

**DEFINING THE FUTURE©**  
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It is no news that the world of associations is on the cusp of fundamental change. The unanswered question is what to do about it. This change is being driven by globalization; the creation of modular relationships that supersede industry and professional boundaries; the technology of connection that permits wide and instantaneous sharing of information and knowledge; and the entrance of the Millennial generation, the most collaborative generation in human history, into the workforce.

Today's association leaders can very much empathize with Christopher Columbus' chandler. He had no idea where they were going, how long it would take or what they would need when they got there. But he had to supply the ships nonetheless. We, like him, need to imagine what new opportunities and challenges will arise in a new world, about which we know only that it will bear little resemblance to the old one.

**Getting a Grip on the Future**

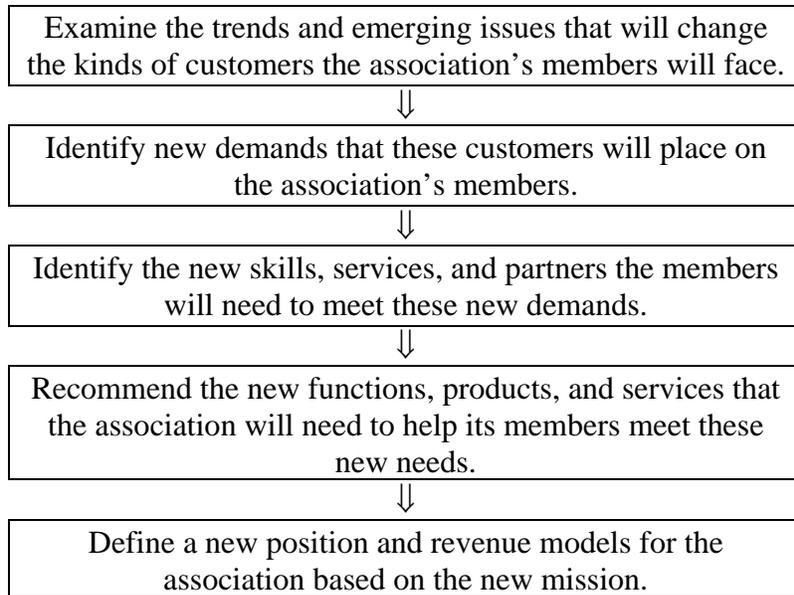
The late management guru Peter Drucker, when asked how he made such accurate predictions, said

*"I don't forecast. I look out the window and identify what's visible but not yet seen."*

This is the purpose of an ongoing futures analysis process: to identify what is visible but not yet seen in order to avoid being blindsided. For example, in the mid 1990s, a large U.S. association built a multimillion-dollar proprietary portal that was quickly overshadowed by the Web and abandoned. Had it identified the Web, which its president called "the lion on the other side of the hill," and assessed its implications the association might have seen that the open-architecture of the Internet would supplant proprietary systems and avoided its huge loss.

To prepare for the future and to implement any positioning strategy, associations must understand how their members' needs will change, not in the murky and distant future but in the years that lie immediately ahead. Member needs assessments and customer satisfaction surveys, however, only show how well you performed in the past. They are notoriously poor in advising how you should perform in the future. Associations must concern themselves with the emerging member needs being created by external forces and what changes they need to implement to help their members respond to them.

In order to determine what is driving the future, associations must examine not just their customers, but also their customers' customers. The very best one can expect from a study of one's own customers is to react to changes sooner. However, by studying its customers' customers, an organization can anticipate emerging needs of its immediate customers or members. Schematically, the process can be described as follows:



The result of this approach is a proactive, market-driven solution that responds to the long-term needs of the members' market rather than solely the short-term concerns facing today's members.

Associations have always been information gatherers and producers. But there are many other sources of information today, so associations no longer have a franchise. Now they need to be intelligence digesters, abstracters and analysts. This has high value because their members often are too busy to do this for themselves. The new cry for help is, "Just tell me what's in my in box that I should pay attention to and what it means!" This requires futures analysis. Note the use of the word "futures," not "future" analysis. There is no one future to be divined from the vantage point of today. To attempt to do so leads to forecasting and predicting, which usually are wrong. The future does not project from today in a straight line. It spins out in overlapping tiers.

### **Components of Futures Analysis**

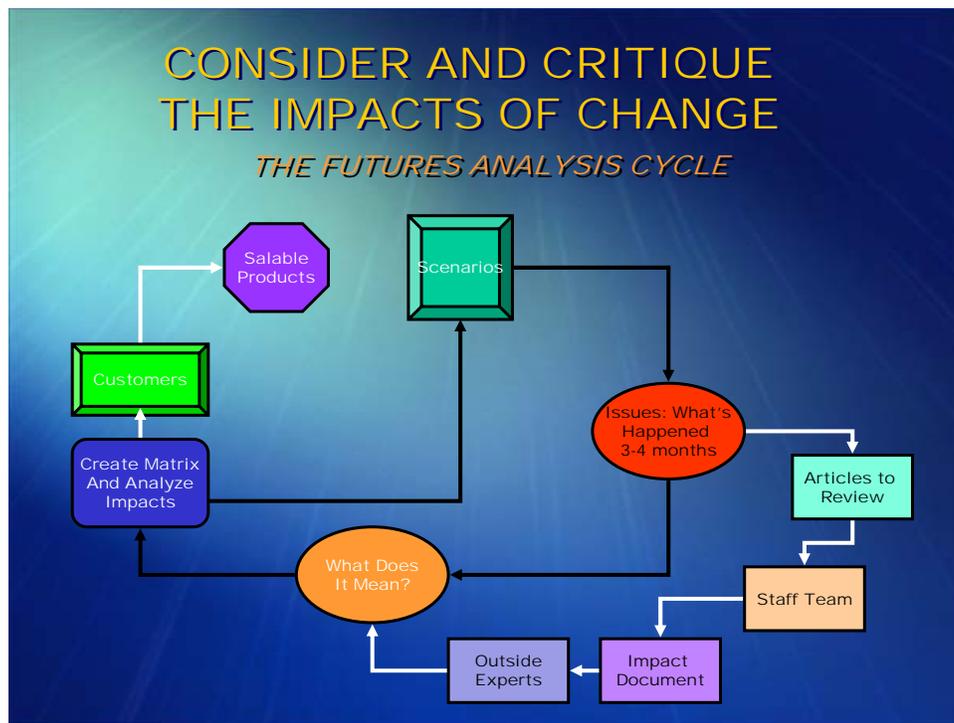
There are five primary activities involved in futures analysis. They are

- identifying and monitoring change
- considering and critiquing the impacts of change
- imagining conceivable alternative futures
- envisioning preferred futures and
- planning and implementing desired change

The means of accomplishing these activities are environmental scanning, identification of change drivers, scenario planning, and strategic planning.

Any futures analysis system should have these extremely important objectives: that issue/trend

identification and analysis be ongoing; that implications be determined, that implications lead to actions, and that the scanning process yield saleable products. Here is an example of a futures analysis process used by a healthcare association:



In this model, staff and selected volunteers analyze quarterly what has happened with major issues confronting the industry. Staff members are assigned publications, Websites, blogs and other resources to review pertaining to the forces having an impact on the major issues. A senior staff team headed by a full-time director reviews the submissions and determines which are pertinent to be abstracted for a quarterly impact document that is provided to a group of 30-40 outside experts drawn from diverse disciplines inside and outside of healthcare that meets semiannually. The incentive for their participation is early access to intelligence and the opportunity to interact with people they might not otherwise meet in a free-ranging dialog.

These experts offer options about additions and subtractions from the impact document, determine priorities of issues and discuss their meaning to the industry and the association. The senior staff team creates a matrix that lists the issues and whether they have a positive, negative or neutral impact on the industry. This matrix leads to two paths: creation of new products and services that help members address the issues and scenarios that play out the issues to a point in time, usually five years out. The scenarios suggest strategies and impacts that lead back into the issues analysis process. It becomes a virtuous circle.

### **Environmental Scanning**

There are several concerns in constructing an effective environmental scanning process.

- Scanning is a labor-intensive process that is difficult for hard-worked staff and part time volunteers to perform well.

- The effectiveness of the scan is a function of *what* is being scanned and *for what purpose*. The more outlets, the richer the scan and the greater the likelihood of correctly identifying emerging issues and trends. But scanning volumes of information is a daunting task. There are several differing areas of change, with two – emerging issues and trends – being the most crucial to identify in a scanning process, as these are the change areas most effectively leveraged. Types of change include:
  - Cycles – changes that occur over an observable time period and are rather predictable (i.e.; seasons, ice ages, El Nino, etc.).
  - Wildcard events – sudden, discontinuous change (i.e.; the fall of the Berlin Wall, the September 11 tragedies, the threat of a worldwide pandemic etc.).
  - Trends – changes that move in a direction overtime. Trends are not new; there is much data and information about them and they have been observed for a period of time (i.e. global warming, population changes, etc.).
  - Emerging issues – this is the type of change that, ideally, a futures analysis process will uncover and focus on. Futurists are most interested in emerging issues because they are seeds of trends; the changes that will initiate a trend over time. Identification of an emerging issue leads to potential for real leverage in how that issue eventually affects an organization (i.e. the effect of religious fundamentalism on energy supplies, time-shifting and place shifting of information, etc.).

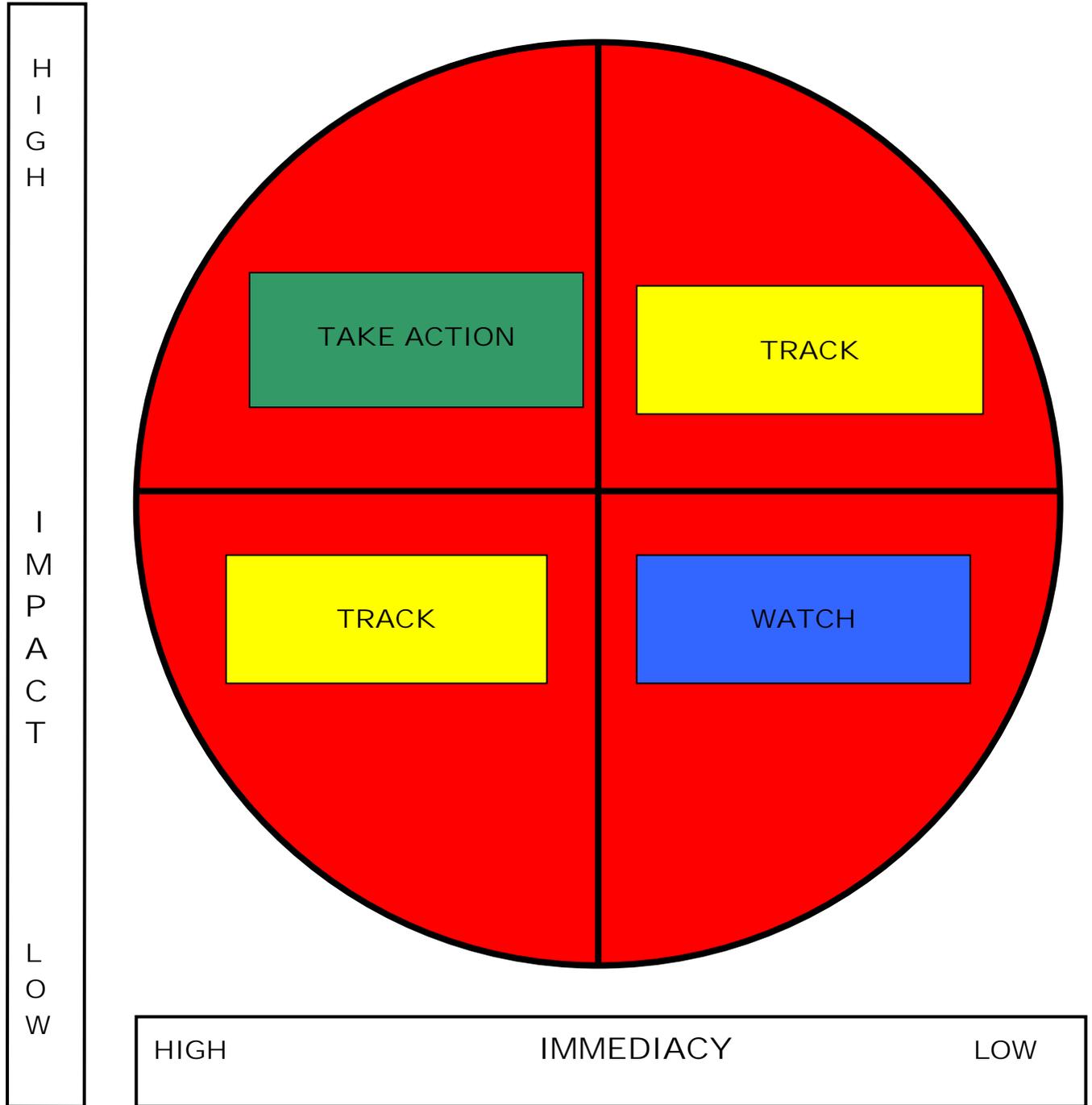
Futurists often scan to STEEP categories (sociodemographics, technology, economics, environment, and politics). Rich scans produce volumes of “hits” that must be analyzed and assessed for implications. How do you focus on what is important? Use panels of experts in each field to vet scanning “hits,” advise on their relative impact and immediacy. These vetted “hits” can be displayed on a scanning gauge (described in the exhibit below). “Hits” with high impact and immediacy are recommended for action by the association or its constituents and intensely tracked. High impact/low immediacy and low impact/high immediacy “hits” are simply tracked. Low impact/low immediacy “hits” would no longer be tracked but would be on a watch list and periodically revisited to see if they have changed intensity and because some may be “weak signals” that will develop into significant trends.

Scanning gauges can be assembled into a “dashboard” of business fields (described in the exhibit below) that allows a quick overview of each scan and enables discussions of commonalities and tie-ins. In other words, this is where the dots get connected. Business fields could be the STEEP categories described above or more sector-specific fields. For example, ASAE’s business fields might include what is happening in the worlds of convening, communication, education, organization and structure or customership. The display of information can be facilitated by dashboard software programs, and there are many on the market.

Because tracking is continuous and changing, the association can offer access to the scanning by subscription on line. Since this is intelligence and highly valuable in helping members head off threats and take advantage of emerging opportunities, subscriptions can generate significant income streams, perhaps in the high six figures or more depending on the association’s membership.

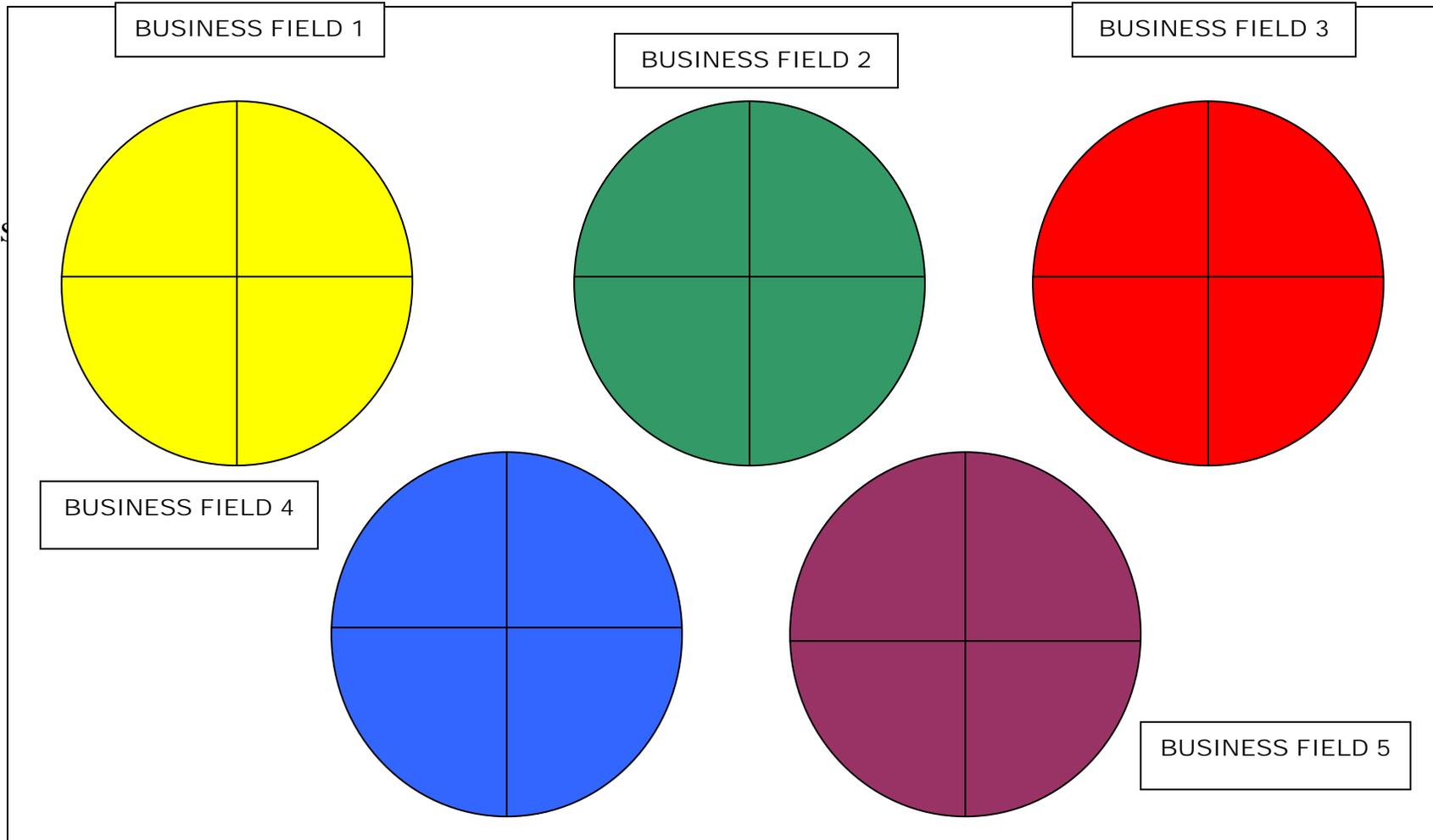
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# THE SCANNING DASHBOARD®

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## **Identifying Change Drivers**

Through the environmental scanning process, decision-makers can identify emerging forces able to reshape or overwhelm existing institutions and, consequently, promote different behaviors that may not appear rational within today's structure. The output of environmental scanning can be a daunting array of these change drivers. It is important to narrow the number of change drivers because they will be used to define alternative future scenarios.

The paradigm for explaining individual and organizational behavior is: Structure → Conduct → Performance. Organizational structures create the rigidities that guide conduct and make market performance predictable. When determining change drivers, test them against the Structure → Conduct → Performance model and look for those that are structural.

A healthcare organization wanted to create some alternative future scenarios. Their environmental scan revealed two extremely significant structural change drivers – the type of healthcare that would be delivered in the future and the means of that delivery. Each of these drivers had polar opposite outcomes. The type of healthcare delivered in the future could focus on wellness or disease treatment. The means of delivery in the future could be institutional delivery of care (hospitals, clinics, physicians' offices) or community delivery of care (senior centers, schools, malls).

In another example, when Y2K threatened, predictions ranged from no effect to total disaster. Some futurists built scenarios based on two change drivers – the response of technology (isolated failures vs. widespread failures) and the response of society (social coherence vs. social breakdown).

In the association world, there are two powerful structural change drivers that are increasingly being discussed by association leaders. They are technological change and demographic shifts. The spectacular deployment, unplugging and portability of the Internet and the convergence of communications delivery technologies (from PC to laptop to PDA to cellphone to iPod® to TIVO® [TV time shifting] to Slingbox® [TV place shifting]) challenges associations, which are not known as early adopters. Couple this with the arrival in the workforce and association membership of the huge Millennial Generation (born since 1982 and who have never not used IMs, text messaging, blogs, vlogs, and wikis) and you have the ingredients of dramatic change.

## **Scenario Planning**

When change drivers have been identified, they can be used to create potential future worlds where planners can work at minimum risk. This methodology was initially developed by The Rand Corporation and refined by Royal Dutch Shell. It has been successfully used worldwide by companies, governments, and associations.

It is human nature to restrict our thinking to the known and the comfortable. However, history has demonstrated time and again that profound change comes in surges and jerks instead of sustained moderate trends. Rather than committing to the rules of conduct dictated by a single structure, scenarios create alternative structures that allow decision makers to play out alternative futures. Scenarios are not stories about the way things are but what they could be.

## *The Value of Scenarios*

Scenario stories are told from a particular point in time and look back to the present. Scenario planners work with them by adding their thinking about how the stories might evolve and then creating strategies that will advance desirable futures and prevent undesirable ones. While the real future will emerge from all of the scenarios and more, scenario planning helps leaders to move past barriers and, as the earlier Drucker quote says, identify what is visible but not yet seen.

Scenario planning is an approach to strategy development and decision-making that acknowledges, then structures, the inherent uncertainty in the societal, public policy and business environment and aims at achieving maximum feasible resilience in strategy. It is predicated on the fact that, in an uncertain environment, single-point forecasts, which most leaders tend to rely on, are inherently inaccurate and strategies based on them will almost certainly be misdirected.

Scenarios are not predictions: they are carefully structured descriptions of alternative possible futures. They are not just variations around a base case: they are significantly, often structurally, different views of the future. And they are not generalized views of feared or desired futures: they are specific "decision-focused" views of the future. The benefits of scenario planning, properly conceived and executed, are that the scenarios provide

- a more thorough understanding of the dynamics of change
- better consideration of the full range of opportunities and threats
- reduced vulnerability to surprises
- more resilient, flexible strategy
- better assessment of risks

Scenarios closely examine what forecasts take for granted, the structural drivers that determine trends in the first place. The scenario process examines how changes in the underlying structure can play out into radically different behaviors.

## *Scenario Principles*

There are two principles required for scenario planning to work

- planners must agree that the scenario stories are only plausible, not probable, and
- they must be willing to suspend disbelief when confronted by stories that challenge their current thinking.

The word "never" should not be used when developing and working with scenarios. For example, people once thought that the Cold War would *never* end, that the Soviet Union would *never* collapse, that the United States would *never* be attacked, and that the Internet would *never* be anything but a fad.

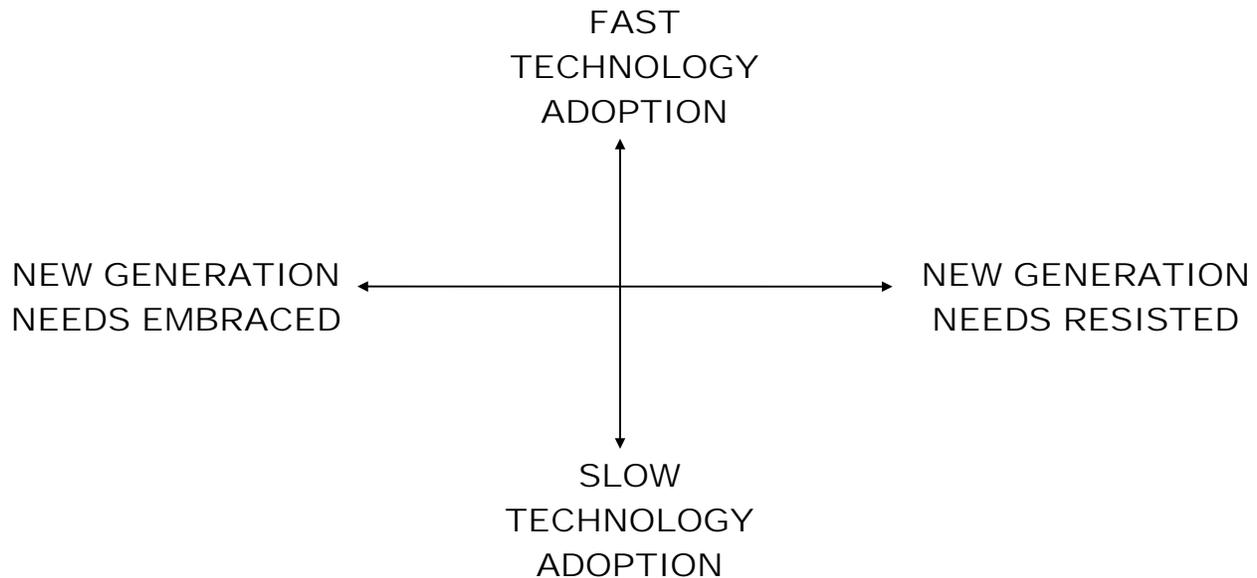
### *Creating Scenarios*

Because there are unlimited possible combinations of the effects of fact, issues and trends, scenarios usually are limited to a manageable number – two to four, with four being ideal for richness and nuance. Two scenarios lead to a best case/worst case, either/or type of approach, which is limiting. Three scenarios lead to a best case/worst case/most likely approach that encourages planners to take the easy and familiar “most likely” path. More than four scenarios are unmanageable and often lack sufficient contrast to be useful.

Scenarios can project far out into the future, fifteen years or more. Long-term projections are essential for longer-term investments such as factory locations, drug development, hospital construction and road building. But scenario building takes practice and long future projections can be difficult. Longer-term scenarios risk playing guessing games and injecting “wildcards,” the unexpected events that disrupt the scenarios.

Scenarios also are three dimensional. Like the Rubik’s Cube puzzle with its movable facets that was popular years ago, scenarios can be changed by changing assumptions, drivers or the facts and trends chosen to describe them. In fact, scenarios are not static. Once developed, they need to be constantly refreshed as new facts and trends emerge, and the strategies that grow from them should be reviewed for continuing relevance and updated.

Scenario development begins with selection of two powerful and intersecting change drives identified in the environmental scan. Each change driver becomes an axis that defines a four-pronged matrix of alternative future worlds. Each axis has opposite poles that have an equal chance of occurring. Using the association sector drivers of adoption of technological change and response to demographic shifts, we can create a matrix like this:



The quadrants of the matrix create future worlds. Each one contains a story. In the upper left quadrant, associations quickly respond to new technologies for interaction and give new generations a place at the table in policy making and product-service design. In the upper right quadrant, associations quickly respond to new technologies for interaction but resist the demands of younger members for participation in leadership and policy development. In the lower left quadrant, associations recognize and meet the participation needs of younger members but are slow to acquire the new tools of connection because of budget constraints or difficulty in persuading older members to relinquish reliance on older means of interaction. In the lower right quadrant, associations are hidebound and fail to respond either to changing means of connecting or the needs and demands of their young, technology savvy members.

In creating scenario stories for each of these alternative future worlds, a five-year timeline makes sense. Within that period, there will be flashpoints of technology advancement the equal of the Internet and the Millennial Generation will be flooding the job market. Scenario stories should be short – no more than two or three pages – compelling and bold. It is difficult to write scenario stories in planning sessions. It is better to create the stories offline and vet them in a facilitated session. At that session, planners should identify strategies that might work in several scenarios. Such strategies enable the association to quickly respond as the real future evolves because they have been thought through in advance.

### *Working with Scenarios*

Because scenarios identify strategies, they feed naturally into the association's strategic planning process. Scenarios expose gaps in the association's policies, value equation and organizational structure that should be addressed in the strategic plan. Take, for example, the lower right quadrant of the association matrix. One could argue that it describes a bleak potential future filled with dissatisfaction and, perhaps, dissolution. Viewed through a different lens, it can be a harbinger for change. A task force of traditional and newer member cohorts could look at ways to address apparently colliding desires. Here is a place for younger members to mentor older ones about the value of new technologies for interaction and older members to mentor younger members about how to approach policy setting. Conversely, the upper left quadrant of the matrix appears to be Nirvana. But is it? If associations in this world jump on new technologies, are they being thoughtful and prudent in use of resources? Are new generations' needs being addressed at the expense of older ones'? The same task force addressing the bleak scenario can address the Nirvana scenario. It is well to have people work in conflicting scenarios to challenge their conventional wisdom and encourage them to think differently.

In addition, alternative future scenarios are the means for determining a preferred future for an organization. Too often, associations indulge in the creation of meaningless vision statements, such as "...be the premier association for (fill in the blanks)." Such so-called visions offer no direction to staff and leaders about how to proceed. On the other hand, preferred futures are a series of ends that create a timeline of milestones to achieve by a date certain. Here is an example from a professional association:

By 2009, the Association

- Has defined the discipline as a specialty
- Is a catalyst for improving procedural outcomes and patient safety
- Has a global reach
- Is sought by policy makers in making decisions about products, procedures and reimbursement
- Defines evidence-based best practices

Preferred futures describe what the association is and does at a defined future point in time. The milestones of a preferred future are goals and objectives along the road to a desired end. Each one can be made living with implementation strategies that are specific, achievable, and timely.

American baseball legend and cracker-barrel philosopher Yogi Berra, once advised, “When you get to the fork in the road, take it.” The futures analysis process does just that. It enables associations to explore pathways to the future risk free. It creates valuable intelligence that is salable and exciting for participants. Moreover, it puts you in charge of defining your future rather than being defined by it.