

STRATEGIC FORESIGHT: NAVIGATING UNCERTAINTY

International MBA IMBA-EN SEP-2024 S-STR

Area Strategy

Number of sessions: 15

Term: Concentrations

Category: regular

Language: English

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Managing Director, Sustainable Foresight Institute

Co-Founder & Managing Partner, LakeWell Partners

Executive Chairman, Corporate Governance 4.0

Co-Founder & CEO, TrendBend.AI

Academic Background

PhD, Engineering (Complex Adaptive Systems), University of Cambridge, United Kingdom

Doctor of International Relations (Game Theory), Geneva School of Diplomacy & International Relations, Switzerland

PhD, Applied Economics (Strategy & Finance), University of London, United Kingdom

MSt, Sustainability Leadership, Cambridge University

MBA Fellow, Belgian American Educational Foundation, Harvard Business School

MSc, Management and Business Administration, Boston University, United States

MSc, Computer Information Systems, Boston University, United States

Professional Qualifications

Singapore Institute of Directors, Senior Accredited Director (SID-SRAD)

National Association of Corporate Directors, NACD Governance Fellow

NACD, Cyber Board Oversight Certification

The Chartered Governance Institute, Chartered Governance Profession and Fellow (FCG)

Institute of Directors, Chartered Director (CDir) and Fellow (FIoD)

Academic Experience

Professor of Strategic Foresight, IE Business School, 2009-present

Co-Director, Executive Master in Energy & Sustainability Leadership, The Graduate Institute, 2010-2016

Visiting Professor of Scenarios and Corporate Strategy, INSEAD, 2005-2007

Visiting Lecturer, Cambridge University, 2004 – present

Fellow and Visiting Professor, Energy Delta Institute, 2004 – 2019

Dean and Professor of Finance and Economics, Rouen School of Management, 2001 – 2004

Visiting Lecturer, Boston University, 2001 – 2002

Adjunct Professor, Solvay School of Management, 1995 – 2002

Company Specific Executive Education Programs (Shell Finance, DuPont, ARPEL, Tiger Group, Khosla Ventures, The Pew Center on Global Climate Change, Statoil, Caterpillar, Tesla, The Kazakhstan Development Bank, Ecopetrol, Renault-Nissan, Toyota, GE Leadership, Innovation & Growth)

Corporate Experience

Chief Strategy Officer of the Astana International Financial Centre (AIFC)

Chairman of Corporate Governance & Stewardship at the AIFC
Director of AIFC Tech (in partnership with the World Economic Forum Center for the Fourth Industrial Revolution)

Board Member of the National Investment Corporation of the National Bank of Kazakhstan

Managing Director, Strategy and Strategic Foresight, Kazakhstan Development Bank

Managing Director and Head of Scenario Processes & Applications, IHS Markit

Senior Director and Head of Global Practices (Scenario Planning, Global Risks, and Competitiveness) at the World Economic Forum

Senior Strategy & Portfolio Advisor to the Committee of Managing Directors, Shell International

Executive Director and co-leader of the Shareholder Value Practice, PricewaterhouseCoopers

Engagement Manager and Core Team Member of the Corporate Finance & Strategy Practice, McKinsey & Company

Office Hours

Office hours will be on request. Please contact at:

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SUBJECT DESCRIPTION

Charles Darwin made a famous quote: "It is not the strongest of species who survive, nor the most intelligent, but the ones more responsive to change." One can argue that the same applies to global businesses, and as a result, companies increasingly have to navigate uncertainty.

Strategy is concerned with allocating resources (both human and capital) so as to maximize shareholder value. Companies also have to preserve legitimacy by satisfying a broad group of stakeholder in the markets in which they operate. For companies operating in the global business environment, this is a daunting task.

Scenarios are a strategic planning method that sheds light on the political, economic, environmental, social and technological forces that shape the world, regions and industries.

Understanding how these forces may play out over time helps top management to set the strategic direction of an organization and to improve resource allocation. The course uses the methodology developed by the Shell Global Business Environment team and documented in "The Art of the Long View" by Peter Schwartz of the Global Business Network and "Three Decades of Scenario Planning at Shell" by Peter Cornelius, Alexander Van de Putte, and Mattia Romani.

LEARNING OBJECTIVES

This course seeks to develop the following competencies:

Gain an understanding of the frameworks, processes and methodologies used to explore the future

Gain an understanding how companies achieve balance between being a “performance organization” and being a “learning organization” Gain practical experience in developing plausible alternative scenarios as the context for strategic option generation and resource allocation

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Learn how to think in systems - non-linear, feedback-rich complex systems

How to anticipate the need for change: Explore ways to link scenario planning to strategic option generation and resource allocation (including real options)

TEACHING METHODOLOGY

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| Learning Activity | Weighting |
|--------------------------|------------------|
| Lectures | 20.0 % |
| Discussions | 20.0 % |
| Group work | 40.0 % |
| Individual studying | 20.0 % |
| TOTAL | 100.0 % |

AI POLICY

I strongly recommend the use of Generative AI, in particular Perplexity.AI for the case studies and group project. The use of AI is not allowed for the take-home exam.

PROGRAM

SESSIONS 1 - 2 (LIVE IN-PERSON)

Characteristics of Long-lived Companies

Topics covered include:

- Defining the “Performance Organization”
- Defining the “Learning Organization”
- The ambidextrous organization: Achieving balance between “Performance - Exploitation” and Learning - Exploration”
- Characteristics of Long-lived Companies

Disrupt or be Disrupted

Topics covered include:

- Mental Models influence decision making
- Scenarios versus forecasts
- Black Swans versus Grey Rhinos versus White Elephants
- The value of strategic flexibility - case study
- Scenarios defined

Article: Why Successful Companies Usually Fail (Insead Knowledge) (CED)

Article: Reflections on Corporate Longevity (McKinsey & Company)

Technical note: Redefining Corporate Success: Surviving the Profit Motive (The Economist) (CED)

Book Chapters: The Art of the Long View: Planning for the Future in an Uncertainty World, pages 3 - 28 & 227 -248 (See Bibliography)

SESSIONS 3 - 4 (LIVE IN-PERSON)

Navigating Uncertainty - Reference Process Framework

Topics covered include:

- The objective of top management of a publicly traded company
- Phases in strategic planning
- Reference Process Framework: Strategic direction setting, environmental scanning, strategic option generation, strategic option valuation, dynamic portfolio management, strategic early warning, and performance appraisal.

Scenarios – Exploring the Methodology

Topics covered include:

- The unthinkable versus the foreseeable
- Jetstreams versus weather maps
- How to build scenarios - a step-by-step deductive scenario process using a recent scenario example
- Critical uncertainties and megatrends
- Thinking in Systems - exercise to develop a non-linear, feedback-rich system

Book Chapters: The Art of the Long View: Planning for the Future in an Uncertain World, pages 3 – 28 & 227 – 248 (See Bibliography)

Technical note: HSBC's Cuts are an Early Warning Signal to Banks (Financial Times) (CED)

Other / Complementary Documentation: Scenarios: An Explorer's Guide (shell.com)

Article: Scenarios: Uncharted Waters Ahead (HBS 85516-PDF-ENG)

Article: Scenarios: Shooting the Rapids (HBS 85617-PDF-ENG)

Book Chapters: The Art of the Long View: Planning for the Future in an Uncertain World, pages 100 - 162 (See Bibliography)

SESSIONS 5 - 6 (LIVE IN-PERSON)

Scenarios and Corporate-level Strategy - Strategic Option Generation

Topics covered:

- Narrowing the range of uncertainty
- Endogenous (technical) and exogenous (economic) uncertainty
- Strategic options framework
- 7 mini-case studies

The Value of Strategic Flexibility

Topics covered:

- What are real options and how to identify them?
- Optimal valuation metric selection
- Chemical company case study
- Four levels of uncertainty and their interrelationship
- Dynamic portfolio management simulation

Book Chapters: The Art of the Long View: Planning for the Future in an Uncertain World, pages 191 – 209 (See Bibliography)

Other / Complementary Documentation: Global Journal for International Financial Analysts - Estimating Volatility for use in Real Options (CED)

Other / Complementary Documentation: Global Journal for International Financial Analysts - Valuing Complex Projects Exhibiting both Technical and Economic Uncertainty (CED)

SESSION 7 (LIVE IN-PERSON)

Frame the Problem (in breakout groups)

Topics covered:

- Select industry and company to develop scenarios (ideally select an industry and company that is going through fundamental change)
- Define central question and time horizon of the scenarios

SESSION 8 (LIVE IN-PERSON)

Issue Identification and Prioritization (in breakout groups)

Topics covered include:

- Identify issues using the STEEP framework
- Prioritize issues and distinguish between critical uncertainties and megatrends (or predetermined elements)

SESSION 9 (LIVE IN-PERSON)

Focal Questions and Scenario End States (in breakout groups)

Topics covered include:

- Logically group together a set of critical uncertainties to arrive at focal questions

- Combine a set of focal questions to arrive at the scenario matrix
- Describe the scenario end states for the two most divergent scenarios

SESSION 10 (LIVE IN-PERSON)

Scenario Logics - Part 1 (in breakout groups)

Topics covered include:

- Develop the scenario logics of scenario 1 using system thinking (non-linear feedback-rich view of the future)
- Test for plausibility and internal consistency of scenario 1

SESSION 11 (LIVE IN-PERSON)

Scenario Logics - Part 2 (in breakout groups)

Topics covered:

- Develop the scenario logics of scenario 2 using system thinking (non-linear, feedback-rich view of the future)
- Test for plausibility and internal consistency of scenario 2

SESSION 12 (LIVE IN-PERSON)

Identification of Strategic Options (in breakout groups)

Topics covered:

- Develop a long list of strategic options
- Specify the nature and degree of uncertainty of each strategic option
- Map the strategic options on the strategic options framework

SESSION 13 (LIVE IN-PERSON)

Operationalizing the Strategic Options (in breakout groups)

Topics covered:

- Select 2 strategic options - either flexible or gamechanger
- Specify the 'how' and 'when' to compete for the 2 selected strategic options

SESSIONS 14 - 15 (LIVE IN-PERSON)

Review of Scenario Narratives & Strategic Options Produced (In plenary)

Topics covered:

- Scenario narratives
- Scenario communication
- Scenario implied strategic options

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Topics covered:

- Scenario narratives

- Scenario communication
- Scenario implied strategic options

EVALUATION CRITERIA

Your final course grade will be based on class participation, an individual essay and a group grade on the final presentation. The weighted final evaluation is composed as follows:

1. Class participation 30%
2. Individual 500 word essay 30%
3. Group report/presentation (scenario narratives and scenario implied strategic options) 40%

All students will be graded on a curve in accordance with the guidelines of IE Business School.

CLASS PARTICIPATION (30%). Good class participation means constructive challenge of the debate with the general objective to enhance the learning of the course participants. Students must therefore articulate their thoughts and submit them to constructive examination by others.

INDIVIDUAL 500 WORD ESSAY (30%). On Wednesday evening during the course and through Campus Online, an essay question will be made available to the course participants. **Answers are due by the first Sunday evening after the question has been made available.** A good answer will be succinct (500 words +/-10%), well structured and argued response to the question.

GROUP REPORT/PRESENTATION (40%). During sessions 14 & 15, the scenario logics and strategic options produced (a PPT template will be provided) will be presented to the course participants and a panel of selected faculty. Students will receive peer and faculty feedback on their work and winning presentation will be selected.

| criteria | percentage | Learning Objectives | Comments |
|---------------------|------------|---------------------|----------|
| Class Participation | 30 % | | |
| Individual Work | 30 % | | |
| Group Presentation | 40 % | | |

FAILING GRADE AND REASSESSMENT

When students receive a Fail in a course, they have the opportunity to present themselves for reassessment in order to earn the necessary credits toward graduation.

The reassessment of students should be scheduled between 5 and 10 working days after the review session takes place.

Grades for the reassessment are limited to a Low Pass and Fail.

Both, the initial Fail as well as the grade of the reassessment remain on the transcript. For the purpose of calculating the GPA however, only the grade of the reassessment is to be considered. Students receiving a failing grade in the reassessment of a course will not be able to continue in the program.

BIBLIOGRAPHY

Recommended

- Peter Schwartz. (1995). *The Art of the Long View: Planning for the Future in an Uncertain World*. Doubleday. ISBN 9780385267328 (Printed)
- Paul J.H. Schoemaker; George S. Day. (2006). *Peripheral Vision: Detecting the Weak Signals that will Make or Break your Company*. Harvard Business School Press. ISBN 9781422101544 (Printed)

BEHAVIOR RULES

Please, check the University's Code of Conduct [here](#). The Program Director may provide further indications.

ATTENDANCE POLICY

Please, check the University's Attendance Policy [here](#). The Program Director may provide further indications.

ETHICAL POLICY

Please, check the University's Ethics Code [here](#). The Program Director may provide further indications.

