



**Gordon
Institute
of Business
Science**
University
of Pretoria

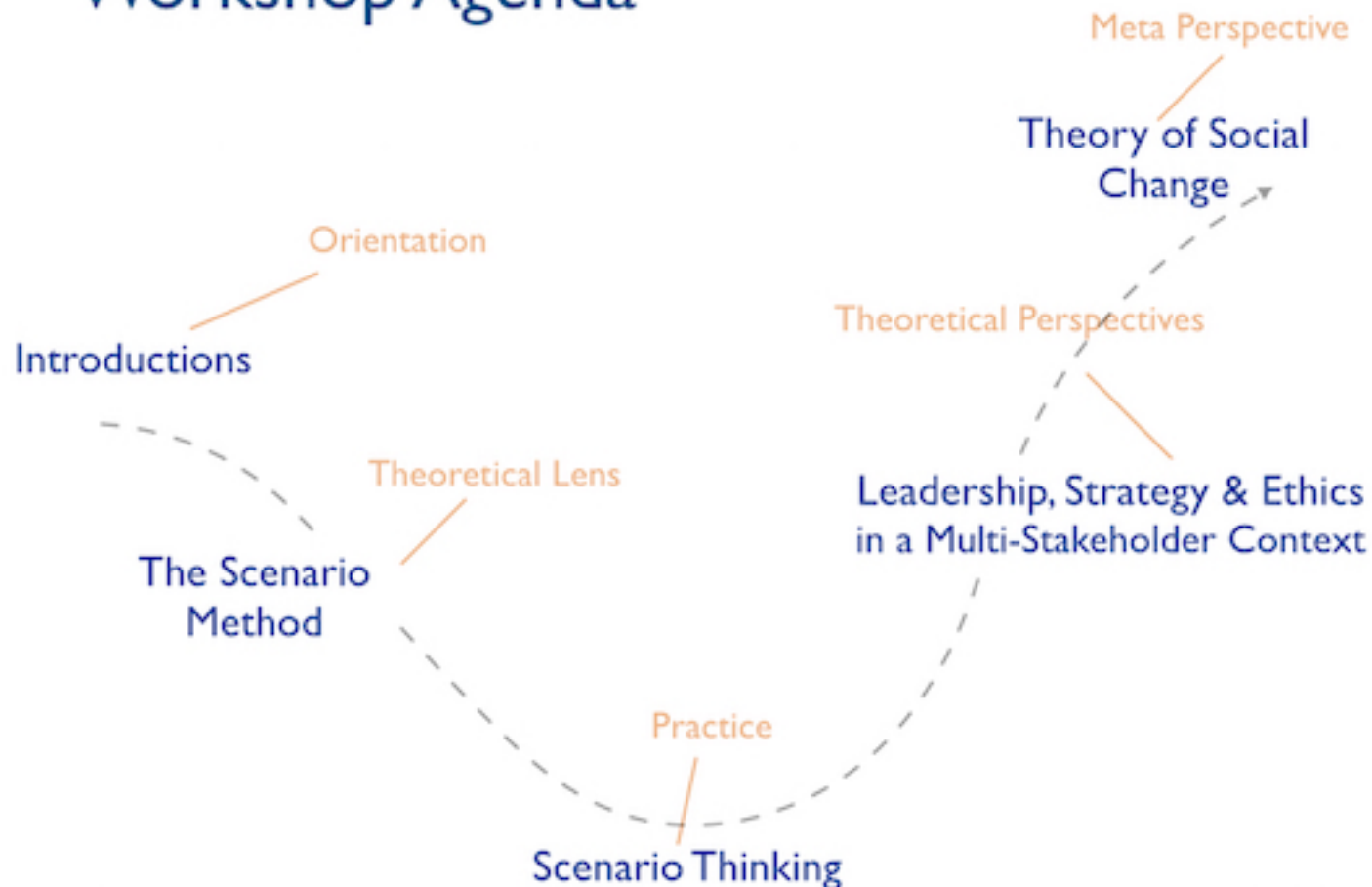
Scenario Planning, a Mechanism for Responsible Strategic Leadership

5 November 2014

Marius Oosthuizen

Albert Luthuli Centre for Responsible Leadership

Workshop Agenda



“Future of Business in SA Project at GIBS”

Exploring the intersection...



Treacherous > Constructive



Finite > Growing



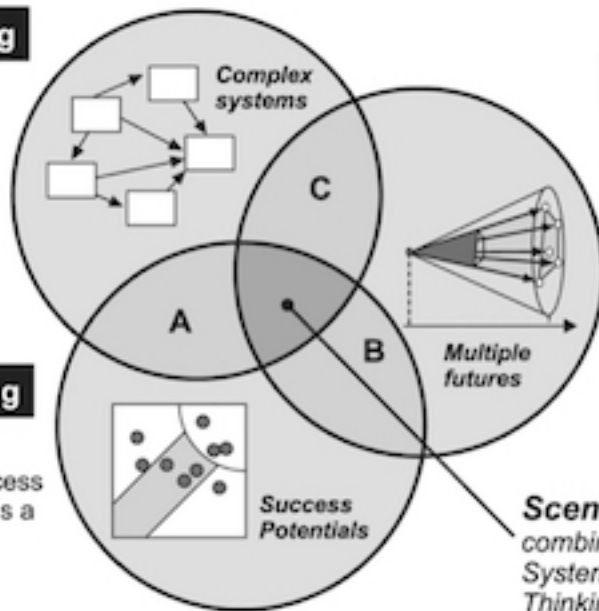
Needy > Hopeful



Scenario Thinking: Integrating Complex Uncertainties into Coherent Forward-views.

Systems Thinking

Consideration of the behaviour and the development of **complex systems**



Future-open Thinking

Acceptance of **uncertainty** in the corporate environment and detection of alternative possible developments

Strategic Thinking

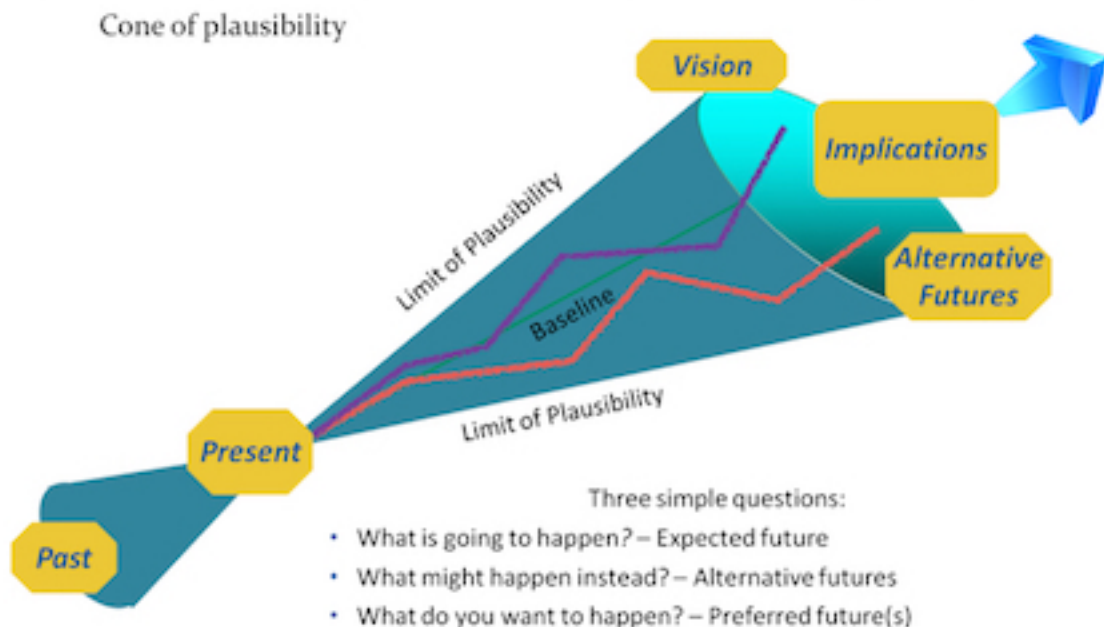
Identification of pre-requisites of future success (**success potentials**) as a basis for development and implementation of visionary strategies

A = System Dynamics
B = Scenario Planning
C = Scenario Technique

Scenario Management
combines methods of
Systems Thinking, Future-Open-
Thinking and Strategic Thinking

Source: Fink *et al.* (2000)

Exploring the *Cone of Plausibility*



The Scenario Method

1. Focal Issue/Decision
2. Key Environmental Factors
3. Trends & Driving Forces
4. Ranking (Impact vs. Uncertainty)
5. Scenario Logics
6. Narratives and Storytelling

1. What is 'scenario thinking'? A new approach to strategic planning.

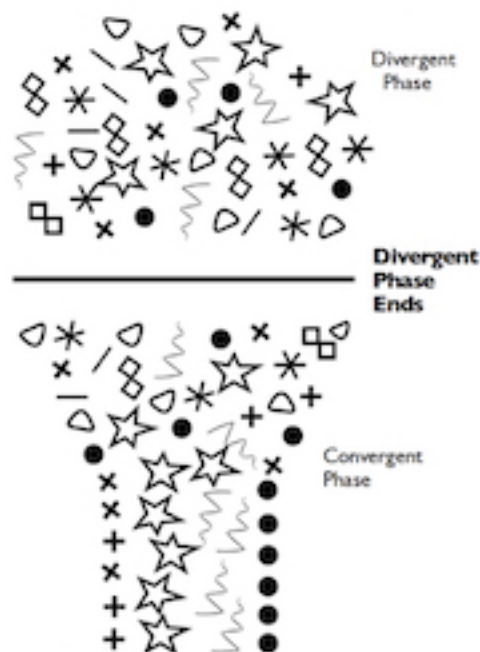
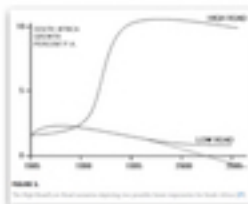


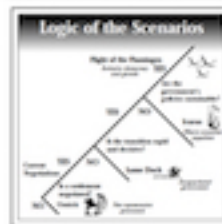
Figure 16: Scenario Discussion

1980s - 1990s - 2000s - Today

RISK



PARTNER



REDRESS



COMPETE



MUDDLE



High Road - Low Road Scenarios, Mont Fleur Scenarios, Dinokeng Scenarios

SA 2020

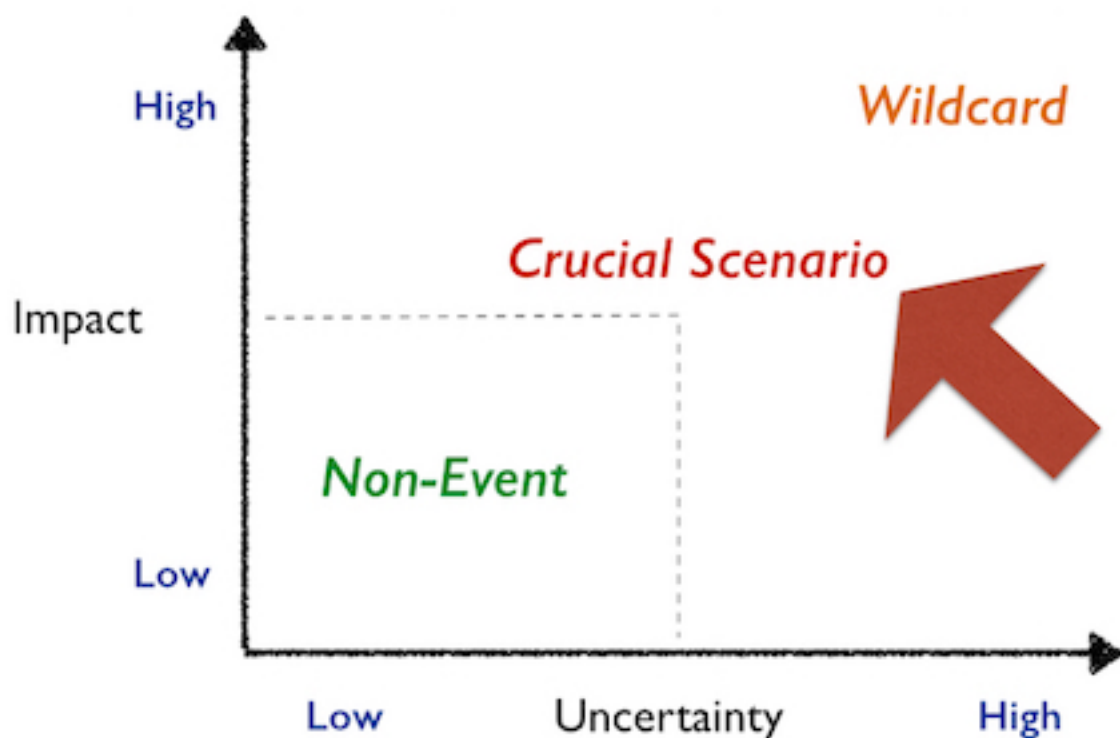


Environmental Scanning

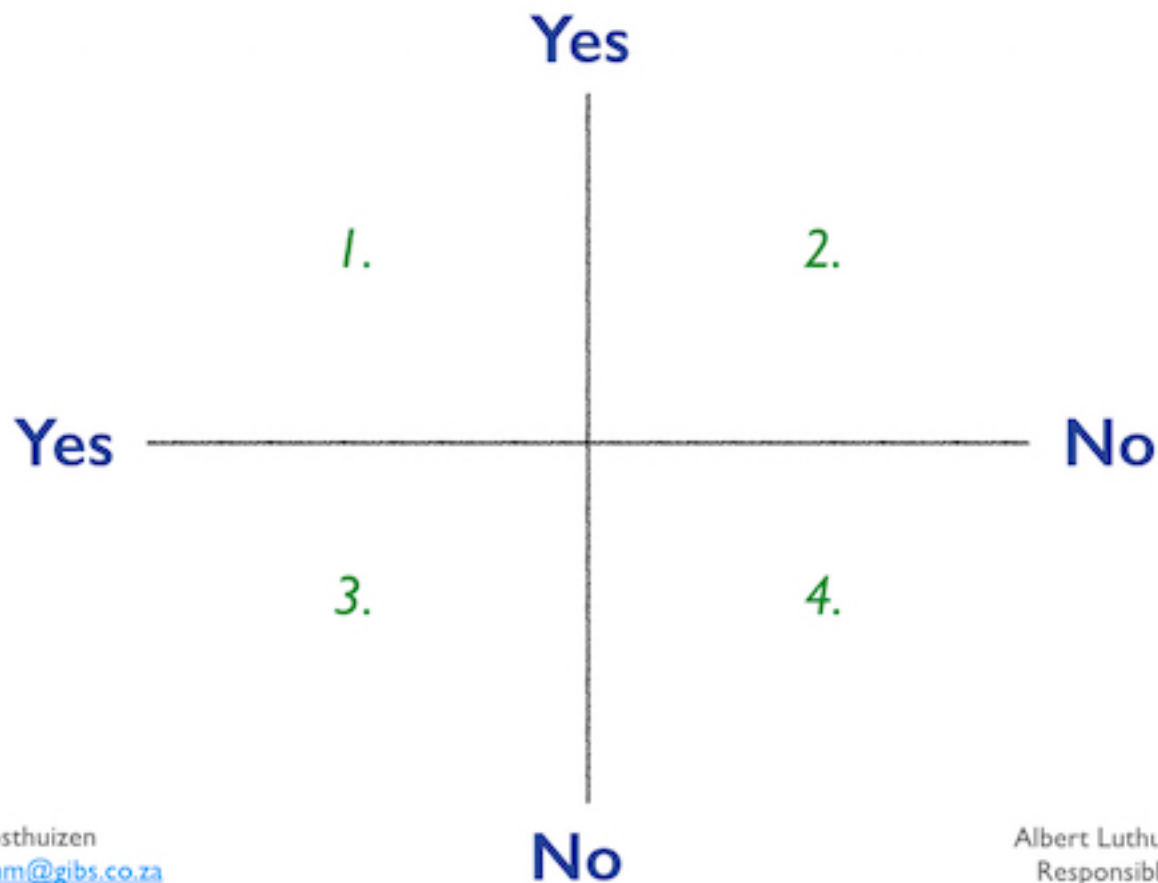


Identify
an issue
that will
shape
the
future of
SA to
2020.

Ranking (*Impact versus Uncertainty*)



Scenario Logics



Sohail Inayatullah's Causal Layered Analysis

The 'divergence challenge': diverse worldviews, competing interests and divergent narratives.



Sohail Inayatullah, Professor, Graduate Institute of Futures Studies, Tamkang University, Taiwan; Faculty of Arts and Social Science, University of the Sunshine Coast, Maroochydore, Queensland, Australia. 4558

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Leadership, Strategy, Ethics in a Multi-Stakeholder Context

Great Man Theories (1900s)

Trait Theories (1920s)

Behaviour Theories

Contingency Theories

Influence Theories

Relational Theories

Transformational Leadership

Daft, R. (2014)

Servant Leadership

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Peter Drucker (1954)

He suggested asking, "What is our business and what should it be?"
Answering it, he advised, we begin with three further questions:

1. Who is the customer?
2. What is value to the customer?
3. How can it be reached?



Igor Ansoff (1957)

He suggested, "There are four basic alternatives open to a business"
"It can grow through increased market penetration, through market
development, through product development, or through diversification."



Michael Porter (1979)

He suggested a five-forces model, which moved the focus from the
firm to the context.



Peter Senge (1985)

He suggested, "the ability to learn faster than your competitors may be the
only sustainable competitive advantage".

- Characteristics
- Mindfulness
 - People oriented
 - Systems vision



Henry Mintzberg 1987

"Managers who craft strategy are responsive to their materials, learning
about their organizations and industries through personal touch"



Punch Magazine, 1843 vs. 1848 Communist Manifesto

'It is gratifying to know that though there is such misery in the coal mines, there is a great deal of luxury results from it'.



Scenario-based
strategic
conversation:

A new way to
organise
stakeholder
dialogue.

LONMIN

Moving Beyond the “Official” Future

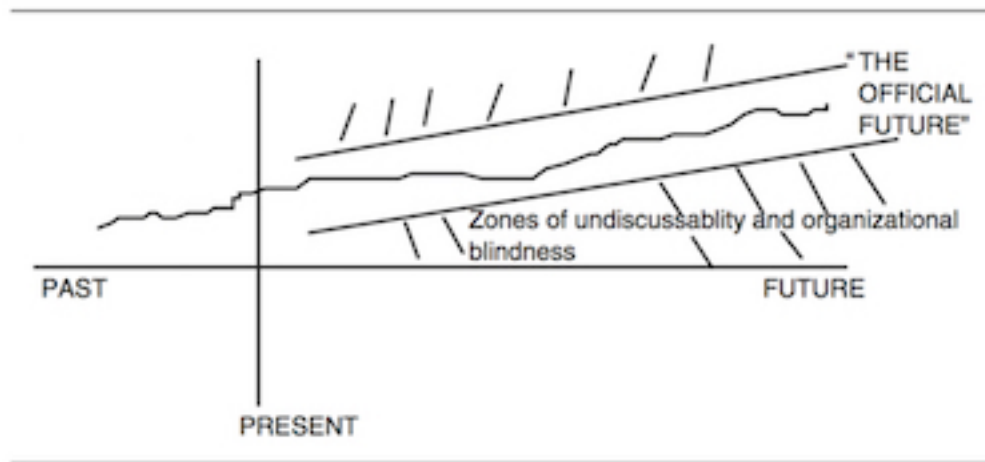


FIGURE 1: Predictions, Scenarios, and the Dangers of the Official Future

Wack's (1985) stated purpose of scenarios emphasizes the shifting of assumptions in the minds of decision makers.

The most important purpose of the scenario building process is to shift the thinking of the ~~leadership~~ inside the organization about what ~~might happen, in the future~~, in the external environment. (p. 72)

would be the preferred

Stakeholders

Moving to a “Shared” and “Preferred” Future

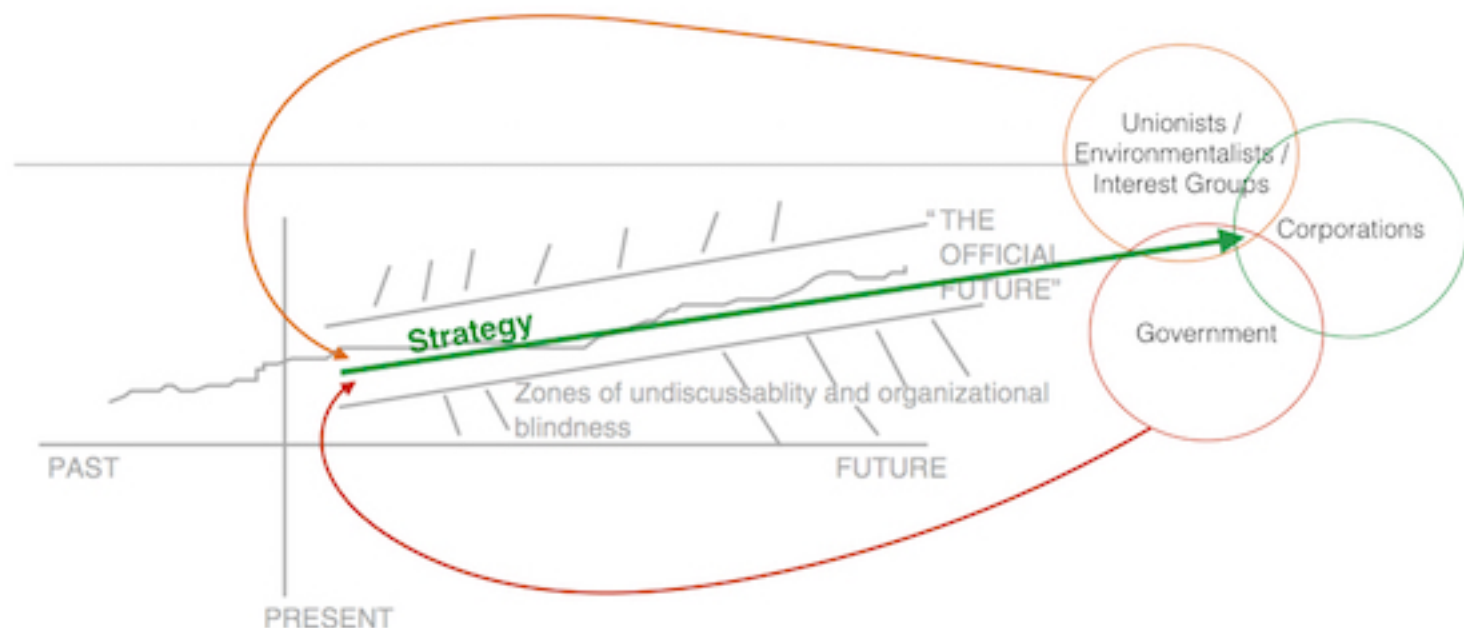
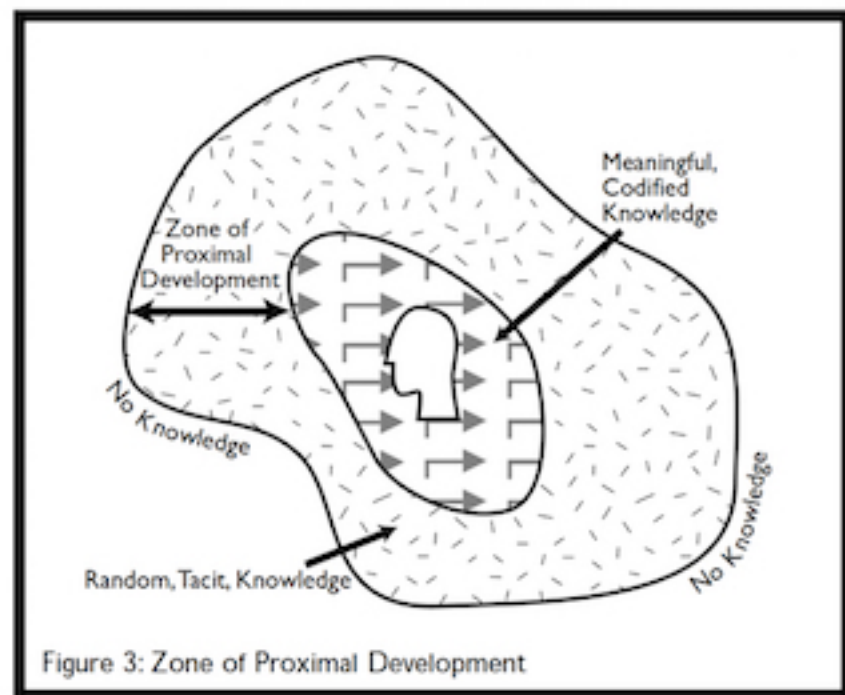


FIGURE 1: Predictions, Scenarios, and the Dangers of the Official Future

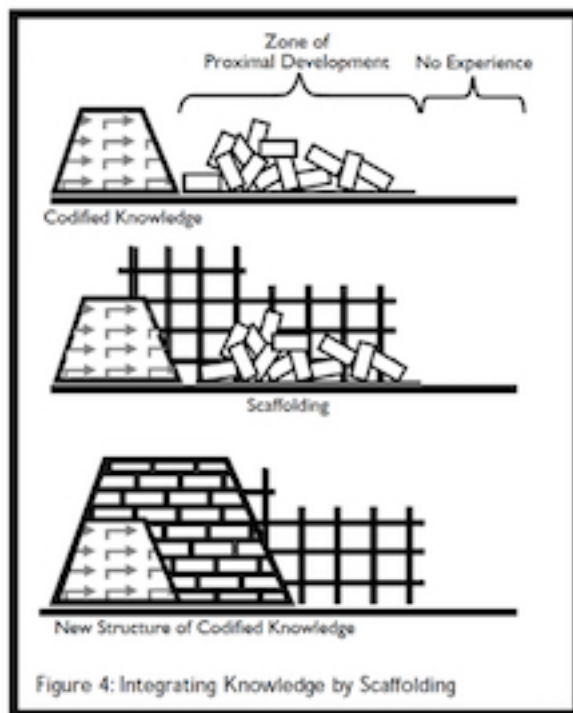
“Closing the loop between stakeholder interests and strategic imperatives.”

Harnessing Tacit Knowledge



Ogilvy, J et. al., (n.d.) Presearch. Provoking Strategic Conversation. Global Business Network. Available at: http://www.maureen.phara.net/WASC/GBN_scenarios_strategy_keesvdh.pdf

Constructing Shared Knowledge



Ogilvy, J et. al., (n.d.) Presearch, Provoking Strategic Conversation, Global Business Network, Available at: http://www.maureen.ohara.net/WASC/GBN_scenarios_strategy_keesvdh.pdf

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Cases:

Improving SA's Environment of Business and National Competitiveness:



The Future of Mining, Manufacturing & Services Sectors in SA:



Innovation and Hope



"Hope is like a road in the country;

there was never a road,

*but when many people
walk on it, the road
comes into existence."*

Lin Yutang
Chinese Writer & Inventor