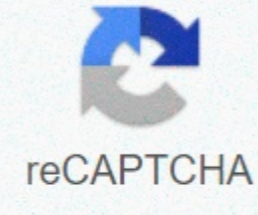




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Learning in wartime

Nih... Turning Discovery into health® Good Strategy creates a competitive advantage over time, but the uncertainty of the future makes it difficult to identify effective avenues of action, especially in the midst of a crisis. How can you, as a leader, prepare for an unpredictable future while managing the pressing demands of the present? The practice of strategic foresight of Promise provides the ability to feel, shape and adapt to changes as they view. One important element of this practice is scenario planning, which helps leaders navigate uncertainty by teaching them how to anticipate a possible future by acting in the present. The way forward to make an effective strategy in the face of uncertainty, leaders must institutionalize strategic foresight, using the power of imagination to build a dynamic link between planning and operations. How can we formulate a strategy in the face of uncertainty? This is a fundamental question that leaders must ask as they prepare for the future. And in the midst of a global pandemic, the response has never felt more urgent. Even before the Covid-19 crisis, rapid technological change, growing economic interdependence and growing political instability had colluded to make the future all the more bleak. Uncertainty was so comprehensive that to fully reflect the scale of the problem, the researchers developed complex acronyms such as VUCA (volatility, uncertainty, complexity and ambiguity) and TUNA (turbulent, uncertain, new and ambiguous). In response, many leaders have taken refuge in a more predictable short term - a mechanism to deal with uncertainty that research has shown leaves billions of dollars of earnings on the table and millions of people unnecessarily unemployed. By early 2020, a sense of uncertainty was so prevalent that many CEOs were doubling down on efficiency through innovation, in favor of the present to the detriment of the future. And then the pandemic hit. Now the tyranny of the present is supreme. Many organizations had no choice but to focus on surviving immediate threats. (There are no futurists in the trenches.) But many business and political discussions still require foresight. The stakes are high, and the decisions that leaders make now can have consequences for years or even decades. As they try to drive them through the crisis, they need a way to link current moves to future outcomes. So what's the best way to act? Strategic foresight - history, theory and practice, about which I have spent years - offers a way forward. Its purpose is not to predict the future, but to enable imagine several futures that enhance our ability to feel, shape and adapt to what will happen in the future. Strategic foresight does not help us to understand what to think about the future. It helps us understand, understand, how to think about it. Of course, a growing body of research has shown that more accurate predictions can be made, even in chaotic areas such as geopolitics. We must use these methods to the extent that we can. But when the predictive instrument reaches its limits, we must turn to strategic foresight that accepts the irreparable uncertainty of the future as a starting point. In this unique context, it helps leaders make better decisions. The most recognizable tool for strategic foresight is scenario planning. It includes several stages: identifying the forces that will shape future market and operating conditions; Learning how these drivers can interact Imagining various plausible futures; Reviewing the mental models of the present based on these futures; and then using these new models to develop strategies that prepare organizations for what the future actually brings. Scenario use is widespread today. But too often, organizations do only one exercise and then install everything they learn from it on the shelf. If companies want to make an effective strategy in the face of uncertainty, they must create a continuous research process that allows top managers to build permanent but flexible bridges between their actions in the present and their thinking about the future. In short, it is necessary not just imagination, but the institutionalization of imagination. This is the essence of strategic foresight. The limits of experience uncertainty stem from our inability to compare the present with anything we have experienced before. When situations have no analogies to the past, we have trouble understanding how they will play in the future. Economist Frank Knight famously argued that uncertainty is best understood as opposed to risk. In risk situations, Knight writes, we can calculate the likelihood of specific outcomes because we've seen many similar situations before. (The life insurance company, for example, has data on enough 45-year-old, non-smoking white men to estimate how long one of them will live.) But in situations of uncertainty, and Knight put most business decisions in this category, we can only guess what might happen because we have no experience to evaluate the most likely outcome. In fact, we may not even be able to imagine a range of potential outcomes. The key in such situations, according to Knight, was judgment. Managers with good judgment can successfully chart a course through uncertainty, despite the lack of guidance. Unfortunately, Knight had no idea where the good judgments came from. He called it an unfathomable mystery. Of course, in some sort of catch-22, conventional wisdom is that in a significant way good judgment is based on experience. And in many uncertain situations managers, in fact, turn to historical analogies to anticipate the foreseeable This is why business schools use the method of teaching the case: It's a way of exposing students to a range of analogies, and thus supposedly helping them develop judgments-much faster than is possible in a normal course of life. When there are no analogies to the past in situations, it is difficult to imagine the future. But Knight's case is that uncertainty is characterized by a novelty, which, by definition, lacks a predecessor. At the very moment when the present is least reminiscent of the past, there is no point in looking back in time to clues about the future. In times of uncertainty, we run against the limits of experience, so we have to look elsewhere for judgment. That's where strategic foresight comes in. Instead of inflating the mystery of judgment, RAND scientists hoped to replace it with rational quantitative analysis tools. However, faced with the military demands of the post-war world, they cannot escape the fact that nuclear weapons have fundamentally changed the nature of war. The two countries, the United States and the Soviet Union, have acquired the ability to destroy each other as functioning civilizations. And because no one has ever fought a nuclear war before, no one knew how best to fight (or avoid) one. One RAND analyst who approached the problem of a potential apocalypse with glee that made him a model for Dr. Strangelove Stanley Kubrick was a mathematician named Herman Kahn. In the atomic age, Kang realized, military strategists faced uncertainty to an absolutely unprecedented degree. Nuclear war is still (and hopefully will remain) so far from our experience, he wrote, that it is difficult to reason or illustrate arguments with analogies from history. How, then, Kang asked, can military strategists develop a solution crucial to making decisions about an uncertain future? It was the same question Knight asked, but unlike Knight, Kahn had the answer: Ersatz experience. He suggested that strategists needed weird means of reflection in the form of several imaginary futures that could be developed through simulations such as war games and scenarios. Mark Piasecki/Getty Images In 1961, Kahn left THE RAND to help find the Hudson Institute, where he eventually shared his ideas with Pierre Wack, executive director of

