

OCB PODCAST TEXT **Steve Tighe - Thought Leader**

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Written introduction:

The podcast with Steve is broken down into 2 sections, where he takes us through what he means by 'Rethinking Strategy,' his goal to make it easier for organisations to apply different practices across strategy formulation ultimately, to have more impact on performance outcomes. Steve illustrates this using compelling, contemporary examples and case studies to move us into a different way of operating.

Part A: In the first part, we talk about typical organisational approaches to strategy formulation and where it often falls down. We also explore how scenario planning can open up significant pockets of opportunity for organisations to 'think differently' about the way they typically devise strategy and direction. We also start to discuss the shift in social values and how this is impacting not only business, but our mindset and consumption behaviours, our attitudes towards governments, institutions and organisations.

Part B: In the second part, we explore these themes of values shifts and participation more deeply. We discuss the potential of evolving metrics and indicators of performance, as well as the concept of disruption and how to better prepare for imminent change. We also look at strategy as a process and how, by involving a broader, more inclusive organisational view of participation, you can leverage 'shared learning' in your organisation as a competitive advantage. Steve reinforces the critical role that the HR profession plays in leading and embedding processes that enable participation in strategy formulation and building organisational capability.

PODCAST CONTENT: PART A

Introduction

Hi my name is Angela Lewis from Org. Culture Bites. Thank you for joining us in this podcast series where we will be talking to a number of Australians who are local thought leaders and experts making a positive impact on Australian workplaces.

Today I will be interviewing Steve Tighe, the author of the book "Rethinking Strategy" which is published by Wiley this year in 2019.

Steve has a background working for iconic Australian Brands in roles predominantly focused on generating insights and strategy formulation with teams. He has built up his expertise in strategic 'foresight' as a 'futurist' and now has his own business. This year, Steve also launched his book 'Rethinking Strategy' through Wiley publishing.

This book provides a broad, yet quite rigorous view into the world of strategy formulation, something that remains quite secret or unknown to many of us. With his easy going style, Steve

helps us understand how the rules and paradigms surrounding strategic thinking are shifting, alongside our changing environment. Steve describes how we can all be better at understanding strategy, participating in its creation, anticipating the future, even slowing down change and improving the way we make decisions.

Today, I am so grateful to share some of Steve's time as he has kindly agreed to have an interview with me and talk about some of his experiences, some of the learning and advice he can share about strategy and 'the future' in our workplaces

Angela

OK Steve thanks so much for joining us today. The first question I'd like to ask you is really what is it that you do? So you're about foresight and being a strategic futurist, can you tell me exactly what there is that you do?

Steve

Sure thanks for having me on Angela. So yeah look I'd probably classify myself these days as a strategic designer. So I design strategies for organisations and I suppose my approach to strategy, it really goes down that foresight pathway if you like. Where my focus, the strategy development is very much on understanding how the future operating environment that an organisation basically has to compete in, how that environment might evolve or change into the future. And therefore, what are the implications then for the organisations in terms of its strategic positioning, what its objectives may be, what it may do and how it may do it.

So, I guess with strategic foresight – the difference I think to conventional strategy- is that strategic foresight puts the future first. And so it deliberately focuses on trying to understand how the operating environment could be different and what are the strategic implications for us as an organisation? And I think that's how I'd classify myself actually as a strategic designer.

Angela

Ok so that makes sense. In reading your book "Rethinking Strategy," I got the impression that it wasn't just about numbers and data, but actually you were working with organisations to create something unique and specific to that business. So can you tell me a little bit about your methodology and how you help businesses be distinctive in the marketplace?

Steve

Well, my principal um technique in formulating strategy is through the use of scenarios and scenario planning. Now, scenarios are nothing new. They've been used to varying degrees in a business context for around 50 years now and despite the fact that been around for so long they are largely misunderstood. And if you were to ask, you know - what 10 to 20 or so different managers - what their understanding of scenarios is, you'll probably get 10 or 20 different responses. And that's certainly been my experience when I've held scenario workshops, that's one of the things that I really tried to articulate in the book as well. In terms of what you mentioned, relying on numbers and tables and so forth - which again, I think if you look at how strategy, is traditionally developed, there's such a reliance on tables and data. And a fellow author Peter Schwartz made the comment that it's almost as if something is in a table, it comes with a great deal of more authenticity.

And I think though, that when you come to develop scenarios for the longer term future, say 5, 10, 20 years out etcetera, what are the things that you're dealing with is largely an absence of data and tables and facts. And therefore you need to rely a lot more, on different methods

and processes to clarify your thinking on how the future could be different. But you also rely a lot more on your intuition. And for me - when I started getting into the field of scenario planning and I'll talk a little bit more about what scenarios are in a minute - that pivot if you'd like, from relying on data and trends, to then relying on or letting go of that safety net if you like and then relying on much more on your intuition... that was a huge leap for me.

Because I almost had to deprogram the way you were raised in a corporate environment In my first 8 years at CUB or Fosters which is where I worked in market analysis and I was very, very heavily involved in analysing trends and data and so forth - as deeply as involved as you could possibly get - and so then, as I said, to make that switch from the reliance, to then thinking in terms of future scenarios and what the world could look like in say 10 years' time... that was quite a hurdle for me to overcome.

And so with scenarios, they are stories about the future. And let's talk about scenario for 2030. There are no facts about 2030 ok and so therefore all you've really got is your kind of your intuition if you like. And letting go of the facts was a big thing. And also when you say well, 'scenarios are stories,' all of a sudden people you talk to - managers - managers don't like stories, because 'stories' they say 'hang on we're starting to get to shaky ground.' But if you're going to plan for 20-30 you really haven't got much else.

Angela

That's right; it makes a lot of sense. It is also quite difficult, I think, for leaders and managers to stop take time away from the day to day and think collectively about the future. I am working with a few organisations at the moment, who is trying to build greater 'proactivity' into their culture, to be less reactive, more active and adaptive so they can be positioned more at the front of the wave of change. To survive, they can't afford to avoid the issues, put their heads in the sand or to be a laggard; customers expect businesses to be proactive, to address problems before they become the reason why people don't choose them. I'm talking about customers and employees there.

But it takes a lot of courage to stop and take the time to think ahead and confront these issues before they happen. So, tell us more about how scenarios may be able to help us out here, to become more proactive.

Steve

So scenarios are stories about the future and they basically just tell, you know a story about a series of outcomes or events and event and outcomes that could evolve into the future and their whole purpose therefore is to provide that as a backdrop. To say 'if this did occur, and if it's strategically significant for us as an organisation, what would we do?' And so **the whole purpose of scenarios is to enable you to rehearse your response** and I'm sure will cover it later, **but it's that lack of rehearsal that leaves managers scrambling when they are met with unforeseen circumstances**. Because they are totally unprepared for it and you see that. We've seen that in so many high profile examples over the last 5 or so years where organisations get struck seemingly from nowhere. But if they actually had have been looking, they would have been seeing those signals that were probably all around them.

Angela

So what I'm hearing there is that we've had this reliance on data based evidence to help us understand the current view and what's happened in the past. But what you're really saying is if you want to have a really good grasp, or help your organisation have a better grasp on how

to deal with the future, you actually need to use more of your intuition and your creativity to collectively come about with what the future could hold and what the possibilities are.

Steve

Absolutely and creativity is an interesting word because, a forecast is just an extrapolation of an historical trend ok. And the danger the deception in a forecast is that it cannot include discontinuities, because it's an extrapolation. And are so it paints the picture of the future as this linear thing in front of you, but there will always be discontinuities. It's the discontinuities that provide those once-in-a-lifetime opportunities for a step change in performance. (10.44) So if you are prepared for them, discontinuities are your best friend. If you're not prepared for them, that's when you get the lazy term of disruption if you like.

So if you accept the discontinuity that you want – that's really what organisations want to get to - how do we design a process that enables us to anticipate and prepare for discontinuities before they occur? That's I think, the ultimate goal of strategy and that's what you're searching for

Angela

And perhaps, then, that's where our opportunity lies... for organisations and HR as leaders, designing these processes that help lift our view, to pause and look ahead. To shine the light on what's happening around us, and momentarily think beyond the day to day. Even embedding forums where we can look at our predictions and see if we are on the right track, or if conditions are proving to be different to the ones that may have been anticipated. So, we should perhaps, be thinking about activities that make us ask questions about any signals, and what are they indicating? Are the discontinuities what we thought they would be... or something different? Are we still prepared for what lies ahead or do we need to adjust?

Steve

Because discontinuities are going to occur. As I said, it's not your Halley's Comet, as they're irregular. But they're quite impactful and as you said on the flipside if you're not prepared.

So how do you see them if the extrapolation data trends not going to give it to you? That's where your intuition and creativity comes to the forefront. That's really the power that underlies the stories of the scenarios because good scenarios bring those discontinuities to the fore. And remember with a scenario, you're not trying to predict the future. **What you're really trying to do is expedite organisational learning.** This is where, once you let go of any kind of pretence about trying to predict the future. What we're trying to do here is learn about the future; to learn about what will happen and more importantly, what would we do if that happens?

You know, that's no different in an organisation or sense. It is no different to what sporting clubs do every week of training. They rehearse scenarios so that when they get to game day, when the players get in certain situations, they know how to respond. Their teammates know where to be at etc. And for some reason rehearsing scenarios which is done in sporting teams, in military, etc. You know a pilot learning to pilot an airplane works through thousands of hours of scenarios, but in organisations we don't do it.

Angela

So why not, why is that do you think? So that concept of practice helps you become if not perfect it helps you understand your reactions and your responses to different scenarios. Why is it that organisations aren't doing this do you think?

Steve

Look I it's because I think scenarios remain largely misunderstood. I think and as an outcome of that misunderstanding, I think that when they have been used, they've been less than effective or they have been misused. I tell these stories in my in the book. I've been now doing scenarios for 15 years, but in the early stages I'd do scenarios and they were really just probably extrapolations of trends. So not quite a surprise for anyone, they were useful but they weren't great. Then I moved on and I'd do scenarios but I didn't then bring it back to the organisation and say 'this is what it means for you.'

So my fixation was on what could happen, but I wasn't being organisationally useful. I think that is where a lot of people who do scenarios, they leave it there. so they do this exercise when I say this could happen or this could happen and then they walk out the door. And so the organisation is really left none-the-wiser about what can we do with it. I think it's again there's a chapter they're called 'so what?' It's the failure to address the 'so what?' question, to take responsibility for the 'so what?' question that I think many practitioners have failed to do. So what happens is the organisation says 'well you know what, it was an interesting exercise we enjoyed it, but nothing really comes of it and we probably wouldn't do it again.' And I would argue that is where the majority of scenario projects have ended up. So it's larger self-inflicted wound. And it comes down to taking responsibility for the 'so what?'

And look the reason that you need to step up and take that responsibility is that when you're presenting alternate futures to managers, well their expertise is in 'the here and now.' So there's no use presenting stuff to them and they're left thinking 'well, but how are they relevant to us?' You've got to help them make that connection. So drawing those future landscapes or developing those future landscapes is merely one-third or one-half of the job. You've literally got to have the skills I think and the hunger if you'd like, to help them to see how they can position their organisation within each of those futures and how they can exploit their capabilities to succeed in those futures. That took me probably 10 years of practicing before you know I realised that I was only doing half my job. It's that disappointment with the effectiveness of scenarios that really lies at the core of their failure to take hold within businesses, as other methodologies such as a SWOT analysis and so forth, which are now really mainstream.

Angela

Yes, I see that a lot too – the failure to really delve into and act on the 'so what?' this is particularly true for organisations moving into 'action planning' after big survey results.

I often feel there is a lead up to sessions where managers can get a little frustrated that its taking up their time and everyone's too busy for this – just give them the numbers. But when they're in the workshops with their teams, they get so many 'ah-ha' moments. The energy around ideas and making a real difference can be quite exhilarating. But then... there's implementation and all too often, all that good work comes unstuck again. It gets hard. The day to day takes over and people lose that critical connection to 'so what' as it gets replaced by 'too hard.'

So I really like in your book how you've broken it down into parts that really focus on the what and the how. You've seen a real opportunity to build organisation-wide capability in those valuable acts of imagining, preparing and adjusting to uncertainty and change in our world.

Steve

That was really one of the goals or probably the primary goal with writing the book, was to say 'how do I write something that is an idea that I passionately believe in?' The time is absolutely appropriate for different methodologies to be used within organisations. So why is it, this 50-year-old idea hasn't taken off? There are plenty of textbooks around. So the whole purpose of writing was to make an organisational impact. What I've tried to do is to really break down that misunderstanding and that misuse of scenarios. So how can I write a book that will not only increase understanding but really improve the competency and the take-up of scenario planning within organisations? In an uncertain world, the logic of planning for multiple futures, so accepting that the future could go one way or the other - I mean that is just logic that absolutely makes sense. So therefore, why wouldn't we then incorporate that approach into our strategic planning within our organisations? So the logic is there, but, I still saw the opportunity to write a textbook that would make it as easy as possible for people to apply that practice within their organisations

Angela

So it sounds like there's some good work you do around creating future scenarios but the critical link is around then applying it to the here and now and how you build out pathway. Can you help me understand or share your experience around when do you actually see that there is success and traction with creating a pathway and moving towards that future scenario? What are the indicators for you that you're on the right path or businesses are doing the right thing to connect the future view with the current view and creating the right pathway?

Steve

Well I think the third necessary step to creating that pathway is almost that 'now what?' So you can do the 'so what?' step which is about how do you position the organisation to be successful in multiple futures. But the step that I found that was missing, again up until recently in my own practice, was that that final step about 'now what?' And that's about - what are these actions? What do these scenarios now mean for our more immediate priorities or for our organisational business units? So making that link, in terms of; you have a longer term future, but then bringing that back to 'what does that now mean for our next four years?' That's the essential thing that's also missing. So that operational planning or implementation plan which is now developed within the broader context of your strategic framework or your scenarios and I think that's the absolute key.

I think the other thing with scenarios is that there are a couple of steps. One is you know 'what could happen? Ok so that's where you start to say what could 2030 look like? The second step to that is 'well, why could that happen?' Tell me the drivers or the factors that you see are changing today or emerging today that could actually lead to that 'what.' **What** could happen?' **Why** could it happen? The third question then is '**how** could it happen?' So it's just not going to happen overnight, so what are some of those plausible steps that could lead to that end scenario. So that's your 'how.'

Now, when you answer the 'how' that then gives you these essential signposts if you like. The effect of doing the how - which is really about that gateway to how the future could develop - the outcome of that is that you become so sensitive as an individual and as an organisation to signals that otherwise you may have missed and certainly your competitors would not be seeing. I find that organisational sensitivity in terms of - you detect signals of change well and

truly before they've matured- to me, that is one of the great strategic advantages and sustainable strategic advantage that comes from the scenario process

Angela

That sounds a lot to me like building organisational agility! We know that good strategy requires the ability to be futuristic and good execution requires the collective ability to be able to actively adjust to whatever challenges come up. So, these signals help to validate the soundness of strategy and guide actions of your people to either continue on that 'right path' or, in fact review the situation – potentially in advance of others.

So in summary this is how, in using scenarios, proactivity and agility can help organisations lead in their industry.

Steve, do you have any examples there that you could share where you've seen some signals or your organisations that you've partnered with have started to see the signals before the competitors?

Steve

Yeah, sure. In 2012 one of the landmark case studies that I worked on was for the Victoria public library network. They had a project which was what could a public library look like in the 2030, so basically a 20-year horizon. some of the factors we looked at there were the actual factors that drove our scenarios, were we had a creative scenario which was really driven by the shift in society more towards more post materialistic values. And we had another scenario that was really driven by the growing distrust of traditional gatekeepers. Now, I found that if you reflect on that in 2012, the growing distrust of traditional gatekeepers, it was so foresightful as a driver. I remember thinking at the time, 'well how is that really relevant to the future of public libraries?' But we created a scenario out of it, which was about people losing trust in these large gatekeepers and people returning back to their communities.

Angela

So who were the large gatekeepers that you talk about?

Steve

Media, politics, banks, large organisations. A lot of these institutions have faced a large backlash over the last couple of years. And also that lack of trust in large corporations etcetera and I think these are themes that have become so prominent over last 2 or 3 years we covered those issues and we also covered post-materialism and with post-materialism we saw a de- emphasizing of consumption and a ramping up of people's interests in creativity. And so when you now see that Australia has now had three consecutive quarters of per capita consumption decline, there's no surprise there. Because to me, that is just confirming we are deemphasising our materialistic pursuits and we're starting to become more post materialistic as a society.

So in that scenario we had a sustained period of per capita decline. I'm talking not just 3/4 we're talking about a 10-year period It won't feel like a recession, it just will feel like people are shifting their priorities in the community. And why would have per capita decline in consumption make sense? Because there's so much fat already in the system. You only have to reflect on the size of your own wardrobe for example and what proportion of your clothes you actually use vs how much actually lie dormant. That's what I mean. Just decluttering will be one of the factors that lead to this kind of per capita decline. So when you see that, you're

not surprised. When you see that we've had record low interest rates for 8 years now and they're at one percent or 1.25, whatever it may be, you're not surprised by that, because interest rates lose their leverage in a post materialistic society.

When we're at the peak of materialism the Reserve Bank would tweak interest rates. People took their \$25 a week and they go shopping, they consume. Now, post-materialism isn't about capability. It's about a mindset. It's about an attitude to consuming material and to owning stuff. So you can tweak interest rates, no response. Tweak them again. And so the Reserve Bank and a lot of our economic indicators are almost built for a different paradigm. They haven't caught up with the current zeitgeist. So they still talk about concepts like 'Consumer confidence is down' because people aren't shopping.

What you need to realise, the much broader picture is that there's a fundamental social shift that's occurring in which different indicators will be necessary. I'm not a qualified Economist or whatever, but through my own intuition and in building these scenarios, a post materialistic scenario would indeed include many of those indicators which I've just talked about. So when you see that Jacinda Ardern brings out a well-being budget in May 2019, a well-being budget is in our 2012 scenarios, So, you're not surprised by headlines anymore. You think well, that make sense when you see it. And not only that, it confirms that we're heading down this pathway.

We just recently had a seven-year review of those scenarios and everything still appears on track. All of the indicators that we're seeing confirm that we're heading down the track of those two scenarios. The positioning that the public libraries have adopted in being creative community centres, much more vibrant, active Learning Centres if you like. That positioning is, I think, still absolutely appropriate for the direction and for the wants and needs of the communities in 2020 to 25 and 30. You know you become sensitive to these signals, where others may be surprised by them or not really know where they fit. Yet because you have this future context, 2030 and you have assumptions built-in to those, if you see signals like that, you see they absolutely make sense.

Angela

In a way, you're perhaps also challenging the 'business' status quo, through this shift in mindset. Will more organisations also reflect this 'post materialistic' mindset and way of operating that better meets the needs of the evolving community? I'm thinking, for example, adjusting expectation on desired profit margins, to cut down the fat? Or be more benevolent with the profits, giving back to the customer, employee, community or environment – as we've seen many 'conscious' organisations really do more of. Will attractiveness of an organisation be measured by dividends to shareholders AND other stakeholders?

And so going back to your point, as a business, you can either continue to go forward confirming your past assumptions are still valid, or you might find something that comes, new technology, or a need to respond to a shift in values or, that might take you on a different pathway...

Steve

Spot on, but in either case your advantage is at least you have a hypothesis for 2030. If you don't have a hypothesis, you haven't got a box to put it in or a filing cabinet in which to place the signal or indeed to say that signal doesn't fit. It's the hypothesis for the future that gives you your advantage.

Angela

Thinking forward and pre-empting...

This concludes Part 1 of our interview with Steve Tighe.

Thank you for listening and we look forward to you joining us again for the second part of this interview, where we will look more closely at the importance of in the strategy process. We will also explore the role of HR as leaders in the design and implementation of strategy processes that enable organisational learning and building a shared hypothesis about the future that supports strategy execution.

END

Steve Tighe is a leading business strategist, author and speaker on the future, strategy and innovation

For more information about Steve Tighe, his book Rethinking Strategy or to enquire about his workshops or presentations, please visit his website: www.stevetighe.com.au.

If you would like to know how you can take on a greater leadership role in building a contemporary high performance culture, looking at designing and embedding effective strategy formulation processes, or expediting learning in your organisation through scenario planning, please contact Angela Lewis at Org. Culture Bites via email: NewCustomerEnquiry@OrgCultureBites.com.