CASE WRITING AND SCENARIO PLANNING AS INSTRUMENTS OF CORPORATE TRAINING: AN EXPOSITION

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ABSTRACT

This theoretical paper, born out of several years of post graduate level teaching and research experience of the two authors, sheds light on the culmination of pedagogy into andragogy using the case study method in Human Resources Development. Then shows how the case study method of imparting learning flows into scenario planning as a novel method to be used by established management trainers in the corporate context. However with the advent of Strategic HR specialists are increasing using scenario planning as a method of imparting learning. Its primary aim is to prepare managers for the future by, in a way, rehearsing it. It is divided into three parts. Part I defines pedagogy and andragogy. Part II elaborates on the case study method. Part III introduces scenario planning as an instrument for training and explains how can be used in the corporate context.

Key words: Case writing, Corporate Training, Scenario Planning

PART I

INTRODUCTORY THEORISING

Using the analogy drawn from Sadri, Jayashree and Ajgaonkar (2002) and re-emphasised in *A* Jayashree, Sadri, and Nayak (2009), the science of Human Resources can be likened to a table with four legs and each leg being kept firmly in tandem with the help of a tie bar. The table top is brittle and made of glass. The first leg symbolises Human Resources Planning (HRP) and includes recruitment, selection, induction and career planning. The second leg symbolises Human Resource Administration (HRA) and includes maintaining records as well as meeting health, safety and wage related statutory requirements in a situation where hackneyed methods of wage and salary administration have been overtaken by Compensation Management Practices which have a lot of fiscal policy content. The third leg symbolises Human Resources Development (HRD) and includes training, career development and the judicious use of various instruments for doing so like MBO, assessment centres and small group activities. The fourth leg symbolises Industrial Relations which has been taken away from the hands of the lawyers as far back as in 1985 from whence the role of the regulators through a set of regulations ahs been vastly depleted and has come to stand for employer-employee relations in respect of production, productivity, compensation and developmental growth. The tie bar represents the Human Resource Information Systems which are accurate, dynamic and transparent forming the basis for executive strategy formulation and implementation on people management. What these four legs support is a brittle table top called Strategic HRM. What the tie-bar ensures is that HRP, HRD, HRA and IR operate in tandem to avoid any kind of dis-equilibrium. This paper is concerned with just of these legs HRD and just two methodologies within it: case studies and scenario planning,

Before we enter into a discourse on management learning, we need to clarify two terms that are periodically used in literature on this subject. The first of these is *pedagogy*, often defined as the art or science of being a teacher. The term generally refers to strategies of instruction, or a style of instruction. The word comes from the Ancient Greek meaning "to lead the child". The Latin-derived word for ***pedagogy,*** *education* is nowadays used in the English-speaking world to refer to the whole context of instruction, learning, and the actual operations involved therein, although both words have roughly the same original meaning. Scholars maintain that In the English-speaking world the term pedagogy refers to the science or theory of educating.

The second term is ***andragogy*** and this is more often than not used in the context of professional and adult learning. Andragogy is the process of engaging adult learners in the structure of the learning experience. The term was originally used by scholars to denote out of classroom adult interactive learning as andragogy comes from the Greek words meaning "adult-leading". It should be distinguished from the more commonly used pedagogy Greek: for "child-leading".

Both training methodologies, case study and scenario planning, are innately androgogical and yet they have definite pedagogical roots. In a way they present a symbiotic link between andragogy and pedagogy resulting in a training instrument that is effectively used in post graduate management education as well as in corporate executive training programmes. We shall presently discuss the two and thereby throw up, albeit in an indirect manner, the similarities and distinctions between them. In the process we shall posit a perspective of training both in the case of the *manager in waiting,* the B-School student and the *manager in action,* the corporate executive.

PART II

THE CASE STUDY METHOD OF MANAGEMENT TRAINING

Pedagogy in B-Schools especially and in the better developed Corporate Training Programmes can be divided into four types. (a) **The didactic type** where the professor comes to the podium and lectures in true classical style. There is a fair deal of oratory and seldom if ever are lectures read from a set of notes. The professor is completely a master of the subject on which he is propounding his/her thoughts. Questions are usually taken up at the end of the class and selectively so. (b) **The classroom interactive type** where the professor comes to class with no transparencies or notes but engages the lecture in a discussion mode and there is a great deal of use of the chalk and board. The professor is leading the class and hand holding it through a pre-planned learning process. There is some discussion but it is controlled. (c) **The presentations type** where the professor has prepared a power point presentation or have a set of transparencies, which he/she takes the class through. This presentation is on a particular topic and considerable homework has been done on the subject before the professor comes to class. (d) **The case study type** where learning is imparted with short case studies. This is also the point where androgogy replaces and joins hands with pedagogy and this is precisely what this compendium of short case studies attempts to help the facilitator of Human Resources Management with: to use androgogy to impart learning and reinforce the theory imparted through pedagogy.

Cases used in B-Schools can be *categorised* variously in terms of its ***form*** thus.

(a) *Short case*: a brief narration or illustration that serves to reinforce a general point of view through using practical relevance. The student can view reality through his/her own personal frame of reference as in values and beliefs. The length of such a case varies from one to five pages. These are used by facilitators in classroom situations for explaining the nuances of behavioural sciences and human resources management.

(b) *Classic case:* these are long studies giving detailed and factual accounts regarding maximum relevant material in the given context of the business situation. The student becomes an analyst who can spend up to a week studying and deciphering the nuances of the cases. The length of such a case can even extend up to sixty pages. These are usually used in strategy related subjects.

(c) *Technical case*: these describe a technique, process or system of analysis without taking account of the human factor. The student learns how to analyse and document given data to draw meaningful conclusions. These are usually used in finance and operations related subjects where calculations are called for and a business or organisationally relevant problem has to be solved.

(d) *Complex cases*: these are usually complicated and aimed at bringing out deep rooted issues and are often a mix of individual, organisational and cultural forces that impinge upon industry and business. The coverage of such cases is wider than others and is used at the end of a postgraduate course when the student has already mastered several subject specialisations enabling a *comprehensive* analysis.

When cases are categorised in terms of ***content*** they could be either *open ended* or *close ended* in character. In the former instance participants have to find out the problem, exercise their minds and propose alternative solutions to one or more scenarios that may emerge. In the latter instance, the problem has been identified and a solution is sought given the assumptions and constraints.

Such a case either open ended or close ended can be of three kinds thus.

First, a **case history** details a series of events leading up to a conclusion. It is a researched body of work, which tells us a trend adopted in an organization or the contribution of a particular kind of leader. In a way, the presentation could be biographical. The learning derived is in terms of what happened and why it happened so.

Second is **a case analysis** that presents a set of data and either expects the student to analyse it or leads the students through the process of analysis. A good example is to be found in inter-sectoral growth in an economy, where the analyst sees trends and attempts to ascribe reasons for a particular success or failure of policy. Another good example can be found in market surveys that highlight consumer demand for a particular commodity in preference to another or as in financial data where a company's health is examined.

Third is a **case study** where an event, a set of events or policies is narrated in story form such that in analysing it the student imbibes a definite and pre-programmed learning. The facts are normally not massaged beyond recognition although the identities of the actors may be often be concealed in the larger interest of society. Fake names and places are given but the facts are generally not tampered with. This is generally the case in HRM where the case study is used to impart a theory or a pre-determined learning.

Experts in Strategic HRM have treated the subject of ego at some length. At the risk of repetition let me reiterate that mankind's greatest enemy is his/her own self, his/her ego. Unmasking the ego can be very traumatic but its therapeutic value cannot be underestimated. The purpose of these Short case studies is to help the student / participant / facilitator to unmask his/her ego and confront reality, or perceptions thereof. Even professors of management need to unmask their ego if they are to achieve real intellectual progress. The easiest way to do so is to encourage free flow of ideas when the case is being discussed, inviting innovative solutions even when they clearly go against the grain of accepted wisdom and constantly revising the case to make it more realistic and relevant to objective social reality. In a humble way, this has been done with every single case study posited herein.

While the basis for writing the cases lay in our Indian experience, it *does not mean* that the problems are unique to either India or even to the Indian high-tech sector. Rather, they are relevant to all business and industry in the capitalist periphery that seeks to thrive in the 21st century. They are important for all HR facilitators and teachers of HR since it enables them to bridge the gap between perception and reality in such a way that perception becomes the reality. This is where perception proves to be infinitely superior to description. In addition, in the **age of the intellect** and the predominant position occupied by the **knowledge worker,** HR intervention has become that much complex and inevitable. People who think of HR as a soft option are merely showing their own ignorance of objective social reality. Industries have a lot more in common, than they are credited for and so the appeal of these Short case studies is to a wider audience.

Certain facets, we all know, are common to all such industries that depend on technology and the knowledge worker to propel their growth. Principal among these is selection of personnel, attrition levels and re-Skilling of manpower. Trust, teamwork and transparency are the benchmarks against which effective project outcomes can be viewed. To some extent one could even, say that all these short case studies relate to the human aspects of project management. However, almost every activity is a separate project in the high tech sector. Hence, the term project management should be viewed in that light alone. In addition, this is the age of the knowledge worker whose loyalty is believed by many HR experts to belong to technology and nothing else. Hence, for them, HR intervention is the only way of creating a sense of belongingness and training where continuous upgrading of skills are needed, keeps attrition levels low.

Subsequent research by Sadri and Jayashree has unearthed two fallacies especially in the case of the knowledge worker. First, the term knowledge worker itself needs some understanding. Is cobbler, a tailor or a blacksmith not using his knowledge to work? Second, any skill contains an element of knowledge within it. Hence, how can we describe *only* the employee in high-tech industry as being a knowledge worker? After all, (we hope), the professors in classrooms teach on the basis of some knowledge and so can we not describe them as knowledge workers too? This comprises the first fallacy i.e. one of definition. The second fallacy arises out of a belief regarding employee loyalty. Throughout the works of this author, the contention remained that that the employee is loyal only to his/her own values. As long as individual values are in accord with organisational values, the employee will remain on the job. The moment these values differ the employee either changes the personal values or quits the organisation. That is why three types of organisations always have high attrition rates. (a) An organisation managed by a CEO with a **feudal-mercantilist-trader** mindset and having knowledge workers. (b) An organisation that is by the nature of its business operating in the short run i.e. on a project to project or assignment to assignment basis. Once the task is over the employees automatically leave the organisation. (c) An organisation that hires people on contracts rather than for long-term employment. Once the contract is over it may or may not be renewed. Free market capitalism and the withering away of the employee collectivity are solely to blame for this malaise. In all these three instances, the commitment of the employee is questionable and the belongingness need is negligible. This belongingness need is two edged: the employee acts as if he/she belongs to the organisation and that the organisation belongs to him/her. Hence any organisation or any HRM intervention that fails to bring about this two edged belongingness fails to retain people.

Many CEOs do not invest in training as they point to high attrition rates and state that money spent on training is a waste. On the contrary, we argue that it is always better to have a trained workforce who may leave for greener pastures than to try to compete globally with manpower on rolls that possess out dated skills and expertise. Many a B-School has failed to make the grade since the Director with one or more of the above-mentioned traits run it. Those who stay on do so because they have no other choice for some reason or the other. The number of part time lecturers who outnumber the full time ones in the non-premier institutes exposes the short sightedness of free market capitalism and its inability to create conditions to sustain a steady pursuit of knowledge.

Experience shows that most inter-personal problems in management are *ego based.* This often takes the form of *attitude based* and *behaviour based* being attached. The employee/ subordinate is often said to have a problem managing his ego. This may not be true. When a senior manager tells an executive (reporting to him/her) that the executive has an attitude problem, many a time what the senior manager is actually saying is that *I need a yes man and you are not he*. Reading in between the lines of messages is a cultivated art in many ways and no training except that in the *school of hard knocks* can help.

These short case studies could similarly be envisioned as perceptions of what really occurred in reality. The background of this perception lies the unerring belief that no matter how technologically superior and organization or a technocrat is, he cannot afford to overlook either the human being behind the exterior of the employee or break the very rules he has laid down for others. In short very HR intervention must have a very humane face and the attitude towards all parties involve must be one of fairness, equity and propriety. The dignity of mankind as well as that of the organisation must always be respected.

- The concept of value (generation and contribution) is an integral part of Corporate Strategy.
- Human Resources Management cannot be divorced from the process of Business Policy formulation and execution.
- In the final analysis it is the Corporate Culture and the Ethics of the Managers, which will delineate the form, and content of the Behavioural Dynamics of the organization.
- The ultimate aim of Strategic HR intervention then would be to increase the satisfaction levels of the internal customer through a vibrant corporate culture and to leverage core competencies for gaining advantage over other players. This has to be

done in the global market such that corporate objectives are met without sacrificing core beliefs.

It is in keeping with these assumptions that the short case studies were specifically developed from real life situations. I opine that all value is created by Labour while Capital is man made aid to production. Investment is the process of capital creation and Business Policy aims to maximize returns on investment such that organizational goals are met. It uses HR to optimally allocate and utilize its manpower within the constraints of the immediate environment.

Hence, it would make a lot of sense to even approach an elective course on Business Policy from a *man management* angle. Students and teachers should not fight shy of being subjective well remembering that the very claim of being objective is a subjective perception.

As the ambit of competition is internationalised, the corporations, which will survive, are definitely those who have a value based business policy and a management strategy founded on ethics. Others will be consigned to the wayside along the great motorway of history. In most Management Schools students get a good grounding in Economics, Marketing and Finance with the result that teaching a full semester course would imply that the curriculum traverses such a path as has not been covered by either of the three mother disciplines, for fear of repetition. Hence, the approach from a position of *Man Management* is resorted to in this book. This is the basic *raison d'être* of this book is to predicate experience against the threshold of theory and give *man* his rightful place in business and industry. Philosophically speaking, *man* is the beginning and the end of all analysis; he is both the subject and the object of social inquiry. Hence, the present approach of making *man* the focus is further vindicated.

He, who knows not where he is going, cannot get lost. But at the same time, he cannot get anywhere in particular, except perhaps by serendipity. Corporate Strategy is therefore crucial to the future health of every organization. Unfortunately, it is side stepped in the interest of immediate returns and what we get is development less growth. It was further argued that like marketing or finance or any managerial function needs to be empowered and held accountable. Furthermore, all management actions not *only* have to be ethical but *also* perceived to be ethical by both the internal and the external customer.

Hence, the management of organizations in the next century has *per force* to be value based where the core values are without any apology purely ethical. And for this, a planned and proactive Management Strategy rooted in theory, and based on practice, is seen as being imperative. These are the core beliefs by which an organization stands by, is known for and act as a guide to managerial action.

The greatest danger to a logical mind comes from *uncertainties, not from risk.* This is because there is a theory for calculating risk but there is no way of understanding or calculating uncertainty. Similarly, the greatest danger to the smooth functioning of an organization comes from *external uncertainties*, which we referred to earlier as the mutable nature of social reality and which are often caused by the market conditions.

Further, the danger to the smooth running of the organization comes from internal uncertainties, which are mostly caused by lack of *clarity* at the level of vision, mission, goal and role. In addition to the negative impact caused by uncertainty, it is the *definition* of the *problem* and the *premise*, which goes a long way in removing uncertainty by bringing about clarity. Once a situation is properly defined, the limitations are known and the variables affecting its behaviour have been identified, it ceases to be uncertain and therefore poses little danger to the logical mind. It is almost a truism that even with the best of systems, reality continues to remain opaque and decisions are made under conditions of relative uncertainty. The art and the science of management, in the main, are geared towards removing the cobwebs and reducing the level of uncertainty. HR plays a positive, proactive and facilitating role in this activity by laying down employee friendly policies, and ensuring their compliance without loosing sight of the fact that organizational objectives have to be met as was explained by Jayashree (2005).

In this new age of globalised competition four aspects have assumed enormous importance and must never be lost sight of. These are Corporate Governance, Total Quality Management, Core Competency and Business Ethics. This is brought out clearly in all high level discussions involving Strategic HR.

While writing these Short Case Studies, from real life data in the fast track industries, one belief was reinforced especially in the works of Sadri Sinha and Bonnerjee (1998), Sadri Dastoor and Jayashree (1999) and Sadri (2005). Just as metaphysics is not easily understood and the ritual of religion is something, which the majority are more comfortable with, so too, the majority of managers are comfortable, when others do their thinking for them. However, they wish to retain their power so they feel so themselves indispensable that they continue to wear that false halo. Using an analogy, some could argue that God had to make the Devil to ensure His perpetual employment and importance. In the same manner, managers create problems only to solve them, feel good about it and retain their importance. They try to play God.

Leaders are not necessarily managers and *vice versa*. The former envisions and leads, the latter follows and obeys. However, like a good leader, a good manager is one whose team functions as efficiently as in his absence as it did in his presence. Conscious Management through positive and proactive strategic HR interventions must aim at creating such a climate through out the organization, such that problems are not intentionally created only to be solved and the mediocrity take credit theretofore.

Taking the example cited above further, let us say that the Bible erred when it claimed that man was made in the image of God. Rather this immensity that engulfs us, this *magna mater*, is too vast, complicated and profound for our puny brains to understand. The mind-body genome of man is grossly inadequate and can never comprehend this nature that surrounds us. So man makes God in his own image: a forgiving God, an angry God, a fearful God, a loving God, a beautiful God, and so on. This is because we see what we want to see, hear what we want to hear and willingly block out that which is unpalatable. So is true of our perception of all reality.

The case study approach to learning has been quite contentious. Some management trainers replace prepared lectures by giving out short case studies for discussion to fill in the time. In such instances, the case study degenerates into story telling sessions. There are some again who use short case studies to reinforce a message. In such instances the case study becomes a parable or a homily. This is what teachers who appeal to the sentiment and the heart are more comfortable in doing. However, pontificating is not necessarily an intellectual or academic exercise and must be eschewed. Here the intention of the cases is to bring out learning through the discussion. The discussants would have arrived at a solution or an outcome, which they will *own,* and therefore, be committed to. This outcome will lead to a theory and form the basis of action at any point where value is being added to the product or the process chain.

There is a great need to insert an important *mia culpa* here. *There can be no single correct solution to any case study since social reality is mutable in nature and the human mind is difficult to comprehend.* What you, as serious students of the managerial science should do is to place yourself in the shoes of the executive and then take an informed decision. Having taken the decision, execute it. In addition, having executed the decision, see that your superiors, your peers and your subordinates *accept* it. You (the readers) are all participants who, as responsible managers, are expected to read the cases and come prepared for a full-fledged discussion in class. The facilitator/teacher is advised not to take up more than one case study *per* day. Each session should ideally begin with a strong theoretical input, and then followed by the case study so the learning will thus be re-enforced through case discussions. Hints questions and issues given at the end of the case are at best tautological and should *never* be taken very seriously, since in doing so innovation and creativity will be sacrificed and the purpose of learning itself will be defeated.

Theory must emanate from the discussion and *not* precede it. Some tips for discussion have been given at the end of each case, but as managers and technocrats (both those in waiting and those in position), you cannot be expected to restrict your intellect to these points. These tips are more meant for the facilitator who has to make sure that the discussion does not go out of control. Let the spirits wander, let the mind charter new territories and let not the constraints of conventional wisdom fetter your thoughts: *cast off the fetish of society*.

Unlike what some fundamentalists, spiritualists and normative thinkers would wish to argue it is fairly certain that reality cannot be seen in clear black and white terms. It is a vast grey area with shades in between. How you behave within that vast grey area depends on how well an executive you are and what where your values lie. But merely attending a training program, as some management theorists are wont to argue cannot facilitate change and bring about development. A conscious effort to change and having an open mind often works wonders.

Learning does not end with classroom interaction. Nay, it begins there. A useful book that we shall recommend that every middle level manager read is Gerry Johnson and Keran Scholes (1997) *Exploring Corporate Strategy: Text and Cases* (Prentice Hall). Another good book, which our fellow professionals will learn from and that has recently entered, the Indian market is Lyle M Spencer Jr (1995): *Re-engineering Human Resources* (John Wiley)

These are the basic working tools that every Senior Manager should have in his personal library. Here we have given a selection of Short case studies in an attempt to link theory to practice and make the understanding of the subject that much easier. The underlying theme of these cases can be stated as *value based human resource management strategy*. The focus of attention is high growth sectors in a globally competitive environment. Some points around which discussions can generally centre are given below. These are not merely *beliefs* but definite and actualised lessons culled from experiential learning and action research that went into the writing of these cases, which reflect some particular aspects of objective social reality in the high growth industry of India between 1994 and 2000. Every single case highlights one or two intended aspects of Strategic Human Resources. We have not stated these and left it to the creativity of the facilitator to treat the case as he wishes

The present era is typified by a change process heralded by the concurrent collapse (of old beliefs and structures), on one hand, and a quantum change (in technology and its outcomes), on the other. Developing a value based corporate culture is the need of the hour. This paper begins with a tacit understanding of man and life. Neither ethics nor corporate governance can be thrust upon an organization nor administered to its employees by HR. What Strategic HR does is to help create an environment in which ethics and corporate governance can blossom within an organization. Yes, ethics can be imbibed and this happens when those around you are ethical and when these values are within you. Strategic HR merely clears the smog to enable one to see reality more clearly.

Would the rational decision-maker follow the Sadri-Jayashree (1997) five-step model elaborated here at length or adopt the Kitson and Campbell (1966) five-step methodology used by management students? Alternatively, would the teacher and the taught take the oft-trodden path and restrict their analysis to SWOT (strength, weakness, opportunities and threats)? This certainly appears to be practice among many facilitators.

The second analytical structure mentioned above, is well known to all academics that use the case study method of imparting learning seriously. However, the Kitson and Cambell model is more apt for cases in finance, marketing and production management while the Sadri and Jayashree Model is more suited for cases in Human resources Management, Organisational Development and Diagnosis. Facilitators should especially take care not to allow discussions to degenerate into story telling sessions where students open their mouths without bothering to engage their brain into gear, and the facilitator nods his acquiescence if he/she has not done the homework properly. The case study approach ideally links theory to practice so that knowledge creation and learning result from it. Hence, a case is never static. As it is used increasingly, varied feedbacks are received and the author acts on some of these feedbacks to enrich the case and make the discussion based learning that much intellectually interesting.

The students should be aware that the choice of the model is highly subjective and depends on the facilitator's preference.

The Kitson and Campbell methodology consists of the following steps:

a) Identify the problem

b) Generate alternate solutions

c) Evaluate alternatives using the cost-benefit analysis

d) Select the solution

e) Implement the chosen solution.

If the decision-maker will depend on his subjectivity instead, then what is the ideological basis of his decision? For some managers it is fashionable to say they are non-ideological. Little do they realize that in so saying they are making an ideological statement! Anyone who has been in a decision making position long enough will vouchsafe for the fact that more than 90% of decisions are based on the subjective perception of an objective social reality. This subjectivity takes us into a discussion on ethics that is something that can make or break and organization.

The Sadri and Jayashree *Five Ds of Corporate Strategy* (2002) provide the facilitator as well as the analyst with a unique instrument to study these cases. The HR Specialist cannot lose this fact either, since he is involved in decision-making and decision executing all the time. Pressures of work, shortage of time, listening to the boss's views, and the need to make quick decisions in a competitive world often tempt the HR Specialist to bypass these 5 Ds. However there is ample evidence to show that when the chips are down it is the HR Specialist who rues the fact that corners were cut in the name of expediency. This gives the professional and the profession a poorer image than they deserve.

To recap the 5 Ds:

1. **Diagnosis** of the Organization before deciding whether HR intervention is required.
2. **Definition** of the problem and the ambit of enquiry so that the parameters of the solution are bounded and the constraints are taken into account.
3. **Designing** a solution which will address the issues germane to the organization and which spring from the diagnosis.
4. **Development** of the strategy so that it synchronizes with organizational requirements as well the environmental constraints.
5. **Delivering** the results by implementing the strategy and activating the process of HR intervention so that desired goals be met.

What makes the second methodology superior to the first one is the inclusion of the *sixth or hidden D* that stands for **data and documentation.** We Indians are particularly poor on this aspect, as many an organisation has found out on eve of any accreditation exercise. Perhaps the fact that adequate data and documentation was not preserved is the reason why in our present day the knowledge of Ayurveda, Vastushastra, and Vedic Mathematics is so dependent on beliefs rather than on science.

Now we come to the questions of management and leadership. It is a fallacy to assume that every good leader is also a good manager and *vice versa.* A leader envisions and charts a path for others to follow towards a pre-determined

One sure shot way to make a mark and leave your footsteps on the sands of time is to stand by certain values and ethics come what may, and, rely heavily on good governance practices if excellence is to be approximated. This is neither simple nor easy. Nevertheless, it is strongly recommended. Training methodologies like case studies are more suited to developing managers while scenario planning is meant more for training to build corporate leadership.

Man is the beginning and the end of all analysis; he is both the subject and the object of all inquiry. (Here the word *man* is gender neutral and refers to humankind). Anybody who respects himself will surely respect others. In addition, if anyone wants to be respected, he/she must begin by respecting the other. Trust, faith, transparency, honesty, respect and love are virtues that must be cherished and they are always reciprocal. For instance, one cannot expect to be trusted by others if one does not give others the trust that is due to them. The influence of the internal as well as the external environment cannot be assumed away or under estimated. This is because, in the end. *Every man, like every country, makes his own destiny; but he makes it under certain* *specific conditions over which he has little control.* (Here the once again word *man* is gender neutral and refers to humankind)

As Sadri and Jayashree have variously remarked, it would be always better for participants to use statistics judiciously and not read too much meaning into them. In short, remember Confucius who proclaimed that *do not look for reason when reason need not exist*. A healthy mistrust for statistical inferences is safe although statistical evidence cannot and should not b completely discounted. George Bernard Shaw, the first Director of the London School of Economics and Political Science had once thus remarked: *Statistics is like a blind man looking for a black cat in a dark room that does not exist.* This is where statistics stops becoming an end in itself and starts becoming one of the important instruments to augment decision-making.

PART III

SCENARIO PLANNING AS AN INSTRUMENT FOR TRAINING

Another instrument especially used in teaching business strategy both in advanced B Schools and Corporate Training Centers is **scenario planning,** which is also called **scenario thinking** or **scenario analysis**. This is basically a strategic planning method that some organizations use to make flexible long-term plans. It is in large part an adaptation and generalization of classic methods used by military intelligence, a theme that seems to pervade a lot of initial management theory.

The original method of scenario planning was such that a group of analysts would generate simulation games for policy makers. The games combine known facts about the future, such as demographics, geography, military, political, industrial information, and mineral reserves, with plausible alternative social, technical, economic, environmental, educational, political and aesthetic (STEEEPA) trends which are key driving forces.

History points out that scenario planning in its crude form was used as far back as by Chandragupta Maurya, Cyrus the Great, Hannibal, and Marcus Aurilius.**The modern history of scenario planning,** in management however, can be traced to Berger who in 1964 spoke of **La Perspective.** Literature surveyed also indicates that the word **scenario** itself was reportedly first used by Herman Kahn in 1967; the theoretical foundations of scenario forecasting were mainly developed in the 1970s, especially by Godet (between 1974 and 1979). By the early 1980s these approaches had developed into a sophisticated forecasting technique which was primarily recommended for the integration of the output from other sophisticated (qualitative) approaches to long-range forecasting. Although it was inevitably based upon judgmental forecasts, its use typically revolved around forecasting techniques which brought together groups of experts in order to reduce the risk involved. These included the now well known Delphi technique. It was also used especially in the context of scenarios, Cross-Impact Matrices, which were popular at the 1970s – the era that followed the era of Long Range Planning.

Possibly as a result of these sophisticated approaches, and of the difficult techniques the business economists employed, (which usually demanded the resources of a central planning staff), scenarios earned a reputation for difficulty, (and cost), in use. Even so, the theoretical importance of the use of alternative scenarios, to help address the uncertainty implicit in long-range forecasts, was dramatically underlined by the widespread confusion which followed the Oil Shock of 1973. As a result many of the larger organizations started to use the technique in one form or another. Indeed, just ten years later, in 1983 Diffenbach reported that **alternate scenarios** were the third most popular technique for long-range forecasting – reportedly used by 68% of the large organizations that he had surveyed.

Practical development of scenario forecasting, to guide strategy rather than for the more limited academic uses which had previously been the case was started by Wack in 1971 at the Royal Dutch Shell group of companies - and it, too, was given impetus by the Oil Shock two years later.(See Sadri 1991). Shell has, since that time, led the commercial world in the use of scenarios - and in the development of more practical techniques to support these. Indeed, as - in common with most forms of long-range forecasting - the use of scenarios has (during the depressed trading conditions of the last decade of the 20th Century) reduced to only a handful of private-sector organisations, Shell (to our mind) remains almost alone amongst them in keeping the technique at the forefront of forecasting.

There has only been (published) anecdotal evidence offered in support of the value of scenarios, even as aids to forecasting; and most of this has come from one company - Shell. In addition, with so few organisations making consistent use of them - and with the timescales involved reaching into decades - it is unlikely that any definitive supporting evidenced will be forthcoming in the foreseeable future. For the same reasons, though, a lack of such proof applies to almost all long-range planning techniques. In the absence of proof, but taking account of Shell's well documented experiences of using it over several decades (where, in the 1990s, the Company's then CEO ascribed its success to its use of such scenarios), can be significant benefit to be obtained from extending the horizons of managers' long-range forecasting in the way that the use of scenarios uniquely does.

In business applications, the emphasis on gaming the behavior of opponents was reduced (shifting more toward a game against nature). At Royal Dutch/Shell for example, scenario planning was famously viewed as changing mindsets about the exogenous part of the world, prior to formulating specific strategies. Sadri and Guha (2010) deal cursorily with this aspect in their forthcoming book.

Scenario planning may involve aspects of Systems thinking, specifically the recognition that many factors may combine in complex ways to create sometime surprising futures (due to non-linear feedback loops). The method also allows the inclusion of factors that are difficult to formalize, such as novel insights about the future, deep shifts in values, unprecedented regulations or inventions. Systems thinking when used in conjunction with scenario planning are known to lead to plausible scenario story lines because the causal relationship between factors can be demonstrated. In these cases when scenario planning is integrated with a systems thinking approach to scenario development, it is sometimes referred to as structural dynamics. An attempt was indeed made in Datamatics in Mumbai in 1997-1998 but it met with limited success as the middle order management and especially the H R Department was ill-prepared to deal with this novel technique.

Scenario planning, no doubt, helps policy-makers to anticipate hidden weaknesses and inflexibilities in organizations and methods. However, **crafting scenarios** is by no means as easy as it may appear. It involves a matrix, several stakeholders and each necessarily several (often divergent) purposes. These combinations and permutations of fact and related social changes are called **scenarios.** The scenarios usually include plausible, but unexpectedly important situations and problems that exist in some small form in the present day. Any particular scenario is unlikely. However, future studies analysts are known to select scenario features such that they are both possible and uncomfortable. To an extent the techniques used in **Game Theory** are emulated.

When disclosed years in advance, the hidden weaknesses brought to the fore by scenario planning. can be avoided or their impacts reduced more effectively than if a similar real-life problems were considered under duress of an emergency. For example, a company may discover that it needs to change contractual terms to protect against a new class of risks, or collect cash reserves to purchase anticipated technologies or equipment. Flexible business continuity plans with **pre-response protocols** help cope with similar operational problems and deliver measurable future value-added.

Strategic military intelligence organizations also construct scenarios. The methods and organizations are almost identical, except that scenario planning is applied to a wider variety of problems than merely military and political problems. As in military intelligence, the chief challenge of scenario planning is to find out the real needs of policy-makers, when policy-makers may not themselves know what they need to know, or may not know how to describe the information that they really want. Scenario planning is very much like trying to give sight to a blind man who is looking for a black cat in a dark room.

Good analysts design war games, (including corporate wars in an era of late capitalism), so that policy makers have great flexibility and freedom to adapt their simulated organizations. Although borrowed from military science this instrument is increasingly being used in management strategy formulation in the worlds of business and industry. Then these simulated organizations are "stressed" by the scenarios as a game plays out. Usually, particular groups of facts become more clearly important. These insights enable intelligence organizations to refine and repackage real information more precisely to better-serve the policy-makers' real-life needs. Usually the games' simulated time runs hundreds of times faster than real life, so policy-makers experience several years of policy decisions, and their simulated effects, in less than a day. This chief value of scenario planning is that it allows policy-makers to make and learn from mistakes without risking career-limiting failures in real life. Further, policymakers can make these mistakes in a safe, unthreatening, game-like environment, while responding to a wide variety of concretely-presented situations based on facts. This is an opportunity to **rehearse the future**, an opportunity that does not present itself in day-to-day operations where every action and decision counts.

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It has been found that the basic concepts of the process are relatively simple. In terms of the overall approach to forecasting, they can be divided into three main groups of activities (which are, generally speaking, common to all long range forecasting processes): (a) Environmental analysis, (b) Scenario planning, and (c) Corporate strategy

The first of these groups quite simply comprises the normal **environmental analysis**. This is almost exactly the same as that which should be undertaken as the first stage of any serious long-range planning. However, the quality of this analysis is especially important in the context of scenario planning. The central part represents the **specific techniques** which differentiate the scenario forecasting process from the others in long-range planning. The final group represents all the subsequent processes which go towards producing the **corporate strategy and plans**. Again, the requirements are slightly different but in general they follow all the rules of sound long-range planning.

The following steps are usually taken by scenario planners and none of these are simple:

1. *Decide on the key question to be answered by the analysis.* By doing this, it is possible to assess whether scenario planning is preferred over the other methods. If the question is based on small changes or a very few number of elements, other more formalized methods may be more useful.
2. *Set the time and scope of the analysis.* Take into consideration how quickly changes have happened in the past, and try to assess to what degree it is possible to predict common trends in demographics, product life cycles et al. A usual timeframe can be five to ten years.
3. *Identify major stakeholders.* Decide who will be affected and have an interest in the possible outcomes. Identify their current interests, whether and why these interests have changed over time in the past.
4. *Map basic trends and driving forces.* This includes industry, economic, political, technological, legal and societal trends. Assess to what degree these trends will affect your research question. Describe each trend, how and why it will affect the organisation. In this step of the process, brainstorming is commonly used, where all trends that can be thought of are presented before they are assessed, to capture possible group thinking and tunnel vision.
5. *Find key uncertainties.* Map the driving forces on two axes, assessing each force on an uncertain/(relatively) predictable and important/unimportant scale. All driving forces that are considered unimportant are discarded. Important driving forces that are relatively predictable (e.g. demographics) can be included in any scenario, so the scenarios should not be based on these. This leaves you with a number of important and unpredictable driving forces. At this point, it is also useful to assess whether any linkages between driving forces exist, and rule out any "impossible" scenarios (e.g. full employment and zero inflation).
6. *Check for the possibility to group the linked forces* and if possible, reduce the forces to the *two* most important. (To allow the scenarios to be presented in a neat xy-diagram)
7. *Identify the extremes* of the possible outcomes of the (two) driving forces and check the dimensions for consistency and plausibility. Three key points should be assessed:
    a) Time frame: are the trends compatible within the time frame in question?

   b) Internal consistency: do the forces describe uncertainties that can construct probable scenarios.
   c) Stakeholder preferences: are any stakeholders currently in disequilibrium compared to their preferred situation, and will this evolve the scenario? Is it possible to create probable scenarios when considering the stakeholders? This is most important when creating macro-scenarios where governments, large organisations et al. will try to influence the outcome.
8. *Define the scenarios,* plotting them on a grid if possible. Usually, two to four scenarios are constructed. The current situation does not need to be in the middle of the diagram (inflation may already be low), and possible scenarios may keep one (or more) of the forces relatively constant, especially if using three or more driving forces. One approach can be to create all positive elements into one scenario and all negative elements (relative to the current situation) in another scenario, then refining these. In the end, try to avoid pure best-case and worst-case scenarios.
9. *Write out the scenarios.* Narrate what has happened and what the reasons can be for the proposed situation. Try to include good reasons *why* the changes have occurred as this helps the further analysis. Finally, give each scenario a descriptive (and catchy) name to ease later reference.
10. *Assess the scenarios*. Are they relevant for the goal? Are they internally consistent? Are they archetypical? Do they represent relatively stable outcome situations?
11. *Identify research needs*. Based on the scenarios, assess where more information is needed. Where needed, obtain more information on the motivations of stakeholders, possible innovations that may occur in the industry and so on.
12. *Develop quantitative methods.* If possible, develop models to help quantify consequences of the various scenarios, such as growth rate, cash flow etc. This step does of course require a significant amount of work compared to the others, and may be left out in back-of-the-envelope-analyses.
13. *Converge towards decision scenarios.* Retrace the steps above in an iterative process until you reach scenarios which address the fundamental issues facing the organization. Try to assess upsides and downsides of the possible scenarios.

It should be noted that although scenario planning is a very useful training instrument, nevertheless it has several notable limitations. Although scenario planning has gained much adherence in industry, its subjective and heuristic nature leaves many academics uncomfortable. How do we know if we have the right scenarios? And how do we go from scenarios to decisions? These concerns are legitimate and scenario planning would gain in academic standing if more research were conducted on its comparative performance and underlying theoretical premises. A collection of chapters by noted scenario planners failed to contain a single reference to an academic source! In general, there are few academically validated analyses of scenario planning (for a notable exception, see Schoemaker and Senege). The technique was born from practice and its appeal is based more on anecdotal than scientific evidence. Furthermore, significant misconceptions remain about its intent and claims. Above all, scenario planning is a tool for collective learning, reframing perceptions and preserving uncertainty when the latter is pervasive. Too many decision makers want to bet on one future scenario, falling prey to the seductive temptation of trying to predict the future rather than to entertain multiple futures. Another trap is to take the scenarios too literally as though they were static beacons that map out a fixed future. In actuality, their aim is to bind the future but in a flexible way that permits learning and adjustment as the future unfolds.

One criticism of the two-by-two technique (as in elementary Game Theory) that is commonly used is that the resulting matrix results in four somewhat arbitrary scenario themes. If other key uncertainties had been selected, it might be argued, very different scenarios could emerge. How true this is depends on whether the matrix is viewed as just a starting point to be superseded by the ensuing blueprint or is considered as the grand architecture that nests everything else. In either case, however, the issue should not be which the "right" scenarios are but rather whether they delineate the range of possible future appropriately. Any tool that tries to simplify a complex picture will introduce distortions, whether it is a geographic map or a set of scenarios. Seldom will complexity decompose naturally into simple states. But it might. Consider, for example, the behavior of water (the molecule H_2O) which, depending on temperature and pressure, naturally exists in just one of three states: gas, liquid or ice. The art of scenarios then is to look for such natural states or points of bifurcation in the behavior of a complex system.

Apart from some inherent subjectivity in scenario design, the technique can suffer from various process and content traps. These traps mostly relate to how the process is conducted in organizations (such as team composition, role of facilitators, etc.) as well as the substantive focus of the scenarios (long vs. short term, global vs. regional, incremental vs. paradigm shifting, etc). One might think of these as merely challenges of implementation, but since the process component is integral to the scenario experience, they can also be viewed as weaknesses of the methodology itself. Limited safeguards exist against political derailing, agenda control, myopia and limited imagination when conducting scenario planning exercises within real organizations. But, to varying extents, all forecasting techniques will suffer from such organizational limitations. The benchmark to use is not perfection, especially when faced with high uncertainty and complexity, or even strict adherence to such normative precepts as procedural invariance and logical consistency, but whether the technique performs better than its rivals. And to answer this question fairly, performance must be carefully specified. It should clearly include some measures of accuracy as well as a cost-benefit analysis that considers the tradeoff between effort and accuracy. In addition, legitimating criteria may be important to consider as well as the ability to refine and improve the approach as more experience is gained.

A third limitation of scenario planning in organizational settings is its weak integration into other planning and forecasting techniques. Most companies have plenty of trouble dealing with just one future, let alone multiple ones. Typically, budgeting and planning systems are predicated on single views of the future, with adjustments made as necessary through variance analysis, contingency planning, rolling budgets, and periodic renegotiations. The weaknesses of these traditional approaches were very evident in the USA after the tragic attack of Sept. 11, 2001 when many companies became paralyzed and quite a few just threw away the plan and budget. Their strategies were not future-proof and they lacked organized mechanisms to adjust to external turmoil. In cases of crisis, leadership becomes important but so does some degree of preparedness. Once the scenarios are finished, the real works starts of how to craft flexible strategies and appropriate monitoring systems. Managers need a simple but comprehensive compass to navigate uncertainty from beginning to end. Scenario planning is just one component of a more complete management system. The point is that scenario thinking needs to be integrated with the existing planning and budgeting system, as awkward as this fit may be. The reality is that most organizations do not handle uncertainty well and that researchers have not provided adequate answers about how to plan under conditions of high uncertainty and complexity. Indian companies in this regard have some way to go and this management training instrument is still in its nascent stages in India.

To conclude, both case studies and scenario planning as training instruments that are effectively used mainly in B-Schools and slowly but surely finding are their way into the corporate world. If not handled carefully, these instruments can easily degenerate into story telling sessions and that is what we must, as scholars, guard against.

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