused in new business, its purpose should be to generate new ideas or to work as filters to analyse new ideas. If scenario planning is focused in old business, its purpose should be to evaluate existing strategies or products. Also scenario planning is a tool which helps people to think in the future and to change their assumptions. Figure 1 shows different purposes of the scenario planning.

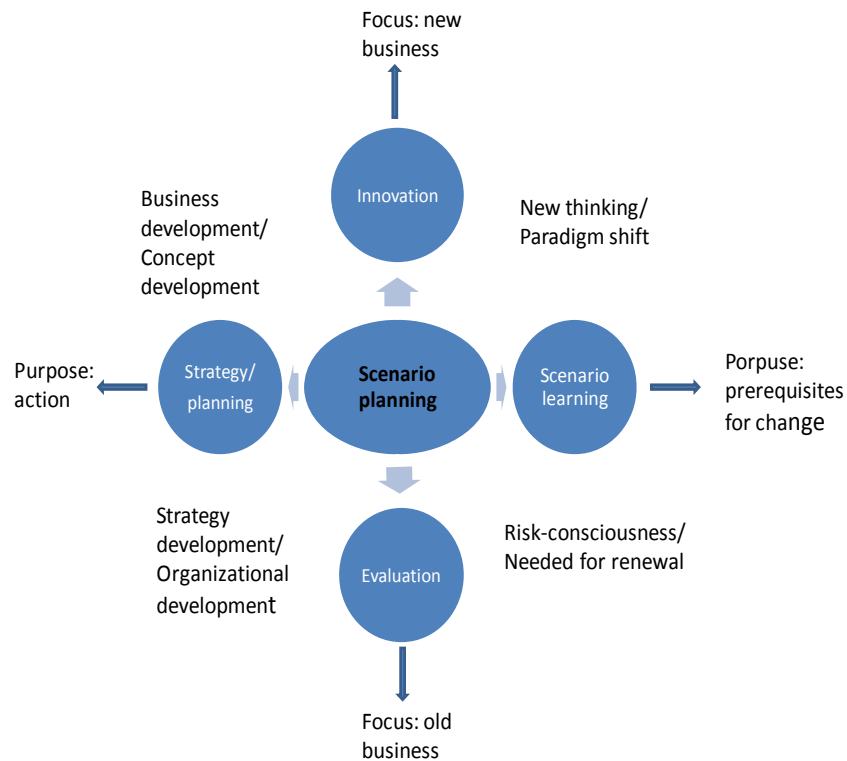


Figure 1: Purposes of scenario planning<sup>9</sup>

<sup>8</sup> The art of long view: planning for the future in an uncertain world. page 4.

<sup>9</sup> Scenario planning: the link between future and strategy, page 25.

Scenario planning can be used in different planning stages. In the Figure 2, it can be observed that scenarios can be a useful tool to generate, analyse and implement strategies. Also through scenarios it is possible to evaluate the progress of organization's actions.

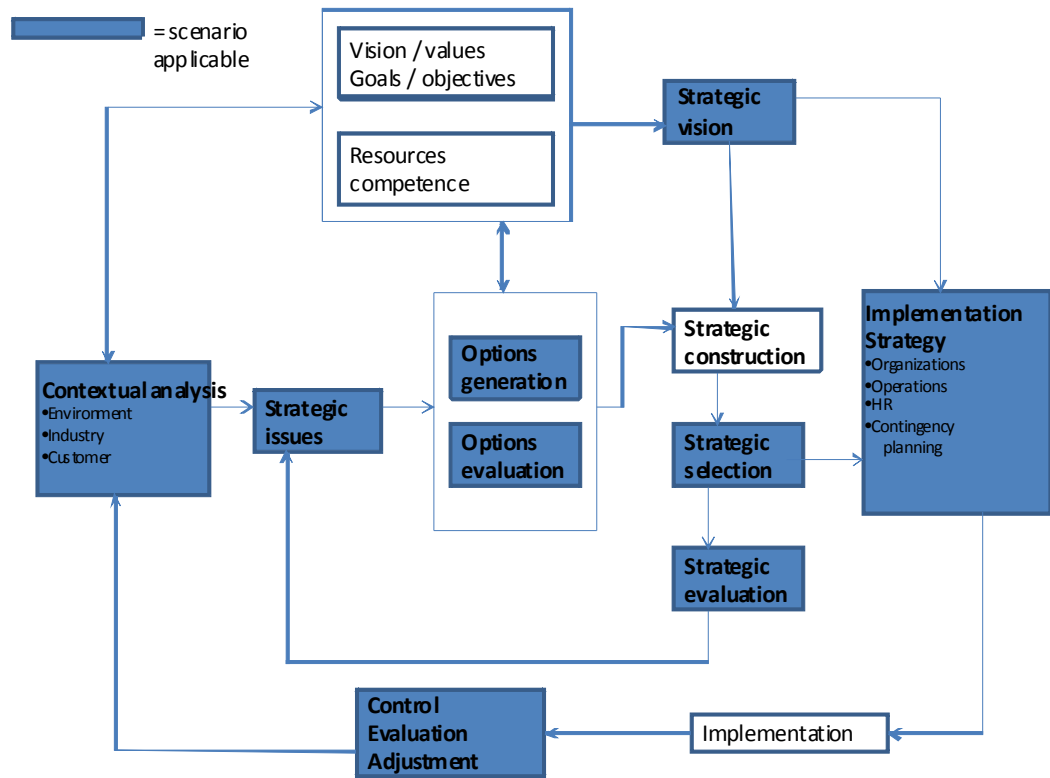


Figure 2: Where scenarios can be applicable<sup>10</sup>

<sup>10</sup> Scenario planning: the link between future and strategy, page 46.

### **I.3 Purpose**

The purpose of this thesis is to identify differences and similarities between three different scenario planning processes.

### **I.4 Scope**

The three scenario planning processes have been developed by the following authors:

- Mats Lindgren and Hans Bandhold who are consultants for the company Kairos Future. They wrote the book “Scenario planning the link between future and strategy” where they explain the process that they use to create scenarios.
- The organization Royal Dutch/Shell which has been working with scenarios from 1970. It is a pioneer in this field, and it wrote a book in 2001 where it explains the scenario planning process.
- Peter Schwartz who is builder of scenarios from 1970, now he is a chairman of Global Business Network. In 1991 he wrote his book “The art of long view” where he exposes his process.

### **I.5 Process of investigation**

This thesis has been carried out as follows. Firstly the three processes have been read and summarized. Secondly the comparison (similarities and differences) between the processes have been made. The three comparisons are: Kairos Future vs. Shell, Kairos Future vs. Schwartz and Shell vs. Schwartz. Finally, conclusions of this study have been written.



## 2 Three scenario planning processes

In this chapter, the three chosen scenario planning processes will be described.

### 2.1 Kairos Future's scenario planning process

Firstly, the precedents of the authors of this process are presented. The authors are Mats Lindgren and Hans Bandhold. When they wrote their book, they were consultants in the company Kairos Future and they had guided multinationals and medium-size companies, as well as governments and non-governmental organizations in the world of the scenario planning for almost twenty years.

The scenario planning process, that Lindgren and Bandhold have created, is called TAIDA<sup>11</sup>. This model has five stages: Tracking, Analysing, Imaging, Deciding and Acting. But before these stages, there is a pre-stage. This pre-stage is the preparation and prerequisites for the process. Figure 3 represents the Kairos future's scenario planning process:



Figure 3: Kairos Future's process

#### 2.1.1 Preparation

As in any project, the starting phase is essential. According to Lindgren and Bandhold, an individual person or a company has to prepare itself for future situations if they want to use scenario planning. The first task at the beginning of the process is to define the purpose of the process. In scenario planning processes is essential to define the purpose and also to know which way to go with the process because, as mentioned before scenario planning process can have different purposes.

Another task is to identify the system that has to be analysed, since it is possible choose between a study of a whole company or specific areas of it. This is because sometimes is better to look at the future of the organization as a whole, but others is preferable to take a deeper look at the specific operation. Furthermore, when looking at the future it is essential to have a good map of the past and the present of the organization, that is, its

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<sup>11</sup> Scenario planning: the link between future and strategy, page 47-101.

history, the competitive landscape and the main indicators of changes in the environment.

The last two tasks are: to define the focal question and time horizon, these tasks are maybe the most important in this stage. The focal question is important because the scenarios will be built upon the answers to it. The time horizon is as important as the focal question, having a perspective of five years gives a different picture from having a perspective of twenty years. *“The time horizon for scenarios must be short enough to create scenarios that probable, but long enough for us to imagine that important changes with an impact on the future business can take place”*<sup>12</sup>.

According to Lindgren and Bandhold, the most common risks in this stage are: unclear purpose, woolly questions, inappropriate timeframe and a team with a narrow perspective.

- Unclear purpose: it is obvious that if the project is begun with an unclear purpose, the issue are not being focused in a good manner. The results will not be the results expected.
- Woolly questions: the main consequence of this is that wrong trends will be had or some important trends will be ignored.
- Inappropriate timeframe: when the timeframe is too short, trends about the present will be obtained. This is not the aim of the scenario planning process. On the other hand when the timeframe is too long often lead to implausible scenarios.
- A team with a narrow perspective: it is important that the participants have an open mind and the team should be set up with people from different disciplines and from inside as well as outside of the organization.

### **2.1.2 Tracking**

This stage starts when the purpose, the focal question and time horizon are defined, and when a good map of the past and present of the organization is known. In this stage, the participants in the process begin to look at the future. Here they have to look for trends, drivers and uncertainties which influence the focal question. For Mats Lindgren and Hans Bandhold, a trend is *“something that represents deeper change”*<sup>13</sup>. The trends are based on observed changes in the present. First the participants in the process have to look at the driving forces and then they have to track the trends, this is an out-inside perspective. Lindgren and Bandhold say that this is the way to predict and anticipate the changes in the environment. Figure 4 shows this concept.

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<sup>12</sup> Scenario planning: the link between future and strategy, page 53.

<sup>13</sup> Ibid, page 56.



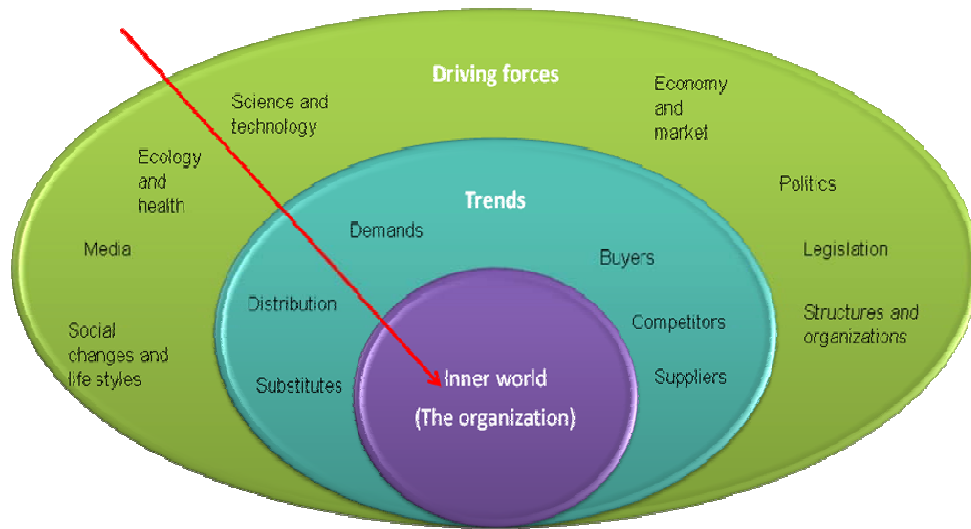


Figure 4: The out-inside perspective<sup>14</sup>

They also explain several methods to find trends. These methods are divided into two groups: media-based methods and interview-based methods.

The media-based methods are:

- Media scanning: is a simple and popular method. Information which has been read in newspapers or in the internet, has been listened on the radio or has been watched on TV can be accumulated. Media scan is a good complement to brainstorming.
- Trend-tracker groups: Small trend-tracker groups are organized within the company. The group has a coordinator who is elected by the members of the group. The coordinator will have to gather and put in order the material. The group has to analyse the material. The collected information is the “raw material” for the next stages of the process.
- Media watch: it is referred to different types of media watch: the press or internet, radio and TV which are services that some big organizations offer. Also these organizations have their intranet portal where their results are showed. But it is obvious if you look for new phenomena or a broader question, it is difficult to find it for external watchers.

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<sup>14</sup> Scenario planning: the link between future and strategy, page 56.

- Keyword analysis: this method is about having database searches on different keywords that describe phenomenon or an issue which can be common.
- Content analysis: this method analyzes and codifies the content of articles. This method looks for patterns. The disadvantage of the method is that more time is required to carry out it.

The interviewed-based methods are:

- Delphi surveys: the steps of the method are:
  1. *“Formulate a question with quantitative answer (When? How many percent?).*
  2. *Ask the respondents privately by telephone, face-to-face or questionnaire.*
  3. *Compile the results and calculate a medium value.*
  4. *Bring back the results to the respondents and ask for new responses.*
  5. *Compile the final results”<sup>15</sup>*

The results of this method are quantitative.

- Delphic conversation: structured interviews: it is similar Delphi surveys. But this method is more open and the results may not be quantitative.
- Opinions rolls: it is the public opinion, it can be used for two different purposes: to obtain quantitative picture of the state of the right art now, or to monitor changes over time.
- Long-range data: this method compares answers about the same topic but in different periods. The result of the method is a picture of changes over the time.
- Focus group: a number of people meet to discuss about specific questions like customers, competitors, etc.
- Expert panels: are groups that advise the companies in important decisions. The companies consult them to take better decisions.
- Gurning: is about to listen people that you normally do not meet. People with good sense of what is happening in the society.
- Executive panels: this is as internal expert panel. The different is that these executive panels are formed by people inside the organization.

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<sup>15</sup> Scenario planning: the link between future and strategy, page 132.

- Creative future groups: the members of these groups are problem solvers, the problems that they solve can be internal, external or a mix of two. *“There are three basic criteria to develop the method: all opinions are valued as equally important; there is clear question for the meeting and a method to cope with it; a process leader keeps the group together and guides it forward”*<sup>16</sup>. With this method trends, key factors or consequence of alternative scenarios are identified.
- Future dialogue: is a seminar method. A lot of people participate in these seminars. The audience is divided in smalls groups and continuously the members of the group change. At the end of the seminar, the participants will have a complete documentation.
- Participatory future studies: consists of a series of seminar in which the group studies and evaluates different alternatives. The model is about how carry out future studies within an organization. It is possible that different organizations work together to achieve the aims of this model. The participants of this model must be experts.

At the end of this stage, a set of trends covering different areas or disciplines, like economics, politics, science, technology will have been identified.

The risks in this stage are: identifying trends not based on observed change, too narrow a perspective, too many trends, not supporting the trends with evidence.

- Identifying trends not based on observed change: this usually is a consequence of a vague description of the trends.
- Too narrow perspective: a checklist of the trends can be used to avoid this, the changes can better be observed by this way.
- Too many trends: some identified trends can be easily predictable or they can have low impact on the focal question. On the other hand, some trend can be driving forces or consequence to other trends. For this reason, it is important to check the trends and their relations.
- Not supporting with evidence: the participants in the project must explain the reason by which a trend has been created.

### ***2.1.3 Analysing***

Firstly, this stage consists of linking the group of trends which have been identified in the previous stage. From these interrelationships between the trends the uncertainties

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<sup>16</sup> Scenario planning: the link between future and strategy, page 135.

will be identified. Finally, from these uncertainties the scenarios will be built. Now, these tasks will be described.

The first task is to study the interrelationships between the trends, thus the participants of the process can find that some trends are consequences to other trends or they can observe some patterns. To carry out this task Lindgren and Bandhold explain a method which is called cross-impact analysis. The result of the method is a picture of what is dependent, what is independent, what is driving and what is driven by others.

According to them this method is more useful when the results are represented in a casual-loop diagram which “*is an effective way to achieve clarity about systemic interplay and system dynamics*”<sup>17</sup>. To draw the casual-loop diagram Lindgren and Bandhold follow the next steps: the most dominant driving trends are put at the top and the most dependent at the bottom of the diagram. The arrows in the causal-loop mark the direction of dependency. In the Figure 5, casual-loop diagram is showed.

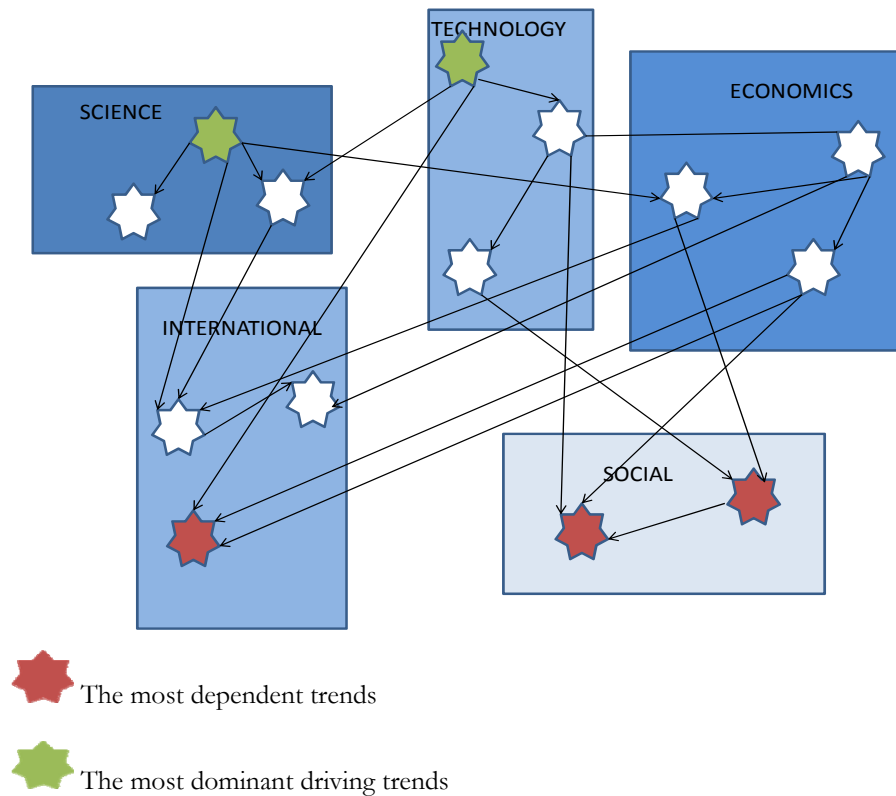


Figure 5: Example of casual-loop in the analysis stage<sup>18</sup>

<sup>17</sup> Scenario planning: the link between future and strategy, page 159.

<sup>18</sup>Ibid, page 63.

After this task, it is time to built scenarios. According to the authors of the process, it is very useful to create a timeline, which is consisted of certain trends and the interconnections between them, from today's date to the date of the scenarios. Thus, people can move from today into the year of the scenario, also the people can see and understand the occurred changes. Lindgren and Bandhold say that “*understanding of these changes is essential for the understanding of the scenarios*”<sup>19</sup>. They explain a method to build scenarios which is to combine two driving uncertainties with each other; the result of this combination is four different scenarios which are represented in a scenario cross (Figure 6). The trends are the “raw material” to find the uncertainties.

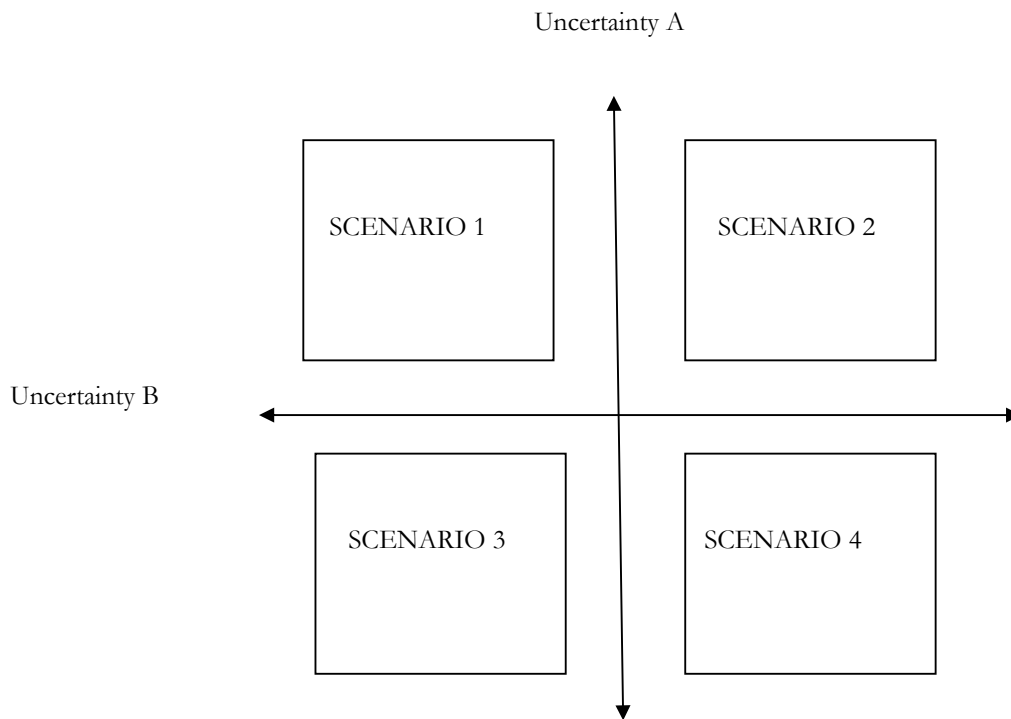


Figure 6: Four different scenarios based on two uncertainties<sup>20</sup>

At this point the difference and plausible scenarios will have already been built. The next task is to communicate the scenarios. Lindgren and Bandhold give several advices for a good and effective scenario communication. The first advice is about the title, for them the title must be descriptive and easy to remember. The title must not express judgements of good or bad.

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<sup>19</sup> Scenario planning: the link between future and strategy, page 66.

<sup>20</sup> Ibid, page 67.

The second advice is to make a storyline of the scenarios which includes answer to the fundamental questions: who does what, with whom, when, where and why? The third advice consists in creating a narrative description. In this task visual material like graphs, pictures will help to show its logic. The narrative description will help to see what future worlds could look like and to internalize the scenarios. The last advice is to create a table in which the readers of scenario can see the differences between them and have an overview of the different scenarios.

The risks in this stage are: inability to identify the most relevant uncertainties, scenarios based on uncertainties that are not really uncertainty, scenarios that are detailed, but not comprehensive and scenarios that are too general.

- Inability to identify the most relevant uncertainties: the uncertainties must be enough impact on the system to create different scenarios in more than one or two aspects. A good solution could be to choose a dominant trend. It is very important to find correct uncertainties.
- Scenarios based on uncertainties that are not really uncertain: it is possible that one scenario is not really an uncertain but in combination with another uncertainty gives us good scenarios. To find uncertainties can be fast and easy or slow and difficult.
- Scenarios that are detailed, but not comprehensive: to make a comparison table is important to avoid this risk.
- Scenarios that are too general: it is essential that the scenarios describe relevant things for the focal question.

### ***2.1.4 Imaging***

After tracking trends, analysing them, and creating future scenarios, it is time to create visions, which consists in creating a picture of a desired future. Lindgren and Bandhold explain one method to create visions which they used in a division of multinational industry. This method consists of a group of 50 people, representing all kinds of functions from different parts of the organization. The first task is individual, they write a personal letter, it should be written and dated ten years into the future and they have one hour for the writing. After this the seminar the project team start to deal with the material, and from the analysis of these letters, the seminar show the most important groundwork. To make this they use a single-impact analysis, cross-impact analysis, and casual-loop. This method is very helpful, and furthermore a lot people of the company take parte of creating the vision, they are feeling part of the project.

The risks in this stage are pie in the sky, lack of participation, not communicating the vision enough and not living the vision.

- Pie in the sky: The visions must be supported by the history of the organization and the visions must help the organization to see the possible future.
- Lack of participation in vision process: the more people participate in this process better, since more thoughts are taken into account.
- Not communicating the vision enough: the visions must be related and commented over and over again, thus we can find good strategies for the company.
- Not living the vision: the visions of the organization must be supported by its strategies. The visions must be credible.

### **2.1.5 Deciding**

The most important tasks in this stage are to generate strategies and to evaluate the strategies. Here the trends, scenarios and visions have to be taken into account. For generating strategies the participants of the process have to follow what Lindgren and Bandhold explain about it. According to them, the sources for generating strategies can be the trends, scenarios, core competence or visions. If trends or scenarios are used, the process for generating strategies is very similar, this process is: first to take one trend in order to understand its logic and deeper consequences.

From these consequences new ideas (strategies) are retrieved. Thanks to the visions and the core competences the organization can see their opportunities and their threats. Now, it is time to analyse and evaluate the strategies. In this point a lot of suggestions are considered, before of evaluating the strategies, it is important to cluster the strategies. This process is made in a workshop where all strategies are put on a big wall chart and the participants in the process have to find the patterns between the strategies. The cluster names and a description of a couple of lines are essential in this point. For evaluating strategies Lindgren and Bandhold explain in this point a model to analysis strategies, it is called WUS model<sup>21</sup>. The model has three dimensions (want, utilize, and should), and this model answers these three questions:

- Does the strategy contribute to the desired direction of the organization?
- Does the utilize presents strengths or assets of the organizations?
- Does it match the future environment?

The risks in this stage are standard answer to non-standard environments; it feels safe to cling to old strategies, not translating long-term strategies into short-term developments and implementing work patterns that meet future changes too soon.

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<sup>21</sup> Scenario planning: the link between future and strategy, page 86-87.

- Standard answer to non-standard environments: it is very useful find new strategies or solutions for the company; these are the goals of the scenario planning process.
- It feels safe to cling to old strategies: forgetting the old and successful strategies is very difficult for the companies but the companies have the need to change the strategies and to find new paths at any time.
- Not translating long-term strategies into short-term developments: a lot time pass until the changes, which have been produced by the new strategy, arrive to the work processes. And it is a very hard process, for this reason is important that the people of all the organization participate in the scenario planning process.
- Implementing work patterns that meet future changes too soon: a strategy can be a good strategy for future environments, but present environments do not give us a good strategy for the future.

### **2.1.6 Acting**

According to Lindgren and Bandhold “acting” can have two different meanings in a scenario planning process. The first meaning is the traditional meaning, that is, the strategies are carried out, and they are put in action. The other meaning is related with the continuous work in the scenario planning process, that is: “*monitoring environmental changes, defining processes for continuous environmental scanning, scenario planning and so on*”<sup>22</sup>. In this stage, they talk about early warning systems which indicate if one scenario or another is more possible.

The risks in this stage are business intelligence only focuses on competitors’ action, low endurance, the information is only used by a few and the future is forgotten.

- Business intelligence only focuses on competitors’ action: if the organizations focus only in the environment of the customers and competitors, it will not be enough.
- Low endurance: it is important that the people involved in the project must be made aware of the value of the project for the organization.
- The information is only used by a few: any people in the organization have to be able to access the information when they want or they need any information.
- The future is forgotten: the questions about the future must not be faced too late.

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<sup>22</sup> Scenario planning: the link between future and strategy, page 92.



## 2.2 Shell's scenario planning process

This model is used by the company Shell. Shell was one of the first companies that used scenario planning as strategic tool; they have been working with scenarios for more than thirty years from 1970. Figure 7 represents Shell's process. The figure shows that the model has five stages: preparation, pioneering, map-making, navigation, reconnaissance<sup>23</sup>.

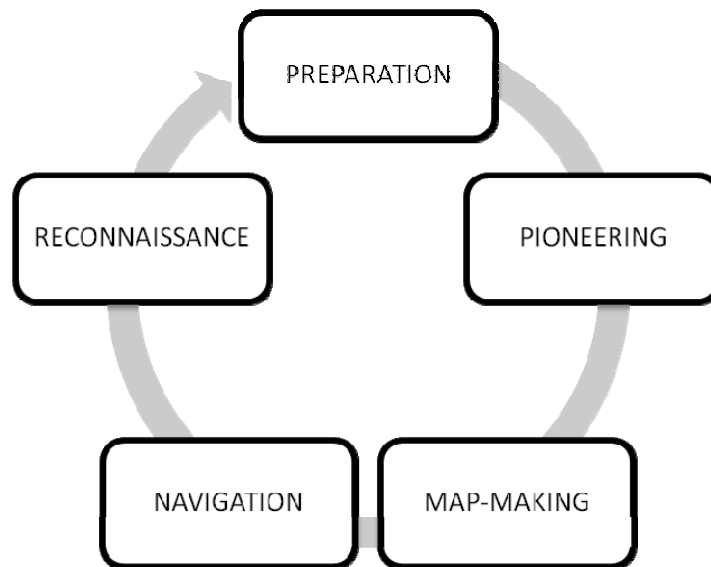


Figure 7: Shell's model<sup>24</sup>

### 2.2.1 Preparation

For Shell Company the first task is planning of the project. In this step much has to be defined. Examples are: the primary purpose of the project should be defined, the users of the scenarios, the sponsors, the reason for using the scenario approach, the expected results by using this method, the time horizon that it is covered by the scenario, the time to make the project, the project's team, the cost of the project and the primary goals of the project.

Another preparation task is to allocate responsibilities. Shell emphasizes the figure of the scenario director who must have the next skills: to know delegate work to members of

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<sup>23</sup> Shell. Scenarios: An explorer's guide, page 21-89.

<sup>24</sup> Ibid, page 1.

the core team, communicative, expert knowledge, intuition, good listener and good analyzer. Members of the core team have to think about the future and to open their minds. The ideal situation would be that the members of core team will be decision makers because they are the primary recipients of the scenarios. And other interesting participants can be specialist contributors from other disciplines or business who can contribute with new perspectives. For the members of the core team it is essential to know their roles inside the team. The scenario building team are finally formed by scenario director, core team and other workshop participants. In Shell's method it is also emphasized how important it is to create a space where the team can meet to expose the ideas and achieve the goals of the project.

In this stage it is very important to determine the time needed to build scenarios. The sponsors, primary recipients and anyone who will be involved in the application of the scenarios need to know this time. The required time to build scenarios can vary a lot. Above all, the required time depends on the scenario builders who are responsible to create the scenarios. The dialogue between the members is essential to handle a good work of scenario building. All the members of the core team may arrange the project's schedule.

From the beginning of the project the team has to focus its purposes of the research which have to represent challenging new ideas. This task is very difficult to handle, and at the same time, is essential for the following task. To achieve it the scenario building the team should start with general ideas about what is important and finish with specific ideas. In this process it is very useful to incorporate research that crosses disciplines which can help the team to challenge conventional thinking. Also interviews are necessary because scenario builders can find out and include information from people of the organization. The interviewer has to have three areas for exploration: *“the factors or issues raised, the cluster into which the interview would group those issues, and what links of cause and effect, if any, the interviewee sees between those different issues”*<sup>25</sup>. The next step is to get future trends, from the information of the interviews, which will have the most effect on the organization.

### ***2.2.2 Pioneering***

In this stage the scenario building begins and it is important to increase the perspectives of the project. In order to increase the perspectives of the process, like have been seen before, obtaining information across disciplines (science, technology, social change, economics, politics, globalisation and so on) is a very good technique and it is necessary to create scenarios. It is important that all members of the team contribute with their ideas to identify the important themes; this can be both formally and informally.

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<sup>25</sup> Shell. Scenarios: An explorer's guide, page 14.

Informally, the presentation of the different ideas happens in discussion, the participants express their feeling and their points of view. On the other hand, a more formally structure is *“a cycle of research, synthesis, presentation of ideas and engagement, reference back to the questions at hand, reframing and further research”*<sup>26</sup>.

The identified themes will be developed by the core team. The most important thing at this point is to find the driving forces and the uncertainties in each theme. Here the core team is divided in groups and each group work on one theme. It is beneficial if the members of the group come from different disciplines. When the work is finished, it is synthesized and reported to the scenario builders in a workshop where it is discussed and debated. Through this process they obtain “raw material” for building scenarios, also the core team find meaning of the purpose that they are exploring. Now, it is time to move from these themes to scenarios. For this process the structure of scenarios requires:

- The focal question: it is possible that there is more than one focal question. It is defined in a way that allows the exploration of the uncertainties.
- Branches: are the consequences of the different uncertainties. Each branch is an answer to the focal questions; these answers implicate changes in business environment. Each branch therefore leads to further possible branches.
- Scenario outline: this is the story that is created through the different branches of uncertainty.

Once the scenario structure has been decided, the scenarios can be described in more detail, there are a number of approaches to describe them: deductive (matrix); inductive (chains); Normative (if you now the future that you want to describe). In this phase the scenario editor comes in.

The next task is to build scenarios, which is the most complex task that involves many people and requires a number of iterations. Before this, the process is reviewed and the assumptions and challenging perceptions are questioned.

Figure 8 represents the stages until this point.

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<sup>26</sup> Shell. Scenarios: An explorer’s guide, page 40.

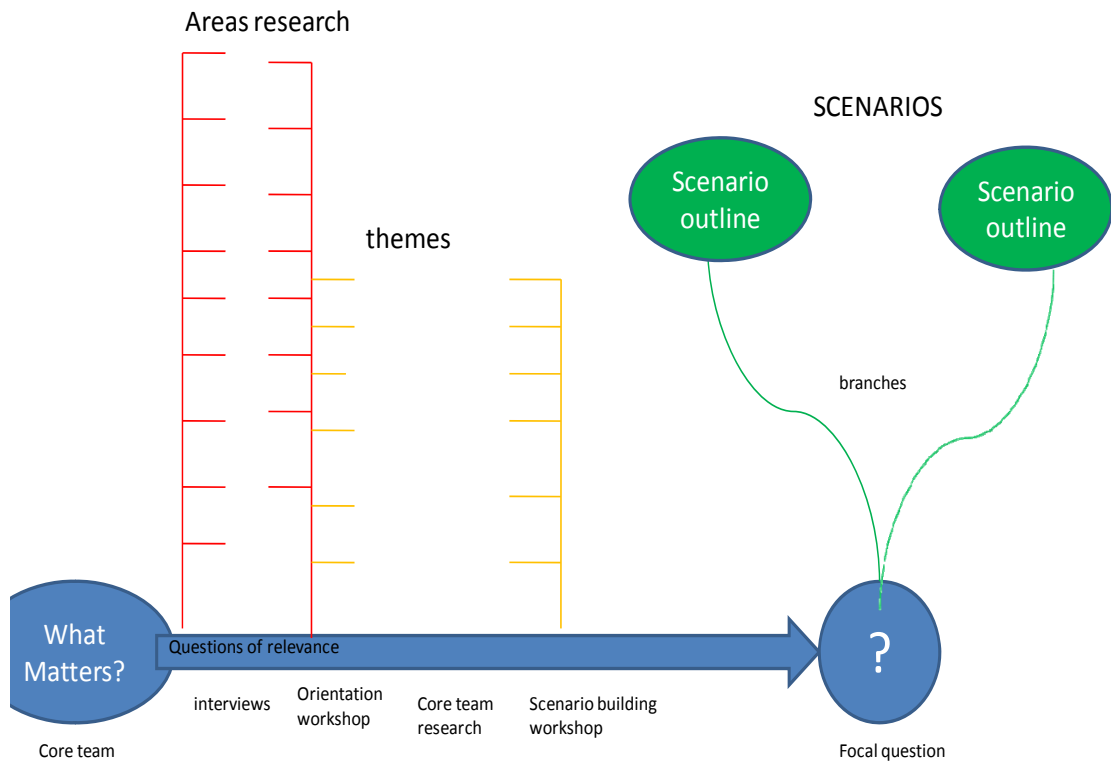


Figure 8: Stages up to the creating of the scenarios<sup>27</sup>

### 2.2.3 Map-making

When the scenarios are written, that is the structure and themes are established, it is time to work on telling the stories of the scenarios. The most important thing is to bring over the scenarios to the recipients who have to understand the scenario's meaning without difficulty. It is necessary that the scenario builders check the scenario stories.

The scenarios have a wide range of possible events; all possible dynamics should be included in the scenarios. In this point the primary recipients begin to work in these dynamics and in their implications. To clarify the scenarios it may be helpful to use techniques such as economic modelling.

<sup>27</sup> Shell. Scenarios: An explorer's guide, page 48-49.

Incorporating graphic elements, which describe different aspect of the stories, can be an interesting tool for communicating the ideas and for highlighting crucial features of each scenario. Representing scenarios with different colours and icons can be very useful. Video, photographs, diagrams, graphs and tables can be helpful to develop and understand better the future environments.

When the scenarios are substantially developed, the core team makes presentations of them to the primary recipients. In these presentation is important that the primary recipients incorporate their own contribution. Like this when the presentation is finished the core team will have more material for completing the scenarios and will be able to refine details. The core team is responsible for communicating the scenarios correctly and effectively, and the users must appreciate the emerging risks.

### ***2.2.4 Navigation***

Scenario planning can have different purposes or utilities. That is, scenario planning can be used for different situations inside of the organization. But the most useful utility is when they are used to create plausible futures. The scenario planning tries to present the complex future environment. Thanks to scenarios the decision makers can lead better decisions.

Now primary recipients have to think in the future, they have to imagine themselves in the different scenarios. The aim of this task is that the primary recipients open their minds into the future.

The simplest method to present the scenarios is relating the story of each scenario. Relating stories is art itself, above all oral presentation. In this case, the most important thing is to know how to transmit, capture the attention of the audience and explain the most complex aspects. For this, it is very useful to employ visual images and to use theatrical techniques or other performance techniques. The audience must be active (asking question, doing exercises, and so on).

Also it is possible that the created scenarios do not cover the major challenges that a particular group of users is to face, and then the scenarios may be rebuilt. This process could take two directions:

- When the particular user wants to explore issues specific to particular countries or business sectors, but the focal question and branching point of the original scenario structure are useful. In this case, it is possible to create an additional scenario. Maybe it will only be necessary to add additional uncertainties or explore existing ones in more detail.

- When it is necessary to change the focal question and branching points. In this case, the old scenarios will be used to provide the information for new scenario process.

### **2.2.5 Reconnaissance**

When the decision makers understand the scenarios, they must think about the scenario implications in the future. *“Decision makers can use their scenarios like a map to structure their discussions, guiding their thinking about the future”*<sup>28</sup>.

Now it is time to work with signals. That is, people can scan the environment and find the dynamics of a particular scenario that are actually developing. The tools that can be used for this process are: internet, TV, newspapers, magazines, books and academic papers. Discussing signals is the first step in thinking about different responses to possible events in the environment.

Many people are interested in the future, and they create their own vision about the future. For these people is very useful to attend presentations of the scenarios created by other people, organizations and business. The aim of these presentations is that they leave the audience with highlighted uncertainties and help them to reveal assumptions about the future. It is important to share perspectives. Feedback from the audience can help us to understand how other see the world. It will create a better communication in the core scenario-building team.

### **2.2.6 Preparing**

It is obvious that over the years the organizations as well as their environments are changeable, for this reason the scenario must be renewed. It is necessary a new director and new core and full team members, of course the previous scenarios are very useful source of information for identifying potential areas of research for the next set of scenarios.

Here, the scenario planning process will start again.

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<sup>28</sup> Shell. Scenarios: An explorer’s guide, page 76.

## **2.3 Schwartz's scenario planning process**

Peter Schwartz is a professional builder and user of scenario planning. He began to develop scenarios for the Strategic Environment Center at SRI International, where he conducted scenario planning for corporate and government companies. From 1982 to 1986, Mr. Schwartz joined the Royal Dutch/Shell Group of Companies in London. His team used scenario planning to create successful strategies. Now, he is a chairman of the Global Business Network.

Mr. Schwartz has written several books about the future, such as “The Art of Long View”, which was his first book and where he describes the theory and practice of using scenarios as a way to foster organizational learning and assist long-range planning. He also describes the process of scenario planning step by step. This process follows the next eight steps: Identify focal issue or decision, key forces in the local environment, driving forces, ranking by importance and uncertainty, selecting scenario logic, fleshing out the scenarios, implications and selection of leading indicators and signpost<sup>29</sup>.

It is time now to summarize the process that Schwartz explains in his book.

### ***2.3.1 Identify focal issue or decision***

In this first step, Mr. Schwartz explains that it is essential to begin with a specific decision or issue, and then the consequences of this decision are looked for in the environment. This is called: begin “from the inside out”. Mr. Schwartz says that “*in order to make effective decisions, we must articulate them to begin with*”<sup>30</sup>. To define the decision, the assumptions of the organization have to be taken into account, that is, the past and present of the organization. There are two types of questions: narrow and broad questions, both of them are essential according to Mr. Schwartz. This is because usually, people develop scenarios from narrow question and discover that it is related to broad issues. It is better to began with broad questions and after it should be concentrated on narrow questions. He emphasizes that the small business should pay attention to broad questions. In this process, it is important to understand the interrelation between our assumptions and the world around us. To achieve that, the participants in the process need as much information as possible. The next steps are about how to find rich and diverse information.

### ***2.3.2 Key forces in the local environment***

The first information, that is needed to develop scenarios, is the key factors which affect the focal issue or decision. Here facts about competitors, suppliers, customers, etc have

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<sup>29</sup> The art of long view: planning for the future in an uncertain world, page 241-246.

<sup>30</sup> Ibid, page 49.

to be developed. Identifying and evaluating these key forces is one of the aims of this process.

### ***2.3.3 Driving forces***

The next stage is the study of driving forces in the macro- environment (social, economic, political, environmental, and technological forces) as well as in the micro-environmental (demographics, public opinion, etc). These driving forces have a remarkable influence on the key factors. This is a step for searching trends. Scenario users have to research markets, new technology, political factors, economic forces, etc. In this step the people inside the process should have a flexible and open mind. Scenario users must be alert to unexpected events. It is crucial for the process.

According to Mr. Schwartz to look for the driving forces, scenario users have to pay special attention to the following topics:

- Science and technology: Scenario users must “*keep track of new developments in physics, biotechnology, computer science, ecology, microbiology, engineering, and other key areas is a special duty*”<sup>31</sup>. New technologies are essential in this point, because they could have a lot of repercussion in the way that people live.
- Perception-shaping events: that is about the public perception. The public beliefs can change the direction of history. TV is the most important source to find these public perceptions.
- Music: Mr. Schwartz says that “*music shows what people are feeling*”<sup>32</sup>.
- Fringes: as an innovator, in order to create scenarios the fringes must be followed today. Fringes will be able to be found, if the scenario users “*attend a rap music concert, an outlaw scientists’ conference, or a lecture by an unconventional thinker*”<sup>33</sup>. When scenario users look at fringe, it is important that their inbred notions allow us to obtain the information.

And also, scenario users must have their list of research tactics, Mr. Schwartz’s research tactics are:

- Remarkable people: scenario users can read and contact (usually by writing) the authors of challenging articles or books. Scenario users can talk with remarkable people in meetings or conferences. And also they can prepare interviews with unconventional thinkers.

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<sup>31</sup> The art of long view: planning for the future in an uncertain world, page 62.

<sup>32</sup> Ibid, page 66.

<sup>33</sup> Ibid, page 69.



- Sources of surprise: here. Mr. Schwartz advises scenario users to read about disciplines which are not their speciality or interesting for them.
- Filters: that is magazines, TV, friends, etc. Here is very useful to work in groups, sharing and discussion ideas with other people.
- Immersion in challenging environments: Visiting different countries and knowing their cultures is the best way to immerse in unconventional events.
- Networking sensibilities: it is important to keep contact with people around the world through networking computer. This is interesting because scenario users can share ideas with a lot different people.

Mr. Schwartz begins the process to look at the key factors and then look at the driving forces in the changing world. As was mentioned before, this is an inside-out perspective. Figure 9 shows this perspective.

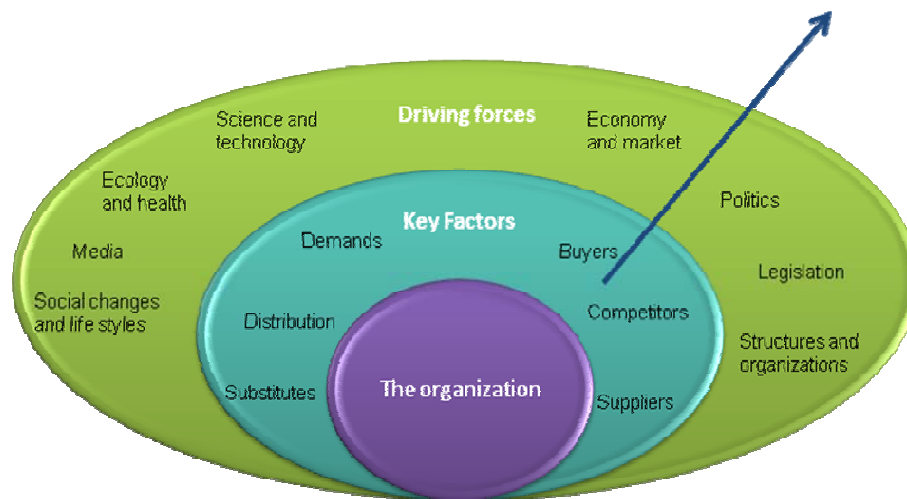


Figure 9: The inside-out perspective

### ***2.3.4 Ranking by importance and uncertainty***

The fourth step involves finding the two or three most important and most uncertain trends. In the last step, the driving forces have been identified. Now, it is time to explore these driving forces. For this, the predetermined elements and the critical uncertainties inside the driving forces have to be recognized. Predetermined elements are common for every scenario; it is very easy to tend to deny them. The critical uncertainties are our hopes and fears. The critical uncertainties are found by questioning our assumptions about predetermined elements. Finally it is necessary to make a ranking of the factors and driving forces. To make this ranking Mr. Schwartz follows two criteria:

- The importance for the success of the focal issue.
- The degree of uncertainty.

### **2.3.5 Selecting scenario logic**

The scenarios are going to be generated by the resulting trends of the previous step. The most important step in this process is to find these trends, because they are “*the elements that move the plot of a scenario, that determine the story’s outcome*”<sup>34</sup>. The differences between the scenarios, which are called by Mr. Schwartz scenario drivers, are the key for decision-makers. The results of this step can be useful presented as a spectrum (one trend or axe), matrix (two trends or axes), or volume (three trends or axes). The cores of these scenarios are the plots of a story. According to Mr. Schwartz the most fruitful plots in scenario planning are:

- **Winners and Losers:** this is based on the perception that the resources in the world are limited. This is the zero sum game. In this situation conflict is inevitable.
- **Challenge and response:** this is action and reaction.
- **Evolution:** The “*evolutionary changes are always biological in nature*”<sup>35</sup>. These changes are produced slowly. For this reason it is difficult to be aware that these changes are happening.
- **Revolution:** this is rare situations like earthquake, a volcanic eruption, a political revolution, etc. All of these situations are discontinuities. It is hard to foresee but they have take into account because they are plausible.
- **Cycles:** this is related to economic theory. The important is to know the timing of cycles.
- **Infinite possibilities:** this plot begins with public perception: “*the world will expand and improve, infinitely*”<sup>36</sup>.
- **The lone ranger:** this is a social logic. When something happens in an incoherent fashion.
- **My generation:** the culture of our generation always influence when scenario users create scenarios. The lifestyle now is not the same than twenty years ago.

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<sup>34</sup> The art of long view: planning for the future in an uncertain world, page 101-102.

<sup>35</sup> Ibid, page 147.

<sup>36</sup> Ibid, page 155.

The plots are rarely considered individually. Scenario designers look for the interactions between different plots. Firstly, scenario designers make their research individually and after they work together. To identify the plots that captures in the best way the dynamics of the situation, it is very useful to gather a team. An overnight stay is included by many scenario planners in this step, this tend to be very fruitful. Their goal is “*to select plot lines that lead different choices for the original decision*”<sup>37</sup>. Finally, an effective communications of the point has to be done.

### **2.3.6 Fleshing out the scenarios**

In this point, the author recommends to return to the list of key factors and trends. It is necessary to take in account the interaction between these key factors and trends with the scenario; it is essential to know how and why the forces intersect. From these interactions the scenarios can be fleshed out. Here the scenarios are presented in a narrative form. The scenarios have to be simple, dramatic and bold.

### **2.3.7 Implications**

Now, the implications for the focal decision of the created scenarios have to be looked for. Here it is time to rehearse the future. This is the true work and the most interesting part. Often, in this point unknown interconnections can be found. This step is the imagination step, you have to imagine that you are in the plausible scenarios and how acting in each scenario. The strategies for the different scenarios are created.

### **2.3.8 Selection of leading indicators and signpost**

In this last step, scenario users have to find a few indicators which are going to guide them into the future. These indicators must be selected carefully and imaginatively. It is time to prepare people or companies for all the plausible scenarios and look for warning signals. “*One uses warning signals to learn sensitivity to change*”<sup>38</sup>.

### **2.3.9 Strategic conversation**

This point is not a step of the method. But strategic conversations are very helpful to develop every step of the process. Mr. Schwartz explains during a whole chapter<sup>39</sup> the way to carry out these conversations. He explains that is very important the climate of the conversation, it has not to be too formal, leaving discussion and considering all points of view of the participants. The participants have to be open-minded; they have to consider every point of view. It is recommendable that they are of the different areas of

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<sup>37</sup> The art of long view: planning for the future in an uncertain world, page 139.

<sup>38</sup> Ibid, page 201.

<sup>39</sup>Ibid, page 227-239.

the company, including people not employed by the company. Strategic conversations are important in every step of the process, but specially to look for key factor and driving forces, to see the interactions between them and to find the implications of the scenarios and indicators.

### **2.3.10**     ***Other rules***

In this section, some rules that Mr. Schwartz gives for creating scenarios are explained. It is important that the number of the created scenarios does not have to be more than three, since the advantages of this methodology will be lost. The names of the scenarios are essential; they have to be easy to remember and vivid. The team for developing scenarios should have into account: highest levels of management, every area of the company must be represented, and the members must be imaginative and know work in group. Finally good scenarios have to be both plausible and surprising.

### 3 Analysis and results

In this chapter, the differences and similarities between the three scenario planning processes will be presented and explained. Firstly Kairos Future's process and Shell's process will be compared; secondly Kairos Future's process with Schwartz's process, and finally, Shell's process with Schwartz's process will be compared. The Figure 10 represents this process.

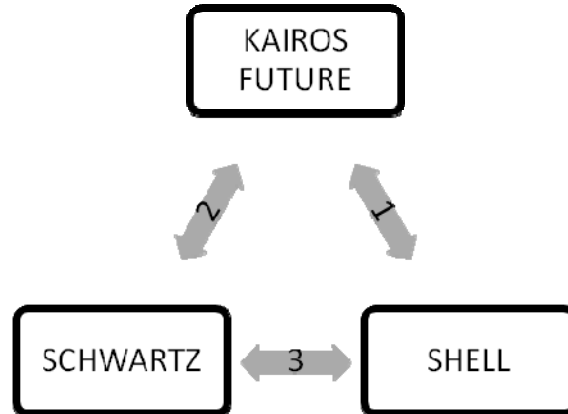


Figure 10: Process of the analysis

#### 3.1 Kairos Future's vs. Shell

Here the differences and similarities between Kairos Future's process and Shell's process are exposed and discussed. First the differences will be mentioned and after the similarities. Thus, the differences as well as the similarities can be understood better.

##### 3.1.1 Differences

The differences between the two processes are related to the precedents of their authors. Since, Mats Lindgren and Hans Bandhold (Kairos Future's process) are participants' process and the author of Shell's process is an organization.

Five differences have been identified. These differences are:

- Preparation stage
- Thinking of the future
- Focal question
- How to look for trends

- Strategies from scenarios

### **3.1.1.1 Preparation stage**

It can be seen in the Figure 3 and 7 that the preparation stage is a pre-stage in Kairos Future's process, while in the Shell's process, the preparation stage is inside the scenario building process. In the preparation stage, Shell's process explains the issues that any organization has to take into account in the beginning of any project, like the cost (time and money), sponsors, the participants' project and so on.

### **3.1.1.2 Thinking of the future**

Kairos Future's process begins to think in the future after defining the focal question, whereas Shell's process begins to think in the future before defining focal question, in the preparation stage through the interviews. In the Shell's process, the participants in the process open their minds into the future from the beginning of the process.

### **3.1.1.3 Focal question**

For both processes the definition of the focal question is one of the most important tasks in the scenario planning process. The difference is that Kairos Future's process only mention that is important to define a good focal question but Lindgren and Bandhold do not explain how to achieve it. On the other hand, Shell's process explains step by step how to achieve a good focal question which is defined in the second stage after identifying the important themes, in change Kairos Future's model defines the focal question in preparation stage before identifying the important trends.

### **3.1.1.4 How to look for trends**

Kairos Future's process explains the out-inside perspective to look for the trends; this concept is showed in the Figure 4. In the Shell process the perspective, which is used to look for the trends, is not defined. Shell's process only mentions that this task is carried out across disciplines like science, technology, social change, economics, politics, globalisation, etc.

### **3.1.1.5 Strategies from scenarios**

It is obvious that scenario planning process is a model to generate strategies for the organizations. Here the difference between both processes is that Kairos Future's process has a stage (deciding) in which is explained how the strategies are generated and evaluated (WUS model). Whereas Shell's process does not have this stage, since Shell's process explains how to build and present good scenarios, but it does not explain how to achieve good strategies from these scenarios. Shell must have other method or methods to do this task. It only mentions that the ideal situation is which the decision makers are the members of the core team, but often this is not possible.

### **3.1.2 Similarities**

Six similarities have been identified. These similarities are:

#### **3.1.2.1 The participants**

For the authors of both processes the behaviour of the participants is very important, they have to be committed to the project. And they have to effort in change their manner of thinking. On the other hand, both processes highlight the conversations with people from inside as well as outside of the organization. The more people participate in these conversations the merrier for building scenarios.

#### **3.1.2.2 Preparation stage**

The first task is to define a clear purpose of the process for both processes. This is logical for this type of project and for any project. In scenario planning process is essential since it can be used for several issues, but both processes say that the most useful issue is to create plausible futures. Also they have the next common tasks in this stage: to define the time horizon and to have a good map of the present and past of the organization.

#### **3.1.2.3 Relation between the trends**

The identified trends are the “raw material” to create the scenarios. The most important relations between these trends are the answers of the focal question. This task is one of the most essential tasks to create good scenarios.

#### **3.1.2.4 After building scenarios**

Here it is explained that both processes make the same task when the scenarios have been created. This task is to imagine the future. Both processes explain the same method to make this task. This method is to present the scenarios to a group of people inside the organization and they have to imagine that they are in these scenarios, that is, how they see themselves in these future scenarios.

#### **3.1.2.5 To communicate scenarios**

Both processes explain the same strategies to communicate scenarios. These strategies are:

- The importance of the title, it has to be descriptive and easy to remember.
- The storyline of scenarios has to answer next questions: who does what, with whom, when, where and why?
- To describe scenarios in a narrative form.

- To use pictures, graphs, tables, etc.

### **3.1.2.6 Finding signals**

In the both processes the last task is to find signals in present environment. The aim of this task is to know that scenario will happen.

## **3.2 Kairos Future vs. Schwartz**

It is necessary to emphasize to emphasize that Mr. Schwartz wrote his book twelve years before than Mats Lindgren and Hans Bandhold wrote their book. Possibly in these years the process for creating scenarios has been improved.

### ***3.2.1 Differences***

Five differences have been identified. These differences are:

- Purpose
- Inside-out perspective vs. outside-out perspective
- Analysing
- Strategies from scenarios
- Risks

#### **3.2.1.1 Purpose**

The difference is that Kairos Future's process in the preparation stage, before the focal question is defined, defines the purpose of the project. Since scenario planning process can have different process. On the other hand, Schwartz's process begins to define the focal question; he does not talk about the purpose of the project.

#### **3.2.1.2 Inside-out perspective vs. Outside-in perspective**

In the one hand, the Kairos Future's process uses the outside-in perspective, because its authors consider that this perspective is better to anticipate changes in the environment. Mats Lindgren and Hans Bandhold begin to look at driving forces in the surrounding world (science and technology, ecology and health, media, structures and organizations, politics and so on); then they look at the arena trends (buyers, competitors, suppliers, demands, distribution, substitutes) and finally they study the organization.

On the other hand, Schwartz's process begins by looking at the key forces (customers, suppliers, competitors, etc) and then they look for all the driving forces (social,



economic, political, etc.). The Schwartz's perspective is inside-out. Figure 11 represents this difference.

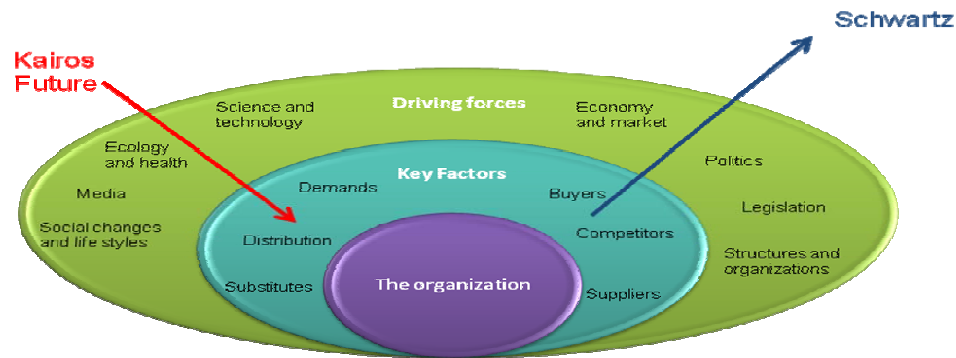


Figure 11: The inside-out perspective vs. Outside-in perspective

### 3.2.1.3 Analysing

When the trends and driving forces are determined, it is time to analyse these trends and to identify the most important uncertainties. Both processes explain different methods to carry out this task. Lindgren and Bandhold explain a method which is called cross-impact analysis. The result of the method is a picture of what is dependent, what is independent, what is driving and what is driven by others. This result is represented in a casual-loop diagram.

Mr. Schwartz explains a method which consists of making a ranking of the trends and driving forces, he follows two criteria: the importance of the success of the focal question and the degree of uncertainty.

### 3.2.1.4 Strategies from scenarios

Scenario planning process is a model to generate strategies for the organizations. Here the difference between both processes is that Kairos Future's process has a stage (deciding) in which is explained how the strategies are generated and evaluated (WUS model). Whereas Schwartz's process does not have this stage, since Schwartz's process explains how to build and presents good scenarios, but it does not explain how to achieve good strategies from these scenarios.

### 3.2.1.5 Risks

Lindgren and Bandhold explain the possible risks in each stage of their process. Mr. Schwartz does not explain the risks in each tasks of his process. Schwartz's process is narrower than Kairos Future's process.

### **3.2.2 Similarities**

Five similarities have been identified. These similarities are:

- Focal question
- Thinking of the future
- After building scenarios
- Finding signals
- Strategic conversation

#### **3.2.2.1 Focal question**

At the beginning of the process, both process define the focal question and explain that to define the focal question the present and the past of the organization has to be taken into account. After this task, both process look at the consequences of the focal question in the environment.

#### **3.2.2.2 Thinking of the future**

Both processes, once they have defined the focal question, begin to think in the future. That is when driving forces and trends are looked for.

#### **3.2.2.3 After building scenarios**

In the Kairos Future's process, the next stage is imaging.

In the Schwartz's process, the next task is rehearsing the future.

Imaging and rehearsing the future are the same task, that is, both processes look for the implications of the scenarios in the focal question.

#### **3.2.2.4 Finding signals.**

In the last stage both processes explain us the necessity to find signals which will indicate if the environment is tending towards one scenario or another.

#### **3.2.2.5 Strategic conversation**

For both models it is essential the conversation between the members of the team, as well as the people outside the team, in all the stages of the process. It is also very important to discuss each idea and to involve people with different opinions and points of view, taking always into account that the process is going to be better when more

people take part in it. Organizing seminars is a helpful tool to achieve these strategic conversations.

### **3.3 Shell vs. Schwartz**

Mr. Schwartz has worked for the Royal Dutch/Shell Group of Companies in London for 4 years (1982-1986). In these years Mr. Schwartz and Shell learned the way to improve the process of scenario planning together. And, the Shell's process has been influenced by every participant, each one with his ideas and thoughts. Probably, Shell's process has suffered a lot of changes in all these years. Mr. Schwartz wrote his book from his own experience as a participant's process.

#### ***3.3.1 Differences***

Three differences have been identified. These differences are:

- Preparation stage
- Focal question
- How look for trends

##### **3.3.1.1 Preparation stage**

In the preparation stage, Shell's process explains the issues that any organization has to take into account in the beginning of any project, like the cost (time and money), sponsors, the participants' project and so on. Also the purpose of the process is defined. On the other hand, Swartz's process does not have this stage, the process starts defining the focal question and it does not talk about these issues.

##### **3.3.1.2 Focal question**

Before defining the focal question, Shell's process has realized interviews to know the thoughts of the people inside the organization, and the core team has identified themes or key factor in the environment across disciplines like science, technology, economics, energy markets, etc. From these themes the team defines the focal question.

After defining focal question, Schwartz's process begins to look for the key factors, that is facts about facts about competitors, suppliers, customers, etc and after it begins to study the driving forces in the macro- environment (social, economic, political, environmental, and technological forces) as well as in the micro-environmental (demographics, public opinion, etc).

The consequence of this is that Shell's process begins to think in the future before focal question, whereas Schwartz's process begins to think in the future after focal question.

### **3.3.1.3 How to look for trends**

Schwartz's process begins by looking at the key factors (customers, suppliers, competitors, etc) and then it looks for all the driving forces (social, economic, political, etc) which have influence on the key factors. Mr. Schwartz uses a inside-out perspective, this concept is showed in the Figure 9. In the Shell process the perspective, which is used to look for the trends, is not defined. Shell's process only mentions that this task is carried out across disciplines like science, technology, social change, economics, politics, globalisation, etc.

### **3.3.2 Similarities**

Four similarities have been identified between these processes. The similarities are:

- After building scenarios
- Crossing frontiers (strategic conversation)
- Before creating narrative form
- Last tasks

#### **3.3.2.1 After building scenarios**

In both processes when the scenarios are created, it is time to rehearse or to imagine the future. After this tasks both models look for the implications of the scenarios in the focal question. In Shell's process this stage is called navigation and in Schwartz's process this task is called implications. Both processes create strategies in this phase.

#### **3.3.2.2 Crossing frontiers (strategic conversations)**

Both processes consider very important the fact of creating strategic conversations in every step of the process. People from all departments of the organization and even people from out of the organization must participate in these conversations. The conversations must be formal as well as informal; the both possibilities should be used in the organization to generate the scenarios and to look at the implications. In the Shell's process it can be noticed that the conversations between the members of the core team and people outside the core team as well as the organization are fundamental to achieve the results in each stage.

#### **3.3.2.3 Before creating narrative form**

Firstly, both processes follow the next sequence: Create outlines of scenarios, the participants of the process return to the key factors and trends, that is, the assumptions are questioned and finally they create the scenario in a narrative form. The narrative form

is done with the help of the strategic conversations. It is very important to know how communicate the signification of the scenarios.

#### **3.3.2.4 Finding signals**

At the end of the process, both models look at the signals in the present which allow us to anticipate future events. The scenarios help to understand better present events or trends.



## 4 Conclusions

Scenario planning is a process to create possible and plausible futures; from these futures the users of scenario planning generate strategies. The main purpose of scenario planning is to get ahead of future events. This method allows its users to win an advantage over their competitors, since they will be ready for changes in the environment.

Upon analysing the three different processes which are studied in this thesis, it feels that the process is not easy, since an unconventional thinking is required. To develop scenario planning it is necessary to research the forces in the micro-environment as well as the macro-environment which require much time and involve many people. The participants in the process should have the following skills: open minds, imaginative, flexible, be willing to explore new ideas, ability to work well both alone and as a part of team and so on. The process is reviewed and revised continuously. Also it is a process that not need consensus.

The process has essential tasks which are common in the three processes, this tasks are: to define the focal question and time horizon, to know the past and present of the organization, look for key factors and driving forces in the micro-environment as well as macro-environment, to find the main uncertainties, to create possible and plausible scenarios, to communicate the scenarios, to generate strategies for these scenarios and to look for signals in the present which allows to know that scenario is more likely. Also the title of the scenarios and the use of graphs, pictures, tables, etc are very important to make a good presentation of the scenarios, and people understand the meaning of each scenario. The three processes highlight the importance of conversations with people inside the organization as well as outside the organization. The number of the created scenarios must not be too many; the ideal is to create three scenarios.

The main differences between the three processes are the sequence to realize these tasks and the way to develop them.

According to the authors of these processes, scenario planning is a process that is continuously improving, and the process is not a strict and quantitative. Scenario planning has many ways to achieve its aim. The users are always learning new ways to think in the future.

Organizations which are going to use this method have to be aware of the fact that this process is for the long run, and the results will be appreciated after many years. When organizations decide to use scenario planning, it will be essential that they look for help in consultants who have worked with scenario planning during years, like Mats Lindgren, Hans Bandhold or Mr. Schwartz. These organizations should contract the services of a company like Kairos Future or Global Business Network which have experience in

scenario planning for more than thirty years. The problem is the cost of these services, above all, for small organizations.

The key for the organizations which begin to use scenario planning is not to give up using it. As mentioned before, this method is continuously improving, and the people inside the organization must learn to think in the future. To achieve the aims of scenario planning, it is very important that all people inside the organization think in the future and give their own ideas. For this, it is essential the strategic conversations in all the process. To understand plausible futures will make the organizations more effective in the present.

To finish I would like give my opinion about the three processes which I have analysed in the thesis. I think that all of them are useful for the people who want to use scenario planning or have used it. For me, the most complete process is Kairos Future's scenario planning process, because Mats Lindgren and Hans Bandhold explain all stages carefully with examples, give several methods to achieve the objective of each stage, and above all show the common mistakes in each stage.

Shell's scenario planning process is also very useful and it is very good explained. But the problem is that this process does not give too many clues to do all the stages, this method is more focused for organizations.

Schwartz's scenario planning is a little old-fashioned, Mr. Schwartz wrote his book eighteen years ago, for me too much time and furthermore for this process which is always improving and new ideas are always emerging. But Schwartz's process is very interesting because he is one of the precursors of scenario planning and he tells his experiences which are very useful and from which, conclusions about how to develop the process can be taken.

The combination of the three processes is the best way to achieve a clear perception of the aims and utilities of scenario planning process. I would recommend all people to read these books if they want to learn a new way to create successful strategies.



## References

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