Process of Becoming: A Relational Turn in Scenario Planning

Abstract
Scenario planning emanates from ‘strategy’ rooted in a ‘substantive’ mode of thinking that unproblematically presumes an organization-environment dichotomy. By viewing stability and change as antitheses where one works at the expense of the other, such a conceptualization does not account for the counter-intuitive and unintended consequences of planned action. We therefore propose an alternative mode of theorizing which draws inspiration from a processual worldview. We develop and apply this understanding to scenario planning at a leading Scottish whisky producer. In doing so, we expose the limitations of traditional scenario planning. Then by applying ‘relational thinking’, we address these limitations and demonstrate how a processual re-conceptualizing not only revitalizes scenario planning but also furthers its functional utility while designing goals, actions and aspirations for organizations.

Introduction
Wayfarer, your footsteps are/ the way, and nothing more;
Wayfarer, there is no way,/you make the way while you go.

What potential does organizational analysis, re-conceptualized as a study of organizing processes, hold for scenario planning? Strategic foresight is a vital component in business strategy and scenario planning serves as a popular tool for developing strategic foresight. However, mainstream writings on scenario planning treat organizations and their environment as separate, analytically distinct, detached entities awaiting exploration. The preoccupation, of both theorists and practitioners of scenario planning, with this organization-environment dichotomy is captured in the liberal use of ‘navigation’ as a metaphor. Navigation presumes a clearly defined map, a product of dogmatic representational thinking, and a destiny. This premise allows ‘planners’ to plot the journey prior to departure and ‘tools’ are readily available to identify and circumvent potential obstacles. Privileging stability, the captains’ from this camp set out to map the journey by treating ‘stability and change as antitheses where one works at the expense of the other’ (Hernes, 2008, p. 110). However, “foregrounding ‘organizations’ and ‘environments’ as clearly circumscribed, legitimate objects of analysis, whilst at the same time denying or overlooking the status of the network of ‘organizing’ from which these theoretical objects have been abstracted” (Chia, 1997, p. 691), differentiates the map from the territory, making the process of navigation, appear less intelligible. In other words, the arbitrary act of air brushing the network of ‘organizing processes’ into a reified ‘entity’ called the environment is what legitimizes the ‘organization’ as the forefront of analyses in scenario planning.

Scenario planning has been a popular tool to aid organisations, explore and manage their environment. It has a long and well-established reputation in supporting strategic planning in a wide range of organisations. Examples include Shell (Wack, 1985a), Interpublic and technology (Schoemaker, 1993) and British Airways (Moyer, 1996). The aim of scenario planning is to help organisational actors unearth potential uncertainties and complexity in their environment (Amara & Lipinsky, 1983; Amit & Schoemaker, 1993; Schoemaker, 2004), learn about factors driving change (Galer & Heijden, 1992) and support strategic decision-making (Schoemaker & Heijden, 1992; Grant, 2003). It does so by developing a number of plausible, alternate visions of the future and then wind tunnelling the potential strategic options (Heijden, 2005). Such a theoretical posture, adopted by a majority of the scenario planning theorists, can be thought of as ‘entitative’ (Chia, 1999) and obfuscates the resulting scenarios. To paraphrase Whitehead’s (1925, p. 86) colourful expression, change, in the planning process is construed as an incident which shoots across a background of endurance within an organization. The problem with this approach is that the scenarios are not fine-grained enough to capture counter-intuitive insights which emerge when change is translated on the ground. Plans when enacted simultaneously modify, adapt and transform both the organization and the environment. Therefore, in order to construct better scenarios, complex in texture yet rich in detail, it is essential to treat change as pervasive and indivisible, or as James’s (1909/1996, p. 253) aptly states, “the essence of life is its continuously changing character”, and then to see what this premise entails for our understanding (Tsoukas & Chia, 2002) of scenario planning in organizations.
In this paper, we seek to illuminate the tradition of thought from which scenario planning in organizational theory originally emerged. We shall then contrast it with an alternative, enriching mode of theorizing which draws inspiration from a processual ontological and epistemological world view. We then, apply this understanding to empirically analyse scenario planning at a leading Scottish whisky producer. Here, the empirical material serves as a critical dialogue partner to present a rich yet nuanced account of the emergence, endurance and demise of core organizational issues tackled in the scenario planning process. In doing so, we expose the limitations of scenarios which emerge from a ‘substantive’ mode of thinking. We then address these limitations through a re-conceptualizing of scenario planning along processual lines by applying a ‘relational’ style of thinking. Besides a novel methodology which we call ‘localist reflexive probing’, our contribution is a ‘meta-analysis’ of the ‘organization of thinking’ (Chia, 1997, p. 687) which problematizes the practice of reifying entities in scenario planning. We then incontrovertibly demonstrate how a processual re-conceptualizing not only revitalizes scenario planning but also further its functional utility while designing goals, actions and aspirations for organizations.

Theory in Scenario Planning

Scenario planning, as we know it today, is widely believed to have been developed by Herman Kahn. Kahn (1962) and then Kahn and Wiener (1967) developed scenario planning as a tool to prepare the USA military by ‘thinking about the unthinkble’. Kahn stated that “scenarios can emphasise different aspects of a future history.....the scenario is an aid to the imagination” (1962, p 143). Sunsequently, Kahn and Wiener further refined the definition of a scenario as “hypothetical sequences of events constructed for the purpose of focusing attention on causal processes and decision-points” (1967, p 6). The theoretical under-pining of their work was circumscribed within the paradigms of game theory and systems theory. Scenario planning gained traction in business in the 1970s and early 1980s (Wilson, 1973; Klein & Linneman, 1981; Zetner, 1982; Schoemaker, 1993) due to the dissatisfaction with forecasting as the main approach to strategic planning. Business increasingly experienced turbulence that undermined the reliability of forecasts and projections. Contextual conditions resulted in uncertainty entering the strategic planning domain. Scenario planning helped managers explore uncertainty by developing a number of plausible futures to help prepare for future eventualities within the prevailing system (Wack, 1985a; Wack, 1985b; Heijden, 2005; Heijden, et al., 2002). But what happens when the system changes? Can scenarios designed to thrive within this system be intelligible in the case of such an eventuality?

It is evident from the above description that the evolution and adoption of scenario planning are the outcomes of a logical style which privileges thinking in terms of discrete and static entities, events and effects rather than relationships, movement, process and emergence. Scenarios which emerge from this thought tradition are often outcomes of the process of what might be referred to as sequential sampling (Wald, 1947). ‘Process’ in the aforementioned context of scenario planning is a ‘weak process’ which refers to ‘a category of concepts or variables that refer to actions of individuals involved in a sequence of events’ (Poole, et al., 2000, p. 16). This is analytically different from a ‘strong process’ view which we propose where change is pervasive, indivisible and transcends expression even while it provokes it. ‘Organizing’ which results from this provocation, is studied though the perceptual experiences of the actors who make and remake ‘rules’ during the successive unfolding of events. Such an understanding allows the strong linking of one discrete aspect of our phenomenal experience to another (Chia, 1996), thereby enriching the scenario planning process. This is in contrast with mainstream scenario planning, as practiced today, which relies on an intellectual tradition which simplifies the world by separating in space and fixing in time, (Russell, 1946, p. 716) and therefore has a natural inability to understand life.

The ‘Shell approach’ to scenario planning is a manifestation of this thought style which draws on detailed research to identify systemic structures, driving forces and predetermined elements based predominately around the laws of economics to express different ‘scenarios’ (Wack, 1985a; Wack, 1985b). Such an approach can be considered nomothetic, with the discovery of law like relationships between organizational characteristics, or between organizational and environmental variables being the primary concern of the scenario planner (Tsoukas, 1989). Therefore, scenarios which emerge from the planning are results of one alternative being sampled from a set of alternatives; with the probability of sampling any particular alternative linked to the past
history of observations (Feller, 1968). Scenarios which emerge from such a design are not well equipped to tackle the interplay between contextual and organizational characteristics but rather they have dwelled on the discovery of correlations which in turn determine the outcome. Such analyses reinforce the organization-environment separation. However, as pointed out by March (2008, p. 179) in another context ‘[…] this result, however, can be seen as a possibly unfortunate reflection of one of the more persistent problems associated with learning from history.’ The scenarios respond to the recorded events of history, not to the underlying distribution of possible events. In effect, the scenario planning process treat realized outcomes of history as necessary ones. As a result, “they essentially exaggerate the likelihood of what has happened and underestimate the likelihood of things that might have happened. If history is seen not as a fixed outcomes of determinate forces but as a draw from a probability distribution over possibilities, then the lessons to be drawn from history are not contained simply in its realizations but to the extended histories that might be imagined from simulating the inferred underlying historical process’ (March, 2008, p. 179). Scenario planning therefore is a problem, not simply of the facts but of our mental apparatus and this raises a difficulty, not for empirical research but for managerial logic. Therefore, if areas of ignorance remain constant in size and continually shift, then it seems that scenario planning grounded in ‘ambivalent conceptual orientations towards the world will be more adaptive and accurate than unambivalent ones’ (Weick, 1979, p. 30). This calls for a ‘relational style’ of thinking, where relating ‘[…] is viewed as the continuous work of connecting and disconnecting in a fluctuating network of existential events’ (Cooper, 2005, p. 1690), while planning scenarios.

Research Method

Any method used to convey the processual nature of organizing must be equipped to capture the ‘realities of agency, flow, equivocality, transience, re-accomplishment, unfolding, and emergence’ (Weick, et al., 2005, p. 410) which constitute the building blocks of processual analysis. The method designed must therefore simultaneously provide sufficient respect to both the primacy of theory and the primacy of evidence (Van Maanen, et al., 2007, p. 1147). It is for this reason that the data gathering was captured using the situational (macro), action forming (micro) and transformational (macro) mechanism framework (Hedstrom & Swedberg, 1998, pp. 21-22). Such a fluid theoretical frame would allow us to present a canvas where organizing can be presented as an on-going accomplishment, emerging from and re-entering, into nested arrangements of structures and processes, where actions based on the subjective interpretations of actors perceptions, learning and remembering help shape/reshape the process. Such a treatment allows us to capture how human beings practically cope with a complex world as opposed to being rationally involved with a conceptually simplified world (Heidegger, 1962). Put differently, the process of simplifying to practically cope with a complex world is inferred from the lived experience rather than rationalized outcomes presented in the predominant theories of scenario planning. What this means is that instead of working with conceptions, we favour drawing insights from the perceived experiences of the actors. It is this deconstruction of the scenario planning process which allows us to re-construct it along improved lines.

Since one of the author’s was an observer of the scenario planning sessions, a localist reflexive probing technique was deployed. The data was gathered through a mix of methods which included one-to-one face-to-face interviews, workshop observation, critical incidents, discussions with key informants, and documentary evidence. One-to-one face-to-face interviews were conducted prior to the commencement of the intervention as well as at the end of the intervention. Data was gathered over a thirty six month period. Initially, data was gathered intensively during a twelve month period, with periodic follow-up data gathering opportunities over the following twenty four months. All data was recorded in field note books and transcribed.

The localist reflexive approach calls for interview statements to be seen in their social context. As Alvesson (2003, p. 17) puts it, “In interviews, localists argue that people are not reporting external events but producing situated accounts, drawing upon cultural resources in order to produce morally adequate accounts”. This approach is in stark contrast with the neo-positivist interviewing approach, the bedrock of predominant scenario planning theories, which tend to ‘simplify and idealize the interview situation, assuming that the interviewee – given the correct interview technique – primarily is a component and moral truth teller, acting in the service of science and producing the data needed to reveal his or her “interior” (i.e experiences, feelings, values) or the “facts” of the organization’ (Alvesson, 2003, p. 14). Rather, we subscribe to the pragmatic tradition in social science which emphasizes on how ‘data’ is constructed for the benefit of theoretical reasoning. The objective
therefore is not for, as in neo-positivist work, to aim for an “intimate interaction with actual evidence” that “produces theory which closely mirrors reality” (Eisenhardt, 1989, p. 547), but rather to assume that something is going on out there and there may be better or worse ways of addressing things, but also that the frameworks, pre-understandings, and vocabularies are central in producing particular versions of the world (Alvesson & Karreman, 2007). The ‘rigor’ or ‘discipline’ (Weick, 1989), in the construction of data is ensured through reflexivity which stands for a deliberate and ‘consistent effort to view the subject matter from different angles and avoid or strongly a prior privilege a single favoured angle or vocabulary. Alvesson (2003, p. 14) captures this succinctly when he writes:

“A reflexive approach to research means two potential advantages: (1) avoidance of naivety associated with a belief that “data” simply reveal reality and (2) creatively following from an appreciation of the potential richness of meaning in complex empirical material. Reflexivity operates with a framework that stimulates interplay between producing interpretations and challenging them.”

The result is akin to a postcard available at the museum shops of art museums. Weick (2007, p. 17) captures this nuance well when he writes:

“The postcard essentially alerts you to features of the painting you might otherwise have overlooked. The imperfect reproduction serves as a clue to sites where the artist’s genius is more evident.”

**The Empirical Case Study**

The case study organization was founded in 1861, and is currently managed under a family trust. The family trust is designed to preserve the founding family’s values of Integrity, Independence, Involvement and Innovation. The company owns and manages all activities involved in the production of Scotch whisky and other spirits. The company owns many well-known and internationally recognised malt whisky brands, has the number one selling blended whisky in the UK, and a portfolio of branded spirits. The management of the case study included: managing director, operations director, finance director, human resources director, sales and marketing director, quality manager, operations manager, and brand manager. The management team agreed to experiment for the first time with scenario planning as part of their approach to strategic management, and the empirical data presented here arose from this intervention. The management team discussed and articulated various factors that contributed to their success. The key aspect that they identified was the ‘precious scotch’, which they considered as the scarce resource. In addition, at the outset of the intervention they defined their industry recipe as – distilling and blending, bottling, and branding – three separate but linked activities.

The case organization had experienced year-on-year revenue and profit growth in the previous twenty five years. The management team indicated that there was no obvious major threat for them. The motivation for experimenting with scenario planning was twofold: “understand the wider global opportunities for Scotch whisky and team-building” (Managing Director).

**A Summary of Findings**

The scenario planning exercise yielded three distinct scenarios, the ‘becomings’ of which are summarized:

**Producer World** – is depicted as a sellers’ market due to demand for Scotch whisky in the emerging markets of Brazil, Russia, India, and China. As these countries develop economically, the middle class grows and with disposable income they wish to indulge in western-style luxury brand consumption. The demand for Scotch whisky outstrips the industry ability to supply whisky and meet demand growth. Investment in distilling capacity has a lead time before relieving demand due to the minimum ten year maturation period for malt whisky. The demand growth further reinforces the aura of ‘precious scotch’ and this in turn creates further demand. Image conscious consumers’ drives up prices for whisky, which in turn increases year-on-year profit growth of the producers.

**Provider World** – is depicted by static demand for Scotch whisky and a technological development that is exploited by innovators to introduce a new challenge to market. The combination of these factors gradually subordinates the identity of Scotch whisky. Consumers increasingly become lifestyle-aware, and the innovators develop relationships with consumers to fulfil lifestyle needs. The provider channel sells image to style-conscious individuals, who perceive their offering(s) as personal. The providers and bundle and re-bundle
offerings to fulfil consumer needs. The ‘precious scotch’ brands are undermined by these innovative lifestyle providers. For the whisky industry the challenge is the customisation of packaging.

**Distributor World** – is depicted by static demand for Scotch whisky due to a global economic slowdown, resulting in consolidation in the Scotch whisky industry. Price pressures occur due to the decline in demand, so much so that cost efficiency is the bases of survival. Buyers seek to exploit this situation by ordering large, bulk orders to receive discounted process. This situation results in the buyers becoming the dominant outlet for whisky. They use their emergent power to push for further favourable pricing deals. The distributor becomes the route to survival.

**A Summary of the Analysis and Discussion**

The ‘entitative’ style of thinking led to the production of three scenarios which were treated by the managers as analytically distinct. A primary reason for this was because they conceptualized notions like organizational structure and organizational processes, individuality vs sociality, organization vs environment, ideas vs objects, thinking vs practice, explicit vs tacit, rationality vs politics, performing vs innovating and entities vs process to names a few (Tsoukas & Dooley, 2011, p. 731) as analytically distinct passive entities upon which causation acts. The result was three distinct scenarios which when analysed individually as an organizing process appeared stable with causal loops which were deviation counteracting, hinting stability. However, when these artificially created analytical distinctions were removed and a collective analyses of the three ‘worlds’ were carried out together, conceptualised as causal loops of ‘organizing processes’, the loop became deviation amplifying. So an increase in efficiency resulted in an increase in production which lead to an increase in stock holding of the scotch (producer world). What was done to increase flexibility, when combined with the actions taken by the supermarkets (provider world), ended up driving down sales prices and reducing profitability. This deviation amplifying loop, unless acted upon, could be seen to create contexts which could have an adverse negative impact on the organization. The tragic comedy of the episode was ‘rationally’ enacted decisions which were consistent within the confines of the respective ‘worlds’ were now collectively causing the ‘organizing processes’ to spiral out of control, thereby adversely impacting the organization. The managers here were extremely smart and able people who were coping with real world complexities. By switching to a ‘relational style of thinking’ which links the processes from the three artificially divided worlds, the organization was able to redraw their ‘boundaries’. Their new organizing recipe now saw distilling, blending and bottling, and customer relationships– as two integrated activities. They moved away from a production and operational based organization to one that was designed to process information flows. This situation described, brings to mind, Danish philosopher Piet Hein’s famous grook on problems:

Our choicest plans have fallen through/Our airiest castles tumbled over
Because of lines we neatly drew/And later neatly stumbled over.

**Conclusion**

Getting strategy right is vital for the success of any business. Here, we argue that shifting the obsession with ‘strategy’ rooted in a ‘substantive’ mode of thinking to ‘strategizing’ which emerges from a ‘processual’ mode of thought can greatly enrich scenario planning by explicating the counter-intuitive and unintended consequences of planned action. We have demonstrated how the ‘reflective probing technique’ can be applied to help managers to think ‘relationally’. Scenarios which emerge from such an exercise by ‘obliquely’ tackling complexity help organizations to enact a nuanced but effective response. We believe that this approach we have outlined would prepare both theorists and managers to formulate lucidly complex scenarios by taking together the interplay between precipitating events, environments, and actions as the starting point for analysis.
References


