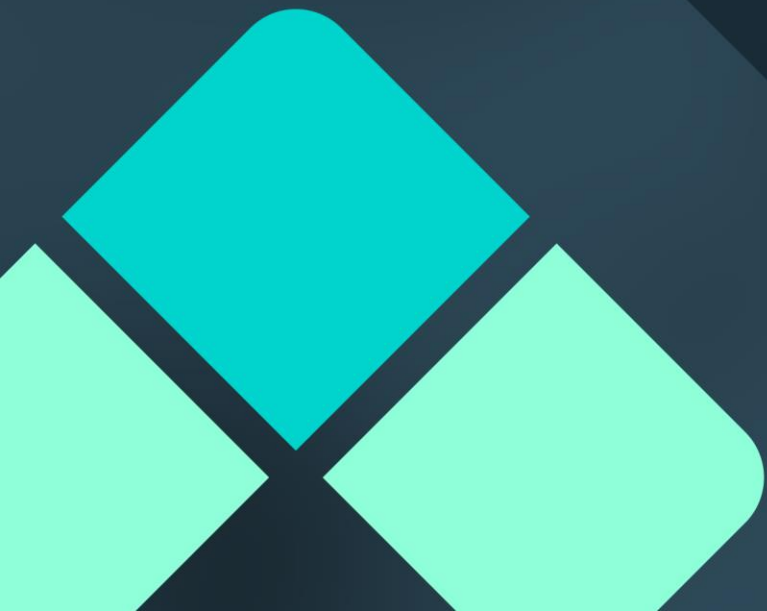


# Navigating Uncertainty with FutureCasting



# Why FutureCasting?

Plotting the future has long been a dream for executives, and much ink has been spilled in recent years about scenario planning, wargaming, and other techniques. **However, the path to resilience is rife with obstacles:**



**Organizations are too focused on putting out fires** to think about the long term, making them more likely to **miss out on key opportunities**



**Companies ignore major potential disruptions in their operations and markets,** and fail to connect the dots when these disruptions happen in analogous sectors



Long-term scenarios are **seldom linked to short-term action implications**



Executives focus too narrowly by **thinking in terms of projects, not their overall strategic position and portfolio**

To address these challenges, we at New Markets developed **FutureCasting** – a process for plotting the future that combines action and rigor. This process is divided into five steps:

*Plot  
Known &  
Unknown*

*Map  
What's  
Coming*

*Chart  
Alternative  
Futures*

*Create  
Options*

*Review,  
Adapt,  
Repeat*

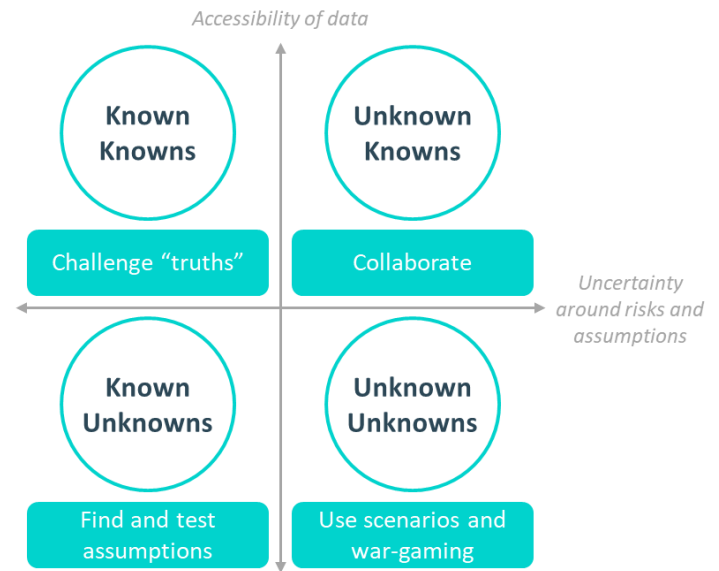
# 7

## PLOT KNOWN & UNKNOWN

The first step in preparing for the future is **knowing your environment**. Our process typically involves a blend of stakeholder interviews, competitive intelligence, and deeper primary / secondary research (detailed in Phase 2).

Regardless of the methods you choose, it is important to structure your data in an actionable way – in this case, by **separating out the facts from the assumptions**. The **Uncertainty Matrix** is a powerful tool to do just that, as it divides your knowledge into four distinct categories:

### The Uncertainty Matrix: How To Map Out An Uncertain Environment



**Known Knowns:** What are you pretty sure about? How will that impact your strategic position and imperatives? Now, how much of what is “known” is based on historical pattern and faith rather than contemporary data? What might you pressure-test?

**Unknown Knowns:** What knowledge may lurk elsewhere in your organization that might provide real-time information on the market? What are front-line staff seeing with regard to customer behavior and support needs, for example? What might suppliers tell you about how competitors in your industry are acting?

**Known Unknowns:** What are you sure you don't know? Be comprehensive, breaking your uncertainties into fields such as economics, customer behavior, new business models, and more.

**Unknown Unknowns:** This quadrant can feel the emptiest, but it is often the most important. What factors might swamp other considerations? How might your context change in ways that upend large swathes of assumptions? This is where you will develop scenarios in Phase 3.

### Know Yourself

*Knowing your environment includes knowing your own organization. Make sure to pressure-test any assumptions your team may have about your value proposition, strengths and weaknesses through both internal and external input.*



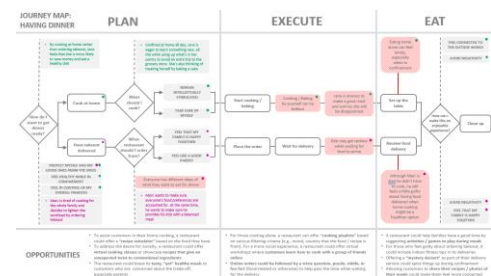
# MAP WHAT'S COMING

To make your business resilient over time, you need to factor in possible changes in your environment. They will vary in nature, ranging from **regulations and technology to economic and social trends** – all of which will have a more or less significant impact on your customers and competition.

**These changes don't all happen at the same pace, or with the same degree of intensity.** Some are a slow burn, others will move fairly quickly and visibly, and a few key ones might progress steadily until a sudden shift takes place. Breaking them apart will be key to understanding how you should prepare for these shifts yourself.

In the midst of changing circumstances, you must make sure **you understand your customers' needs so that you can evolve with them.** This is where **Jobs to be Done** is an especially powerful tool. Unlike other frameworks, Jobs to be Done shifts the focus of customer research from past behaviors to discovering your audience's real, underlying motivations. Jobs to be Done doesn't just ask what your customers are buying, but why – allowing you to remain close to your audience as their context evolves as well.

Sample Jobs Journey Map: Having Dinner



Combine this customer analysis with assessment of other trends, such as emerging technologies, to assess where the world is headed. Then stress test how you'll fare in each scenario and determine what would enable you to do better in each of the scenarios created.

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## BUT HOW DO YOU KNOW WHICH CUSTOMER BEHAVIORS ARE HERE TO STAY?

To grasp your customers' changing context and needs, consider mapping out their entire journey – from the events that trigger their purchase all the way to the aftermath of their experience. **Combining journey mapping with Jobs to be Done** gives you an extra degree of precision on each step of the process, including where it succeeds and where it falls apart. From there, you can pinpoint more granular opportunities and uncertainties.

- 1 Core Motivations Shift
- 2 New Approaches Are Appealing
- 3 Inertia Ends...
- 4 ...Only For It To Resume Afterwards
- 5 Critical Mass Is Achieved
- 6 Infrastructure Locks In Change

# 3

## CHART ALTERNATIVE FUTURES

At this point, you should have large amounts of data to sift through – from customer and stakeholder input to competitive intelligence and analysis of analogous industries. These trends will all contribute to shaping your business’s future, but to varying degrees. So how do you decide what to focus on?

The key is to pick out the **most uncertain and impactful trends** of the bunch. These trends will become the axes of your **scenario matrix** / matrices, allowing you to map out what the future holds in each quadrant (see example below).

Next, examine the future in each quadrant and pinpoint the relevant **threats and opportunities**. Working your way backwards, plan out the **action steps** you can take today to address each of them.



### Moving Away From Best / Worst-Case Scenarios

*A common approach is to build worst-, middle- and best-case scenarios. The intent behind is right: you should consider all possible outcomes, including those that are less than ideal.*

*However, this method assumes that there is only a single kind of best-, middle-, and worst-case scenario – when in reality, different trends could collide to form a host of scenarios, many of which could be overwhelmingly positive or negative.*

## APPLYING FUTURECASTING TO RETAIL BANKING

*Customer-centric banks*

### Service focus

- Focus on sales and high-value services
- Provide exceptional and personal experience

### Brand loyalty

- Shift branch resources to focus on online engagement
- Tailor products to specific customer groups

*Important branch presence*

*Digital channels only*

### Status quo

- Optimize routine transactions to reduce costs
- Create new financial products to generate revenue

### Good enough

- Bare-bones, self-service online products
- Negotiate excellent fee structures to beat competition

*Product-focused banks*

With the rise of fintech and increasing importance of convenience, a retail bank could use **FutureCasting** to devise its **channel strategy with the long-term goal of increasing customer loyalty.**

*Note: You can use more than two axes at once or multiple matrices side by side.*

# 4

## CREATE OPTIONS

Looking at the opportunities you surfaced in each scenario, decide **how many bets to make, of what type, at what level, and with which timeframe**. This is where having clear guidelines and expectations around investments from the get-go will be critical.

But having a shortlist of potential investments is not enough – you must organize them in a **coherent, flexible portfolio plan**. Over time, each opportunity will become more or less appealing, depending on the likelihood of their associated scenario. For this reason, make sure to identify and **monitor key signals** tied to each scenario. As these signals evolve, you can adjust the level of investment you make in a given opportunity accordingly.

### 💡 Shape It Your Way

*The goal is not only to prepare for the future, but also to shape it: as you experiment with new ideas, map out the steps you can take to precipitate that evolution (e.g., with customers, with other key decision-makers)*

### Sample Portfolio Map

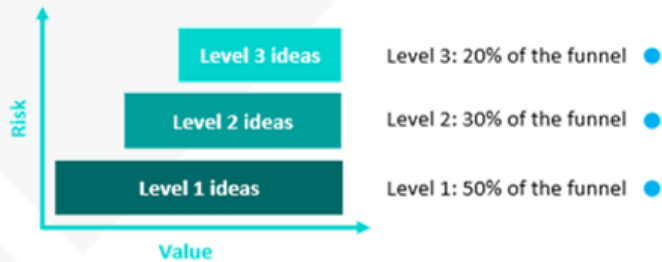
#### Core Criteria

All projects in the portfolio...

- Have revenue potential of XX ●
- Will reach steady state in XX years ●
- Focus outside the core business ●
- Leverage existing channels ●

#### Risk and Value Allocation

Targets for projects in each risk-value level...



#### Priority Gaps to Fill

New projects need to fill the following gaps...

- Need to increase the number of projects proceeding to Assess
- Need to increase the number of Level 3 ideas in the funnel
- Need a more near-term opportunity (to reach revenue targets for 2022 and 2023)
- Need an additional project related to XX area

#### Funnel Allocation

Targets for projects completing each funnel stage this year...



- Reviewed: 100 ●
- Intake: 24 ●
- Assess: 8 ●
- Design: 4 ●
- Pilot: 3 ●
- Transition: 2 ●

#### Targeting Criteria

##### Target areas

- At least 1 XX project through Assess in 2022 ●
- At least 1 XX project through Assess in 2023 ●

##### Additional Metrics

- Produce at least XX in revenue from all projects in 2022 ●
- Produce at least XX in revenue from all projects in 2023 ●

#### Scorecard key

- On target ●
- At risk ●
- Behind target ●
- Too soon to tell ●



## REVIEW, ADAPT, REPEAT

The world doesn't stop changing once you're done with your FutureCasting work. **As new trends appear and others wane, certain scenarios become more or less likely, and your strategy in turn will need adjusting.**

To stay on top of trends, consider dedicating some resources to spotting and monitoring trends across various areas over time (e.g., regulation, technology, demographics). Consider institutionalizing this trend scanning capability, through venture capital partnerships, dedicated staff, intrapreneurship programs, crowdsourcing, or other tools. Get reports on findings regularly, with clear implications on which scenarios seem more likely. Then you can stress-test your current strategy against the new, updated scenarios, and adjust your bets accordingly.

**FutureCasting cannot be a one-off effort. It must become an ongoing, systemic part of your strategy and operations.** Keep this in mind as you start your first FutureCasting work and gain key stakeholders' support. They will prove invaluable for the long-term success of your efforts.

### Sample of Potential Approaches

	Activity Name	Financial Impact	Cultural Impact	Resource Need	Timeframe for Execution	How Often
<b>Energizers</b>	Idea Competitions	S	M	S	S	Occasional
	Crowdsourcing	S	M	S	S	Occasional
	Hackathons	S	M	S	S	Occasional
<b>Sustainers</b>	Internal Community	S	M	S	M	Continuing
<b>Longer-term Commitments</b>	Start-up Incubators	L	M	L	M/L	Continuing
	Corporate VC	L	S	L	L	Continuing
	Intrapreneurship	M/L	L	Varies	M/L	Continuing
	Hunters and Outposts	M	S/M	Varies	Varies	Continuing
	University Partners	Varies	S	Varies	M/L	Continuing
	Innovation CoE	S/M	M	S/M	M/L	Continuing

## FUTURECASTING IN ACTION

# CASE STUDY IN HEALTHCARE

## PROJECT OBJECTIVE

A large U.S. healthcare provider to employers wanted to understand what **revenue expansion opportunities** existed beyond their offering and devise a **portfolio strategy** based on their **long-term potential**.

1

### PLOT KNOWN & UNKNOWN

Through market trends analysis and internal briefings, our team surfaced a variety of potential revenue expansion opportunities to explore further, including around tailored telehealth applications and occasion-specific clinician engagement, with key assumptions and uncertainties tied to each.

2

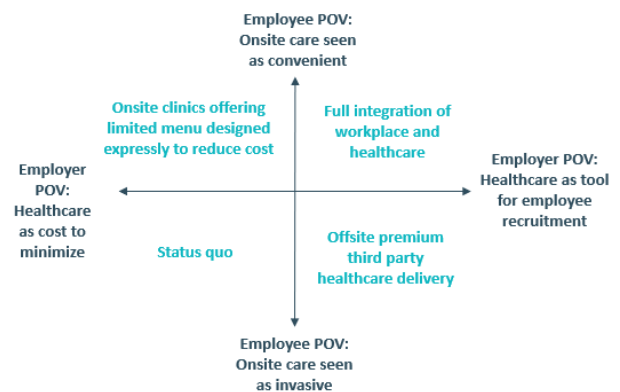
### MAP WHAT'S COMING

We then conducted 30 in-depth interviews with current target customers to evaluate the relative appeal of each idea and surface additional opportunities.

3

### CHART ALTERNATIVE FUTURES

Using the data we had gathered during Phases 1 and 2, we prioritized a shortlist of opportunities to focus on and selected the most uncertain trends with the greatest impact on their success. From there, we built out a two-dimensional matrix displaying each scenario to prepare for (see matrix on the right).



4

### CREATE OPTIONS

Having mapped out the steps needed to address each scenario, we built out a balanced portfolio strategy that accounted for opportunity size, appeal to employers, operational synergies, company advantages, risk, and other factors. Critically, we laid out a set of signals to watch out for over time, so that our client could pivot based on which outcome seemed more likely.

5

### REVIEW, ADAPT, REPEAT

Going forward, our client was able to review these plans periodically on its own and shift its priorities as customer needs and payment schemes changed in the marketplace.



# FutureCasting In Practice: FAQ

## HOW DOES FUTURECASTING FIT IN WITH MY COMPANY'S STRATEGIC PLAN?

Many organizations starting a FutureCasting exercise already have a strategic plan in place. So **how do you incorporate the results of your FutureCasting process in your company's long-term vision?**

The best way to guarantee that your results are heard is to **include your company's current assumptions about the future in your research**. By pressure-testing your leadership's longstanding ideas, your FutureCasting exercise will not simply lead to a potentially separate strategy for the future, but also **directly verify or invalidate your company's current thinking**. Indeed, it is far more likely for the company to dismiss your recommendations if they seem irrelevant to its current trajectory than if they question or confirm it.

## HOW DO I OVERCOME PEOPLE'S RESISTANCE TO CHANGE?

Resistance to large change efforts is very common, particularly in large corporations with deeply engrained assumptions about the market. It is easier to do business as usual than to adjust to a different reality. So **how do you make sure your FutureCasting exercise is effective**, especially if it forces your team to question their current approach?

Here are a few pointers to get you started. First, you want to get **the right stakeholders and decision-makers involved** in your exercise from the get-go (or at least made aware of it). Second, **telling a compelling story** will be key when sharing out your results. And third, set up a system with your FutureCasting team that rewards **decisive action** and an **inexpensive head-start** on new initiatives to encourage forward thinking (e.g., incentives for teams that cut their losses early).

## WHO SHOULD BE INVOLVED IN THIS EFFORT?

It is critical to include the **people directly responsible for translating strategies into granular action plans**, and **the stakeholders responsible for giving the go-ahead** on these initiatives.

But it isn't enough to simply involve the key decision-makers inside the company – your FutureCasting exercise must also account for **diverse perspectives** as well. Organizations all too often fail to grasp the full picture of their environment by selecting a narrow set of inputs. Avoid this pitfall by including people from a wide range of backgrounds. This includes a **mix of functions / roles**; both **longstanding and newer employees**; as well as **established leaders and known contrarians**. In addition to guaranteeing you a fuller understanding of your context, including such a wide range of people will make internal buy-in for your results much more likely.

# Closing thoughts

Planning for uncertainty is far easier said than done. Plotting the future has long been of great interest to executives, and the last few decades saw a proliferation of tips and tricks to do so – especially in the form of scenario planning. But for all its good intentions, scenario planning has become synonymous with lengthy processes yielding few action items.

To address these challenges, we developed **FutureCasting** to plot the future in a rigorous and actionable way by:

- ◆ Staying market-focused and customer-centric
- ◆ Drawing clear lines from macro issues to micro action implications
- ◆ Not only preparing for the future, but also shaping it

## WHAT WE DO



### DEVELOP GROWTH STRATEGIES

Build innovative approaches to compete in fast-moving markets



### UNCOVER JOBS TO BE DONE

Understand your market and customers more deeply



### BUILD INNOVATION CAPABILITIES

Build teams and structures that can turn ideas into breakthrough products and services

Interested in learning more? Contact us or visit our website:

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[www.newmarketsadvisors.com](http://www.newmarketsadvisors.com)