

VANTAGE

Toward Future Readiness

A Playbook for Building
Foresight Capacity

Chapter 1 of 4



CHAPTER 1

what is future readiness?

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what is the value of strategic foresight?



Writing this in June of 2020, it's almost impossible to think about anything other than the multiple emergencies we face: the coronavirus pandemic and global uprising against police brutality and centuries of deeply ingrained racism. But if we step back in time to the beginning of 2020, the decade ahead already looked daunting—marked by long-term, systemic challenges including climate change, cybersecurity failures, and rising inequality that will affect all of us in the coming decade.

The astonishing force and velocity of these events touched every human life. They are a stark reminder that events move so quickly—and at such a vast scale—that organizations must not wait to react. It's a reminder that we (both as individuals and organizations) rely on incomprehensibly complex, tightly coupled relationships with each other. These dynamics, which accelerate cause and effect even as they make cause and effect harder to understand, will persist and continue to impact us even after the current crises.

The need to be much more proactive in positively shaping systems is one of the new demands organizations face in

becoming future ready. But it's not the only demand. For the last year, IFTF Vantage has been researching what organizations need to do to become future-ready and, just as importantly, how to build future ready organizations.

Future-ready organizations actively prepare to face systemic shocks and, through the process of adapting, develop resiliency to withstand them. Likewise, they organize to make sense of the changing landscape to pursue emerging and unexpected opportunities. The situation that many organizations now find themselves in offers ample evidence of the costs of failing to organize for the future.

The costs of short-termism

In a speech to insurance executives at Lloyd's of London, Mark Carney, former Governor of the Bank of London, coined the phrase “the tragedy of the horizon” to describe one of the biggest financial challenges preventing climate action. As he put it, “We don’t need an army of actuaries to tell us that the catastrophic impacts of climate change will be felt beyond the traditional horizons of most actors—imposing a cost on future generations that the current generation has no direct incentive to fix... [O]nce climate change becomes a defining issue for financial stability, it may already be too late.”¹

The tragedy of the horizon doesn’t just apply to climate change—it describes an all-encompassing urgency: if we’re destroying value in the systems we depend on, we’re harming ourselves in the process. A survey of CFOs of publicly traded companies about long-term earnings management makes the point: 78% said they would

cut investments in the future to hit quarterly targets—a finding that suggests attempts to hit short-term numbers significantly destroy long-term value.²

Throughout our systems, myriad pressures are pushing us to operate on shorter and shorter time horizons. And they are happening at a time when it has never been more critical to look further ahead, anticipate the consequences of our actions, and incorporate future implications into present-day decision-making.

The effects of these high-level decisions ripple out and impact our organizations in obvious and subtle ways. For example, the emergence of cheap Internet of Things devices—items such as thermostats that typically last for many years in a home—is creating a growing network of potentially vulnerable, unsupported devices that increase cybersecurity risk for everyone.

Conversely, the value of being long-term focused is becoming increasingly apparent. As part of our research this year, we interviewed René Rohrbeck, a professor at France's EDHEC Business school, who has been conducting longitudinal research to quantify the value of foresight in publicly traded organizations. His work demonstrates that firms that invest in the long term—what he terms “vigilant companies”—outperform their competitors on metrics including profitability, market capitalization, and more. The McKinsey Global Institute has

found similar dynamics, noting that organizations that focus on the long term are more profitable in the long term, can rebound faster and more effectively when downturns hit, and create more jobs and net economic benefits.³

Not only does operating on a longer time horizon improve how organizations perform on traditional metrics, but it also opens up opportunities to fundamentally redefine what success looks like—whether they're operating in the private or public sector. As IFTF's Executive Director Marina Gorbis argues, “The future is where people can abandon their immediate turf interests and think about new possibilities, new constituencies, things that may be unthinkable today.” In other words, a long-term view gives future-ready organizations the ability to redefine success in ways that are more beneficial to a larger number of people.

“The future is where people can abandon their immediate turf interests and think about new possibilities, new constituencies, things that may be unthinkable today.”

—MARINA GORBIS, IFTF EXECUTIVE DIRECTOR



What do future-ready organizations do?

To build future readiness, organizations need to adopt a set of frameworks, tools, activities, and practices that lead to the establishment of three essential capacities that enable organizations to:

DETECT changes on the horizon that may pose threats or opportunities

RESPOND by uncovering specific implications of future change and plan accordingly

EVOLVE to better thrive in the environment of anticipated future change

Throughout this playbook, we'll explore a wide range of tools and practices for strengthening these capacities, starting with the four following activities (refer to worksheet, Score Your Organization's Future Readiness, at the end of this chapter to measure your organization's capacities to detect, respond, and evolve):

1. Scan the horizon

In virtually every workshop run by Institute for the Future, we ask participants to introduce themselves by sharing a signal of change. A signal can come in many forms: a startup company, an anecdote, a data point, an unexpected finding in an academic study. As an opening to a conversation about the future, signals provide participants a shortcut to thinking more imaginatively.

At an organizational level, a practice of scanning for signals, documenting them, and sharing them widely across the organization builds an ongoing awareness of new possibilities and a springboard for asking questions and testing assumptions about how the long-term environment might change. In addition to testing assumptions about what is changing, scanning the horizon can challenge organizations to be explicit about what factors are less likely to change. As a foresight researcher for a large technology company told us, “We try to understand what’s enduring. That is, the human patterns, the human behaviors within the motivations. We think these are going to be true 50 years, a hundred years from now.”

2. Expand points of view

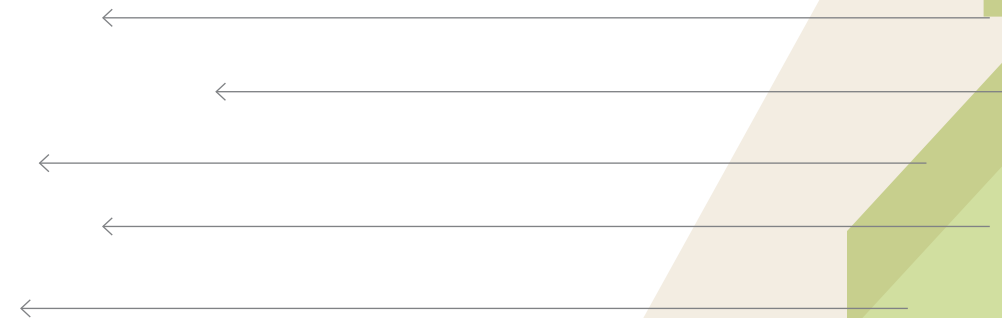
Most efforts to manage time and risk—from project management tools designed to eliminate uncertainties to algorithmic trading systems that shrink investment cycles to microseconds—are aimed at reducing units of time and effort to small chunks of manageable, easy-to-measure output. In shrinking these measurements, these kinds of approaches reduce the uncertainty of performing a given task but increase the chance that we’ll get blindsided by an external force or miss out on pursuing an opportunity to do something in a much better way. In other words, to see the big picture, future-ready organizations need to expand their temporal bandwidth, or sense of the past, present, and future.

As noted above, an expanded planning horizon enables organizations to pursue goals and strategies that are simply not feasible on shorter timelines. An expanded sense of the past serves a similar function. “My biggest mistakes in my career came from missing big market moves that hadn’t happened in my lifetime but had happened many times before,” writes Ray Dalio, the Chairman of investment firm

Bridgewater Associates in an explanation of why and how Bridgewater uses long-term historical research as a tool to gain a more refined point of view about shorter-term macroeconomic trends.⁴

Shifting time horizons and perspectives allows new kinds of ideas and possibilities to ladder up to executive decision-makers. The director of trends for a technology company told us that part of his role is to cultivate relationships with senior leaders in order to enable them to be more influenced by younger employees. Senior leaders “have more influence but I like the new ideas, too, because we’ve been around so long we don’t see anything anymore. You’ve got to listen to the emerging generation and what they’re thinking about.”

We spoke with a senior program officer for a health care foundation who echoed this point, noting that operators need to be engaged early on to ensure they are aligned with a longer-term view and to gain an “understanding of the future forces that are going to affect their operation. If you don’t do that, you can have the most beautiful forecast in the world,” but absent engaging the right stakeholders early, “it won’t go anyplace.”



3. Create space to explore and prepare

In the book *Scarcity: The New Science of Having Less and How it Defines our Lives*, authors Sendhil Mullainathan and Eldar Shafir look broadly across the social sciences to examine how feelings of scarcity—feeling poor, feeling hungry, feeling pressed for time—cause people to focus on what they lack while creating numerous hidden costs. They call these hidden costs “the bandwidth tax.” The bandwidth tax causes individuals to score lower on IQ tests and organizations and systems to perform more poorly.

In many cases, the root organizational cause of scarcity is the tendency to optimize for efficiency to the point that a small interruption or delay cascades into a series of much larger problems.

Compounding the day-to-day pressures is the sense that few people expect to be in their current role—or even their current organization—ten years ahead. Foresight can help overcome these dynamics by enabling decision makers to look beyond their immediate interests and consider the kind of legacy they’re leaving. “One of the things that became

evident is that the mayor was more aware of thinking about a time horizon that existed beyond his immediate proximity to the role,” a city government official told us about engaging mayors in a foresight process. “And that opened up this notion of creativity of, ‘What if we lay the seeds for something big and significant?’ It may take time and effort and may require an investment of local capital that extends beyond my term. If it can have a major impact on the community, it could be something that transcends his administration, or frankly, his office, I think that provides significant value.”

Several people we spoke with saw foresight as having a unique role in making people uncomfortable with the status quo to prepare for future challenges. “I was using the future to develop plans, to be definitive about what we now needed to do,” an urban planner said. “But... I think I’ve heard a few people now say that you don’t do the futuring so that you’re more comfortable with the future. You do it so that you’re more uncomfortable.”

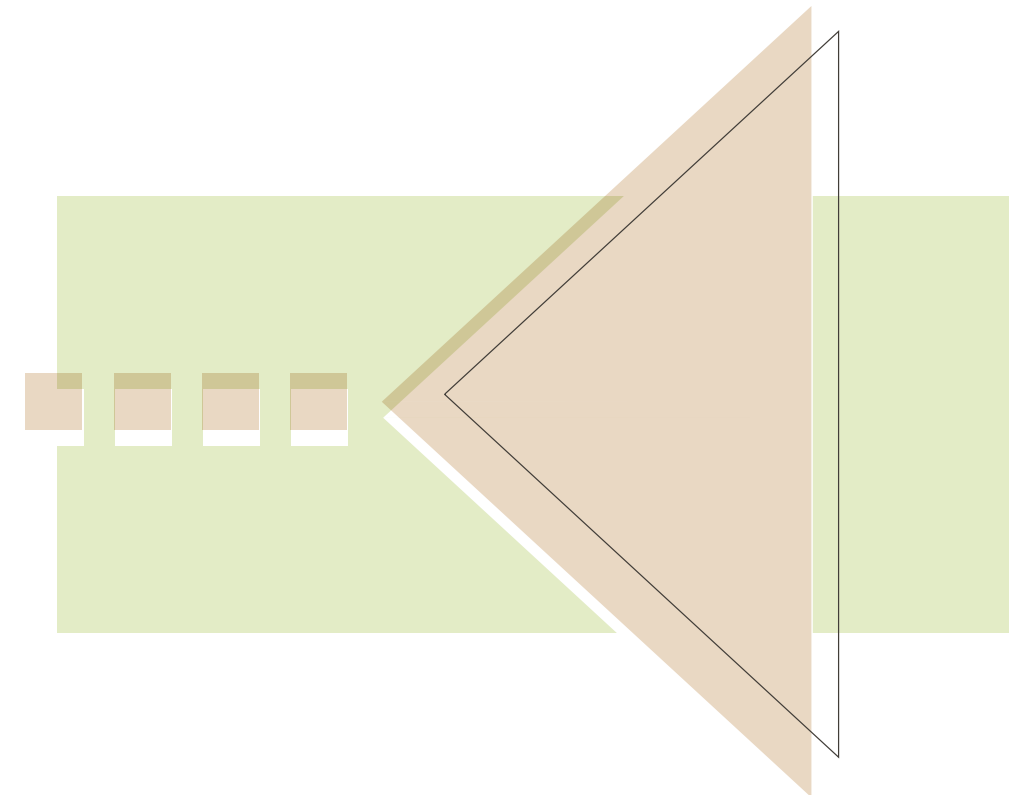
4. Contribute to the systems they depend on

Mark Carney's concept of the tragedy of the horizon is inspired by a classic problem in environmental economics, the tragedy of the commons, an observation that individuals are incentivized to grab as much as they can of a shared resource (such as international fishing waters or village sheep grazing commons) because they know other individuals have the same incentive. This kind of unmanaged behavior leads to wrecking the systems the larger community depends on for longer-term prosperity.

While almost everyone will nod along in agreement with the long-term importance of contributing positively to larger systems, foresight enables organizations to move beyond polite nodding, and focus and reframe questions to define new strategic paths. "The attempts by many colleagues to bring in agenda items regarding sustainability or social welfare or just the corporation being a responsible entity in the larger world were met with the usual stories you hear in big corporations," the former director of foresight for a large food and beverage company told us. Foresight offered a path to reconsider strategy and "say we're going to imagine the future of business in which these considerations cannot be ignored anymore."

Notes

1. <https://www.bankofengland.co.uk/-/media/boe/files/speech/2015/breaking-the-tragedy-of-the-horizon-climate-change-and-financial-stability.pdf?la=en&hash=7C67E785651862457D99511147C7424FF5EA0C1A>
2. https://www0.gsb.columbia.edu/mygsb/faculty/research/pubfiles/12924/Rajgopal_value.pdf
3. <https://www.mckinsey.com/~media/mckinsey/featured%20insights/Long%20term%20Capitalism/Where%20companies%20with%20a%20long%20term%20view%20outperform%20their%20peers/MGI-Measuring-the-economic-impact-of-short-termism.ashx>
4. <https://www.linkedin.com/pulse/changing-world-order-ray-dalio-1f/>



About this playbook

This year, IFTF Vantage has been learning from foresight practitioners and leaders all over the world to understand the strategies, techniques, and best practices for using foresight to make organizations more future ready. We've conducted ethnographic interviews of 33 foresight professionals and surveyed more than 400 leaders in partnership with the Nuremberg Institute for Market Decisions to understand how to shift present-day decisions to be more long-term oriented.

We've synthesized these findings into a series of chapters under the title *Toward Future Readiness: A Playbook for Building Foresight Capacity*. The playbook is designed to give you a set of techniques and approaches to using foresight in your own work, with your team and for your organization. From starting a foresight practice to scaling it to overcoming short-term institutional barriers, it provides a resource that you can use to embed foresight and future readiness across your organization.

Over the coming weeks, we will publish four chapters, each framed around a big question:

CHAPTER 1 | What is future readiness?

Future readiness is a state that's achieved by practicing strategic foresight with an awareness of the larger systems that an organization depends on and shapes. In this chapter, we'll discuss the value of strategic foresight, explore how foresight connects to the present, and help you understand the value of different time horizons and the benefits of taking a systems approach to the future.

CHAPTER 2 | Why do strategic foresight?

Strategic foresight is a proactive way of engaging with change. This chapter compares strategic foresight with other futures thinking disciplines, explores the role of foresight in organizations, and discusses the kind of results foresight yields.

CHAPTER 3 | How does strategic foresight work in an organization?

A strategic foresight practice can take many forms in an organization. In this chapter, we'll look at what's needed in a foresight team, where to integrate foresight into your organization, how to make foresight relevant and urgent to your team, and how to scale foresight in your organization.

CHAPTER 4 | How do I implement strategic foresight in my organization?

In this chapter, we'll cover how to start a foresight practice, how to put together a foresight project, overcoming institutional barriers for future-oriented business decision-making, and ensuring that foresight gets used in your organization.

how do I connect foresight to the present?

How do you bridge the gap between the future and the present and ensure your foresight is relevant to today's concerns? IFTF uses foresight to anticipate the future to help organizations make better decisions in the present. Here are seven things you can do, either one at a time or, better yet, in combination with each other and other tools.



See future possibilities by looking at present-day signals. Keep an eye out for signals from the future. Collect them and connect them. What patterns emerge? What possibilities do they portend?

“When you start tugging at this stuff, you really see how much of the future is already here.”

—FUTURIST AT A LARGE CONSULTING FIRM

Create personas and connect the present to human experience. Develop high-fidelity future personas with backstories, hopes, fears, and dreams. This makes the futures more relatable and humanizes the future.

“If Sarah was one of our profiles [from 2030], we talk about Sarah like she's a real person. And then when she goes through these projects, her persona becomes more alive.”

—CHIEF STRATEGY INNOVATION OFFICER FOR A UNIVERSITY

Amplify hopes and fears to connect foresight to the present. Ideas that challenge assumptions or the status quo force you to think about how your organization operates in the context of larger, ever-changing, and oftentimes unpredictable systems. Sometimes you need to use the power of present-day fears and pain points to connect foresight to the present.

“One of the questions I got the company [which sold bottled water] to ask was, ‘Can you imagine still being in the water business in some way, but eliminating bottled water? And what would that business look like?’”

—PROFESSOR OF STRATEGIC DESIGN

“So, while the government was having a conversation about Vision 2030 and how they’ll have roads, how they will have this great infrastructure and first-world trade going on, we disrupted the conversation by saying, ‘Hang on. This is what the future of your country will look like if you don’t address the disgruntled issues of young people in this region.’ That got attention.”

—FUTURES PRACTITIONER WITH A BACKGROUND IN RESEARCH AND POLICY ANALYSIS

Use backcasting to connect present-day actions

to longer-term goals, principles, and values.

Changes in the short term can lead to vastly different futures.

Use backcasting as a way to connect possible futures to actions that can happen today.

“Backcasting is basically asking, ‘What are the things you need to strategize around? If you were to face any of these scenarios, what would be your strategic response?’ The strategic responses are about preparedness, about what resources do you need, about what networks do you need, and so forth, to be able to do that.”

—FUTURES PRACTITIONER WITH A BACKGROUND IN RESEARCH AND POLICY ANALYSIS

Interrogate the present

more effectively to create models of the future. What does your organization hope to achieve in the short term? What’s a tough problem it’s trying to solve? What are its present-day threats and opportunities? Use your understanding of the systems your organization interacts with today to create stronger models of the future. Then, use those models to reinforce, change, and influence behaviors in the present.

“A lot of my work has shifted into how to interrogate the present more effectively, to cut through the BS and the hype, and to then be able to better understand how the future might unfold.”

—FUTURIST AT A LARGE CONSULTING FIRM

Cultivate empathy with present-day systems to expand a sense of what's possible. If you're looking at the future with yourself or your organization at the center, then you're limiting yourself to a narrow slice of the future. Foresight work requires connecting the empathy gap with systems, nature, cities, even networks of machines. Cultivating empathy in all its forms expands what's possible.

“Futures techniques come in the empathy phase of design thinking—who are we going to be serving in the future? Not just imagining the current state.”

—EXECUTIVE COACH FOR PEOPLE IN TRANSITION ROLES

Engage with future possibilities with a thorough understanding of the organization's ability to respond and adapt. First, define what your organization is, and how it behaves. Then, understand the technologies and drivers that will enable your organization to adapt to changing circumstances.

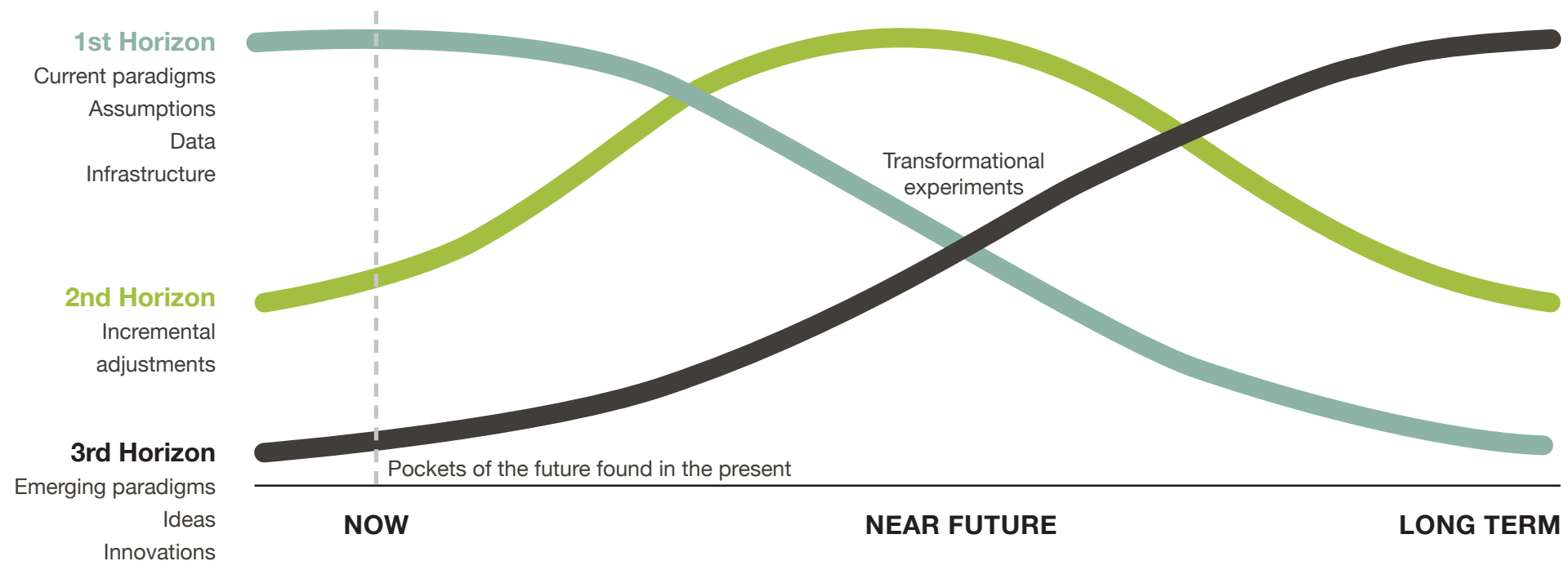
“It's a softer way of talking about a lot of the things that are embedded within strategic foresight. Like, 'Hey, we can show you right now that things are probably going to be very different for you and your business over the next ten years. And here's what you can do over the next two years to really prepare for that.'”

—FUTURIST AT A LARGE CONSULTING FIRM

what is the value of different time horizons?



IFTF recently spoke with Dr. Wendy L. Schultz, director of the foresight consultancy Infinite Futures and a fellow with the World Futures Studies Federation, about how she uses multiple time horizons as an organizational planning tool. As a foresight practitioner, Schultz has worked with numerous organizations to map out the multiple time horizons that drive and inhibit long-term change within an organization. In her work, she uses a model called Three Horizons, which maps change across three arcs of time: Now, which is the domain of managers; Near Future, where entrepreneurial activities occur; and a Long Term curve shaped by visionary thinking and new paradigms.



Source: Schultz (from Sharp, Curry, and Hodgson)

Rather than visualizing change on a year-by-year timeline, this approach models how different actors within an organization are grappling with changing environments in distinct ways that need to come together. Here are four key lessons from her work:

1

Using the three horizons to map different mindsets

The three horizons model pictured above was borne out of the understanding that while technology roadmaps provide a useful

way of understanding step-by-step incremental innovations, their ability to take into account real-world innovation is limited. As Schultz says, traditional roadmaps afford “an ideal view of how technology, innovation, and revolution happen, rather than the messy real-world way in which multiple things are happening at once, constraints pop up, and there are people that are holding change back.”

2

Identifying tensions and connection points between these mindsets

The three horizon framework isn’t just a tool for mapping strategic activities over time. It

represents the mindsets and assumptions that different kinds of team members bring to their work. “These horizons could be expressed as a timeline, but they also represent a tension between three different worldviews or mindsets,” Schultz argues. “The visionary mindset, which is trying to articulate an entirely new paradigm and way of doing things; the managerial mindset, which is keeping the world ticking along the way it normally does and doing the best possible job to maintain stability; and then the entrepreneurial mindset, which is bridging the two, taking visionary and innovative ideas, but applying them in concrete ways.”

3

Mapping the third horizon to open new possibility spaces and optimistic futures

Schultz notes that the open, long-term nature of the third horizon offers a space for visionaries and change-makers to seed ideas and make them more practical and digestible for organizational planning cycles. “The third horizon is an open space,” she says, “a space of possibility.” Because of the open nature of the third horizon, it allows participants in a horizon mapping process to think big and explore ideas that would seem too ambitious or out of scope in more traditional contexts.

4

Using the three horizon framework to enable managers to understand the limited shelf life of current operational strategies

Schultz first used the three horizons framework as a facilitation tool with a group of 80 senior staff of a large consumer product group company who were attempting to understand how to prepare for longer-term shifts in market conditions. She notes that once the three horizons had been built out by participants, the contrast between current management strategy and longer-term change was “stark.” The three horizon model was a visual indicator that made it “blindingly obvious that a number of those assumptions were no longer fit for purpose.” By mapping this out, it enables different members of an organization to understand the multiple time horizons that simultaneously exist in their work and manage the underlying tensions.

how do I take a systems approach to strategic foresight?



Future readiness is achieved by practicing systems-centric strategic foresight. By examining your organization's actions within and across systems, risks and opportunities are brought to light.

A systems approach to strategic foresight approach entails:

- **Holding** a broad view of forces shaping the future, and systematically thinking across time horizons and scales of impact
- **Using** tools like STEEP to examine an expanded scope of future forces
- **Considering** first, second, and third (and so on) orders of impact or consequence when building forecasts
- **Embracing** alternative futures and considering growth, constraint, collapse, and transformation scenarios

By taking a systems view in a foresight project, you'll:

- **See** the interconnections and avoid unintended consequences
- **Reveal** hidden threats and opportunities
- **Pursue** multiple scales of innovation
- **Build** collaborative perspectives that mobilize coordinated and networked action
- **Inspire** collective vision to create an outsized impact
- **Cultivate** a holistic mindset to improve future-readiness

Use a systems view to build a resilient, future ready organization

Systems thinking allows us to see the world as nested sets of ever-changing relationships that scale down to the level of atoms and scale up to the level of the cosmos—and everything in between. By understanding these relationships we gain a better understanding of the larger ecosystem our organization operates in, which means we can do a better job of planning for the future.

Resiliency is the ability to adapt across scales of change and disruption to achieve long-term viability.

When inevitable changes occur, resilient organizations can self-correct. By understanding the roles that systems play in your organization, you can change your relationships with the systems to achieve organizational resilience.

A future-ready organization cultivates the three action-based capacities for resilience discussed on page 4.

We'll continue to explore how strategic foresight addresses systemic issues in future chapters of the playbook.

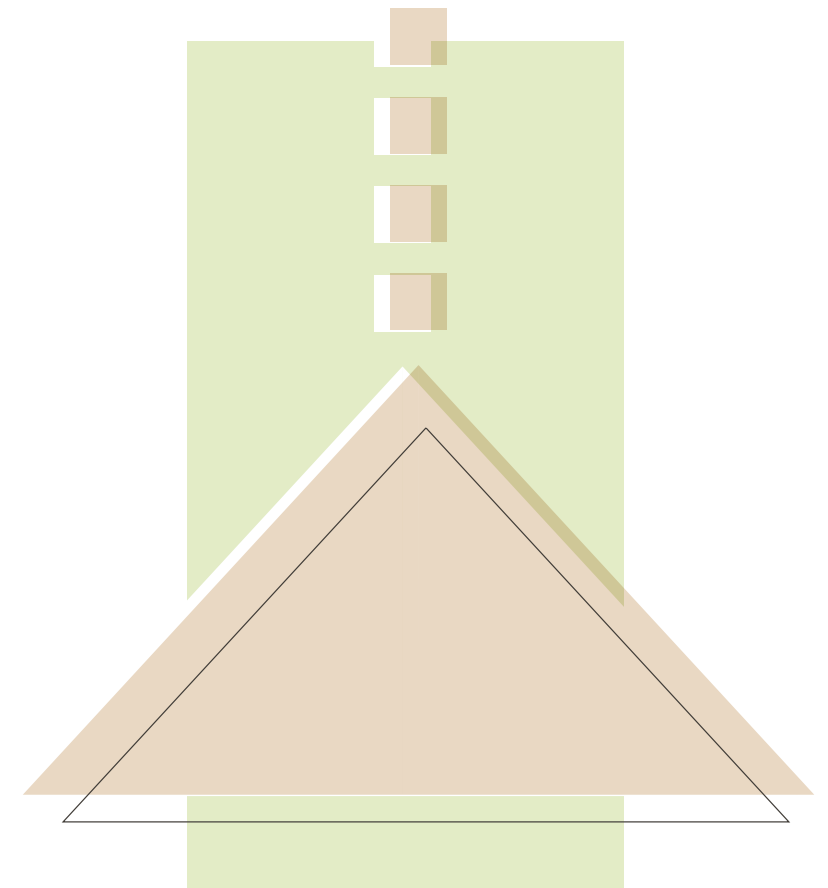
bringing it all together: how can I score my organization's future readiness?



In this chapter you've learned why future readiness helps organizations connect information about the future to the concerns of the present and why it's important to take a systems approach to the future.

On page 4, we defined a future ready organization as one that has the capacity to detect, respond, and evolve when it faces challenges across different time horizons and at different scales.

Before moving on to the next chapter, reflect on what you've learned by scoring your organization's future readiness using the worksheet provided in this section



Score your organization's future readiness

To systematically map where foresight capacity does and doesn't exist within your organization, you need to think about the tools and activities your organization uses in its strategic foresight. This worksheet will help you.

1 In each row, write down one or more tools or practices that strengthen each of the three capacities. (The gray text below offers examples of the kinds of activities you can rate.) **Score each of the capacities from 1 to 5**, with 1 representing a capacity that is undeveloped and 5 representing mastery of the capacity. The columns indicate scales at which you are applying the tools and activities of strategic foresight.

2 Now, **analyze your results**. Look at each scale, from individual to network, one by one, and notice where the greatest capacity for future readiness lies and where deficits exist to give you a sense of the levels your organization prioritizes. Ask yourself why scores are high or low. Think about what you might do to bring up a low score and grow all the capacities.

3 **Compare scores** to get a picture of how future-ready you and your team are in relation to the rest of your organization and the larger networks you participate in. What does this say about your organization's approach to the future in general? What assets and obstacles does it reveal?

Each score reveals a different path toward organizational future readiness. Make sure to **write down your results** and have them handy as you explore future chapters; we'll be referencing them throughout the rest of the playbook.

CAPACITIES	Individual	Team	Organization	Network
DETECT changes on the horizon that may pose threats or opportunities	Signal scanning (4) 1 2 3 ④ 5	Adopted F/I/A toolkit (5) 1 2 3 4 ⑤	Regional outposts (3) 1 2 ③ 4 5	Partner with IFTF Vantage (5) 1 2 3 4 ⑤
RESPOND by uncovering specific implications of future change	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
EVOLVE to better thrive in the environment of anticipated future change	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5

Score your organization's future readiness

Print and share with your team

CAPACITIES	Individual	Team	Organization	Network
DETECT changes on the horizon that may pose threats or opportunities	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
RESPOND by uncovering specific implications of future change	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5
EVOLVE to better thrive in the environment of anticipated future change	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5	1 2 3 4 5



About Institute for the Future

Institute for the Future is the world's leading futures organization. For over 50 years, businesses, governments, and social impact organizations have depended upon IFTF global forecasts, custom research, and foresight training to navigate complex change and develop world-ready strategies. IFTF methodologies and toolsets yield coherent views of transformative possibilities across all sectors that together support a more sustainable future. Institute for the Future is a registered 501(c)(3) nonprofit organization based in Palo Alto, California. iftf.org

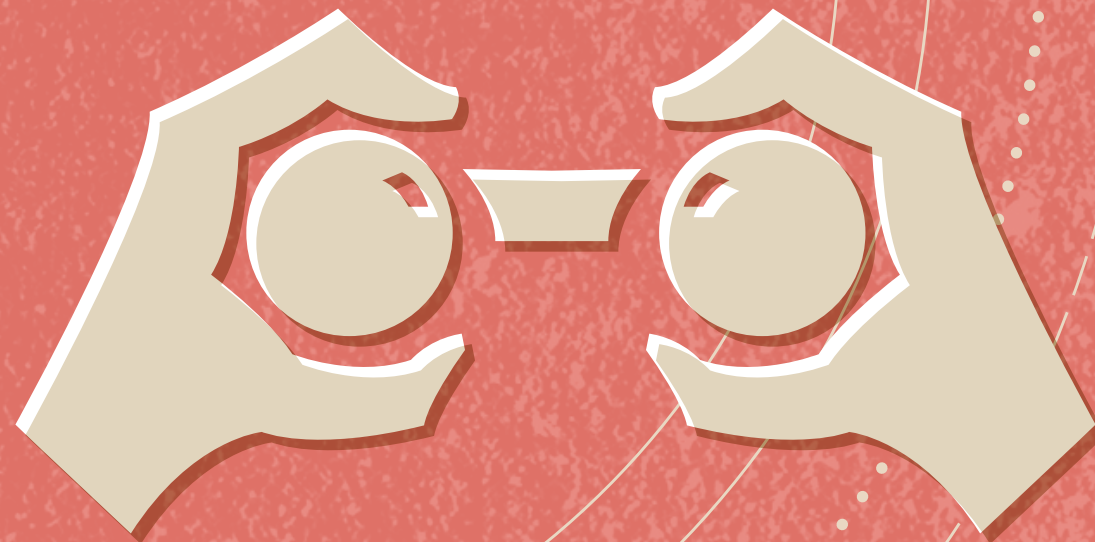


About IFTF Vantage

Institute for the Future (IFTF) is the world's leading futures organization. Its signature program, IFTF Vantage, is a unique partnership of innovative global leaders that harnesses over 50 years of IFTF global forecasts and pioneering research to navigate volatility, identify emerging imperatives and opportunities, and develop world-ready strategies. IFTF Vantage partners represent businesses, governments, and social impact organizations from around the world that require the most comprehensive view of future forces directly affecting their organizations. To learn more about how IFTF Vantage generates organizational readiness for a world in flux, visit iftf.org/vantage.

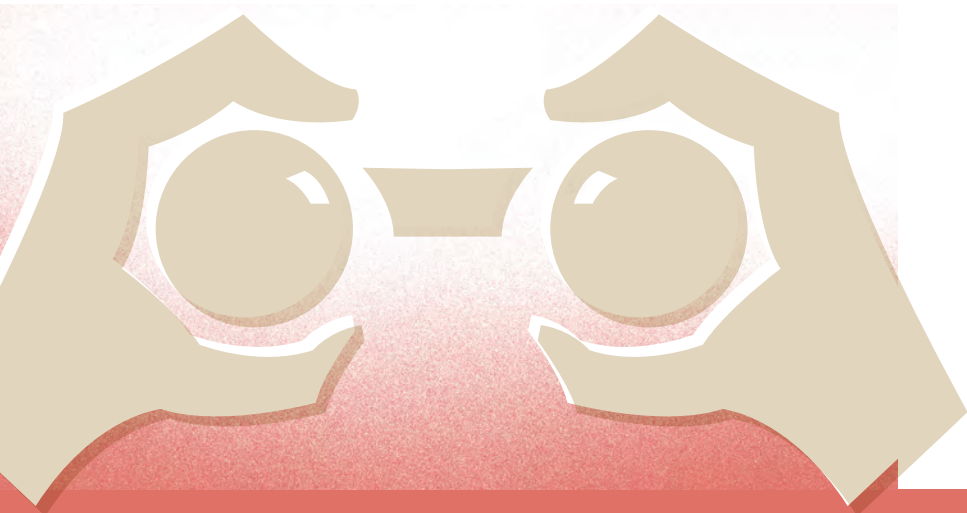
CHAPTER 2

why do strategic foresight?

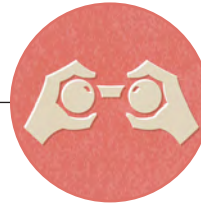


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how can foresight drive long-term growth?



Fifteen years ago, René Rohrbeck was working as a technology strategist. His manager asked him to identify the important forces transforming their industry—and not just technology trends. Realizing this was a project that would benefit from a wide variety of perspectives, he reached out to colleagues in corporate strategy, acquisition, and R&D. They didn't have the answers, so he sought out colleagues at other companies with the same query. Again, no answers. Ultimately, he learned that corporate teams tasked to consider the mid- and long-term forecasts were the most responsive of the people he interviewed—but even so, they were not proactive. Thus began his journey into studying how corporations made decisions about the future and what organizations with long-term success had in common. What he discovered is they all have an integrated, continual practice of 1) perceiving change, 2) translating change into insight, and 3) acting accordingly.

Since beginning his move into foresight, Rohrbeck has put together some of the most comprehensive research documenting and quantifying the relationship between corporate performance and strategic foresight capabilities. We spoke with Rohrbeck earlier this year to understand what his research suggests about optimizing foresight for a given industry.



Foresight capabilities should be developed to match the dynamics of the industry in which an organization operates.

Rohrbeck has developed a model that measures the complexity, volatility, and hostility of the environment that an organization operates within, and uses that understanding to provide a benchmark for an appropriate level of foresight effort. This Future Fitness score then places organizations into one of four categories, which he described in a piece for [EDHEC Vox](#):

- **Vigilant** organizations that “work determinedly with corporate foresight in their market.”
- **Neurotic** organizations that “might adapt their course of action to the movements in the market, but do so without a long-term or strategic perspective.”
- **Vulnerable** organizations that have “strategies, but whose strategies do not sufficiently address the challenges of their market.”
- **In Danger** organizations that might have “strategies, but whose strategies are completely insufficient.”

Vigilant firms, which match foresight to the market need, “outcompete the average by a 200% higher” growth rate in terms of market capitalization over seven years. As he argues, “less prepared firms might be superior in maximizing short term profitability, but as our longitudinal study shows, when looking at a 7-year timeframe, future preparedness is a strong predictor of firm performance on profitability and growth.”

2

Many firms underutilize foresight because it has only recently become a “real capability” that is integrated into an organization.

In recent research charting the history of corporate foresight, Rohrbeck traced the development of foresight as a business practice from its beginnings in the Post-World War II era, when foresight was a largely quantitative effort to produce demand projections. But we are long past that era. He notes that today, “firms are realizing that if I’m in an uncertain environment... I cannot use the data from the past in order to then tell me what to do the next five years.” Of the firms that he has studied and worked with, he says the most successful integrate the more qualitative and open-ended findings from foresight with traditional quantitative tools to create more dynamic approaches to decision making.

3

Foresight can provide a common ground for considering complex decisions—if senior leaders allocate enough time for their decisions.

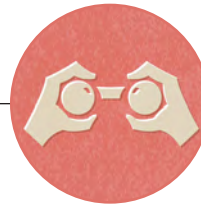
Noting that senior leaders spend a small fraction of their time on what he calls “competing for the future,” Rohrbeck suggests that foresight projects often stall out because of a gap between the research and senior decision makers. “Many organizations have futurists come in, bring new signals and insight, and ‘open their horizons.’ But after the foresight consultants leave, leaders rarely make time to fully digest and apply what’s been given to them before they’re back to business as usual.” Highlighting his work with Bosch, Rohrbeck notes that they have overcome this challenge by using foresight as a “mental common ground” that leadership regularly revisits when making big decisions.

4

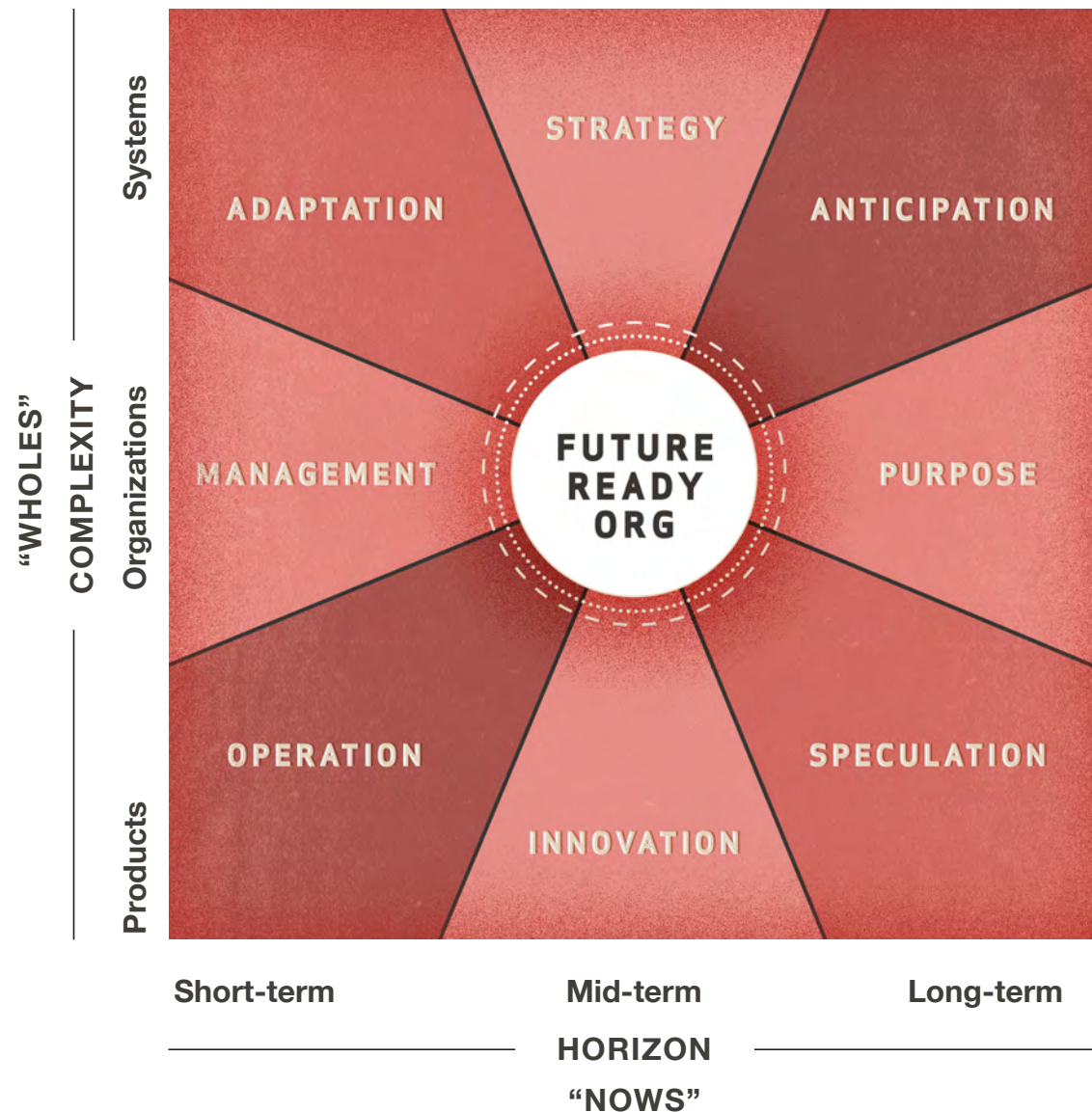
If you’re struggling to gain traction, look for ways to tie foresight to “imminent decisions.”

Noting that success with foresight can build upon itself, Rohrbeck suggests looking for ways to connect foresight to R&D, technology investments, and other decisions where “there is already a lot of interest in the organization.” By starting from decisions to make a “direct, concrete impact,” it provides a launching pad for integrating foresight more directly into ongoing decision-making processes.

how does foresight complement other organizational capabilities?



Over the next decade—as the world possibly becomes more turbulent than ever—organizations will have to confront larger “wholes” and longer “nows.” This means they must take into account contexts beyond the organization itself (e.g., the climate crisis, global pandemics, and extreme inequality) as well as time horizons further out than the operational planning cycle of management. They will achieve this by embracing systems thinking and integrating foresight across all the activities of the organization. By doing this, they can cultivate a future mindset and the practice of strategic foresight, amplifying organizational preparedness and resilience, the hallmarks of future-ready organizations.



The Landscape for Future Ready Organizations: Eight Activities Across Time and Scale

The map has two axes. On the horizontal axis, we see time horizons, moving left-to-right, from short-term, to mid-term, to long-term (in our parlance, moving from shorter to longer “nows”). The vertical axis shows increasing scope, in terms of what an organization is considering, from the most insular at the bottom (e.g., an organization’s own products and internal processes) expanding upwards in scale to the organization itself and the industry or sector it’s part of, to the top of the scale, where we find the larger social and environmental systems that the organization operates within and shapes (in our parlance, moving from smaller to larger “wholes”). Each activity falls into a different place along these axes.

Let’s take a look at these eight activities, one by one.

OPERATION

Most organizational activities take place within a short time frame and an immediate scope. This is the domain of **operations**, where organizations conduct the day-to-day operation of their existing products, services, and programs. People in charge of these activities rarely have the need (or the opportunity) to look beyond the following week or month, or communicate with anyone who isn’t a team member or regular customer. Such a near-term focus is what allows organizations to achieve satisfactory results in efficient ways.

INNOVATION

Over the last few years, a growing number of organizations have understood the imperative to ramp up their capacity to create new offerings through a variety of strategic **innovation** practices. Design thinking—perhaps the most notable of these—involves the democratization of human-centered design methods for the creation of new products, services, and initiatives. As such, it turns design into a proper strategic activity while extending its time horizon to the next few months and years.

SPECULATION

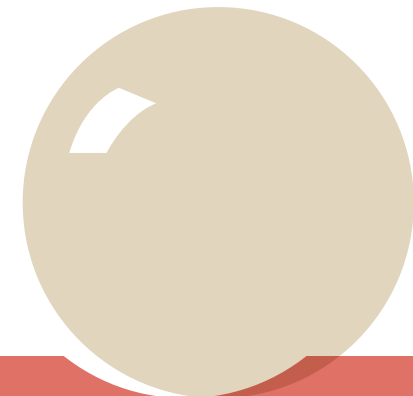
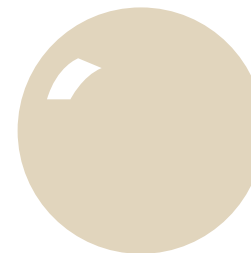
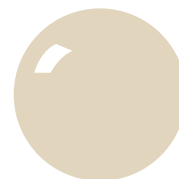
Even more recently, some organizations have further extended the time horizon of design with emerging practices like customer foresight and design futures as a means of **speculation** with longer-term, future-oriented concepts and forecasts.

MANAGEMENT

Organizational or corporate **management**, like operations, can also be a short-term, day-to-day activity. However, it takes a wider view in order to include the organization and its competitive and collaborative environment. It is the remit of directors and C-level executives, as well as hordes of management consultants.

PURPOSE

Planning for the long term leads to purpose. The long-term **purpose** of an organization is often determined at an annual retreat where organizational leaders draft strategies informed by business intelligence and trend analysis. Purpose moves further into the future than management activities, focusing on the organization as a whole (but not the larger systems it exists within).



ADAPTATION

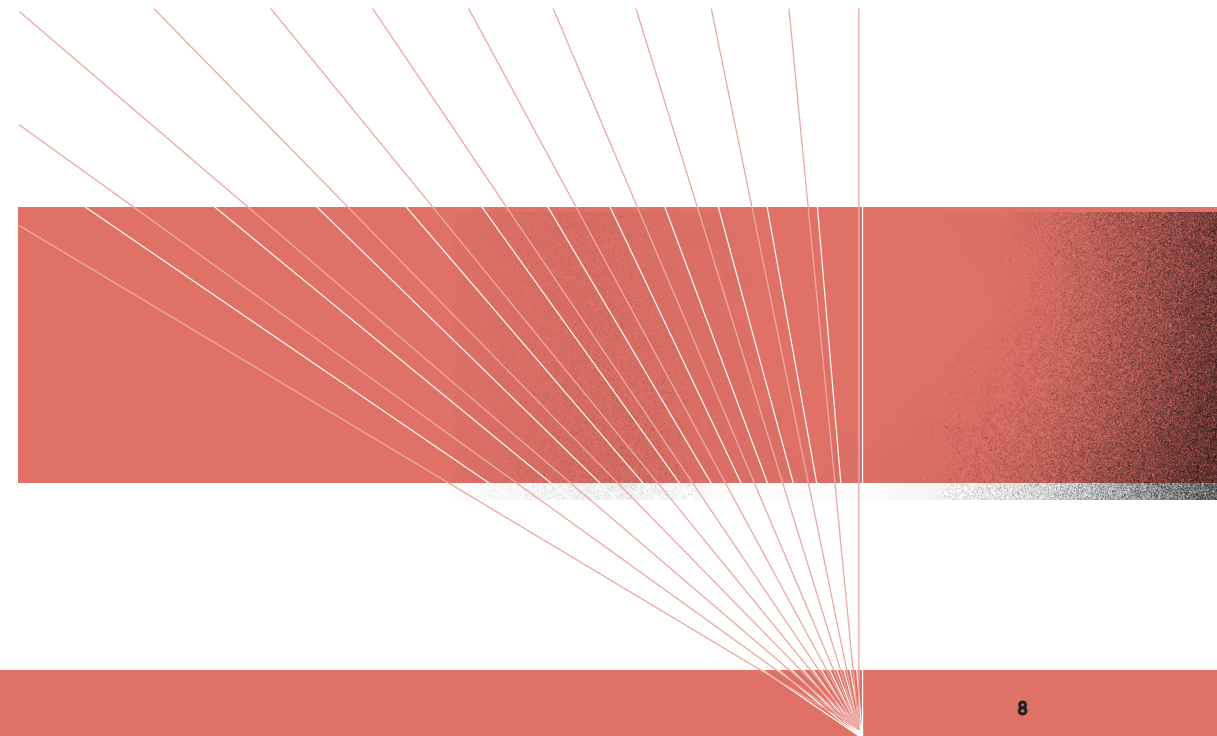
Adaptation operates in the largest “whole” and the shortest “now.” It is, by definition, an organization’s reaction to external forces. It is the perfect complement for long-term anticipation. All organizations have to adapt to changing systems, but for organizations with underdeveloped anticipatory capacity, adaptation is reduced to scrambling to keep up. If you already have a strong practice of forecasting alternative futures, adaptation means executing contingency plans that you have already created.

STRATEGY

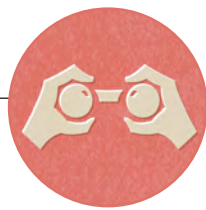
Today, organizations find themselves at the beginning of a decade that’s brimming with extreme challenges and novel opportunities. This is the domain of **strategy**. The most successful organizations will discover opportunities by relentlessly connecting the dots across larger wholes and longer nows. And they’ll be able to effectively address the challenges that society will increasingly demand of them to take responsibility for the wider consequences—both intended and unintended—of their actions in the world. In this way, systems thinking and strategic foresight will become essential capacities for the future-ready organization.

ANTICIPATION

The COVID-19 crisis has been a sobering reminder of the need for organizations to cultivate the widest possible, systemic view of their operating landscape even while focusing on the short term. The best CEOs and organizational leaders have always cultivated the capacity of **anticipation**—pivoting direction as necessary in a challenging environment all while maintaining clarity of vision. So-called anticipatory organizations are those capable of responding quickly to early signals of changing social, economic, and political contexts. At the same time, the coming decade will be decisive as humanity tackles global risks, like a possible greater economic depression and, most importantly, the planetary challenge of the climate crisis.

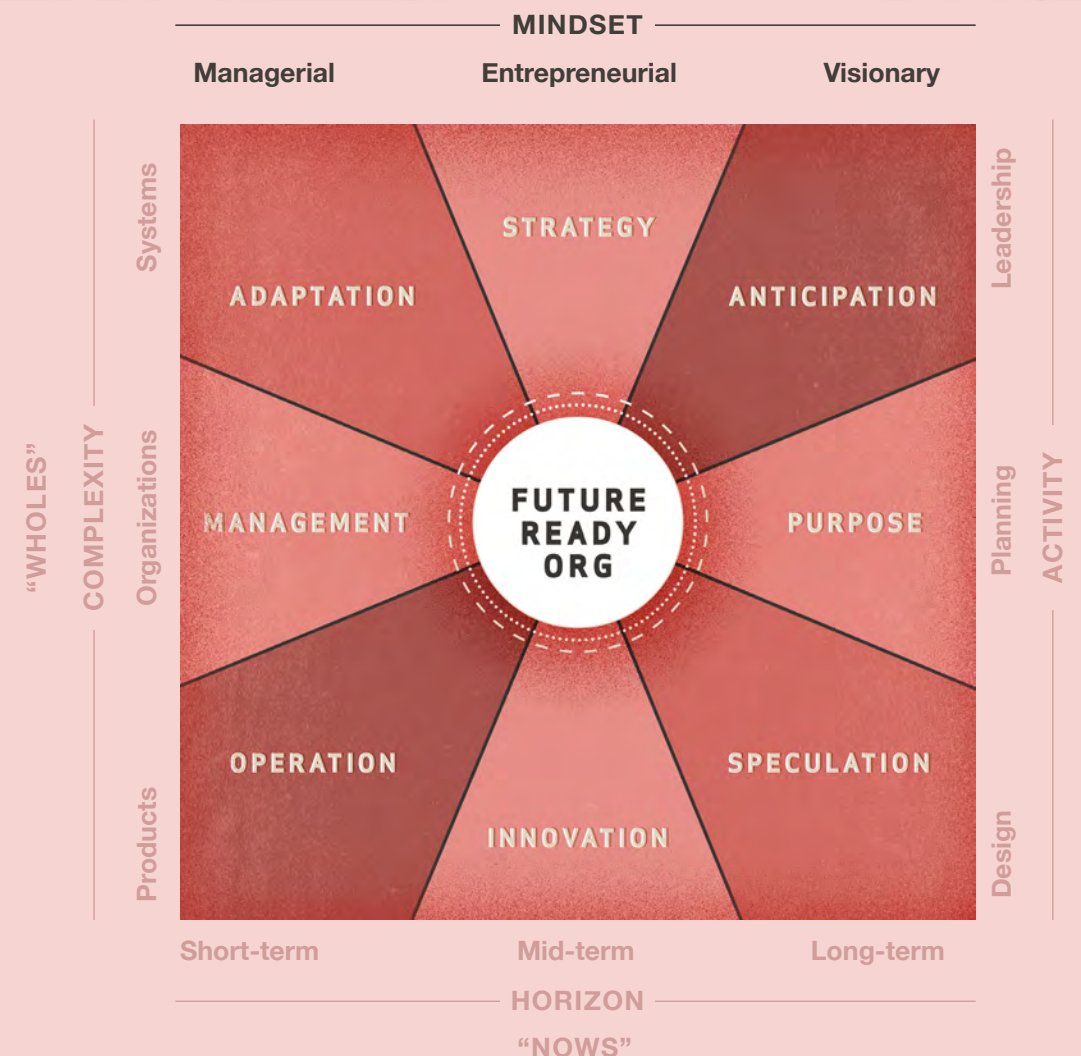


how do I integrate foresight across organizational activities?

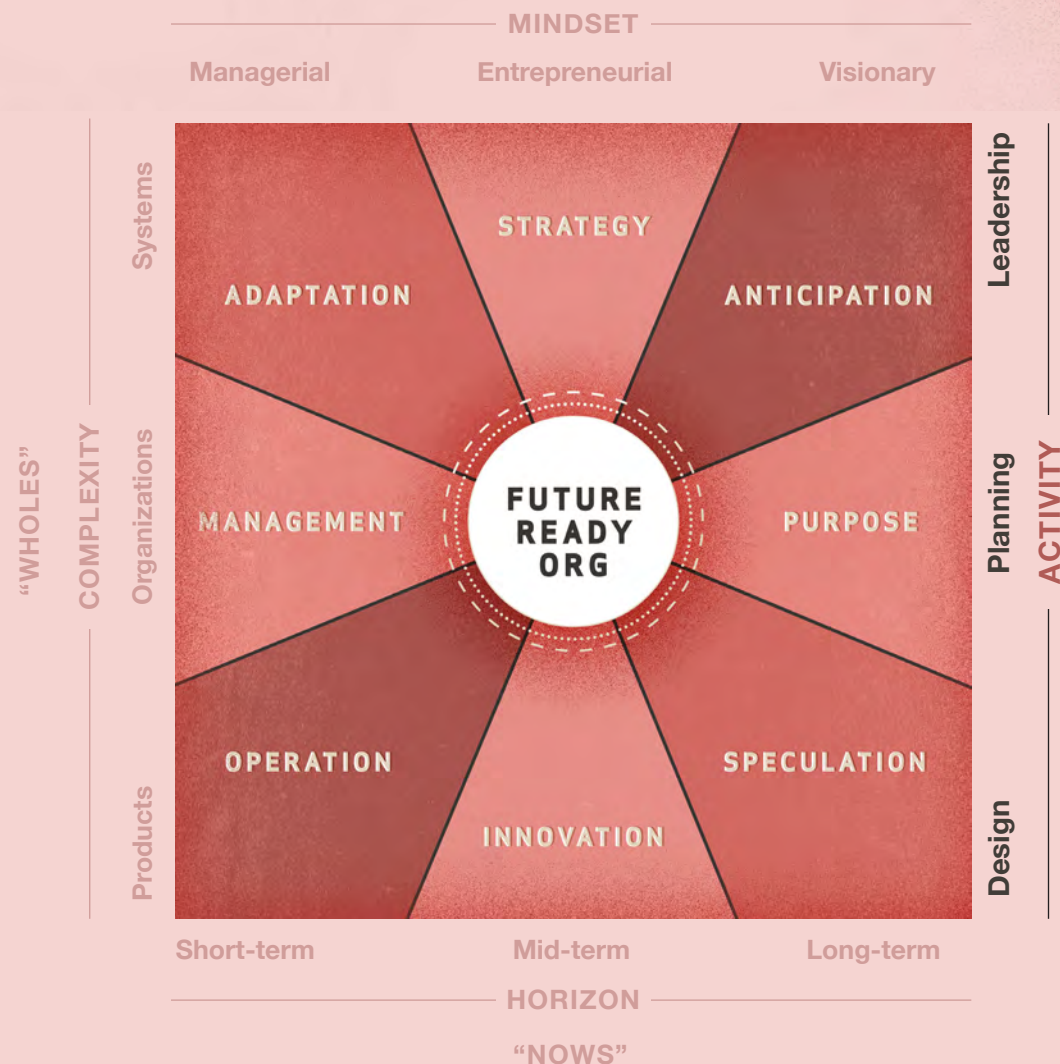


Let's return to the map again. You'll notice the "Mindset" axis is divided into three segments. The first horizon is "managerial" (managing immediate, day-to-day issues), the second is "entrepreneurial" (turning ideas about the future into actionable information for present-day decision-making), and the third is "visionary" (exploring future possibilities and communicating them to the entrepreneurs, who turn possibilities into opportunities). If you look at the placement of the eight activities on the map, you can see they all correspond to one of the three mindsets. In this way, "mindset" is another way to read the horizontal axis (the same one we presented in Chapter 1).

Integrating Strategic Foresight Across Organizational Activities



Integrating Strategic Foresight Across Organizational Activities



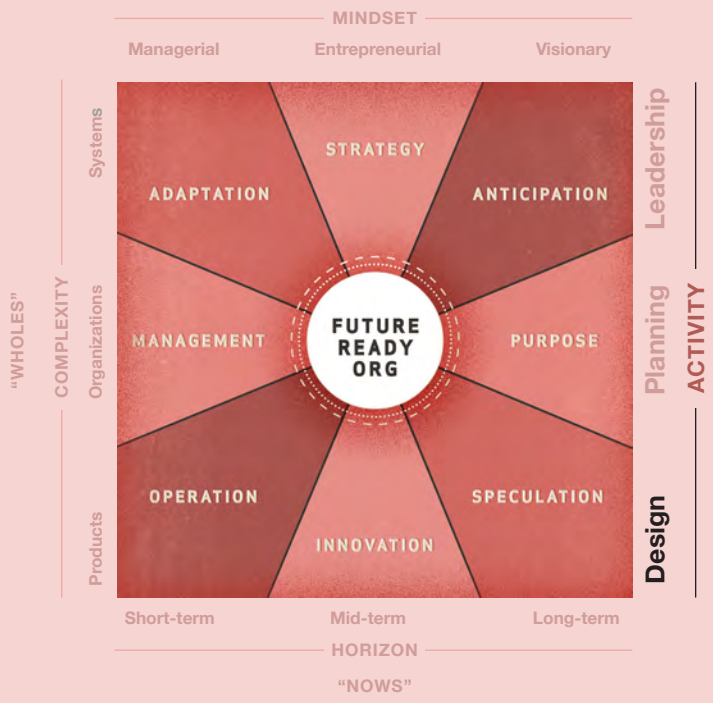
We've also added a new vertical axis, labeled "Activity," with three tiers of increasing complexity that correspond to a specific set of organizational activities. The activity associated with the "products" tier is "design," because it is at this level that organizations design products, services, and experiences, as well as design their internal operations and processes. The activity associated with the "organizations" tier is "planning," which is where organizations make plans for themselves in the context of the sector or industry they exist in. The top tier, "systems," corresponds to "leadership" where the focus is on larger social and environmental systems in which the organization operates.

As discussed in the previous section, foresight plays an important role across different organizational activities, amplifying organizational preparedness and resilience. By integrating foresight across organizational activities that span **design, planning, and leadership**, organizations expand their ability to engage with longer time horizons, more complex possibilities for those activities, and the future of the organization itself. Organizations that cultivate a futures mindset and scale the practice of strategic foresight become more future ready. In other words, they become better able to detect, respond, and evolve to anticipated future change.

On the pages that follow, you'll hear directly from foresight practitioners on the ways they integrate foresight across a range of organizational activities. We'll go tier by tier, exploring the practices and strategies they take to expand the temporal outlook of their work and how they cultivate a futures mindset on the projects and teams they are part of.

Design

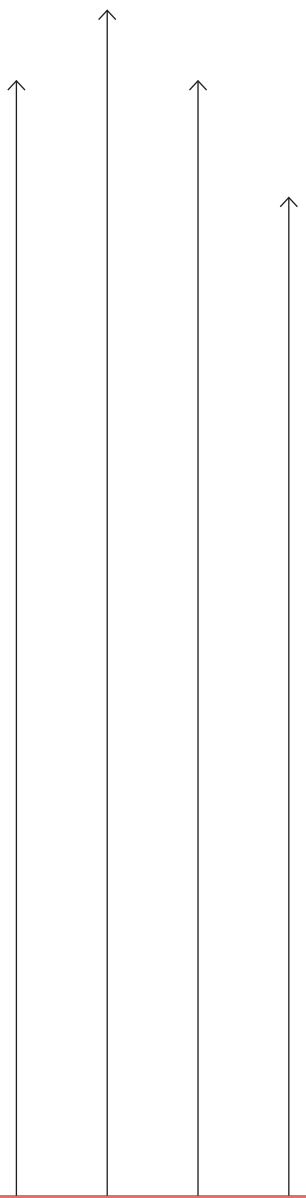
Organizational activities concerned with efficient operations, emerging innovations, and speculative product, service, and experience design



Foresight can lead to fundamental changes in current business operations.

“ I would say our organization has been pretty agile and lean. We tend to deep dive in and out every two, three years, but when we do the work of foresight, we come up with pretty tangible outcomes that fundamentally change our business operations or result in a new business unit.”

—HEAD OF CATEGORY FUNCTION AT A FOOD COMPANY



Use future narratives and storytelling as a starting point for innovation.

“Narratives and storytelling are very important in open innovation and transformation. You cannot create the new using old ways and old metrics. One of the big mistakes is that people see foresight or a story, and then they take their old way of working, their old habits, their old things and decide, ‘Oh, let’s just implement this new thing into the old system.’ That doesn’t work.”

—DIRECTOR OF EXTERNAL INNOVATION AND TRANSFORMATION FOR A
MAJOR CONSUMER BRAND

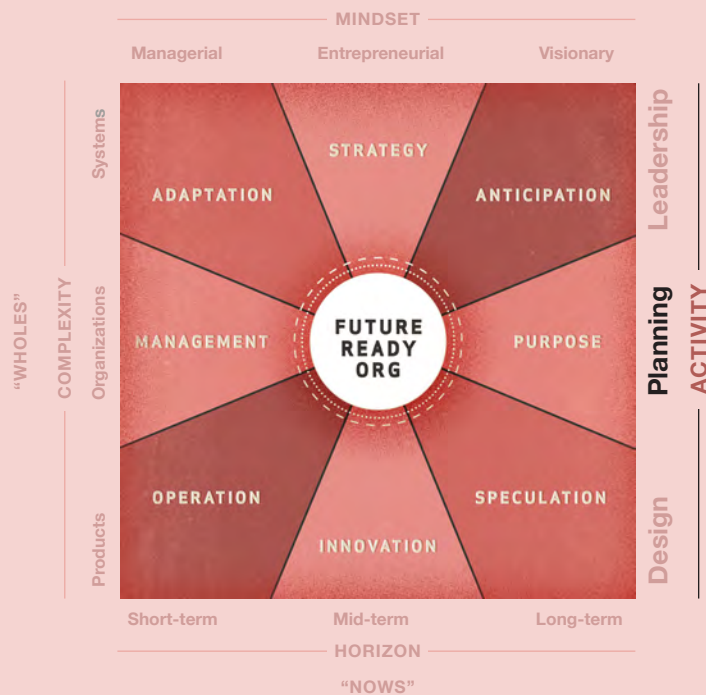
Speculative design is an artistic way to critique the future and developments in the present.

“We can’t be in the future, but we can bridge that gap through experiential scenarios. But there are other practices within design that we’re trying to connect with the future. Speculative design, for example, which is a more artistic approach to design. It’s a way to critique the future or development in the present that might implicate the future. Speculative designers try to use prototypes but in a more artistic way, more in a critique way.”

—PROFESSIONAL FULL-STACK FUTURIST

Planning

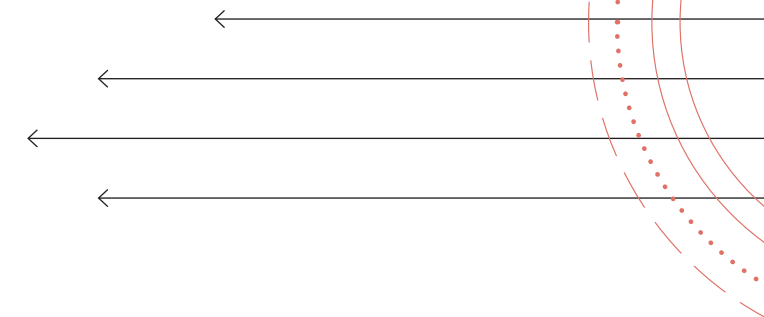
Organizational activities concerned with corporate strategy and management, competitive and collaborative environments, and purpose that inspires actions toward long-term vision



Planning is not about predicting the future, it's about being more adaptive.

“ We talk about bringing your plan alive. We talk about being much more adaptive and innovative and meeting the citizens in the future where they're going to be. One of the big things that we stress is plans cannot sit on the shelf. We really stress that we're not trying to predict the future, we are just going to be monitoring trends no one knows, but we want to do a better job staying on top of this like radar.”

—SENIOR STRATEGIC PLANNER FOR A NON-PROFIT STRATEGIC PLANNING COMPANY



Don't provide information to management. Provide actionable insights.

“We don't want to provide information, we want to provide actionable insights and be the best partner in selecting the top choices for our organization.”

—FORESIGHT MONITOR FOR A
GOVERNMENT AGENCY

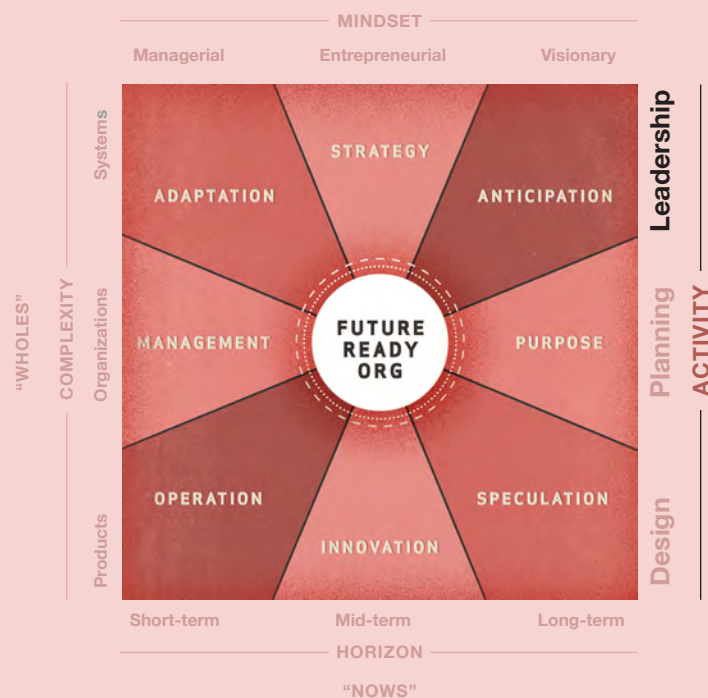
Create artifacts and videos with an impactful message to communicate a sense of purpose and future outcomes.

“How do you make sure that you land with a very impactful message? I can only say that the reason why we've been successful in previous projects was because we created artifacts in the form of videos. We painted a future, which was basically a small, short, two-minute video of what our future was going to be like as if it's happening now.”

—HEAD OF CATEGORY FUNCTION AT A FOOD COMPANY

Leadership

Organizational activities that call on leadership to think systematically about the long term to cultivate anticipation and vision, directing rapid-response and adaptation to change, and informing strategy by making sense of external shifts and systems changes



Understand what enables change and allows you to adapt to big drivers.

“ We really always tie it into recommendations that show that we understand what your business is doing, we understand the behavior of your market, for lack of a better term. And we understand the technologies that are available to allow you to change, to adapt to the larger big drivers. So again, it’s a softer way of talking about a lot of the things that are embedded within strategic foresight. Like, ‘Hey, we can show you right now that things are probably going to be very different for you and your business over the next ten years. And here’s what you can do over the next two years to really prepare for that.’ ”

—RESEARCH MANAGER AT A MULTINATIONAL PROFESSIONAL SERVICES FIRM

Go beyond goals and objectives to challenge core assumptions.

“A technique you can use across the whole process is challenging assumptions. The assumption might be, ‘We’re going to get out of this entire business?’ or ‘What if we didn’t own these assets anymore?’ or ‘What if everything we provided had to be free?’—just challenging thinking around business models and modes of operating.”

—INNOVATION FACILITATOR ON LARGE COLLABORATIVE INNOVATION COACHING PROJECTS

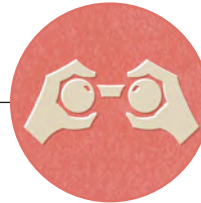
If it’s only growth focused or sales focused or market penetration focused, then it’s not a strategy.

“I help my clients understand that strategy is the most important element for their business, to set a course, to set a destination. It’s about using strategic tools, strategic methodologies, and strategic frameworks that I have developed. I use some general ones including impact screenings, impact matrixes. That’s important because right from the conception of their strategy, they’re already understanding why it has to be impact focused. If it’s only growth focused or sales focused or market penetration focused, then it’s not a strategy. Maybe it’s a strategic objective, but it’s not the strategy.”

—FOUNDER OF A NONPROFIT’S INNOVATION LAB

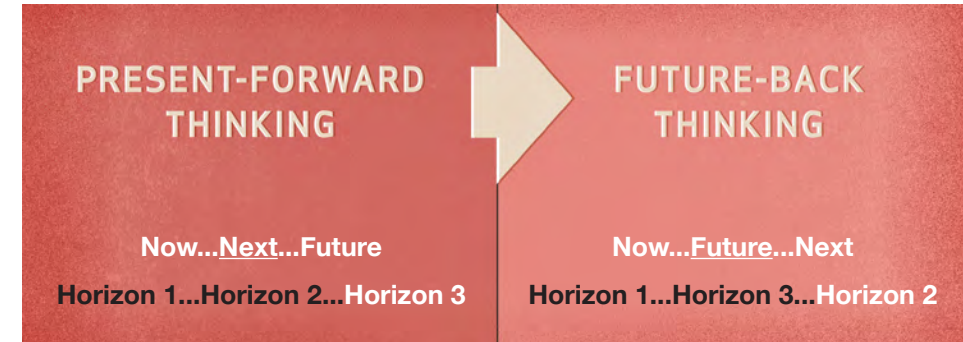
how can I use future-back strategy in a crisis?

BY BOB JOHANSEN, IFTF DISTINGUISHED FELLOW



During a crisis, the present gets terribly noisy. Time gets strangled. We see only that which is attacking or looming. You've probably experienced these disabling effects over the last several months as the world struggles with the far-reaching consequences of the COVID-19 pandemic and the global uprising against systemic racism.

Most of us instinctively respond to a crisis by urgently attacking threatening flames, which is what we should do, but we also need to look long, because times of crises are when the future can be *clearer* than the present. Looking long jumps us past the temptation to just get back to normal and allows us to question whether getting back to normal is preferable—or even possible. Restarting from zero may be a much better idea. This is when Future-Back Thinking comes into play.



During a time of crisis, consider swapping Horizon 2 planning (Next) with Horizon 3 planning (Future). See page 20 to learn about the Three Horizons framework.

In a crisis, HORIZON 1 will connect directly to HORIZON 3

Present-Forward Thinking—which progresses from considering what’s happening now, to what to do next, to envisioning a better future—makes perfect sense in a period of modest change and linear growth. These three time frames are analogous to the ones on the Three Horizon Curve presented in Chapter 1’s [“What Is the Value of Different Time Horizons?”](#)

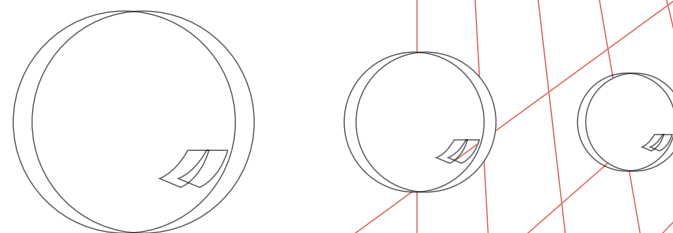
In a crisis, however, present-forward thinking bogs down quickly, and Future-Back thinking is required to seek clarity. Think now—future—next, rather than now—next—future. Leaders must seek clarity on Horizon 3 and then bring that clarity back to Horizon 1. That means that members of an organization who work primarily in Horizon 1 (managers, operations roles) will increase the level of communication with members who work in Horizon 3 (visionaries, blue skies researchers).

Full-spectrum thinking allows us to think future-back

My book *Full-Spectrum Thinking: How to Escape Boxes in a Post-Categorical Future*, was published on April 21, 2020. At almost the same time, Mark Johnson's book *Lead from the Future: How to Turn Visionary Thinking into Breakthrough Growth* was published. Where I focus on foresight-to-insight, Johnson (who along with Clayton Christensen founded Innosight, one of the world's leading strategy consulting firms) focuses on insight-to-action.

Where I talk about future-back thinking, Johnson talks about future-back strategy. Both are critical. After reading *Lead from the Future*, I wrote the following endorsement: "The next decade will be far too noisy for conventional present-forward strategies. Leaders must look back from the future but act now. *Lead from the Future* shows us how to discover the present value of future-back thinking." And after Johnson read *Full-Spectrum Thinking*, he wrote this endorsement: "A future-back mindset and full-spectrum thinking are needed urgently to create a vision and strategy that is not stuck in the tired categories of the past."

We cannot make sense of the future if we are stuck in the categories of the past. Full spectrum-thinking offers the ability to jump ahead and look beyond near-term changes.



Getting back to normal is categorical thinking

When the pandemic hit, a team from IFTF developed a set of scenarios on the Post-COVID-19 operating environment. At their core, the scenarios are organized around three time horizons: **respond**, **reset**, and **reinvent**. In crisis moments, we first have to **respond** to attempt to mitigate the damage.

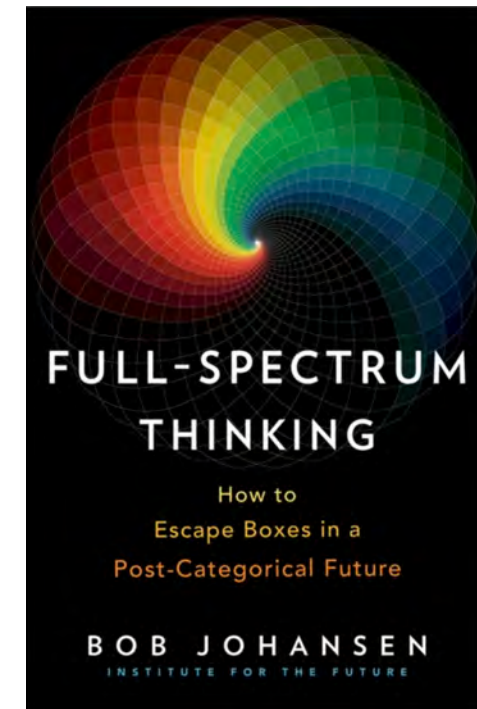
What future-back strategy teaches us is that rather than **reset** to the default categories of the present by asking what's next, leaders should instead ask more fundamental questions. By jumping ahead to explore the future and ask how might we **reinvent** our work for the long term, new spectrums of possibilities become feasible. And at the same time, today's categories—which can often seem so fixed that we rarely question them—become open to reevaluation.

By focusing on the future, we can ask questions like: Should we prop up the things that were working until recently or is now the time to pursue entirely different kinds of possibilities? Will the categories we use to make sense of today's world still be relevant in the future?

The effect of this approach is that it creates space to improve your clarity about which futures to pursue and moderate your certainty about what is truly unchangeable. The neurologist Robert Burton describes certainty as “knowing we know.” In times of crisis, it is tempting and dangerous to imagine that we know the path out even as the very nature of crisis expands the spectrum of possibilities.

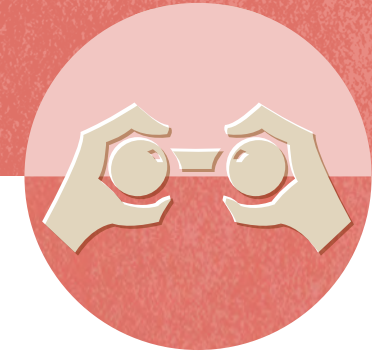
A time of crisis is a time to look long. Responding to a crisis is heroic. Getting stuck in crisis-mode is a trap.

Think Now, *Future*, Next



Learn more about [*Full-Spectrum Thinking*](#), by Bob Johansen.

how healthy are your horizons?



The Three Horizons model is a framework for understanding your organization's future readiness by looking at how well it operates in and communicates across three time frames:

HORIZON 1, where **managers** oversee the current core activities and functions that sustain an organization and generate its value.

HORIZON 2, where in-house **entrepreneurs** take the output from the visionaries of Horizon 3 and use it to develop what's next for the organization.

HORIZON 3, where in-house **visionaries** explore transformative possibilities and communicate their vision to the entrepreneurs and the managers.

Note that this model doesn't represent a linear timeline. Each horizon represents an ongoing initiative, and organizations must concurrently manage all three horizons, which are all active in the present. Together they define the temporal outlook and mindsets of strategic foresight. They are part of a continuous cycle of embryonic (Horizon 3), emergent (Horizon 2), and mature (Horizon 1) activities in an organization. (To learn more about horizons, see ["What is the](#)

[value of different time horizons?"](#) in Chapter 1 of the Playbook, as well as the "future-back thinking" section in "how can I practice strategic foresight during a crisis?" in this chapter.)

The Three Horizons model first appeared in Mehrdad Baghai, Stephen Coley, and David White's book, *The Alchemy of Growth: Practical Insights for Building the Enduring Enterprise* (1999). Since then it has been further refined and evolved by others, including Christian Terwiesch and Karl T. Ulrich in their book *Innovation Tournaments* (2009), and Bryann Alexandros of the consultancy Skylance (who developed the nested box model that forms the basis for our interpretation of the model).

In *The Alchemy of Growth*, the authors write, "To pursue growth, leaders at all levels of an organization should first look in the mirror and ask, 'How healthy are my horizons?' It is not unusual to find one, two, or even three horizons barren."

In this worksheet, we'll check the health of your organization by asking some questions about each horizon, and then a few organization-level questions.

HORIZON 1 Questions

1. Is the core business or operating purpose of your organization stable, growing, or declining?
2. Is the primary operating purpose of your organization creating sufficient value to support Horizons 2 and 3? Is Horizon 1 investing enough in Horizons 2 and 3?
3. Does Horizon 1 have an effective process for considering opportunities identified in Horizons 2 and 3?

HORIZON 2 Questions

1. Does Horizon 2 deliver valuable emerging operating activities to Horizon 1?
2. Is Horizon 1 confident enough to invest in the emerging opportunities developed by Horizon 2?
3. Is Horizon 2 communicating effectively with Horizon 3 so it can identify future opportunities worth investing in?

HORIZON 3 Questions

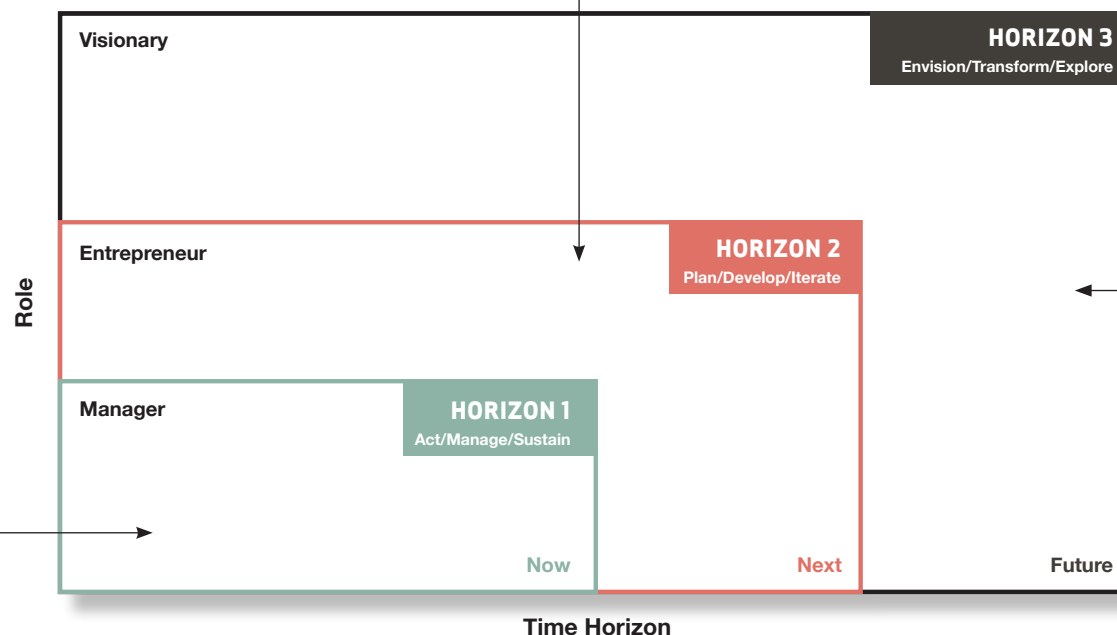
1. Is Horizon 3 reaching far enough into the future to find ideas that are markedly different from Horizons 2 and 1?
2. Is Horizon 3 exploring areas that are a good fit with the organization's fundamental mission?
3. Is Horizon 3 communicating its findings in ways that are useful before being handed off to Horizon 2?

Organization Questions

1. Who develops the portfolios of emerging and remote opportunities?
2. How are they communicated?
3. What are the systems in place to act on them?

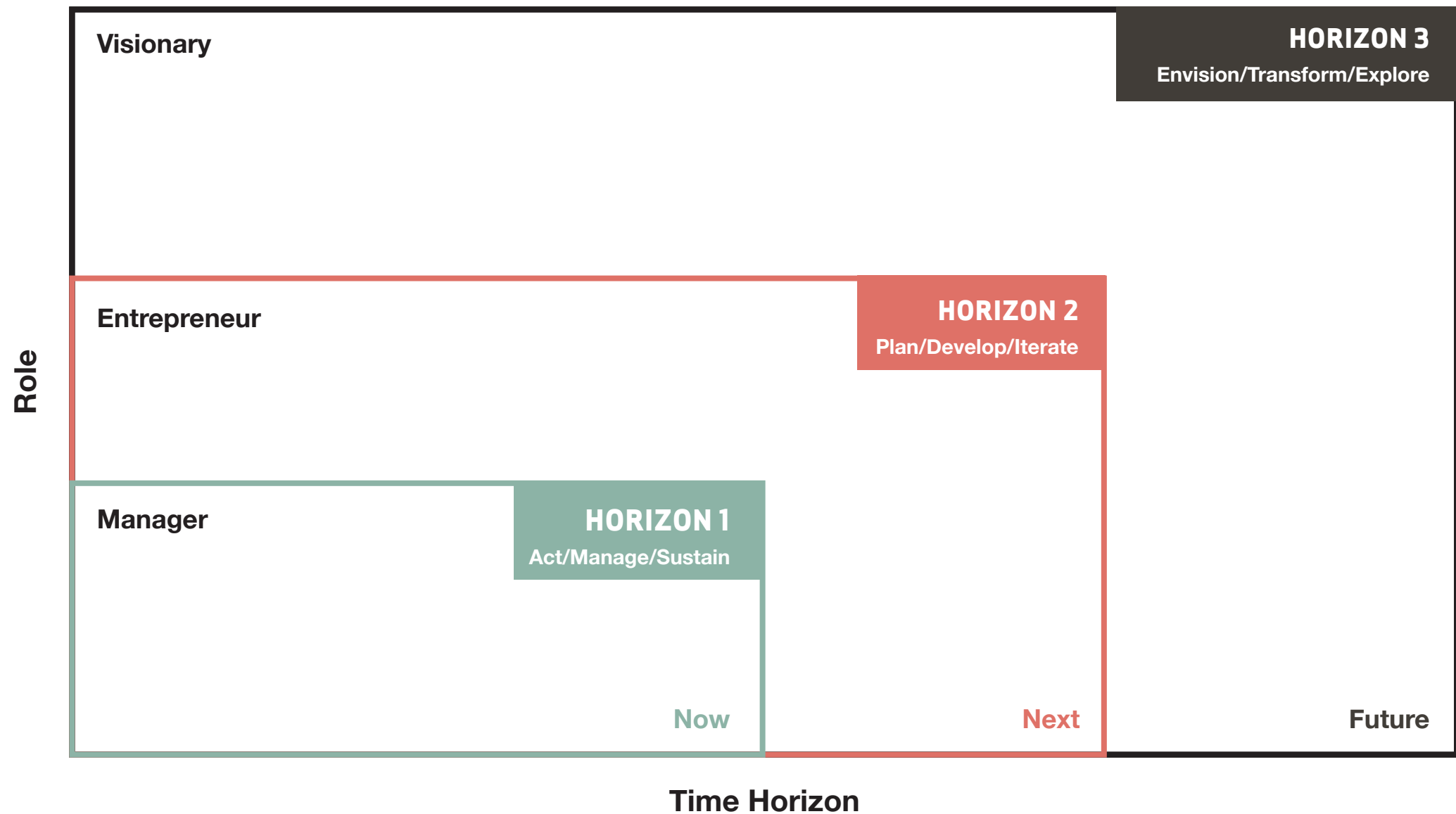
Health Check

Read your answers and think about the ways that the three horizons operate, both independently and with each other. Are any of the horizons "barren?" Why or why not? Does communication flow well between the channels? Where are the bottlenecks? Identify the alignments and tensions and ask yourself why they exist and how they could be improved. How might you, as a foresight practitioner, encourage your organization to think across all three horizons?



Three Horizons

Print and share with your team





About Institute for the Future

Institute for the Future is the world's leading futures organization. For over 50 years, businesses, governments, and social impact organizations have depended upon IFTF global forecasts, custom research, and foresight training to navigate complex change and develop world-ready strategies. IFTF methodologies and toolsets yield coherent views of transformative possibilities across all sectors that together support a more sustainable future. Institute for the Future is a registered 501(c)(3) nonprofit organization based in Palo Alto, California. iftf.org



About IFTF Vantage

Institute for the Future (IFTF) is the world's leading futures organization. Its signature program, IFTF Vantage, is a unique partnership of innovative global leaders that harnesses over 50 years of IFTF global forecasts and pioneering research to navigate volatility, identify emerging imperatives and opportunities, and develop world-ready strategies. IFTF Vantage partners represent businesses, governments, and social impact organizations from around the world that require the most comprehensive view of future forces directly affecting their organizations. To learn more about how IFTF Vantage generates organizational readiness for a world in flux, visit iftf.org/vantage.

CHAPTER 3

how does strategic foresight work in an organization?



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how do i define value on a longer time horizon?



Yancey Strickler, co-founder and former CEO of Kickstarter, is the author of a recent book called *This Could Be Our Future: A Manifesto for a More Generous World*, in which he outlines a framework he calls “Bentoism” or Beyond Near-Term Orientation, to help people make decisions with longer term horizons in mind. We recently spoke with him about the inspiration for Bentoism and how you can use this framework as an organizational decision-making tool.

IFTF: What inspired you to write a book focused on the future?

YANCEY STRICKLER: I’m both fortunate and unfortunate to be someone who’s been in a lot of situations where I felt like I didn’t quite belong. I grew up on a farm in a rural part of the country, but I loved books and I was a creative person. I ended up going into the world of business as an entrepreneur, starting Kickstarter, not because I wanted to be in the business world, but because my co-founder and I were so compelled by the idea. As a result, Kickstarter succeeded and continues to be extremely useful by following its own concept of success, its own definition of value, and not following a set path of hyper growth.

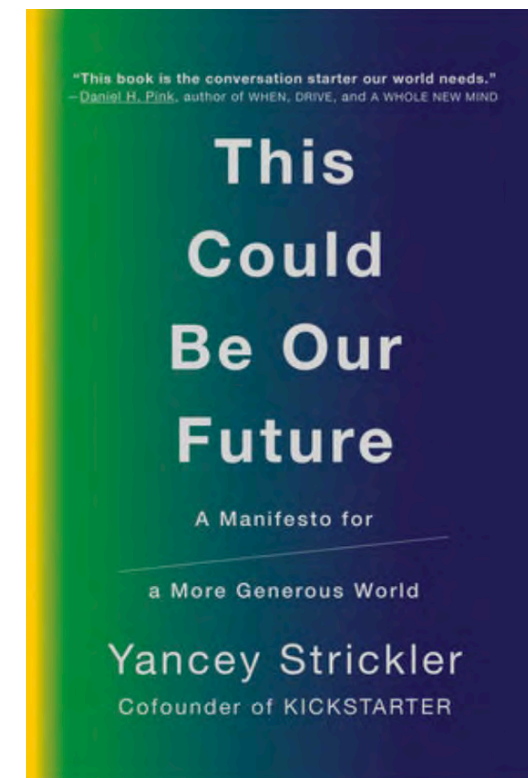
The experience of Kickstarter's success showed me that the world was capable of fundamental change in greater ways than I could see before. It was an eye-opening experience because it made me realize that order is just a set of implicit agreements that people don't question.

And so, I wanted to write a book to question, and to provide a path forward for what we think the purpose of business is, what it means to be a valuable business, and how we define what is in our self-interest.

In your book, you argue that it is not actually in our interest to maximize financial value all the time. Can you say more about this?

YS: We've oriented our for-profit organizations around the goal of financial capital. And that's been the explicit strategy in the current, extremely financialized business environment. For about 50 years, we've focused on economic growth as a core goal of society, as if it's the best, broadest thing you can work towards.

What's happened over the past 40 years is we've developed tools that allow us to measure and trade and grow financial value in sophisticated ways. Our economy is focused on financial growth for financial growth's sake. We have lost sight of the true playing field and that's why corporate profits are crazy but our social fabric is gone.

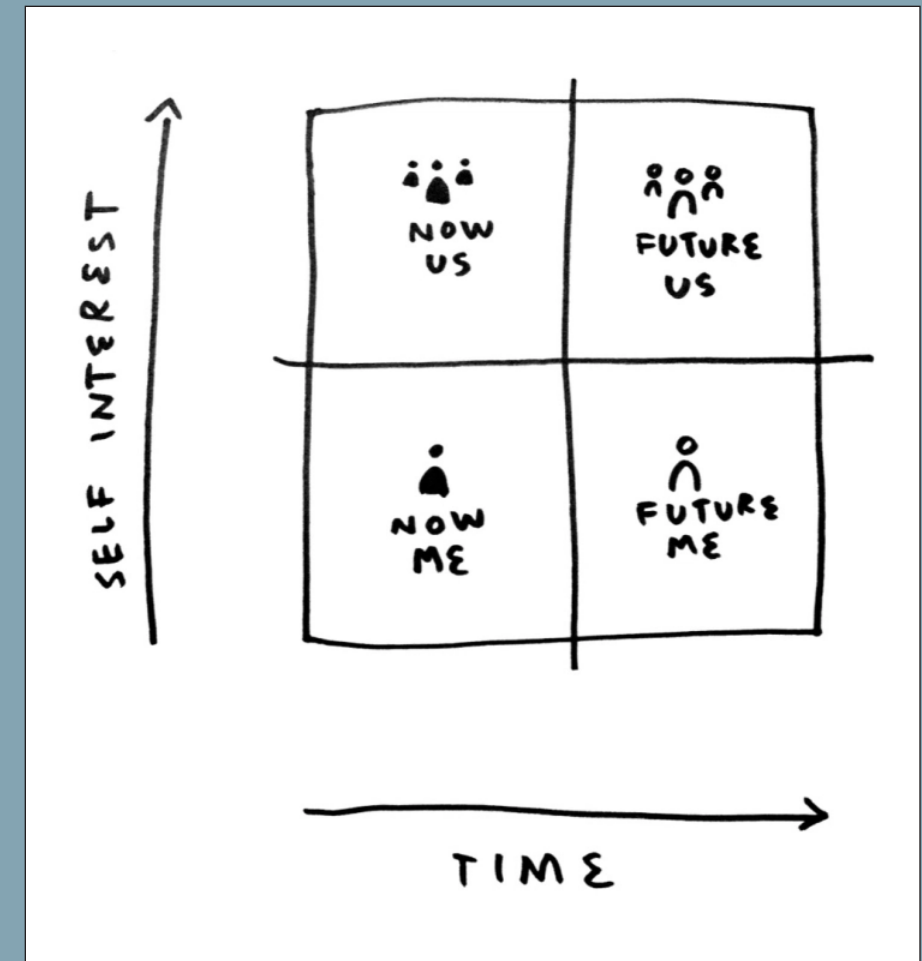


This Could Be Our Future: A Manifesto for a More Generous World offers Strickler's "Bentoism" framework to help people make decisions with the future in mind.

How does Bentoism help us overcome this focus on growth for growth's sake?

YS: Imagine a simple two-by-two graph. The X-axis is time, going from now to the future, and the Y-axis is the degree of self-interest, from me to us. The lower left quadrant is “now me”—what I, as an individual, want right this second. Our “now me” tends to want things at the bottom of Maslow’s Hierarchy: safety, security. It’s the selfish part of ourselves. This is how we think of self-interest today. The right quadrant of the bento box is “future me”—the older, wiser version of you, the person you hope to become. And you become (or don’t become) that person based on the choices you make. To actually see “future me” as a part of your self-interest is to consciously integrate who you want to become through the decisions you make.

The upper left quadrant of the bento is “now us”—your friends and your family, the people you care most about. And finally, in the top right, there’s “future us”—which is your kids if you have them or everybody else’s kids if you don’t.



The Bentoism framework is a two-by-two graph that helps you make decisions that benefit your future self and organization.

Image from *This Could Be Our Future: A Manifesto for a More Generous World*

Can you give an example of how to use the bento to frame decisions?

YS: A smoker could ask their bento whether they should quit smoking. To use the bento you ask the self in each box what it has to say.

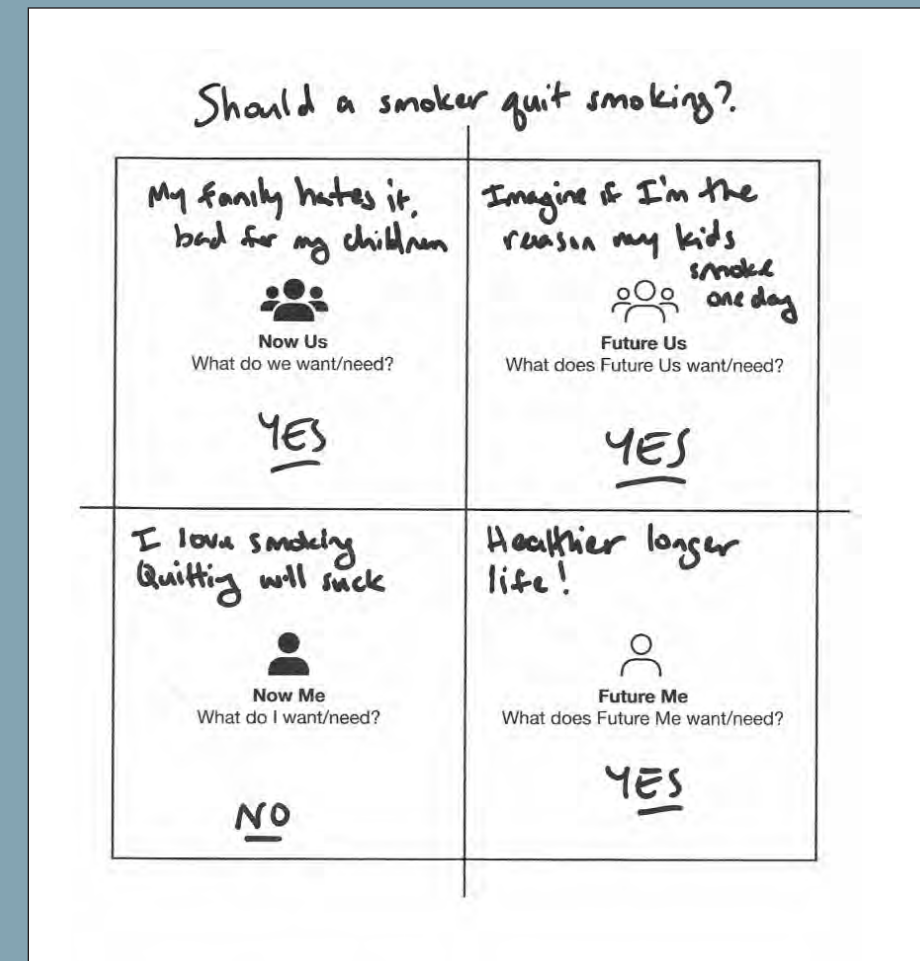
First, the smoker asks the “now us” voice, “Should I quit?” It will answer, “Yes, you should quit. Think of your wife.”

The smoker next asks the “future us” voice, who says, “Yes, of course you should quit. Think of your children.”

“Future me” will say, “Yes, I want there to be a future me. Let’s quit.”

And “now me” will say, “Hell no. I’m addicted to nicotine. Let’s keep smoking.”

“Now me” has a totally rational point of view, based on its limited perspective, because quitting smoking would cause “now me” to suffer.



An example of how to use the Bentoism framework to help decide whether you should quit smoking.

Image from *This Could Be Our Future: A Manifesto for a More Generous World*

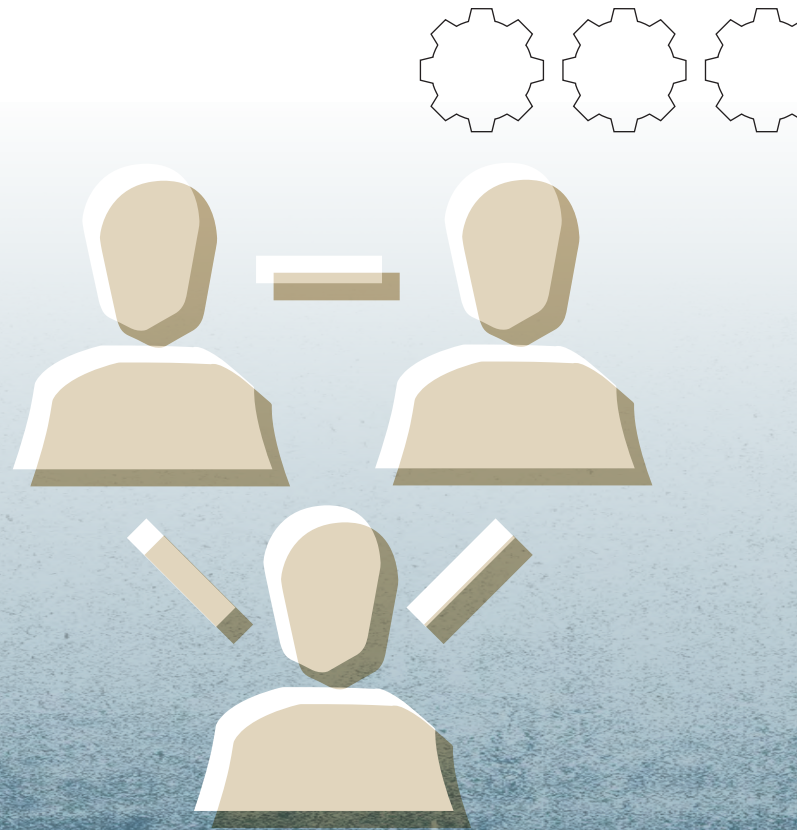
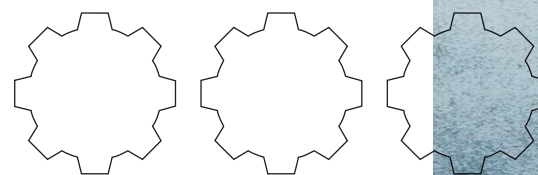
How do you use Bentoism when you're working with organizational leaders?

YS: It starts as a way of understanding yourself, understanding what you are driven by, and understanding what is interesting to you. Knowing your personal bentos is going to be a map to your effectiveness, because we're better at things that we care about.

It's a good way to get a handle on what you want, but you can do the same thing for an organization—you can map your organization's mission, vision, values, customer promise, investor promise, and employee promise. It can help your organization clarify what its explicit promises are to its stakeholders.

What advice do you have for people who aren't senior executives but want to use these concepts to shape organizational decisions?

YS: Practice thinking about your choices, the choices you face as a leader. Begin to introduce this kind of language and thinking to your community. You don't have to use the word "bento." But you can say, "Hey, gang, with a choice like this to make, we actually have to think about a few different people. And I want to draw this simple matrix to help us think about them."



what is an anticipatory system?

An organization's anticipatory system transforms everyday organizational activities with foresight and builds the capacities to DETECT changes on the horizon that may pose threats or opportunities, RESPOND to those threats or opportunities by uncovering specific implications of future change and planning accordingly, and adapt or EVOLVE to better thrive in the environment of anticipated future change. Here's advice and insights from foresight practitioners we interviewed:



“It's critical to start [moving beyond] trends and start discussing the systemic issues ... and how they are going to play out in the long term ... extrapolating from the data what we think the systemic drivers for the future will be.”

– FUTURES PRACTITIONER WITH A BACKGROUND
IN RESEARCH AND POLICY ANALYSIS

DETECT This capacity is the *foresight* part of strategic foresight. It goes beyond keeping track of trends and short-term market fluctuations, and entails looking for signs indicative of long-term disruptions and nonlinear change to anticipate potential future scenarios on the horizon.

“ [The work of foresight] shifts from horizon scanning ... which is a process, to strategy, which is an output, or a product.”

— FORMER HEAD OF FORESIGHT FOR A NATIONAL GOVERNMENT

RESPOND This is the *strategic* part of strategic foresight. It is about applying foresight by using it to drive organizational decision-making and take action or respond in the present.

“ Solving for people’s needs is, of course, valuable. But it becomes, in the context of quick change and weird things, increasingly insufficient. Organizations should also incorporate the mid-and long term as a way to design solutions that not only respond to current needs but also that anticipate future opportunities.”

— DESIGNER AND STRATEGIC FORESIGHT CONSULTANT

EVOLVE This is the capacity in the anticipatory system that truly makes it a *system*—creating a feedback loop for organizational change. Not only is foresight leveraged to meet discrete challenges and make strategic decisions, such as creating a new product line or reshaping a communications strategy to reach new markets, but anticipatory systems reveal how the organization itself needs to evolve or adapt to change, helping to reevaluate what it’s doing at a fundamental level—and whether or not its way of doing things makes sense in the long-term future.

How does an anticipatory system work?

An organization's anticipatory system can take different forms. For example, it can be highly distributed and practiced by individuals across the organization or it can be organized as one or more foresight teams anchored to organizational activities or functions such as design or planning.

An anticipatory system extends beyond the foresight professionals who do the work of strategic foresight. Organizations need a range of interconnected resources to build robust anticipatory systems. This article describes the needed components: PEOPLE, PROCESSES, PROJECTS, TOOLS, and ETHOS. You can think of these components as part of an interconnected network that cultivates the capacities of detect, respond, and evolve. Together they form a system that is able to break out of myopic viewpoints, challenge assumptions about what's working, and pivot the organization as needed to respond to future change.

PEOPLE This component consists of internal and external individuals, teams, and networks that have the desire, ability, permission, and responsibility to prioritize foresight functions.

“We’re part of a small 12 person interdisciplinary team that is looking to understand the big changes in the world from different perspectives, develop narratives and, based on the insights and the research, develop experiences and prototypes and concepts that we can share with both internal audiences as well as external audiences. [We] are leading the foresight and insight function on the team. And as such, our role is to go find some really gnarly, messy, fascinating, interesting spaces to explore.”

— LEADER OF AN INNOVATION TEAM AT A MAJOR TECH COMPANY

PROCESSES Methodologies are a key component and you need specific frameworks for detecting and articulating change (i.e., horizon or signal scanning), responding to it (strategy creation frameworks), and evolving (persistent rhythms of engagement with foresight).

“ [Strategic foresight] is empowering me ... because I now have tools and methodologies to [forecast] the future, to explain the importance of foresight, and to implement that at our work.”

– TECHNOLOGY FOR IMPACT EXECUTIVE

PROJECTS This component contains different Strategic foresight initiatives that drive organizational decision-making and activities that look farther out into the future and at larger systems.

“ Another role [of the foresight professional is] to frame foresight projects or foresight conversations. So, I talk to clients or organizations and ask them, ‘Well, what are you worried about in the future?’ Or, ‘What are your concerns and uncertainties about the future?’ And try to frame a question or frame a better question for them. I think that one of my major responsibilities in that role is to frame the best question... Or, make them ask the questions they are not asking.”

– PROFESSIONAL FULL-STACK FUTURIST

TOOLS Collaborative platforms and other technological infrastructure that make up this component allows the organization to leverage internal and external networks to forecast the future and organize foresight-related activities.

“One way [we can stay up to date is] through a distributed network [for] learning.... If we're able to learn from each other on as many platforms as possible and share that and then cycle that out ... that does give us some sort of a competitive advantage.”

— FOOD COMPANY CEO

ETHOS Perhaps the most important component is an organizational culture that cultivates a foresight mindset, encourages foresight habits, and generally values foresight by carving out space and time for the future and rewarding long-term and systems-level analysis and action.

“Part of the role [of a foresight professional] is to challenge assumptions and provoke.... If the organizational culture is right ... if there is somebody senior who is in an influential position, who understands futures, and gets futures, and is prepared to be challenged, you are more likely to have challenging thoughts.”

— FORMER HEAD OF FORESIGHT FOR A NATIONAL GOVERNMENT

How do you build a better anticipatory system?

Building capacities for detecting, responding, and evolving is necessary but not sufficient for a successful anticipatory system. You must also connect the capacities so they work in concert, across the organization, in an ongoing, systematic way. Later in this chapter we'll discuss ways to do this.

MAKE FORESIGHT URGENT AND ACTIONABLE Making foresight feel urgent to your organization is critical in getting people to take action.

“We really always tie [foresight work] into recommendations [for how to respond] that show that we understand your business and your market. ‘Things are probably going to be very different for you and your business over the next 10 years. And here’s what you can do over the next two years to really prepare for that.’”

— FUTURIST AT A LARGE CONSULTING FIRM

SCALE FORESIGHT ACROSS THE ORGANIZATION

To build a better anticipatory system, connect the components of the system to as many parts of the organization as possible. This will ensure that foresight is integrated into the organizational activities where it can have the most impact. To do this, you need to scale foresight.

“The people I work with in the headquarters are the ‘theme leaders.’ We have these strategic themes—like health and well-being and bio-circular economy, and digitalization. Every theme has a leader, and that’s my best friend. We have regular meetings and discussions about what to do with each topic ... organizing signal sessions with the whole group of advisors and experts, etc.”

— HEAD OF FORESIGHT AT A GOVERNMENT INNOVATION FUNDING AGENCY

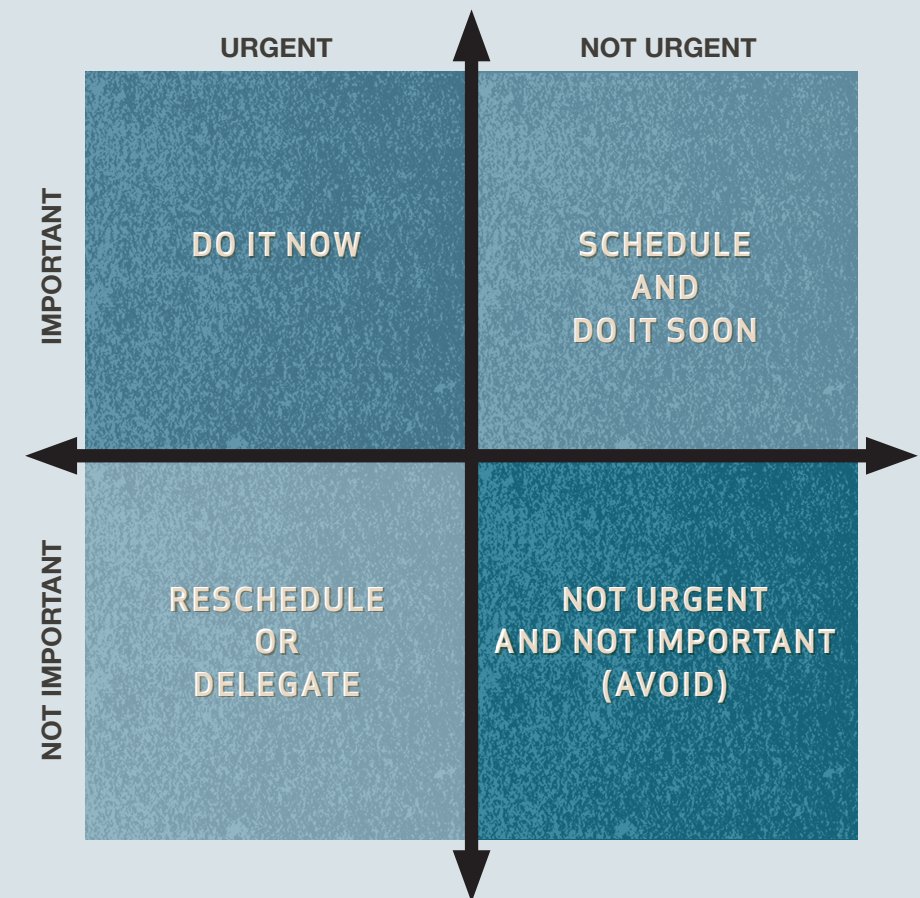
how do i make foresight urgent to my team?



The Eisenhower Matrix is a simple, well-known time management tool that organizes decisions along two variables: Urgency and Importance. Named for U.S. President Dwight Eisenhower, who is often quoted as saying (most likely apocryphally) “What is important is seldom urgent and what is urgent is seldom important,” the matrix highlights a particularly acute problem for strategic foresight: because of its inherent long-term orientation, foresight is almost by definition not urgent in comparison to other tasks with tighter deadlines.

That’s why successful foresight requires persistence. When we spoke with a former head of foresight for a government foresight center, he told us that one of his colleagues in a similar role looked for the trait of *ruthlessness* in foresight analyst job candidates. Specifically, he wanted to hire foresight analysts “who were ruthlessly determined to make sure their work was actually used” to avoid good foresight being caught in the trap of being “important but never seemingly urgent enough” to focus on today.

The Eisenhower Matrix



Here are four ways to make foresight more urgent for your team and colleagues:

1

Focus on the goals of your team members and colleagues,

not on the practice of foresight. Centering your focus on your team members' goals and needs and connecting foresight to their frameworks will

position foresight as a means to address today's urgent concerns. A foresight leader in a U.S. government research firm told us that his team uses the chart to make their work understandable by department leaders:

“We use the Eisenhower Chart as a language translator for our foresight work because our senior leadership often tells us, ‘I don’t know what you’re talking about because you’re using words I don’t understand.’ And so, if we use risk management frameworks like the Eisenhower Chart, it essentially reduces their uncertainty.”

2

Schedule foresight projects to match larger organizational efforts.

When there's a natural connection between foresight and existing ways of working,

it can enable people to overcome barriers to engaging with foresight. We spoke with a marketing leader at a food company who said they engage in major foresight projects once every couple years to match corporate timelines:

“To use the outputs from the process for a three-year corporate strategy is a major opportunity for us to drive some tangible recommendations. It's a much easier way to handle the tension between long and shorter priorities.”

3

Create tiny habits around engaging with foresight. In addition to challenges around urgency, foresight can often seem complex and time-consuming. Drawing on the book *Tiny Habits* by

Stanford's Behavior Design Lab founder BJ Fogg, one senior marketing leader for a consumer products group company described using five-minute videos to create a cultural shift toward understanding and using foresight:

“ I think most people intellectually understand they need to embrace a growth mindset. The issue is finding the time to learn. I just started bringing some of the leaders into the studio. I would just get them on videotape for five minutes and ask them about their foresight, insight, and action. And then we put it up on a Yammer [a social networking platform for organizations] site and all employees had access to it.”

4

Get people out of their day-to-day context to create mental and physical space for foresight.

Bringing people into a new space can help them break out of routines and be open to the idea of prioritizing important but less urgent work. The former head of HR for a large health system described how taking physicians out of their stress-filled day-to-day setting facilitated engagement around foresight:

“ I had several physicians come up to me afterwards and say, ‘How did you know we were interested in X, Y, or Z?’ And I said, ‘I have no idea.’ It’s just getting people together in this because we don’t make the time.”

how do i scale foresight in an organization?



For strategic foresight to function optimally, it needs to spread throughout the organization. Here are six key strategies for effectively scaling foresight:

1 | Give your foresight function room to grow

A foresight function or team needs to develop before it can scale. And to do that, it must be protected, as much as reasonably possible, from short-term organizational pressures.

A former executive responsible for growing e-commerce at a multinational consumer packaged goods company described his strategy of not trying to get the entire organization to embrace foresight immediately. Instead, he walled off a “garden” to grow innovation, one with its own set of incentives that weren’t necessarily the same as the rest of the organization’s.

“ We explained to the organization that we have a farm and we have a garden. The farm is the traditional part of our business, which has a very low tolerance for failure and little appetite for risk. Then we have a garden where we could do lots of experimentation. As we plant the seeds, they grow into saplings, and if they get big enough, then we can transfer them over to the farm so that the farmers can take over, and the gardeners can keep doing what they do best.”

Once you have the infrastructure to do good foresight, you can start to publicize it within your organization.

2 | Get attention from the broader organization

Figuring out how to get attention for foresight work may be the most common scaling challenge. One way to do this is to be deliberately provocative. Many of the people we talked to, such as Lisa P, an innovation consultant who works at a major American Communications company, identified that as being a central part of their role as a foresight professional. After all, one of the most frequently cited futurist maxims is Jim Dator's assertion that "any useful statement about the future should at first seem ridiculous."

“A technique that you can use across the whole process is challenging assumptions. What if we didn't own these assets anymore? What if everything we provided had to be free? So just challenging new thinking around business models and modes of operating.”

However, getting attention isn't an end in and of itself. If it's the wrong kind of attention, it can prevent, not enable, scaling, which is why ensuring relevance to the part of the organization you're trying to reach is critical.

3 | Know your audiences

As Henry, the former head of a horizon scanning center for the national government of a European country explains, you can do excellent foresight work yet not scale it if you fail to communicate it in ways that make it accessible and relevant to the audiences within your organization.

“Good communication is key. A lot of futures projects in government do great futures work, but then they fail because they don’t put enough resources, money, time, effort, and imagination into communicating it. I can think of examples of projects where I might have done good futures work, but somebody else who was a brilliant communicator was able to take that work and explain it in corridors of power ... and have an impact on the entire Ministry of Defense’s research program. They influenced the U.S. military as well in significant ways.”

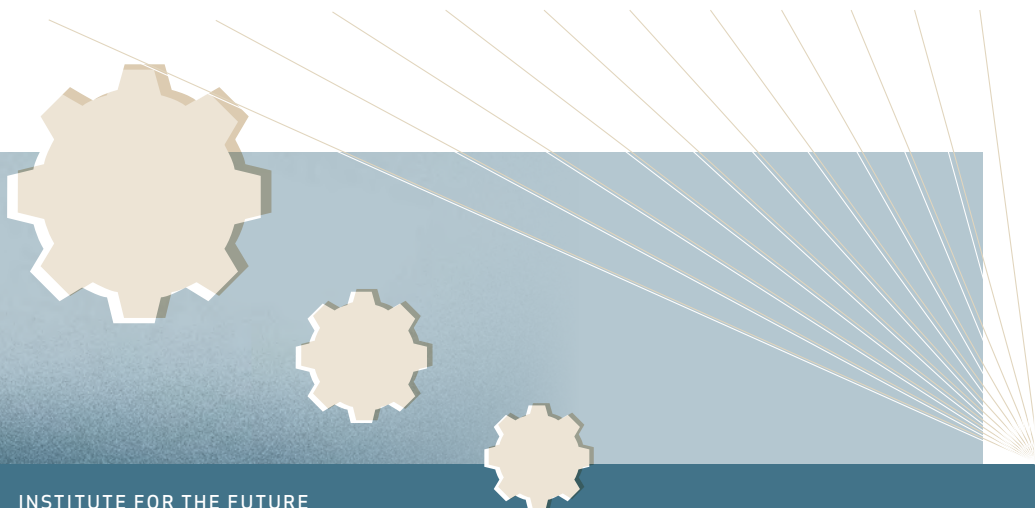
Aidan, who worked in foresight in the same government, gives another example.

“I think having clear, simple messages is important. When I started to present work to seniors, I didn’t say, ‘Here is a list of 25 technologies,’ I said, ‘Here are five headlines.’ And I used language they’re used to instead of making them learn a new language to understand it. Why should they? They’re busy people.”

Saila, the foresight manager at an innovation funding agency in a Nordic national government, describes the need to adapt to her audience:

“I feel like a chameleon ... I need to be this animal who changes the color based on the audience. So I just changed the language based on where I am. You need to do that when the value of foresight hasn’t been established.”

Talking to different audiences throughout the organization also provides an opportunity to identify the people most receptive to foresight work.

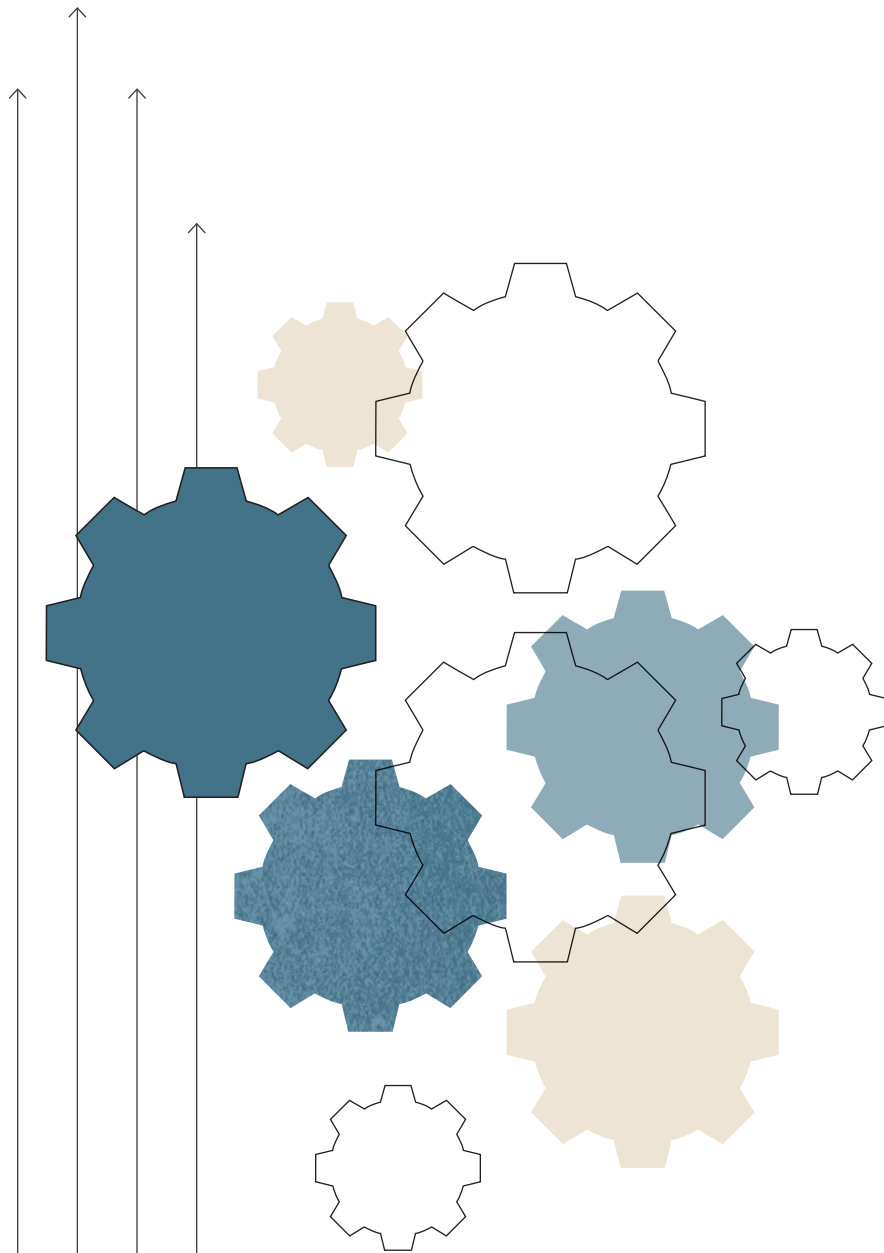


4 | Find your champions

Get the right people primed to understand foresight's value and have the agency to utilize it. Our interviewees, such as Henry, recommended not looking for people in a specific role, but instead, looking for people with particular personality traits.

“There were undoubtedly people you could identify in the senior parts of the organization who were likely to be friendly and sympathetic. And who understood the nature of Horizon Scanning and futures thinking, even if they hadn't done it themselves. I would describe them as open-minded, open to being challenged... I think you get a feel for how people are when you meet them quite quickly if you have a coffee with them and find out their interests.”

Sometimes you might not know who your champions are. One way to identify latent foresight potential is to make your foresight processes open to the whole organization.



5 | Make it more open and participatory

Holding training sessions for everyone in your organization can help them understand what foresight is (and what it isn't). As Sebastian, an innovation officer in the mayor's office of a major American city, asserts, training them to use the same foresight tools and processes that the dedicated unit produces helps them use foresight across the organization.

“ Culture change begins with the opportunity to participate in a foresight activity. You gain a lot of goodwill towards the concepts and the skillset with some introductory training. There is an inherent desire for thinking about the future in a way than can transition from the theoretical into reality.”

Achieving an atmosphere of openness and accessibility doesn't always require large scale training—it can also be accomplished by making it easier to engage with foresight content. JB created a strategy consistent with Stanford Behavior Design Lab founder BJ Fogg's “tiny habits” behavior change model. Here, again, JB creating short, five-minute foresight videos is a helpful example.

“ Because they were only five minutes long, a kind of a ‘digital snack,’ I was, without knowing it, actually hacking the key barrier to learning, which was time. Employees could watch these videos when they were brushing their teeth in the morning, a tiny habit building on another habit that already exists, or watching it on the subway ride into the office.”

Ullo, an innovation consultant who has worked with several multinational companies, developed a similar strategy. Larger, less frequent workshops or deliverables often went unused, so she switched strategies.

“ I feed the organization foresight in what I call ‘snack size’ amounts. Because when you feed snack-size amounts, they can digest it.”

6 | Follow foresight through its lifecycle

While his official role at a major tech company is director of market insights, James M sees himself as a foresight professional. His primary job is making sure foresight is recognized and responded to.

“Part of the role includes agitation. If I’m sensing something is becoming important, but the organization is under-responding, then we agitate the organization in a way that’s positive and fruitful. Influencing, and trying to drive a response, especially in a larger company, can take persistence. I’m starting to think that 70% of the job is the agitation part.”

He asserts that while many foresight practitioners love to explore broader questions about the future, their audiences are often more interested in specific implications and how to act on them. He recalls a particular meeting with an executive:

“I shared the foresight with them and then quickly moved into a conversation on what we should do. And that became the dominant part of the discussion. Five minutes was on the foresight part, and 55 minutes was on discussing, ‘What does this mean, and what do we do about it?’ To me, that’s the pinnacle of what I’m trying to do, which is drive the conversation that drives action.”

6 | Follow foresight through its lifecycle (continued)

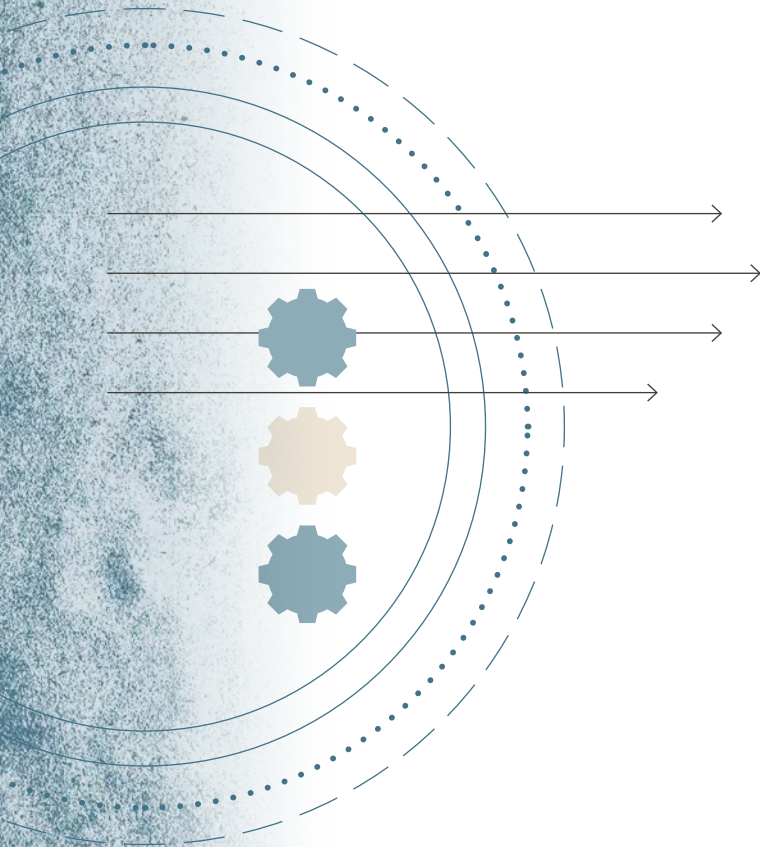
Under ideal circumstances, an organization might have multiple foresight teams working in concert. But in the real world, if an organization has an explicit foresight practice at all, it often consists of an individual. In this case, as Ullo, an innovation consultant who has worked with several multinational companies, explains, the way to scale could be to work on fewer projects and focus more on translating the work to different parts of the organization.

“The biggest shift in my foresight practice is that before, I used to do more classical future work, where I focus on forecasting the future ... I would do workshops, and participants would say, ‘Oh, this is cool. This is interesting.’ And then immediately go back to business as usual, because they don’t know what to do with the information. The gap is just too big for them. So instead of putting the burden on my audience, I do the translation.”

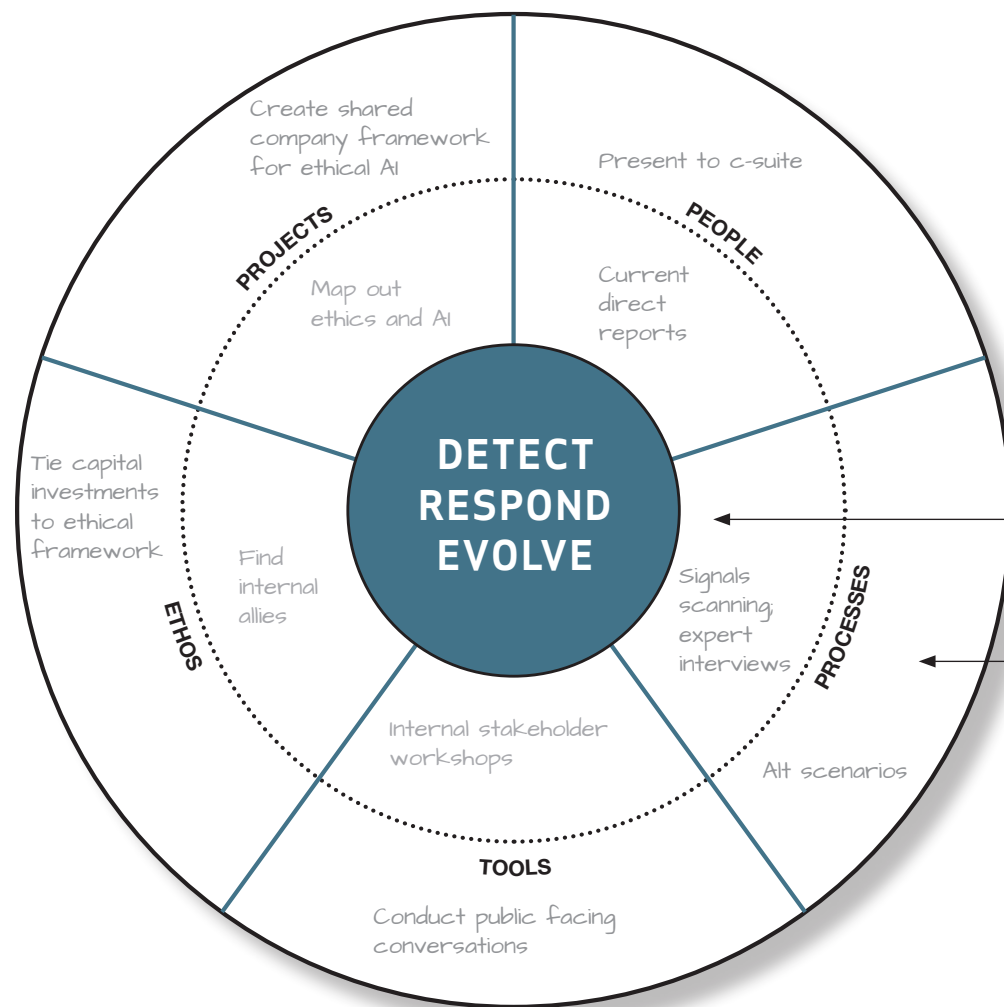
In some cases, this could mean embracing the role as the organization’s one-person anticipatory system or, as Jack, an independent foresight practitioner based in Sao Paulo, puts it, a “full-stack futurist.”

“I like to say that I’m a ‘full-stack futurist’ because I do everything. I do research, write scenarios, talk to clients, prototype—the whole process ... Especially because there are not many foresight professionals in Brazil. So, I had to learn how to do it all, from connecting with a client and convincing them of the value of foresight to designing, say, a map of the future, or another deliverable.”

The full-stack approach is useful for making the value of strategic foresight clear to your organization because this combination of skills can not only generate foresight, it can also uncover insight and take action in response, which is the reason for scaling foresight in the first place.



how can i build a better anticipatory system for my organization?



This worksheet will help you improve your organization's anticipatory system. This worksheet has three steps:

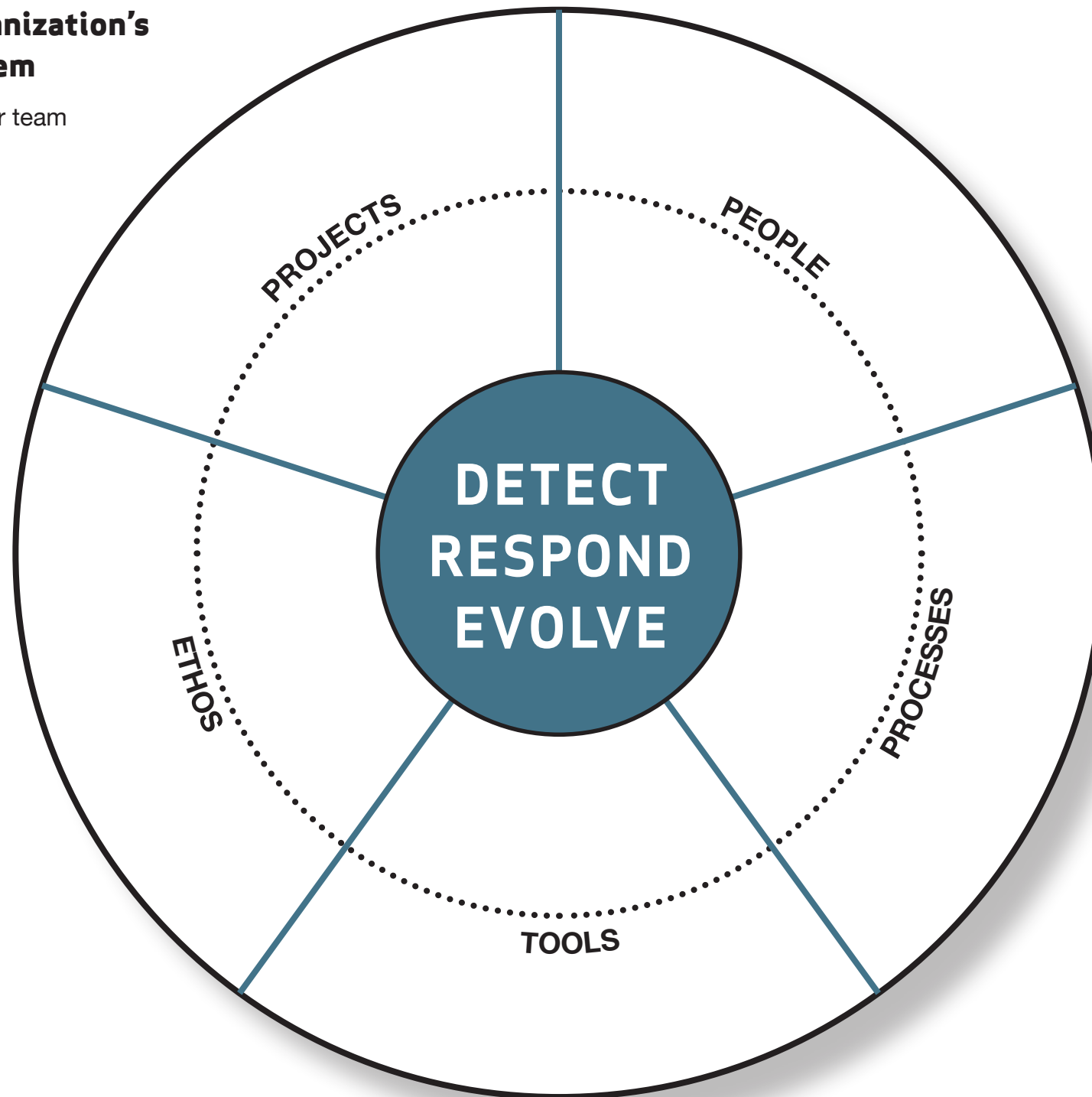
Identify an organizational need: Pick a topic to map. This can range from a broad organizational map to an analysis of your anticipatory system for a specific organizational goal or objective.

Map your system: In the inner ring, go through each box in the grid and map the current state of your anticipatory system.

Map your aspirations: Take a look at your capacity. Where could additional components help you build a more robust system? In the outer, identify ways to expand the capacities of your anticipatory system.

Improve your organization's anticipatory system

Print and share with your team





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VANTAGE

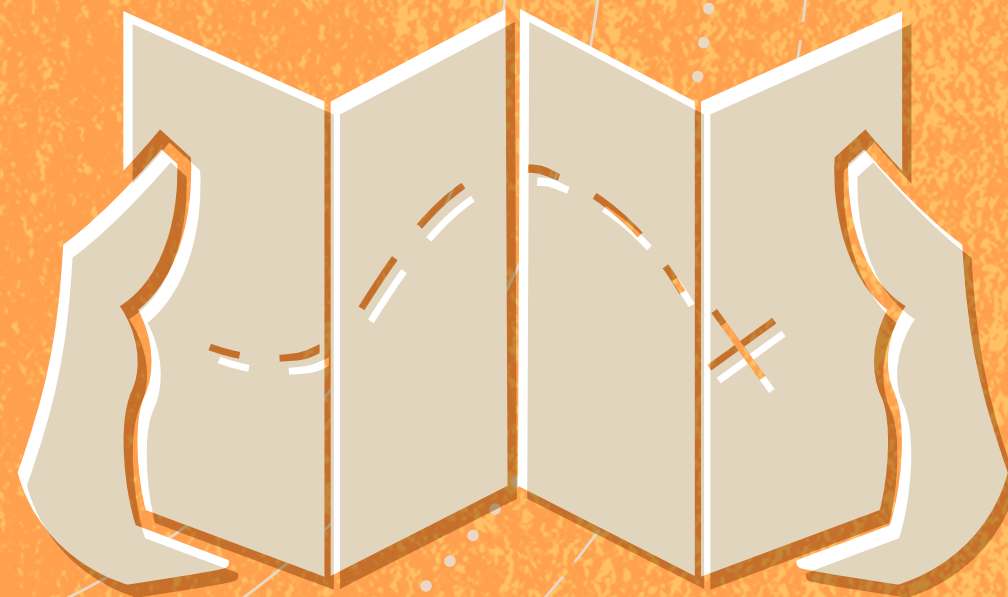
Toward Future Readiness

A Playbook for Building
Foresight Capacity

Chapter 4 of 4

CHAPTER 4

how do i implement strategic foresight in my organization?



INSTITUTE FOR THE FUTURE



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what kinds of actions do organizations take in response to foresight?

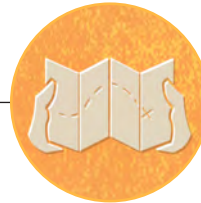
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how do i design a foresight practice?

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measuring the impact of strategic foresight

how do i overcome obstacles to implementing foresight?



There are many pathways to implementing foresight in organizations. But these pathways can break down and create major obstacles for foresight professionals.

- The organization has leaders that understand the value of strategic foresight and devote resources to it, but their support can be inconsistent.
- The organization is open to strategic foresight processes, but it can reject results that don't reinforce their own assumptions or that challenge "official" futures.
- The organization has individual foresight professionals doing great work, but it can isolate and silo them or consider them too junior to matter.
- The organization has mechanisms to track, validate, and communicate the impact of foresight, but it can be inconsistent in how it applies these insights.
- The organization has systems in place to detect change, but it abandons these systems or applies them inconsistently in times of financial hardship.

Here are five strategies that effective practitioners use to break past these obstacles:

Overcome skeptical leadership by having ready-to-go responses when change happens

Counteract inertia by being provocative

Open silos by finding futures thinkers across the organization

Circumvent the old guard by nurturing junior futures thinkers

Weather fiscal turbulence by practicing patience

We'll examine these strategies more closely on the following pages.

1 | Overcome skeptical leadership by having ready-to-go responses when change happens

When organizational leaders understand the value of foresight, they're supportive and they contribute their vision to the organization's foresight work. But when leaders don't support foresight, they create one of the biggest obstacles to effective foresight implementation. One director of strategy put it this way:

“A lot of people, especially senior executives, have egos. They won't always be open to incubating ideas. You need to get their trust and get their ear but ... you're kind of walking a tightrope.”

A CEO of an innovation company who we interviewed reflects on what happens when foresight professionals lay out evidence-based strategies, but run into resistance.

“We created a very nice future map with very clear zones of impact, drivers of change, convergence points between them, and insights derived from those convergences. It was very cool. Then the CEO completely dismissed everything. He was like, 'No, that's not what I have in mind.' Leadership wanted everything to align to what they had in their head. If it is not aligned, it is not good. They didn't think for a second that maybe they were the ones going in the wrong direction.”

There are many reasons leaders are resistant. Sometimes it is a matter of timing. Leaders often leave their position or organization after only a few years. If the impact of acting on foresight today doesn't pay off for three years and the leader moves on in two, they may not be interested or see it as urgent.

However, conditions change. Shake-ups, such as reorganizations or external crises, are an opportunity to influence decision-making. A crisis that makes the value of foresight apparent or a change in leadership can give a foresight professional the opportunity to expand the role of foresight in the organization—but they can only do this if they have planned for that scenario and are ready to capitalize on it.

A famous maxim by Milton Friedman, further popularized by Naomi Klein, applies here:

“When ... crisis occurs, the actions that are taken depend on the ideas that are lying around. That, I believe, is our basic function: to develop alternatives to existing policies, to keep them alive and available until the politically impossible becomes politically inevitable.”

2 | Counteract inertia by being provocative

Organizations, especially those that have been successful in the past, have official and unofficial ways of doing things. And these create a kind of inertia and resistance to change. Since strategic foresight is about making changes to better prepare for the future, inertia is its enemy. One way to overcome inertia is through provocation. Wendy Schultz, director of the foresight consultancy Infinite Futures and a fellow with the World Futures Studies Federation, described a “tough love” application of strategic foresight in a workshop with a major food company.

“We said, ‘What’s everything that’s true about [the company] at the moment, what do you assume will always happen or always be there?’ We put that up on the wall with stickies. Then we presented forecasts telling them about all the things that were changing and we had them share their own signals of change and then put that up on the next wall. And then we asked them to look at the walls side by side, and it just punched everyone in the face with how obsolete their assumptions were.”

Sometimes, provocation is the only way to get organizations to consider new strategies. *Although it is a bold act, provocation, asking difficult questions, can be an effective path to breaking through inertia.*

3 | Open silos by finding futures thinkers across the organization

Building an effective cross-functional team is difficult. Professionals with the knowledge and skills needed are hard to find and recruit. We interviewed the CEO and co-founder of a regenerative ocean farming nonprofit and he put it this way:

“Be very, very concerned about human capital. From day one, be on the lookout for the people that you want in your organization. The battle is going to be bringing on the right people in order to scale the right way.”

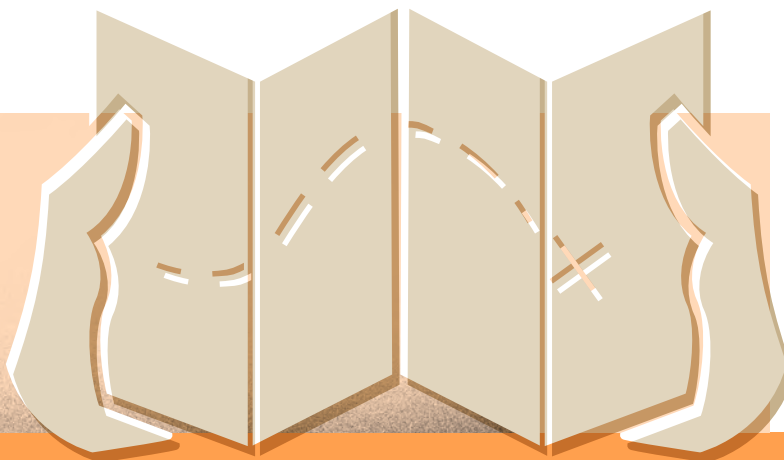
Organizational silos compound this problem. Different segments of the organization may see implementing strategic foresight as someone else's problem. *Cross training and organization-wide communication are paths to bridging those silos.*

4 | Circumvent the old guard by nurturing junior futures thinkers

Even leaders who do not resist foresight can slow down the process. If they haven't really internalized that implementing foresight is important, their commitment can be shallow. Especially if the future challenges seem abstract to them. The head of insights at an Australian health food company explains.

“A major challenge is maintaining momentum in an organization when you have to remind people of the foresight process and its importance and keep reeducating them because it's not top of mind.”

Other practitioners recommended cultivating a new generation of more junior staff who have their whole careers ahead of them and understand that *the* future is *their* future. *Create multigenerational teams with people who can intuitively understand that they will live the future.*

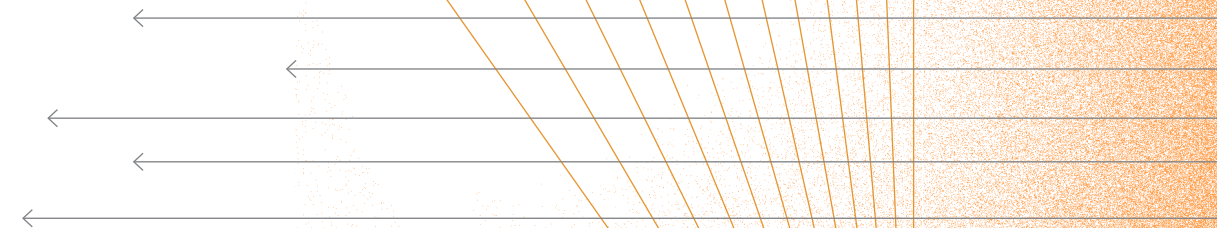


5 | Weather fiscal turbulence by practicing patience

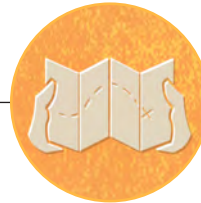
Fiscal roller coasters make it hard to keep foresight alive. In the organization's hierarchy of needs, surviving the next quarter trumps succeeding in the next decade. Plans beyond responding to the immediate crisis get placed on the back burner, lost in the chaos that accompanies hard fiscal times. A crisis might make foresight less of a priority in the moment, yet it can also lead to a renewed recognition of the importance of foresight in its immediate aftermath. A research manager at a major innovation consultancy we spoke to called these organizational reactions "tides." He said you have to be patient and be sensitive to when tides are shifting.

“Ironically, in response to [the financial crisis of] 2008, the hunger, or even the tolerance, for futures work that looked beyond two years sort of evaporated. But even before this current event, tides were shifting. There's a lot more interest in futures and it is coming into vogue. I imagine after this pandemic, people will want to start thinking about the future again.”

Repeatedly, those who have survived such disruptions share this wisdom: *Make sure that the foresight conversation does not get lost, especially among the organization's leaders. Be patient and persevere.*

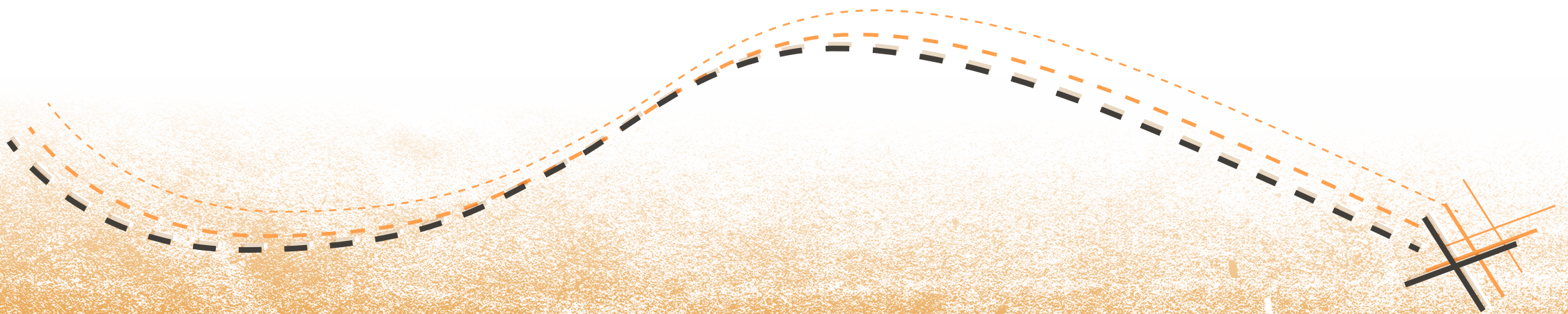


what kinds of actions do organizations take in response to foresight?



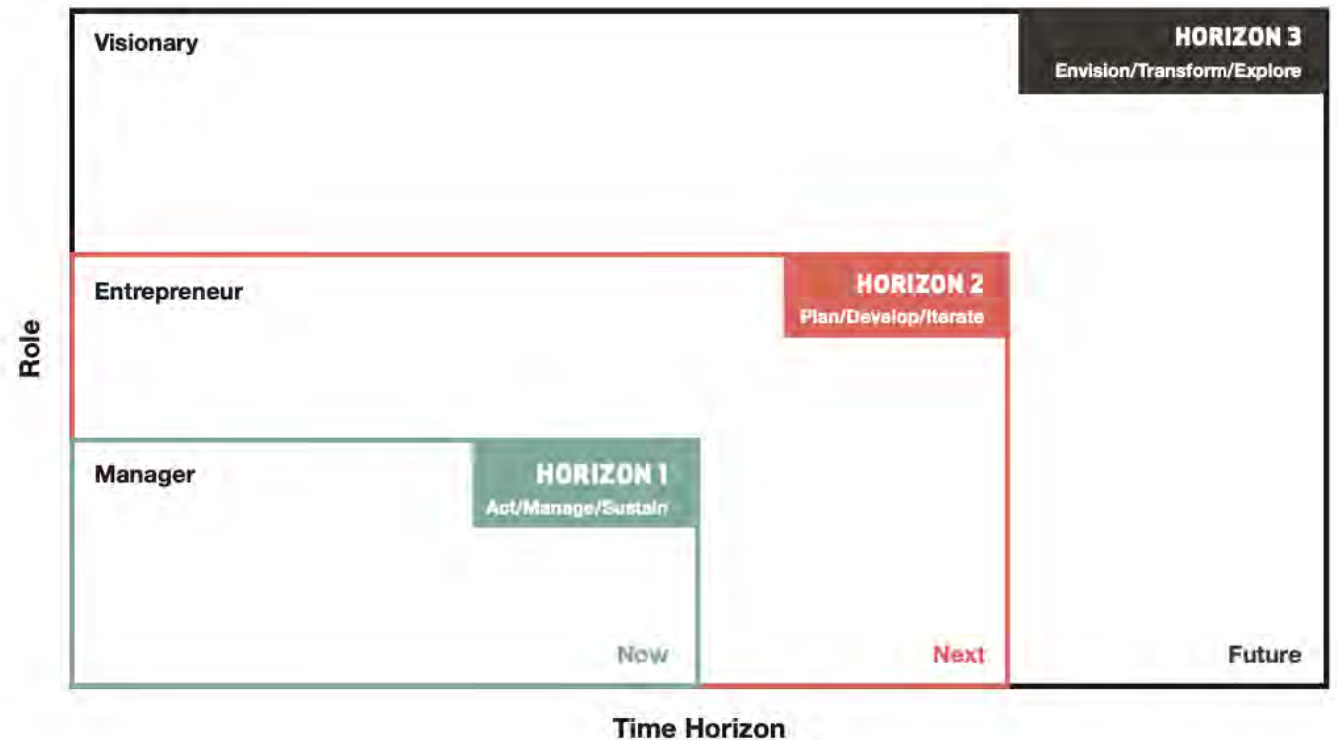
In his book *Upstream: The Quest to Solve Problems Before They Happen*, Dan Heath details the many advantages of addressing problems before they happen by “intervening upstream.” Strategic foresight helps us do just this because it allows us to foresee issues before they arise. But Heath also concedes, in the book, that “while upstream solutions are more desirable, they’re also more complex and ambiguous.” That is to say, the further upstream you go, the less clear causality is and the more difficult it is to measure the impacts of your actions.

This insight helps us think about actions we can take in response to foresight, in combination with the “three horizon framework.”



The three horizons introduced in Chapter 1 represent both timeframes and mindsets. Horizon 3, the farthest horizon, represents a **visionary mindset**, which is concerned with identifying and articulating entirely new paradigms and ways of doing things. Horizon 1, the closest in, is the **managerial mindset**, which prioritizes present-day operations and maintaining stability; and the middle horizon, Horizon 2, represents the **entrepreneurial mindset**, which seeks to take visionary and innovative ideas, but apply them in concrete ways.

Building on Heath's insight, we can see that each horizon also moves us further upstream. Actions on Horizon 1 respond to imminent future change in very clear and concrete ways, but they are less impactful, and more costly for what they achieve, than upstream interventions. Actions on Horizon 3 hold the potential to be more transformative and are cost-effective in the long run, but their impact is less certain and will take longer to manifest. And actions on Horizon 2 offer a middle ground between the two. Ultimately, an organization needs to act on all three horizons at once, building a cohesive set of responses in the present that align over the long term.



Horizon 1

On **Horizon 1**, **managers** oversee the current core activities and functions that sustain their organization. The actions they take to respond to foresight tend to prioritize keeping their current way of doing things relevant as long as possible.

Set the stage for more transformational change

A research manager at a major innovation consultancy who we interviewed described working with a major telecom company and advising them to take action based on a report on what was changing in media consumption behavior. This client, and many others, wanted recommendations for making adjustments to their current business model in the short term.

“The big picture that’s been emerging is this massive demographic shift in behaviors with digital natives ... they have very, very different ways that they seek entertainment and even define entertainment. So I tell them, ‘We can show you things are going to be very different for you over the next ten years. And here’s what you can do over the next two years.... Here’s how you can change your advertising or how you balance your original content plans with your back catalog of licensed IT.’”

Adjust the current pipeline to capitalize on near-term trends

Some companies take action by tweaking products or services they are developing to better align them with anticipated imminent change. The leader of a foresight unit at a US-tech company explained that her focus is often on identifying opportunities that would pay off much sooner than investments in Horizons 2 or 3.

“We try to keep the time horizon one to three months because we don’t want to look too much further out. In our company, the long term is not very important, so we just look ahead at the current focus areas and understand in the near and medium term, how things might be changing ... Because [our company] can turn around products in a month if we wanted to.”

Horizon 2

Horizon 2 is where in-house **entrepreneurs** bridge the demands of operational mandates in the present with longer-term, visionary possibilities on Horizon 3. The actions they take are meant to have payoffs that are bigger and farther into the future than actions on Horizon 1, but they are more concrete and less exploratory than actions taken on Horizon 3.

Use foresight to inspire new product or service offerings

While strategic foresight is an ongoing, continuous practice, actions taken on Horizon 2 tend to be substantial investments of resources that happen more periodically. The head of insights at an Australian health food company explains that her organization gets together to do a large project every few years to make big decisions about which long-term vision to pursue.

“We have a 100% track record in terms of implementing something. We’ve actually created a new business unit that has grown organically as a result of that work. We created a small unit looking at what business model we could create to commercialize [our long-term vision]. Our current unit is building a strategy to eventually launch a particular service or product, testing through research.... When I look at the previous business unit that was created through this process back in 2011, they have delivered products with longstanding success in the marketplace.”

Convene stakeholders to identify new uses for emerging technology

Horizon 2 is also where you can start to think through who else will be impacted by changes you identify on the third horizon and begin to align to make the transition together. For instance, an innovation officer in a major American city described creating a platform for exploring disruptive technologies years before they’re fully mature. Citing the precedent of on-demand rental scooters suddenly and unexpectedly flooding city streets, he began recruiting stakeholders to develop a plan.

“Our city and potentially two or three other cities will work in tandem with house manufacturing innovators, who are doing 3D house printing, to be able to test and pilot and come together around developing a framework for the implementation for this new technology, for regulating it and ensuring community benefits. We’re planning to have a convening of the entrepreneurs, the industry, the cities, the regulators, to be able to create what is essentially a guide map for this technology to come into cities.”

Horizon 3

Horizon 3 is where in-house visionaries explore transformative possibilities and communicate their vision to the entrepreneurs and the managers.

Create infrastructure for visionary thinking

One challenge around the third horizon is ensuring your organization is actually creating visionary ideas. Several interviewees mentioned setting up distinct roles, projects, or processes to ensure the organization was generating sufficiently bold and future-facing visions. A foresight strategist for a leading non-profit software company described reforming their research grant program to focus on funding projects focused on the long term.

“My goal was to focus the program design on long-term impact, to make it a lever that we use to get our colleagues thinking about the future. That involved moving to a process with long-term impact criteria on the individual project ranking, so that everyone is thinking, ‘Well, is this money that we’re giving away going to shape the narrative in academic circles, going to give us things that we don’t really know we want yet but we have a feeling that they’re going to be useful in about a year?’”

Invest in avenues for making systems-level change

Horizon 3 is where more transformative, systems-level change can be imagined. Foresight professionals we talked to mentioned the long term as a space where people can think of their present day actions in terms of the legacy they leave even if they don’t continue in their current role in their current

organization. Others talked about the importance of readjusting expectations for when the payoff of today’s actions would occur. One example is from a partner at a purpose-based marketing firm, who helped create a restaurant group with a focus on 10-year planning—unusual for a business in which even successful restaurants can open and close within a couple of years. The restaurants in the group make a minimum 10-year commitment, which “creates a culture of patience and long-view planning”—investors know they are not going to get a payout for a decade, so they don’t pressure the restaurateurs in the meantime. It also helps restaurateurs take a broader systems perspective, changing how they think about the farmers in their supply chain and the neighborhoods and communities their restaurants are located in.

“So many people are just struggling to survive and they’re centered on what’s in front of them now versus looking at their role in a long-term, multigenerational narrative. When you can get brands with purchasing power and cultural influence to shift their thinking, you can enlist them to participate in this vision of a future that is shared amongst some of the smartest people in the food space. And you can build a bridge between policy makers, longtime academic thinkers, and the people on the ground, [the restaurateurs], who are actually the ones who have to get it done.”

how do i design a foresight practice?



When you design a foresight practice, you have to make choices and trade-offs. This guide will help you think through these choices. It contains a series of design considerations, a number of foresight action archetypes for inspiration, and a template for sketching what your practice might look like.

Foresight practice design choices and trade-offs

The first step in the design process is to get familiar with the trade-offs you'll have to make. The choices listed on the following pages are not the only ones, but they are some of the most important for clearly defining what you want to accomplish with your foresight practice and how you'll do it. Each choice here is more of a spectrum than a binary.

While this framework is intended to help you design a new foresight practice, it can also be used to help you understand and enhance an existing foresight practice.

What is the focus of your foresight?

ORGANIZATIONAL	←	→	ENVIRONMENTAL	Is your goal to use foresight to impact organizational issues or are you focused on the broader operating environment?
PRAGMATIC	←	→	PROVOCATIVE	Is your foresight meant to give organizational stakeholders practical guidance tied to immediate decisions or stretch their thinking with speculative scenarios and provocations?
PROPRIETARY	←	→	PUBLIC	Is your foresight informing internal strategy exclusively or are you impacting how your organization publicly positions itself?

Where will your practice fit into the organization?

CENTRALIZED	←	→	DISTRIBUTED	Is your foresight primarily anchored within a single function or does it serve multiple stakeholders?
DEDICATED	←	→	DYNAMIC	Do you have a dedicated team that is always tasked with foresight or do people in the organization rotate in and out of foresight roles?
OPERATIONAL	←	→	STRATEGIC	Is your practice tied to operational or strategic activities of the organization?

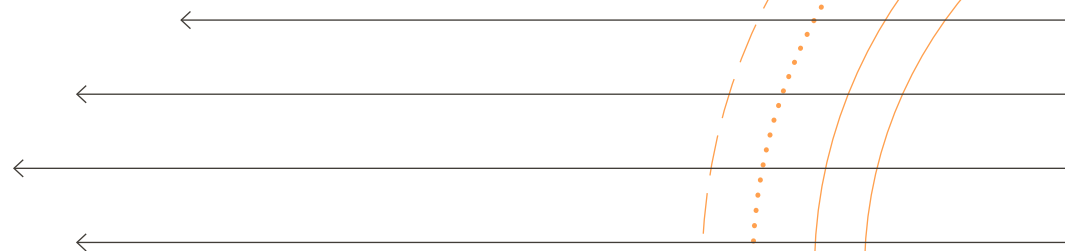
How will you create and disseminate foresight?

INTERNAL	←	→	EXTERNAL	Do you develop most of your foresight through internal research or do you source it from outside experts and consultants?
QUANTITATIVE	←	→	QUALITATIVE	Do you use mostly quantitative data or do you conduct mostly qualitative research?
INFORMATIONAL	←	→	EXPERIENTIAL	Are you communicating your foresight in the form of white paper reports or immersive experiences that bring the future to life?

Action Archetypes: Different Foresight Practices Inside Organizations

As you design your own foresight practice, it helps to have examples of what others look like. Based on the interviews we conducted, we created a set of “archetypes” of some of the most common forms foresight practices take. Each of these action archetypes has its own objectives and challenges. They all represent different decisions and trade-offs. And they all require different resources to create. But regardless of the resources you do or don’t have at your disposal, at least one of these practices is within your reach.

Use these archetypes to better understand the trade-offs you’ll have to make and to inspire your own design.



Four horizontal lines with arrows pointing left, intended for notes.

THE LONE WOLVES:

Smuggling foresight into the organization

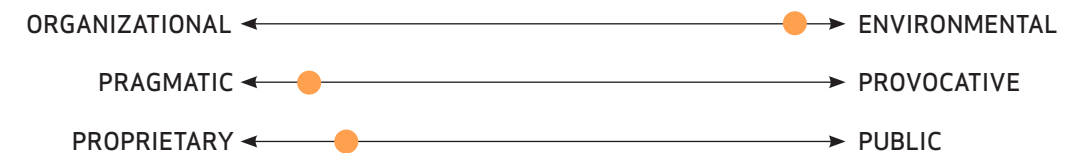
Just about every organization has some number of people interested in thinking about the long-term future, even if they aren't tasked with doing so as part of their day-to-day responsibilities. Some may have a background in futures thinking, but if their organization doesn't see foresight as legitimate, they don't talk about it, and instead find ways to smuggle foresight into their work. In general, these lone wolves are very capable of translating foresight into relevant insights and deliverables for operational or strategic decisions and connecting future possibilities to the present. These lone wolves, however, may actually be part of a pack, but because their capacity for foresight flies under the radar, they have not realized it yet. Collectively, they represent something of a sleeper cell, ready to activate and amplify the organization's anticipatory system.

- **Desired outcome:** Lone wolves' immediate goal is generating foresight that has clear and urgent implications for their organization. They may have an official job in design, planning, or business strategy, which is inherently future-focused. They want to promote futures thinking in their organizations. They often also want to expand their networks and join conversations about the future outside of their organization. Their larger goal, though, is to connect with like-minded colleagues and collectively grow interest and investment in foresight throughout the organization so that they can formalize a foresight practice.
- **Major challenges:** The biggest challenge for the lone wolf is identifying and aggregating foresight capacity when it is dispersed across the organization in people who largely use it under the radar. They need platforms to share foresight or space and time for collaboration. And they need buy-in from people with influence and resources within the organization.

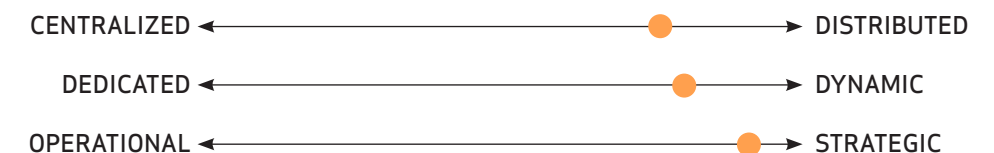
“The job, for me, was almost to bring in all these considerations [about the long-term future] in ‘stealth mode,’ not to announce them as the explicit goals of the project, but to say we’re going to imagine a future for the business in which these [long-term] considerations cannot be ignored anymore. It was an effective way, in that company’s culture, to introduce [foresight].”

— FORMER DESIGN STRATEGIST FOR A MAJOR BEVERAGE COMPANY

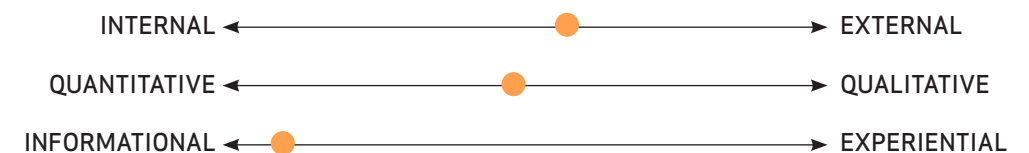
What is the focus of your foresight?



Where will your practice fit into the organization?



How will you create and disseminate foresight?



THE THOUGHT LEADER:

Owning a distinct perspective on the future

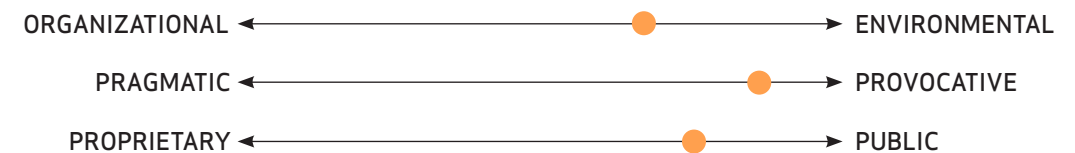
Thought leaders use foresight methods to develop a point of view about the future. They are less focused on informing small, discrete decisions, and instead focus on developing big, bold, compelling narratives about the future. While they often get the bulk of their research from external sources, they tend to focus efforts on synthesizing that research into broad forecasts and coining sticky terms to describe them. They use foresight not only to set the agenda for their organization, but also to develop a public-facing perspective on the domain or industry they are a part of. Often anchored in strategic communications, thought leaders aim to stake out territory in the public's imagined landscape of the future and make the case that whatever their organization is doing is going to play a significant role in the vision of the future they promote.

- **Desired outcome:** Thought leaders want their narratives to take hold in the media and in the public's imagination. In the short term, the more currency their narrative gains the better. Many work to ensure their narrative is reflected in the organization's strategy and not just its marketing efforts. Over the long term, they want to influence the direction of the domain or industry they are in and secure a leading place in it.
- **Major challenges:** Generating narratives and terminology that are bold and distinct enough to grab attention and nonetheless close enough to what other experts believe to be credible is a difficult balance to strike. Similarly, in creating bold visions, thought leaders invite skepticism, and if their forecasts appear not to play out they are vulnerable to accusations of peddling empty hype. They also must balance between different time horizon mindsets, defining and growing a new market or domain while maintaining their current market position.

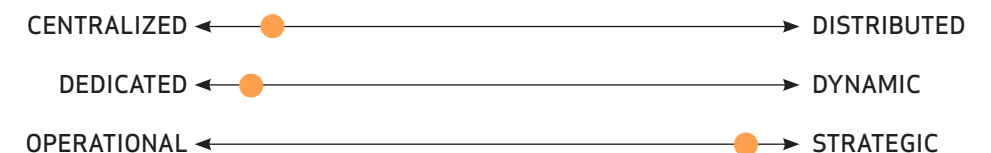
“The mayor's desire to be more open, more forward thinking, with a vision for what's possible in the future ... helped change the culture and it took hold in other departments and with other leaders in the city.”

— INNOVATION OFFICER FOR A MAJOR AMERICAN CITY

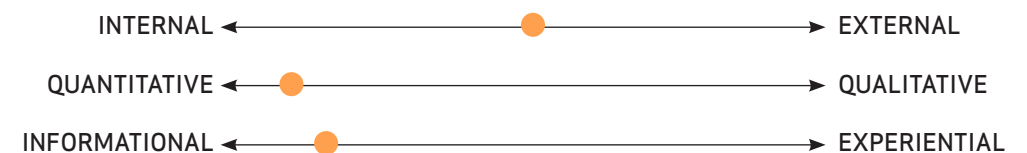
What is the focus of your foresight?



Where will your practice fit into the organization?



How will you create and disseminate foresight?



THE RESIDENT FUTURIST:

Providing foresight on demand

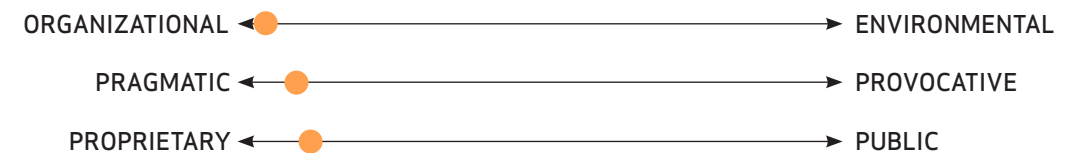
In some organizations, formal foresight capacity lies in a single individual. This is explicitly empowered to be the voice of the future in conversations with organizational strategists and decision makers. A single person, of course, does not make a robust anticipatory system, and so the resident futurist often taps resources outside the organization, getting research from external sources or bringing other foresight professionals in for speeches or workshops. The resident futurist may not even be an employee, but instead a consultant that the organization has an ongoing relationship with. The resident futurist often functions as a trusted advisor, capable of reading and navigating the organization's operating landscape and anticipating the actions of stakeholders within it. They may also have a unique view into political or public relations impacts of strategic decisions.

- **Desired outcome:** The resident futurist wants to translate and filter foresight into strategy, optimizing it for maximum consumption by decision makers. While they are sometimes seen as an on-demand resource, asked to provide critical advice on short notice amidst shocks to the organization, the most effective resident futurists help their organization anticipate multiple orders of impacts for key decisions or choice points.
- **Major challenges:** Resident futurists are often asked to weigh in on high-stakes decisions and, as such, the outcomes of their advice and metrics of success are often severely scrutinized. As an individual without a strong internal network of support, they can find themselves at the mercy of a few people, or even one person, in senior leadership. And they are also frequently expected to make “predictions” instead of forecasts.

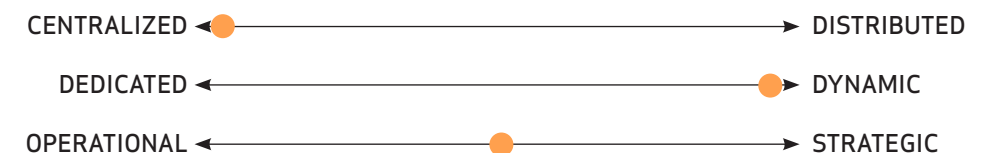
“I have someone on the team, her job is to build this whole organization to be a future-proof organization. She has to translate some impossible thoughts into tangible insights.... And have an answer to the question, ‘What’s next?’”

— LEADER OF A STRATEGIC FUTURES UNIT AT A REAL ESTATE DEVELOPMENT COMPANY

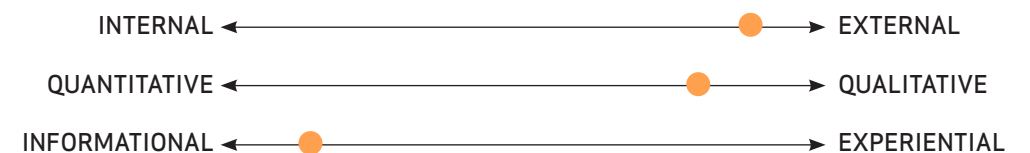
What is the focus of your foresight?



Where will your practice fit into the organization?



How will you create and disseminate foresight?



THE INNOVATION TEAM:

Finding opportunities on the horizon

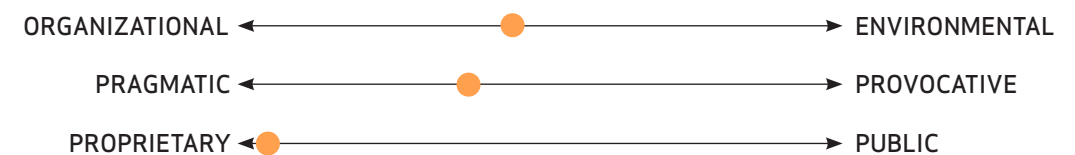
The innovation team is tasked with making the organization's offerings inventive and leading edge. Though they are empowered to look far into the future and be more speculative, they are often constrained to ideating specifically within the industry their organization operates in. And while innovation teams might be able to influence overall planning and strategy, they are generally not encouraged to think through the larger systems they operate in and depend on. While these teams, particularly those in the for-profit sector, might keep their work private and proprietary, their mandate to be more provocative and disruptive than incremental means they are always looking outside their organization for networks, methodologies, and general inspiration.

- **Desired outcome:** The innovation team's most explicit goal is ensuring the organization's offerings—whether products, services, or experiences—are leading edge, identifying new pathways for greater efficiency and novel improvements to existing efforts. While innovation teams are able to address immediate needs to improve products and services, they are limited in their ability to help the organization address its role in improving larger systems.
- **Major challenges:** An innovation team might have trouble communicating with and getting the attention of leaders, tracking the pace of change from many directions to ensure innovations arrive at the right time, and managing the overall complexity of a rapidly changing world. A team that wants to expand its focus to the systems level will need to convince leadership that thinking about larger systems is strategically important.

“ I focus on a broader and longer-term horizon than the classic innovation model that's designed for managing incremental or sustaining innovation. We bring a lot of functions together and develop innovation pipelines to go after areas of [long-term] growth and opportunity.”

— VICE PRESIDENT OF INNOVATION AT A MAJOR AMERICAN BEVERAGE COMPANY

What is the focus of your foresight?



Where will your practice fit into the organization?



How will you create and disseminate foresight?



THE STRATEGIC PLANNERS:

Using foresight to extend planning horizons

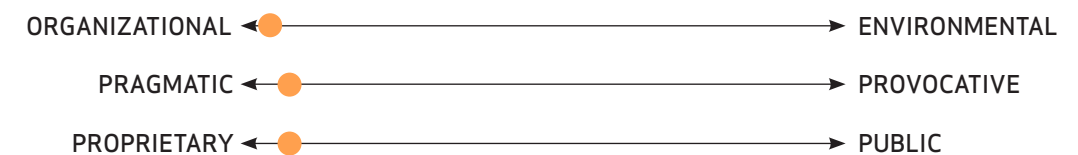
One foresight practice common to organizations is the “strategic planning” unit. This practice often grafts foresight to the organization’s planning schedule. It may only use foresight in shaping the early part of the planning process or it can be more deeply integrated into the organization’s anticipatory system, leveraging environmental scanning and business landscape analysis to forecast growth or opportunity spaces and to make recommendations for transforming existing products, services, and experiences. They may also engage in scenario planning work with leadership and in general might have the responsibility to provide the insights leadership needs to evaluate the larger landscape they operate in.

- **Desired outcome:** Enhancing the planning and strategy functions of the organization is the most immediate goal of “strategic planners.” They hold the potential for building a discipline of thinking ahead, moving from episodic planning to continuous futures thinking and having a greater impact on the organization’s anticipatory system, which is their ultimate goal.
- **Major challenges:** Strategic planners are largely seen as having fairly circumscribed roles within the organization. Because their function is understood, appreciated, and largely fixed to the managerial realm, making the case to change their remit might be more difficult. Yet their greatest impact might be in pushing decisions beyond the usual planning cycle and disrupting the standard organizational practices.

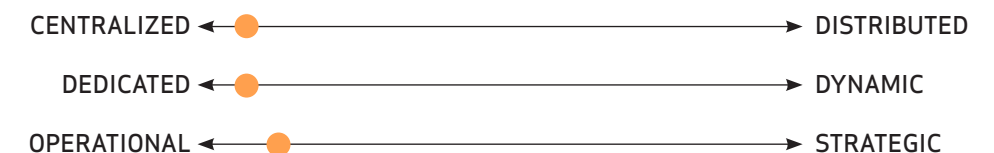
“Planning itself obviously is very much about the future. But it’s very deterministic and its time horizons are often five years or less ... my job was helping [the government] extend their planning horizons to do more of what they were calling strategic planning.”

— FORESIGHT CONSULTANT FOR URBAN DEVELOPMENT

What is the focus of your foresight?



Where will your practice fit into the organization?



How will you create and disseminate foresight?



Designing a Foresight Practice

Print and share with your team

DESIRED OUTCOMES

What is your practice trying to accomplish?

What are its short, medium, and long-term goals?

ARCHETYPES

Which archetype or archetypes will your practice be most similar to?

What are the similarities and differences?

MAJOR TRADE-OFFS

Why are you practicing foresight?

organizational ↔ environmental

pragmatic ↔ provocative

proprietary ↔ public

Where will your practice fit into the organization?

centralized ↔ distributed

dedicated ↔ dynamic

operational ↔ strategic

How will you create and disseminate foresight?

internal ↔ external

quantitative ↔ qualitative

informational ↔ experiential

YOUR PRACTICE

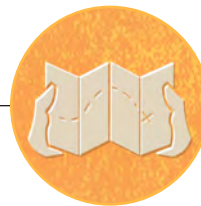
What will your practice look like? Who will be part of it?

How will it be integrated with the rest of the organization? What are your plans for scaling?

measuring the impact of strategic foresight

RESULTS FROM A SURVEY OF ORGANIZATIONAL FORESIGHT CAPACITY

By Fabian Buder, Nuremberg Institute for Market Decisions (nim.org)



Strategic foresight is meant to help organizations anticipate long-term change to make better decisions in the present day. But how do you measure and articulate the impact of strategic foresight? What is the difference between an organization that uses foresight effectively and one that doesn't?

To find out, Institute for the Future and the Nuremberg Institute for Market Decisions partnered and conducted 400 personal telephone interviews with high-level executives from large Europe- or U.S.-based companies and asked them about their current practices related to strategic foresight. What we learned is that executives from companies that rated highly in the “foresight performance” metric we applied in the study are more aware of larger issues beyond those specific to their industries, such as climate change and environmental degradation, even if the impacts of those issues may be felt on a time horizon that is longer than the usual 2-3 year planning cycles. And that there is some evidence that better foresight allows organizations to better deal with major system-level

shocks like the COVID-19 pandemic, which took many companies by surprise.

This article highlights what foresight professionals can learn from how top foresight performers organize their work and create value. Overall, our research shows that a relatively low number of executives rate foresight information sources in their companies as helpful for making decisions with strategic implications. We suggest redesigning foresight from an internal client perspective in addition to communicating the value and limitations of foresight more clearly to executives to set the right expectations.

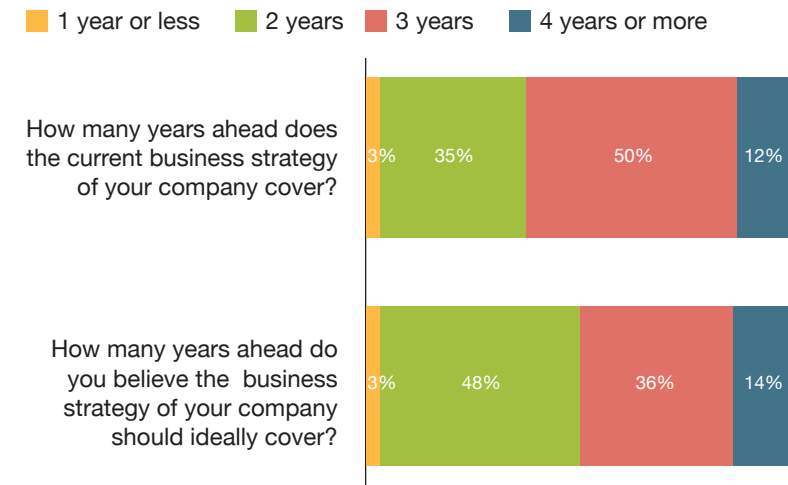
The life expectancy of business models is on the decline

Already before COVID-19, the world was undergoing rapid change. It is therefore not very surprising that managers assume that their business models have a rather short life expectancy. Assuming that the COVID-19 pandemic didn't happen, the interviewed senior executives expect that their company's business or core offerings would need a fundamental transformation in about 33 months from now to stay competitive. Now, in a business world under the influence of the COVID-19 pandemic, the average life expectancy of business models is assumed to be only 27 months—about half a year shorter than before.

In other words, managers assume that they must restructure their companies about three to four times within a decade in order to remain competitive. Seeing business from that perspective makes it a process of constantly adapting to new circumstances and reinventing the business. It is therefore not very surprising that most companies plan just two or three years ahead in their business strategy (Figure 1). It seems that most managers are busy dealing with all the challenges in the short term and do not put much effort in planning further ahead.

Figure 1: Planning horizons are rather short—85% of respondents say their strategy looks two or three years ahead

How many years ahead does the current business strategy of your company cover? How many years ahead do you believe the business strategy of your company should ideally cover?



Despite a rapidly changing macro environment, most decision makers are focused on comparatively narrow issues

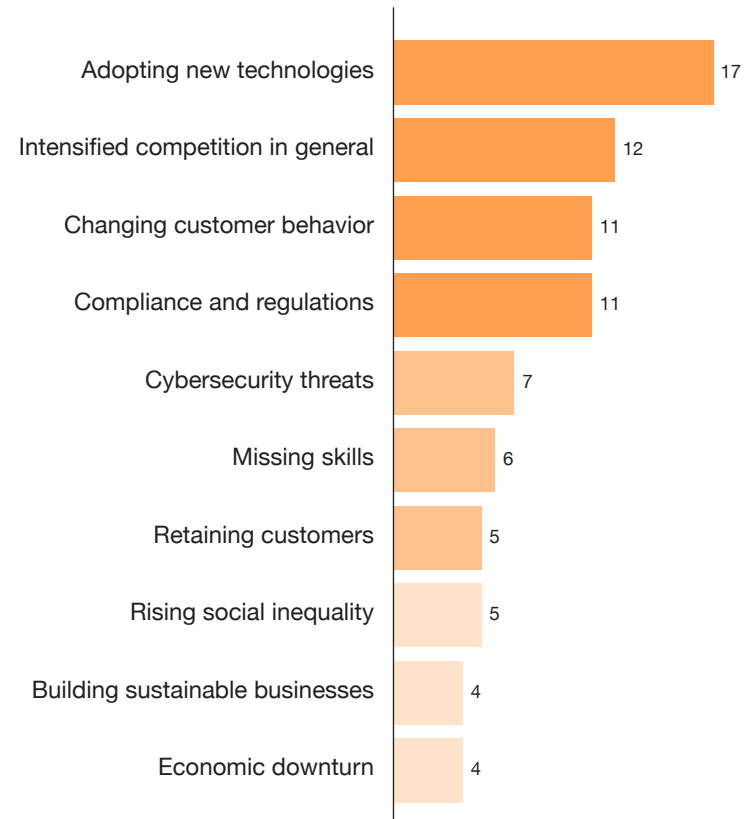
While decision makers are currently focusing on the COVID-19 pandemic and its economic and societal consequences, we wanted to know what other challenges keep top executives up at night.

For many managers, we found that keeping pace with rapid technological progress and choosing the right technologies to invest in was their most pressing concern for the next 5 to 10 years (Figure 2). This was at least the most frequently given answer to an open question by our sample of high-level executives from Europe and the United States. The issue of dealing with new technologies was followed by the challenges posed by intensified competition, changing consumer behavior, and new compliance rules and regulations that force companies to change processes for things like collecting and handling personal data. In contrast to that, just a few respondents named the need to build more sustainable products, declining resource availability, or rising social inequality.

Figure 2: Adopting new technologies is the number one top-of-mind challenges for senior executives

From your point of view, besides the global coronavirus pandemic and its consequences, what is the emerging challenge with the biggest impact on your market in the next 5 to 10 years?

Top 10 coded open answers



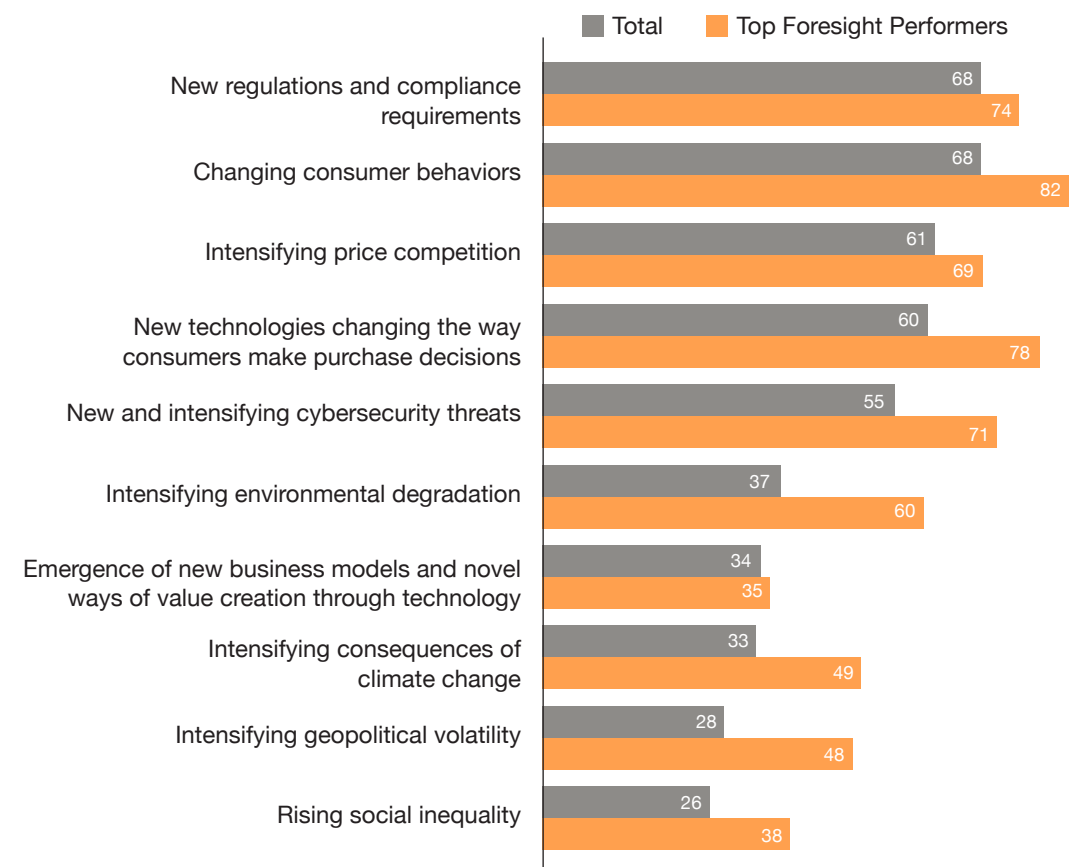
In order to obtain a more differentiated picture, we also confronted the executives in our study with a list of global developments that may impact every company's market to some extent and asked them to assess the market impact (Figure 3). The results are comparable to those from the open question mentioned above: more than 60% of the respondents perceive new regulations and compliance requirements, changing consumer behavior, intensified price competition, and new technologies that influence customers' purchasing decisions as having a strong or even exceptionally strong impact on their markets. Existential long-term societal and environmental challenges like climate change and its consequences or rising social inequality fall rather short in the top list of challenges. It looks like, despite a rapidly changing macro environment, most decision makers are focused on comparatively narrow issues—even when being asked to consider longer-term, foresight-oriented issues for the next 5-10 years.

To be clear: there is no doubt that technological development is one of the main drivers of change, that regulations are important constraints for businesses that need to be taken into account, and that new competitors need to be considered in strategies. However, underestimating the impact of long-term developments in the larger business environment may lead to severe risks for businesses that cannot be mitigated unless they act well in advance to increase adaptive capacity and build resilience. In addition, companies that do not see those long-term challenges as being among their problems will likely not be able to become part of the solution for these existential threats for humankind.

Figure 3: Executives from companies that are top foresight performers are more aware of the impact of societal and environmental challenges on their markets

To what extent will the following challenges directly or indirectly impact—either positively or negatively—what the market your company currently operates in will look like over the next 5-10 years? Only selected categories presented.

Percentage of cases with answer “Strong impact” or “Exceptionally strong impact”



The Value of Foresight: Understanding That Businesses Operate in a Larger Environment

Executives from companies that are “top foresight performers” more often than average executives see a strong or even exceptionally strong impact of potential challenges (Figure 3). See Box 1 for how we measured top foresight performance and take the test to check how well your company performs in comparison to our sample. On average, executives from top foresight performer companies apply a higher impact rating to all challenges. Differences between the top foresight performers and the average performers are particularly high regarding the more long-term environmental and societal challenges.

Executives from top foresight performer companies appear to better understand that their businesses operate in a larger environment where issues such as climate change and environmental degradation also matter—even if the impacts of those issues may be felt on a way longer time horizon than the 2- to 3-year planning cycles. We see such understanding as the first step toward better preparation and a prerequisite to create more preferred futures instead of just reacting to external impacts.

Our study suggests two major benefits of better foresight. First, executives from top foresight performers perceive their markets as less complex and more predictable than their competitors (Figure 4)—those companies with better foresight performance often have a lower “foresight need level.” See Box 2 for how we measured “foresight need” and assess “the extent of uncertainty in your business environment.”

Second, top foresight performers appear to have been less affected by the 2020 global coronavirus pandemic, providing at least some evidence for the value of foresight for companies in the event of major shocks on a systems level. While 56% of executives from companies with low foresight performance reported that the pandemic had a high impact on their company’s operations, only 17% of the top foresight performers reported the same (Figure 5).

Figure 4: Top foresight performers perceive markets as less complex or unpredictable

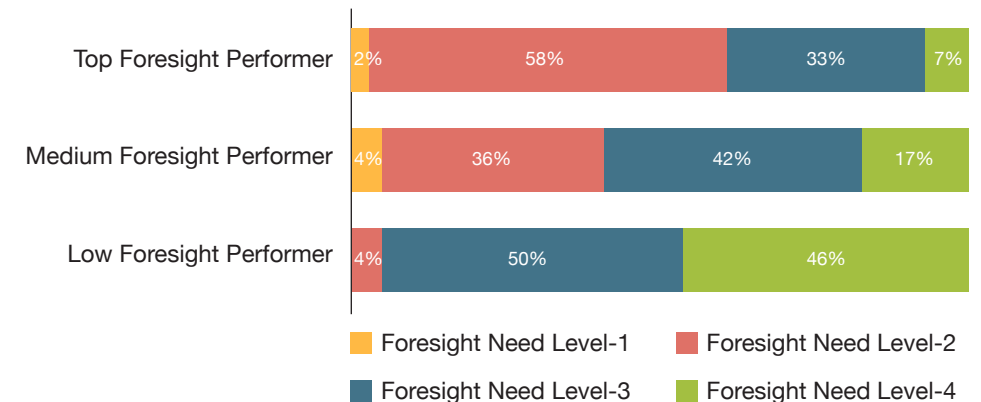
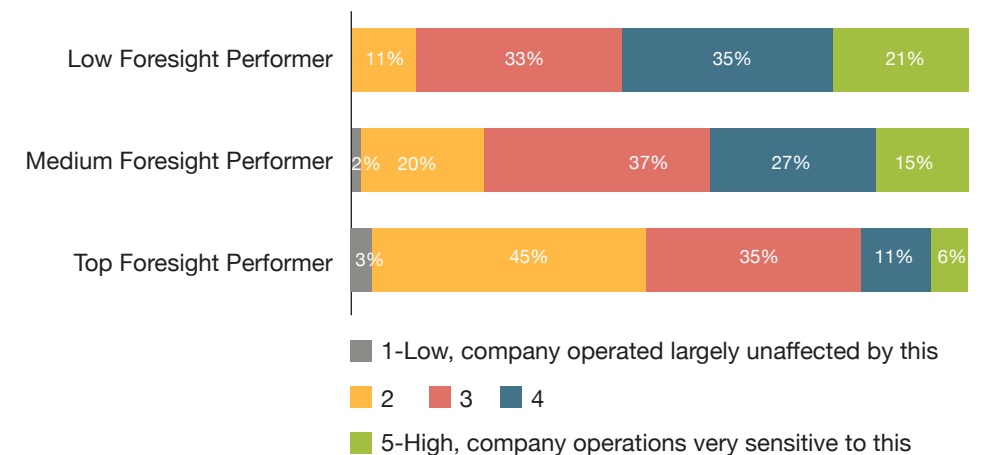


Figure 5: Top foresight performers are less impacted by the 2020 global coronavirus pandemic



Learnings from top foresight performers

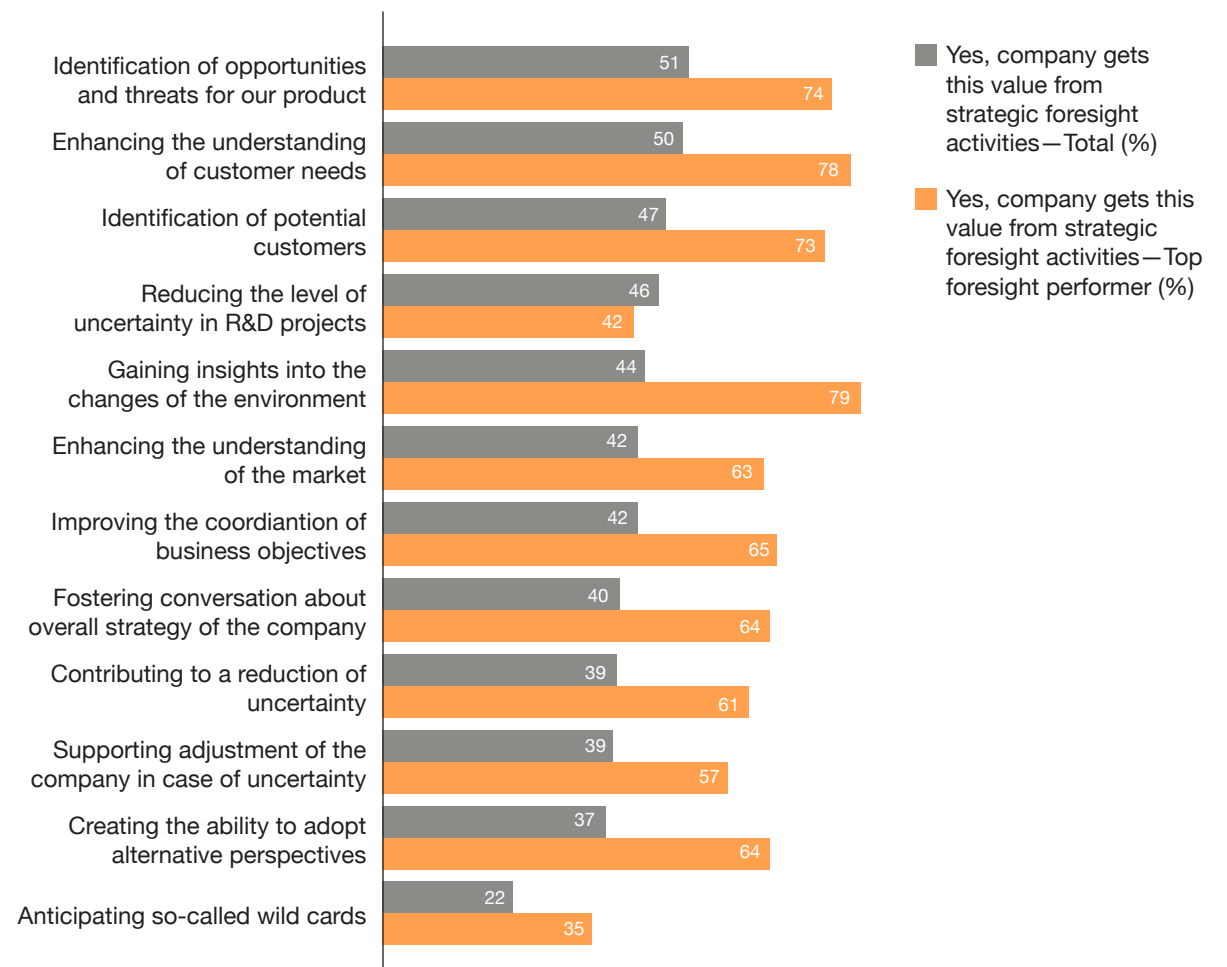
Managers at companies that are top foresight performers get, by definition (see Box 1), more value from foresight activities (Figure 6). And top foresight performers differ from the average company in some key ways.

In terms of the value firms get from foresight activities, the biggest difference between the average company and the top foresight performers is that the top performers seem to use foresight to generate specific information that helps managers prepare their business for the future. While only 44% of all executives in our study say that strategic foresight in their companies helps them to gain insights into changes in the environment, almost 80% of the top foresight performers create that value for executives. The same applies to enhancing the understanding of customer needs.

In addition, top foresight performers can help managers build the capacity to adopt alternative perspectives to a much larger extent. This suggests that top foresight performers not only deliver more specific information for managers but also help them to broaden their view and get a more open mindset.

Figure 6: Top foresight performers create more value for decision makers, particularly by providing more specific future information about markets and customers, and by helping them to broaden their view by adopting alternative perspectives

What is the value that strategic foresight activities generate for your company? For the following list of potential value contributions, please indicate whether your company gets this value from strategic foresight activities.

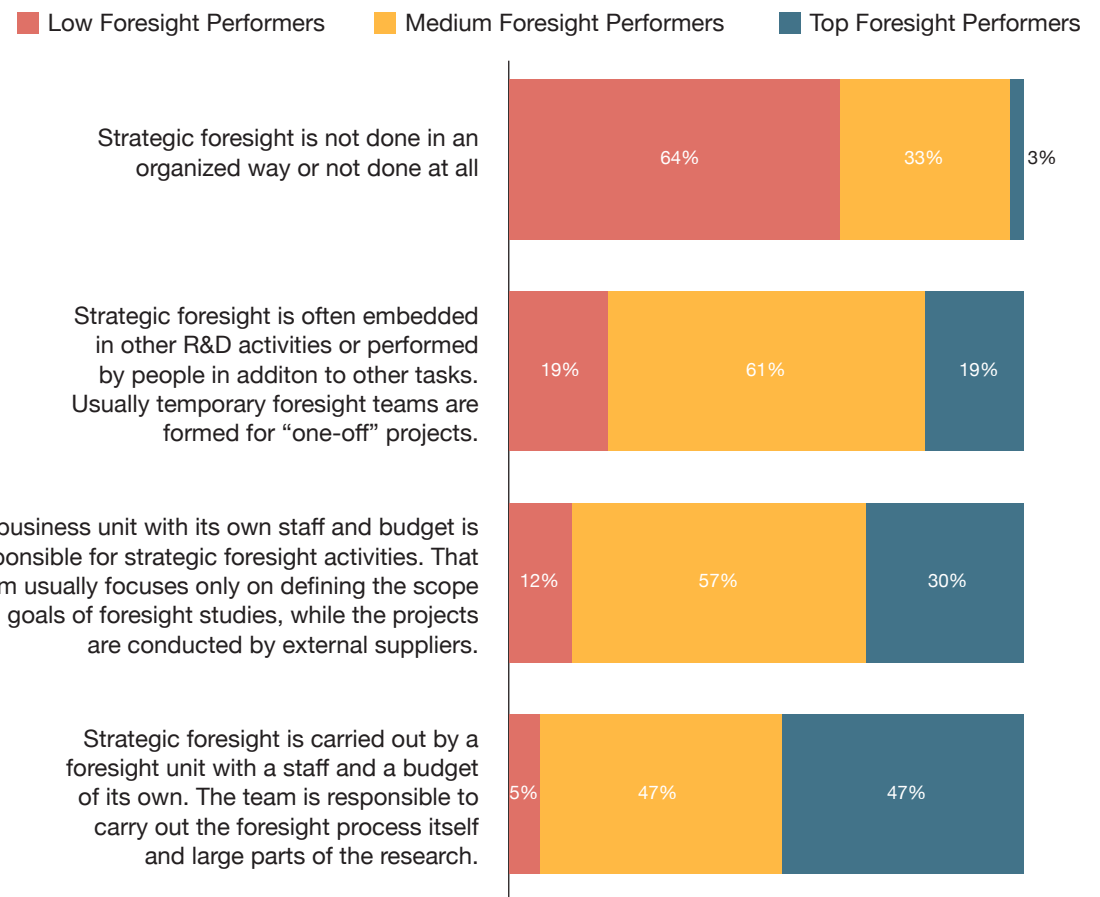


Top foresight firms also treat strategic foresight as a job for properly equipped professionals. As Figure 7 shows, a larger share of companies that have a business unit dedicated to strategic foresight, with its own staff and budget, fall into the top foresight performer category compared with those companies that see strategic foresight as a task in addition to daily business tasks. Unfortunately, relatively few firms in our sample have such units.

Despite the fact that a large majority (90%) of executives say that their companies are conducting strategic foresight activities in one way or the other, the group of companies that has a business unit with a staff and budget of its own is rather small. Only about a third of the interviewed executives work for such companies while more than half of the companies (57%) in our study see strategic foresight as an additional task for people with other jobs.

Figure 7: Companies with business units and staff for strategic foresight generate more value for decision makers than companies that see foresight as a task for everyone

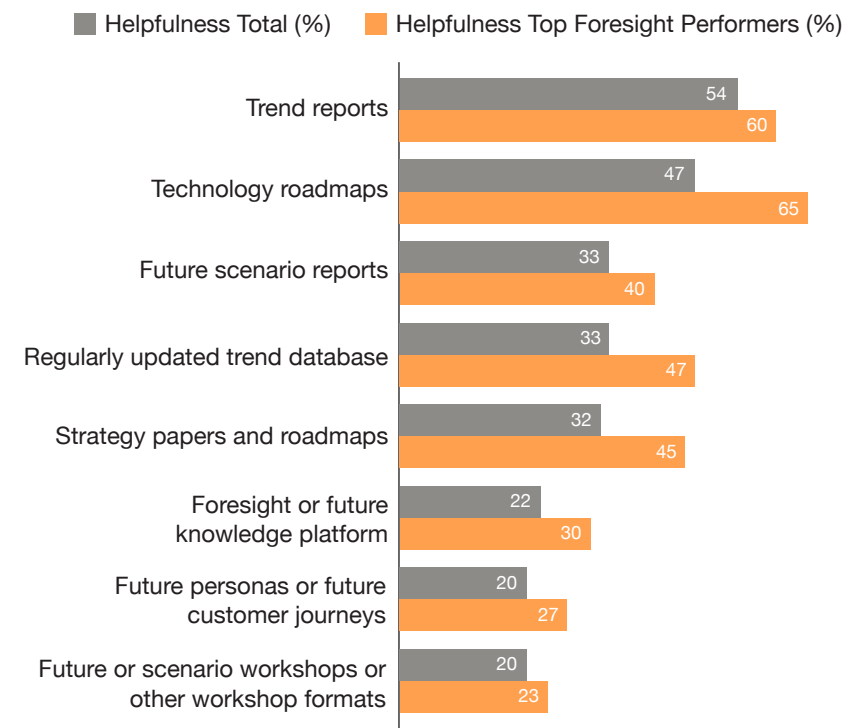
How is strategic foresight, the creation of knowledge about potential long-term developments in your company's environment, organized in your company?



While it is not a complete surprise that companies with more budget and staff get overall better results from their strategic foresight teams, the executives' views on the helpfulness of different information sources for their business decisions with strategic implications may surprise some foresight professionals. The results in Figure 8 suggest that executives prefer reports over interactive formats like workshops. The sources that are rated as helpful or even very helpful by executives in our study are the more traditional reporting formats like trend reports, technology roadmaps, and future scenario reports. Overall, the ratings are surprisingly low.

Figure 8: Top foresight performers provide more helpful information for decision makers—who seem to be rather skeptical regarding foresight

How helpful are these sources for business decisions with strategic implications from your point of view?



How would executives improve foresight in their companies? As Figure 9 shows, the most frequent answer for such a question was “Don’t know.” Second most often, executives expressed the wish for more quantitative predictions. While this is perfectly understandable, it may simply be impossible for cases in which strategic foresight focuses on exploring a range of plausible futures that cannot be quantified effectively.

Figure 9: Executives think that strategic foresight would be of more value if predictions were more quantitative

How could strategic foresight in your company be improved to better support decision makers in managing the company in general?

Top 6 coded open answers



Collaboratively reinvent strategic foresight with organizations' key decision makers

Some companies create significantly more value through their foresight activities than others. Many among those companies that create more value—the top foresight performers in our study—do not see foresight as a side job for regular staff but instead have a specific business unit dedicated to foresight.

Overall, the relatively low number of executives that rate foresight information sources in their companies as helpful for making decisions with strategic implications may be taken as evidence for a rather low level of “customer” satisfaction.

For low-rated formats like future workshops or simulation tools, it might make sense to check with the “clients” (aka the executives in the company), on what needs to be improved to create more value. Foresight professionals should bear in mind that foresight is not done for its own sake but for making better business decisions about the future.

Simply asking executives how they would improve strategic foresight in their companies may just not work—in our study most often executives said they do not know how foresight could be improved. However, co-creating new approaches from an internal client perspective using methods from design thinking and business model-creation could prove more fruitful. The basis for the design of a new product or service in this canvas are the jobs that decision makers need to do, their pain points, and their potential gains. Methods that start with the problems and not with the product or service are strongly recommended.

In addition, some answers for the question of how to improve foresight suggest executives' expectations are not aligned with the value foresight creates. It may make sense for foresight professionals to communicate the value and limitations of foresight to executives more clearly to set the right expectations and help them to use foresight in the proper way so that they get better results and are better able to navigate our increasingly complex world.

Data & Methodology

To find out more about the value of foresight and the demands of decision makers, we targeted senior executives who report directly to the “C-suite” or executive board and are members of the executive management team in specific areas such as marketing and operations. Members of the C-Suite were specifically excluded from the sample. Instead, we chose senior executives right below the C-Suite who we assume are more likely to understand the issues “on the ground” and get more unfiltered information than the C-Suite. The targeted senior executives represented large, publicly listed companies with 250 or more employees, in the top five European Union economies and the top five state economies in the United States.

The survey began fielding on March 9, 2020 and continued through May 25, 2020. During the fielding it became clear that the COVID-19 pandemic would greatly affect businesses and we therefore added some questions to address it.

The survey was fielded by Beresford Research of Westport, Connecticut, using CATI (Computer Assisted Telephone Interviewing). CATI is a telephone surveying technique with questions displayed on a screen for the interviewer who enters responses directly into the computer program. Interviewers followed a standardized questionnaire developed by Nuremberg Institute for Market Decisions (nim.org).

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Box 1: Assess Foresight Performance at Your Company

To measure the performance of companies regarding strategic foresight, we asked executives in our study to assess the extent to which strategic foresight in their company is delivering different value contributions (scale based on Rohrbeck & Schwarz 2013). We used the answers to calculate a score (sum index) and calculated separate foresight performance indices for B2B companies, B2C companies, and companies that are both B2B and B2C. Using the index values, we classified the sample into top foresight performers and low foresight performers by selecting the approximately 20% of firms with the highest and lowest index values. The remaining firms were categorized as medium foresight performers.

Answer the following questions and follow our instructions below to calculate the foresight performance for your company (simplified calculation based on question items from our study).

1) Please think about the strategic foresight activities in your company. What is the value that strategic foresight activities generate for your company? For the following list of potential value contributions, please indicate whether your company gets this value from strategic foresight activities. Calculate the sum in the last row.

2) Sum up the columns in the last row of the table and compare the value with the following table:

Sum 0 to 12 -> Low Foresight Performance

Sum 13 to 18 -> Medium Foresight Performance

Sum 19 to 24 -> Top Foresight Performance

Value contribution	No	Partly	Yes
Gaining insights into changes in the environment	0	1	2
Contributing to a reduction of uncertainty (e.g., through identification of disruptions)	0	1	2
Fostering conversation about overall strategy of the company	0	1	2
Supporting adjustment of the company in case of uncertainty	0	1	2
Improving the coordination of business objectives	0	1	2
Creating the ability to adopt alternative perspectives	0	1	2
Reducing the level of uncertainty in R&D projects	0	1	2
Enhancing the understanding of customer needs	0	1	2
Identification of potential customers	0	1	2
Enhancing the understanding of the market	0	1	2
Identification of opportunities and threats for the product and technology portfolio	0	1	2
Anticipating so-called "wild cards", low probability, high impact events that, were they to occur, would severely impact the business	0	1	2
Sum			

Box 2: How Uncertain is Your Company's Business Environment?

The need for strategic foresight depends on the level of understanding of the market. To operationalize executives' understanding of markets, we created a relative measure for foresight need. This measure takes into account the complexity of the market environment and its predictability. Based on the assumption that the need for foresight is independently driven by the complexity of markets and their predictability, we operationalized foresight need as the maximum function of the average values of two brief multi-item scales for complexity and predictability (scales for market complexity and volatility developed by Day and Schoemaker (2019), calculation of index based on Rohrbeck and Kum (2018).

Answer the following questions and follow our instructions below to calculate the foresight need level for your company.

1 | Answer the following questions to assess complexity and predictability of your company's environment.

Index 1: Market Complexity—How complex is the environment of your company?

How complex is the market structure of your company's market?

① Fixed boundaries and simple segmentation - ② - ③ - ④ - ⑤ Fuzzy boundaries and complex segmentations

Does your company have a high number of competitors?

① Few competitors - ② - ③ - ④ - ⑤ Many competitors

Are your company's competitors easily identifiable?

① Competitors are very easily identifiable- ② - ③ - ④ - ⑤ Competitors come from largely unexpected sources

Index 2: Market Predictability—How predictable is the environment of your company?

How well can the direction of technological change be forecasted in your company's industry sector?

① Highly predictable - ② - ③ - ④ - ⑤ Highly unpredictable

How well can the behavior of your company's customers be forecasted?

① Highly predictable - ② - ③ - ④ - ⑤ Highly unpredictable

How well can the behavior of your company's competitors be forecasted?

① Highly predictable - ② - ③ - ④ - ⑤ Highly unpredictable

How well can major changes in your company's environment be anticipated?

① Highly predictable - ② - ③ - ④ - ⑤ Highly unpredictable

2 | Calculate the Foresight Need Level:

Average value of Market Complexity (Index 1) questions: _____

Average value of Market Predictability (Index 2) questions: _____

Take the higher value of the two index values and check the following table to get your Foresight Need Level:

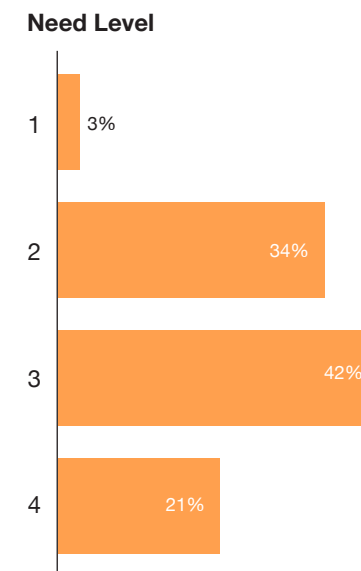
Values less than 2 -> Foresight Need Level = 1

Values from 2 to less than 3 -> Foresight Need Level = 2

Values from 3 to less than 4 -> Foresight Need Level = 3

Values from 4 to 5 -> Foresight Need Level = 4

3 | Compare yourself with our sample:





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