

Introducing Scenarios in the Public Interest

Kenya Scenarios Project

Nanyuki, October 1998

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Scenarios began as a tool in the United States defense industry in the 1960s. Later, beginning in the early 1970s, Pierre Wack began introducing them into the Planning Department at Royal Dutch Shell. In the early 1980s, a set of scenarios about the future of South Africa were written by the Anglo American Corporation of South Africa. The company then used these scenario stories to encourage public discussion about the future of the apartheid regime. This was the beginning of scenarios in the public interest.

What are scenarios?

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Scenarios are a set of alternative descriptions of the future, which shows how each possible future was created by events and strong driving forces. They are stories that summarise complex situations created by intricate causes.

Scenarios Are Fables of the Future

Hi rising stones
growing from
the trees ...

A great shifting
current...



Hunger &
plenty living
like brothers ...

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Given the strong oral traditions in Africa, we might call scenarios "Fables of the Future." They describe the world we MIGHT face as we try to achieve our ambitions and dreams. As a rule, they do not describe the world we WANT to face. Instead, scenarios seek to illuminate the future conditions within which we will seek to meet our goals and achieve our dreams.

But Good Scenarios Will Also Be:

- **Internally Consistent**
- **Plausible** - *can happen*
- **Credible** - *can be explained*
- **Relevant**
- **Challenging**

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Although scenarios can be described as fables, good scenarios will also be intellectually robust.

1. They will be internally consistent. So, for example, we will not describe a man turning on the air conditioning when the temperature is 20 degrees below zero.
2. They will also be plausible. The stories should include events and situations that can happen.
3. Our stories should be credible; we must be able to explain why they unfold as they do, and that explanation must be one that our audience can believe.
4. Scenarios stories must be relevant. There is no point in describing changes in the ownership of airlines to an NGO working on peace and reconciliation. The stories must be about matters that are relevant to the group or organisation that will use them.
5. Finally, scenarios should be challenging. Conventional wisdom about the future needs to be questioned and challenged by the stories. If existing complacency about the future is reinforced, the scenarios will have not succeeded.

Why do we need scenarios?

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We need scenarios for at least three reasons:

The Future Is Uncertain

(first reason ...)



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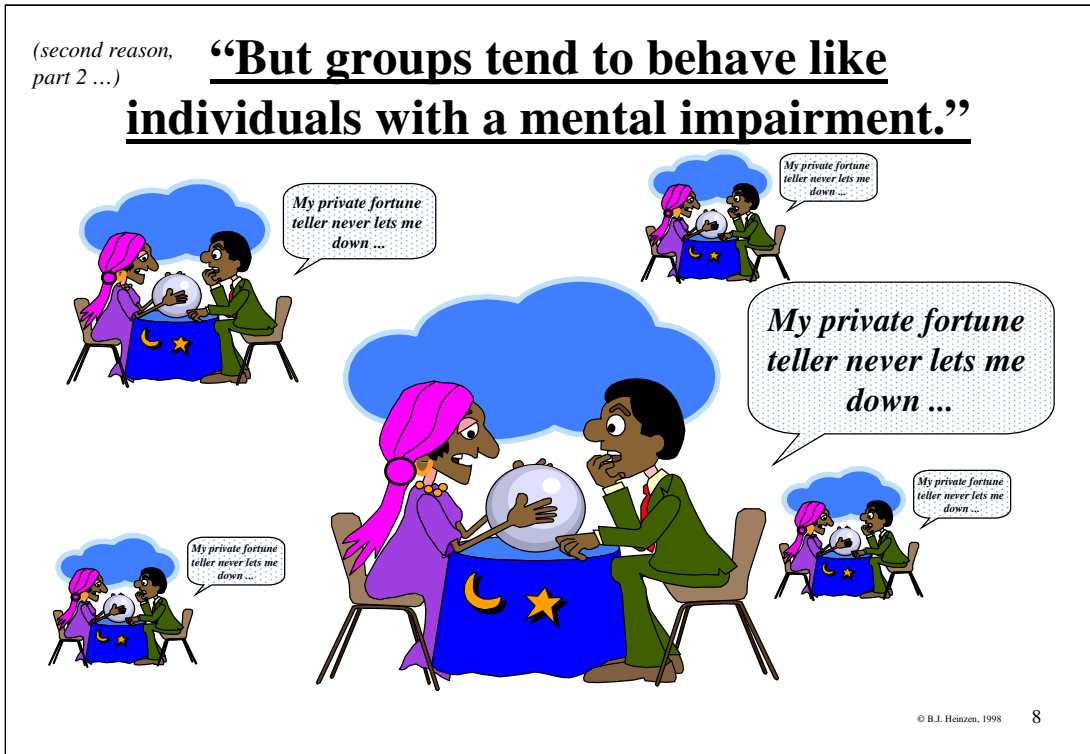
First, we need scenarios because the future is uncertain. We do not know what is going to happen in the future.

“A healthy brain constantly invents

(second reason ...) **memories of the future”**



Second, as individuals, we all have experience of imagining alternative futures and adjusting our plans accordingly. As one scenario building colleague puts it: 'a healthy brain constantly invents memories or the future.' These memories of the future help us to react more quickly when circumstances that resemble these memories comes to pass.



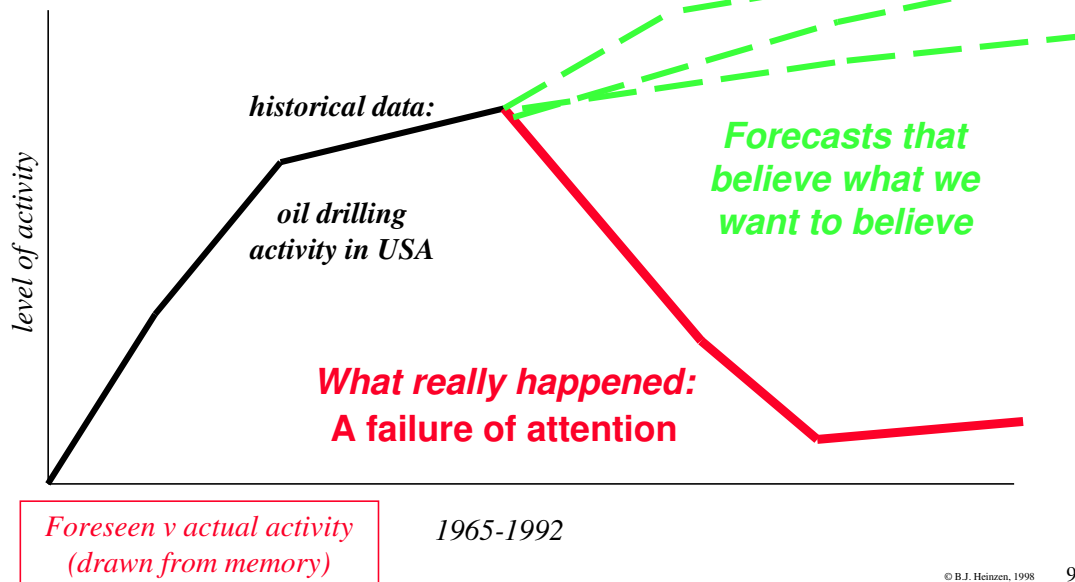
Unlike individuals, groups have trouble in handling uncertainty.

Why should this be so? For one thing, groups need to agree on the actions they will take together. In order to agree, they will suppress dissenting views about what should be done. In suppressing those views, uncertainties about the future are also often suppressed. Ironically, this may actually make it more difficult to achieve agreement, because each individual's proposals for what to do will be based on his own private view of how future will unfold. That means that when we argue over who has the best plan, we are actually arguing about competing views of the future which are implicit and unstated. Such arguments are unhelpful because no one knows what the future will be.

Hence, the saying that when it comes to thinking about the future, groups "tend to behave like individuals with a mental impairment."

Forecasts Can Be Wrong ...

(third reason ...)



A third reason that scenarios are useful, is that forecasts can be wrong. Forecasts are usually based on patterns and trends in the past which are projected into the future. Forecasts are helpful when the world can be expected to continue to function as it has done in the past. Forecasts are not very helpful when those underlying conditions have changed.

In this graph, a group of forecasters who worked in the United States oil drilling industry assumed that future conditions would be like those from the past. In fact, a change in the American tax laws meant that state support for oil drilling in the United States was reduced. With that reduction in state support, the volume of oil drilling activity declined and the forecasters were left with an embarrassing failure.

Because The Future Is Uncertain



Assumptions:

know your own assumptions

Scenarios:

research & write stories of alternative futures

Implications:

imagine your response to each story

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Because the future is uncertain, and because groups have difficulty in handling uncertainty, scenario building exercises are a useful tool. There are three basic steps to be undertaken:

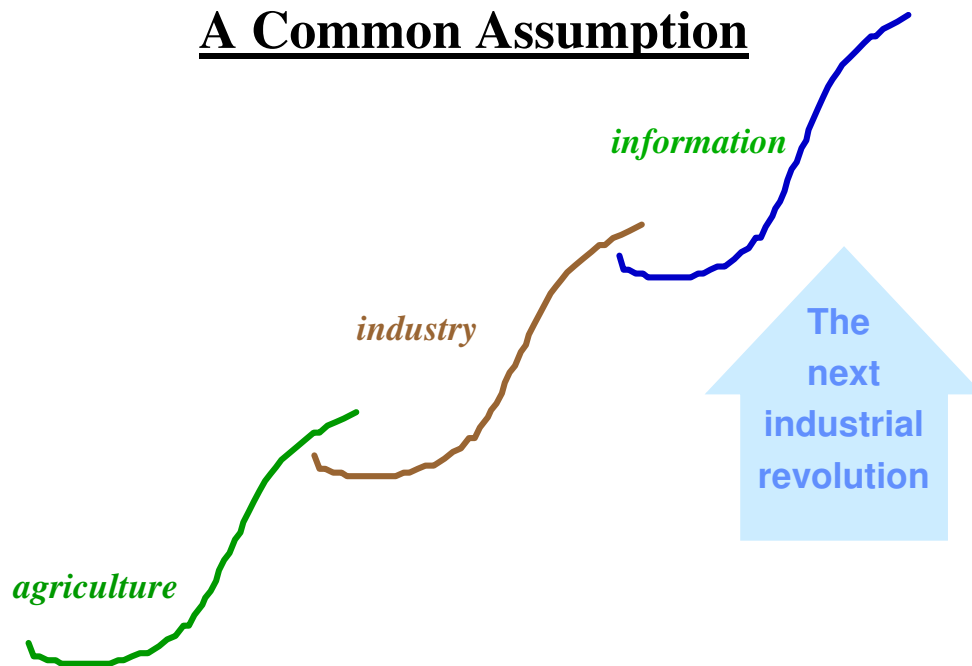
1. Know what assumptions about the future are currently being made by people in an organisation when they develop their plans.
2. Test those assumptions by doing good background research that accurately describes the present and identifies strong driving forces that will shape the future. Use this research to help develop scenarios which describe alternative future conditions in which the group's plans will be realised.
3. Once the stories are completed, test the group's plans to see if they still succeed in a variety of different conditions. Then use the stories to imagine different plans not previously considered.

Know your own assumptions

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What do we mean by "know your own assumptions"?

A Common Assumption

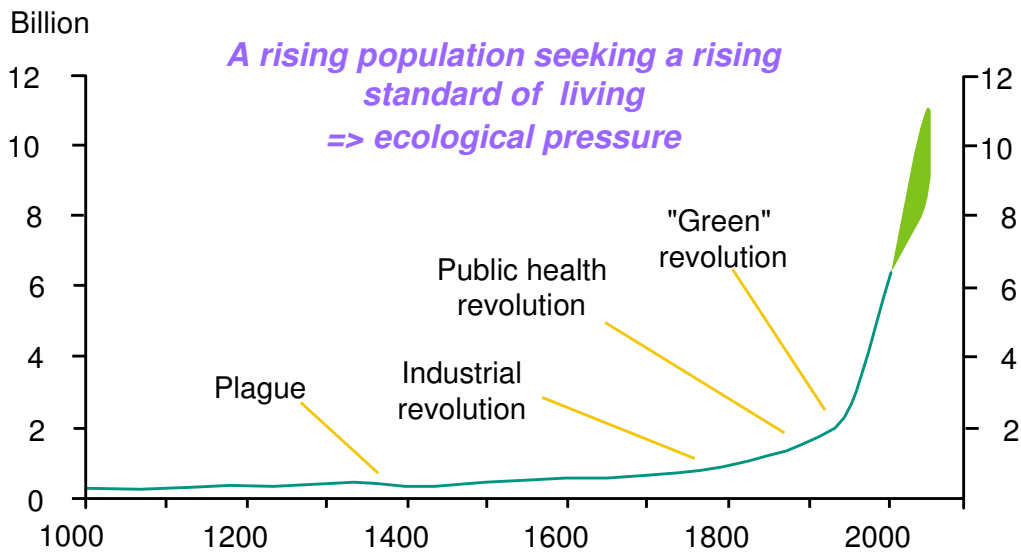


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This is one example of assumptions about the future:

There is a common assumption among many Western companies these days that the OECD world is shifting its economic and social systems from an industrial society to an information society. There is a parallel assumption in many developing countries that they are currently shifting from agrarian societies to industrial societies.

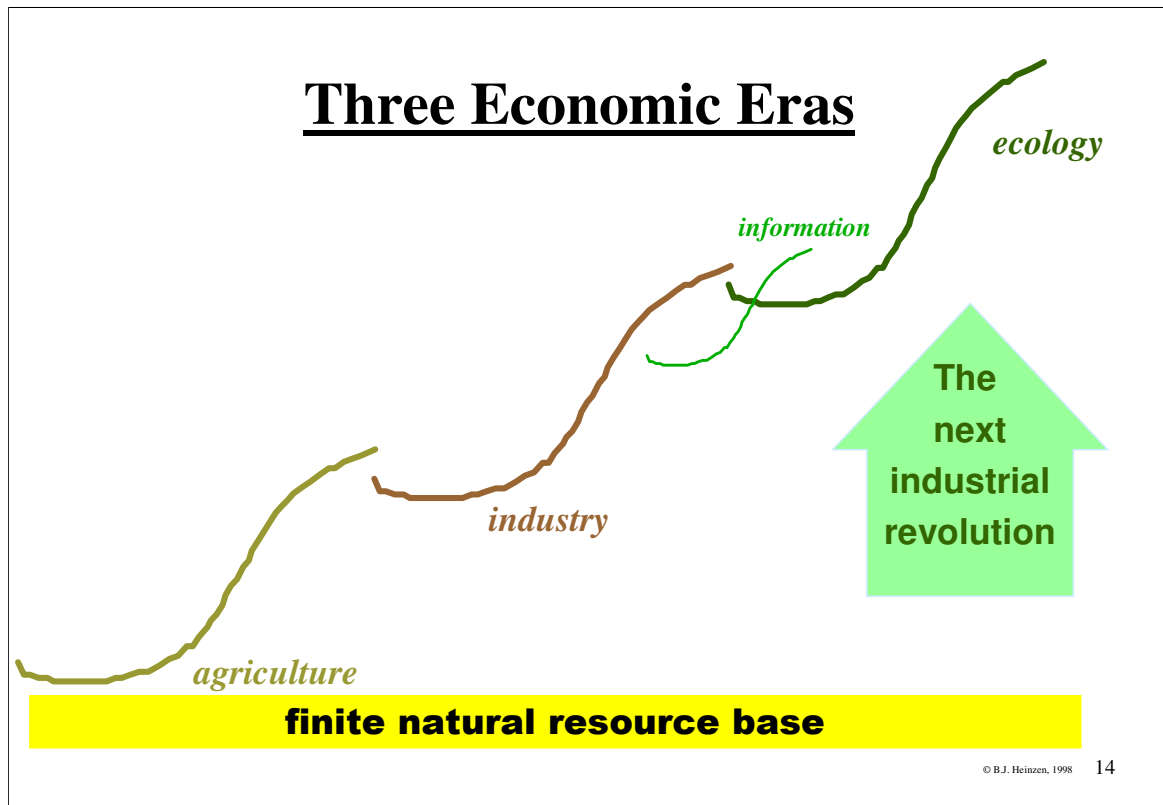
World Population 1000-2050



Source: United Nations

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However, we know that there has been an explosion in the world's population in the last 30-40 years, unlike anything that has been seen in the previous 1000 years. If the whole of this population joins the industrial system and raises its per capita use of natural resources, there is likely to be considerable pressure placed on the world's finite natural resource base.



This pressure of the human population might mean that in both the industrialised and developing countries the next great economic era is not the information age, but the 'ecological age'. This age will be characterised by the search for an ecological social and economic system that allows the human population to survive within the limits of the resource base. In such a system, information technologies would have a key role to play, but would not, of themselves, define the new era.

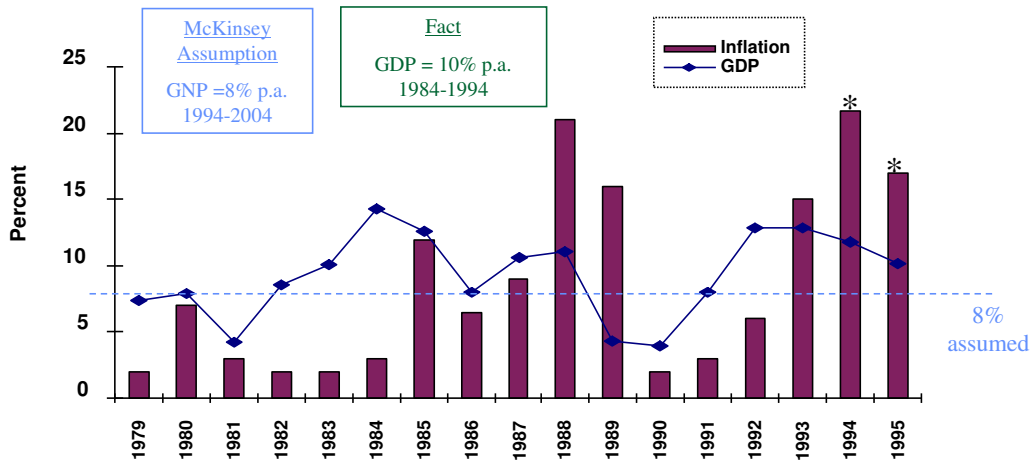
Know the facts

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In order to question our assumptions effectively, we need to know the facts. If we do not take time to know the facts, and to search for helpful original thinking, we run the risk that our scenario stories will simply reorganise our existing assumptions without testing them in any truly challenging way.

Cycles of Growth & Inflation

Consumer Price Inflation & GDP Growth in China, 1979- 1995



Source: Inflation & GDP for 1978-93: DRI McGraw Hill, 1994; * 1994 & 1995 from World Development Report, 1996.
 NB: World Development Report inflation figures tend to be lower than DRI McGraw Hill for the same years, e.g. 1990-93. © B.J. Heizen, 1998 16

For example, this graph shows both cycles of economic growth and price inflation in China since reforms began in 1978. On the face of it, it is a history of growth that accelerates, then falls, then accelerates again. Despite the turbulence, it is a growth record that has attracted many companies to invest in China.

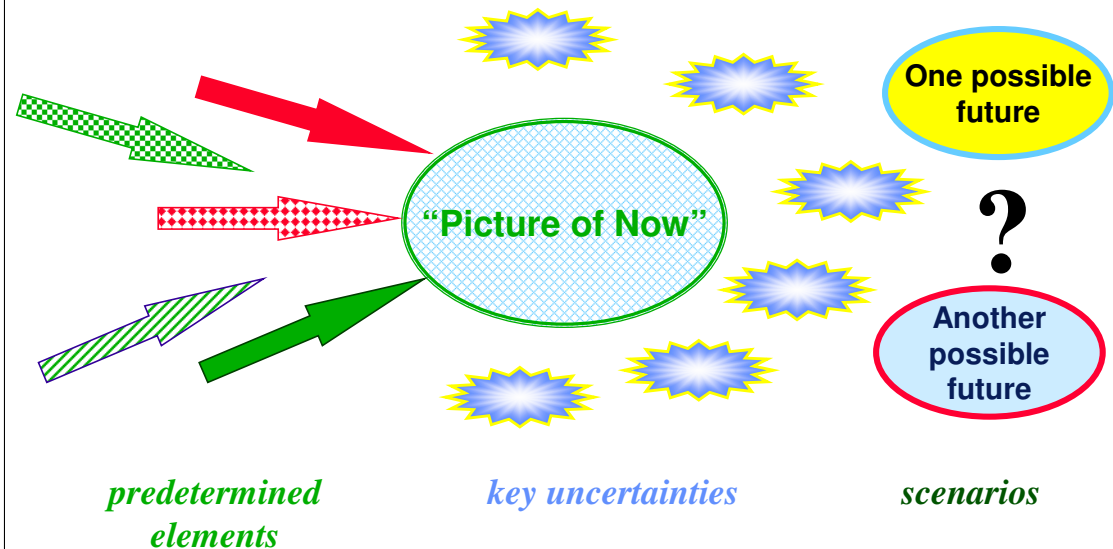
However, at each peak of the growth cycle, the inflation has become higher and higher, although the range of growth rates does not noticeably change. Does this mean that the reforms are creating a system that might be out of control? And if so, where might the system go next?

Imagine other futures

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As our research accumulates, new ideas about the stresses, strains and innovations in the systems will begin to appear. These are used to imagine different futures from the one we presently assume will face us.

Classic Elements in Building Scenarios

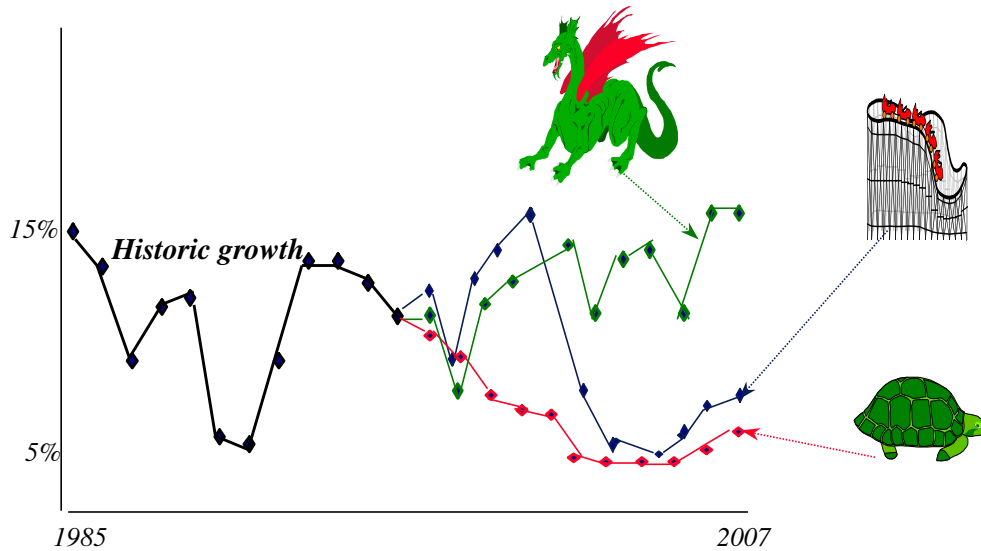


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There are several classic elements in building scenarios.

1. First, we need to **describe the present** as accurately as possible -- to paint "A Picture of Now". If we think of scenarios as stories which map out the future, we need to remind ourselves that maps are only useful to a traveller if the traveller knows where he or she is standing while looking at the map -- where are we now?
2. Second, identify the **key driving forces** that have shaped the present and will shape the future. Some of these driving forces will have inescapable consequences that are "**predetermined**". Pierre Wack used to say that when it snowed in the Himalayas, and the sun melted the snow, it was 'predetermined' that there would be a flood in Bangladesh. What is now 'predetermined'?
3. Third, although some driving forces will have predetermined consequences, others will be hard to predict. These are the **key uncertainties**. For example, we can see the global temperature rising, but will that mean we will have more climatic disasters such as floods, hurricanes, droughts and blizzards? Does it mean that rainy seasons will be more unpredictable and less reliable? Or does it simply mean temperatures rise all over the world and sea levels rise as well? We simply do not know. It is a key uncertainty.
4. When we mix our understanding of the current state of things, together with our understanding of the driving forces, including the key uncertainties, we will begin to describe different kinds of worlds that might unfold in the future. These are our scenarios, our 'Fables of the Future.'

Plausible Futures in China to 2007



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This is a graph showing three different growth rates in China. The green dragon line is based on a story in which a uniquely different Chinese business system evolves out of the legacy of the Communist state system and Chinese culture. It is an insider system where Western companies are not very successful, but it is a system that creates very high rates of growth.

The blue roller coaster line traces a period of spectacular growth, followed by a spectacular fall due to corruption and mismanagement on an unsustainable scale. The crash is so shocking that the young technocrats are invited to manage the economy. Eventually, they establish agreements and systems that resemble a Western market system, but economic recovery is slow to re-establish itself.

The turtle's red line is one in which environmental degradation forces peasants to leave the land and head for the cities looking for work. This happens just as the government has begun to insist on the reform of state-owned enterprises, forcing even more people out of work. Suddenly, there are too many people without work crowding the cities, and local officials ask the centre to assert more control. This slows down the growth of the economy, as businesses everywhere are asked to keep people employed in order to avoid social chaos.

Imagine your response
to different futures

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Once such stories are written, how are they used?

Testing Strategies & Ideas

	<u>Scenario 1</u>	<u>Scenario 2</u>
<u>Option 1</u>	<i>Loss-making</i>	<i>Long term competitive advantage</i>
<u>Option 2</u>	<i>Competitive position unchanged</i>	<i>Immediate high returns</i>

Clarifying the judgments that are needed.

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There are two important ways in which scenarios stories can be used. First, a group or organisation can take existing policy options and see whether they succeed in each scenario story. When a business does this, it may discover that in Scenario 2, one option gives the business a long term competitive advantage, but the other gives it immediate high returns. So both options are good in Scenario 2. But if these strategic options are considered against Scenario 1, it appears that the first option generates a loss, while the second option leaves the company's competitive position unchanged.

This kind of exercise clarifies that judgments that are needed. If Option 1 is chosen, the company will be taking a bigger gamble than if it takes Option 2, but may gain more in the long term. On the other hand, Option 2 will give the company an immediate high return, and leave the competitive position unchanged, but will not add as much to the long term competitive position.

Imagining a Wider Range of Options

	<u>Scenario 1</u>	<u>Scenario 2</u>
	<u>Option 1</u>	<u>Option 1</u>
	<u>Option 2</u>	<u>Option 2</u>
	<u>Option 3</u>	<u>Option 3</u>

See opportunities not seen before

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Alternatively, a group can put aside its current plans for a moment and simply imagine they are living in each scenario. If the group is faced with Scenario 1, what should the group do to achieve its goals? The specific circumstances of the scenarios will shape the kinds of options that people imagine. The same exercise can then be done for Scenario 2. It may happen that the one or two options are favoured in both scenarios. When that appears, these options are clearly things the group "must do" to achieve its goals.

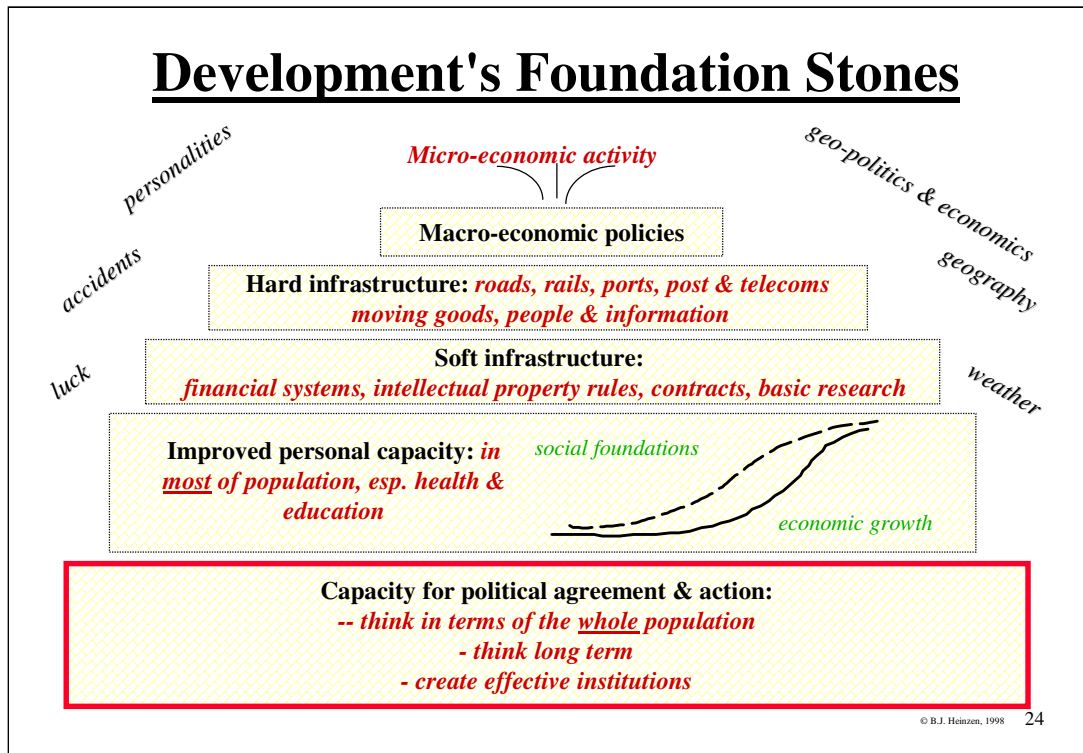
Public interest scenarios in developing countries

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Much of the preceding discussion of scenarios is based on examples of scenarios developed by a single organisation. Most often, this has been a business or company, but public sector organisations, such as the National Health Service in Britain, have also used scenarios as have non-governmental organisations in various parts of the world.

What we are starting here in Kenya is a scenario exercise that is not developed by any single organisation, public or private. It is something different, a project that is owned by the participants themselves rather than any single organisation. This approach has been taken because the Kenya Scenarios Project hopes to foster wide popular debate about possible futures for Kenya.

Why is such a debate useful in a developing country like Kenya?



This is a diagram that summarizes the process of development as it has been seen in a number of countries around the world. For a long time, development was seen as an economic process which aimed to increase **micro-economic activity** by individuals and firms in a country. To do this, it was understood that **sound macro-economic policies** were needed, such as policies to control inflation. A good **hard infrastructure**, able to move goods, people and information, was another necessary foundation.

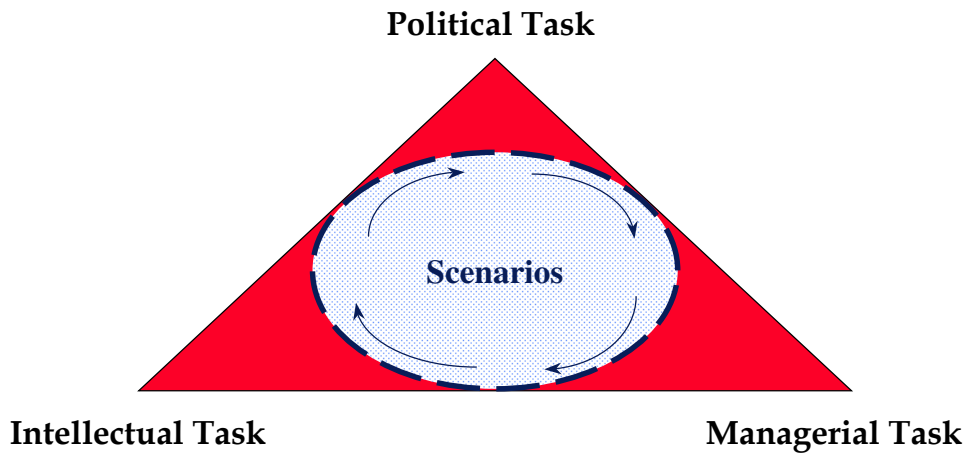
More recently, writers have been describing an additional foundation stone: the **soft infrastructure**. This includes things like the financial system, intellectual property rights, land tenure agreements, contracts and basic research. The soft infrastructure effectively lays down the 'rules of the game' and is an important component of sound development.

The soft infrastructure can only function well, though, with **improved personal capacity**, wherein most of the population is healthy and well-educated. This means that each individual is stronger and better able to learn and apply new skills. Research done in the mid-1980s showed that in fact rapid economic growth did not take place until these personal foundations were established, unless it was based on the extraction of resources like oil.

Most fundamentally, in order to agree what rules of the game will apply, and in order to ensure investment in health and education for the whole population, there must also be the **capacity for political agreement**. The most important aspects of political agreement are the ability to think long term and to think in terms of the whole population.

It is in the area of political agreement that scenarios have the most to offer.

Policy Involves Three Tasks

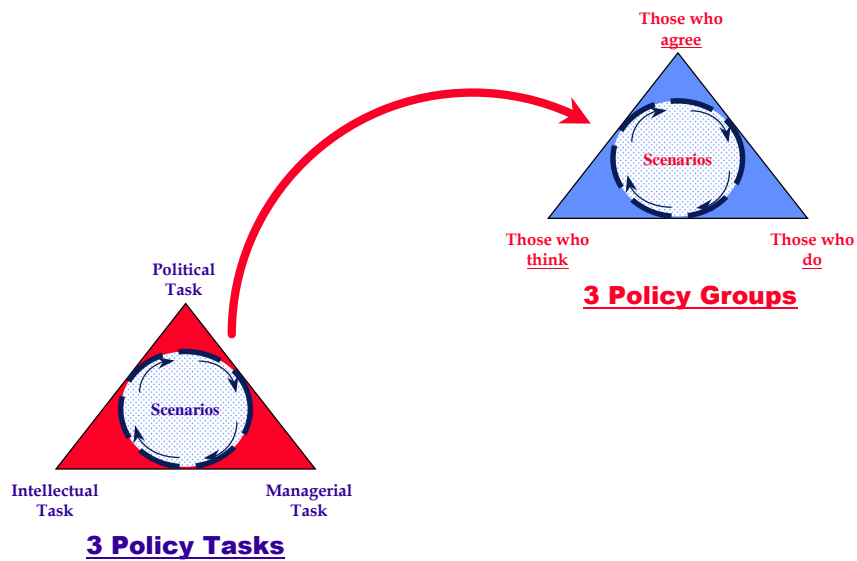


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The process of political agreement involves creating policies that will help a country achieve its goals. However, political agreement is only one of three tasks involved in policy-making.

1. Policy making is an **intellectual task** because one wants to use the best information and intelligence to understand current conditions and what needs to be done.
2. Policy making is also a **political task**, because those who are affected by the policies need to agree that these are the right actions to take.
3. Finally, policy-making is a **managerial task**, since any agreement and any analytical work is only as good as its ability to be realised in action.

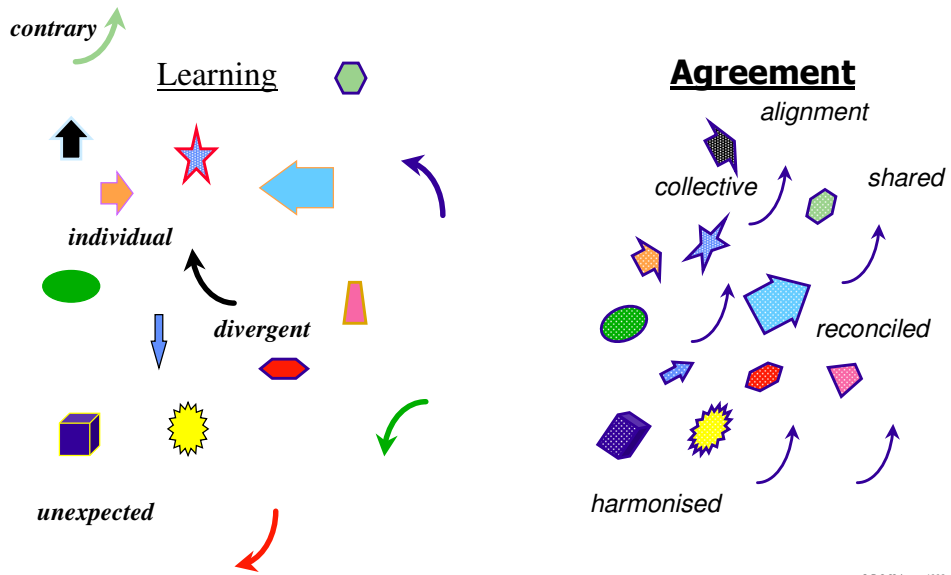
Scenarios Unite All Groups in 3 Policy Tasks



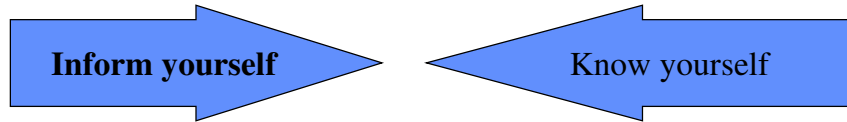
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The most effective scenario exercises include those people who are involved in all three tasks -- the analysts, the leaders and the managers. Scenarios are built collaboratively using the combined experience and wisdom of all three groups of people working in a combination of advanced preparation and structured workshops.

Differences between Learning & Agreement



Collaborative Learning



Who is it for?

Who should be involved?

What is the schedule?

How can it be financed?

Who can be the ringmaster?

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Because all three groups -- analysts, leaders & managers -- are involved in a good scenario exercise, it can be described as a process of **collaborative learning** in which participants will be asked to learn about themselves as a society ("**Know yourself**") and about the world around them more generally ("**Inform yourself**").

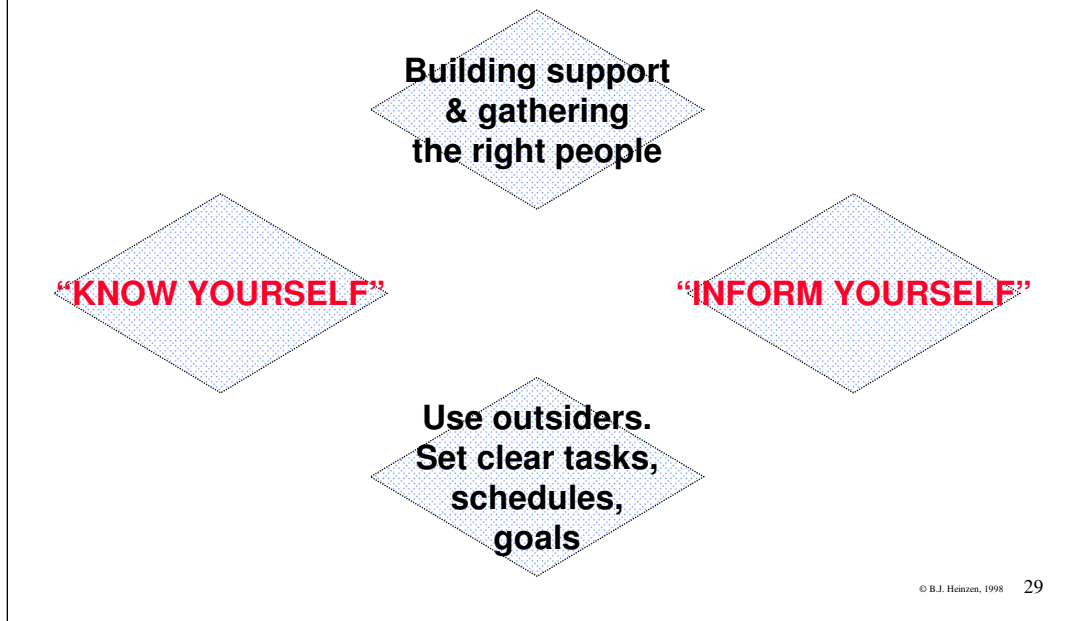
However, there is inevitably a long process of preparation before a public interest scenarios exercise can begin. During this phase, those initiating the project will need to answer the following questions:

1. Who is it for? (Whose thinking do we want to influence?)
2. Who should be involved? (... in the research, workshops, writing up, etc.)
3. What is the schedule?
4. How can it be financed?
5. Who can be the ringmaster? (Who will coordinate & lead the scenario team?)

An important consideration when answering all these questions, is the need to maintain a neutral process based on openness to new ideas, tolerance and transparency of key support and key interests.

These observations, plus others that follow, all came from a 1993 study of the use of scenarios in the public sector for economic development. This study was commissioned by Scottish Enterprise, a UK development agency.

Key Elements in Public Interest Scenarios



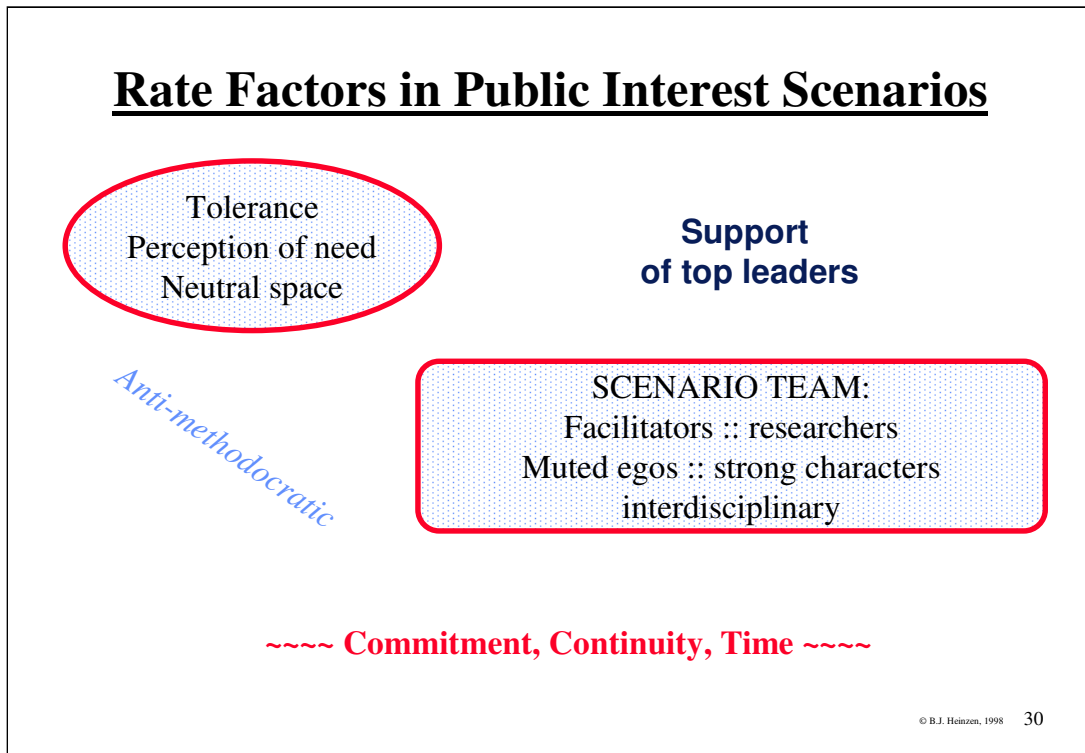
Once the preparation is complete, the Scottish study learned that there are several critical elements needed to sustain public interest scenarios.

The two most important elements in a public interest scenario exercise are to: "**Know yourself**" and "**Inform yourself**". A group that does not have a clear understanding of its own assumptions will find it difficult to see the future clearly because its judgment will be clouded by unstated beliefs about how the world works and where it is leading. Equally, a group can get into trouble if its knowledge base is not large enough to discover those hidden hazards and opportunities faced uniquely by every age and people.

These lessons can only be applied, however, once the "**Right people**" have been assembled and sufficient financial and moral support has been gained. This is a slow process. In this project, it has taken 2-3 years for the initiators of the Kenya Scenario Project to pull together the money, enthusiasm and people needed to begin. This is not unusual. **Gathering support** for a public interest scenarios project is a notably slow proceeding.

Finally, once the project begins, it is important to **set clear tasks, schedules and goals** in order to maintain the momentum of work. It is also crucial to **use outsiders** as facilitators and experts because these are people who have no vested interest in the outcome -- other than a professional responsibility to help the process succeed.

Rate Factors in Public Interest Scenarios



In a chemical experiment, the "rate factors" are those catalysts that will accelerate or slow down the reaction of the chemicals. The Scottish study uncovered a number of important "rate factors" that contributed to successful exercises.

1. First, the most successful exercises were ones where there was already a **perception of need**. This alone was not enough, however. Good exercises also created a **neutral space** where **tolerance** of other views was a critical common courtesy.
2. Successful public interest scenarios also enjoyed the **support of top leaders**. For example, when the Anglo American Corporation first publicised its scenarios for South Africa, they were backed by the personal reputation of Harry Oppenheimer, the head of the company, and a widely respected figure in South Africa.
3. All scenario exercises will have a **scenario team** that assembles research work, designs and runs workshops, and produces the final report and presentation. This scenario team needs very special qualities: members need to be **good facilitators** of group discussions, but need also to understand and support the insights of **good research** in an **interdisciplinary** setting. They must also be **strong characters**, able to handle rough debate, while simultaneously being **muted egos** who do not insist on their own views.
4. In addition to all these qualities, a good scenario team will be "**anti-methodocratic**" -- willing to use any method or technique that stimulates debate and new thinking in a constructive, collaborative way.
5. Finally, successful public interest scenarios need **commitment, continuity and time**. They cannot be rushed or hurried along.

Hazards & Questions to Face

Relationship with Gov't

Mistrust of gov'ts
Gov'ts' new roles

Creating Trust

Political tolerance
Transparent financing
Beware of grinding axes
Neutral space
Leadership: strong + inclusive

Organisational Issues

Self-confidence
Complexity
Continuity of support
Turf battles

Political Questions

Who is involved?
Role of the press
Role of politicians

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There are also a number of hazards and questions to face during a public interest scenarios exercise. "Public interest" work will inevitably bring in consideration of the "public sector" -- the government of the day. This happens at a time when governments throughout the world are widely mistrusted and seeking to develop new roles. The **relationship with government** is therefore difficult to handle well in any public interest exercise. There are also wider **political questions** to consider: Who should be involved? What interests need to be represented? What should be the role of the press and the role of politicians in the process? How can they be included without destroying the neutrality and openness of the exercise?

Throughout, there is a need to **create and maintain trust**. Transparent financing will help do this, as will a climate of political tolerance. Such tolerance is best achieved with participants selected for their open-minded qualities, with project leaders ensuring that the project is not captured by any single interest with its own ax to grind. The project must always be seen as a neutral space, where all opinions are welcome. Ensuring this atmosphere of trust will require strong and inclusive project leadership.

It must also be recognised that scenarios in the public interest are **organisationally complex**. The leaders will need a raw self-confidence to see themselves through the inevitable difficulties. They will be helped in this if they can rely on continuity of support and can ensure that turf battles between competing interests do not overwhelm the project, but are instead always kept at bay.

Ideally, Scenarios Will Stimulate Change

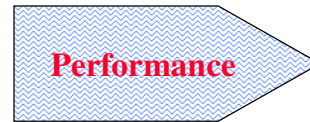
Creating changes in our:



**views of history, now
& future**



**shared thinking &
understanding**



**behaviour,
decisions &
actions**

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What will be the outcome of a public interest scenarios project?

1. At a bare minimum, there will be a **physical product** -- a book or video or presentation that stimulates wide debate in society by offering new views of our history, our present circumstances and our future.
2. This product will have been created in a **collaborative process** that increases shared thinking and understanding and the ability to agree.
3. Finally, ideally, it is hoped that the new thinking and the process of debate will actually lead to improved performance in the whole society. A good public interest scenarios exercise should alter and **improve our decisions and our actions.**

Risks Remain -- Things Can Go Wrong

Rewards & Risks:



Changed views or
intellectual indulgence?



Shared thinking or
reinforced ignorance?



Better decisions or
chronic complacency?

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Despite our best intentions, the **risks** in a public interest exercise remain -- they are the risks inherent in any scenario exercise.

1. Our work may change people's view, but if the analytical work becomes so absorbing that the political and managerial tasks are forgotten, then the product will represent nothing more than an **intellectual indulgence** by the writers.
2. Equally, the process itself can become distracting, or trapped in a search for agreement rather than a search for learning. When this happens, we do not share new thinking, but instead only **reinforce ignorance**.
3. Finally, our work may create better decisions, but there is also a risk that the exercise goes through the motions without changing anyone's minds at all. In that event, it will only have reinforced **chronic complacency**.

Playing to Your Audience

Mental maps:

What does your audience assume about the nature of the world and the way it works?

Personal agendas:

What does your audience need to achieve to 'look good' & meet their own ambitions? What could they lose?

Knowledge base:

How well does your audience understand the underlying issues?

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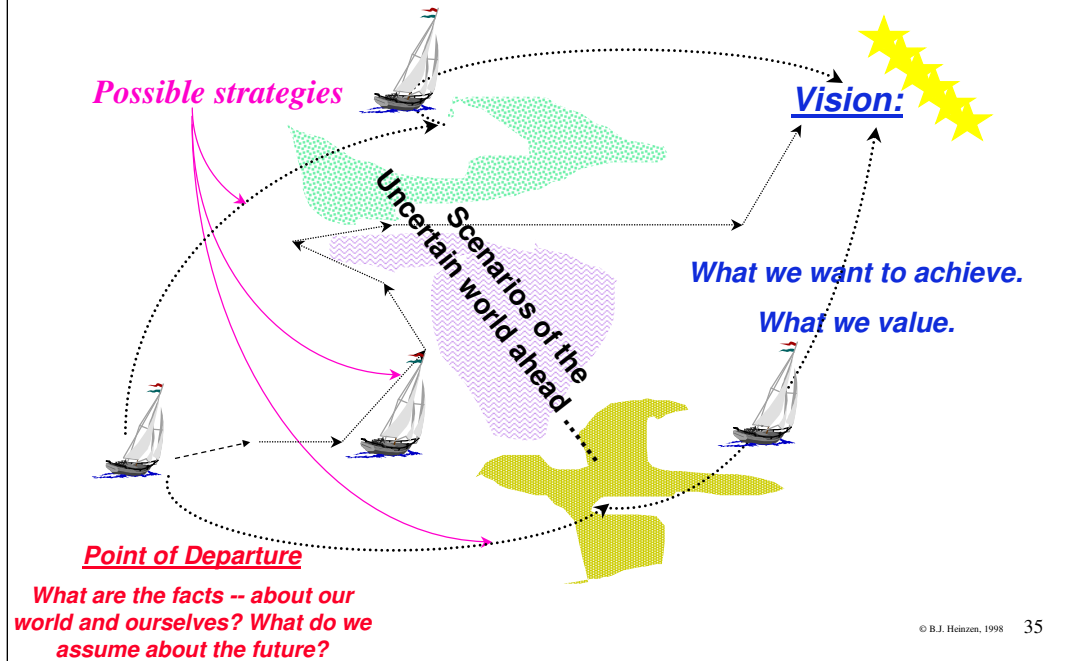
Any scenario building exercise -- public or private -- will have a key audience in mind. It might be the senior management team of an organisation or a division in a company. It might be the leadership of a political party or a government. It might be a wider population than either of these.

Most scenario exercises are aimed at senior management, or a governing team. For that reason, it is important to understand this group's point of view. To do that, it is helpful to identify three important features of your principal audience:

- 1. their mental maps and assumptions about the world;**
- 2. their personal agendas and ambitions**
- 3. their knowledge and understanding of the underlying issues.**

Good scenarios will reflect all three aspects of the principal audience, but challenge this audience to go beyond its own current assumptions, ambitions and knowledge.

Elements of Strategic Thinking



The final thing to say in introducing scenarios is that they are not the whole story of strategic policy thinking -- either in an organisation or a public setting. First, for scenarios to be useful, a group needs to understand what it wants to achieve. There must be a clear vision of where the group want to go and what goals it wants to meet. Second, the group needs to understand its own point of departure: what are the facts now about the group itself (its strengths, weaknesses, vulnerabilities and potentialities) and about the world in which the group currently survives?

Strategy is then the art of using current resources to navigate an uncertain and unpredictable future in order to achieve the vision that holds the group together and moves it forward. Scenarios, which help to clarify the nature and extent of future uncertainties, are simply one of the best navigational tools aiding that effort.