

21 Preparing for the future

A Scenario planning

Carmen Ricardo works on long-term strategy in a large oil company:

'My job is to contribute to long-term plans for our future activities. We have to anticipate competitors' activities as well as trends in the general social and economic environment – we have to be ready to respond to changes in society and changes in the economy as a whole. This is called **scenario planning** – we imagine ways in which the energy industry might change and evolve, and the place of oil in relation to alternative fuels in 20, 50 or 100 years from now.'

B Futurology



'I'm a kind of **futurologist** or **futurist**. Of course, **futurology** is not an exact science, and some refer to it as gazing into a crystal ball.

But there are ways of predicting the future in a structured manner. There is the **Delphi method**, where a **panel of experts** make their forecasts about a subject independently, and the forecasts are circulated to the other members of the group. Each member then comments on the others' observations until all the experts reach a **consensus**: an agreement about what is likely to happen.'

C Risk management

'A related area is **risk management**. Operating in politically unstable countries is one of the most extreme examples of where we have to manage risk. The dangers there may include **nationalization of assets** by the government.

Elsewhere, we may be accused of working with governments which people do not approve of. We have to think about the impact of this in terms of our reputation for **social responsibility**. (See Unit 41)

There is always the danger of oil spills from ships transporting our oil, with the resulting pollution and associated costs of fines, cleaning up etc. In addition, there is the much greater long-term cost of the negative effect this has on our image – the way the company is perceived. A badly-handled oil spill is a **public relations disaster**.

If our computer systems are damaged, for example in a fire, we have **business continuity plans**, involving back-up machines on another site, so that we can carry on working normally.'

These are some of the potential crises we face. We try to have **contingency plans** or **crisis management plans** for all the risks we can think of.

Note: singular: crisis; plural: crises



2.1 Carmen Ricardo is talking about the oil industry. Match the underlined words (1–6) to the expressions in A and B opposite that she is referring to.

- 1 'In studying the trends in the wider picture, we may find that there is increasing consumer demand for alternative fuels such as wind energy, and we have to take account of this change in consumer expectations.'
- 2 'Of course, we take into account all the factors we can in making our forecasts, but what we do is an inexact science.' (2 possibilities)
- 3 'One of the problems with this method is that the members will come up with the same ideas as the other experts. There is always a danger when you have an idea that everyone shares that you exclude other possibilities.'
- 4 'When you make these, you can't avoid looking in the rear view mirror: you tend to base them on what happened in the past.'
- 5 'Of course, it is an inexact science – the only thing you can say for sure is that the future will be like the past, but different.'
- 6 'In this area, some of our competitors are talking about scenarios over periods up to 300 years!'



2.2 Look at C opposite. The questions (1–3) are from shareholders at a tobacco company's annual general meeting. The answers (a–c) are from the company's chief executive. Match the questions to the answers.

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| 1 Are you prepared if the company's executives were kidnapped when working abroad? | a Yes, we are fully aware of our social responsibility in this area. |
| 2 Do you approve of the government's initiative on preventing children under 16 from smoking? | b Protecting the image of any tobacco company is difficult, but we support, for example, the European Union's plans for stricter health warnings on cigarette packets. We know our image will suffer if we don't. |
| 3 What are you doing to protect the company's image in health issues generally? | c Yes, we have contingency plans to deal with that. A special crisis management team would meet to deal with the situation. |

Over to you



What is the biggest risk for your organization or one you would like to work for?
How has it handled risks in the past? What lessons has it learned?