Strategic Foresight Thinking

Idea In Short

Forecasts promise a single answer about what comes next, and the future rarely cooperates. Strategic foresight takes a different stance. It treats the future as plural, scans for weak signals of change, tests mental models against alternatives, and builds options that hold up in more than one world. Public institutions, professional bodies, and consultancies now teach the discipline, and surveys cited by the World Economic Forum suggest many organizations still feel unprepared for the pace of change. This article explains what strategic foresight is, how it differs from forecasting, which tools it uses, how to link foresight to decisions, and where it goes wrong when teams treat it as a crystal ball.

A retail bank's planning team builds a ten-year forecast that predicts steady growth in branch visits, then a modest decline. Nobody in the room asks what would happen if payment habits shifted fast, or if a regulator opened the market to new entrants. The forecast is sound on its own terms, and it leaves the bank with one story about the future.

What strategic foresight is

The OECD's Observatory of Public Sector Innovation defines strategic foresight as the ability of an organization to constantly perceive, make sense of, and act upon ideas about future change emerging in the present. Its practice, the guide adds, seeks to challenge and enrich mental models and stories about the future, giving greater knowledge on which to act now.1

Three verbs carry the definition: perceive, make sense, and act. Foresight starts with noticing, moves to interpreting, and ends with decisions. A report that stops at interpretation has done only part of the job.

Foresight versus forecasting

The same OECD guide says foresight tools complement prediction and forecasting by allowing us to appreciate developments that are emerging, complex, and uncertain, and that could be surprising and significant.

A policy brief from the European Union Institute for Security Studies explains one reason forecasts mislead. Forecasts may use probabilities or multiple projections to estimate the range of an outcome, but people often misinterpret them. They may assume the middle of a range is the real future, or discount improbable outcomes.2

The brief adds that people without a foresight background often suggest that the real future will probably be a combination of diverging alternatives under consideration. It points to the need to let go of seeking a single most likely outcome.

For managers, the lesson is to treat a forecast as one input. Ask what it leaves out, and what other pictures of the future could be true.

Horizon scanning

A World Economic Forum article describes horizon scanning as one of the two best-known foresight methods. It says the elements found through scanning can include megatrends, trends, weak signals, wild cards, and uncertainties.3

Weak signals deserve attention. They are early, small signs that something may change, such as a new customer behavior or a technology that is still niche. Most will fade, and a few will matter a great deal.

A trade body's piece on horizon scanning, from the CIPD, argues against the idea that scenario planning is crystal ball gazing. It notes that futures research draws on evidence and data to look for patterns, soft signals of change, persistent behaviors, and new attitudes and ideas with the potential to disrupt.4

Why many organizations are unprepared

The World Economic Forum article cites research indicating that 75 percent of organizations are not prepared for the pace of change in and around their industry. It describes foresight as a set of approaches that help explore, imagine, and anticipate the future in an open but

structured way.

One reason is time horizon. The CIPD piece notes that most organizations focus on annual and quarterly reporting, which makes issues immediate and short term. From a foresight view, it says, planning for an uncertain future is still fundamental to resilience, even though the future is uncertain.

Another reason is culture. The OECD guide observes that governments face barriers to using foresight effectively, including a still-dominant culture of forecast-based policy planning, which leaves high-quality foresight underused. Businesses often face similar habits.

Using many perspectives

The World Economic Forum article stresses the inclusion of a multiplicity of perspectives to overcome individual and group biases. It names three kinds of thinking that foresight needs: future thinking, systems thinking, and exponential thinking.

A diverse group sees more signals. A salesperson, an engineer, a regulator, and a younger customer will notice different changes. Invite them to scan together, and ask each to name what they see that others may miss.

Include outside voices too. Experts in other industries often spot patterns that insiders have normalized.

Linking foresight to decisions

The CIPD article insists that foresight and futures methods should inform thinking before strategic decisions are made. It says they identify large, potentially daunting issues within a framework that allows plans and actions and expands the strategic options open to the organization.

To make the link, start with a decision and not with a topic. Which choice in the next two to five years is hard to reverse? Then use foresight to ask what could change the outcome of that choice.

Build options that survive several futures. A robust option works in most of them, a flexible option can be adjusted as signals arrive, and a hedge protects you if one future arrives faster than expected. Mark triggers, such as a customer metric or a regulatory step, that tell you when to switch.

Finally, schedule reviews. Foresight is a continuing activity, and signals change as the world does.

Foresight as an organizational capability

The International Science Council describes foresight and horizon scanning as having multiple approaches, tools, and practices that have developed over the past decade. Its working paper reviews the landscape of available tools and reports on a global exercise whose lessons it expects to help embed foresight in the strategic thinking and medium-term planning of the organizations involved.5

The word embed matters. A one-off workshop produces a report. A capability shows up in routine planning, in how leaders ask questions, and in how teams respond to early signals.

To build it, assign ownership. Name a small group that runs the scanning cycle, reports to the leadership team, and keeps the signal log. Give the group access to decision-makers, so that insight does not sit unread.

A simple foresight cycle

Run a light cycle that a team can repeat each quarter. First, scan. Each member brings two or three signals from outside their usual sources, with a short note on why each might matter.

Second, sort. Group the signals into themes, mark which are trends and which are weak signals, and note the uncertainties.

Third, imagine. For the two or three most important uncertainties, sketch short stories of different futures. Keep each to a paragraph, and give each a name.

Fourth, test. Run your current strategy through each story, and look at where it holds, where

it breaks, and what you would change.

Fifth, act. Choose one or two moves, assign owners, and set triggers. Record them, and begin the next cycle with a check on what you learned.

A hypothetical example

Imagine the retail bank again. A foresight lead gathers a mixed group from product, risk, technology, and branch operations. They scan for signals and list a fast shift to instant digital payments, a regulatory opening for new entrants, and a slow-moving demographic change in branch customers. They sketch three futures, one dominated by digital wallets, one by a platform partnership, and one by a slow transition.

Testing the branch strategy against the stories shows it works only in the slow future. The bank decides to keep a smaller branch footprint with flexible leases, to pilot a partnership with a payments provider, and to track two triggers: the share of customers using digital wallets and the pace of new licenses. The bank and figures are invented, but the example shows how foresight turns a single forecast into a set of prepared options.

Cautions

Do not treat scenarios as predictions. Each one is a plausible picture used for testing. The goal is better decisions, not a correct guess.

Avoid analysis without action. A foresight report that no decision-maker reads changes nothing, so involve the people who must choose from the start.

Beware of bias. Groups tend to see the future as an extension of the present, and to favor stories that match their interests. Bring in outside views, and ask someone to argue for the future that the group finds least comfortable.

Finally, keep the effort proportionate. You do not need a large program to begin. A small team with a clear decision and a regular rhythm can build the habit.

- 1Futures and foresight, OECD Observatory of Public Sector Innovation
- 2Finding the futures hidden in plain sight, EU Institute for Security Studies

- 3The future isn't what it used to be: how strategic foresight can help, World Economic Forum
- 4Horizon-scanning: how to plan for alternative business futures, CIPD
- 5A guide to anticipation, International Science Council

Summary

Strategic foresight thinking means perceiving, making sense of, and acting on signals of future change, while holding several possible futures in view. The OECD's innovation unit describes it as an organization's ability to keep doing this and to challenge its mental models about the future. Foresight complements forecasting, and it relies on horizon scanning, diverse perspectives, and a willingness to drop the search for a single most likely outcome. Its value shows only when it changes decisions, so tie each exercise to a choice. Choose one decision that will matter in three years, list three signals of change that bear on it, and ask what you would do under each.