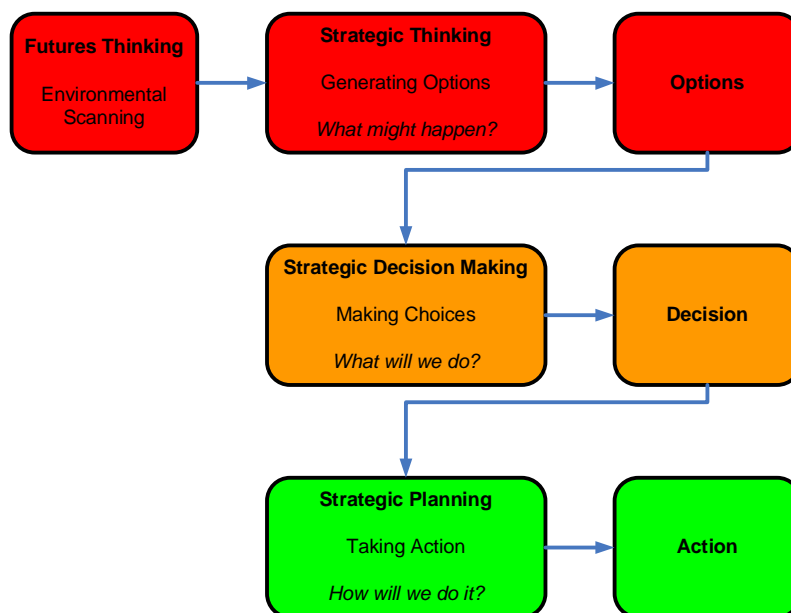


Using Environmental Scanning to Inform Strategy Development

As our world speeds up, a much higher premium is put on our ability to provide early warning and combine that with early and focused action.

Strategic planning – as most people understand it, is really only the last part of a more comprehensive strategy development process. Before we can devise strategy we must have goals. Goals are a result of the consideration and analysis of a set of options. Options are developed out of strategic thinking. Futures techniques such as Environmental Scanning are used to inform the strategic thinking process by providing a structured framework for understanding risk; opportunity and change (see Figure 1).

Figure 1: The Strategy Development Process



Environmental scanning is about placing your work, your organisation, and your strategic environment in the context of a global system. It is about understanding that the global system is changing and that the future will be different from the past. Environmental scanning creates a wide view of the global system and explores unlikely sources, strange ideas and fringe points of view.

By applying a systematic approach to understanding change, environmental scanning will allow you to:

1. Build an understanding of the pace and nature of change in your strategic environment
2. Identify future opportunity and mitigate future risk in your organisation

Environmental scanning is what Choo (1998)¹ calls formal searching, using formal methodologies for obtaining information for a specific purpose. It is systematic. It is much more than reading newspapers or industry journals, or checking the latest statistics about your market. It is about exploring both present

¹ Choo, C.W. (1998) Information Management for the Intelligent Organisation: The Art of Scanning the Environment, ASIS Monograph Series, Medford New Jersey. Available from <http://choo.fis.utoronto.ca/>

certainty and future uncertainty, and moving beyond what we accept as valid ways of doing things today.

Most managers conduct a scan of their strategic environment as part of their professional lives. Usually, this is an informal activity and the result is not shared in any meaningful way.

Without a structured approach to scanning, you will just be aimlessly scanning the web, and pure luck is the only determinant of whether or not you find something useful. - Maree Conway, Futurist

A robust scanning process needs to be formal and systematic. It needs to close the gaps in the ad hoc scanning process and it needs to focus on strategically important factors. Good environmental scanning is the first step in a meaningful strategic planning process.

A Strategic Challenge...

The Agriculture Industry Training Organisation (Ag ITO) is one of New Zealand's largest industry training organisations, helping more than 8000 people every year to gain the knowledge and skills they need for a productive and rewarding career in the agriculture sector.

Ag ITO wanted to support its strategic planning activity by gaining a better understanding of the wider strategic environment for the agriculture industry and the drivers for change within the agricultural sector.

"We want to make decisions about tomorrow that are not based on yesterday's assumptions" - Fred Hardy Ag ITO

In particular, Ag ITO wanted to understand the drivers for change in the agricultural sector over the next 5 to 10 years and hence the impacts on its three to five year planning cycle. This would strengthen its ability to attract government funding. Importantly, Ag ITO wanted to set itself apart from other training organisations and demonstrate a commitment to industry leadership and establish a clear direction over the long term.

Within Ag ITO and the agriculture sector in general, a lot of environmental scanning already takes place. Most of this scanning is unstructured and informal. People from the organisation and the industry simply find relevant material through the course of their work. Much of this information isn't recorded or shared in any meaningful way.

The problem for Ag ITO was that there was no mechanism for sharing information, insight or data. This meant that any analysis, synthesis or strategy development contained huge knowledge gaps and untested assumptions.

CBA Consulting's Solution

In order to allow Ag ITO to gain a broad understanding of the strategic environment, CBA Consulting utilised a Futures Thinking approach.

Our approach was to collate this disparate and fragmented knowledge base by using environmental scanning techniques to structure the information to synthesise, analyse and report on strategically important issues.

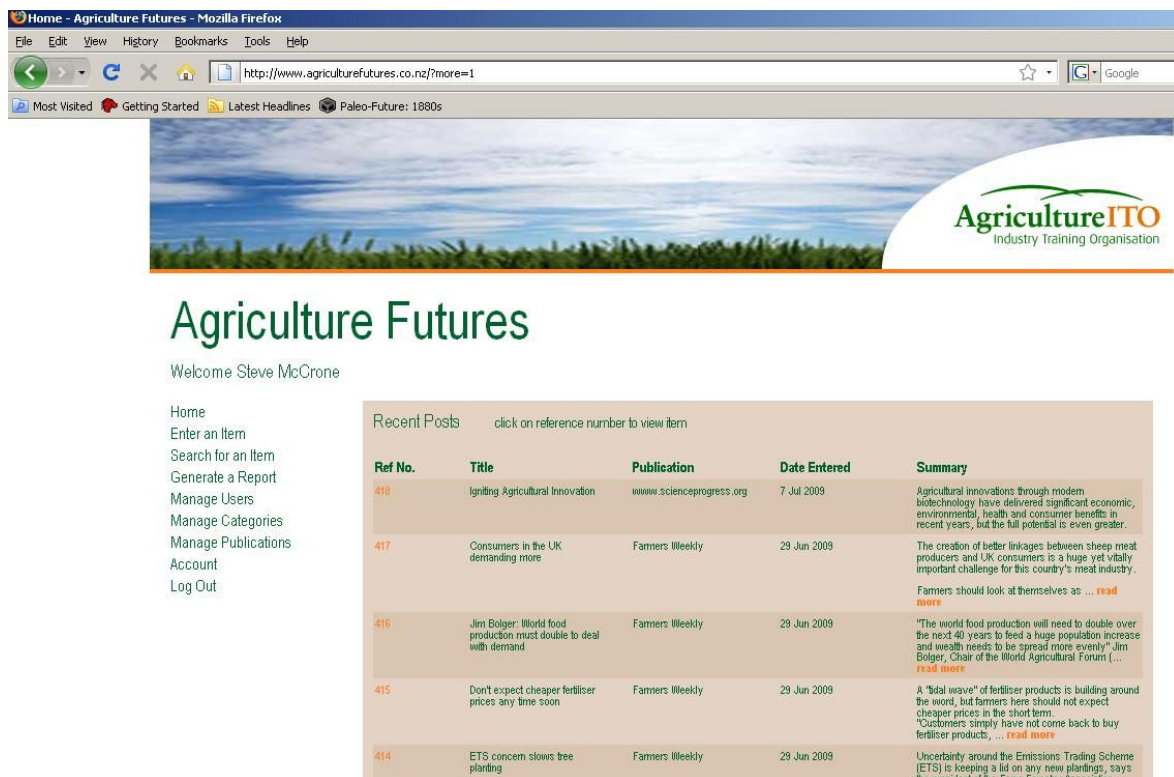
We presented this plan to the executive team during a "visioning exercise" where we examined the team's vision for the future of Ag ITO.

During this session we decided to assess the strategic environment focusing on the following areas:

- ✓ Labour
- ✓ Technology
- ✓ Government policy
- ✓ Infrastructure
- ✓ Environment
- ✓ Rural Water
- ✓ Macro Economic Environment

To capture the information, we designed and built a “knowledge repository” (Figure Two). This is an online database that is used capture information and data. Web access means that scanners can access it from anywhere and we can easily include scanners from outside the organisation. Scanners add the information source, a brief description of the important points, details on the author and bibliographical information. Scanners can also upload files to the repository. Importantly, scanners also add detail to a paragraph titled “so what”. This means the scanner has to give some thought to the question “so what does this information / research / data / opinion / etc, mean to the agricultural sector?” The knowledge repository is searchable and over time researchers can use it to track the development of issues impacting upon the agricultural sector from the time they are first reported in fringe media to when they are immediate and obvious. Utilising the knowledge repository to identify the weak signals of change is a powerful and important strategic tool.

Figure 2: The Online knowledge Repository

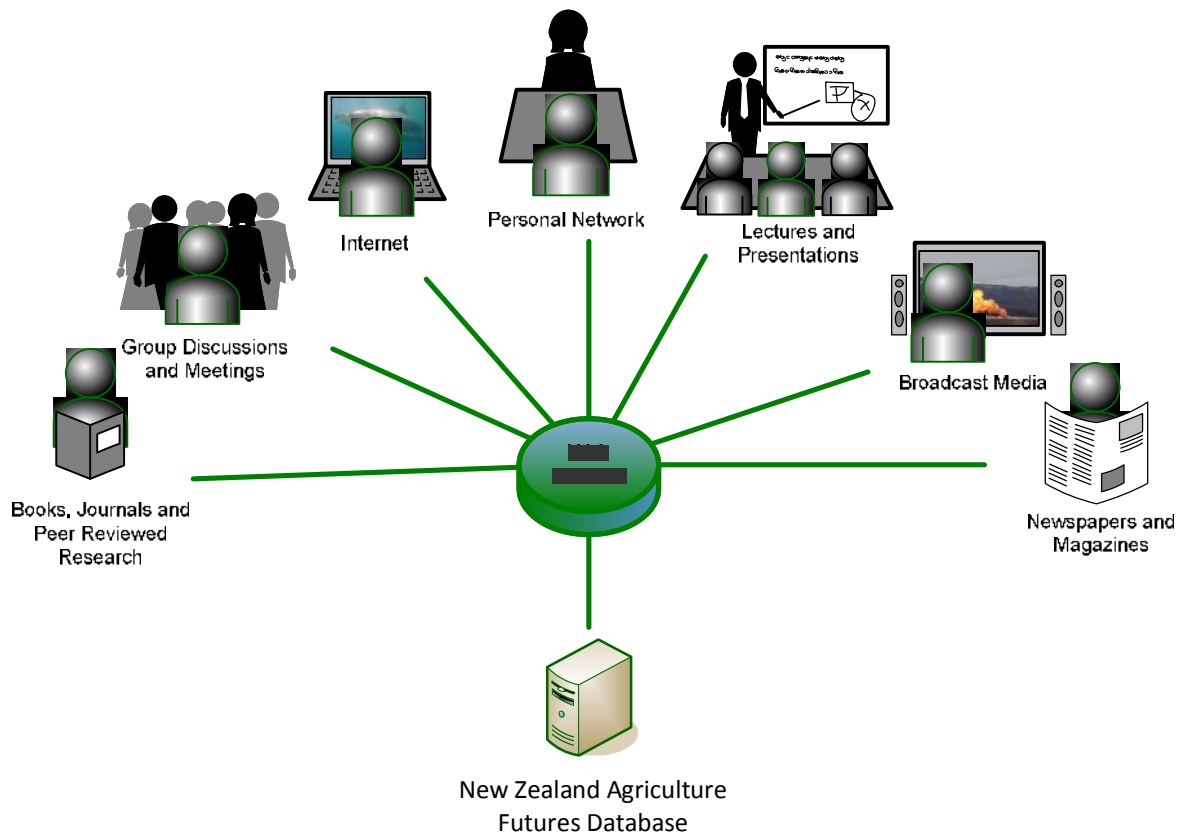


The screenshot shows a web browser window titled "Home - Agriculture Futures - Mozilla Firefox". The address bar shows the URL "http://www.agriculturefutures.co.nz/?more=1". The page content includes a navigation menu on the left with options like "Home", "Enter an Item", "Search for an Item", "Generate a Report", "Manage Users", "Manage Categories", "Manage Publications", "Account", and "Log Out". The main content area features a "Recent Posts" section with a table of articles. The table has columns for "Ref No.", "Title", "Publication", "Date Entered", and "Summary".

Ref No.	Title	Publication	Date Entered	Summary
416	Igniting Agricultural Innovation	www.scienceprogress.org	7 Jul 2009	Agricultural innovations through modern biotechnology have delivered significant economic, environmental, health and consumer benefits in recent years, but the full potential is even greater.
417	Consumers in the UK demanding more	Farmers Weekly	29 Jun 2009	The creation of better linkages between sheep meat producers and UK consumers is a huge yet vitally important challenge for this country's meat industry. Farmers should look at themselves as ... read more
416	Jim Bolger: World food production must double to deal with demand	Farmers Weekly	29 Jun 2009	"The world food production will need to double over the next 40 years to feed a huge population increase and wealth needs to be spread more evenly" Jim Bolger, Chair of the World Agricultural Forum (... read more
415	Don't expect cheaper fertiliser prices any time soon	Farmers Weekly	29 Jun 2009	A "tidal wave" of fertiliser products is building around the world, but farmers here should not expect cheaper prices in the short term. "Customers simply have not come back to buy fertiliser products, ... read more
414	ETS concern slows tree planting	Farmers Weekly	29 Jun 2009	Uncertainty around the Emissions Trading Scheme (ETS) is keeping a lid on any new plantings, says the president of the Farm Forestry Association

After an initial consultation with the CEO and executive team we identified industry thought leaders and established a team of scanners.

Figure 3: Scanning



These people have been assigned the task of scanning a wide variety of sources. Most of the people selected already have an informal scanning process as part of their professional work and so the only additional task was to enter relevant material into the knowledge repository. (See Figure 3 above).

CBA Consulting provided full scanner training to ensure an understanding of the process and to demonstrate the knowledge repository. This session also reinforced the importance of using a wide variety of sources from formal research to informal networks. The idea of environmental scanning is to scan widely, as opposed to scanning in depth with a narrow focus. It is also important to understand that weak signals of change may come from sources that are considered “unreliable” from an academic sense, and that these sources of information shouldn’t be ignored. When several people highlight the same issue from several “unreliable sources” then it may be prudent to monitor that issue more closely in the next quarter, as it could be the first sign of change.

Figure 4: Spotting the weak Signals of Change

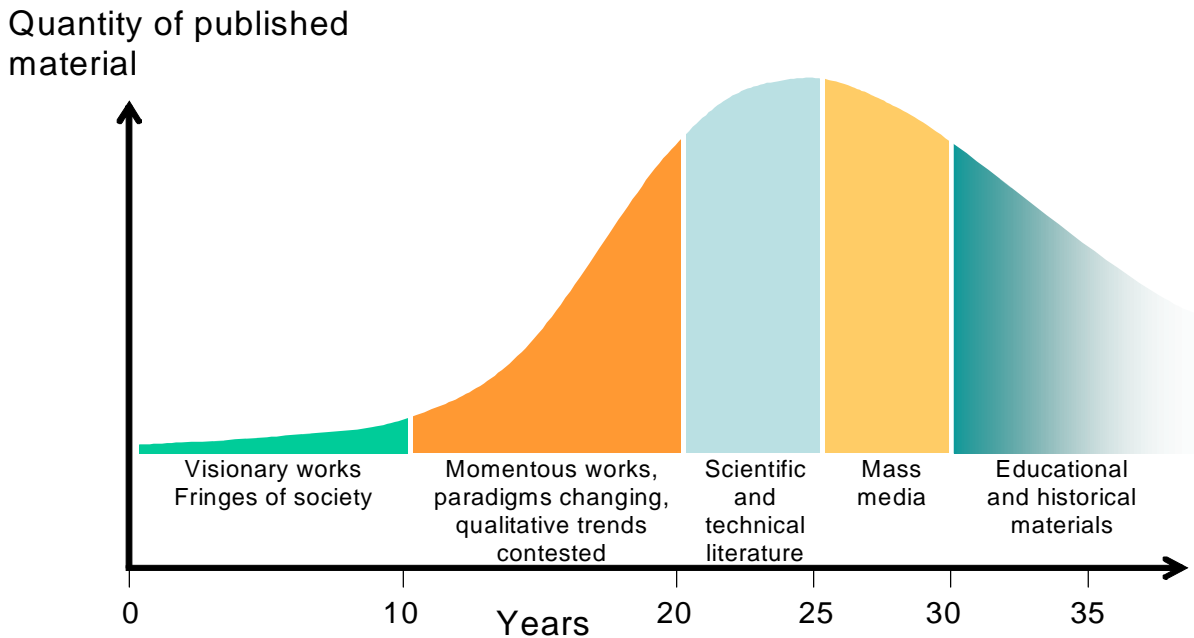
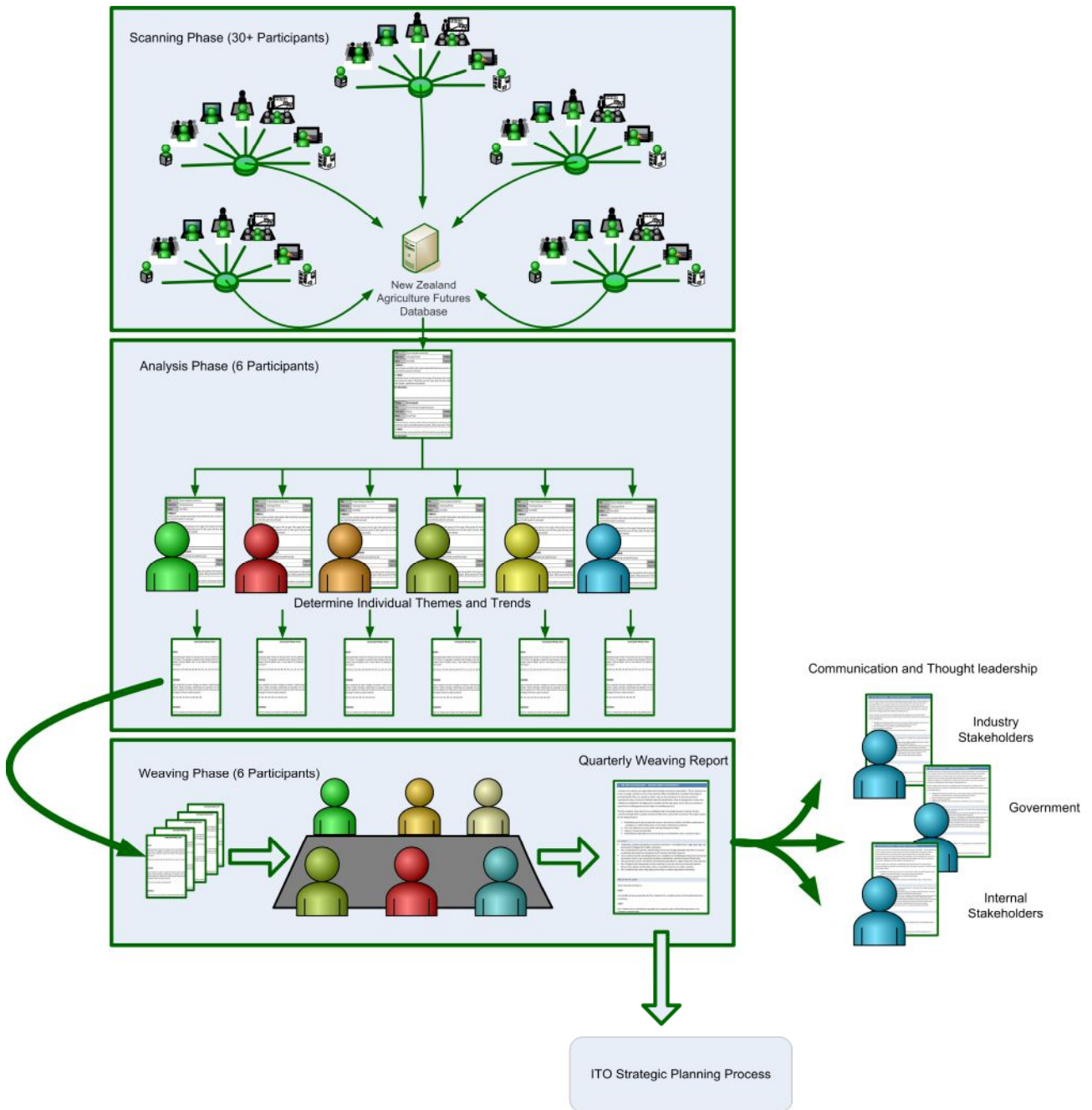


Figure 4 above shows showing various media in terms of time based relevance and quantity of available material. For most subjects text books are usually found at one extreme (years out of date) and visionary works (blogs, tweets, conference discussions, even song lyrics) are at the other. CBA Consulting used this diagram to give scanners a wider perspective of where to look for information when considering the strategic environment.

From the scanning group, CBA Consulting selected a subgroup of six “weavers”. The job of the weavers is to conduct a quarterly review and analysis of the database entries. Each member arrives at the weaving session with 4-5 emerging patterns or themes that they will discuss with the rest of the group. The members write down the Reference numbers of the data base entries that support their themes or patterns. After the group discussion the group chooses the most relevant themes and includes them in a quarterly weaving report.

This report forms the basis of a larger document that will be compiled annually by the weaving team. The final report will be used to facilitate discussions with industry stakeholders, government and internal stakeholders. It will also be used to inform the annual strategic planning process. A diagram of how the process works can be seen in Figure 5 below.



Result

The process has had the immediate effect of strengthening the strategic foresight capability of Ag ITO. After two iterations of the quarterly reporting process the ITO has begun inviting other industry stakeholders into the scanning and weaving teams. Now Ag ITO has also started using the reports as a ‘conversation starter’ with industry and government.

The ITO is gaining traction in its desire to be considered industry thought leaders and been able to inform from both the Environmental Scanning process and the resulting reports. The following are some of the overall benefits the Ag ITO has gained from this process:

- > **The ITO has built a knowledge and information asset.** This asset becomes more valuable as information is added to the knowledge repository.
- > **The culture of the ITO** (particularly at the executive level) is changing to become more of a “futures thinking culture”. This means the ITO is more able to challenge assumptions and see its current operations in the context of a rapidly changing external environment.
- > **Resilience and agility.** Flowing from the changes in organisational culture, the planning that Ag ITO conducts will be more resilient to change and the organisation will be better able to adapt to capture opportunities and mitigate risks.
- > **Links to Industry.** The process is a mechanism for industry participation. The ITO is able to establish stronger links to industry stakeholders by inviting them into the scanning or weaving teams and by sharing insight.
- > **Industry Leadership.** The Environmental Scanning process and scanning reports can be used to position Ag ITO as thought leaders. Ag ITO has the opportunity to frame the debate on agriculture sector issues and lead the discussion.

Questions

- § How does your organisation currently develop strategic options?
- § Can you describe the strategic thinking process in your organisation?
- § How does your organisation record insight?
- § How do you know that you are really addressing the key issues for your organisation?
- § In hindsight – what mission critical events and issues would better scanning disciplines have mitigated in your organisation?