



Corporate Foresight

The European Experience

WFS Conference, Chicago, July 2005

Andreas Neef | Cornelia Daheim

Agenda

1. Corporate Foresight in Europe – Trends and Perspectives

Cornelia Daheim

Project Director International Research, Z_punkt GmbH

2. Corporate Foresight: How to Futurize the Company

Andreas Neef

Managing Director, Z_punkt GmbH

3. Futuring at BASF

Dr. Klaus Heinzlbecker

Director Strategic Projects, BASF AG

4. Discussion

Z_punkt The Foresight Company At a Glance

- founded in **1997**
- **located in Berlin, Essen and Karlsruhe**
- staff of about **15 employees**
- trend and futures research **projects for business and institutional clients, esp. technology leaders**
- **strategy oriented** as well as **innovation oriented** future work
- partners and **service providers for corporate foresight teams**
- also research activities **for ministries, EU-funded etc.**
- German Node of **The Millennium Project**

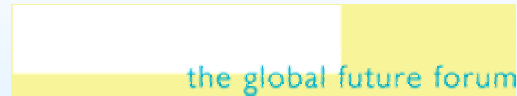
Z_punkt The Foresight Company

References



Z_punkt The Foresight Company

Cooperating Partners





2 Corporate Foresight in Europe - Trends and Perspectives

Corporate Foresight

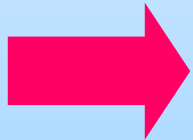
A Definition

- CF is **future studies within businesses**
- a **systematic**, continuous approach
- based on a **variety of methods**
- centres around **medium to long-term oriented work** on strategies and vision
- a **participatory process** (involving internal knowledge and competence)

Corporate Foresight On the Rise in Europe

Main trends:

- CF becomes **more important** and widespread
- Diverse **set of methods** being used and developed further
- Diverse **modes of organizing** corporate foresight
- Tendency to look **beyond close environments** (economy / technology)
- Foresight methods becoming crucial for **innovation processes**



But: a number of common problems of its use and integration

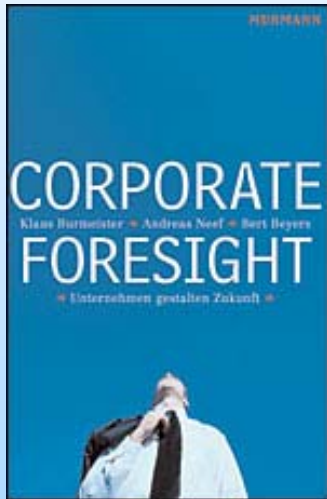
**Still largely “white spot” in terms of research on CF
>> More knowledge on the state of the art of CF is needed**

Corporate Foresight

Main Sources and Evidence

Z_punkt:

- Practical **experience and insights** into the reality of the field
- **Z_punkt 2002 survey** + book on “futures studies and businesses” in Germany, including 4 case studies (Aventis, TUI, Degussa, DaimlerChrysler)
- Book “**Corporate Foresight**” in 2004, including 6 case studies (BASF, Philips, DaimlerChrysler, Henkel, Infineon, Deutsche Telekom)
- **Z_punkt Conference 2004 on CF “in the long run”** + book in 2005, with articles from CF-practitioners from Shell, Philips, BASF, Volkswagen, Deutsche Telekom, Siemens, Munich Re, Ove Arup, Deutsche Bank



Corporate Foresight

Main Sources and Evidence

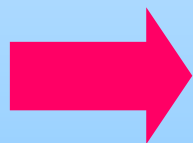
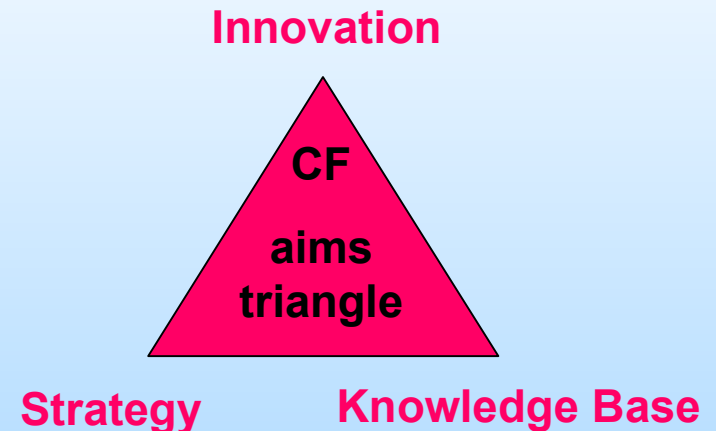
Other Indicators / Sources:

- Strathclyde International Conferences on Organizational Foresight, Glasgow, 2002, 2004
- EU / US conference on TA, 2004
- FFRC conference 2005 on foresight management
- Recent studies / articles in Europe (Becker, van der Duin, PhD theses etc.)
- New / growing interest in professional networks such as Corporate Foresight Network, Rauchfangswerder Gespräche

CF – Motivation / Aims

Businesses work with futures studies in order to

1. Reduce uncertainty by identifying **new and relevant trends**
2. Prepare **strategic decisions**
3. Support **innovation processes**
4. Develop **new and future business fields / markets**
5. Create **orientation** on future developments
6. Build a **knowledge base**



Growing awareness for the complexity of interactions between companies and their environments and for the need to overcome a technology-centred perspective

CF – Motivation / Aims

Klaus Weyrich, **Siemens AG**:

“For companies [...] one of the most promising survival strategies is **to become a trendsetter** that doesn't merely react to changes in the market, but instead shapes that market [...]. “

Siemens on strategic planning for the future, which is to:

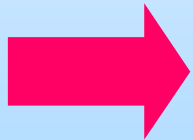
- **help quantify future markets**
- **anticipate forthcoming customer requirements**
- **identify new technologies** with large growth potential [...]
- [which] **generates new business opportunities** [...] as well as a unified vision of the technological future for Siemens as a whole.”

Issues: The Shift towards a Wider Perspective

Fields of Observation (in order of priority):

1. Technology and Innovation
2. Business & Companies
3. Individuals and Society
4. Environment & Nature
5. Politics and Law

*70 % of businesses deal
with all 5 subject areas*



Insider's perspective dominates

Focussing often on immediate environment (closer competitive environment, as in marketing and management practice), **often: technology-centred view**

But recently: shift towards customer orientation, more open perspective + approach

Issues: The Shift towards a Wider Perspective

J. Green, Philips Design, NL:

“Within Philips, Philips Design has for ten years been exploring a new approach to thinking about the future and to innovation. We believe that [...] while technology is still important it becomes more an enabler in adding value for the individual and the collective. This means **putting people at the center of our processes** and business. “

W. Müller-Pietralla, Volkswagen:

“ “Future Research and Trend Transfer” at Volkswagen begins by collecting data on and observing **all relevant areas of human life – including motives, needs, and attitudes.**”

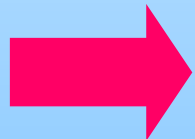
CF-Methods

Regularly Used Methods:

- Publication Analysis (cp. Environmental Scanning) = 79%
- Brainstormings (58%)
- Scenario Methods (46%)
- Simulations (29%)
- Trend Extrapolation (29%)
- Expert Surveys or interviews (33%)
- Delphi (only seldom) by 42%
- Future Workshops 8%

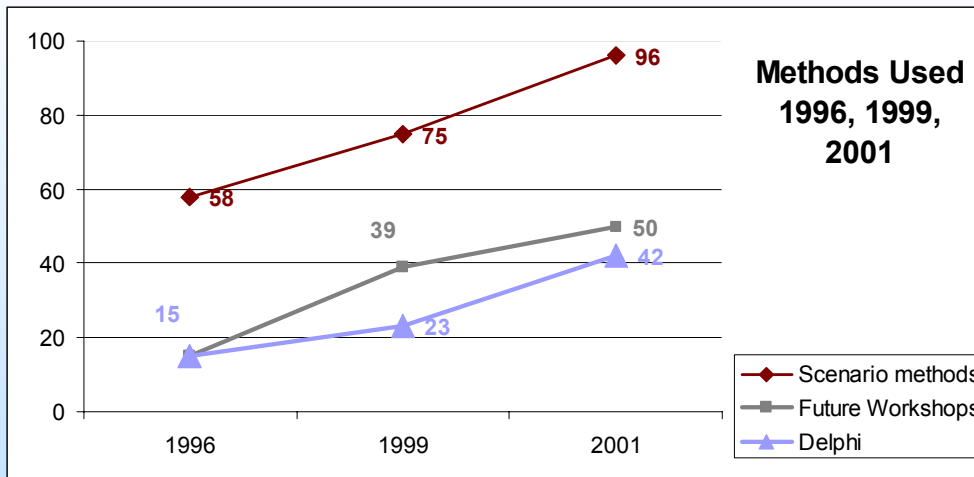
W. Müller-Pietralla, Volkswagen:

“[What is then needed is] **transferring from the level of trends or contexts** (also including the **handling of “soft” factors [...]**) to a **tangible, specifiable technological level**. One could also describe this transfer as a **synchronisation of the determined aesthetic-sociological demands with the likewise complex technological supply landscape.**”



Cutting-edge method development at the interface of established business processes and CF

CF-Methods

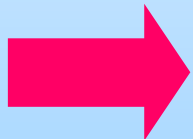


- **Qualitative methods** gaining ground
- More methods are known, more methods are **used regularly**

- **Culture Clashes** between Extrapolation / Forecasting-Oriented Group and Qualitatively / Wider Environment Oriented Group
- Acceptance of qualitative future knowledge problematic in upper management – “**need for numbers**”
- **Methodological „bridge“** to established business processes seems to be missing

CF - Organizational Form

- **79% specialised employee**
- **75% project groups for a fixed period**
- **38% changing responsibility of employees**
- **29% group of employees**



mainly projects, mainly changing responsibilities, or a single person

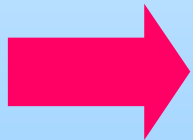
often not really embedded: “wallflower status“

but: slowly growing number of internal think tanks

CF - Organizational Form

Futures activities belong to all kinds of departments and are relevant to their work, mainly for / to:

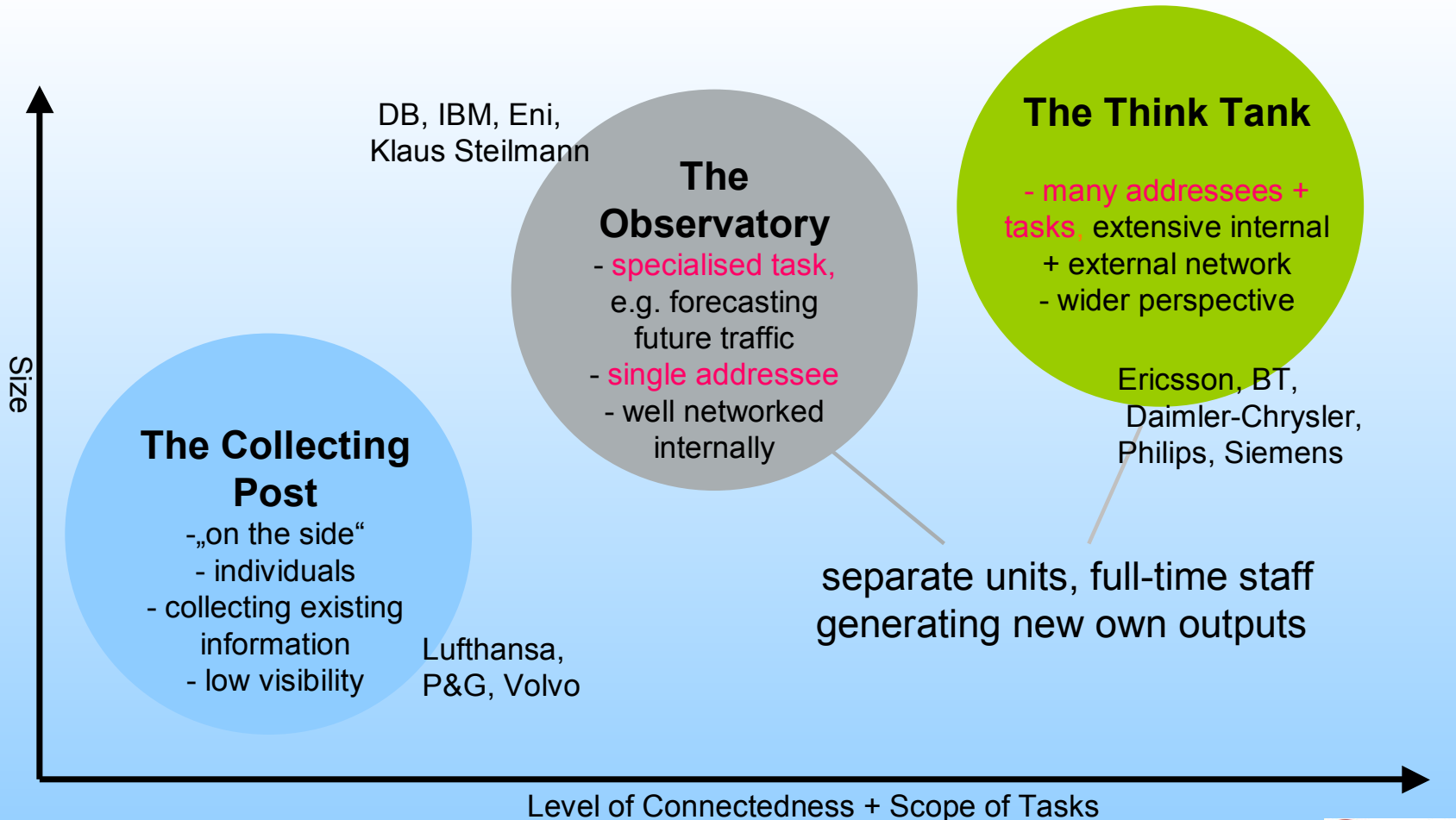
- **Strategy**
- **Innovation**
- **Marketing**
- **R & D**



**Affiliation has consequences for what is being done:
time horizons, subjects, methods, communication needs**

30% use external services

CF – 3 Types of Organizational Forms



Typical Problems + Pitfalls

Playground Pitfall No “**Building of Knowledge Pool**”: a lack of continuity of activities, lack of commitment to CF

Monologue Pitfall **Results remain more or less unknown internally**: low level of diffusion of results into the corporation

Lone Rider Pitfall **Acceptance + implementation problems for outcomes**, lack of integration of colleagues / employees into the process



Tendency to re-invent the wheel in terms of processes, methods, application, communication

Summary

- CF is becoming **more widespread and important**
- But **struggling with dangerous difficulties**, which methodological improvement alone cannot answer
- **Coping with paradoxes:**
 - Paradox of **lack of standards** and need for **individual solutions**
 - **Low level of diffusion** / extent of practical use in businesses in general versus **sophisticated state of the art “lead user” development**
 - Gap between **“report culture”** and **need for action**
 - Gap between **scientific / futures community discussion** and **practical use**

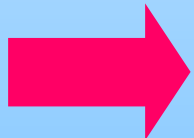
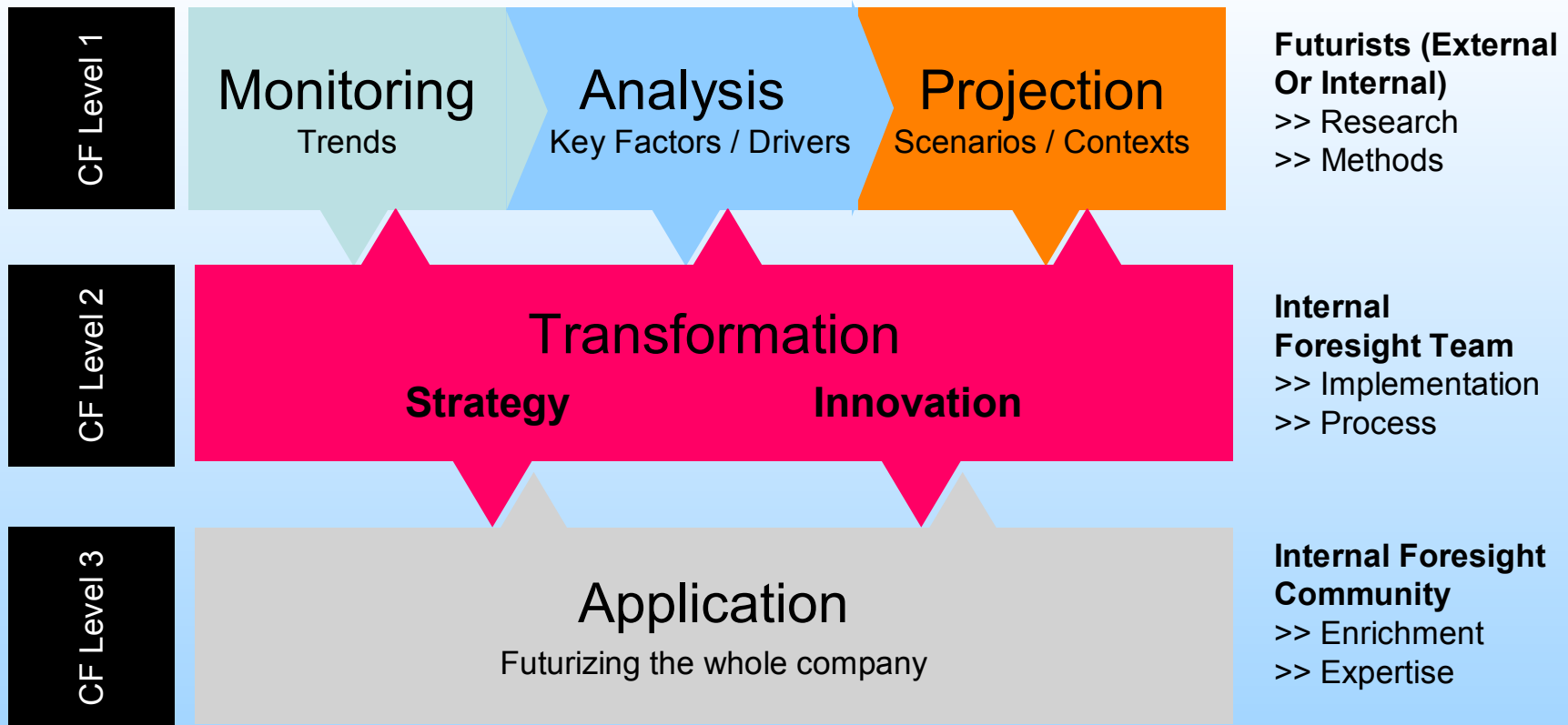


3 Corporate Foresight - How to futurize the company

- CF Framework
- CF Success Factors

Corporate Foresight Framework

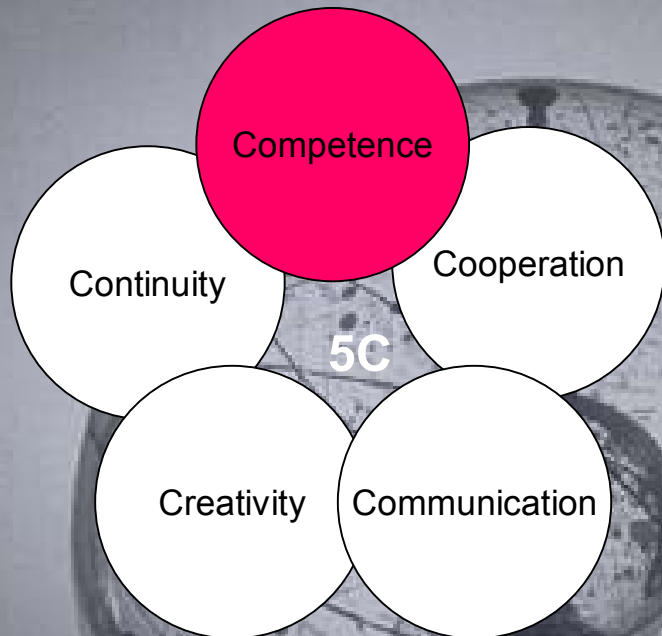
From Future Research to Strategic Action



CF is more than future research. It is a complex, multi-layered communication process

CF – Success Factors (5C Model)

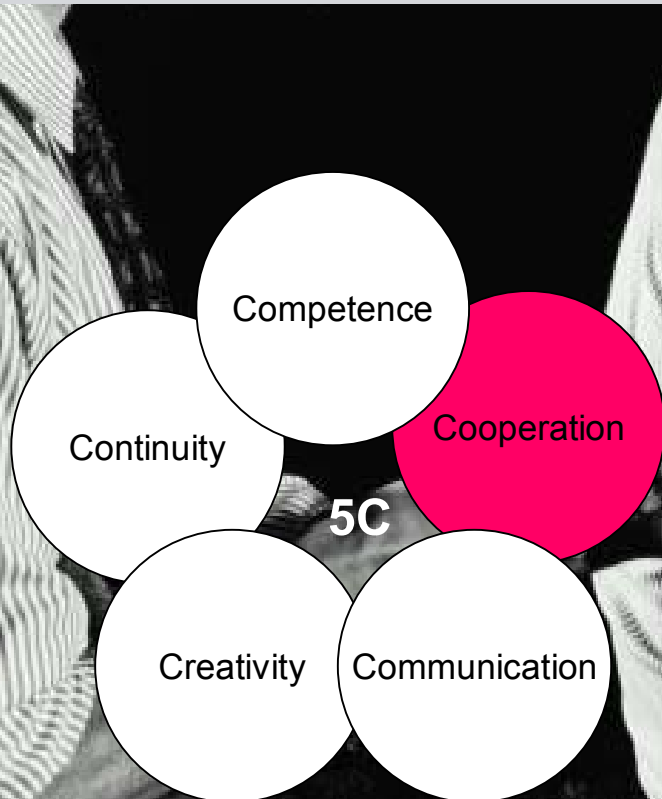
Competence



- 3 Main Competences: Content, Methods, Processes.
- Build a flexible toolbox.
- Keep it simple! And transparent.

CF – Success Factors (5C Model)

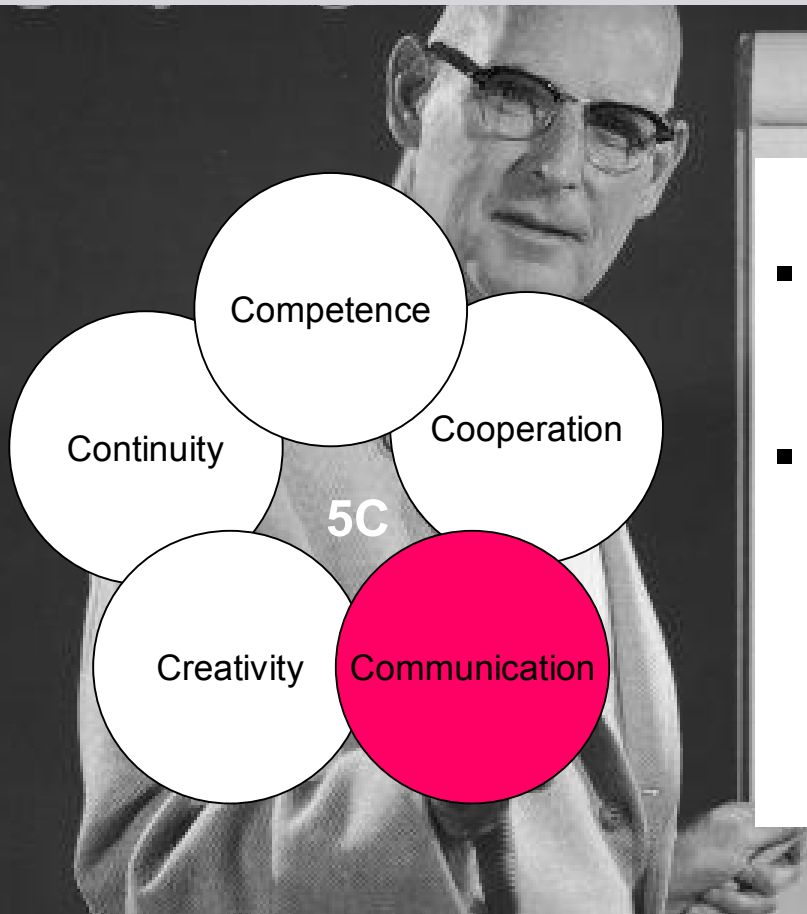
Cooperation



- First of all, make sure you have the **commitment of the management board**.
- **Involve the potential target group** at an early stage to **increase acceptance**
- Establish **Learning Loops** and an internal Foresight Community (New Approach: Community of Practice)

CF – Success Factors (5C Model)

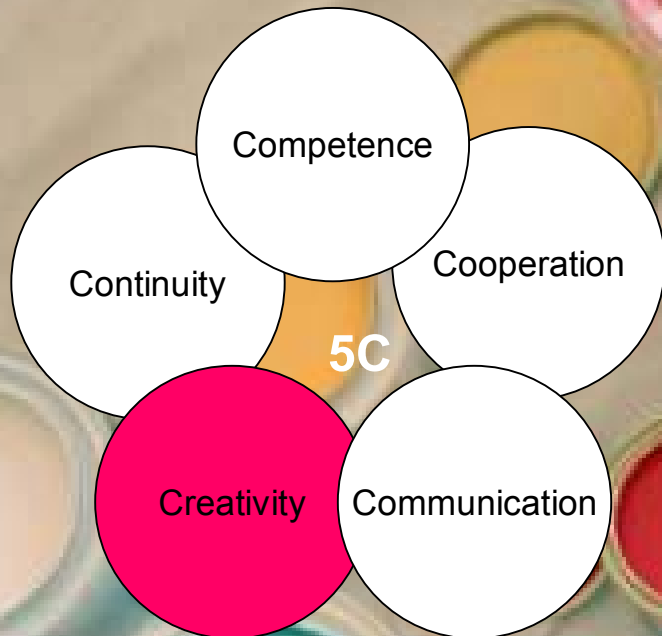
Communication



- **Effective communication** is as important as the quality of content.
- Use **adequate communication formats to reduce complexity** due to needs of different target groups

CF – Success Factors (5C Model)

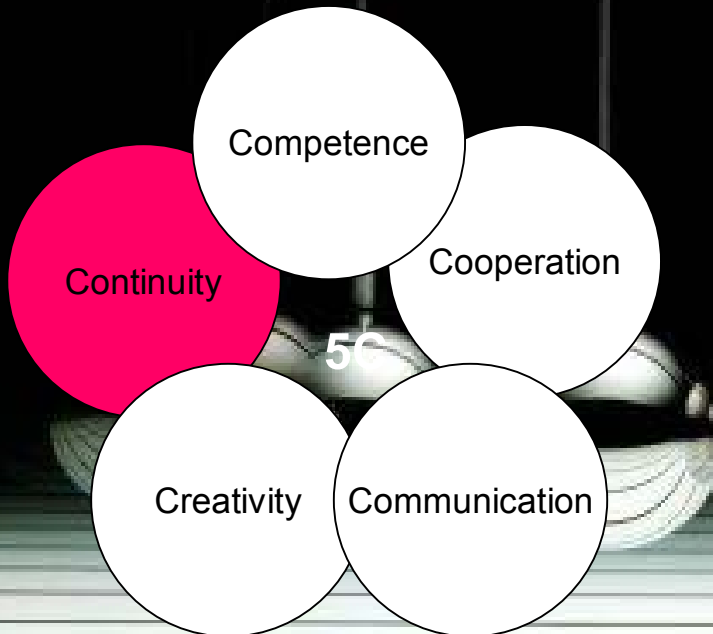
Creativity



- Deliver surprises, **not only business as usual scenarios.**
- Hold the **balance** between **straight analysis and visionary thinking.**
- **An experimental approach** is necessary, because there are only few standards. But: No risk, no fun!

CF – Success Factors (5C Model)

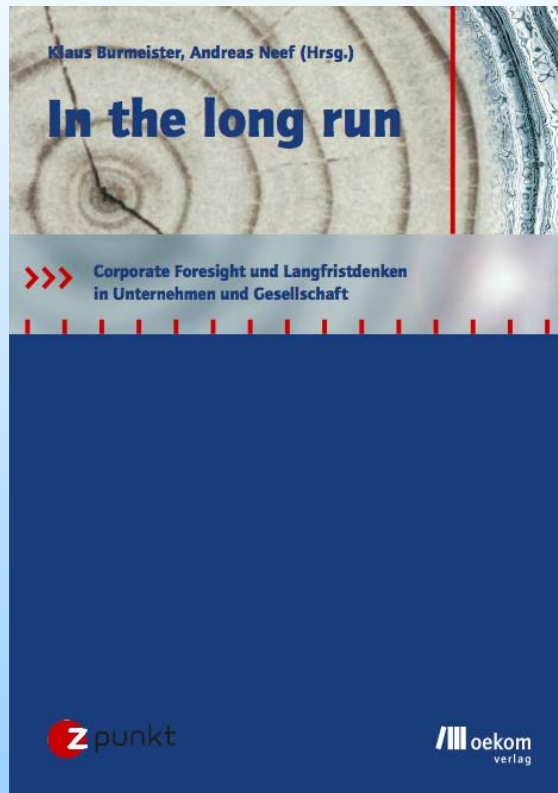
Continuity



- Organise CF **highly flexible**, so you can react quickly to new demands
- Try to make CF an **essential part of strategic management**.

In the long run

More information and case studies



Post-Conference Publication of our 2004 conference „in the long run - Long-Term Thinking in Business: Corporate Foresight and Global Change.

Articles by (e.g):

Arie des Geus
Jerome C. Glenn
Klaus Burmeister/
Andreas Neef

CF Examples from:

Deutsche Telekom
Siemens
Shell
Deutsche Bank
Volkswagen
BASF
Philips
Boing