



Understanding the Future with Scenarios

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Scenario Planning – How it Works

Scenario planning is a well-known and well-documented method for creating understanding about possible futures. Well, it is not really a method. It is rather about creating a curious approach in how to relate to changes and uncertainties in the (contextual) environment. Using a wide variety of methods, this approach aims to create order in the seemingly complex and transform future insights into strategic thinking.

The future for an issue, a sector, or a business is determined by two main shifts; firstly what we can frame as the certain developments, trends, and secondly issues of a more uncertain kind, uncertainties.

Most important is to make a rigorous analysis of the surrounding environment. This we do by first defining a focal question, a question that relates to our business, our services or products, or perhaps our industry. We then undertake a contextual analysis of the environment, looking for factors that most strongly affect this focal question. It is not about guessing or hoping for what might be important. We need to make thorough research and build our analyses on as many facts as we can find.

But how can we find facts about the future? It is reasonably easy to find facts about historical trends. Often, we can measure the development of a variable in quantitative or qualitative terms. But, how do we “measure” future development, how can we describe the future continuation of an issue?

In order to succeed we must ask ourselves: how or where will an issue develop in the future and how certain can we be of this development? We must acknowledge our sense of uncertainty and say: we are undeniably uncertain of the future development of this. Most people who claim to know how future developments will turn out will be wrong (There are numerous examples of quotes from people who have been wrong about the future, i.e. “The 7 Worst Predications of All Time”). Rather we should humbly approach the question: How may this develop and what are the alternative outcomes?



To Predict the Unpredictable

When Royal Dutch Shell in the early 80s wanted to increase their prospections of natural gas in the North Sea, they asked themselves: What might threaten this investment? The answer came as a surprise: if the Soviet Union opens up and begins exporting its gas. But, were there any reasons to believe that the Soviet would open up? No, not for those who refused to question the then current state of affairs. However, the scenario planners at Shell looked for weak, uncertain signals that indicated that it could happen. Their work was refined into different narratives of the future, in which one scenario showed that under certain conditions, the Soviet Union would indeed become more open. These scenarios were not imaginations or fantasy, rather something that was built on thorough research and the courage to ask questions.

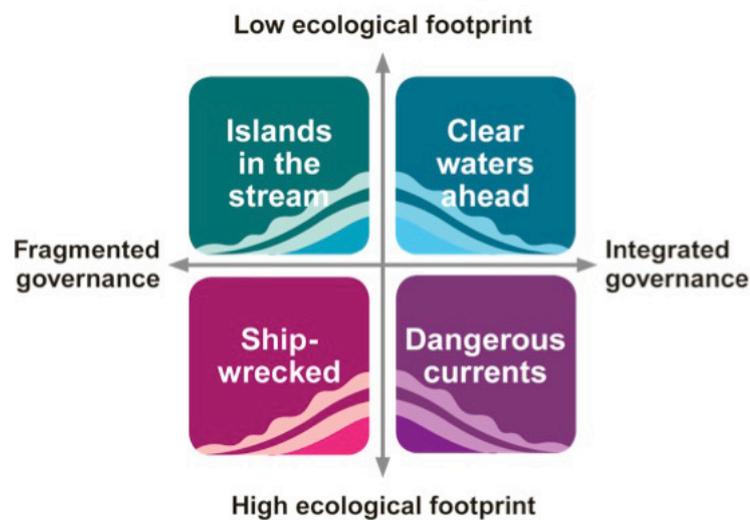
So when the Berlin Wall fell in 1989, Royal Dutch Shell was prepared.

Now, one does not necessarily need to work with such big issues. But many questions about future issues are important and contain several types of uncertainties.

Does the Baltic Sea have a Future?

A few years ago, Kairos Future had the privilege of working with the WWF Baltic Ecoregion Programme and the futures of the Baltic Sea. In this project, we looked into, in cooperation with representatives from nine Baltic Sea countries and many sectors and businesses, how the future for this sensitive closed sea could possibly turn out. We identified two important potential strategic uncertainties: the future governance of the Baltic Sea region and the development of how our ecologic footprints would look like. From these two strategic uncertainties we developed four possible scenarios.





The four scenarios show vastly different futures, depending on how people, organizations, companies and governments act, but they are also dependent on other factors, such as military threats or agriculture.

Today, the WWF use these scenarios when trying to affect public policy and increase the awareness of questions relating to the Baltic Sea. They have also made calculations on the economic consequences of two of these scenarios, Clear Waters Ahead and Shipwrecked, in order to gain a deeper understanding of the economic costs associated with different futures.



