Scenario Planning
Defining the Challenge for Strategic Planning

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The Context is the Global Knowledge Economy
What is it?

- Globalisation - increasing development and deepening of world markets in capital, goods and services by the increasing occurrence of commercial exchanges across international boundaries
Globalisation

- Age of hyper-capitalism
- Intangible assets increasingly important
- Share price/net tangible assets grew by 50% in last 3 years.
- Patents
Knowledge Economy

The critical difference between the old and the new economies is not dot.coms, nor e-commerce, nor sustained growth without inflation.

It is that the **old economy** raised capital to invest in physical capital. The **new economy** raises finance to invest in ideas and innovation.
Knowledge Nation

- Investment in knowledge down from 87% ('85) to 75% ('98) of OECD

- Education
  - Pre-school - 25% of OECD average
  - Rest-compulsory participation - down to 70%
  - University student shift ratio increased 50%
Knowledge Nation

- **VET**
  - Government expenditure per course hour down 17% (‘90-‘97)
  - 1997-9
    - Public source income -2.2%
    - Student numbers +11.9%
    - Teaching hours +9.6%
Paradoxes of Knowledge

- Using knowledge does not consume it.
- Transferring knowledge does not lose it.
- Knowledge is abundant, but the ability to use it is scarce.
- Producing knowledge resists organisation.
- Much of it walks out the door at the end of the day.
Because knowledge does not wear out it is a source of super-value and super-productivity.

Knowledge alone can add value to an otherwise closed, zero-sum system.
A knowledge economy is a hierarchy of networks, driven by the acceleration of the rate of change and of learning.

The opportunity and capability to join knowledge-intensive and learning-intensive relations determines the wealth of individuals and firms.  

(OECD)
Changing Knowledge Work

“There is a shift from applying knowledge in a relatively stable environment to using and creating knowledge to comprehend and transform a rapidly changing environment” (Ron Johnston)
Knowledge work is...

• Complex
• Uncertain
• Ambiguous
• Unstructured
• Difficult to observe and measure
• High risk

Which requires individuals with...

- High pattern recognition skills
- Flexibility and tolerance for ambiguity
• Teams
  - Skilled at collective “sense making”

And organisations that...

- Develop knowledge worker novices into experts
- Rapidly build effective virtual teams
- Build a culture of improvisation
- Balance creativity with risk management
Preparing the Knowledge Worker

- Lifelong learning
- learner-directed learning
- learning to learn
- contextualised learning
- customised learning
- transformative learning
- collaborative/cooperative learning
- just-in-time learning
Some Major Uncertainties

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Global Warming & Environmental Sustainability

Beware the Sixth Extinction!
New Decision-Making/Management Tools

- smart search engines
- driven by voice recognition
- micro-display
- specialised DNA computing
- intelligent agents
- automated intelligence
- knowledge management

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The Yearning for Community

- Anti-globalisation
- Limitations of consumerism
- ‘Give them circuses’
- Social and spiritual connection
“Life can only be understood backwards but must be lived forwards”
Kierkegaard

“Scenario planning enables us to use the power of hindsight, by transporting us to plausible futures”
Johnston

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What is the Challenge?

- Increased speed of change
- High uncertainty
- Complexity - every factor interacts with each other
- Global reach
- Knowledge intensification
- Information overload
The Essence of Scenarios

- Represent possible alternative futures
- Allow for qualitative perspectives
- Allow for sharp discontinuities
- A tool for ordering perceptions about alternative future environments
- Take the form of stories that can express multiple perspectives on complex events
The measure of good scenarios is not whether they get the future right, but whether they lead to better decisions in the present by:

- Questioning assumptions
- Developing fresh insight
- Getting the ‘measure’ of problems
- Developing shared understanding
- Rehearsing responses
- Developing robust strategies effective if circumstances change.
Impacts of Scenario Planning

- Stronger future orientation in planning
- Allowed to think ‘outside the box’
- Enabled all staff to contribute ideas
- Established need to allow for uncertainty
- Built a strong shared commitment
- Alerted to possible new trends
- Challenged tunnel vision
- Developed shared view among traditionally antagonistic stakeholders
- Led to early warning indicators of change
- Linked managers and staff in common purpose
- Generated great enthusiasm
Opportunities and Challenges

- From sector to network organisation
  - Seamless learning
  - From structure to relationship
  - Structural barriers

- Navigation through learning and work
  - From supplier to consumer-driven

- Access to learning
  - Location independent
  - Regional learning hubs

- Stratified learning opportunities
  - Role of learning in social change
  - Need for pluralism
  - Need for public funding
Opportunities and Challenges

- Information Technology
- Unimagined impacts
- Coherent approach to develop capability, alliances
- Flexible learning
- Efficiency and effectiveness in learning
- Diffusion of good practice
- Programs and targets
- Learning as a universal cultural value
- Progressive removal of barriers
- Resources for learning
- Distinction between public and private good blurring
- Quality management - new approaches
- Demographic change
- Changing nature of work
- Casual contractor versus knowledge asset

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