



Organisational Foresight

**Pathways to a Forward-Looking
Organisation**

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1 / Why long-term foresight is required to develop com- plex organisa- tions even in mercurial times

Companies rush to transform their organization. They do so on the premise that it will streamline processes, create new working models and provide a response to their rediscovered sense of responsibility for the common good. The measures they adopt aim to achieve both social and environmental as well as digital change. However, to move beyond short-term, expensive activity for the sake of it, a strategy with foresight is required.

It is what clients expect. They can be assigned to a certain system of values through their purchasing behaviour and want to know that their individual requirements are at the heart of product development.

It is what investors expect. They want to know that their money is well invested in the medium to long term – both for the company and for their own returns.

It is what employees and high performers expect. They wish their current or future employers are equipped to meet the challenges of the future.

It is forced by the rapidly changing market. Only those players that keep pace with the current speed of change and demonstrate a clear focus on the future will survive.

Companies react to the frequently dramatic change in their sectors with, in some cases, radical shifts in strategy in relation to positioning and value creation logic. However, it is also obvious that many organisations are incapable of implementing these strategies.

There is a general awareness of the need for change but it is not yet clear where change must start and where it should lead. Ostensibly, processes and structures are at the heart of change. Ultimately it is a matter of cultural change, of working culture, decision-making culture, management culture, innovation culture – and consequently the attitude and approach of each individual employee.

Change processes and transformation projects take place in all major companies. If, they are understood purely as “becoming digital and agile”, many times they remain meaningless and fail to achieve their actual objective: to adapt the organisation to future market conditions. In particular, with team dynamics in agile approaches, the efforts are threatened to come to nothing if there is no contextual framework and no agreed strategic timeframe. This generates frustration and wastes employees’ valuable resources.

Change must achieve one thing: “purpose”, that is the aims and objectives of a company. It must pay off in the medium term and may not conflict with the company’s ability to earn money. Doug Ready, a pioneer of the “purpose movement”, correctly points to the fact that “it is not enough to have a powerful and convincing purpose statement”. Rather, three elements have to be combined: change must be purpose-driven, principle-led and performance-focused.

From our perspective, it is the advantages of forward-looking thinking and acting that should have an impact at the interfaces of the elements. So far, this has not been sufficiently exploited by companies.

The reasons why companies must address their long-term future more closely and systematically are based on the four key Kantian questions:

- There is no clear vision of the future to give the company’s objectives and strategy meaning and power in the light of changes in the environment:
Who do we want to be?
- There is no forward-looking view of the requirements facing the organisation and its employees in future:
What skills do we need?
- There are no tools to allow us to make tangible use of this future knowledge (if it exists) to change the organisation:
What are we to do?

- The approaches needed to relieve employees' anxieties and give them courage, making them the agents of change, are lacking:

What may we hope?

Organisational foresight, as we understand it, helps to close these gaps. Our objective is to support future-oriented thinking with the aim of facilitating the emergence of forward-thinking organisations. The company's ideas about the future and its own expectations must accordingly be incorporated in strategic and organisational transformation projects at an early stage.

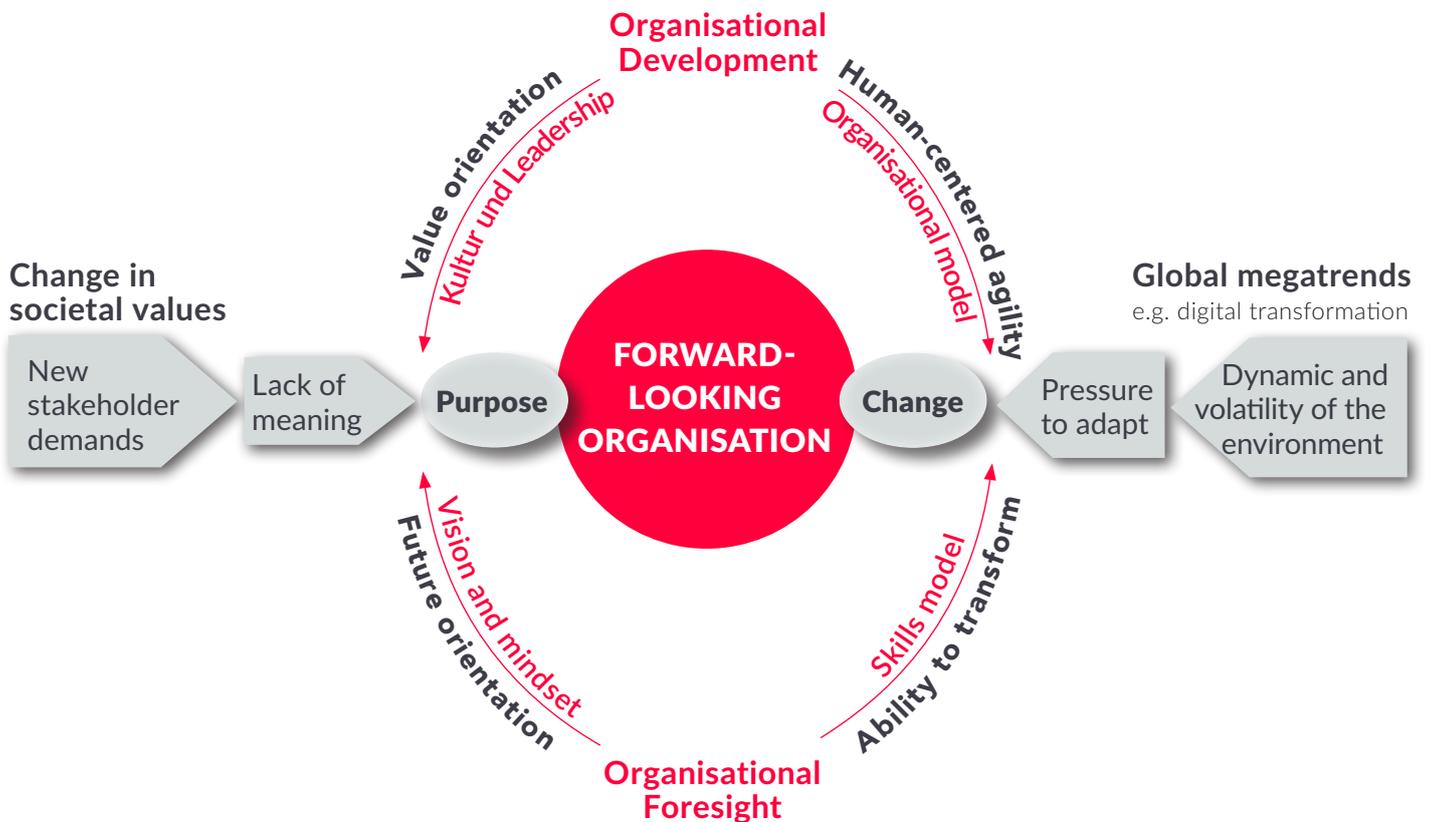


Fig1: From the planning through the agile to the forward-looking organisation. Organisational foresight as a catalyst for organisational change

2 / What distinguishes the organisation of the future: 5 hypotheses

In the following hypotheses, we aim to show the different levels companies have to improve their future viability:

Hypothesis 1: Organisational change needs purpose and meaning.

Hypothesis 2: The organisation's future will emerge from a dialogue of values.

Hypothesis 3: Human-centred agility is the working model of the future.

Hypothesis 4: Successful transformation requires strategic skills development.

Hypothesis 5: Without foresight, even agile organisations can only function reactively.

2.1 Hypothesis 1: Organisational change needs purpose and meaning.

If, as Peter Sloterdijk tells us, the general principle of modern life is the pressure to "change your life", then, "transform!" must be the credo of modern organisational development. In fact, it is only the ability to adapt continuously to changes in our environment, that allows organisations to survive. The digital transformation of business models and rising volatility in the political and economic environment is increasing the pressure to adapt at all organisational levels. The feeling that organisations' "operating systems" are no longer able to match clients' requirements or compete effectively is a fact of life for management across all sectors. Restructuring and transformation programmes frequently seem to be the method of choice for getting the organisation "back on track". The aim is to ensure that there is a balanced relationship between the interior and exterior of the organisation.

However, restructuring and change processes often remain meaningless. The problem here is that the newly created structures and processes are implemented purely functionally and rationally within a context of traditions in the organisation. It leads to ineffectiveness, social tensions, confusion and frustration among individual employees. They follow a principle such as “agile” or “digital” but do not convey a more detailed picture of what the change is supposed to achieve.

Those of us experiencing current changes often have difficulty grasping its dynamism. From a psychological perspective, there seems to be a need to look towards the future. A future that we can imagine and shape in order to anticipate the consequences of our actions. But, why should companies be concerned about their impact on society? Today, organisations have to deal with absolute digital transparency. Their commercial behavior triggers a response in real time, which spreads all over the planet and along the entire value-added chain within seconds. On top of this, social media give each consumer the means to attack companies directly by denouncing social and commercial abuses. From within their own ranks, companies are exposed to increasing pressure from stakeholders. Even shareholders, such as the world’s largest investment manager Blackrock, now expect companies to focus on their purpose and meaning in their portfolios. A report by the Lovell Corporation also provides evidence that future employees (Millennials, Generation Z) consider working for a company with a clearly defined purpose among their three top priorities. Given the backdrop of these stakeholder requirements, there are signs of a clear lack of purpose in many companies. It is therefore in the self-interest of all companies that they produce a defined purpose statement. This helps to make the company more attractive to customers and high performers, specially for a brand in a market driven by strong brands. It helps to recruit and distinguish the company from its competitors.

In the conflict between pressure to adapt and a lack of purpose, companies lose clarity regarding their long-term direction (focus on objectives and the future). This is where our understanding of foresight comes in – in supporting the company and its stakeholders in a fundamental consideration of the future purpose story. Which the company will pursue in the future.

2.2 Hypothesis 2: The organisation's future will emerge from a dialogue of values

Most business leaders are familiar with their companies' what (vision statement) and how (mission statement). In many cases, however, the why question as to the company's market presence (purpose statement), which is more difficult to answer, remains unanswered. The purpose of a company is deduced from the question as to why it exists in the first place. Accordingly, purpose reflects something that points the way, such as along the lines of how people participate within an organisation and how they can make an effective contribution to corporate development. It is not just a strategic tool but also serves as a moral compass to express the attitude of the company and its employees. It is the role of management to exemplify this attitude and to live up to the values of the company (management culture).

How they deal with employees is crucial in two ways here. Firstly, they should discuss the future course of the company with employees in the interests of fostering a collective ambition for the company. The vision is the narrative that gives the future development of the company direction and meaning. By defining a vision of where the company wishes to go in the medium and long term, through a participative and values as well as future-oriented process. This brings clarity and understanding for the future course and paves the way for a sense of emotional affinity among employees.

Secondly, it is important to address employees not just as a uniform group but in their respective teams. Furthermore, it is important to accept them as individuals to encourage individual

motivation and drive. Self-determination and self-fulfilment are key pillars of motivation in working life. For instance, according to the Absenteeism Report 2018, employees who enjoy high levels of self-fulfilment at work were sick for approximately nine days a year, whereas employees, who lack this sense of self-fulfilment, were sick for over 20 days. With all their focus on change, managers should not forget that which is constant to avoid expecting too much of the people who shape change and bring it to life.

Managing and moderating the discussion of values on which development of the future organisation will be based, is a key management task. It is essential that personal and emotional aspects are considered in addition to objective, rational perspectives. The discussion of values needs both sides: awareness of and a constructive debate about the company's traditions and "shared values" as well as a focus on the changes needed to the values in the light of future requirements.

2.3 Hypothesis 3: Human-centred agility is the working model of the future.

Organisations organise work. Digitalization, automation and AI are leading to process previously carried out by people tasks, making it increasingly transferred to technical systems. Which principles should companies follow while deciding the extent and forms in which physical, cognitive or communicative value creation stages are transferred from employees to machines?

In this connection, an organisation's future working model may not be designed purely in consonance with classical business-administration parameters. In her award-winning book "Die Rettung der Arbeit" (Saving Work), the philosopher Lisa Herzog points to the fact that work is a key source of meaning for people. In the era of digital transformation, it is not a matter of liberating people from work but of liberating work itself, i.e. organising it better in the interests of people. The aim cannot be to actually do everything in terms of automation with the result that ultimately people are only needed in the organisation as "creative" staff or influencers.

Bearing this in mind, the new digital infrastructures should be developed and used as technologies to liberate work. The motto for the digital transformation of the organisation should be cooperative not substitute intelligence. It follows that people in value-creating and, ideally, equally meaningful working relationships, which are always social relationships as well, should also be at the heart of an organisation's working model in future.

Agility is the name of the game for organisations' when digitalizing affects working culture. Agile, decentralised and self-organised working during flexible working hours is the start of a new working culture. Agile thinking and the concept of agile processes and strategies have shaped discussions around organisational development for years.

Agile companies spread responsibility away from management to teams, which are responsible for their own actions. This allows the company to demonstrate its trust in its employees and their skills; employees feel appreciated. Through the incentive of serving a higher purpose, companies give employees the key motivating factor: being part of a bigger and more important mission. However, to do so, the point or purpose of the company's task must be clearly defined.

It now seems as though the concept and practice of today's "agile organisations" only match employees' needs and abilities in part. In the next evolutionary phase, companies must start thinking of human-centred agility, which can take shape on the basis of an intelligent digital infrastructure.

2.4 Hypothesis 4: Successful transformation requires forward-looking skills development.

Organisational development frequently focuses on refining structures and processes and on initiating cultural transformation processes. In the interests of focusing consistently on the future, organisational transformation must also be considered from the aspect of skills. Market strategies are often launched without taking account the skills needed at employee level and in the

organisation as a whole to implement these strategies and then fail because of the internal future competence gap.

As is clear from the “Skill and Vocational Development Needs over the Period to 2030 – A Joint Situation Report by the Partnership for Skilled Professionals” report carried out by Z_punkt on behalf of the Federal Ministry of Labour and Social Affairs, the skills required across all industries will change massively in the next ten years.

Demand for physical skills will continue to fall, while demand for digital skills will increase. According to the report, almost everybody in work will need to be able to deal with human-machine interfaces. Basic digital skills, far in excess of those required today, will increasingly become a condition for assessing employees’ suitability for employment. Experts estimate that dealing with huge quantities of data will be of particular importance at virtually all qualification levels in future.

The requirements for communication and organisation skills are also likely to become more demanding. This assumption is based on the current increase in working in networks within employees’ own companies and beyond company boundaries. Since products and services are becoming more complex, there is more need for increasing collaboration in multidisciplinary teams, which combine specialist technical knowledge and interdisciplinary oversight. Systemic thinking, another core skill required in the near future, will encourage the development of creative solutions from the overall context in complex working environments and flexible value creation networks. Managers motivate and empower employees as mentors and facilitators. Highly developed social skills will therefore be required at this level of the hierarchy to a greater degree than ever before.

If products are becoming more complex, the level of consulting is also increasing. Faced with digital and decentralised production of highly individualised goods, service is becoming the key to avoiding overloading and disappointing clients.

Using methods of strategic foresight to develop companies’ own skills model in the future is a new approach to ensure

the strategic success of transformation programmes through proactive skills management.

2.5 Hypothesis 5: Without foresight, even agile organisations can only function reactively.

Beyond market logic, organisations need a forward-looking framework for action. Organisations achieve clarity and structure in their long-term focused actions through a vision that has been systematically developed and is meaningful. Today, change is continuous – we live in an age of constant change. This external flux and lack of clarity find their internal match for the concept of the agile organisation. The solution seems to be the structural self-similarity of the system organisation with its environment. But the one-dimensional pursuit of this logic also poses risks. Anybody who sees the organisation's key skill as its agile and situational responsiveness to environmental stimuli runs the risk of being lost in change. A medium to long term model, a vision that will provide guidance in the change process without restricting the freedom of action of agile teams is needed as the common platform for agile organisations. The vision must refer to the significant expectations regarding changes in the corporate environment (future scenarios) and put the company's fundamental policy decisions, its future purpose, vision, the role to which the company aspires and its idea of value creation under future market and environmental conditions into a comprehensible context.

3 / How we give your organisa- tion foresight

Change needs perspective. Our methods allow us to expose the underlying structure in your organisation's self-image and highlight starting points for a forward-looking revision of your corporate purpose. Organisational foresight will help you focus on the future and boost your organisation's ability to transform.

Four examples of projects in the field of organisational foresight consulting:

3.1 Competence foresight – forward-looking skills development

Market logic and customer requirements are changing very rapidly – and consequently generating new demands for the organisation of the future. Proactive skills management asks the question: what skills will we need tomorrow? Which skills do we need to stand out from the competition and add value for our clients? In the project, we work together to develop a long-term skills strategy that provides clarity. You will identify gaps and white spots and will be put in a position to initiate skills development from an all-round perspective of the future.

3.2 Transformation journeys – expeditions to discover the organisation of the future

Only those who have experienced the future can shape it. This only sounds paradoxical while hearing it for the first time and it is the basis for an innovative, methodological approach: we take companies, departments or teams with us into their own future on our “transformation journeys”. As tour guide, we are responsible for the process, challenge the team’s mindset through cross-industry knowledge of the future and systemic thinking and, as methodological trainers, teach techniques for shaping the future “on the fly”. Transformation journeys aim to make staff open-minded towards the future, to give them clarity and enthusiasm in dealing with complex change processes. We lead these journeys as intensive team events over several days or on a staged basis in a series of individual workshops.

3.3 Strategic storytelling – telling transformative stories

Change begins in the mind. This is why anybody who wants to initiate change needs a good story. Who are we today? Who

do we want to be tomorrow? How will we get there? Why will the world need us in future? What future do we stand for? Your future purpose story combines the answers to these questions in a concise and emotive manner. We generate specific future insights from your strategic guidance and translate them into positive stories – including media productions for different stakeholders, events and communication channels.

3.4 Foresight capabilities – enable foresight

The ability to make long-term strategic forecasts is critical to success in the 21st century. More and more organisations are therefore creating independent units or adding foresight to their strategic toolset in order to concentrate specifically on strategic future-related questions. We help you develop foresight skills and incorporate them efficiently in your work on strategy. In the process, you will benefit from our experience from hundreds of foresight projects for companies of all sizes in all industries accumulated over more than twenty years.

4 / Conclusion

Forward-looking organisations are an appropriate response to the question of a vision for the organisation of the future. Organisational foresight as a new area of activity in the context of corporate strategy, human resources and organisational development helps define and design the appropriate pathway for transforming your company into a forward-looking organisation.

About Z_punkt

Z_punkt The Foresight Company is a leading international firm of strategic foresight consultants. Trend and future research methodologies are transferred into practised strategic management. Through Corporate Foresight-Processes Z_punkt supports clients to orientate their business strategies towards future markets.

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