

SCENARIOS ADD VALUE TO STRATEGIC THINKING

When leaders of organizations face high levels of uncertainty, they generally react in one of three ways: They focus on one prediction of the future (usually an extrapolation of the past); they disagree internally about the future and believe that several options are possible — making it difficult to focus and execute; or they are immobilized by the degree of uncertainty in the environment and therefore believe that planning is worthless.



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In health care today, and particularly in our Catholic health ministries, we are faced with a tsunami of critical issues: an aging population; rapid evolution of pharmaceutical and costly clinical technologies; changing payment structures; increasing federal, state and local regulations; continuing tensions between the demands of a pluralistic society and Catholic tradition and social

teaching; and changing delivery models that may or may not be comfortable to us and may or may not provide the economic return needed to continue to deliver care to those most in need.

In its purest form, scenario planning is a disciplined method companies have applied to a wide range of issues in order to imagine possible futures. One of the most well-known examples is that of Royal Dutch Shell. Shell has used scenarios since the early 1970s as part of a process for generating and evaluating its strategic options. Executives there credit the use of scenario plan-

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ning with that company's ability to anticipate the fall of the Soviet Union (an event that ran against conventional wisdom of the time) and plan in advance how to successfully capitalize on that event.

Since then, scenario planning has been used widely in a variety of industries including pharmaceuticals, energy and transportation, electronics and education. There have been numerous articles and books written about scenario planning — some extolling its virtues and others that describe in detail the “ideal” process of scenario planning. Although used infrequently in health care, such organizations as Kaiser Permanente, Sutter Health and M.D. Anderson Cancer Center have engaged in very elaborate scenario planning processes over the years.

In its most simplified form, scenario planning can be used to make individual decisions such as anticipating changes in the role of a particular function — information technology, for example. Scenarios are more beneficial, however, in organization-wide strategic planning and vision-building.

When used as one component of a larger strategic planning process, considering alternative scenarios can help leaders organize complex uncertainties into manageable “snapshots” of the future, catalyzing them to consider possibilities they fear or would otherwise ignore. More importantly, scenarios challenge conventional wisdom, and when appropriately used, increase tolerance for ambiguity. Complex elements that cannot be modeled (such as government regulation, societal value shifts and the impact of innovation) can be included effectively in planning scenarios.

For the Catholic health ministry, we have chosen to use scenarios in another way — that of creating a plausible picture of what health care delivery will be like in the United States in the year 2020 — against which we can develop our vision of a preferred future. This vision will include a description of whom we will serve, how we will serve, what services we will provide, how we will be organized, how we will form our leaders and how we will engage with our communities.

Using a set of four archetypal health care scenarios set in 2020, developed by the Institute for the Future (IFTF) in its Health Horizon's program, along with one developed by Microsoft Corp., we are engaging members of the ministry in creating a plausible future scenario for the Catholic health care ministry. Anyone interested in the Catholic health ministry is invited to provide feedback at www.chausa.org both now, on the plausible future scenario and the characteristics of the ministry, and in the spring on a draft vision statement for the preferred future of the Catholic health ministry. The use of these scenarios is intentional, stimulating us to think about the future of health care delivery on multiple levels: for individuals, for organizations and for the health care delivery system as a whole.

Liam Fahey and Robert M. Randall, in their book *Learning from the Future — Competitive Foresight Scenarios*, prefer to call this process “scenario learning.” Their approach is especially applicable to health care when they state that “an organization should adopt scenario learning if it has reason to believe that:

- Its future business context — products, customers, distribution channels, suppliers, competitors, technology and government regulation — will be significantly different from what prevails today.

- A set of ‘alternative futures,’ all dramatically different from each other and the current operating environment, should be considered as part of strategic decision making.

- Although the future will be strongly shaped by today's trends, many surprises may significantly affect the organization's operating environment.”¹

“Change has considerable psychological impact on the human mind. To the fearful, change is threatening because it means things could get worse. To the hopeful, change is encouraging because things may get better. To the confident, change is inspiring because the challenge exists to make things better ...”

KING WHITNEY, JR.

The use of scenarios helps compensate for two common errors in decision making — under-prediction and over-prediction of change. Most people and organizations, especially health care providers, are guilty of the first. Although change in all aspects of our lives is accelerating dramatically, we tend to imagine the future without such a rate of change. Leaders who can expand their imaginations to see a wider range of possible futures will be much better positioned to take advantage of the unexpected opportunities that will come along. As leaders in Catholic health care, we are obligated to be good stewards of the ministries that have been entrusted to us, imagining and then creating a ministry that will not only survive to 2020, but will thrive.

NOTE

1. Liam Fahey and Robert M. Randall, *Learning from the Future — Competitive Foresight Scenarios* (Hoboken, N.J.: John Wiley and Sons, 1998), 4.

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