

As an organization anticipating the future, you have two choices. You either sit back and wait for the debate to reach a firm conclusion and change to take its course or you become an influencer – acting on the future before it acts on you. Clearly, in my line of business, I advocate becoming an active change-maker as the only forward-looking strategy. To be a successful organization or – come to that – individual in the 21st century, we must learn how to approach change with confidence by recognizing that current and future shifts also represent some of the greatest opportunities for fresh ideas, growth, and success.

True confidence comes from anticipating likely outcomes – including discovering a need or gap in the market before your competitors – and that means organizations must engage in honest and open debates with all stakeholders to build a foundation of future intelligence. Stakeholder debates don't provide all the answers, but they do raise the crucial questions that need to be addressed within strategy in order to formulate a viable direction for your organization.

It is already widely accepted that gathering and analyzing information is a necessity for any business wanting to stay ahead in the knowledge economy. Companies make future mapping – in which they extrapolate likely developments in their markets based on current data – an integral part of their business practice as a means of becoming more innovative and competitive in an ever-changing landscape. It has huge potential and benefits for any organization that is serious about being ahead because success and growth depend on the knowledge, creativity, and commitment of the people working for you. Organizations also have to cultivate a culture of innovative thinking based on behavioral economics – monitoring current trends in society to understand people and their behavior, needs, and wants. And this is where trend management comes into its own because it starts with a systematic process of trend tracking.

Monitoring and analyzing local and global society drivers by extrapolating forward to recognize developments in the medium- to long-term future is what trend management can do, but its benefits to your organization extend far beyond that to supporting and shaping organizational mindsets and culture. This is because the shared act of considering where your organization is now and where it wants to be in the future not only takes the conjecture out of the process, but also acts as a unifying force that

boosts people's shared sense of working towards a common goal. And this is exactly what this book prepares you for: visualizing and navigating the change-making process. The Trend Management Toolkit system brings you closer to people by giving you profound insights into the trends that influence and shape all of us – in society, in business, and as citizens. By understanding that we are all part of a vast global network in an intertwined system, we start to influence and shape our future.

Creating your map of the future

Using trend management tools can teach people and organizations how best to grow together and make positive change happen in a directed and organic way. As a futurist, my business is not to present all the answers, but rather to act as a guide by sharing inspirational thoughts and ideas and then inviting companies to map out their challenges, strengths, and dream scenarios. In this way, they are able to assemble a future road map to clearly define the journey ahead. Evaluation tools such as a SWOT (strengths, weaknesses, opportunities, threats) analysis assist with this. We also employ our Trend SWOT analysis to create an individual "map of experiences," as this helps companies identify the opportunities and threats they face, and then consider how to capitalize on their strengths and use them to address their weaknesses.

This is a practical step-by-step process that begins with research into contexts – society, culture, and people – to present a bigger picture in the form of a Trend Atlas in conjunction with carefully studying a company's culture, market, and operating environment. As part of this process, we monitor and analyze emerging trends to extrapolate how the market might look for the organization in the medium to long term. This is a process that evolves as inspirational ideas are discovered and developed, generally undergoing several iterations before a final plan emerges. The trends we incorporate and discuss provide insights into socioeconomic and cultural drivers, opening a window into the demands and needs of tomorrow's people. Within this process, we recognize that there are huge opportunities in supporting people – internal and external stakeholders – in making their lives more meaningful, and also in inviting them to take responsible action. This means our vision always works from the point of view of wanting to improve people's situation and current lifestyle.

Placing people at the center of your thinking and innovation processes makes good business sense and, in this context, it is important to point out that the concept of “stakeholders” has evolved to include a much wider ecosystem. It is no longer restricted to staff and investors, but also wider communities of customers and fans who participate in shaping brand values and individuals who choose to contribute as free agents of change. These free agents may even extend to social networks of influencers, critics of your brand, and other grassroots activists. We consider this much wider definition of stakeholder essential because, over the past decade, social networks have profoundly impacted not only the brand and business landscape, but all sectors of society. This is undoubtedly a growing force – from the Obama effect and the Arab Spring to radical transparency exemplified by WikiLeaks and Edward Snowden – and with a ripple effect that cannot be ignored in future organizational planning.

Are you ready for change?

Being future oriented requires us to actively allocate time to think about change and how it could impact our operation. A positive commitment to be proactive rather than reactive is essential since most of us are generally too busy with day-to-day operations to plan ahead. Change agents are individuals who make change happen and they are typically resilient, self-reliant, and extremely potent professionals who work solo, in small teams, or within large companies – every organization, large or small, needs them to thrive. We can all become change agents and the first essential step is to break old patterns of behavior and recognize the value of taking time out to think about the future.

So how do people justify the required time investment? There is no easy answer, but if fear – of the market, the opposition, the balance sheet – rather than positive anticipation rules your organization’s everyday agenda, then it needs a change agent. Often, entrepreneurs work on their businesses for long hours out of love for what they do and that is fine as long as it is a motivator, but doing it to clear the paperwork mountain and meet deadlines is not a justification. And, as an individual, if your output and your innovative ideas are drying up in the face of eternal firefighting and you only have the opportunity to consider things through the prism of the next set of targets, then it’s definitely time to step away from the office to reignite your passion for what you do.

The value of enabling this process has already been recognized by some organizations. Microsoft, Apple, and Google employ intrapreneurs to stay innovative and be in the loop – they have made cultivating change a part of their culture. Google’s “20 percent time” program enables key staff to take specified time (one-fifth) out to work on individual projects that aren’t part of their day-to-day role in order to help develop something new or improve existing thinking. This initiative actively invites more than just top leaders to take control over the future, it must be encouraged on an individual and organizational level.

There is a major cultural and mindset change required for some organizations in order to begin the process of opening the door to future planning. They need to understand that time out to think is not time off, but rather an active process of capitalizing on change. In fact, pioneers of this was 3M who launched the “15 percent program” in 1948 as a logical next step after the first early years in the red. It was a radical step back then where rigid organizational hierarchies defined work – and taking time off to think was radically different – but it paid off, with the Post-it note being a result coming out of that time. 3M’s ethos of “innovate or die” has been carried into the 21st century and the 15 percent time to think program is now key to 3M’s business strategy.³

The action of considering and then possibly breaking away from routine patterns of thought, planning, and established systems is hard work – actually much harder than sitting in the office undertaking day-to-day tasks. It’s stimulating, sometimes frightening, but also immensely rewarding as an experience of process. All the justifications in the world won’t kick-start the change process until you and your organization are ready. But the fact that you are reading this book suggests that you are at least contemplating and preparing for your journey into the future.

Trend versus fad

We all like to know we are on track and making informed choices, but how do we distinguish between a trend that will develop into the future, and a fad that will be gone by next year? There is no easy answer to this, and this is why companies turn to forecasters. In recent years, we have seen so-called “cool hunters” and “trend hunters” emerging onto the scene – promising to find us the next big thing.

Today's forecasting industry is so diverse that it can be hard to find out who can best help you with your particular business challenges. Forecasters across a diverse range of industries have very different approaches. Success rates vary and this may be down to the individual forecaster, the brief or simply because the area of strategy or the organization's expectations are not clearly defined at the start of the process. Forecasting and then implementing future directions is most likely to succeed when organizations set out clearly defined objectives at the beginning by inviting their core players to participate in the process, mapping the challenges ahead, and the potential rewards of solving them. This gives the process goals and meaningful objectives that can be conveyed to all stakeholders. Trend management is a system that enables companies to stay in control by helping them separate the passing fads from the meaningful movements and shifts that look likely to develop into more influential trend drivers. By subjecting trends and new ideas to close scrutiny in a process of collaboration, there are far fewer opportunities to miss the obvious and to successfully utilize research as a means to verify the strategies you are thinking of pursuing and acting on.

Like an author or filmmaker, the futurist is a professional narrator and storyteller, whose main objective is to observe key sources and events and then connect all the dots to visualize their impact and outline the bigger picture. But bringing future stories and strategies to life is essentially a participatory exercise – which is why the process is best undertaken within a structured trend management environment in which all players recognize the vital role they play.

Understanding trend forecasting

There are distinct strands of future studies and strategic management that have informed and shaped the current landscape of forecasting. We describe them as the scientific, social, emotional, and wild card approaches (see Figure 1.1 at the end of this section). While it is important to understand each individual strand's history and context, the approaches and methodologies described here are not entirely independent of one another and no single method or framework provides all the answers. For that reason, the Trend Management Toolkit supports a balanced combination of methods to explore the "bigger picture" before narrowcasting into the most relevant areas that represent future challenges and opportunities for

an individual organization. Our multidimensional forecasting approach – the core of the Trend Management Toolkit system – is discussed in more depth at the conclusion of this section.

Scientific forecasting

The most commonly known system is “scientific forecasting.” This method makes predictions based on statistical (usually regression and time series analysis) and mathematical models built on sources such as the World Bank, the OECD, National Statistics, the UN, and NASA. Traditionally, the resulting forecasts were employed within government and large organization research teams to understand complexity and foresee tipping points. Today, most public institutions and a wide range of private organizations subscribe to reports or produce their own medium- to long-term forecasts using quantifiable scientific data.

Originally, this work was not classified as trend forecasting – instead it was termed “prognoses.” But then this was in an era when the rate of change was gradual and you could place more faith in assessments of likely future outcomes based on past markets and structural patterns. Historically, biology and physics produced the best statisticians, as it was crucial for the development of those fields. Since the 1960s, there has been a vast emergence of economic and political analysts dedicated to understanding the mechanisms of financial markets and the business landscape, usually based on mathematical formulae, and the finance and industrial sectors still favor scientific forecasting’s linear approach to profit maximization and economic growth.

Scientific forecasters are effectively visionary number crunchers who correlate and analyze macroeconomic indicators, demographics, and public policy. The best-known practitioners are academics and analysts operating from a facts-based point of view. They look for relevant numbers to extrapolate how the future may unfold, often related to growth versus decline in a particular sector. Alongside data from the financial sector, fundamental forecast tools typically include impact assessment and scanning activities related to technology and life sciences developments.

Social forecasting

This system for predicting lifestyle and consumer behaviors is the most extensive of them all – a method I categorize as “social forecasting” – and

is based around the study of the development of social groups and their dynamics. Researchers, most of them drawn from the fields of sociology, anthropology, ethnography, and psychology, use specific methodologies to study human behavior, cultures, global communities, and local characteristics. This approach deals primarily with human interactions and assumes bounded rationality as decisive to behavior and profit. Findings are used to understand the value-driven side of human behavior.

In the early decades of the 20th century, social psychology was employed to study human behavior for the purposes of understanding motivators for engineering consent and tapping into people's unconscious desires – all for the purposes of increasing sales and developing new markets. It proliferated during a time when the concept of the consumer society was being shaped and traditional market research was no longer considered an adequate tool to understand and manage the dramatically increasing demand for goods and services and the changing social status among an upwardly mobile working population.

This group of forecasters uses multiple methods of empirical research and critical analysis, combining it with interaction-based, expert interviews to develop and back up a trend framework at macro and micro levels. A wide range of content is studied, ranging from cultural habits in society and family roles to the environmental, political, and economic impact of lifestyle patterns. Over time, hermeneutics, semiotics, and philosophical approaches have been applied to the analysis of society. More recent additions to the discipline include action and interaction-based techniques, such as agent-based modeling and social network analysis.

Emotional forecasting

The field of what is best described as “emotional forecasting” emerged and evolved from the design and creative industries. This trend-watching system is used to predict developments within fast-moving fields, such as clothing, food, interiors, paints, cosmetics, retail, media, and marketing – areas traditionally influenced by fashion and cultural shifts. This approach is also extensively used by the automotive and technology sectors, where CMF (color, material, and finishes) strategies are developed to create an emotional consumer bond – in other words, make us fall in love with the product. A typical example of this is in the field of mobile technologies (phones, computers, tablets), vastly crowded arenas where the design

packaging of the product has become almost as essential as functionality. These forecasting communities are masters of creation and re-creation, in which design, material, and color play a key strategic role in developing an engaging consumer experience.

Typically, forecasters work in small firms as consultants or advisors, or as part of a specialist in-house team. Many of the most influential started out in Paris, London, and Milan in the 1970s, later spreading out to other key urban centers. Today, it is not enough to identify customer demographics, companies also have to study the psychographics of attitude, beliefs, mood, values, and situation. This methodology deciphers emerging consumption, social, cultural, and aesthetic markers, translating them into actionable creative concepts in local and global markets. Emotional forecasting is an important means of ensuring that new products and services capture the zeitgeist, referencing the relevant factors affecting consumer moods and choices. These forecasters are often design trendsetters, guided by intuition and a powerful sense of the “next big thing.”

One of the driving forces behind emotional forecasting is to stimulate the consumer to “need” a product – often a discretionary spend – and the system of predicting what consumers will want necessitates a balancing act between the anticipation of future developments and improvisation. In this regard, this is a field of market influencers and innovators; notably, many forecasters are subject experts in color or design but they also keep an eye on wider cultural and arts movements, as well as science and technology developments. This discipline adds a deeper emotional layer to the product planning and innovation process. It is also a valuable support tool for R&D in reaching existing or new target markets with on-trend or ahead-of-trend products and services.

Wild card forecasting

Wild card forecasting is distinctly different from the other systems, and certainly not yet part of the mainstream industry; however, it is having an important impact on the overall shape of the future trends landscape and cannot be overlooked. Individual experts or small think tanks create forecasts and analysis based around scenarios of low probability, but with high impact. Typically, the forecasting mechanic incorporates quantitative and qualitative data to come as close as possible to a scientific analysis. One area in which this aspect of forecasting is proliferating is within busi-

ness literature; notably, Nassim Nicholas Taleb's *Foiled by Randomness: The Hidden Role of Chance in Life and in the Markets*⁴ and *The Black Swan: The Impact of the Highly Improbable*⁵ have opened up debate into unexpected events and increased interest in how they may become game-changers. The black swan of the second title is a motif for the financial shifts, pandemics, and major historical events that may be considered as undirected and unpredictable.

While the analysis metrics are highly speculative in nature, I consider it valuable to incorporate wild card exercises within forecasting as they encourage us to imagine the "unthinkable." In these exercises, we should remind ourselves that, while there are always events outside our control, we also have enormous influence because the future strategies we create have the power to shape better business, social, and environmental ecosystems.

It should be added that wild card forecasting often focuses on a specific reference frame and viewpoint – notably risk ideation and management and the use of "what if?" thinking – but recognizes that in every risk also lies opportunity. Such forecasters commonly operate to support strategists, project and risk managers to help them identify and define events that might disrupt and impact current systems – typically from a political, economic or environmental point of view – and utilize specialist data and formulae alongside creative thinking to plan for adversity and balance possible risk with potential rewards.

APPROACHES OF FORECASTING METHODS

Scientific: Evidence-led and analytic – methods typically aim to forecast a particular field supported by reliable documentation data analysis, statistics, and quantifiable indicators.

Social: Interactive and analytic – uses "bottom-up" and participatory processes to balance expert view with non-expert stakeholders, as well as evidence-based structural analysis.

Emotional: Intuitive and visionary – methods that blend media scanning, culture, art and design inspiration with input from industry "gurus," storytelling, and brainstorming sessions.

Wild card: Expertise-led and visionary – methods use the skills and expertise of individuals in a particular area such as science fiction to provide advice and make recommendations.

Multidimensional forecasting

All the single-strand forecasting systems currently being practiced have their qualities but also their limitations, and I believe that the complexity of the 21st century calls for a balanced approach that is also flexible enough to respond to the contexts and challenges across business sectors and organizations. While we incorporate elements of various approaches, I like to emphasize that any forecasting exercise is a positive one, in that our actions and choices actively shape our world and have the power to influence final outcomes. Therefore, I view it as essential to look at the bigger picture and explore the dimensional aspects of trends – what we refer to as “whole-brain thinking.” For this reason, our trend management system is overtly interdisciplinary and explores the scientific, social, and emotional dimensions, also considering elements of wild card scenarios.

The various forecasting methods may be used at different stages in a trend-mapping process – depending on the business area and time horizon. This takes foresight to the next level, as a systematic, participatory, and visionary process that supports businesses to create their strategic future road map. The Trend Management Toolkit actively invites key stakeholders to engage in a guided and structured discourse about possible futures in order to create a common platform for a deeper understanding of which long-term issues to anticipate and plan for.

TREND RESEARCH: MOST COMMON METHODS

Literature review: Part of the trend-scanning process – generally using a discursive writing style structured around themes and related theories.

Expert panels: Groups of people dedicated to discussion and analysis, combining their expert knowledge or given interest area.

Scenarios: Using a wide range of methods and data insights to build plausible future scenarios based on systematic visions of how the future could unfold.

Workshops: Typically consist of a mix of talks, presentations, discussions, and debates on a particular subject, where participants are assigned specific detailed tasks.

Brainstorming: This interactive method aims to develop out-of-the-box thinking in creative face-to-face sessions to generate new ideas around a specific area of interest.

Trend extrapolation: The most established tool and forecasting method to provide an indication of how past and present developments may evolve in the future.

Delphi: Repeated polling of the same individuals, to build a PESTEL trend argument by allowing for best and open judgments in a feedback and analysis process.

SWOT: Method identifies internal strengths and weaknesses to tap into potential and prepare for external factors in terms of opportunities and threats.

Interviews: A fundamental social research tool – used within a consultation process to gather knowledge across the range of interviewees.

Monitoring: Use of tools such as Google Analytics, instant feedback, and peer reviews gathered via the Internet.

The Trend Management Toolkit draws widely from a range of forecasting methods that are mapped out in key forecasting methodologies (Figure 1.1). According to a 2009 EU study *Mapping Foresight: Revealing how Europe and other World Regions Navigate into the Future*,⁶ the most commonly used forecasting methods across all industries are literature review (54%), expert panels (50%) and scenarios (42%), workshops (24%), brainstorming (19%), interviews (17%), surveys (15%), scanning (14%), SWOT (11%) – all of which are qualitative. Other methods include trend extrapolation (25%), which is quantitative, plus key technologies (15%) and Delphi (15%), both semi-quantitative.

SUMMARY: What this book can do for you

- Today, people are in charge of the debate about our shared future, so organizations must engage in honest debate with all stakeholders to formulate a viable future direction.
- Note that in today's brand universe, the concept of stakeholders has expanded to include fans, critics, and free agents of change, such as social networks.
- Trend tracking fosters innovation and shifts organizational mindsets and culture by acting as a unifying force so that people can understand and share common goals.

- Scientific, social, and emotional forecasting build a holistic picture of how the future may evolve, while wild card forecasting considers disruptive and unexpected events.
- The “whole-brain” or multidimensional approach to forecasting combines the strengths of each method to reveal micro influences that make up the macro trends and key society drivers.
- The final objective is to design a framework that works across every level of an organization, culminating in visionary multidimensional thinking and practical future strategies.

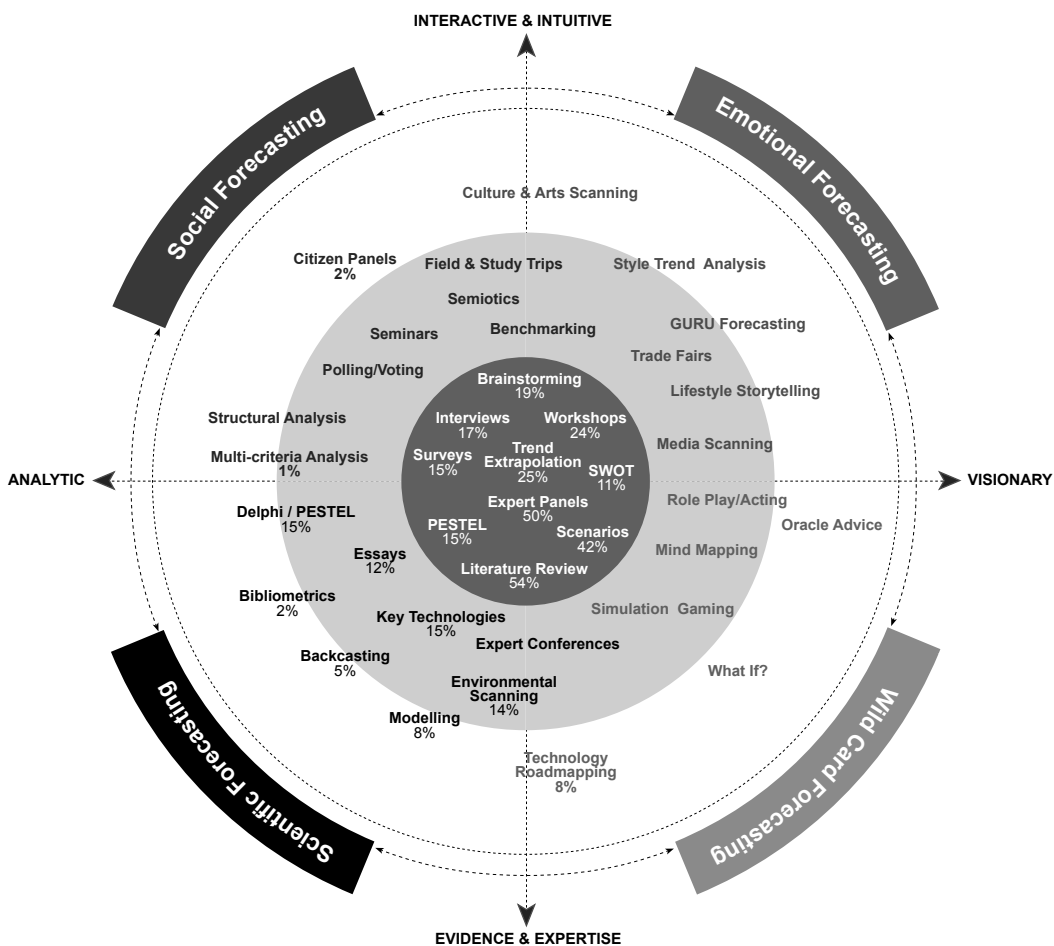


FIGURE 1.1 **Key forecasting methodologies:** 4D model of key forecasting types with multidimensional forecasting in the center
 Source: Kjaer Global

Copyright material from www.palgraveconnect.com - licensed to Palgrave Macmillan - PalgraveConnect - 2014-10-15