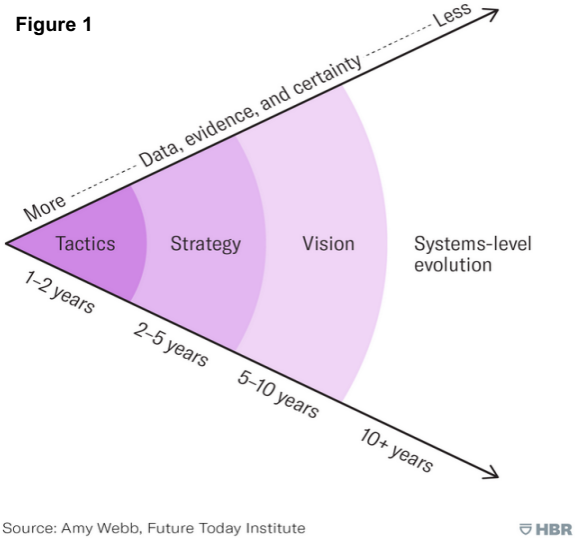
CFAR

BRIEFING NOTE
Tools for Future Thinking in Turbulent Times

As events constantly remind us, the future is ever unpredictable and comes upon us in waves of disruption. In both relatively stable times and more turbulent periods, organizations must grapple with multiple uncertain and challenging shifts that have the potential to shock our organizations, work, and daily lives. Perhaps it is a family business preparing for an upcoming transition from one generation of leadership to the next, a hospital considering options for merging with a multi-region health system, or a successful liberal arts college trying to anticipate challenges in future enrollment while carefully examining costs and uncertain endowment performance. All organizations need to be attentive to possible future conditions and extrapolate from the present, what Amy Webb describes as a cone of increasing uncertainty (Figure 1, Webb 2019).

Figure 1



Source: Amy Webb, Future Today Institute HBR

While we can attempt to foresee the future, we cannot predict it. We must simultaneously manage in the present, operating across what McKinsey framed as "three horizons" (Figure 2, Coley 2009). We continually interrogate the future, asking questions like: How long will past customer preferences continue? How will today's work force or student body look several years from now, and how will that impact our culture? What are our competitors doing to set themselves up for the future? How will our funders' priorities evolve? What unanticipated events—pandemic, widespread social movements, global recession—will we have to navigate? How will emerging technologies continue to shape and potentially disrupt our capabilities?

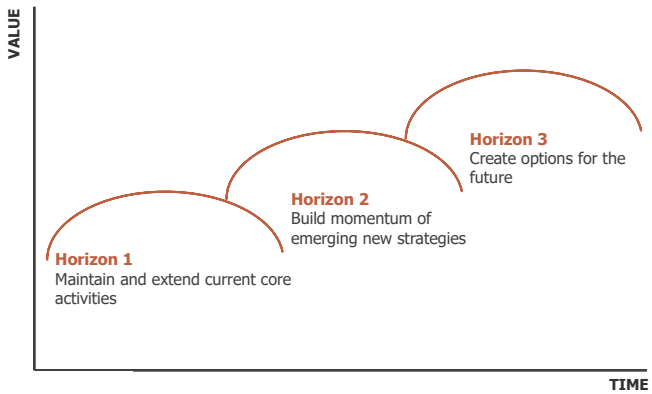


Figure 2

The level of uncertainty and complexity we face at any moment makes grappling with the future even more challenging, even more critical, and makes tools and processes for navigating the future even more valuable. For example, Gilmore and Shea described time travel as a critical leadership skill, writing that "leaders help organizations perceive possible futures (through the lens of past experiences) to make intelligent decisions in the present" (Gilmore and Shea 1997).

In another example, any strategic planning work needs to contend with the unpredictability of the future, albeit with these multiple time horizons in mind. The further out in time we imagine ourselves, the greater the uncertainty—but also the greater the opportunity for making choices the organization can execute on, learn from, and hopefully achieve.

We have developed a number of tools for discussing and contending with uncertain futures, and for helping leaders agree on critical strategies that will shape the organization as it moves forward. These tools are also designed to increase organizational learning and alignment and to

help leaders make informed choices—even in times of uncertainty. Methodologies outlined here include **Histories of the Future**, **Strategic Options**, **Identity-based Scenarios** and **Backcasting**[1]—processes which can be used individually or in sequence.

The **Histories of the Future** methodology helps leaders think with optimism about possible futures for their organizations. It is grounded in research that indicates that people develop more vivid, interwoven stories when asked to think about a situation in the past tense than when asked to develop the same narrative looking to the future. In this process, people imaginatively leap forward to a specific future time and consider the organization they envision. They then write a developmental history of how the organization arrived at that state. This process helps individuals to think more concretely, weaving together planned and coincidental events, as well as linking political and technical events together into a narrative structure. The results can be both playful and serious, freeing up thinking about opportunities while being honest about likely challenges and constraints.

While Histories of the Future can creatively open visionary future opportunities, organizations also need to bring disciplined and rigorous thinking to stress test these opportunities against imaginable events and discuss the kinds of choices to be made in moving towards that future. **Strategic Options** is a customized survey that enables a wide variety of stakeholders to weigh in on two things critical to making choices about the future: first, *assumptions* about the external environment, competition, organizational strengths, culture, etc.; and second, relevant *choices* about the organization's future. In his work, *The Theory of the Business*, Peter Drucker wrote that any strategy is only as good as the assumptions upon which it is based. When the assumptions are no longer valid, the strategy is no longer valid. Yet successful organizations continue to do what they believe has made them without digging into why. As a result, you want to be very clear about the assumptions you make as you select a strategic direction. The Strategic Options survey tests assumptions believed to be fundamental, including current and future-oriented ones. For example, a community hospital wanted to test an assumption about their strategic focus on reducing cost without negatively impacting the quality of care they could provide. As indicated in Figure 3, there was disagreement across hospital leaders, board members and physicians. This data makes the disagreement about this assumption explicit in order to discuss it and come to a shared point of view about the implications for the strategy.

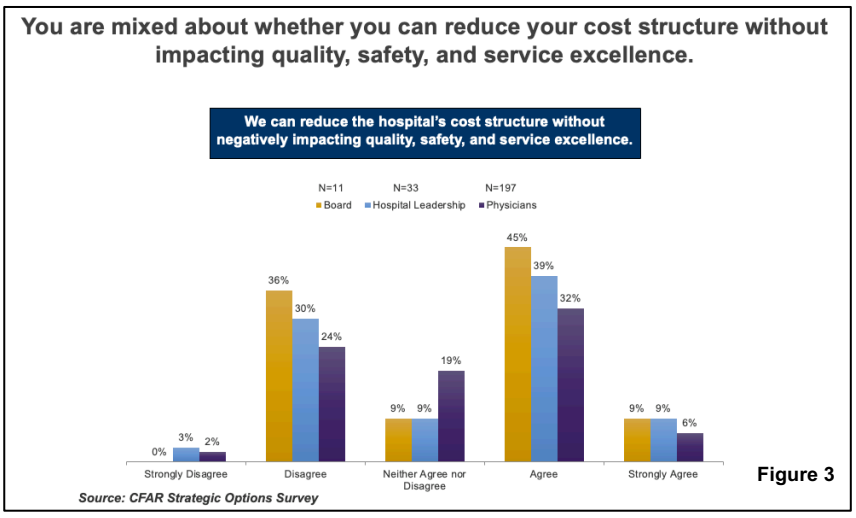


Figure 3

Strategy is also about choice—what you choose to do (and *not* do) to advance your mission and goals. Through interviews, analysis, research, and group experiences, we can *identify plausible choices* for the future and get a sense of the level of *agreement or disagreement* about them among those who participate in the survey.

[1] Additional future focused methods include pre-mortems to anticipate and avoid failure in organizational processes and "feed forward" tools to prepare for learning from experience.

The Strategic Options survey is intentionally polemical—offering participants poles to select, which could both be "good"—not either/or. Ideally, this pushes everyone's thinking forward. For example, the same hospital wanted to test how focused it should stay on hospital-based services versus moving to settings beyond the walls of the hospital. In Figure 4, you can see a strong shift to helping patients avoid hospitalizations, as well as a cluster of respondents who were neutral.

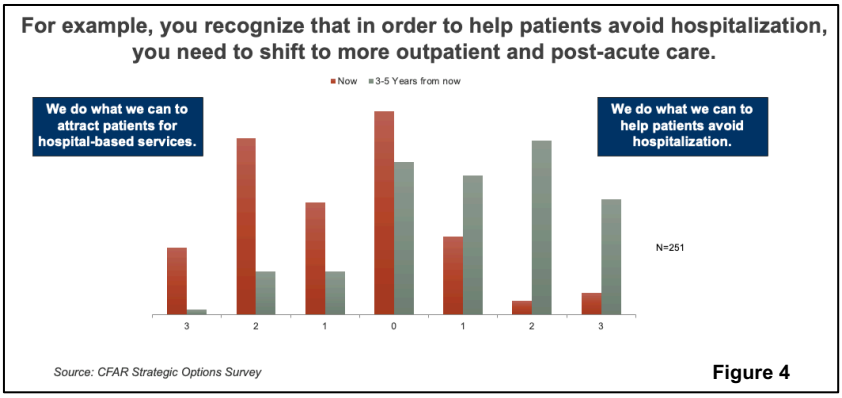


Figure 4

Once assumptions and choices are clear, one of the most powerful ways CFAR helps our clients test their options and make reasoned choices is through what we call **Identity-based Scenarios**. Future-facing scenarios typically focus on macro factors like economic shifts, employment conditions, and competitors' strategies to set the stage for strategic alternatives. Identity-based scenarios also include core aspects of organizational identity as drivers, spelling out the most promising possibilities for the organization while also putting real choices on the table. Each scenario describes a plausible and possible future that emerges from the results of choices made in the current moment and builds an integrated narrative and decision logic to support it. Providing people with multiple plausible but mutually exclusive alternatives puts real choices in sharper contrast and helps participants understand both the risks and rewards of different futures. These narratives fill in critical detail so that a believable story emerges, with an emphasis on feeling the risks, challenges and requirements that accompany each.

CFAR's Backcasting methodology allows a group to move from the explorative, "visionary" thinking opened by a process like Histories of the Future and the deeper dive into strategic scenarios by considering an implementation plan to achieve that strategy. Backcasting is based on a reverse planning methodology (Goldratt 1994, McGrath and MacMillan 1995) that begins with a group identifying a desired goal—say the development of a new service to a current customer base—and then focuses concretely on both the accomplishments it will take to advance that goal and the challenges the organization will face along the way. The process is called "backcasting" because you "cast out" to look towards a goal, even if not fully formed, and then work "backwards" from that goal to describe, and thereby wrestle with, the accomplishments that will need to be in place to achieve the goal (see Figure 5 for an example of an accomplishments map demonstrating these elements of the backcast).

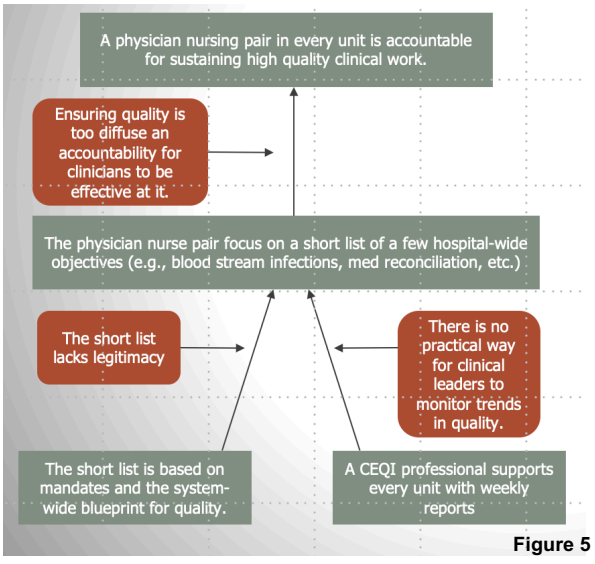


Figure 5

Backcasting stimulates creative thinking, helping leaders across industries and at different levels in the organization identify the success factors for organizational and strategic change, and results in a grounded project plan to effect that change.

Preparing for the Future in the Present

Ultimately, working with future-facing methods can help an organization navigate a period of uncertainty. They offer mental frameworks to help a group create a compelling vision for the future, tools for strategy development and execution, a structure to help with planning conversations, and supports to help us learn from our experiences. Most importantly, perhaps, having a tangible and powerful set of tools to tackle planning during unpredictable times fosters hope and momentum for the future.

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