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Navigating Uncertainty: The Power of Foresight in Business Strategy

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Abstract

In the realm of business strategy, the starting point is always a crystal-clear vision of the desired destination, especially crucial in navigating through turbulent times. However, this vision often succumbs to the syndrome of projecting the present into the future, overlooking the unpredictability and challenges that volatile periods present. This article explores the power of foresight, a strategic tool that reverses this approach by envisaging future scenarios, including those in turbulent times, and integrating these insights into the present. Through practical insights and examples of European organisations, this paper will demonstrate how foresighting not only challenges and refines organisations' strategic vision but also uncovers critical opportunities and threats, sharpening their strategy to ensure resilience and a competitive edge in the face of uncertainty.

Keywords: Foresight; Strategic vision; Competitive advantage; Organisational resilience; Uncertainty

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Flipping the norm: Bringing the future to the present to guide strategic clarity

In the eyes of many, the business landscape has never before changed at the swift pace it currently swirls; uncertainty is the new norm. Businesses need to be ready to adapt to new technology, changing consumer habits, and global events. They must be prepared to pivot quickly while maintaining strategic clarity.

Strategic clarity means that everyone in a company knows the direction they are headed towards together. They also understand why reaching that destination is beneficial for the company. Therefore, strategic clarity involves two components: the “what” (the destination) and the “why” (the reason for pursuing that destination).

The destination is often described in a vision statement. This is a clear, inspiring, yet achievable picture of what the company will look like in the future if everyone works together to successfully achieve the desired goals.

A company must complement the vision statement with a mission statement that articulates its core purpose. The mission statement describes why the organization exists, its core values, and serves to clarify its core ideology, defined as “the enduring character of an organization—a consistent identity that transcends product or market life cycles, technological breakthroughs, management fads, and individual leaders.”¹

Sometimes people misinterpret vision and mission statements. Therefore, it is important for companies to turn their vision and mission statements into specific, measurable targets, or “measures of success.” These targets should have explicit “from” and “to” values to clarify what success looks like and help people track progress towards their vision. Traditional tools such as the balanced scorecard work effectively for this purpose.

Strategy can be thought of as a journey that guides a company from its current state to a new one. The vision is like a postcard showing the destination, while the measures of success represent the specific GPS coordinates guiding the way. Figure 1 shows the application of these concepts to a food company.

Vision, mission, and measures of success address the question of what. They do not, however, fully answer the question of why. The reason for choosing a particular destination must be based on the belief that such a choice is truly future-proof. Strategic foresights help accomplish this.

¹, Jim Collins and Jerry I. Porras, “Building Your Company's Vision,” *Harvard Business Review*, September-October 1996, <https://hbr.org/1996/09/building-your-companys-vision>, accessed March 2024.



Figure 1: Vision, mission, and measures of success

Defining foresight: Anticipating the future, not extending trends

While engaging in the exercise of developing a vision, companies often focus only on the present to think about the future. In other words, they decide where they would like to go based on their current position. This bias can negatively influence their strategic thinking because the present tends to favour linearity, often neglecting major disruptions or paradigm shifts.

While the present can provide useful insights, it's important to see it only as one piece of data. To overcome this bias, foresighting is one of the most efficient techniques. Instead of just projecting the present into the future, foresighting involves projecting possible futures into the present.

It's crucial to note that foresights are not just trends. Trends are patterns already in progress in the present, indicating changes that are already affecting an industry. In the 1960s, for instance, flying cars were a common theme in science fiction. This is because authors observed what was changing the world at the time, namely cars, and speculated on how these might evolve in the future. In the meantime, while computers and the internet did transform the world, cars are still not flying.

Foresights are instead "plausible, compelling, provocative narratives and visions of multiple futures."² Although not infallible predictions, foresights offer a glimpse into the world

² Institute for the Future, "Strategic Advisory Services," <https://www.iftf.org/advisory-services/>, accessed March 2024.

companies might face ahead and the changes that could significantly affect them. See Figure 2 for examples of strategic foresights.

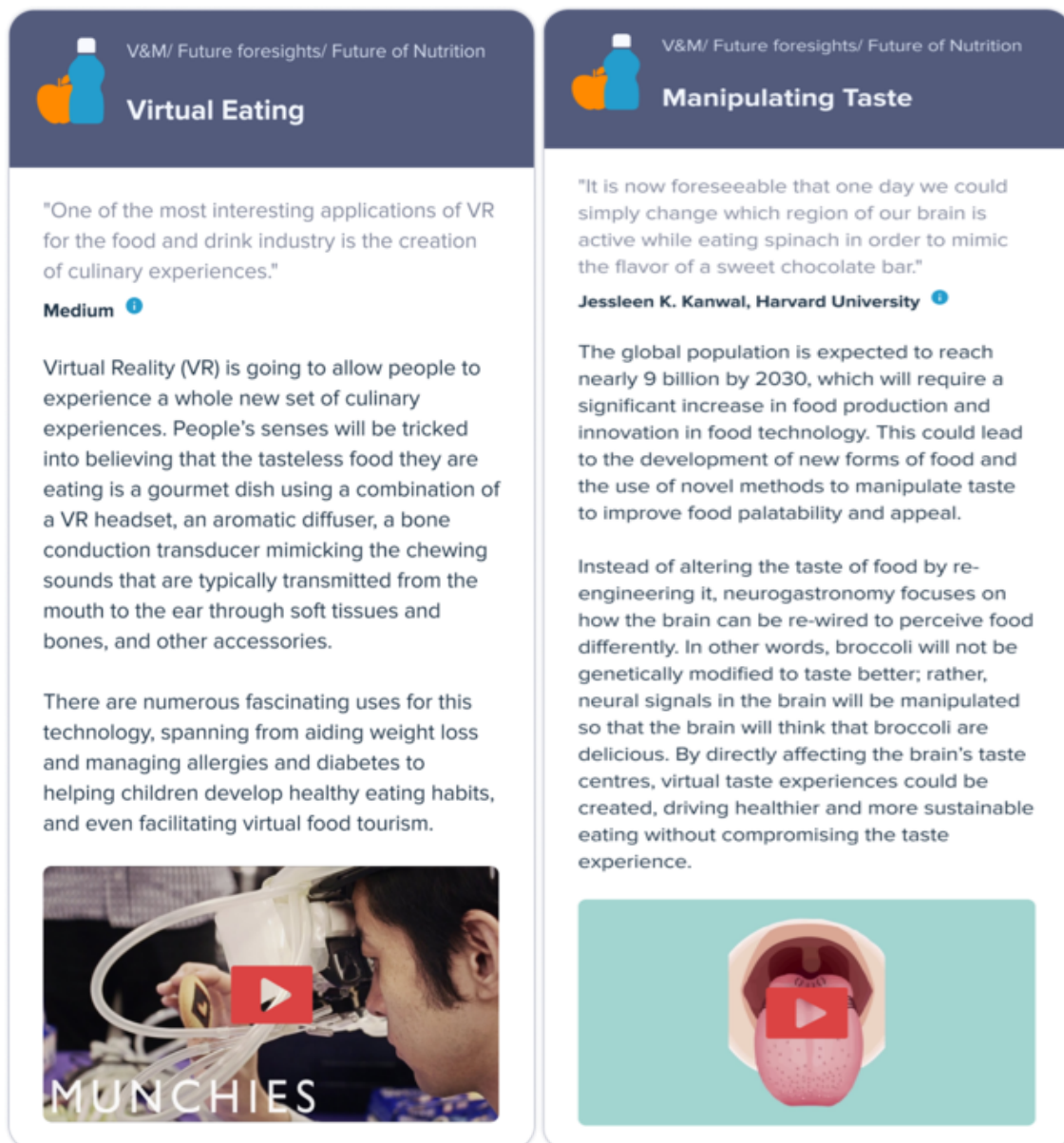


Figure 2: Examples of strategic foresights

Both trends and foresights can help companies gain strategic clarity. However, the main benefit of foresights is pushing managers beyond the comfort of familiar patterns—the past and present—to imagine future possibilities. Foresights urge managers to anticipate future scenarios, no matter how distant or unconventional, and to think about how these changes could affect their business.

To help with decision-making and proactive planning, the Institute for the Future, one of the pioneering organizations in future studies, has developed a four-step foresighting process. This involves: i) *prepare*, gathering evidence and framing future questions; ii) *foresight*, developing compelling and provocative visions of the future; iii) *insight*, extracting meaningful implications; iv) *action*, planning and prioritizing actions for today.³

³ Institute for the Future, "Strategic Advisory Services, The Cycle of Strategic Foresight," <https://www.iftf.org/advisory-services/>, accessed March 2024.

By following this process, companies can achieve strategic clarity and ensure that they are aligned and prepared for future success. Specifically, foresighting plays a crucial role in two critical steps of the strategy formulation journey. This includes the key strategic choices about the company's vision and its playing field.

Strategic choice: Vision refinement

It's crucial to apply foresighting not only within the company's industry but also to look at adjacent industries, technologies, and other factors that could affect and change the context. At its core, foresight represents a potential paradigm shift.

Following the four-step process and analysing various foresights, a company should question and possibly update its vision. The crucial question the company needs to answer is: Does my vision remain relevant if these scenarios materialize? To do so, it needs to assess whether those foresights represent a potential opportunity, a threat, or maybe both.

To be noted that the same foresight could have multiple impacts, offering both opportunities and threats. It's important to address these impacts separately, without compensating one with the other. Once this is understood, foresight leads to insight.

Based on these considerations, the company should then ask: Should we potentially change our vision and/or some elements of our measures of success? Crafting a future-proof vision is the first step toward gaining a competitive edge. Moreover, knowing that the vision is based on a thorough analysis of the future will help establish strategic clarity within the organization.

An example of strategic foresighting for vision refinement is seen in the strategy of a global leader in creating smarter, healthier spaces through services such as air purification, plant installations, green walls, scenting, and holiday décor. Using their decades of experience and industry leadership in interior and exterior landscaping, the company's leaders were looking for ways to grow the business in the coming years.

The company identified several foresights that would dramatically change the spaces in which people interacted. The office of the future, for instance, was expected to be "simulated, holographic, augmented and 'bi-directionally' linked" to people's neural network.⁴

Between 2035 and 2050, it was predicted that neurons would become the user interface, turning keyboards and 2D screens into "relics of collectible nostalgia." Moreover, there would likely be a premium placed on the most lifelike virtual office environments in the future. For meetings requiring physical presence, humanoid robotic avatars with holographic renditions of people's faces would be used.⁵

Inspired by these with images of strikingly different futures vastly distinct from the present landscape, the company's leaders embarked on drafting a new vision, mission, and corresponding measures of success. This strategic endeavour helped ensured strategic clarity and set the company up for future resounding success in its endeavours.

⁴ Nigel Davies, "50-Year Future Of The Office: What Will Workspaces Be Like In The Year 2069?," *Forbes*, September 16, 2019, accessed March 2024.

⁵ Nigel Davies, "50-Year Future Of The Office: What Will Workspaces Be Like In The Year 2069?," *Forbes*, September 16, 2019, accessed March 2024.

Strategic choice: Playing field definition

In addition to refining a company's vision, foresighting can also help define its strategic landscape, particularly the market spaces in which the company should operate. This includes considerations such as: if these foresights come true, how will they impact the company's portfolio of value propositions? Should the company explore adding new propositions products or eliminate existing ones? Do these foresights suggest an opportunity to enter a new market with existing products? Therefore, foresights can influence decisions regarding both product offerings and market segments.

It's important to note that foresights themselves do not provide a prescribed route to follow. The exact same foresight can be perceived as an opportunity by one company and as a threat by another, even if they both operate in the same sector. This is because the core values and goals of these companies may differ significantly.

An example of the application of strategic foresighting for playing field definition is provided by a company offering cutting-edge solutions for managing people's movements and protecting valuables and cash. Specifically, one of the company's divisions conducted a strategic foresight analysis to evaluate the potential implications that the future could hold for their playing field.

Among the identified foresights identified, several were related to new technological advancements, such as self-repairing materials, which hinted at transformative significant changes in the industry's landscape. Others were focused instead on how automation, AI, and digital currencies could affect their clients' business models.

Foresights also highlighted cybersecurity threats and challenges that could potentially affect the industry's operations and security protocols.⁶ This analysis helped the company to critically assess its options. These included entering a new space to protect everyday valuables such as car keys (which can be cloned).

Turning strategy into action

After using the insights from foresight analysis to craft a compelling destination and determine its playing field, the company should then develop robust strategic and enabling priorities to facilitate the achievement of those objectives.

It's important to incorporate not only strategic priorities but also enabling priorities because foresights can significantly impact a company's operating model. This is especially true in the face of technological advancements or shifts changes in route-to-market strategies. These foresights might lead to adaptations in organizational structures, processes, and resource allocations to ensure the organization remains competitive in the marketplace.

Consider the case of a company providing radiant systems for heating and cooling. While envisioning the path ahead, the company's leaders conducted a comprehensive scoping and analysis of foresights. Some of these focused on the evolution of homes, showing a very different picture of how residential buildings would appear in the future.

⁶ Charles Q. Choi, "Self-Healing Armor Patches Itself Within Minutes," *Popular Mechanics*, May 8, 2014, <https://www.popularmechanics.com/technology/a12942/self-healing-armor-patches-itself-within-minutes-16773095/>; Deloitte, "Bank of 2030: Transform boldly," <https://www.deloitte.com/ug/en/Industries/financial-services/perspectives/bank-of-2030-the-future-of-banking.html>; European Union Agency for Cybersecurity (ENISA), "Identifying Emerging Cyber Security Threats And Challenges For 2030," March 2023, <https://www.enisa.europa.eu/publications/enisa-foresight-cybersecurity-threats-for-2030>, accessed March 2024.

By 2050, in fact, houses were expected to be fully equipped with advanced technologies. All rooms and appliances would be connected, and a variety of sensors would be incorporated into clothing, accessories, and furniture. All the acquired data would be fed into a “smart” central control system powered by Artificial Intelligence (AI) that could be accessed in real-time through mobile apps.

This centralized system would control heating, electricity, and air conditioning, dynamically adjusting them based on the number of people present in each room and the type of activities they would be doing. This would ensure a temperature to suit the occupants’ comfort levels while at the same time making energy consumption much more efficient and sustainable.⁷

The company leveraged the insights derived from these narratives of the future of homes to revise its vision, mission, and measures of success. It also delineate its playing field moving forward and formulated robust strategic and enabling priorities. In particular, the integration of sensors and AI into homes opened up opportunities for a plethora of new products and services that could be seamlessly integrated with radiant systems.

These technological advancements not only improved the functionality of homes but also expanded the scope for innovative offerings and enhanced customer experiences. The company, therefore, formulated strategic priorities to seize future opportunities and enabling priorities aimed at strengthening its internal systems and processes. In short, the company used strategic foresighting to position itself for success.

Conclusion

Strategic foresighting helps organizations and decision-makers anticipate challenges, capitalize on emerging opportunities, and build resilience in the face of uncertainty. It enables them to proactively shape their future rather than merely reacting to events as they unfold.

The foresight-insight-action framework offers a structured approach to incorporating foresights into strategy formulation. It involves crafting a potential future and assessing its impact on the company. This process is of utmost importance for gaining a competitive advantage and ensuring ongoing success, turning future uncertainties into opportunities to thrive.

In the words of the Copenhagen Institute for Futures Studies, “Our fixed assumptions about the future determine our field of view and thus our range of actions, so continuously challenging these assumptions is central to achieving a more unhindered approach to

⁷ Innerspace, “Homes of the Future. What will they look like?,” <https://www.innerspacehomes.com/innerspace-blog/homes-of-the-future-what-will-they-look-like/19/2/2019>; Michael Caccavale, “The Impact Of The Digital Revolution On The Smart Home Industry,” *Forbes*, September 24, 2018, <https://www.forbes.com/sites/forbesagencycouncil/2018/09/24/the-impact-of-the-digital-revolution-on-the-smart-home-industry/?sh=661864613c76>; Lera Smart Home Solutions, “The Smart Home in 2050,” <https://lerasmarthomes.com.au/smart-home-2050/>; Fahri Karakas, “I Asked GPT How Smart Homes of 2050 Will Look Like,” Medium, January 13, 2023, <https://medium.com/predict/i-asked-gpt-how-smart-homes-of-2050-will-look-like-419e455cf7c9>; Tiago M. Fernández-Caramés and Paula Fraga-Lamas, “Towards The Internet of Smart Clothing: A Review on IoT Wearables and Garments for Creating Intelligent Connected E-Textiles,” *Electronics*, Volume 7, Issue 12, 2018, <https://doi.org/10.3390/electronics7120405>; T. Tamura, T. Togawa, M. Ogawa, and M. Yoda, “Fully automated health monitoring system in the home,” *Medical Engineering & Physics*, Volume 20, Issue 8, 1998, pp. 573-579, [https://doi.org/10.1016/S1350-4533\(98\)00064-2](https://doi.org/10.1016/S1350-4533(98)00064-2); Anju Ahuja and Martha Lyons, “Power your Product Roadmap with Perceptive Technologies,” *CableLabs*, Jun 21, 2018, <https://www.cablelabs.com/blog/how-innovation-boot-camp-launched-the-idea-for-arc-hotspot>, accessed March 2024.

futures thinking.”⁸ Through this paper, we hope to inspire a mindset shift towards proactive strategic planning, ultimately empowering organizations to thrive in an ever-evolving landscape.

Key takeaways

- Business leaders should embrace strategic foresighting as a critical component of their strategy formulation journeys.
- Strategic foresighting helps companies achieve strategic clarity. This means that everyone within the company is aligned toward a shared destination and understands the reasons for pursuing that destination.
- By challenging fixed assumptions about the future, business leaders can fend off threats and capitalize on emerging opportunities.
- To stay competitive and future-proof their businesses, companies should integrate strategic foresighting into vision refinement and playing field definition.
- Embracing strategic foresighting allows businesses to proactively shape their future, enabling them to navigate uncertainty with resilience and agility, ultimately positioning them for long-term success.

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⁸ Copenhagen Institute for Futures Studies, “Our Research,” <https://cifs.dk/the-institute/#our-research>, accessed March 2024.