# Business Planning, Scenario Planning

... with the Systems Changes Learning Circle

# David Ing

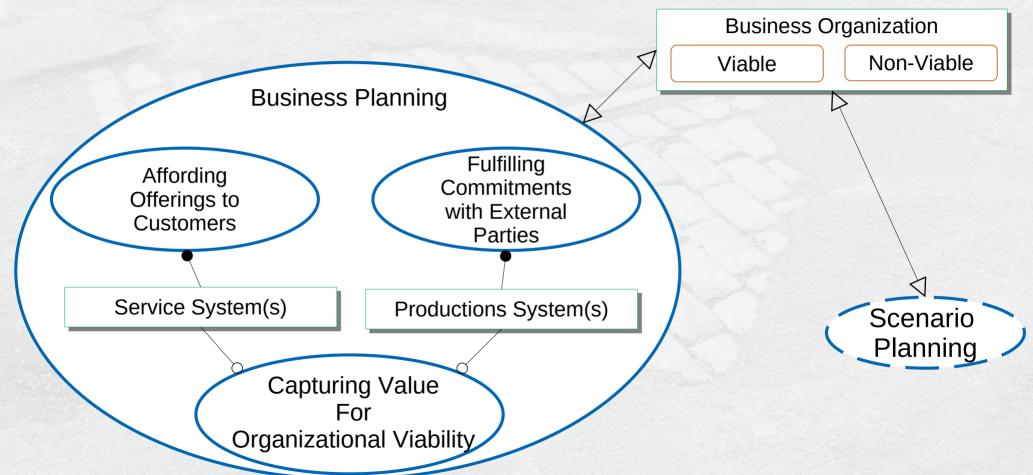
http://systemschanges.com

Earth Tech - Climate Ventures

Toronto, Ontario April 2020

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# Service systems and production systems have to capture value



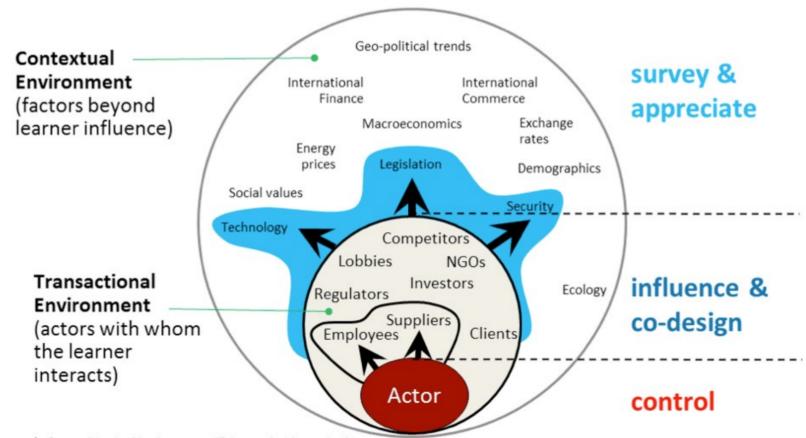
# Oxford Scenario Planning Approach Contextual and Transactional Environment





# Oxford Scenario Planning Approach Contextual and Transactional Environment







# The world remade by COVID-19

Scenarios for resilient leaders | 3-5 years

6 April 2020



Deloitte.

## Making sense of the future

# Two critical uncertainties will drive the overall impact of COVID-19

What is the overall **severity of the pandemic** and pattern of disease progression?

Lower impact

Rapid peak The virus's spread shows a rapid peak before quickly declining

### Self-dampening

Rapid exposure across individuals leads to eventual "herd immunity"



### **Gradual progression**

A gradual and prolonged development of the virus's spread is seen

### Roller-coaster

Seasonal waves of the viral disease are seen, with decreasing degrees of severity

# Higher impact

Second-act

A second wave of viral infections emerges stronger than the first



What is the **level of collaboration** within and between countries?

Significant Margina

### Coordinated response

- Nations "think big and act fast." Effective collaboration within and between countries to contain the virus's spread through coordinated strategies and best practices (such as mandating quarantines and testing)
- Coordination to reduce mobility of people and slow transmission
- Proactive measures by public institutions to prevent future widespread viruses



### Weak and divided

- Lack of coordination among governments and institutions to provide supplies and resources required to prevent virus's spread
- Lack of accountability and breakdown in communications and information-sharing
- Insufficient and uneven response to effectively address mobility of people carrying the disease



### Making sense of the future

# Four distinct scenarios emerge based on current trends and critical uncertainties



# The passing storm

The pandemic is managed due to effective responses from governments to contain the virus, but is not without lasting repercussions, which disproportionately affect SMBs and lower- and middle-income individuals and communities.

- Relatively constrained disease dynamic
- Effective health system and policy response



### Lone wolves

Prolonged pandemic period, spurring governments to adopt isolationist policies, shorten supply chains, and increase surveillance.

- Severe, rolling pandemics
- Insufficient global coordination and weak policy response



### Good company

Governments around the world struggle to handle the crisis alone, with large companies stepping up as a key part of the solution and an acceleration of trends toward "stakeholder capitalism."

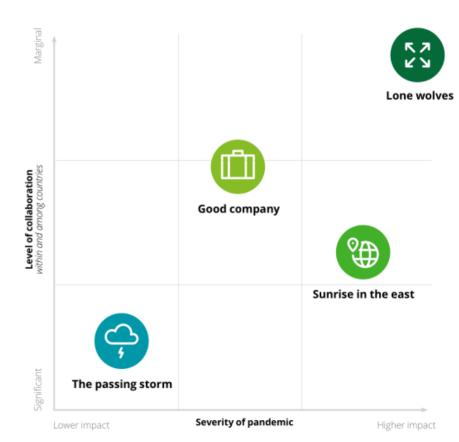
- More prolonged pandemic
- Collaboration to control the pandemic led by large companies



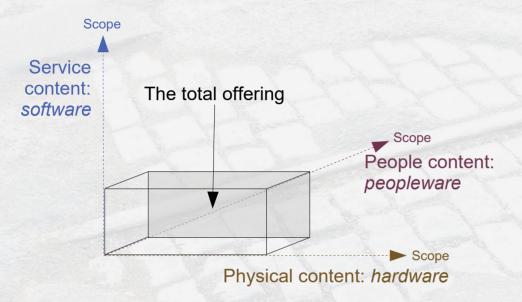
# Sunrise in the east

China and other East Asian nations are more effective in managing the virus and take the reins as primary powers on the world stage.

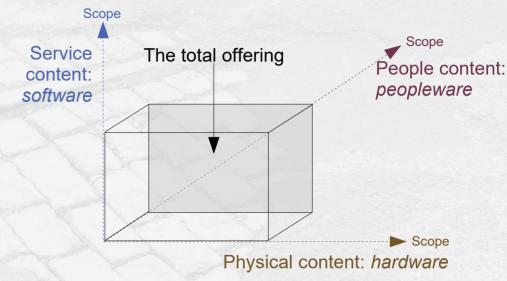
- Severe pandemic
- Collaborative health response led by East Asian countries



# Offerings are interactions that provide benefits in the form of (i) physical products, (ii) service and infrastructure, and (iii) interpersonal relationship



General Motors has historically been more transaction focused, and long-lasting relationships have not been seen as a worthwhile goal.



Toyota tries to develop long-term partnerships with its suppliers

An offering can be an output, an input or a co-creation







# Offerings-output production

 Providers fix bundles of offerings from which customers select

# Offerings-input coproduction

Customers broaden the range of options through loose coupling

# Value-elevating co-creation

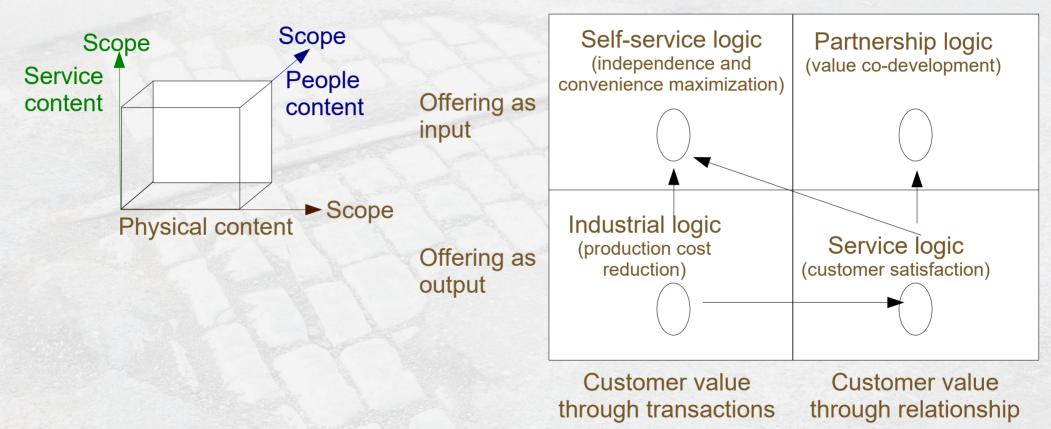
 Providers and customer mutually experience, and then improve

Extended from Normann, Richard, and Rafael Ramírez. 1989. "A Theory of the Offering: Toward a Neo-Industrial Business Strategy." In *Strategy Organisation Design, and Human Resource Management*, edited by Charles C. Snow, 111–28. J.A.I. Press; + Kijima, Kyoichi, and Yusuke Arai. 2016. "Value Co-Creation Process and Value Orchestration Platform." In *Global Perspectives on Service Science*: Japan, edited by Kwan, Spohrer, and Sawatani, 137–54, Springer.

Images from Flickr: "Pimp My Ride" CC-BY 2011 Grey World: ""Oaks and Spokes Bicycle Repair Station" CC-BY 2015 Kristy Dactyle: "Better Bike Share" CC-BY 2015 Better Bike Share Partnershp



# An offering can either be an output of coproduction, or an input to coproduction



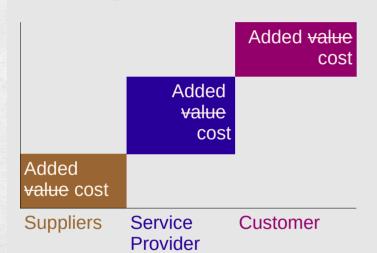
Rafael Ramirez and Johan Wallin. Prime Movers: Define Your Business or Have Someone Define It Against You, 2000, p. 141.

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# "From Value Chain to

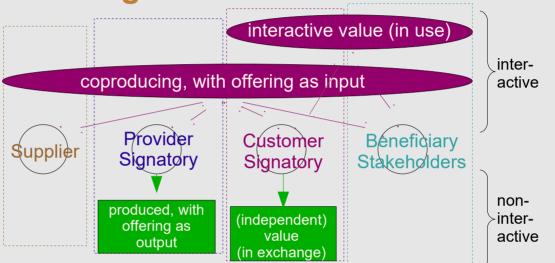
# The theory of firms on "adding value" has turned to mobilizing interactive value constellations

# Adding value cost



Our traditional about value ... [says] every company occupies a position on the value chain. Upstream, suppliers provide inputs. The company then adds values to these inputs, before passing them downstream to then next actor in the chain [whether another business or the final consumer].

# **Enabling interactive value creation**



... IKEA's strategic intent [is] to understand how customers can create their own value and create a business system that allows them to do it better. IKEA's goal is not to relieve customers of doing certain things but to *mobilize* them to do easily certain things they have never done before. Put another way, IKEA invents value by enabling customers' own value-creating activities. ... Wealth is [the ability] to realize your own ideas.

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