



Mastering Change and Transformation



Identifying known unknowns and unknown unknowns

There are known knowns; there are things we know that we know.

There are known unknowns; that is to say, there are things that we now know we don't know.

But there are also unknown unknowns – there are things we do not know we don't know.

-Donald Rumsfeld



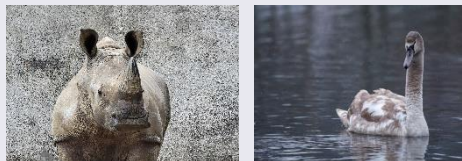


<i>Knowns</i>	<i>Known Knowns</i> <i>Things we are aware of and understand.</i>	<i>Known Unknowns</i> <i>Things we are aware of but don't understand.</i>
	<i>Unknown Knowns</i> <i>Things we understand but are not aware of.</i>	<i>Unknown Unknowns</i> <i>Things we are neither aware of nor understand.</i>
	<i>Knowns</i>	<i>Unknowns</i>

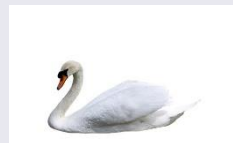


Unknown to others
Known to you

Hidden Grey Rhinos (Grey Swans)



Known to others
Known to you
White Swans



Perfect Storm
Analyses

Unknown to others
Unknown to you
Black Swans



Known to others
Unknown to you
Blind spot Grey Rhinos (Turkeys)





→ Managing risk to ensure resilience in the face of the next crisis

More	Knowledge about occurrence	Known Unknowns <p>We know there are things we can't predict</p> <p><i>Do research to decrease the amount of uncertainty; try to capture as assumptions and create contingency for others</i></p>	Known Knowns <p>Things we are certain of</p> <p><i>You should share and be transparent; capture as assumptions</i></p>
		Unknown Unknowns <p>We don't know what we don't know</p> <p><i>Experiment more and these will become known unknowns for future projects</i></p>	Unknown Knowns <p>Other's know but you don't know</p> <p><i>Other's should share and be transparent; capture as assumptions</i></p>
Less		Knowledge about impact	
		Less	More



Our Global Context

“What’s happening?!”

Volatile

The speed, rate and
rapidity of change

Uncertain

Unclear about the here
and now and
impact/effect – law of
unintended
consequences

Complex

Multiple key
decision factors

Ambiguous

Lack of clarity about
meaning of events –
no “right answer”



Our Global Context

VUCA Prime - “Solution(s)”



Vision

Situational
awareness,
foresight



Understanding

I am comfortable
feeling
uncomfortable



Clarity

Discovering
boundaries – “what
am I working within”



Agility

Decide a course of
action, be ready to
change course



International strategies for VUCA

Complexity: Dealing with unique environments, regulatory differences, tariffs, cultures, etc.

Strategic options: Restructure; develop specialists; add resources

Volatility: Exchange rate or supply chain risks

Strategic options: Build in slack/ pre-purchase supply/overbuy talent (costly but investment should match risk)

Ambiguity: Immature or emerging markets

Strategic options: Experiment to determine cause and effect; political activities and stakeholder engagement

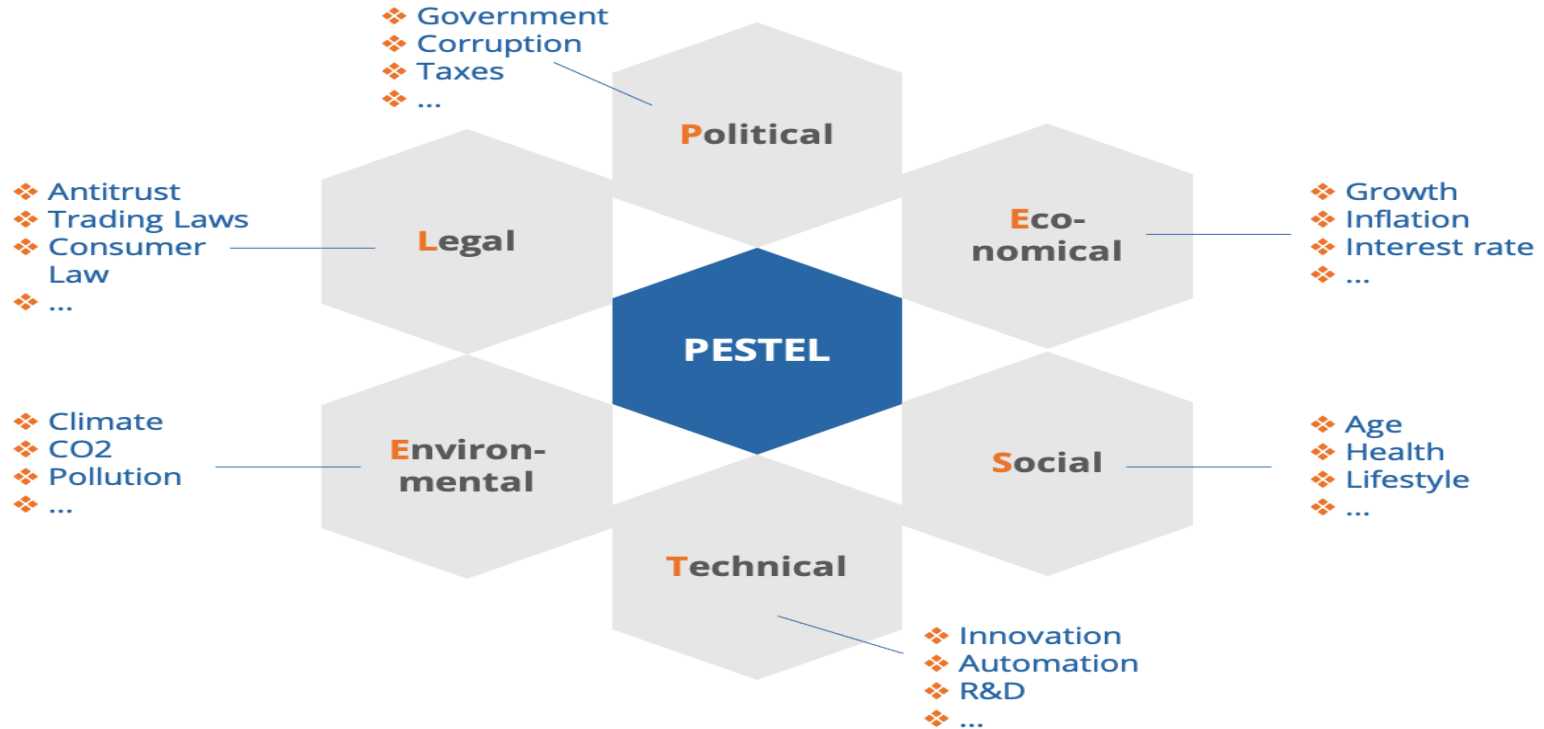
Uncertainty: launch of competing product, policy changes

Strategic options: invest in information



The Firm Embedded in Its External Environment





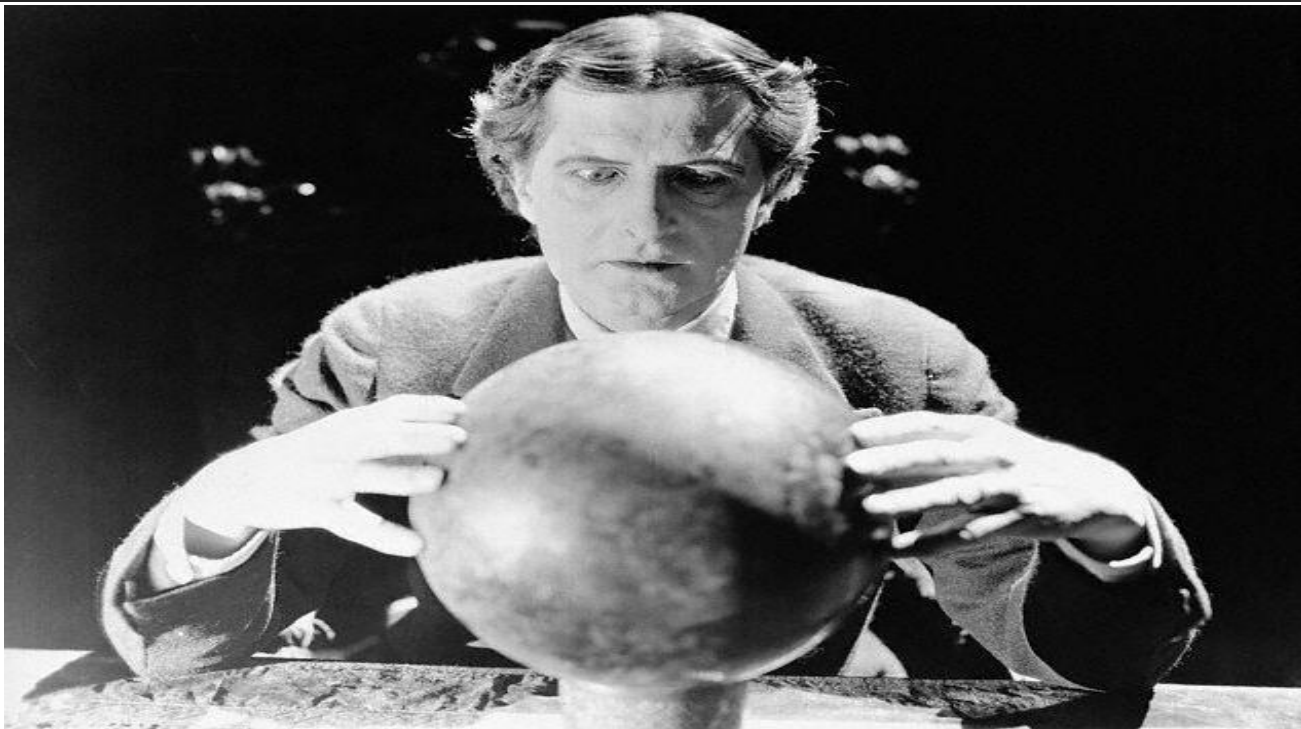


What is strategic foresight?

- Strategic foresight is used when organisations encounter VUCA contexts.
- Collectively, these characteristics make the world largely unpredictable, and the future fairly unknown.
- In a VUCA world, traditional planning approaches no longer provide reliable outcomes. Strategic foresight methods are designed to deal with VUCA environments.



What is Foresight?



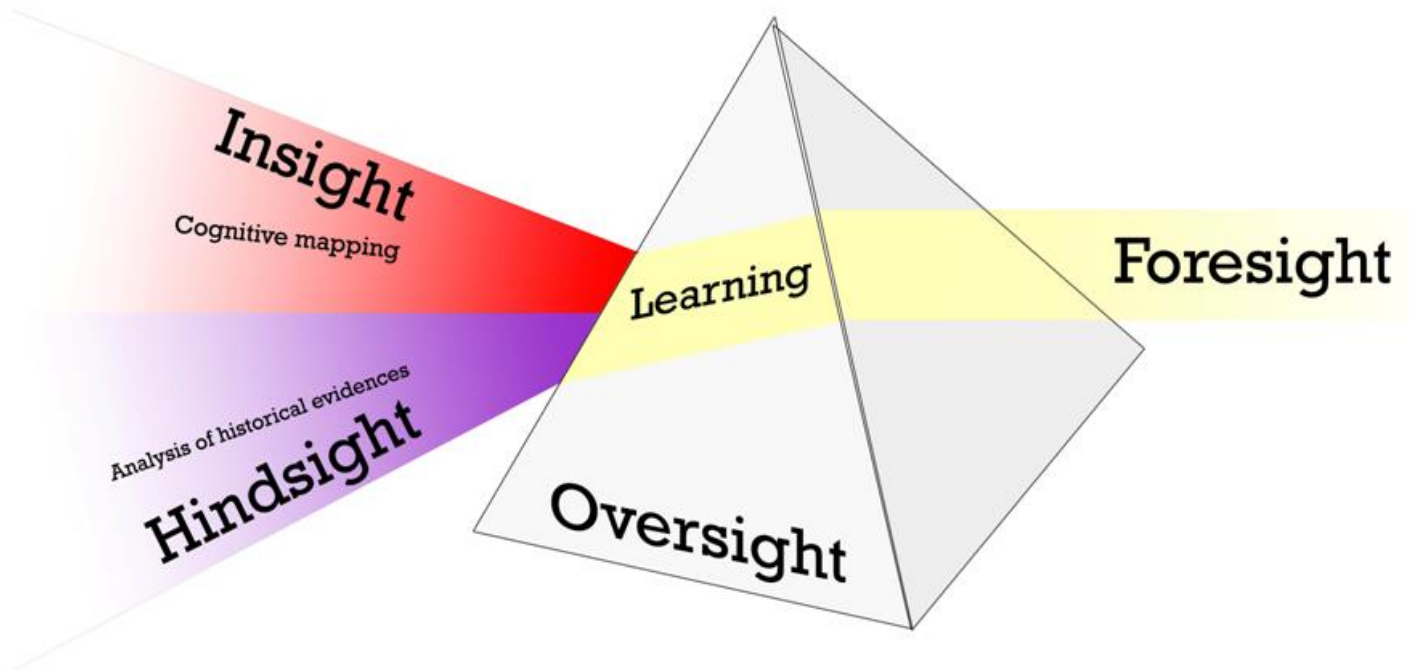


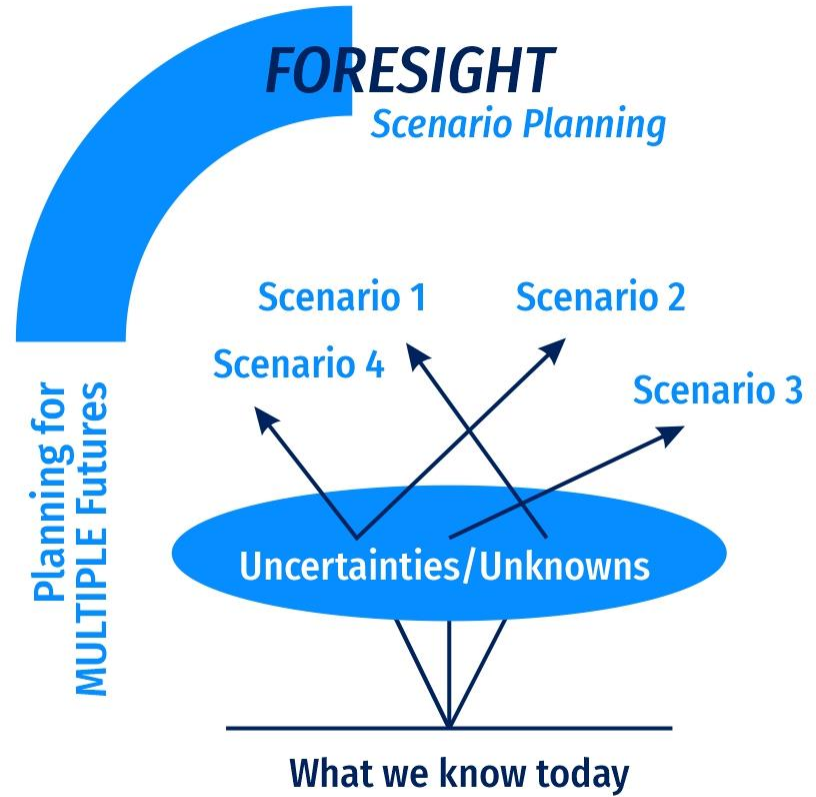
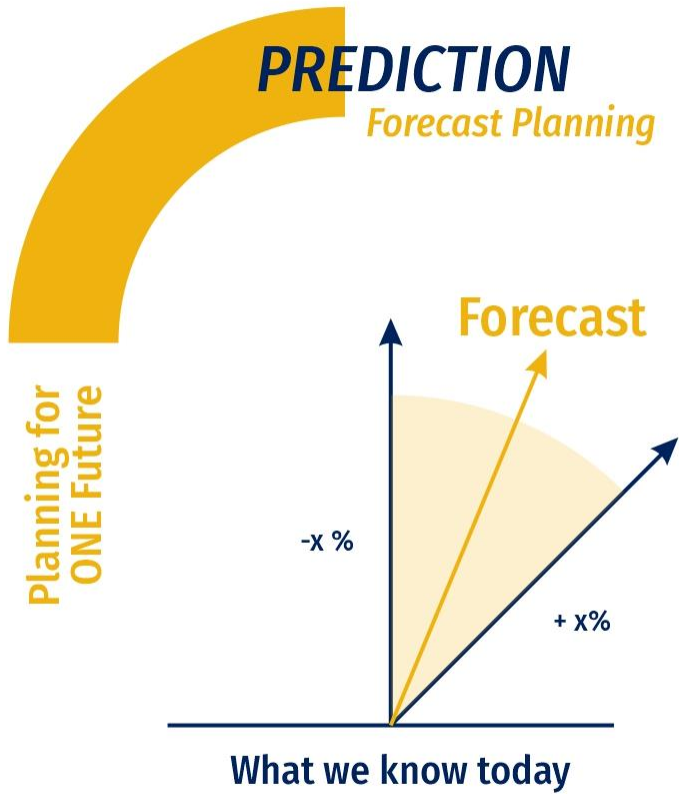
Learning Futures Model

- ◆ The brain combines incoming information with stored information to build “**mental representations,**” or internal models, of the external world.
- ◆ The mental representation of a past event is a **memory**
- ◆ the mental representation of a present event is a **perception**
- ◆ the mental representation of a future event is a **simulation**

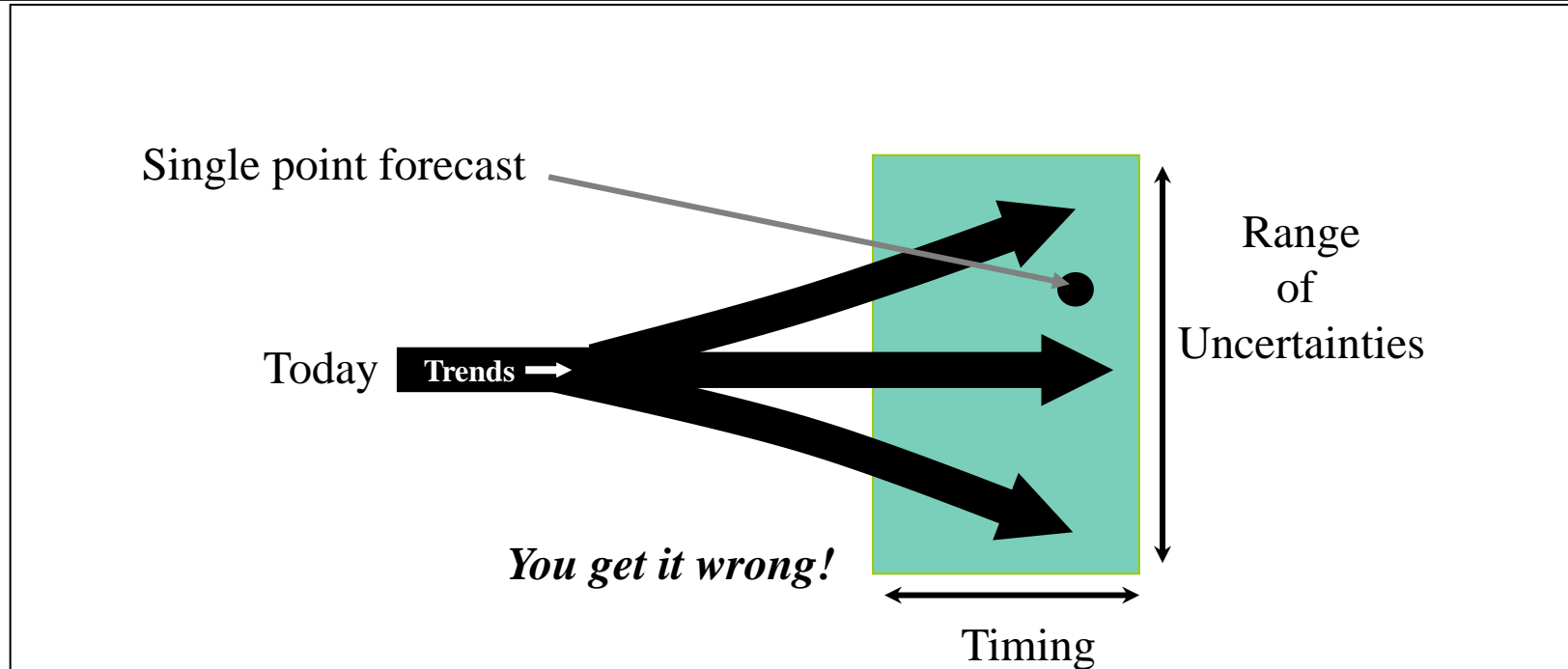


Learning Futures Approach

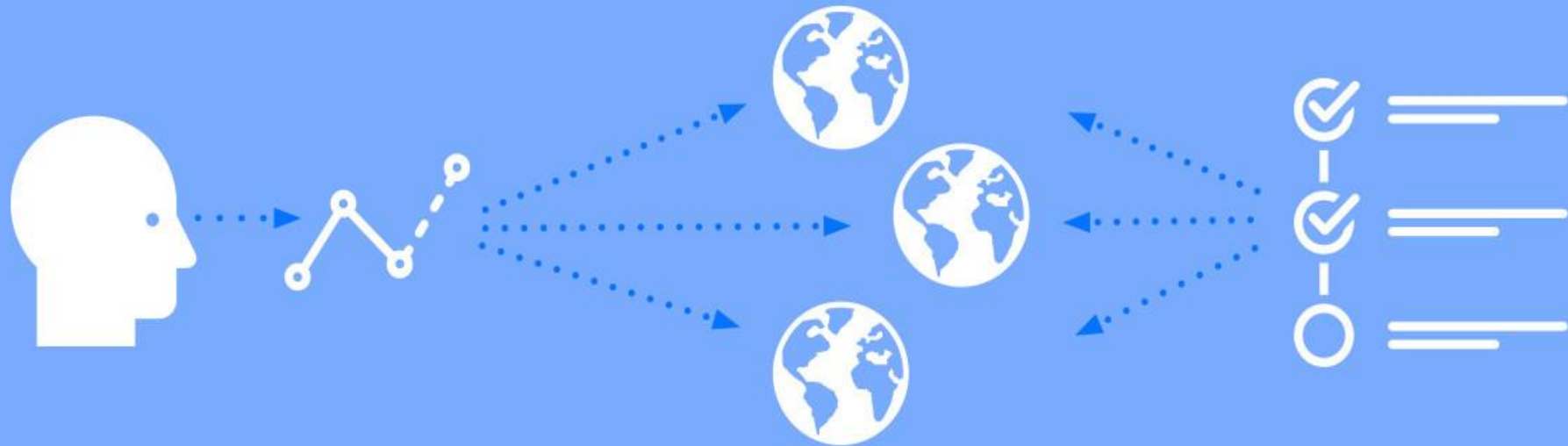




The Danger in Forecasting (as opposed to foresight) is ...



THE STRATEGIC FORESIGHT PROCESS



- scan for trends
- analyze the patterns
- theorize the impacts

- develop multiple future world scenarios

- test your strategy against the scenarios and make adjustments



Scenarios....

- ◆ **What?** A set of distinct stories about alternative possible futures, focused on the **external** environment. They are presented as **a set** to capture a range of uncertain futures - a single scenario implies there is no uncertainty.
- ◆ **Why?** To facilitate robust strategic decision making.
- ◆ **When?** Required under conditions of high complexity and uncertainty; when there is little (or no) historical information; when quantification is difficult or impossible.



Group work



Task

→ Divide into groups of 5/6 and choose one of your companies to focus on.

- a) Using Figure 1, leverage the PESTEL approach to consider your (two to four) primary contextual strategic opportunities and/or threats in the medium (2-5 years) term.

- b) Reflecting on these, consider the VUCA context, and strategic responses, for your chosen company. How might you:
 - Counter volatility with vision?
 - Meet uncertainty with understanding?
 - React to complexity with clarity?
 - Fight ambiguity with agility?



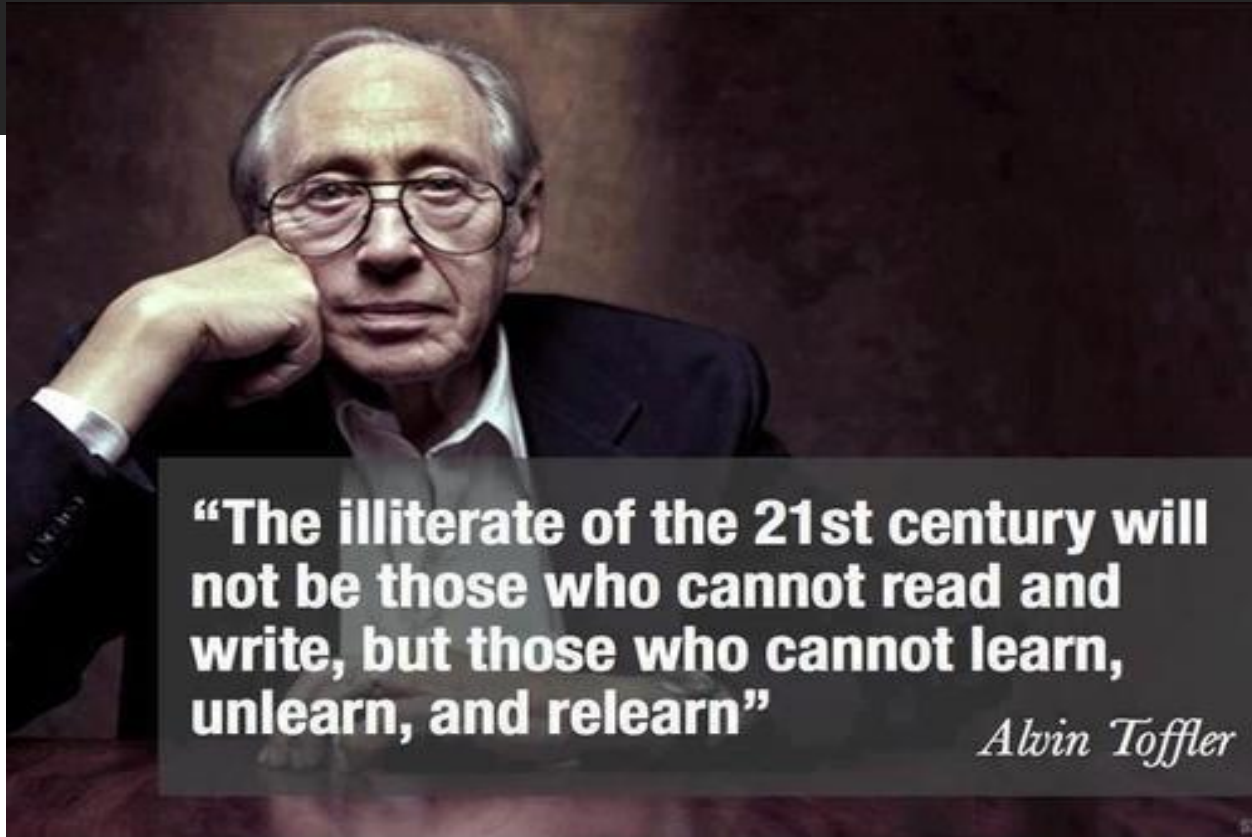
FIGURE 1 PESTLE Analysis

PESTLE	FACTOR	OPPORTUNITY	THREAT
POLITICAL			
ECONOMIC			
SOCIAL			
TECHNOLOGICAL			
LEGAL			
ENVIRONMENTAL			



Group presentations and debrief





“The illiterate of the 21st century will not be those who cannot read and write, but those who cannot learn, unlearn, and relearn”

Alvin Toffler