

## STRATEGY

## New learning curve sends planners back to the future

STORY | Julie Macken

The accepted strategies for forward planning have lost credence, forcing corporations to rethink and re-arm

Typical. Just as corporate Australia is finally getting into the swing of strategic planning, along come some of the country's foremost futurists and declare that the reign of strategic planning is over. The catchcry now is Anticipatory Action Learning (AAL), a transformative approach to negotiating the future that incorporates then transcends strategic thinking.

Scenario and strategic planning grew in popularity after the apparent success of the Dutch Shell Corporation in the early 1970s. Having developed a number of future scenarios, Shell was able to utilise its forward thinking when the OPEC crisis hit a few months later. The company turned the emergency into an opportunity and went from

seventh to second in the world of oil production in the process.

But according to futurist Sohail Inayatullah, who spent the 1980s as the strategic planner for the Justice Department of Hawaii and is now a senior research fellow at the Queensland University of Technology, the same story also offers a perfect example of the limited nature of strategic and scenario planning.

"Shell's planning helped them turn a crisis into an opportunity," says Inayatullah. "But because it was so superficial, it didn't prevent them from creating their own crisis in the 1980s in Nigeria and then the Brent Spar debacle – both of which cost them dearly.

"Strategic planning is a useful tool

in the short-term, but any company that thinks it offers a way into the future is deluding themselves."

Unfortunately – from the futurist's point of view – the human response to a world that's spinning faster than ever before, with financial and geopolitical realities changing moment to moment, is to contract and lock down the hatches. Just like the body does when it feels pain. The fact that this contraction and resistance actually makes the pain get worse is often overlooked.

Strategic planning, whatever its shortcomings, at least offers the illusion of control and security. Sitting back and rehearsing various scenarios and preparing alternate responses to them while planning the next Great Leap Forward can be a momentarily galvanising experience.

But despite living and working in an increasingly global market with its roots buried in a number of diverse cultures, most of these strategies are devised by white, upper-middle class men unused to imagining how the other half live.

"Shell's disaster in Nigeria would never have happened if they had involved the local Nigerian community in the planning stages," says Inayatullah.

"Likewise, if they had been talking to a range of stakeholders like environmentalists, Brent Spar would never have happened. One of the problems is that strategic planning forces you to use only one or two sources of information and those sources invariably look a lot like the dominant culture of the organisation. Closed systems like these rarely survive change."

During the '80s and early '90s the corporate sector, particularly in North America and Europe, poured

resources into strategic planning. They worked on the theory that the more information they had about the future, the more research they did on modelling, the better equipped they would be in uncertain times.

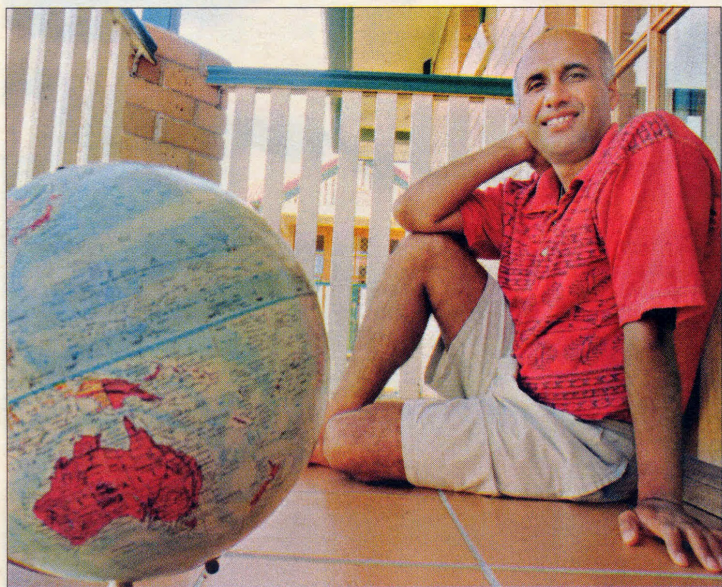
Yet very few anticipated the ascendancy of the hedge funds, the Asian crisis or the current shift to deflation. And the bad news, says Tony Stevenson, president of the World Futures Federation and director of the Communication Centre at QUT, is that they're never going to be able to.

"If we've learnt anything over the last 12 months it's that change comes out of left field and comes fast," he says. "The reason these things caught corporations and countries off-guard is because they were busy looking straight down the pipeline rather than around the world."

In a global marketplace it's no longer safe to assume the rest of the world shares the same value system, vision or priorities as Australia's corporate sector. According to Stevenson, few Australian companies are aware of the logic trap inherent in their future projections. He says: "Even in their scenario planning they fail to acknowledge that their vision is one that is culturally bound and informed by a male Judaic-Christian tradition.

"Nothing wrong with these traditions except that they are very different from Confucian, Islamic, indigenous and Hindu world views. And they often don't translate across cultures or genders for that matter."

It's this presumption of sameness



ROBERT ROUGH

Companies planning their future from within closed mindsets will be off the mark, say futurist Sohail Inayatullah.





PHOTO MONTAGE BY ROB HOMER

that brings many companies undone. While strategists may argue that they cater for differences by looking at four or five different scenarios, because they all operate from the same flawed premise – that is that their world view is the dominant one – they fail to keep an open mind.

Having experienced the failure and humiliation that comes from taking such an arrogant position,

Dutch Shell had the willingness of the drowning when it came to finding another way of operating in the world.

It turned to a system called Action Learning (AL), the precursor to Anticipatory Action Learning. AL provided it with a way of de-layering management levels, introducing self-managed teams with a focus on empowerment, and removing formal

lines of communication and hierarchy, relying instead on individuals and teams to form the networks that help their work.

According to Robert Burke, CEO of Innovation Management at the International Management Centre, the process of AL alters the usual priorities from action to one where practitioners can reflect and assess strategies as they evolve.

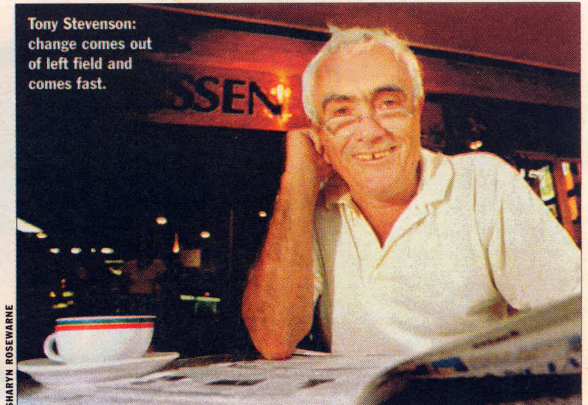
"The process of AL is: plan, act, observe, reflect, revise," he says. "It's a continuous cycle and because of that it removes the idea that it's possible to make a plan, set your sights and just power through without ever having to change course."

While most companies and senior management are comfortable with the ideas of planning and action, observation, reflection and revision are a little – or lot – more difficult. In Burke's opinion, this is where good leadership becomes critical.

He says: "A lot of companies fail because their internal features generate inertia that seduces senior management to opt for maintaining the status quo, favouring established directions that proved successful in the past. Mainly because their activities embed them in business communities that shield them from the wider community."

"It's clear that if an organisation is genuinely interested in change and in becoming a learning organisation, then it's imperative the CEO lead the way and allow all team members to become leaders in their own right."

In Burke's opinion, the issue of



Tony Stevenson: change comes out of left field and comes fast.

SHARON ROSEWARNE

empowerment has become more critical as the speed of change accelerates. Like the human body, corporations need more than a good brain. They also need every organ and nervous system to be fluid, functioning and able to operate, even when the brain is resting.

While acknowledging the short-term boost to productivity that fear provides – particularly fear generated by out-sourcing and down-sizing – Burke believes that as a long-term strategy it's guaranteed to strip the workplace of meaning or care. And once that happens only the most desperate will want to be there.

Anticipatory Action Learning brings together the tenets of Action Learning and post-strategic work that when operating together create fundamental principles of respect, open-mindedness and integrity that can translate across crises and

cultures, according to Inayatullah.

"Strategy is part of the problem because it only uses the intellect and limits chaos and complexity," says Inayatullah. "Therefore it also limits all the other ways in which we know and understand the world – intuition, instincts and through relationships."

Stevenson and Inayatullah believe that while strategic planning gives an organisation the feeling of having control over the events, people and the future, AAL offers the opposite.

"AAL teaches people and corporations how to let go and let things happen," says Stevenson. "With the winds of change blowing so strong and erratically right now, survival means learning how to bend with the wind. To do that you need flexibility and humility."

Unfortunately, I'm not sure corporate Australia yet recognises the value of those two attributes. ■

## A bright new world where outsourcing brings in jobs

In 1999 our national revenue will exceed \$1.6 trillion, spread across more than one million enterprises, and our GDP should nudge \$600 billion going into 2000.

This is just the official economy, of course, made up of 465 industries as defined by the ABS. Yet more unpaid hours (12.6 billion hours) will be spent working at home or for charity than in the paid workforce (12.4 billion hours). If the

unpaid work was valued, it would add only another third to the official GDP given the much lower productivity rate of unofficial work.

Outsourcing do-it-yourself (DIY) activities has created most of the nation's 465 industries over the past two centuries.

Households began outsourcing their DIY activities with agriculture 200 years ago ago to create today's 38 industries involved in agriculture, forestry and fishing; and another 19 industries in mining.

In the Industrial Age, households began outsourcing home building, manufacturing (food preservation, clothes, furniture making, etc) and utilities (water, etc). This led to today's 21 industries in building, 153 in manufacturing and four in utilities.

But since the mid-60s and the new Infotronics Age, households are now outsourcing do-it-yourself services from the home. At the

same time, corporations began outsourcing their internally-conducted services, including trucking, cleaning, share registers, legal work, canteens; maintenance and much more.

With these new industries came a new cluster of industries we call information technology and telecommunications (IT&T).

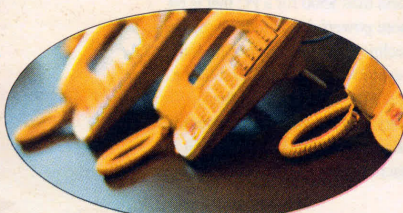
More than half of Australia's 8.7 million jobs have been created from new service industries since 1965; and these new industries will create more than 80 per cent of new jobs in the coming decades.

But manufacturing is still the our largest industry (13.8 per cent of GDP) but has a much reduced share than in 1960 at its peak (29.3 per cent of GDP). Few would know, however, that in 1999 in the US it is property and business services that will be its biggest industry, with manufacturing second, retail third

and health services fourth.

It is sobering, if not chilling, to note that agriculture now contributes less than 3 per cent of the nation's wealth (GDP), and mining just 3.5 per cent! Yet it explains why the Asian crisis has had negligible impact on our economy: the resources sector is less than one-twelfth of our GDP, so we are more insulated than we think.

As for the next five years, what households, corporations and overseas countries outsource will spur existing industries or create new ones. The answer is very different to the beginning of the 20th century but no less exciting – prospective and job creating (back to full employment by 2005/6, if not earlier). After all, five OECD nations are back to full employment so we need never doubt that there are enough new industries to take the place of the old. **Phillip K Ruthven**



Data processing and outsourcing will yield a richer future.