

Making the Future Visible: Psychology, Scenarios, and Strategy

By Hardin Tibbs, September 1999

Seeing the future as a psychological landscape clarifies the elements of strategy, provides insights into key areas of strategic thinking, and helps develop the strategic conviction essential for visionary leadership.

During the decade of the 1990s the international business community has achieved remarkably rapid and widespread “scenario literacy.” Scenario planning has been enthusiastically embraced as a better way of thinking about the future than forecasting, not surprising at a time when uncertainty in the strategic environment has reached an all-time high, driven by such sweeping forces as globalization, the emergence of the knowledge economy, accelerating technology, and deregulation.

But awkward questions remain. For all the acknowledged advantages of the scenario method, there are a number of unresolved loose ends and questions concerning its relationship with the broader objective of strategy setting—the ultimate reason for looking into the future at all. To be fair, this is not entirely surprising, since the elusive “vision thing” that allows mould-breaking entrepreneurs to develop an uncanny sense of strategic conviction has continued to elude the understanding of management theorists.

One key to unlocking this puzzle is to think about the future itself in a different way. All strategic thinking and planning requires some notions about the future—even if they remain at the level of unexamined assumptions. This obvious wish to *know* about the future has led most applied futures research in business and the public sector to have a one-sided emphasis on developing *information* about the future. This is of course essential, but it is not enough on its own to allow corporate leaders to develop *strategic conviction* about the future shape and direction of an organization.

As long as we focus on the desire to generate information about the future, we will tend to see the future itself as a neutral, objective space—much as reductionist science approaches any field of knowledge. But in a psychological sense the future is far from neutral. While we commonly speak about the future as if it were in some sense real and out there (and perhaps, in terms of physics or metaphysics, it is), in practice we treat it very much as a *psychological* space, into which we project our hopes and fears, our dreams and expectations.

This reframing of the future as a psychological space yields powerful insights. Not only does it tell us that the future is a much more confused place than we like to think, but more importantly, it recasts uncertainty as a fundamental source of strategic motivation.

Paradox and Psychology

It is commonly acknowledged—indeed this is one of the basic propositions of scenario planning—that the future cannot be known, cannot be predicted with certainty, because of its inherent indeterminacy and uncertainty. Usually, this uncertainty is regarded as a kind of analytic nuisance, interfering with the gaining of information. But the intrinsic open-endedness of the future, its genuine indeterminacy, is precisely the thing that gives us the potential for improvement and development—whether personal or organizational. Viewed from the perspective of the strategic actor, unless the future remains uncertain (at a fundamental psychological level) in simple terms there is no point doing anything. Put another way, *to act effectively we need as much information as possible, but if we had full information we would be paralyzed and unable to act.*

This paradox may require a little explanation. We only feel it is worthwhile exerting an effort in the present to achieve an improved outcome in the future, if we believe there is some possibility of

success. In contrast, if we were genuinely to believe that the future is predetermined, then it means our future condition is already locked in regardless of any actions we take, and there is absolutely no point exerting effort now for a deferred outcome. This kind of effort is only worthwhile if we believe that the future is indeterminate, not yet determined or decided, and therefore changeable. This is not the only psychological precondition for action, but it is the key one. So what looks like an analytic annoyance—future uncertainty—turns out to be a vital aspect of the future when seen as psychological space. It may be hard for us to imagine a fundamentally different attitude towards time and future outcomes, but if science-based industrial societies ever decide that the future is indeed predetermined, then in a deep psychological sense this will mark the end of current conceptions of strategy and competition.

*Indeterminacy is essential for motivation, yet it also means that full information about the future will never be available for informed decision-making.*¹ How can this paradox be resolved? In effect, reaching a decision based on incomplete information means that we must exercise choice, which in turn must be based on self-knowledge about emotions, preferences and intentions. The importance of emotion in decision-making is highlighted by cases of brain damage which result in a loss of emotion.² The intelligence and reasoning ability of the people concerned can be intact, but faced with even a simple choice they respond by constructing elaborate trains of reasoning about the implications of each option and are unable to reach a decision. Similarly, faced with intrinsically limited information about the future, organizational decision-makers cannot depend only on cognitive analysis: ultimately they must also rely on the *strategic identity* of the organization when setting strategic direction. In the case of entrepreneurial companies, the strategic identity is usually closely related to the preferences and intentions of the entrepreneur, which is what can give these companies a powerful strategic advantage.

What ultimately resolves the two future-related paradoxes is the skilful blending of thinking and emotion, information and intention, anticipation and aspiration. These are the ingredients of strategic conviction, which combines the best achievable information about the future with an emotional certainty derived from a high level of self-awareness. But combination is not enough: these elements first have to be separated from the usual jumble of thoughts and emotions about the future, that is, in the future understood as a psychological space.

The Future as a Psychological Space

Thinking about the future as a psychological space is powerful because it allows a structuring or ordering of the future that enables effective strategic direction setting. This structuring is important, because as psychological space the future is often poorly resolved. Different cognitive and emotional elements jostle with each other in this mental space: ambition, information, beliefs, anxieties, worldviews, aspects of personal identity, and so on. Effective use of the future as a strategic resource depends on ordering these typically confused and competing elements.

In conventional psychological terms, the main kinds of elements we should expect to find in the “future space” will be cognitive (related to thinking and knowing), affective (related to feeling and emotion), and conative (related to will and intentionality).³ When we take determined action or form plans about the future, it is because of an interaction between these different psychological elements—in simple terms, between what we think, what we feel and what we intend about the future.

When a strategic player—person or organization—can clearly distinguish between the different cognitive and emotional elements projected into the future space, the result is clearer and better strategic thinking. Emotional self-awareness allows confident choice when faced with the uncertainties of purely cognitive information. Strategy can then be *emotionally right* in terms of its fit with self-identity, culture and ambition, and *cognitively right* in terms of being based on the best possible information and thinking about the future.

This approach to the future provides a way of achieving psychological clarity about our

understanding and use of the future. It also allows the future itself to be used as an integrating strategic framework.

The Future as a Landscape

The idea of the future as a psychological space can be made more vivid and literal by depicting the future as a landscape. The cognitive and emotional psychological elements then appear as features in the landscape.

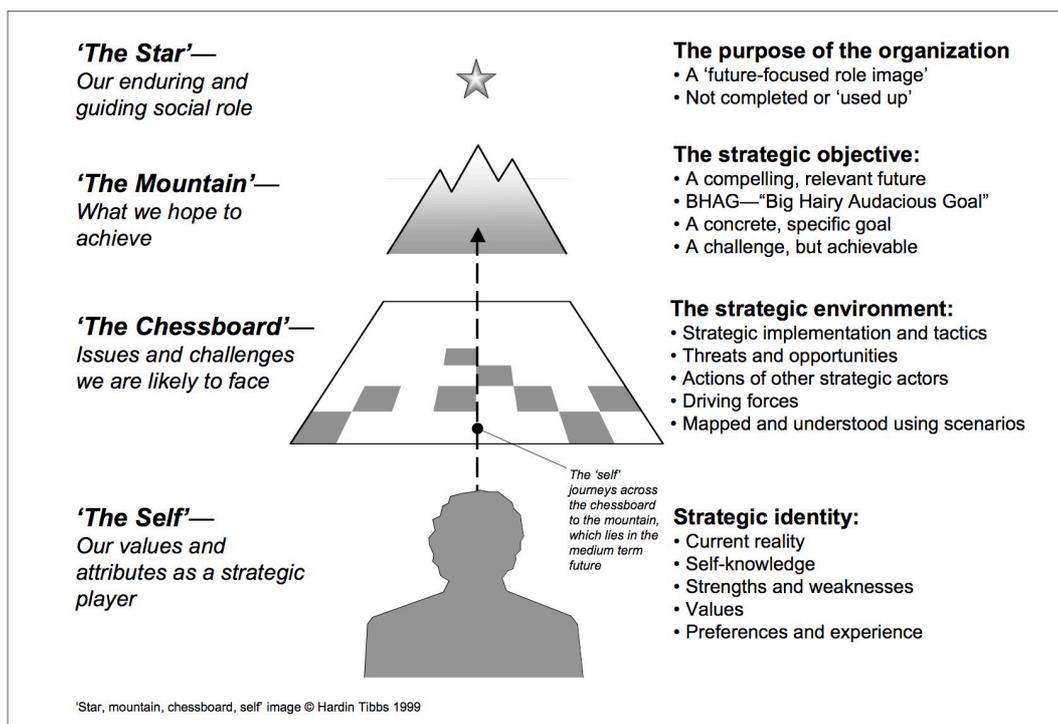


Figure 1: *The Future as a Strategic Landscape*

The strategic actor—whether an organization or an individual—can be visualized as looking out into the future along the timeline across an expansive landscape (see Figure 1). In the sky in the far distance a bright star is visible. In the middle distance, in line with the star, a mountain peak looms. Between the strategic actor and the mountain lies a broad plain marked out like an immense chessboard.

The star symbolizes the enduring purpose of the strategic self, a perennial strategic destination that will never actually be reached or completed but which reflects the continuing aspiration and social role of the organization.

The mountain is the strategic goal, the peak the strategic actor intends to climb as a medium-term objective. This needs to be worthwhile, inspiring and highly challenging but achievable with an effort. At the top, the strategic actor can once again use the star for orientation in choosing the next mountain to climb.

The chessboard represents the changing conditions the strategic actor will have to face on the way to the mountaintop. Here there is a need for continual maneuvering and tactical adjustment as future conditions and the actions of other players keep changing. The journey to the mountain peak could follow many different paths that may well change direction or fork unexpectedly. Even with the mountain peak clearly in view, there is still a need for continual learning and adaptation.

This strategic landscape represents the psychological reality of the future by giving equal weight to *anticipation* and *aspiration*, and it assists with strategic thinking by clarifying the relationship between these elements. Using the future in this way as a strategic landscape allows many different strategic concepts to be integrated within a single psychologically familiar space. The literature of strategic planning contains a profusion of strategic concepts, many of which deal with only one aspect of what is involved in strategy setting. The advantage of the strategic landscape is that by means of a deceptively simple pictorial space the essence of many individual strategic concepts and entire strategic frameworks can be brought together.

The chessboard, instance, corresponds to the arena of future competitive interaction. It is the space at the center of Michael Porter's familiar diagram summarizing the competitive forces acting on the organization. It can also be seen as representing the potential for future market share, invoking Gary Hamel and C. K. Prahalad's idea of future market space that cannot yet be articulated by consumers. The chessboard represents the future strategic environment, so thinking tools such as Peter Schwartz's scenario planning and Peter Senge's systems thinking are applicable here. Other strategic concepts and tools that treat the future as a contest also belong here, including game theory. The chessboard largely represents our cognitive appreciation of and our learning from the future.

The mountain and the star reflect James Collins and Jerry Porras' thinking about company vision, specifically their concept of "envisioned future" and the "purpose" part of their "core ideology" concept. The other part of "core ideology" includes "core values," which is an attribute of the strategic self. Thus the mountain and the star represent a projection of the emotional aspect of the strategic self into the strategic landscape.

Equally, the mountain and the star can be considered as exerting a force on the strategic self. This reflects Peter Senge's concept of "creative tension." This principle, derived from the work of Robert Fritz, sees an inspiring future vision and a clear picture of current reality pulling against one another as if an elastic band were stretched between them. The mental tension created by the gap between the two can be resolved only by lifting up the current reality towards the vision, or by lowering the vision towards current reality. In the same way, there is a tension between the current state of the strategic self in the foreground of the strategic landscape, and the star and mountain in the distance, potentially drawing the self toward an improved future.

Setting Strategic Direction

The steps in the process of setting strategic direction can be visualized as a journey through the strategic landscape. This journey involves four major strategic stages related to different parts of the landscape. These are *Strategic Identity*, a *Theory of the Future* and a *Future Role Image*, leading to *Strategic Engagement*. Taken together, these four create a template that can be used to develop strategy or assess the level of development of any existing strategic process in an organization. In many cases, an organization will have already developed one or more of the elements, and work can focus on developing the others. Strategy setting emerges from an interaction among the first three, as will be described.

Strategic Identity

The strategic journey must begin by gaining a clear sense of strategic self-knowledge, both about the strategic self and its current situation or context. Strategic identity is as much related to what the strategic self *is like* as it is to what the strategic self *would like* to see or hopes to see in the future. For this reason, an organization's "preferred future" is only one aspect of what is needed and may even be misleading at this stage in the journey.

The strategic identity is assessed by identifying and profiling the key values and competencies associated with the work of the organization, as well as features of its culture. If the strategic self is an individual, the equivalent attributes are talent, skills and personality. The cultural and

psychological attributes of strategic identity are important because they represent the essential emotional component involved in strategic choice.

A Theory of the Future

The next step in the strategic journey is to assemble information and thinking about the future strategic environment. One of the main tools for doing this is scenario development. The power of scenarios comes from the freedom created by working with explicitly hypothetical pictures of the future.

Scenarios have become popular because they are a more sophisticated approach than relying on single-point forecasts based on expert opinion or extrapolation, which create a dangerous illusion of precision. Scenarios tend to encourage thinking and debate about the future whereas forecasts tend to preclude further thought because organizations typically respond to them as if they were true.

In researching the future business environment, the aim is not to predict the future, but to identify such things as the way the industry structure is changing and the new strategic potentials and challenges this will open up. The result of this process can be thought of as a composite “theory of the future” for the field of activity of the organization—and might consist of a picture of future industry structure, including dominant and emerging technologies, new business logics, and key social issues. The theory of the future is primarily an articulation of systemic understanding and insight about the strategic environment rather than a set of scenarios as such, although it will usually include or be expressed in the form of scenarios.

Although focused on assembling cognitive information about the future, the theory of the future is itself subject to important emotional dynamics. Organizations (and individuals) tend to have an implicit theory of the future, even if they have not spent time consciously developing one. This existing “mental map” can be highly resistant to change, and must be acknowledged and articulated during the development of scenarios, if the organization’s decision-makers are to establish a shared “comfort zone” before they begin to move to new and expanded levels of thinking.

Future Role Image

When an organization’s awareness of its strategic identity is brought together with its theory of the future, a “future role image” can be generated for the organization. This is a picture of a future role or activity which both suits the identity of the organization, is viable across the range of envisaged futures and which identifies the larger social role the organization is filling. It has two parts, as described previously, the “star” and the “mountain”: the long term, enduring purpose of the organization as informed by the anticipated future(s), and the major strategic objective the organization sets for the medium to long term. These two form a much more intuitively satisfying structure for long term vision than the popular “mission and vision” statements often used (which frequently consist of one generalized idea expressed two different ways).

In this way, the purpose and objective are chosen not simply by reference to a sense of the strategic self of the organization. Nor are they determined purely by the anticipated future. Instead, the chosen strategic direction combines a high level of cultural fit with an acute awareness of change in the strategic environment.

Strategic Engagement

The development of a strategic identity, a theory of the future and a future role image together represent the process of setting of overall strategic direction. This then sets the stage for generating detailed strategic positioning and tactical options on the chessboard. Beyond this point actions become highly contextual and adaptive, and responsibility for choices about implementation and tactics may well be distributed throughout the organization.

The Strategic Journey

A key advantage of using this framework and process for strategic thinking is that it overcomes the frequently encountered problem, referred to at the beginning of this paper, of going “from scenarios to strategy”—the vexed question of how to go from multiple scenarios to a sense of strategic conviction. This approach embeds scenario thinking in a broader strategic framework from the outset, and instead of attempting to develop an answer based on cognitive information alone, it deliberately shifts gears from cognitive to emotional. This is a process that will take the strategic actor on a journey of self-discovery that can ultimately be as important as the goal itself.

This journey has deep psychological and historical resonance. According to Joseph Campbell, many traditional myths have a common psychological structure across cultures. Medieval European myths, for example, depict a journey taken by a hero across a wasteland in search of the Holy Grail. In symbolic or psychological language, this represents a journey taken by the self in search of greater awareness and self-discovery, and the Holy Grail ultimately turns out to be a future form of the self.

The “strategic landscape” has the same psychological structure. The self journeys across the strategic arena in search of an outcome that is ultimately a more developed form of the self. As the strategic self gains a progressively broader understanding of the nature of the strategic undertaking, competitors no longer seem to appear on the other side of the chessboard. Instead, we realize they too are approaching the chessboard from the same side as ourselves, in a common social and human endeavor. Our real and most deadly opponent, the one who faces us relentlessly across the chessboard, turns out to be our own self. And the ultimate challenge is: will we be able to master ourselves to accomplish our own full potential?

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About the Author

Hardin Tibbs is a UK-based management consultant and futures researcher with extensive experience of scenario-based planning. He is a skilled strategic analyst, process facilitator and presenter, with a background in product development and visual communications. His work is focused on helping organizations move forward with confidence in an environment marked by accelerating social and technological change. He has worked with major companies, government agencies, and non-profit organizations in the United States, Europe, Australia and Asia. In addition to his strategy work, Hardin has made significant contributions on issues involving technology and environment. He is CEO of Synthesys Strategic Consulting Ltd. in London, and he is an Associate Fellow at the Saïd Business School, Oxford University, where he co-teaches the executive education Scenarios Programme. He is also a Fellow of the Royal Society for the encouragement of Arts, Manufactures & Commerce (RSA) in London, UK. www.hardintibbs.com

Footnotes:

¹ Given that some psychics claim to be able to see the future, a more precise formulation might be that even if the future is visible it nevertheless remains flexible.

² Antonio R. Damasio, *Descartes' Error* (New York: Avon Books, 1994).

³ If the psychological terms of reference are expanded to include a Jungian interpretation (as in the Myers-Briggs personality typology), intuition (“inner sensing”) can also be included as a distinct element, and the meaning of “feeling” can be further refined.