The Art of the Long View by Peter Schwartz
Quotes and Notes

Scenario

• Definition of “scenario” in this context is: a tool for ordering one's perceptions about alternative future environments in which one's decisions might be played out
• NOT predications (instead, they are perceptions of the future in the present)
• Vehicles for helping people learn
• Allow a manager to say, 'I am prepared for whatever happens'
• The end result is not an accurate picture of tomorrow, but better decisions about the future
• Not done one at a time; you develop a range of two to four potential futures
• A good scenario asks people to suspend their disbelief in its stories long enough to appreciate their impact
• Scenarios use the language of stories and myths instead of the conventional language of business and science; stories have many advantages: they give order and meaning to events; they open people to multiple perspectives; they help people cope with complexity
• Scenarios are myths of the future; myths help us come to grips with forces and feelings that would not otherwise exist in concrete form

Uncovering the Decision

• Pay attention to those situations that make you uncomfortable or that you do not understand
• Articulate the decisions you need to make; make the process of decision making conscious
• Examine your "mind-set" (your attitudes, outlook, etc) and deliberately examine the possibilities (pitfalls and opportunities) of other outlooks
• Refine the focus by considering (and moving back and forth between) narrow questions related to a specific situation and broad ones related to the world at large (otherwise you might develop a scenario for a focused situation and discover it is affected by much larger issues)

Information Hunting and Gathering

• The scenario process involves research; you need to gather facts related to a specific situation and you need to educate yourself broadly
• Pay attention to:
  o Science and technology - politics can change, but once released into the world, a scientific innovation cannot be taken back
  o Perception-Shaping Events - changing public beliefs can pivot the direction of history more swiftly and irrevocably than money or military power
  o Music - music shows what people are feeling
  o Fringes - the great innovators start at the fringes where thinkers are freer to let their imaginations roam; by encountering an idea early at the fringes, you can recognize and use it better if it finally emerges
• Where to look:
  o Remarkable People - people, especially unconventional thinkers, are a key source of information (contact authors of challenging articles or books, seek contacts through friends, take courses, attend meetings and conferences, etc)
  o Sources of Surprise - make time to read outside your immediate specialty and look for surprises (perceptions that are new and that will become part of your own perception)
  o Filters - filters acts on your behalf, discarding everything but the information that might be right for you (editors and publishers of magazines and newspapers,
some agencies such as the US Congress Office of Technology Assessment, Universities, NPR, CNN, friends, or you when you feel threatened by an idea)

- Immersion in Challenging Environments - travel is the best way to immerse yourself in unfamiliarity and force you to adopt an alien point of view, albeit temporarily
- Networked Sensibilities - computer networks allow you to find experts in any field and a round-the-clock network of consultants

Creating Scenario Building Blocks
- The process of building scenarios starts with looking for driving forces, the forces that influence the outcome of events
- Take another look at the decision you have to make and look for the driving forces that are critical to that decision
- Trust your instincts
- Compose scenarios in teams since driving forces may be obvious to one person but hidden to another (i.e., brainstorm together)
- Run through familiar categories of driving forces: society, technology, economics, politics, environment
- Next sort through the driving forces to decide which are significant and which are irrelevant
- Then uncover the "predetermined elements" (which are almost certain no matter what scenario) and the "critical uncertainties" (which scenario planners seek out in order to prepare for)
- "Critical uncertainties are intimately related to predetermined elements." You find them by questioning your assumptions about predetermined elements: what might cause...?

Composing a Plot
- Gather a team that is aware of the decision to be made and whose members have done their homework and then spend a day or two developing ideas in response to:
  - what are the driving forces?
  - what do you feel is uncertain?
  - what is inevitable?
  - how about this or that scenario?
- Look at converging forces and try to understand how and why they might intersect and then extend that imagination into coherent pictures of alternative futures
- Design at least one alternative that frightens the management enough to think but not so much that they shut down (since one of the purposes of scenarios is to help suspend disbelief in possible futures)
- Characters in scenarios tend to be either driving forces or else institutions (e.g. nations, companies, regional bodies) not individuals (usually leaders are an expression of the forces at work in their own societies)
- Tease out five or six variations that fit and eventually narrow and combine those into two or three fully detailed descriptions of what might happen
- A common trap with three scenarios is to offer a bland assortment with a high road, low road, and average; try to at least make the third a bit off-the-wall to avoid the business-as-usual path
- Three main plots show up constantly in modern times and should be considered for every set of scenarios
  - Winners and Losers - this plot starts with the perceptions that resources are scarce and limited, so if one side gets richer, the other side must get poorer; in
this scenario conflict is inevitable; often the sides compromise in a balance of power with a gradual buildup of tension, suspicion, and uneasy alliances

- Challenge and Response - in a challenge and response scenario, difficulties are treated as opportunities to learn; systems evolve further with each new challenge and response; perceptions are influenced by community feelings and the sense that the public will work with them to solve problems
- Evolution - evolution always involves slow change in one direction, either growth or decline; the most common evolutionary plot is technology (since new innovations grow in a biological fashion, sprouting slowly from earlier technology, gradually ripening, and then bursting upon the world)

- Other common plots
  - Revolution - every now and then there's a sudden dramatic shift ("discontinuities"); people perceive possibilities differently after a revolution
  - Cycles - economic matters often occur in cycles; the timing of cycles is important and unpredictable unless you look for clues
  - Infinite possibility - starts with the public perception that the world will expand and improve infinitely (e.g. computer industry in 1975; US in 1950s)
  - The Lone Ranger - mainly a social plot that says the ordering principles of politics, trade, and technology cannot reach the basic individuality in our souls (e.g. Apple Computer, Margaret Thatcher in early 1980s)
  - My Generation - in this plot the culture of large generations of people influences the world (e.g. baby boomers, global teenager)

- When developing plots, watch out for "the unbroken line: conditions that change, but do not engender any response" (e.g. if there is dramatic continuous growth, look for the undertow of resistance that will slow growth)

Rehearsing the Future

- Using scenarios is rehearsing for the future
- You don't know ahead of time which scenario will take place, so you prepare for all scenarios and train yourself to look for one or two small details that allow you to recognize which is taking place
- Even the most unlikely events should be prepared for if the consequences are great enough
- You must start by questioning your belief in the inevitability of more of the same
  - the point of scenario-planning is to help suspend disbelief in all the futures, to allow us to think that any one of them might take place
  - then you can prepare for what you don't think is going to happen
  - you need multiple scenarios, so by the end you understand the implications of each possible future (and have literally rehearsed them)
- Work out warning signals in advance (less open to interpretation that way) – they help you decide which scenario is coming to pass and can also be used as warning signs to learn sensitivity to change
- Names of scenarios carry "a lot of freight" - try to choose the name so that it condenses the story's essence into a few words (e.g. “Humpty Dumpty", "the Official Future", "My Worst Nightmare", "Johnny Appleseed")
- Go back to old scenarios a year later – it takes years of practice to do scenario planning, so it's helpful to go back to see if it was effective
  - did it change behavior?
  - did you do the right thing?
- Scenarios create a shared and powerful language

User's Guide: How to Hold a Strategic Conversation
1. **Create a Hospitable Climate** - do what you can to make the organizational culture welcome diverse points of view and lively discussion

2. **Establish an Initial Group Including Key Decision Makers and Outsiders** - include most of the key decision makers, selected “experts”, and other who have valuable perspectives; in large companies, there may be several sets of strategic conversations going on at once

3. **Include Outside Information and Outside People** - bring in people from the outside; a purely internal conversation will rarely be able to achieve break-through thinking

4. **Look Ahead Far in Advance of Decisions** - strategic conversations should occur long before the moment of decision (when the appearance of short-term factors make reflection more difficult)

5. **Begin by Looking at the Present and Past** - look at what has happened in the past, talk about ways you have traditionally dealt with change, look at trends going on around you, ask questions, elicit opinions, and determine what you ought to know more about

6. **Conduct Preliminary Scenario Work in Smaller Groups** - start and continue strategic conversations in large meetings with key players but also have subgroups that study individual issues in depth and report back, followed by vital and often heated discussions with the large group

7. **Playing Out the Conversation** - structure a few workshops in different areas to spread the messages, raise some questions, raise hypotheses, form questions, set up new working groups

8. **Living in a Permanent Strategic Conversation** - strategic conversations never end; they must move into different venues and become the model for discourse

**Steps to Developing Scenarios (Appendix)**

1. **Identify Focal Issue or Decision** - begin with a specific, important decision that has to be made (what is it that keeps you awake at night?)

2. **Key Forces in the Local Environment** - list key factors influencing the success or failure of that decision

3. **Driving Forces** - list driving forces in the macro-environment that influence the key factors; this usually requires research

4. **Rank by Importance and Uncertainty** - identify two or three factors that are most important and most uncertain

5. **Selecting Scenario Logics** - select just a few scenarios whose differences make a difference to decision makers

6. **Fleshing Out the Scenarios** - return to key factors and driving forces and weave the pieces together in the form of a narrative

7. **Implications** - return to the focal decision, rehearse the scenarios, and ask questions such as how robust the decision or strategy is across all the scenarios

8. **Selection of Leading Indicators** - identify a few indicators to monitor in an ongoing way