Managing Strategic Uncertainty and Integrating Expert Opinion

Breakthrough Thinking Conference

University of Nebraska

April 4, 2018
Dilemma of Strategic Planning

*There is no data about the future…*

- So, we fall into **three traps** created by laziness, hubris, and arrogance:
  - That strategic solutions have some permanence: a thing, not a process
  - That trends that have been important will still be important in the future (rear view mirror planning)
  - That you will recognize and react to strategic surprises, by keeping a close watch on your profession
Dilemma of Strategic Planning

But, the world is neither predictable nor static,

• Today’s trends or “certainties” are not enduring
  ○ The Soviet Union defines America’s threat space, planes need pilots and cars need drivers, cardiac surgery will remain surgery, we “go” to school

• Changes and surprises largely come from sources well outside of your profession/business/industry
  ○ iPhone, 3-D printing, rules for payment, physicians as employees

Instead of forecasting the future (typically by extrapolating from today)

Instead of searching for the solution

Change your mindset and your goal
Solving the Dilemma

Shift your mindset to:

Managing the uncertainties and ambiguities of your future

Re-set your ultimate goal to:

Creating an organization that thinks and acts with strategic intent

How: Portfolio Analysis & Expert Judgement

Develop a portfolio of future operating environments (scenarios), and with them:

• Craft a portfolio of strategies viable across a range of challenges and opportunities; and,

• Perform strategic risk analyses of all key decisions.
Solving the Dilemma

Most of my talk will focus on Alternative Futures Scenario Planning - a form of portfolio risk analysis that delivers robust strategies

However, first an advertising message for expert judgement

**Topical Expertise:** Part of expert judgment is deciding what current issues may be enduring or stage setting (you won’t always be right, of course)

- A deep drive into the issues you think will be crucial will help to populate your scenario analyses. There is no substitute for this insight – *the challenge is cross-impacts*

- Scenario planning produces robust strategies that are viable across a range of futures: that still leaves near and medium-term challenges where experts can help

**Your Expert Judgement:** is the best strategic planning tool at the University. All that is required in an analytical framework that encourages both creativity and rigor and produces implementable strategic actions
A Look at an Earlier Forecasting Effort

The following from: *Futuredays* by Isaac Asimov
Copyright 1986 by Lucy-Carroll Limited.
Aerocab Station
The Stirrup Cup
Heating with Radium
What Is Scenario Planning?

A planning process that relies heavily on **expert judgment**

A planning process that explicitly factors in a range of **plausible alternative future operating conditions**

- Outside-In planning – surprise and challenge tends to emerge from outside
- Future market/mission pull
  - Future patient, customer, and stakeholder needs
  - Traditional and non-traditional competitors

Scenarios are **not forecasts**: They are strategic risk management tools for conditions of high uncertainty and ambiguity: *risk management in a strategic setting*

- Plausibility and applicability are important
- Probability is not considered: all scenarios are equally probable or improbable: it’s the portfolio that matters
Scenario planning avoids the trap of a “most likely future” ...

Predictive Planning:

"Most Likely" Future  Master Plan

Today  

... And building plans on alternative futures

Scenario Planning:

Alternative Futures  Core Strategies & Actions

Today
Scenario Planning and Annual Planning
Different Roles, Mutual Support

Where Do We Need To Be 5-10 Years From Now?

Strategic Insight and Future Mission Pull

Where Can We Be Next Year?

Incrementalism and Negotiation

Annual Planning

And the next?...

Where we are now

Versus and Plus

What should we do?

Strategic Insight and Future Mission Pull

Scenario Planning

Where we are now

TIME

GOAL

GOAL

TIME

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Developing Scenarios

Forces for Change: Business or Mission Drivers

- Consumer
- Attitude
- Economy
- Regulatory Policy
- Trade
- Regional Conflict
- Technology
- Demographics
- Communications
- Local Autonomy
- Ethics

Derive Key Macro Forces for Change for Your Industry or Policy Arena

The “Planning Space”

Set the Boundary Conditions of the Planning Space

Scenarios Selected to Capture the Range of Planning Uncertainty
## ACGME Scenario Space (2013)

<table>
<thead>
<tr>
<th>U.S. Economic Vitality</th>
<th>Social Contract</th>
<th>Societal Change</th>
<th>Health Care as Percentage of GDP</th>
<th>World Name</th>
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<tbody>
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<td>Strong</td>
<td>Weak</td>
<td>Broad-Inclusive</td>
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## Building Scenarios: Characteristics Matrix

<table>
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<tr>
<th>Scenario Set Drivers</th>
<th>App for That, Too?</th>
<th>Cloudburst</th>
<th>Free Markets Unchained</th>
<th>Boom-Doggle</th>
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Planning Using Multiple Scenarios

1. Immersion in future operating environments: live and work. “Customers” of higher education & medicine
2. Identify implications for medicine & education – develop new delivery/business models
3. Develop strategies to operationalize your business models in the reality in your future
4. Stress-test for robustness

Cloudburst

There’s an App for That, Too?

Free Markets Unchained

Boom-doggle
A Few Stories

• Pfizer:
  ○ Cosmeceuticals
  ○ e-sales
• IBM:
  ○ Architecture
• American Airlines:
  ○ Product distribution
• USCG
  ○ Competency-based training
  ○ Command restructure
    ▪ MS & LE
• Panama Canal
  ○ Third set of locks and lanes
  ○ Trans-shipment
Scenario-Based Planning Benefits

- Develop “robust" strategies
- Prepare for unanticipated threats
- Discover hidden opportunities
- Avoid failures of imagination
- Challenge conventional thinking
- Build consensus and alignment

Rehearse the Future
Let’s Talk…

Thoughts, Questions?