THE DEATH OF ENVIRONMENTAL SCANNING (AS WE KNOW IT)

by JOHN GELDER, FCMC

It has been two decades since Henry Mintzberg called for a new approach to strategic planning – one focused more on the strategy-making process and less on the inside "programming" of plans that already exist within the organization. In his bestseller, *Rise and Fall of Strategic Planning*, Mintzberg argued persuasively that the most successful strategic planning comes from strategic thinking that is supported by inputs such as long-term vision, insight, experience, research and hard data gleaned from a variety of sources. Put another way, strategies are only as sound as the intelligence that feeds them; all too often that intelligence is lacking. Traditionally, one of the critical inputs to the process has been the environmental scan– defined as the gathering, analyzing, and application of information for strategic purposes. However, trends in recent years have conspired to render traditional environmental scanning models and approaches functionally obsolete. Indeed, looking to the future, these trends point to one inevitable outcome – the death of environmental scanning as we know it. The reasons for this should be clear. The traditional approach has been to treat environmental scans as relatively static "events" undertaken periodically to inform management planning. Today, technology-enabled, information rich environments call for dynamic approaches that treat environmental scanning not as a singular or ad hoc event but as a continuous process designed to systematically capture and update intelligence required to support strategic decision-making.

This assertion holds vital implications for individuals and organizations engaged in strategic planning and strategic thinking. Since faulty inputs can only lead to faulty outputs, flawed (static) environmental scans (inputs) can only translate into deficient strategic plans thereby adding significantly to organizational risk. Traditional environmental scanning approaches have usually been framed around the PESTL (Political, Economic, Social, Technological, and Legal) model or some variation of it. The working assumption of the PESTL model is that by studying these "external" factors and forces shaping the environment in which the organization operates, analysts can help ensure that strategies are better aligned with, and adapted to, their environment. In truth, the model, though widely used, has always been deficient. The focus on broad external (macro) factors has often come at the expense of ignoring or minimizing important internal (micro) factors – i.e. the more controllable organizational strengths and weaknesses that influence the overall health and resilience of the organization. PESTL typologies also tend to leave out other important considerations. For example, if one is scanning the "firearms" environment, it would be a mistake to overlook the

important role of media, gun industry advocates and other stakeholders with the potential to shape policy and legislation. These influential actors contribute to a dynamic landscape of competing ideas and interests, yet do not fit neatly into the PESTL framework. As a result, their impact could easily be underestimated or ignored all together. Attitudinal or behavioural shifts (sometimes linked to demographics) represent another gap in the standard model. Such shifts are often precursors to new legislation. For example, changes in attitudes towards environmental pollution have sparked demands for tighter controls over production and have expanded the market for "green" products. On a broader level, principles of sustainable development which consider the impact of today's actions on future generations, challenge many of the assumptions upon which our consumerist economic model has been built. Despite these important factors, there is little in the traditional models of environmental scanning that would ensure such attitudinal factors are afforded their due consideration.

Another reason for the demise of traditional (static) models of environmental scanning is their focus on content over process. Typically, one or more individuals is tasked with conducting research relevant to the organizational business unit. The individual or team collates findings and reports back to the unit manager. Occasionally, outside consultants are engaged to perform the same function. The approach is heavily content dependent and presumes that the analyst(s) possesses all the skills and expertise to accurately identify and capture the right content and draw valid interpretations from it. This is an increasingly dubious proposition. Given today's highly dense, technically complex information landscape, it is becoming less and less likely that the data collection task can be performed adequately by individuals or groups using traditional scanning methodologies. Furthermore, as complexity increases, systematic integration of intelligence into the planning lifecycle also becomes a significant challenge. If extracting actionable intelligence from information is the goal, it is more and more difficult to ensure quality and accuracy at every stage of the scanning process. A final weakness in traditional environmental scanning is an overreliance on hindsight at the expense of foresight and insight. While it is true that traditional approaches typically attempt to identify issues and trends that are likely to have an impact on the organization's future, as recurrent periods of economic crisis have taught us, relying on trend lines can be a notoriously risky business, given that trend analysis often contains a serious underlying bias rooted in the assumption that the future will resemble the past. What is really needed are the insights, interpretations and judgement of seasoned experts, unencumbered by bias or tunnel vision, who can give meaning to information and data based on their experience while taking into consideration a broad range of possibilities and scenarios.

Given the weaknesses and predictable demise of environmental scanning as we know it, how then can environmental scanning be reinvented to assume its rightful place in the pre-planning phase of strategy development? Clearly, new and innovative approaches are needed – approaches that are intelligent, agile and forward leaning. What does this mean in practice? Undoubtedly, environmental scanning approaches must evolve beyond the isolated, static and content-focused "events" they are today towards much more dynamic, integrated, and continuously shared processes. They must reflect a more holistic

view of the environment based on iterative processes that are sensitive to new intelligence as well as geared to identifying emerging windows of opportunity.

Innovative thinking about scanning tools and techniques is required along with more exploration about what techniques are most efficient and effective in the modern planning context. The PESTL model with its focus on content should be rebalanced to include process-driven approaches that consider the influences of both macro (external) and micro (internal) environments. New approaches must also be robust in the sense of being capable of capturing and processing large volumes of information in real time. Fortunately, today's technology can help to automate what was once a highly laborious task. For example, simple tools like RSS feeds and Google Alerts can be used to automatically filter targeted subject matter from a wide variety of sources quickly and efficiently. Graphical programs and tools can also assist in analysing and displaying information to semantically highlight key issues, themes and relationships. Finally, the field of predictive analytics - techniques designed to predict the likelihood of future events from existing data, can be employed to ensure that environmental scans are future focused and forward leaning. The use of these new tools and technologies has the potential to dramatically change the game of environmental scanning from an exercise in hindsight to one of foresight and insight, especially if seasoned experts with open minds are fully engaged in the process.

In summary, old style environmental scanning methods and techniques are no longer capable of adequately supporting strategic planning efforts in today's complex, information rich environments. Traditional scanning approaches should be laid to rest or reinvented in favour of new, innovative processes and approaches designed to deliver maximum value to strategic decision-makers.

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