

The Future Matrix

A practical approach to planning for uncertain futures



by
Julio Graham

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Forward

This book or set of instructions was initially developed as a quick-use tool for my clients who wanted to do some planning for projects and operational situations where there were many unpredictable or unknown outcomes. Scenario planning seemed the obvious choice for these clients but as this required a fair amount of effort, on behalf of the client, to get through, I found that before any decent plans were made the situation was often already over.

This lack of speed led me to shortening and adapting the scenario planning methodologies into 7 phases to very quickly help someone understand a situation and plan for 4 possible outcomes of that situation. I use this shortened method myself on projects when I just want to check what other resources we might need or what possible outcomes there could be that are not in my control but that I need to be prepared for. It is also useful for defining all the indicators that I need to measure as the project unfolds. I hope that you too will be able to learn to use this tool as comfortably and quickly as it was intended.

I am hoping to that instead of applying the “new broom sweeps clean” technique we see so often when tools are discovered or proposed, that you will instead adopt an evolutionary approach to your business practices by adding the set of tools proposed in this book to your existing processes and thereby create a better understanding of your future through learning about your current situation and including your past experiences.

This book is the first in a series of attempts to help organisations use systems thinking tools and approaches to everyday operational issues. In a sense I am trying to ensure that you embed systemic thinking into your every day practices.

Enjoy the journey - if you have any feedback please send it to feedback@thefuturematrix.com

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“If you can't explain it simply, you don't understand it well enough”
- reportedly attributed to Albert Einstein

Background

Often we have things happen to ourselves or our businesses that could have been avoided if we had just considered the possibility of it happening and had done some advance planning for that eventuality. All too often I hear people say that they have no control over certain events in their lives or businesses.

I attended a conference recently where someone reminded me of the Icelandic volcano and how it disrupted world air travel for weeks on end. I stated that there was no way of planning for the eruption, she laughed and said that they knew it was due to erupt but they still did nothing to plan for it. This caught me by surprise. When I related the story to a business colleague he said the same thing - he knew it might happen but he just hoped it wouldn't - he was stuck in New York for a few days with nothing to do but sightsee.

As a consultant to many large firms across the world I sometimes manage projects that don't have clear outcomes because of certain variable factors. In the early days of my consulting career I was often caught by surprise by unforeseen events. At the time I considered these as being beyond my control in terms of structured planning.

I soon began to realise that whilst many people anticipate a certain course of events they don't always have the skills to translate this awareness into action – especially in the corporate environment. Often, when they do express such concerns, they are ignored or labelled as pessimists which results in a reluctance to question the status quo or put forward opinions on future planning.

I started wondering about how people and organisations prepare and plan for an uncertain future. Being a consultant and armed with theories and methods and methodologies I was certain there must be an answer. How can companies and individuals ensure their continued success in an ever changing world?

Whilst studying systems thinking methodologies I came across scenario planning. This was a methodology that was used by Shell in the 1980's to survive the oil crisis. It was also the very tool that South Africa used to create and publish scenarios in 1992 to communicate the possible futures for the country. It gave the country a common language, a common understanding and an insight into what the future could be in very realistic terms. I started using scenario planning prolifically and adapting it to many everyday situations.

The one aspect of scenario planning that I really find useful is the ease at which you could get people to participate in the stories. The stories become a mix of fact and assumption, a cauldron of ideas, fears, opportunities and solutions.

Finding easier ways of doing this became my mission and after using these techniques successfully for over 10 years, I have condensed them into this toolkit, in the hope that you will find them easy to use and to help you plan for your future.

This tool is NOT scenario planning per se but it is a useful subset of activities that can be put to everyday use as a collaboration tool, a planning tool and a tool to explore an unknown future. The quality of the outcomes that you foresee is dependent on the quality of the data and inputs that you have available to you. This, 'predicting the future', is not a perfect science but with this tool you will have a better understanding of your environment than most people.

"The Future Matrix" should be used just like binoculars to see, and plan for, the things and happenings approaching from a distant horizon - we need to look into the future to see what is coming and we need to constantly keep looking because things change. Looking once and assuming that what you see will appear, is foolish. Looking constantly and doing nothing about the things you see is just as foolish. The use of this tool is a delicate balance of looking and preparations based on your timeline of events. I believe this tool works better as a team collaboration tool than it does as an individual's tool but, that said, it can be used very successfully by individuals to formulate their view of future events in a specific area of interest.

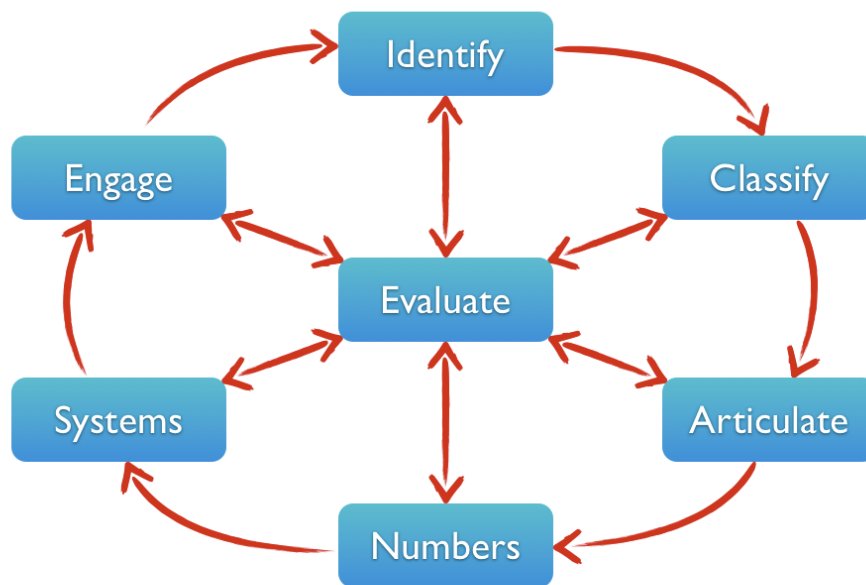
When you master this situational tool you should be able to:

- surface assumptions, fears, unknown factors, underlying objections, etc around specific issues;
- co-create a plan of action;
- have a communal understanding and a common language to describe your situation;
- be able to have an understanding and externalised view of people's point of views;
- discuss, modify and change the existing model and stories with minimal conflict;
- identify meaningful measures for monitoring;
- work towards shared goals;
- understand the possible outcomes;
- solve the real problems in your organisation or individual life;
- make contingency plans - many of them;
- constantly engage your organisation / team in a meaningful discussion.

The complexity or simplicity of the outputs and outcomes of using this framework is entirely up to you. My suggestion is to start simple and build your stories over time as you get better with each component of this framework. Once you have embedded it's usage into your daily work life you could very well be ready to tackle a full scale scenario planning exercise for your complete strategic plan.

The Future Matrix

This framework is a simplification and adaption of the classic scenario planning frameworks that have existed and used since the early 1970's. I have used this specific method and sequence to help me and my clients through some scary projects. This framework is a summarisation of over 10 years of practical experience and I believe every person, manager and owner can benefit from a tool that can be used daily for decision making and planning.



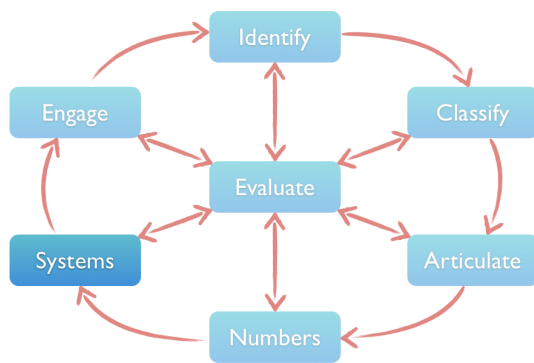
The Future Matrix Creation Process

As you can see the framework consists of 6 main activities and it is underpinned by evaluation. In some sense the engage step is also pervasive but I have added it as a step so that it is a gate or milestone before you publish and communicate your stories.

In the pages that follow we explore each of these elements so that will you can build some plausible versions of your future that you will be able to communicate and plan for.

[Hidden Data - this is a sample extract]

Systems



By now you will be armed with a plethora of information both quantitative and qualitative. At this time you can add more to your story for each quadrant. Add graphs, arrows, pictures or anything additional that has come to light in the numbers step of this process.

Now plan for each story, decide what you will do to take advantage of the situation and how you will defend and survive in each situation. Remember only one of the stories is gloom and doom and even in this story there are things that are inspirational and creative that you need to do. Doom and gloom for some may very well be an opportunity for you and your organisation if you are well prepared.

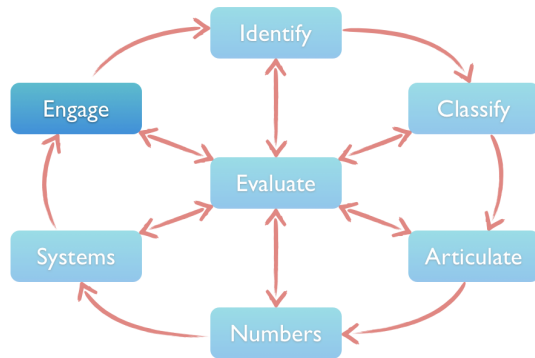
Think about exit strategies, expansion strategies and practical things that need doing. How will you find additional resources to expand, contract, diversify or consolidate?

Example

In the Faux Fox situation we looked at the options for buying forex when the rates are favourable. We planned to keep morale up and decided we would need better project managers to ensure the shipments left on time and were landed at the appropriate time. We even considered buying more raw materials when the rates were poor and supplying those to competitors at slightly better margins - an opportunity because we had more local clout with local suppliers.

Preparation for each scenario is the key to your planning and to ensuring you understand the future. While it is only a few paragraphs in this tool - you will most likely spend most of your time doing this step to ensure you fully understand your strategies, plans and tactics. Your budgets can flow from this, cash flow statements, contingency plans and even proposals to your financiers on how you are going to require more investment or finance or be in a position to settle your commitments faster. Take as much care as you need during this step and do it properly. **This is a good time to employ the existing planning and strategy frameworks that you have; like your balanced scorecard, SWOT analysis, budget planning and process model improvements.**

Engage



It is important to do reality checks often. These are really a dimension of every one of the steps above and I like to include it as a final step before engaging resources to deal with the possible futures. Doing a reality check stops you and the team from spending hours figuring out things that may never occur, that are ridiculous or that are just flights of fantasy. It is good to check with your trusted network of friends, colleagues and industry experts.

Confirm the numbers you have collected. Challenge your assumptions about growth or shrinkage. This is a good time to be skeptical or conservative - (low income, high risk probability) - in other words: be that 'half empty glass' type person when doing reality checks. Get some opinions on your stories from your peers, check with experts again and this time ask your mom or mentor.

When you are happy that your stories are credible, likely and well prepared, make sure everyone knows what story you are in and where you would like to be. Make sure they also know which story is currently most likely to happen - there is no point in dreaming about Nirvana when Hades is more likely, nor is there any point in fearing Hades when Nirvana is most likely.

Engage with your stakeholders and make sure every member of the organisation knows where we are and where we are headed. Remember, this is about achieving our objectives in spite of the outcomes of the future. Knowing which scenario we are operating in helps us determine which tactics to use.

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Your Next Steps

You now have a tool that can very rapidly assist you in your business or personal life to identify and plan for at least 4 possible futures. Along with identifying these possible futures this tool can help you focus on the things you need to do today to be in control of the future and to prepare for the opportunities and risks you face.

If you use the outputs of this tool as a daily task list you will always know what is going on and you will always have a strong foundation to act from. As always things will happen that we didn't see, didn't anticipate and didn't plan for. As you get better at scanning your environment for those factors that have high impact on you, you will get better and better at making decisions and planning will become second nature.

This tool can be scaled into a full blown scenario planning exercise with formal steps and far more rigorous documentation, consultation, analysis and planning. There are versions of scenario planning that have been adapted to include factors you control and to initiate negotiations in difficult situations.

My challenge to you is to think of an area of your work or past-time or personal life that you would like to have more clarity and control over. Use this tool to identify, classify, predict, quantify, prepare all the while making sure you are monitoring the right things and that your stories have some basis in reality. You will be amazed at the insights you get from doing this exercise. You will also see how easy it is to rally the troops when things go south if they have seen your plans and understand the consequences of not acting timeously.

You can use this tool to prepare for your annual budgets, strategy creation, project management forecasts or customer relations. Go ahead - try it for yourself now.

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