

Why Foresight Matters – A Primer

by **Dr Claude Diderich** | innovate.d, Switzerland

Have you heard of *foresight*, sometimes called futures studies or futurology? Is your organization using it to become future-ready? How much time and money are you investing in understanding how a possible, plausible, probable, preferable, or wildcard future could look like? If not, you and your organization may miss out on something unless you want to end like Kodak.

WHAT IS FORESIGHT?

First and foremost, foresight is not about point forecasting. Foresight is about foreseeing possible futures and caring about or preparing for them. Foresight focuses on three critical activities.

1. *Engage in critical thinking* about long-term developments relevant to you, your organization, your environment, and society.
2. *Debate and develop* possible scenarios of the future and their impact.
3. *Engage in actions* that have the potential to shape the future towards a preferred scenario.

Foresight is a collaborative activity that helps understand the past, collects insights about the present, and describes trends to understand possible futures and design strategies that permit crafting it towards a preferred state. A key trait distinguishing foresight from futures research, strategic planning, and typical forecasting is that foresight aims to influence and shape the future, that is, to take an active role rather than passively enduring it.

HOW DOES IT WORK?

There exist numerous approaches to engaging in foresight. One of them is “The Copenhagen Method.” It is built on the design thinking methodology and proceeds in the following six steps:

SCOPE. During the first step, the scope of the foresight activity is defined. This means answering “the future of what?” and “the future toward what?”. One such scope could be “the future of mobility toward a sustainable environment.”

EXPLORE. Once the scope of the foresight activity is defined, understood, and agreed upon by all involved stakeholders, the exploration phase scans the current environment for insights to generate knowledge. As in the design thinking methodology, exploring works best using ethnographic techniques. Data sources typically relied upon are expert opinions; stakeholder interviews; industry reports; scientific and trade publications; as well as social media posts.

DISCOVER. The discovery phase is lightly linked to the insights gained from exploration. Its goal is to identify trends, emerging technologies, as well as other possible drivers of change. The discovery phase is confirmatory. It is about understanding and generating knowledge from the past and the present, which may be relevant for developing scenarios about the future. While the first three phases are rooted in fact-finding, the last three phases are based on opinions rooted in sound reasoning.

BUILD. During the build phase, sometimes called the DESIGN phase, the knowledge gained from discovery is combined with creativity to develop scenarios about possible futures. Any such developed scenario can be classified into one of the five categories:

1. *Possible* — What might happen.
2. *Plausible* — What could happen based on specific knowledge.
3. *Probable* — What is likely to happen based on identified trends.
4. *Preferable* — What one subjectively would want to happen.
5. *Wild cards* — What is unlikely to happen but would have a significant impact (black swans).

UNDERSTAND. Next, the developed scenarios are understood, and their implications validated. “What if?” is a typical question answered during the understanding phase. As understanding may impact the definition of the scenarios, the understanding and the build phases are applied iteratively until a solid set of scenarios has emerged.

DECIDE. As foresight is about action rather than reaction, the last phase of the foresight approach focuses on developing robust strategic options and recommendations that can be taken today towards leveraging opportunities and mitigating risks from the developed scenarios.

WHY DOES FORESIGHT MATTER, AND WHAT VALUE DOES IT OFFER?

A simple answer to this question is: “Being prepared for the future, howsoever it materializes.” This simple and highly valuable answer can be decomposed along three key dimensions.

1. *Competitive positioning* — Having robust strategies ready based on well-understood scenarios about the future allows organizations to strengthen their competitiveness. They help anticipate and respond to emerging trends and disruptors ahead of competitors. This provides for seizing opportunities early on, supporting shaping, rather than enduring, the future.
2. *Risk mitigation* — Foresight supports mitigating risks more effectively. By anticipating potential threats based on the developed scenarios, such as changes in customer behavior, new regulator requirements, or technological advancements, organizations can reduce exposure to unforeseen challenges.
3. *Future-proofing* — Foresight helps future-proof strategic decisions. This allows anticipating changes to the external environment and internally aligning with anticipated future expectations, ensuring long-term relevance and sustainability. Future-proofing also enables participating in shaping the future rather than enduring it.

Foresight is a transformative framework that empowers individuals and organizations to be ready for the future, mitigate risks, and leverage opportunities.



Dr Claude Diderich (claudio.diderich@innovate-d.com) is the founder and managing director of the innovation and strategy consulting boutique **innovate.d** in Switzerland. Claude holds a doctor ès sciences and a masters in computer science engineering from the Swiss Federal Institute of Technology in Lausanne and a certificate of advanced studies in strategy from the University of St. Gallen. His areas of expertise include business model innovation, customer-centric strategy development, digital transformation, and problem-solving using design thinking. His most recent book titled *Design Thinking for Strategy: Innovating towards Competitive Advantage* has been published by Springer Nature.

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