

NOVEMBER 2010

FUTURE ENVIRONMENTAL SCANNING:

State-of-the-Art Best Practices Research Report

The Systems Thinking Approach ®



Founded in 1990 • Offices in over 25 Countries

Now Lets Take a Poll...

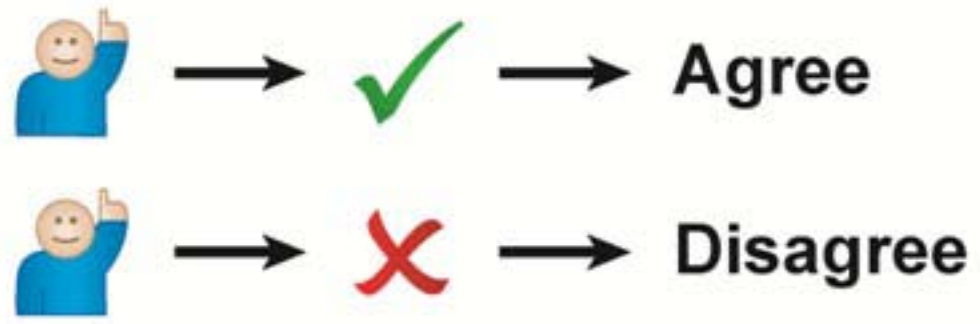
POLL

-
-
-

POLLING: AGREE OR DISAGREE?

STEP ONE:
Look for the icon of the person raising his hand on the bottom left panel of your screen.

STEP TWO:
Read the given statement and choose the green check mark if you agree or red 'x' if you disagree.



LIONS, GAZELLES AND STRATEGIC ACTIONS

Every morning in Africa a gazelle wakes up. It knows it must outrun the fastest lion or it will be killed.

Every morning in Africa a lion wakes up. It knows it must run faster than the slowest gazelle or it will starve.

It doesn't matter whether you're a lion or a gazelle - **when the sun comes up, you'd better be running.**



A GLOBAL ALLIANCE OF MASTER CONSULTANTS AND TRAINERS



FOUNDED 1990—OFFICES IN OVER 25 COUNTRIES

**THE NEW NORMAL:
REQUIRES
FUTURE ENVIRONMENTAL SCANNING
ON A REGULAR BASIS
IN
THESE DIFFICULT AND TURBULENT TIMES**

**THERE IS A COMPLETE REBALANCING
OF
THE GLOBAL ECONOMIC ORDER**

STEVE HAINES

Founder & CEO:

- Haines Centre *for* Strategic Management®
 - Systems Thinking Press®

Founded in 1990—38 Offices—20 Countries

STEVE

is a:

- “CEO—Entrepreneur—Global Strategist”
and
- “A Facilitator—Systems Thinker—Prolific Author”
(of 14+ books)

- A graduate of the US NAVAL ACADEMY’s
Legendary Leadership Class of 1968

TERRY SCHMIDT

Global Partner:

- Haines Centre *for* Strategic Management®

Founder:

- ManagementPro.com

TERRY

is a:

- “Strategy Consultant —Project Expert”
and
- “Action Trainer—Facilitator -Author”
(of 7 books)
- graduate of the HARVARD BUSINESS SCHOOL
MBA Class of 1968

OVERALL AGENDA FOR TODAY

- I. OVERVIEW AND WEBINAR INTRODUCTION**
- II. FUTURE ENVIRONMENTAL SCANNING—THE CONCEPT—
SKEPTIC**
- III. 12 STATE OF THE ART FUTURE ENVIRONMENTAL SCAN BEST
PRACTICES**
- IV. A BONUS: 18 MAJOR NEW CHANGES WORLD WIDE THAT
CONTRIBUTE TO THIS COMPLETE REBALANCING OF THE
GLOBAL ECONOMIC ORDER**

**FAILURE OF
ENTERPRISE-WIDE OR
LARGE-SCALE CHANGE**

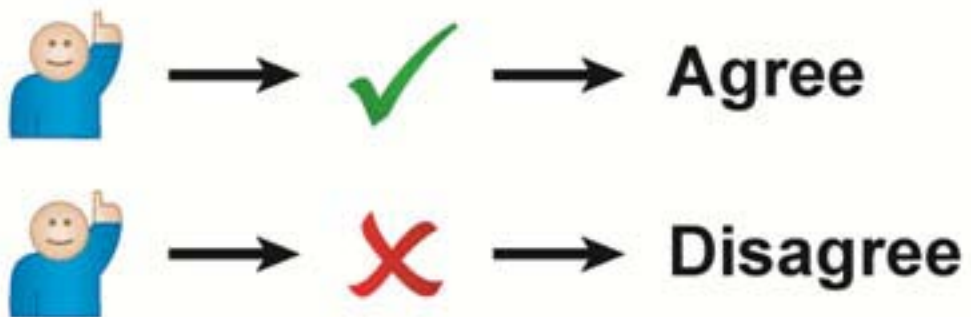
**75% OF ALL
MAJOR CHANGE**

FAILS

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**“The future is shaped
by those who see the possibilities
before they become obvious”**

Straits Times

The U.S. Armed Forces strategic training schools developed a specific term to describe today's world:

Volatile, Uncertain, Complex, and Ambiguous or "VUCA."

**This means that past events are no longer reliable indicators
for
what we can expect in the near future.**

DO YOU AGREE WITH THIS FUNDAMENTAL POINT HERE?

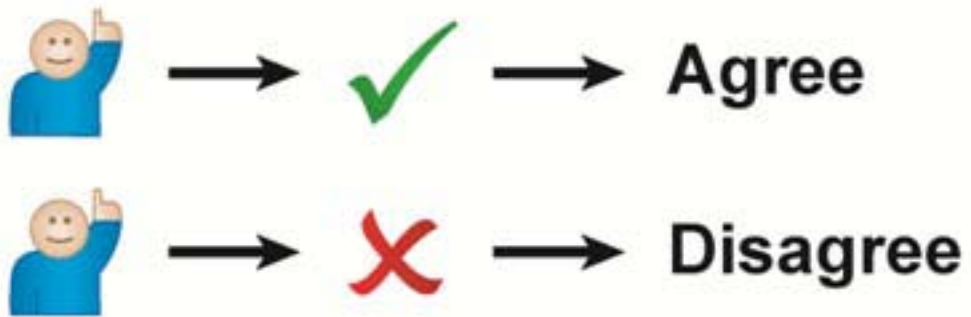
**THERE IS A COMPLETE REBALANCING OF THE
GLOBAL ECONOMIC ORDER**

WHAT ARE THE IMPLICATIONS FOR YOUR ORGANIZATION?

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How you think

is how you plan . . .

is how you act . . .

And that determines

The Results You Get in work and life!

Problems that are created by our current level of thinking can't be solved by that same level of thinking.

—Albert Einstein

So ...if we generally use analytical thinking, we now need real “Systems Thinking ” to resolve our issues.

—Stephen G. Haines

The Science of Living Systems

“The natural way the world works”

Backed by 50+ Years of Scientific Research:

**It is the most Holistic, Integrated, Organizing Framework
Available in the World Today**

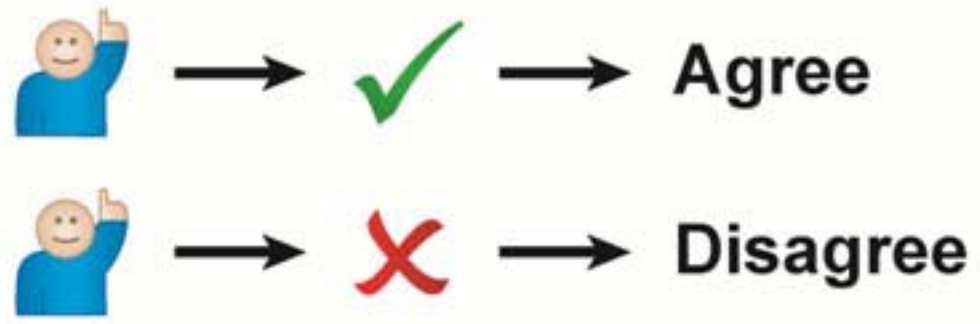
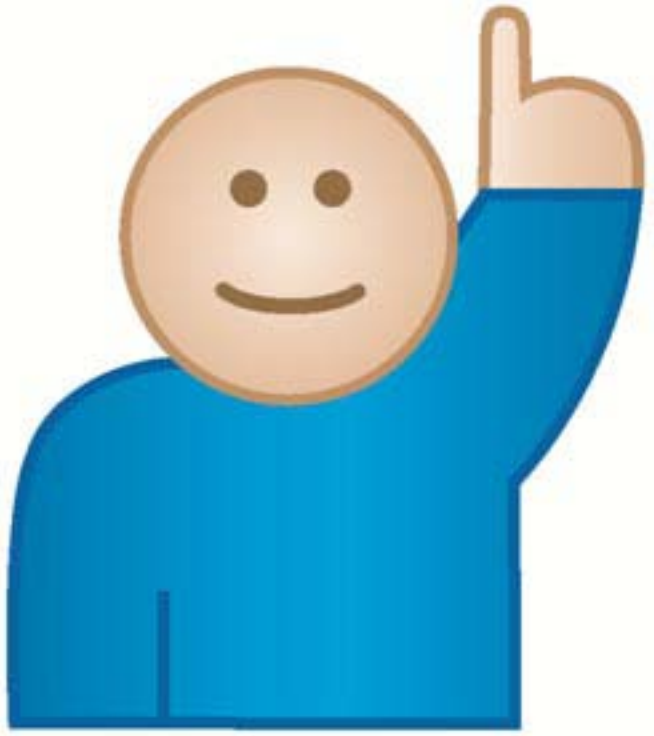
ORGANIZING FRAMEWORKS ARE KEY

Give people the conceptual tools –
The integrated frameworks – models
to organize their evidence
– their experience – their learnings

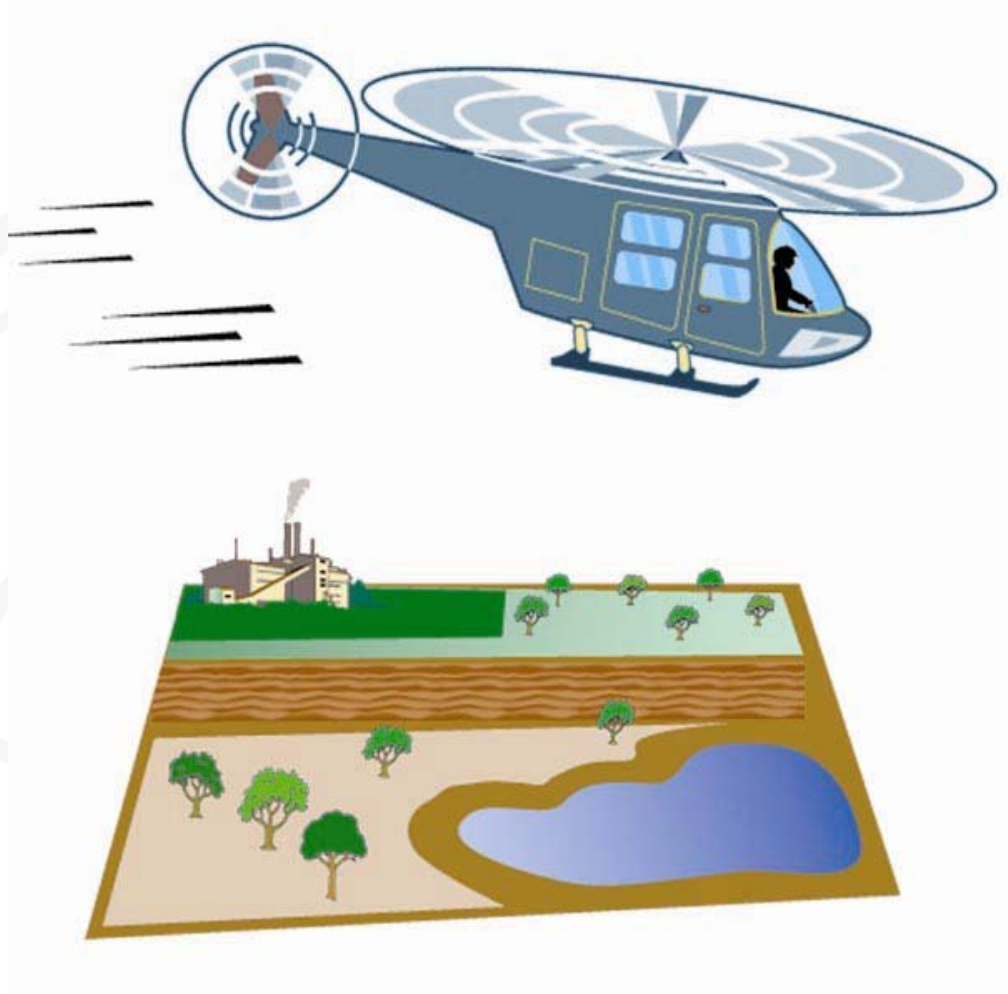
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GET A HIGHER AND BROADER PERSPECTIVE



Take a Helicopter View of Life!

1. Environmental Mainstream vs. Extremists
2. Swiss Watches vs. Quartz/Digital
3. Made in Japan Quality vs. Cheap
4. 77 mpg Car vs. Gas Guzzlers
5. Solar/Methane Cars vs. Oil
6. PCs vs. Mainframe Computers
7. Xerox Copy vs. Carbon Copy-CC
8. Fax vs. Mail
9. Express Mail vs. Snail Mail
10. Wires vs. Wireless
11. Airplanes vs. Drones
12. Electrical vs. Electronics/Internet
13. DVDs and CDs vs. Plastic
14. Cellular/Airfone vs. Telephone
15. Fall of Berlin Wall vs. USSR
16. Mass Customization/Robotics vs. Any Color—Black (H. Ford)
17. Global Village vs. National Economy
18. Flexible Work Hours vs. Standard 9-5 Hours
19. Electronics/Cottage Industry—Free Agent Nation vs. Big Firms

SYSTEMS THINKING PARADIGM SHIFTS

If you are doing business now
the same way you did it five years ago,
it's probably obsolete.

—Jack Welch



ENVIRONMENTAL IMPACT

“What will be changing in the environment that will impact us?”



Scan Your Future Environment

Future Environmental Scan and Assessments

State Of The Art Best Practices Research Report

This Report is the result of a blend of three fundamental sources:

- 1. The Strategic IQ Audits that the Haines Centre does**
- 2. Our Interpretation and Translation of Others Best Practices Research (We do not do original research ourselves-rarely paid for)**
- 3. Our consulting practices around the world in over 20 countries**

***“EVERYTHING IS SIMPLE, YOU SEE
BUT
YOU JUST HAVE TO SEE IT”***

CLARITY AND SIMPLICITY = SUCCESS

Problem #1: There is no standard for future environmental scanning

Best Practices #1: Use the acronym “**SKEPTIC**” as the new standard for future environmental scanning

Future Environmental Scanning/Trends

SKEPTIC

List the 5-10 environmental trends – projections – opportunities
threats facing you over the life of your plan:

S Socio-Demographics (People/Society):

K Competition/Substitutes:

E Economics:

E Ecology:

P Political / Regulatory:

T Technical:

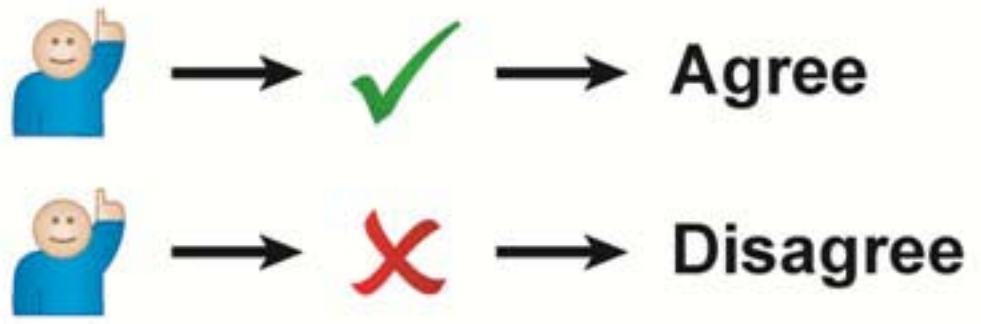
I Industry / Supplier:

C Customers/Citizens:

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Problem #2: Future environmental scanning is not done early enough or at all

Best Practices #2: SKEPTIC should be the first thing you do (Phase E) other than definition of your Ideal Future Vision (Phase A)

The World is a complex system—focus on all your Stakeholders

THE WORLD AS A COMPLEX SYSTEM:

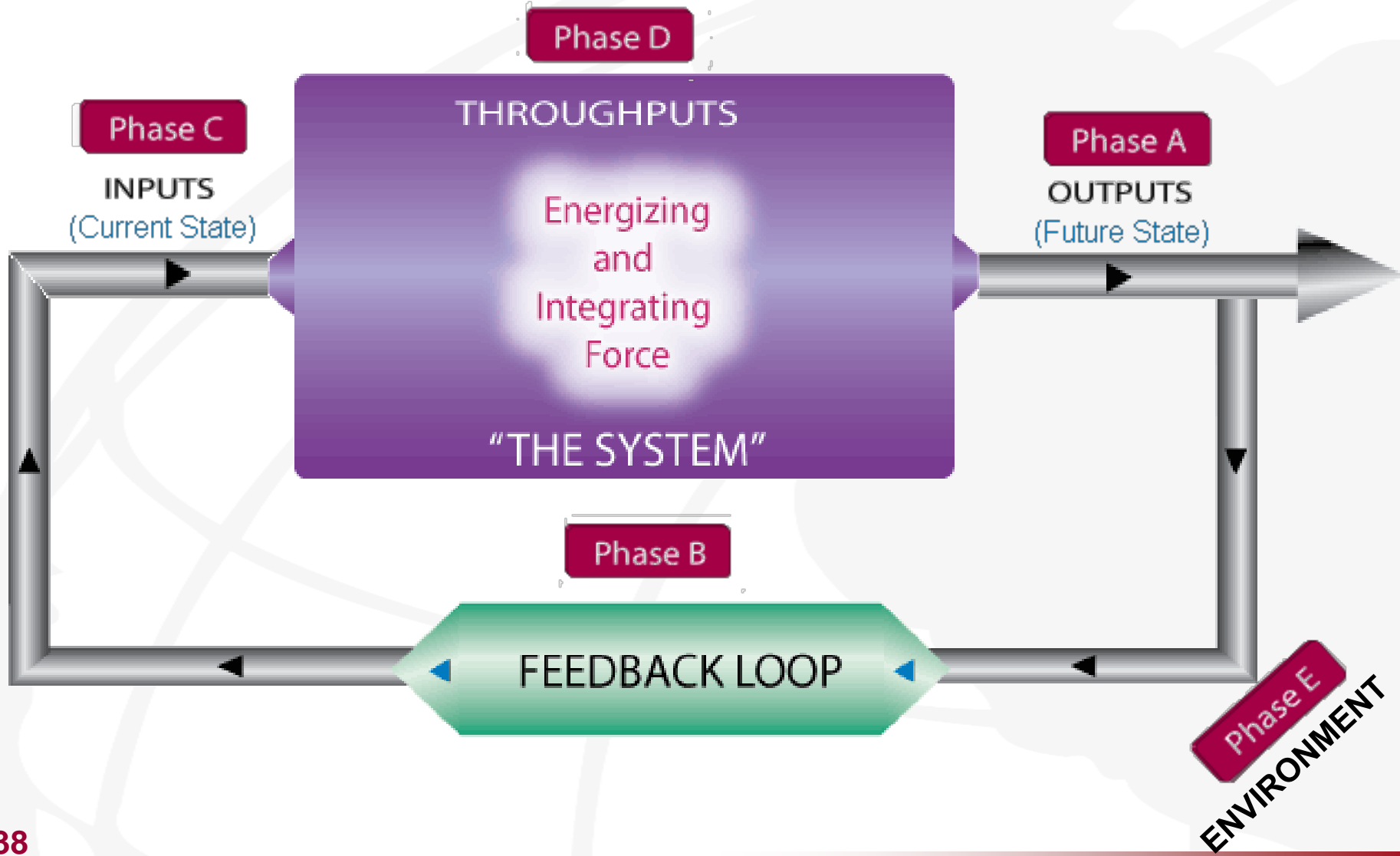


Problem #3: SWOT (Current State Assessment) is conducted as the first thing in the strategic planning process

Best Practice #3: SWOT should be conducted later in the strategic planning process (Phase C)

SIMPLICITY OF SYSTEMS THINKING

A Holistic, Integrated, Organizing Framework



Problem #4: SWOT is the only Current State Assessment conducted

Best Practice #4: SWOT should be used as an executive summary of the current State assessment only

I. Internal to the Organization/department (In Here)

Strengths
“Build On”

Weaknesses
“Eliminate/Cope”

II. External to the Organization/department (In the environment – Out There)

Opportunities
“Exploit”

Threats
“Ease/Lower”

Problem #5: The OT in SWOT is usually developed from a blank sheet of paper

Best Practice #5: The OT in SWOT should be developed from the IMPLICATIONS from the future environmental scan (Backwards Thinking from the Future)

BACKWARDS THINKING

SKEPTIC – FUTURE SCAN

TODAY – IMPLICATIONS
(Opportunities – Threats)

List the 5-10 environmental trends – projections
Facing you over the life of your plan

SPONSOR

		S Socio-Demographics (People/Society):
		K Competition/Substitutes:
		E Economics:
		E Ecology:
		P Political / Regulatory:
		T Technical:
		I Industry / Supplier:
		C Customers/Citizens:

Problem #6: The SW in SWOT is usually developed from a blank sheet of paper

Best Practice #6: The SW in SWOT should be developed as an executive summary only using a Systems Thinking Approach® to the Current State Assessment (such as the Haines Centre's **Business Excellence Architecture**)

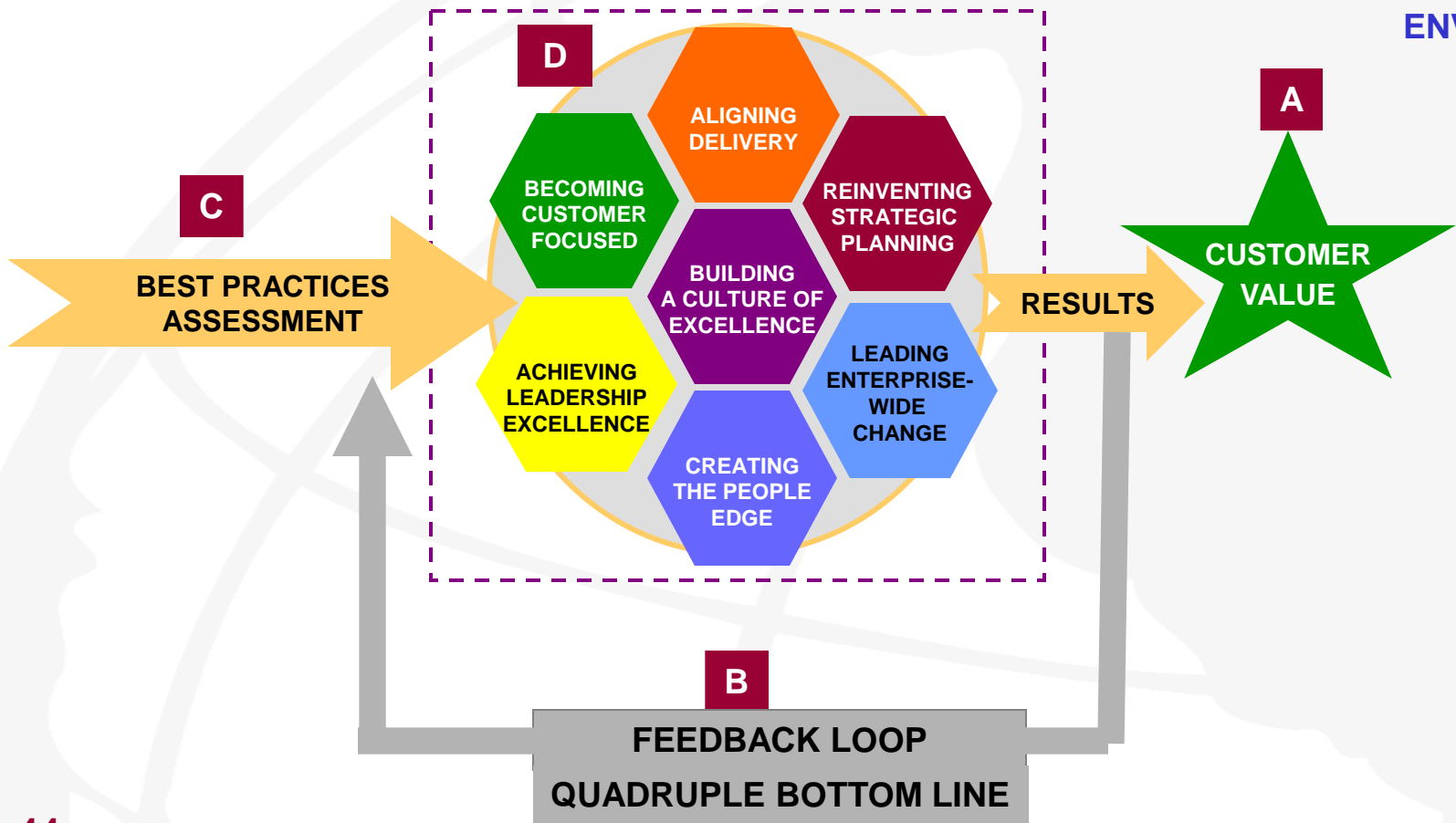
SYSTEMS —THE INNER WORKINGS

USING THE BUSINESS EXCELLENCE ARCHITECTURE™

BEST PRACTICES: ENTERPRISE-WIDE ASSESSMENT

E

FUTURE ENVIRONMENT



Problem #7: No one has responsibility for the **SKEPTIC** letters

Best Practice #7: There should be executive sponsors for each **SKEPTIC** letter (See some natural fits on the next page/slide)

FUTURE ENVIRONMENTAL SCANNING TEAMS

FORM “SKEPTIC” TEAMS

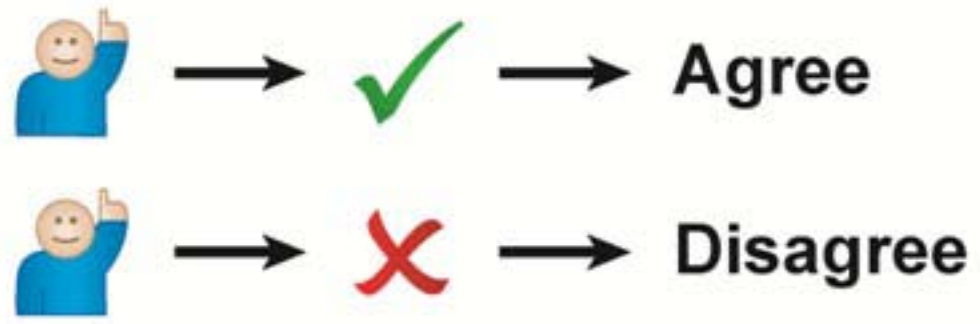
Scanning Area	Senior Management Team Leader (Sponsor)	Team Members (Max 6)
S	HR VP	
K	Sales VP	
E	CFO	
E	Safety	
P	General Counsel or PR/Regulatory VP	
T	CIO	
I	CEO or Marketing VP	
C	Customer Service VP	

Goal: Quarterly one-page reports to the change leadership team by each team.

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Problem #8: The responsibility for future environmental scan it is a staff responsibility

Best Practice #8: Each **SKEPTIC** letter should have a volunteer team of managers to support the executive sponsor (5-6 Members)

Create a Strategic Environmental Scanning System (ESS) with quarterly reports to the Change Leadership Team

DEVELOPING A STRATEGIC ENVIRONMENTAL SCANNING SYSTEM (ESS)

THE SIX STEPS INCLUDE THE FOLLOWING:

1. Identify the organization 's Environmental Scan needs, especially for the next round of Strategic Planning (Annual Updates).
2. Generate a list of information sources that provide core inputs (i.e., trade shows, publications, technical meetings, customers, shareholders).
3. Identify those middle managers/employees who volunteer to participate in the Environmental Scanning System (ESS). (Not just members of the Planning Team.)
4. Assign scanning tasks for **each SKEPTIC letter** to a Sponsor/ Senior Management Team Member and 4-6 volunteer members of the organization.
5. Collect data on a regular basis.
6. Disseminate the information in a large group meeting:
 - on a yearly basis and **quarterly** at the Change Leadership Team meeting

Problem #9: Future environmental scanning is done only yearly

Best Practices #9: Future environmental scanning should be done every 3 to 4 months

Problem #10: Future environmental scanning usually only focuses on one year at a time

Best practices #10: Future environmental scanning should look out a minimum of three years

Problem #11: Most future environmental scan and current state assessments stay within the box

Best Practices #11: Both future environmental scan and current assessment need to dig deep and be the creative and innovative in looking for alternative futures.

Technology is the key variable each time.

Problem #12: There are too many ways to conduct a current State assessment

Best practices #12: Focus on the top 3 to 5 current State assessment tools only

Future Environmental Scanning

Table of Contents

- 1) Introduction and Overview
- 2) Summary of Key driving forces – trends – and their implications
- 3) “Skeptic” Framework – Team Reports:
 - a) One page each with:
 - i. The trend over the next 3-5 years
 - ii. Each trend’s implications for us now (opportunities and threats)
- 4) Near term almost certainties
- 5) Wild cards – uncertainties
- 6) Conclusions

THE PROBLEM: RATE OF CHANGE IN THE WORLD

**“If the rate of change on the outside
exceeds
the rate of change on the inside,
the end is near.”**

*—Jack Welch
Former Chairman and CEO
General Electric Corporation*

**What we think,
or what we know,
or what we believe
is, in the end,
of little consequence.
The only consequence ...
...is what we do!**

WHAT ARE YOUR NEXT STEPS?

THANK YOU

FOR YOUR PARTICIPATION

Steve Haines—Terry Schmidt
Haines Centre for Strategic Management

(Using the **SKEPTIC** Framework)

A Future Environmental Scan by the Haines Centre for Strategic Management

S	Socio Demographic	1. Generational Shifts (Millennium – Boomers —Population Growth
		2. Innovative Employees/ Entrepreneurs— in the Emerging Markets/Countries
		3. Chinese Employee Demands/ Manufacturing going elsewhere
K	Competition/ Substitutes	4. Innovation Everywhere-world-wide/ Globalization—Shrinking World
		5. Scarcity/polarization/fear world-wide-austerity

THE “NEW NORMAL”

E	Economic	6. Global Economic System meltdown/rebuild-?? USA Deficits and Debt both
		7. Japan economics (insular)— ”PIGS” in the EU– Socialism Dead?
		8. Countries/Federal/State/Local Deficits/bankruptcy
		9. Wealth Transfer
		<ul style="list-style-type: none"> • State Oil Companies (Top 12 world-wide)
		<ul style="list-style-type: none"> • Sovereign Wealth Funds
E	Ecology	10. Green Economy/Growth – Germany Leads —Climate Change?
P	Political/ Regulatory	11. Terrorism Worldwide (Islamic Extremists)
		12. War Potential – hot spots (Iran, Korea, etc)
		13. Empires/Government Bureaucracy (crumbling infrastructure declining)

P	Political/Regulatory	<p>14. Attack on Capitalism as “The Best”</p> <ul style="list-style-type: none"> • Greed / Corruption • State Capitalism / Social Capitalism • Benevolent Dictators • Jockeying for “Global Commons” Dominance
T	Technology	<p>15. Technology e-business / Mobility / Cyber Crime</p> <p>16. Nano Technology Everywhere—Techno Explosion</p>
I	Industry/Suppliers	17. Emerging Markets Innovation (vs. low cost supplier)
C	Customers/Citizens	18. Emerging Markets (BRIC/etc.) – Consumers —Race for Resources