

THE MANDATE FOR THEORY IN SCENARIO PLANNING

by

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Scenario planning is a discipline for rediscovering the original entrepreneurial power of creative foresight in contexts of accelerated change, greater complexity, and genuine uncertainty.

—Pierre Wack, Royal Dutch/Shell, 1984

Is this statement true?

THE UTILITY OF SCENARIO PLANNING

Scenario planning has great utility in planning for the future (Schwartz, 1991; Ringland, 1995; van der Heijden, 1997). In a world that changes far too rapidly for prediction to be of use, scenarios are gaining credibility as effective tools to prepare for an uncertain future, alter mental models, test decisions, and improve performance (Chermack, Lynham and Ruona, 2001). The popular application of scenarios has resulted in a variety of approaches and methods for conducting the process. The systems theory concept of equifinality informs us that the same outcome can be achieved via different paths, thus scenario planning pioneers such as Pierre Wack, Jay Forrester, Art Kliener, Peter Schwartz, Michel Godet, Kees van der Heijden, and Louis van der Merwe should be applauded for their efforts in developing such variety in practical method. However, a critical piece is missing—the theory base on which these methods stand.

THE PROBLEM

I'm not going to use Lewin's (1945) famous phrase, but *I am* going to talk about it. I agree that theory must be practical: "of, relating to, or manifested in practice or action" (Webster's, 2002), and in order to be practical, theory must be good: "of favorable character or tendency" (Webster's, 2002). It seems obvious that Lewin was providing the logic that solves the dilemma between theoreticians and practitioners. The status of theory and theory development in the area of scenario planning and, for that matter, future-oriented practices in general is dismal. Some people refer to "futures theory," but my searches on futures theory have revealed only strategies for

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stock market traders. The scenario planning process is increasingly applied without guiding theory for implementation or means for sound evaluation. While this may not be a problem for the consultant's pocketbook, it most certainly is a problem for the practitioner striving to prepare companies and their leaders for uncertain futures and situations requiring decisions with long-term ramifications.

Some scenario planning professionals have tended to think of method and theory as equivalent. Georgantzas and Acar (1995) include an appendix entitled "Theoretical Foundations of Scenario-Driven Planning"; however, an examination of that appendix reveals a summary of differing approaches to the scenario planning process—different methods. Torraco (1997) states: "A theory simply explains what a phenomenon is and how it works" (p. 115). By this simple yet straightforward definition of theory, the shortcomings of this "method as theory" approach are obvious. Scenario planning can be labeled as a process, and there are differing methods around completing the process. Thus, it is fair to say that we know *what* scenario planning is, but we must rely on theory to tell us how this process works. A description of how scenario planning works is precisely what is missing. While it is certainly appropriate that the same outcome is achieved in different ways, there must be a guiding theory base that points the professional to that outcome. It is my contention that scenario planning professionals have failed to make that theory base explicit and, therefore, to explain how this process works.

IMPLICATIONS OF THE PROBLEM

Other authors such as van der Heijden (1997), Schwartz (1991), Ringland (1998), Godet (2001), Wack (1985a; 1985b), all of whom are highly respected and have made considerable contributions to scenario planning practice, do not mention the word "theory" in their indexes, keywords or tables of contents. This focus on practical application and development can certainly be appreciated as the refinement of these methods has, in some cases, produced agile organizations that seem to be able to anticipate change. One need only look at Royal Dutch/Shell's success with scenarios to see this impact. On the other hand, some scenario projects have resulted in remarkable failure and there has been little effort in searching for the cause. The greatest danger in this situation is atheoretical application.

Atheoretical application often leads to random consulting activity, the inclusion of any theory the practitioner may choose, and the syndrome characterized by scenario planning being the solution to every organizational problem. As things are, any consultant could read *The Art of the Long View* and claim to be using Schwartz's methods and expect results. I submit that to effectively consider the

future requires much more than a two-day workshop, even if guided by a popular and effective method. To effectively consider the future requires an understanding of the theory supporting the process—theory-based practice.

A SOLUTION

Many of the above-mentioned authors hint toward implicit theory domains that inform the scenario planning process. Make them explicit. If scenario planning is ever to become more than a process (e.g., a discipline or professional field of practice), it will require strong theoretical foundations. The articulation of theoretical foundations is critical to the development and maturation of any field, discipline, or process (Warfield, 1995). Chermack and Lynham (2001) reveal some core espoused outcomes of the scenario planning process. Among these are plausible stories about the future, changed thinking, improved decision-making, enhanced human learning, and improved performance. These are promising areas in which to search for theory that underlies, informs, or shapes the scenario planning process, or more precisely—theory that helps us explain how this process works.

IMPLICATIONS OF THE SOLUTION

The articulation of theoretical foundations will provide a solid grounding on which practitioners may build methods that remain diverse, yet point to the same general output of the scenario planning process. Scenario planning, thus far in its lifetime, has been heavily biased toward practice. Considering such a lively state of application, we might find more certainty around what has caused successes and failures in the scenario planning process. This is not the case. In addition to reducing atheoretical practice and providing a means for evaluation, the designation of theoretical foundations will provide the link between theory and practice that has long been missing in scenario application, thus addressing both of Lewin's (1945) famous criteria.

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