

A brief history of the future

Studying the future is an academic subject that has become a mainstay of the business cycle. ACCA's Ewan Willars investigates



Swapping the world of property for the financial sector, Ewan Willars joined ACCA in December 2010 as policy director. Since then he has developed ACCA's research and insights work, a cornerstone of the organisation's global strategy, and heads the policy, research and small business units.

One of ACCA's leading research programmes is called Accountancy Futures. Part of our research and insights agenda, Accountancy Futures, after which this publication is named, lets us examine the future, and by so doing reflect on our present. Futurology is a way for organisations to add to their knowledge of the future environment in which they will operate. The process of future gazing has gradually become a mainstay of the business-planning cycle, applied with equal vigour to the worlds of fashion, technology, social studies and economic analysis and corporate endeavour. My own interest in futurology began with my passion for science fiction. One of my earliest close encounters with sci-fi was through Arthur C Clarke's novel *Islands in the Sky*, which predicted from as far back as 1952 the fundamental role that geostationary satellites would play in providing a global communications network – the foundation of satellite TV, near-instantaneous personal communications, satnav and the internet. I was fascinated that this ancient-seeming paperback contained within it a clear-cut vision decades ahead of its time.

THE VALUE OF FUTUROLOGY

For the more serious world of global business, it was around the same time that futurology began to show its value. There are a number of methods that can give us a glimpse into tomorrow's world. One of the earliest and most lauded proponents of futurology was Royal Dutch Shell, in the 1970s. The particular method it employed so famously was scenario planning. This starts by dividing knowledge into two subsets: first, things we believe we know something about, and then other issues we consider to be uncertain or unknowable. The first subset lets us project the past and present forward, recognising that the world tends to maintain momentum and continuity over time. The second subset, comprised of uncertainties and unknowns, includes issues that are much harder to predict over any length of time, such



as the outcomes of political elections, rates of innovation, fashions in markets and business, global crises and environmental disasters. Scenarios are then built around carefully constructed plots, based on trends and potential events, using the two subsets as the scenario variables. The resulting scenarios can then assist in the selection of strategies, identify possible futures, and make people aware of the effect that uncertainties may have on their future success. Shell identified the power this technique could have in generating and evaluating its strategic options, and improving its decision making. The scenarios used by Shell – and that are still being developed – are not mechanical forecasts. They are used to reveal different possible futures that are plausible, and yet challenge people's assumptions. Because of its scenario planning, Shell was consistently better in its oil forecasts than its rivals, and identified the emerging overcapacity in the tanker business and Europe's petrochemicals far earlier than its major competitors. More recently, scenario planning has been used to great effect by PwC, not as a means

Futurist designer Syd Mead designed the city of the future for Ridley Scott's 1982 film *Blade Runner*.

of forecasting its own activities, but to engage the corporate world through its visions of future developments in HR – the 'red', 'blue' and 'orange' worlds.

POSSIBLE FUTURES

Each of these has its own implications for the future roles of companies, recruiters and HR staff, on the one hand exploring the possibility of a dramatic downsizing of HR functions, and equally dramatic upsizing on the other. The Managing Tomorrow's People project enabled PwC to ask questions of business in relation to these possible futures: where are you, where do you think you are heading and what do you need to do to create a change-ready, people-ready business?

A more normative approach is 'backcasting'. This involves creating a future history, first by identifying a particular future scenario, and then developing a timeline that explains what events needed to occur for the future under discussion to emerge from the present. There are layers of complexity that make this a challenging approach, but it has featured strongly in the world of sustainability and energy strategy, although it has been applied to issues as diverse as identifying the policy pathways and business models able to support sustainable transport in China, to the analysis of market growth and future sales in Coca-Cola in the late 1970s and early 1980s. What results from this process can be made to be accessible and engaging to a non-expert audience, by communicating the link or trajectory that lies between the present and the desired future. It has subsequently found its way into local politics, particularly in the US. For example, it is being used to help to strengthen community-level green economies, by engaging local people by offering a vision of sustainable local living, and providing a way to help get them there.

In the past 20 years, the Delphi method of futurology, originally developed in the 1950s, has enjoyed a resurgence in use by governments wanting to take a longer-range forecast. It has been used by the UK, German, US and Japanese governments, among others. In essence, it is a structured communication technique, and is relatively unique in that it relies on a panel of experts. The experts are asked to complete a survey, with a facilitator providing a summary of the anonymous responses, and a commentary concerning the reasons for the choices made. The experts are encouraged to consider their choices in the light of the overall responses, and over rounds of the survey the range of answers decreases and the experts converge on the 'answer'.



The Delphi method has proven its worth in particular in making long-range predictions concerning specific issues. But despite the numerous methods on offer they all have their limitations. Few can truly claim to have foreseen the credit crunch, or can predict where the next economic crisis will come from with any significant degree of certainty. Of course, in business, the rear-view mirror is always clearer than the windscreen; hindsight gives us all 20:20 vision. In science fiction, this lack of certainty has resulted in some wide-of-the-mark predictions, for example when Harrison Ford's character in the film *Blade Runner* is forced to seek out a telephone kiosk. This, in a world full of holograms, androids and flying cars, because the film failed to predict the ubiquity of mobile telephones and the internet, an example of simple but fundamental 'unknowns' that have gone on to revolutionise society. If we can work around its limitations, see the landscapes painted by futurology as a source of challenge and inspiration, and learn to live with a degree of uncertainty, then future studies can be a powerful tool for business.