

PERIPHERAL VISION AND SCENARIO PLANNING

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Abstract of Talk

Too often we overlook events unfolding at the far edges of our business since signals from the periphery are usually weak and ambiguous at first. Sometimes, however, these early signals foreshadow major problems—like new competitors or products that threaten the company—or they could present significant opportunities. How can managers and their organizations build a superior capacity to recognize and act on these signals before it is too late? This talk will review some of the answers as based on Professors Day and Schoemaker's recent book **Peripheral Vision: Detecting the Weak Signals That Will Make or Break Your Company** (Harvard Business School Press, 2006).

In a survey of senior executives, Day and Schoemaker found that less than 20 percent of firms possess sufficient peripheral vision to stay ahead of rivals and potential threats in the future. The following five steps can improve your peripheral vision: (1) Setting the scope right, (2) Using multiple methods to scan, (3) Avoiding common traps to interpret peripheral signals, (4) Knowing when and how to probe further, (5) Understanding how to act judiciously to stake out options early. In addition, leaders can (6) enhance their organization's capacity for peripheral vision and (7) become more vigilant themselves.

Examples will be drawn from case studies conducted by Day and Schoemaker, including: Anheuser-Busch's anticipation of low-carb beers; the impact of Bratz dolls on Mattel's Barbie dynasty; the BBC's response to the digital revolution in communications; and strategies of Philips in addressing the emergence of LED technology in lighting.

Today's business environment is increasingly complex and managers are faced with rapid changes. Because of this, a capacity for peripheral vision is crucial not only to success, but to survival. The key is to quickly spot *relevant* signals, know how to explore them and filter out the noise, and pursue opportunities ahead of the competition. Scenario planning is one excellent technique to help connect the dots before it is too late. The talk will cover this approach in particular given Schoemaker's first-hand experiences while at Royal Dutch/Shell in London and numerous subsequent scenario planning engagements around the world through his consulting company Decision Strategies International.