

Professor Kees van der Heijden: Commentary on Rowland and Spaniol (2021)

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Introduction

I first met Kees in 1991 whilst undertaking a full-time MBA programme at the Graduate School of Business, Strathclyde University. As part of the 'Strategy' module on the MBA Kees had developed a course called 'Exploring the Business Environment' (subsequently renamed Exploring the International Business Environment). The course was a scenario planning exercise in which students, many of who were practising managers on a career break, myself included, working in groups were tasked with selecting one of several designated countries. Having selected a country, the task was to then focus thinking and research on the numerous forces driving change and the complex interactions between them, to improve understanding of how and why the country might evolve in quite different ways over the next 15-20 years. The final output of the exercise was for the team using the 'Intuitive Logics' scenario methodology, to develop a set of scenarios with each scenario depicting the development of a different future. The objective of the scenario exercise was to help the students, gain an awareness that firstly, the future is not likely to be a linear extension of the past, but an amalgam of numerous complex forces such as globalisation and global competition, the unprecedented speed of technological innovations and digital communications, environmental challenges, the shifting of global political power, economic uncertainty, cultural and societal value shifts, and changing demographics. Secondly, that all of these forces are part of interacting systems which combine to form complex global systems, and complexity arises not from the inherent complexity of the individual systems, but from the unpredictable patterns of interactions between the systems.

Developing this awareness and understanding would equip students with the skill to monitor and analyse the long-term business environment to comprehend, anticipate and react to uncertainty and ambiguity rather than being paralysed by it. Most of the students on the MBA were used to well-developed, widely disseminated planning models based on the notion that the past is a dependable predictor of the future. The EBE course highlighted that while these models may have worked in the past, the contextual environment is far from stable and these models are dangerous because they fail to anticipate trend breaks and major shifts in the business environment, which render organisational strategies obsolete. The course was well received by the majority of the students, albeit there were comments to the fact that this course more than any others on the MBA programme, required much more thinking, research, and debate.

Memories of working with Kees

Following graduation from the MBA programme, I joined Strathclyde as a 'research fellow' with the objective of learning all about scenario planning by working with Kees as his apprentice scenario planner, and undertaking a doctorate under his supervision. As a result I have been fortunate to have participated as Kees' assistant in many scenario workshops, both on the MBA programme and with organisations. Alongside these workshops I am also very privileged to have been an assistant to Kees on a number of scenario projects with organisations in a range of countries.

I have learnt many things as a result of the time I have spent with Kees, and I consider his book, '*Scenarios: The Art of Strategic Conversation*' to be the definitive field guide to the art and craft of scenario planning, despite the fact that it was originally written 25 years ago and there has been a plethora of books on the subject since. The objective of this commentary is to build on the stories about Kees recounted by Rowland and Spaniol (2021), by discussing from a practical perspective, three things I have learnt from my years of experience with Kees which have proved useful in my scenario work with client organisations.

1. The starting point of scenario exercises: Elicitation of client views and insights

Kees suggests that the starting point of any scenario exercise is to unearth the scenario client's "insight, intuitive or otherwise, of what drives the success of their organisation ... by engaging the business leaders in a process of elicitation" asking and recording the response to trigger questions in open and free-flowing individual interviews. The value of the in-depth interviews is widely recognised as a critical component of the scenario process and van der Heijden (2005, p187) states that the two products arising from the analysis of the elicitation are: the "four or five ... areas of interest in the business environment where it has become clear that the project has the potential of helping the client"; and secondly, a "first cut at mapping the fundamentals of the organisation itself". In several scenario projects I have been involved in, two additional important products have emerged from the interviews, which have not, to my knowledge, appeared in the scenario literature. The first is that in addition to understanding the senior management concerns and what they are thinking about, importantly the interviews have revealed what they are not thinking about. An example of this comes from a project with a multinational logistics company specialising in port operations and cargo services. In analysing the interviews of the management team, it was noted that none of the team had raised the issue of '3D printing' (additive manufacturing); this was surprising to both me and the scenario team given that the world's first 3D printed building was less than 3 miles from their office, and there was much in the media around the impact 3D printing would have on maritime logistics over the next decade. Subsequently in developing the scenarios, 3D printing played a key role in one of the scenarios developed by the team.

The second important product emerged from a potential scenario project in Singapore. The CEO of the client company who was a relatively new hire, was aware of issues within his senior management team, and was keen to undertake a scenario exercise as a means of uniting the team. In interviewing the senior management, while all responded to the '7 questions', a number of them expanded the conversations to raise their concerns regarding issues relating to the day-to-day management of the company by the CEO. From the interviews it was also apparent that alongside issues with the CEO, there was also friction within the management team. Consequently it was obvious that few of the team had any interest in being involved in a scenario project and undertaking one would inevitably fail. I discussed this with the CEO, and he agreed not to proceed with a scenario project until issues within the senior management team had been addressed and resolved.

2. The Business Idea

van der Heijden suggests that rather than the widely used term 'business model', he uses the 'Business Idea' (BI) which is "a more tightly defined concept that integrates all major factors for success in an organised way" and depicts "what is fundamental for success in specific terms in one holistic representation". The business model as he suggests, fundamentally "an organisation's mental model of the forces behind its current and future success" and should be expressed as a feedback loop by means of an influence diagram which gives the skeleton of the Business idea (page 63). Building on Richard Normann's work, the BI specifies how the seller organisation's distinctive competencies (tangible or intangible) comprising its 'offering', link to the customer's value system in terms of how the customer derives value from the interaction. In developing a BI diagram to be used with scenarios, issues which need to be addressed, include:

- Who is the actual customer?
- What are the distinctive competencies of the seller from which the buyer derives value?
- What resources are applied by the seller to maintain and renew its distinctive competencies?

Having finalised a BI diagram the next step is work with the management team to test it against the customer value in each scenario, and to respond to new and evolving customer values by developing options. The process of developing the BI for a client is usually an exercise done with the organisation's management team and invariably takes much discussion and several iterations.

I have used the BI process in scenario projects with clients and have found it to be exceptionally useful. An example of this is a scenario project undertaken with an Indian-based company which produces a

wide range of high quality tools and files. The reason for undertaking a scenario project was that in recent years the management had witnessed ever-increasing competition from China, whose products once of poor quality and cheaply priced, were increasingly of higher quality and rising in price. In developing the company BI, it was apparent that the company's financial resources had traditionally been invested in product development and multi-location integrated manufacturing, resulting in several distinctive competencies including: establishing itself as the world's largest manufacturer of files, a global distribution network, the widest range of products and a strong quality reputation. Following lengthy discussions, simplifying the BI diagram by combining constructs, then testing it in the scenarios, it became obvious that while essential for the company to maintain its distinctive competencies by continued investment in product development and manufacturing, it was also necessary to now expand its investment in marketing and market development. The company had traditionally left marketing of its products to its network of distributors, the ethos being "we do not need to spend money on marketing, everyone knows our products and who we are". While this may have worked in the past, changing values and expanding social media and interactive technologies had changed this.

3. Scenario Development Timescale

Perhaps the most important lesson learned from my experiences working as an apprentice to Kees, is that scenario development is not a quick and trivial matter, it is a collaborative, time-consuming, iterative, integrative and customised social activity and "Good projects are measured in months, not days or weeks" (page 268). This is unfortunately, is not always the case, there are a number of individuals and/or institutions in the literature who claim to be able to conduct a scenario development process over one or two days. At the same time I have had experiences of discussing potential scenario projects with clients, where the client has balked at the idea of a project requiring months to complete rather than a week, or two at most.

To conclude, Kees is an exceptionally intelligent and experienced scenario planner, yet he is also a very humble individual. I will forever be very grateful for having worked with him and for all that he has taught me.

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