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# Managing with foresight and insight

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As we begin the New Year, it is important to look at the trends that need to be considered in the future and how or if these driving forces will define what strategic management means in 2008. It is also important to understand that looking to the past alone for guidance may skew our view of present facts even when those facts are supported by sound data. Strategic managers make sense out of what is going on around them and what is possible in the future by looking and listening to forecasts for the future, to what is critical for their organization now and to what their inner voice of responsible innovation is saying to them. They manage with foresight and insight by first cross-examining every precedent, doing After Action Reviews, requiring proof of common knowledge, encouraging others to challenge their thinking, and never relying on only one precedent when making a decision.

Organizations like the World Future Society and The Institute for the Future have forecasted that in the next decade there will be : 1. Everyday awareness by informed individuals around the world of their personal vulnerability and risk   2) An aging workforce where the word *retirement* will be replaced by boomer-like terms like *redirection*, *regeneration* or *refinement* as well as the fact that as individuals work older, there will be more expenses and investments required in health as well as lower levels of government support 3) Greater and deeper diversity in the workplace and a next generation of workers and citizens who have very different skills and perspectives than those who preceded them. For example, the new generation is immersed in and comfortable with change, innovation and emerging technologies. 4) Redefinition of economies of scale where bigger is not better and decisions need to be made as to how to grow financial performance when scale is a mixed blessing. Citizens increasingly will expect all organizations that they deal with including government to be large, small, accessible and accountable simultaneously 5) Connectivity will count around the world and smart networkers will define market trends, make distinctive and influential choices about healthcare, personal purchases, policy issues and elections but rarely be influenced in traditional ways thereby demanding that administrators become skilled or at least conversant with *blogs, wikis* and other networked media as well as in how to use networks to engage them as a group and get them to participate in effective ways.

As a result, expect the organizational form of the future to be more like a network than a bureaucracy although hierarchy will never totally disappear. There is no single center in the networked organization only numerous nodes. Such an organization at times will appear to defy control and accountability unless decisions are well documented and truly transparent and legal requirements and organizational and community values are highly visible and reinforced. To do so requires continual reinforcement through 1. design and evaluation mechanisms such as a stable and coherent structure, 2. enforced principles rather than simple rules or regulations because principles work best in the context of a network 3. resources that make communication across the network possible and continual 4. well documented decision thresholds since small groups will typically be more cohesive than large ones but should not necessarily drive the process 5.  formal feedback mechanisms,  6. formal and decentralized ways of capturing how

decisions have been made so that knowledge is retained for future decisions and 7. thorough documentation of the identities of internal and external network members because the degree to which there is consensus or a  shared collective identity will be important in determining priorities for action.

Decisions made in such an organizational context should be subjected to a more thorough discussion and analysis than in the past.  First, historical precedents should be thoroughly evaluated for their validity since the most likely precedent to be considered is most often one that either confirms a direction currently underway or a decision that is being leaned toward which is often not the best decision for the situation at hand. Secondly, proof of common knowledge should test any precedent because things deemed to be common knowledge are often the result of inferences and governed more by emotions and instinct than by reason.  Thirdly, the relevance of any precedent should be tested by inviting others to comment on its validity. In many organizations like AT&T and Shell Oil a formal naysayer role is created by design so as to institutionalize a contrarian point of view for major actions.  Fourthly, full reliance on precedents for decisions should be avoided because looking to the past usually limits the possibilities presented in the future.  For example, Shell Oil was the only major oil company to anticipate the oil price increase of the 1970's.  Many attribute that ability to their new scenario planning team which brought forward the possibility of something everyone else in the company thought to be impossible.  And finally, there should be a decision process that documents the asking of a few simple but critical questions such as: What is the context of this decision?  What was the decision made?  Do we need to make this decision now? What resources can and will be allocated?  What alternatives were considered but not selected and why?  What assumptions were made?  What outcome were the decision makers looking for and by when?

Strategically managing with foresight always requires informed hindsight.  One of the most effective disciplines for learning from experience, in my opinion, is the After Action Review (AAR).  The army and other military services and the fire and police agencies use AARs as a regular way for debriefing and documenting lessons learned from  significant events.  The army keeps a database of AAR lessons, but the primary value is not in the database but in the personal discipline of learning that becomes ingrained in individuals and in the organization.  The organizational challenge is to be able to distinguish performance evaluations from learning.  Many administrators talk boldly about *learning from failure*, but common wisdom among employees is that there is a strong, unspoken, pressure to produce according to precedent and not to admit or document failures.  After Action Reviews are examples of content synthesis and tools for foresight because they seek to learn from what has happened and apply that learning to an individual's and an organization's understanding of  the future.  Often, the best foresight happens in real time, in the midst of a crisis.  The best administrators develop an instinct for response, a discipline for readiness, not just a plan.  The best strategy emerges from the flow of experience and events.  The deepest insights arise in the field and often an initial insight suggests a first action but as the action unfolds, the insight becomes deeper and different.  That is what prototyping and strategic management is all about – a *learn-as-you grow* style for strategic action.