Serious Insights

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# The Tens—Why Tech Firms Need Scenario Planning

1 **The future is uncertain** The social, technological, economic, environmental and political (STEEP) constituents of the future are largely unknown. As technology firms plan their futures and create their roadmaps, they must make assumptions about the future. Those assumptions may be wrong. Scenario planning starts by naming uncertainties and then leads participants through a process of understanding how those uncertainties may play out under different STEEP circumstances.

2 **An uncertain future is no excuse for not thinking hard about the future** Scenario planning allows firms to reason about the future by engaging in thought exercises that are literally exercises which force the participants to use parts of their imagination not used in normal day-to-day business execution. By actively engaging in postulating plausible, potential futures, organizations can create plans more resilient to change than ones based on the hidden, unstated assumptions of their planners.

3 **It is easy to keep assuming** Without scenarios, planners will remain driven by the momentum of their assumptions. Since most of the people they talk to make minor suggestions about existing products, any vision of the future remains the purview of the planning team. Once that team has a vision, it is hard to shake its momentum. Using scenario planning early can create a discipline of reasoned assumption smashing into the culture that might otherwise require difficult culture change later in the firm's development as it finds itself challenged by the realities it did not forecast.

4 **Most organizations don't create a shared vision** Visions are created at a strategic level, and they are often poorly communicated—which leaves it up to individuals to create their own views on the future. Scenario planning can be a powerful tool for creating visions because not only do they help facilitate consensus, they also illustrate how THE vision might be wrong and suggest contingencies.

5 **If your practice possible futures, you are less likely to be surprised** And if your vision might be wrong, shouldn't the firm practice the plausible futures, and start monitoring development, so it won't be surprised if its assumptions get derailed by the forces at play.

6 **Imagination is your only option, you have no data** "If we were only smarter or had more data"—a mantra often spoken by executives. When it comes to the future, smart doesn't help all that much, and there is no data. Bill Gates famously said that 640K was enough memory. Scenarios push people past their cognitive bias by placing them in uncomfortable situations that force them to consider other possibilities.

7 **Innovation** Many firms decry their inability to be innovative, or that they are innovative, but suffer from a negative perception of their innovative capabilities. Scenarios help on both fronts. For perception, admitting that you don't know something is a powerful way to communicate humility and the willingness to learn—they also place people in alternative futures, encouraging them to think outside the box by puting them in a new box.

8 **Thought Leadership** Most people don't see the connection between strategy and marketing, except that marketing has strategies. The best firms recognize that their investments in strategy can be used to communicate about their competencies, market readiness and leadership. If you engage in scenario planning, talk to the market about it—the dialog is good for perceptions and can help drive conversations that may provide other insights.

9 **The Research is wrong** No matter where a company acquires its research, anything past a quarter or two is probably wrong. In the recent financial crisis, many firms realized their research was orders of magnitude wrong and offered little guidance. Scenarios can be used to create forecasts that take into account more divergent alternatives.

10 **You owe it to customers and shareholders** Executives own many responsibilities, important among those is risk mitigation. If a technique exists that helps organizations better anticipate the future, then they owe it to their customers and shareholders to employ that technique in order to minimize financial, market and operational exposure.