



By Per Florén



# BENEFITS OF FUTURES ANALYSIS

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**Situational analysis<sup>1</sup> and futures analysis help organizations and people to act more realistically, preventatively and efficiently. Those who understand what may materialize get a head-start that can generate benefits and makes their own organizations better prepared, increasing their margins. This is valid for companies that are subject to competition in an open market as well as public organizations and NGOs. In this article, the basics of successful situational analysis and futures analysis are described.**

When you have worked with and trained people for futures analysis and situational analysis, like I have for many years, you realize that simple and short answers such as the ones above have their limitations. They are rarely helpful except as an introduction to a longer discussion. Therefore, please allow me to develop the answer and explain how we at Kairos Future view starting points, prerequisites, possibilities and challenges for successful work with futures analysis and situational analysis.

## PREDICTABILITY OF THE FUTURE

Is it possible to predict the future? There are two completely different answers to this apparently simple but fundamental question:

1. Yes, the future is like the balls on a pool table, if you know the position and speed at a given moment you can calculate what is to be expected. We could call this standpoint "Future fatalism".
2. No, life is like electrons in quantum mechanics, as soon as you try to determine position and speed they modify and you no longer know anything. We could call this standpoint "Future nihilism".

The first standpoint exists in various forms. One example is King Hassan's of Jordania who apparently had the following view upon threats to his own life: "As long as my time has not come nothing can hurt me, and when my time has

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<sup>1</sup> We have chosen to translate the unique Swedish word "omvärldsbevakning" this way in this context. It is sometimes translated as for example "business intelligence", "contextual scanning", "environmental scanning" and denotes the process whereby a company or organization collects, structures and interprets information about trends that may have an impact on their work, such as rules and regulations, consumer behavior, values and lifestyles, politics, economics, competition, media etc.



come nothing can save me". Another example is the thinkers who claim that if only you could gather enough information about the world right now and feed it into a big computer, the computer would be able to calculate all future events. It is noteworthy that if the future fatalists are right, planning and futures work is never meaningful. The future is already set, hence also your own or your organization's future.

The other standpoint, future nihilism, implying that we cannot possibly know anything about the future, is more often encountered than the first, at least by me. It is not unusual that participants in courses and seminars say "we cannot know anything about the future anyway". Therefore there is no point in working with the issue, according to them. Yet, we all make large investments in a house and a car, we expect employers to pay pension fees for us etc. Why bother if we cannot know anything about the future?

There is a third standpoint that I find more reasonable and that forms the foundation of the futures and situational analyses of Kairos Future. Let me present a metaphor. Imagine that you are standing on a steep slope. It is an amazingly clear and beautiful morning. The sun is shining from a blue sky and the air is crystal clear. Suddenly you hear a click, an increasing noise and all of a sudden you see how a big block of stone begins to move down the slope straight at you. Do you say: "I probably cannot accurately estimate whether it will hit me" and remain in the same place? Or do you say "If fate decides I shall die here, then so I will" and remain in the same place? Or do you try to estimate the speed, direction and form of it in order to guess whether you might be hit by it or not in your present position, and try to choose the safest position?

The third standpoint is based on the assumption that the overall features of development are characterized by inherent inertia. If we study our history, we will quite soon conclude that we rarely see any fast changes on the general level. Economic, social and technical development moves slowly but inexorably ahead. Not even the world wars had any major impact on for example development regarding personal transportation or telecommunications according to researchers.<sup>2</sup> We can picture them as large blocks of stone that slowly but inexorably roll down the slope.

### **SUFFICIENTLY BROAD AND SHARP SITUATIONAL ANALYSIS MAY GIVE GREAT ADVANTAGES**

What we perceive as surprising is often things that have just entered our field of vision, similarly to how we become surprised when a moose or a deer suddenly appear in front of the car. If we had kept an eye on the roadside, we would have noticed the animal long before we got close to it. When something is perceived to be moving fast it is more often because of ourselves and the fact that our attention changes direction, rather than the actual movement. Let us take the example of Internet. It was born already in the 1950s; it grew very slowly in the beginning within a small network of computer technologists in the academic world. During the 1980s Internet was slowly introduced in Swedish universities, where I encountered it myself for the first time. During the early 1990s the Internet world in the US began to open up to non-academic users.

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<sup>2</sup> Gröbler 1990, quoted in Fürth, T. "70-talisterna" (*People born in the 70s*) Natur och Kultur 1993.



In 1994, when Kairos Future wrote the book “Internet – a guide to tomorrow’s business”, a large number of international and Swedish magazines had published articles about the internet. Still in 1995 and 1996, many of Sweden’s most prominent IT-professionals were very skeptical. “Internet will suffer from meltdown”, one of them said. For those who opened their eyes to Internet in 1996 it probably felt like everything went fast, but those who had looked a little outside the illumination of the headlights were not surprised.

Let us continue with the “car-driving-metaphor”. Which driver would you rather go with, the one who has a broad view or the one who only stares in the light from the full beam? Which driver has the greatest chance of stopping in time? Which driver is the least at risk? Or the most likely to benefit from the opportunities that appear? (For example something positive may turn up along the way, such as a sign about a nice café).

In many ways, situational and futures analysis play the same role for an organization that sight and other senses do for humans. Imagine for example a nearsighted tennis player. If the nearsightedness is negligible he will of course manage even without glasses, but he will have greater chances to perform well if he sees properly – even though the eyes or the glasses are certainly not sufficient per se to win the game. Good eyesight merely **improves your chances**, which is not so bad. Situational analysis works similarly, it will not do the job for you, but it gives you improved chances of “winning the game”. You also realize quite soon that if we could give our tennis player the sight of an eagle it probably would not give much more assistance than normal human eyesight. Situational analysis has a distinct “good enough-logic”, i.e. above a certain level additional facts, more details, do not add extra value. The challenge is to know when we have reached a **sufficiently good level**. The example with the tennis player also illustrates the simple fact that if I have never held a tennis racket it does not matter how good my glasses are. Situational analysis **can never compensate basic scarcities in the organization**.

Now, if we have created a head start, what will we use it for? The simple answer is: Benefit from it! What constitutes benefits differs from one time to another, from one organization to another, from one sector to another.

For a product manufacturing company it may be a question of surpassing competitors with new features or new refinements. For a municipality or a region it may be a question of promoting characteristics or arguments for establishment that have grown in importance before other regions do. For a sales organization it may be a question of identifying, at an early stage, which sales arguments and target groups that will be the most profitable. For a government agency it may be a question of finding new problems or opportunities within the areas of responsibility.

## **BASIC QUESTIONS AND STEPS TO SUCCESSFUL SITUATIONAL ANALYSIS**

The work with situational analysis within an organization may occur in many different forms. In order to become successful it has turned out that there are certain questions that must be thought through before, in order to give the work adequate focus.



- **What is it that we want to look at in our situational analysis?** Without a clear question or an assignment the situational analysis will soon become unfocused and difficult to overview.
- **How will we get width in the analysis?** It is human to get stuck in favorite tracks. The form of the work must assist the participants in leaving their old tracks to see more.
- **How do we prioritize the most important information?** “Information overload” is a permanent threat to efficient situational analysis.
- **How do we make an inventory of factors in the surrounding world and their impact on our own organization?** Which consequences do we expect from the identified changes in the surrounding world? Which impact may these consequences have on our organization? Which threats and opportunities do the analysis indicate?
- **How do we transform our observations and conclusions into strategies and action?** It is not of much help that the eyes see the moose approaching the road if the brain is focusing on what is being said in a mobile telephone...

The questions above are related to different steps in the process of situational analysis. Certainly, there is more to say about each of these steps, but the important thing is to start a process where the organization step by step begins to learn the best way of treating its specific needs of situational and futures analysis.

## HOW MAY KAIROS SUPPORT YOU?

Let me start by stating that the responsibility for the organization's situational and futures analysis as well as subsequent work with vision, strategy and action can never be transferred to anyone outside the organization. It is as impossible as letting someone else do the decision making for the management. However, an organization that has decided to develop its capacity for situational analysis can receive lots of help and support that makes it develop faster and avoid going through a difficult learning process by itself, most mistakes have already been made by someone else.

Kairos Future can give you both basic knowledge and concrete advice as well as supportive work. Our training courses include:

- **Basic course in situational analysis** that helps you get started and avoid the most common pitfalls.
- **Intensive course** for those of you who wish to go one step further.
- **Course in scenario analysis** for those of you who wish to learn how to work at stages when we envision a more insecure future ahead of us.
- **Course in effective research** for those of you who wish to learn more about how to secure quality in situational analysis.
- **The Future program** gives both beginners and more experienced situational analysts an in-depth and broad knowledge about situational analysis per se as well as how it is connected to work with visions, strategy and action.



We can also support your organization to introduce a continuous, regular situational analysis process, linked to organization, business or product development.

For more experienced organizations and as a support in specific projects we can also offer:

- **Support in your own situational analysis.** Consultants from Kairos Future can in different ways support and help your organization deepen and broaden your situational analysis work and ensure its quality.
- **Complementation and quality control** of situational analyses already made.

Finally I wish you the best of luck with your own and your organization's situational analysis and if you would like to get help and support you are always welcome to contact us at Kairos Future!



## About Mr. Per Florén



Per Florén works primarily with situational analysis, trend assessment and scenario planning. The main purpose of these is to consolidate awareness in companies and organizations about what is going to happen in the future, and how various lines of development will impact on the company. Assignments may also at times touch upon strategic questions.

Per co-authored the first book in Swedish on how companies would be able to use the Internet in their activities (the title of the book was "The Internet", the year was 1994). Since then he has produced some ten books and reports along lines such as Tomorrow's Daily Newspapers, Tomorrow's Industrial Work, IT and The Nation State. Per has a broad, scientific educational background with a M. Sc. and Lic. Sc. in

ecological morphology.

Over a period of ten years he worked with IT questions at Chalmers Technical Institute and Gothenburg University.

Are you interested in knowing more about the benefits of futures and situational analysis and/or how you can hire Per Florén as a speaker?

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Books: Florén P., Gustafsson P., J. Jedbratt: *Internet – en vägvisare till morgondagens affärer* (Internet – a guide to tomorrow's business) Konsultförlaget 1994

Lindgren and Florén: *IT-revolutionen och Morgondagens företag* (The IT-revolution and tomorrow's entrepreneurs) Konsultförlaget 1997

Lindgren et al: *Tjugo världar – (Twenty worlds)* Konsultförlaget 1998, (Florén: chapter about IT and Biotech)

Bandhold and Florén: *Morgondagens brott* – (The crime of tomorrow) 1998

Florén and Lindgren: *IT och nationalstaten* (IT and the national state)



## ABOUT KAIROS FUTURE

Kairos Future helps companies and organizations understand and shape the future through:

- international surveys and futures analysis
- lectures and workshops
- courses and training programs
- knowledge-based projects and networks
- scenario, strategy and improvement projects
- change process support

We combine the think tank's and research company's ability to generate new insights and ideas with the consulting agency's focus on what works in practice. Our work is built on our own skills development along with in-house designed and advanced methods of analysis, strategy development and change processes.

We often work in close collaboration with our clients.

Kairos Future has over thirty-five employees in Sweden, Denmark, France, Spain and the US with headquarters in Stockholm and an international network of partners.

For more information, visit our website: [www.kairosfuture.com](http://www.kairosfuture.com) or contact us at:

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