



planning for a
shared vision of a
sustainable future

A Guide for Executives



Network for
Business Sustainability

South Africa

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Prepared by NBS South Africa

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This report is based on a systematic review conducted by Dr Martina Linnenluecke, Associate Professor Martie-Louise Verreynne, Dr Retha de Villiers Scheepers, Mr Sarel Grönum, and Ms Chanel Venter. The research team reviewed 196 leading academic and industry sources from 1950 to 2014 on how businesses can engage in strategic planning that is linked to a shared vision for a sustainable future.

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“Make me a beautiful word for doing things tomorrow; for that surely is a great and blessed invention.” GEORGE BERNARD SHAW

Introduction

Business leadership is inherently about planning for the future. The feasibility and profitability of investments rely on estimations of future trends and circumstances. Yet, in the context of accelerating demographic, economic, environmental and social changes, accurate projections are becoming more and more difficult. There is also a growing realisation among many business leaders that their businesses cannot prosper amidst deteriorating social-ecological systems. As such, some leaders are involving stakeholders beyond the boundaries of their companies in not only thinking about the future, but also acting to influence it.

There is an urgent need for the private sector to address pressing issues – the over-exploitation of ecosystems, the loss of biodiversity and the over-consumption of non-renewable resources, to name a few. Ensuring a sustainable future – defined as ‘progress that meets the needs of the present without compromising the ability of future generations to meet their needs’– depends on staying within these boundaries as they provide a safe operating space for humanity. We urge organisations to engage with the underlying science and design their planning for a sustainable future accordingly – also with the view towards exploring new business opportunities based on new planning approaches.

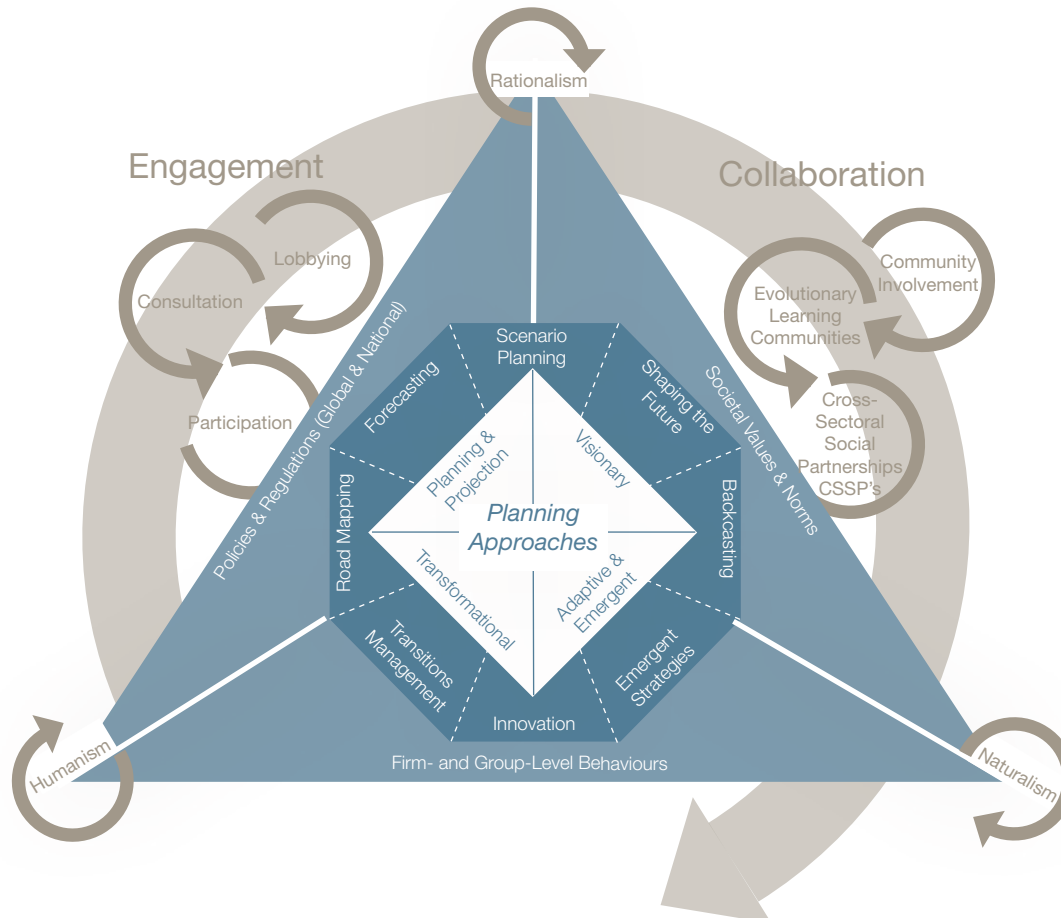
This executive report focuses on the question: “How can businesses engage in strategic planning that is linked to a shared vision for a sustainable future?” It is based on a systematic review of 196 leading academic and industry sources from 1950 to 2014.¹

¹ Please refer to *Planning for a Shared Vision of a Sustainable Future: A Systematic Review* for a complete reference list.

The resulting framework is outlined in Figure 1. The centre of the figure outlines four planning approaches (see white box). Each of these is associated with particular planning tools, mechanisms or emphases (see dark blue). The four approaches and mechanisms are situated within a context of regulations, norms, and organisation-level strategies, as well as three underlying belief systems. This context influences managers' choices. In turn, managers may interact with and influence this context through stakeholder engagement or more committed collaboration processes. The report identifies three key questions that help business leaders decide on a planning approach:

1. How complex is the problem?
2. What are our underlying beliefs?
3. How active do we want to be in influencing societal change?

FIGURE 1: PLANNING FOR A SHARED VISION: APPROACHES, MECHANISMS AND TECHNIQUES

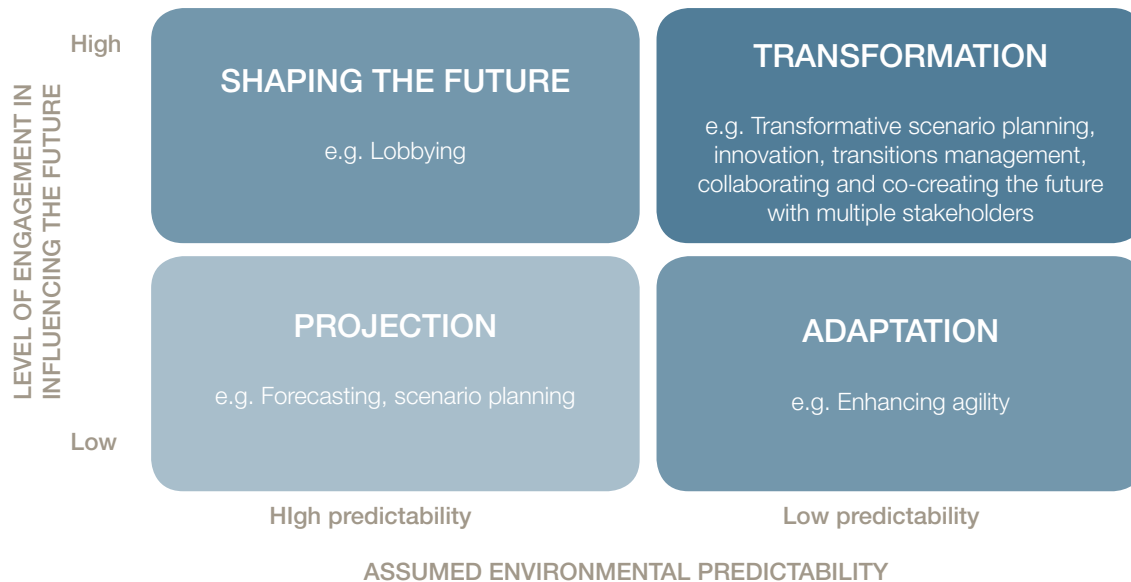


four planning approaches and related mechanisms

Figure 2 illustrates that planning approaches are distinguishable in terms of two dimensions. The first dimension is the organisation's level of engagement in influencing the future (ranging from low to high). Organisations can engage in forecasting or related mechanisms primarily to allow for an effective organisational response; that is, there is little intention to influence the future. Other approaches see organisations attempting to proactively influence the future. This often goes hand-in-hand with an assumption that the future can be enacted or even

transformed, at least to some extent. The second dimension is the assumed level of predictability of future outcomes. Some approaches suggest that it is possible for organisations to respond to an expected or emergent future. Other approaches emphasise the need for greater flexibility, adaptability and unpredictable/transformational change, and consequently need to adapt to environmental change and/or co-create a future with stakeholder and community involvement. Combining these dimensions gives rise to four approaches.

Figure 2: FOUR PLANNING APPROACHES



Note: Increased levels of shading mean that increased stakeholder participating is needed to realise these planning approaches

“The most reliable way to forecast the future is to try to understand it.”

JOHN NAISBITT

Projection

This is an approach that focuses on a low level of engagement and high predictability. It is based on the belief that the environment is predictable and that investing in predictive techniques allows favourable positioning in the future. A planning mechanism that is prominent in this approach is **forecasting**. It is premised on the identification and extrapolation of key trends. Examples include marketers’ demand forecasts based on demographic and economic projections and actuaries’ expected insurance claims. Organisations can use forecasting to work out a probable future, or several probable futures, to position and adapt themselves and their strategy accordingly. The manner in which some companies predicted and prepared for the introduction of the feed-in tariff in Germany is one example. Even though a company may commit to a particular strategy based on its forecast of the future, it will probably benefit from ‘fall-back’ options that are implemented when things turn out differently.

The assumptions underlying the *Projection* approach, and forecasting as a particular mechanism within this, point to key challenges: they are problematic when dealing with highly complex issues or developments with significant inherent uncertainty. This is the case when there are many feedback effects between key variables and / or when there are likely thresholds and disruptive events. They are also challenged when changes to the broader system make reliance on historical data problematic. For instance, historical claims data on extreme weather events are proving insufficient when estimating insurance companies’ exposure to future claims. In order to overcome these shortcomings, forecasting can be combined with tools such as choice analysis or game theory. A related approach that is more explicitly cognisant of the inherent uncertainties in forecasting is **scenario planning**. This involves developing feasible stories of how the future might develop, then identifying strategic responses for the organisation to respond to these possibilities. A company that has extensively used scenario planning is Shell.²

² See <http://www.shell.com/global/future-energy/scenarios.html>

Adaptation

“I never think about the future – it comes soon enough.” ALBERT EINSTEIN

This is an approach that still focuses on a low level of engagement in shaping the future, but emphasises the need for effective, quick responses to changes as they become apparent in the environment. Examples include some companies’ climate change strategies that do not predict the way in which government policy evolves in the long-term, but rather emphasise an ability to respond quickly when likely policy changes are discernible. This approach is related to emergent strategy, which suggests that a company’s strategy emerges as diverse parts of an organisation respond to changes in its internal and external context. Leaders’ primary responsibility is thus to provide a coherent framework to enable such responses and to enhance the organisation’s **agility**. There is less emphasis on detailed forecasting and strategic positioning, and more emphasis on developing organisational capabilities to detect and respond to emerging changes. While this approach is not suited to highly uncertain environments, where external change may not be recognised in time to respond proactively, its emphasis on agility and responsiveness makes it suitable to deal with many challenges that companies face.

Shaping the Future

“The best way to predict the future is to create it.”

This is a proactive approach for the organisation in shaping the future, premised on a degree of predictability with a predominant role for the organisation itself in identifying and shaping a desired future. One example is SAB Miller’s ‘Prosper approach’, which includes five strategic imperatives to shape the organisation’s environment and achieve desired outcomes.³ Shaping the future may include the involvement of organisation-external stakeholders in scenario planning or related tools (roadmapping, backcasting), but the emphasis is on the organisation itself in actually influencing this future.

This approach may be associated with dedicated efforts to influence the future (e.g. **lobbying, stakeholder consultations** or **entrepreneurial actions**) through which the company seeks to influence public policy and opinion or the development of future technology. Actions such as lobbying, however, can lead to reputational risks if it is seen to foreground the company’s private interests. It is therefore important to articulate a clear vision that has broad appeal and to ensure that the lobbying activities are transparently linked to this vision. Entrepreneurial activities, on the other hand, can offer possibilities for affecting technological or societal change as a business opportunity and / or a feasible business model. Here again, there is a need to articulate a compelling vision not just for potential customers, but for other stakeholders as well.

³ See <http://www.sabmiller.com/home/stories/a-prosperous-future>

“If you want to go fast, go alone; if you want to go far, go together.”

PROVERB

Transformation

Transformational planning involves a high level of engagement in influencing the future, while at the same time emphasising that envisioning and influencing the future is a collective effort. It is based on the belief that growing social and environmental challenges such as climate change, resource depletion, the widening gap between rich and poor, and unmet needs at the bottom of the pyramid, present opportunities for organisations to define a compelling shared vision together with others. The basic strategic principle is transformational change, which recognises that significant, proactive change is required at individual, organisational and societal levels in order to respond to multidimensional and complex problems that involve diverse role-players with sometimes competing interests and perspectives. It involves the active engagement of stakeholders in the attempt to achieve collective (and often community or society-wide) problem solving processes.

One mechanism associated with this approach is **transformative scenario planning**. While some versions of scenario planning methods have been applied as part of other approaches, transformative scenario planning methods involve a broader array of role-players not only in the process of identifying scenarios, but also in the process of designing and even implementing coordinated responses. Transformative scenario planning is a stakeholder-driven process that seeks to uncover the nature and

impact of uncertain and important driving forces affecting a particular planning situation. It is therefore a group process that encourages participants to exchange knowledge and develop a deeper mutual understanding of issues central to the future of a particular organisation, issue, or region. In addition, entrepreneurial and innovative behaviours also suit this quadrant.

In South Africa, The Dinokeng Scenarios created a strategic conversation among a broad community of South Africans about the country’s future. The project outlined three scenarios: Walking Apart, Walking Behind and Walking Together. These scenarios appear to have been instrumental in shaping the strategies of a range of organisations. Another example is the Southern Africa Food Lab, which is currently engaging key role-players – including business – in the development of a shared understanding of feasible trajectories of the South African food system, recognising the significant, inter-related challenges brought about by declining soil fertility, projected climatic changes and rising food prices.⁴ Such processes need to combine stakeholder inclusivity with the best available evidence and a deep understanding of different parts of the system in question, so as to avoid biased or superficial outcomes.

⁴ See <http://www.southernafricafoodlab.org>

Another mechanism associated with the Transformation approach is **transitions management**. Based in part on scholarly research into what has made proactive societal transitions possible (such as the transition to water-borne sanitation), this set of principles and mechanisms also emphasises the need to bring key role-players together in a carefully facilitated process. It identifies different types of activities relevant to societal transitions: strategic, tactical, operational and reflexive.

- *Strategic activities* include developing shared visions, typically over a time frame of 30 years or more, and formulating long-term goals.
- *Tactical activities* include the development of necessary regulations and incentives.
- *Operational activities* include more specific innovation projects that will reach short-term goals within five years.
- *Reflexive activities* include monitoring and evaluation of the interventions and their outcomes.

Transitions management may also involve the use of related mechanisms, such as **roadmapping** (visualising routes or connections that show different developments over time into the future) and **backcasting**, which starts with stakeholders agreeing on a shared vision of a sustainable future, and then working out strategic milestones back to the present.

Prominent examples of applying variants of transitions management include national level energy transitions in Germany and the Netherlands. It should be noted that the attempt to initiate transitions is an extremely challenging process that can be difficult to manage and implement, especially in an emerging economy with weak political institutions. Transitions management has not been applied in South Africa. Initiatives with some similarity to the transitions management, however, have been implemented at the local level, including for instance the Grabouw Sustainable Development Initiative, which was initiated by the Development Bank of Southern Africa⁵.

⁵ See <http://eeu.org.za/thematic-areas/business-and-sustainability/case-study-of-the-development-bank-of-south-africa-dbsa-sustainable-development-initiative-in-grabouw-western-cape>

choosing a planning approach

Rather than rely on default or implicit ways of thinking about the future, business leaders would do well to be proactive and explicit in choosing their preferred approach. This report has outlined four broad approaches to planning for the future. Which of these are the most appropriate? The literature shows that there is not a single ‘best practice’ approach (whether in terms of planning approaches or in their application) since different organisations face different situations. Business leaders will want to consider the following three inter-related questions:

1) How complex is the issue at hand? Our overview has shown that approaches such as Projections rely on the assumption that the future can be predicted based on an extrapolation of past trends. This might be the case in some domains or for some issues, such as the adoption of new technologies. Yet for many sustainability challenges – including many of the challenges highlighted in South Africa’s National Development Plan (see Box 1) – this assumption rarely holds true. This is because of the many variables and stakeholders involved in influencing trends and trajectories. In addition, some projections that rely on past trajectories – such as actuaries’ predictions of insurance risk based on historical data – are becoming less reliable in the context of climate change.

Box 1: The Urgency and Complexity of Global and National Sustainability Challenges

At the global level, economic growth is circumscribed by ‘planetary boundaries’, which represent limits beyond which vital natural systems are unable to support economic activity and human development.⁶ As growing population levels and industrial development create ever greater demand for finite resources, three of these planetary boundaries – rate of biodiversity loss, climate change and human interference with the nitrogen cycle – have already been exceeded, while other boundaries are in danger of being breached. The quest for a sustainable future has therefore become an urgent priority for human development.

South Africa is also subject to these global constraints and challenges. Many South Africans remain poor and lack housing and basic services, and high inequality contributes to crime and political tensions. Their prospects are constrained by low levels of education and this also impedes international competitiveness. Economic development and poverty alleviation are also inhibited by the country’s natural resource base, which is under growing pressure. Addressing these inter-related challenges is impeded by capacity constraints in the state. These social, economic, environmental and governance challenges are presenting a range of strategic and operational risks to businesses. Their future evolution is difficult to predict because of the multitude of factors and actors involved. As highlighted by the National Development Plan, beginning to address these challenges requires proactive collaboration between the private, public and cooperative sectors.

⁶ Earth system processes with boundary levels include climate change, biodiversity loss, ocean acidification, stratospheric ozone depletion, changes to biogeochemical nitrogen and phosphorus cycles, changes to land systems, loss of biological diversity, chemical pollution and atmospheric aerosol loadings.

2) What are our underlying beliefs and assumptions? As previously noted, underlying beliefs and assumptions play a role in defining and motivating planning approaches. Some of these underlying beliefs are outlined in Box 2. These beliefs are shaping how organisations approach their strategy and planning. Recognising the role of underlying belief systems is helpful in consciously choosing a planning approach. It also helps explain why planning processes that involve diverse stakeholders can be tricky, because different participants are likely to have different underlying beliefs and assumptions. It can be useful to allow time and space for participants to articulate some of these beliefs and assumptions to themselves and to each other in order to make progress.

3) How active do we want to be in influencing societal change? Whether or not an organisation adopts a more passive or more active role in society is a key strategic decision. This applies not only to a company's competitive positioning, but also its response to broader sustainability challenges. Some business leaders do not see a role for themselves or their organisations in addressing such challenges. Premised on a rationalistic perspective, they define their societal purpose narrowly as market actors, leaving broader societal problems to the public and cooperative sectors. Other leaders take a broader view and define a leadership role for themselves and their organisations in addressing broader societal problems. A naturalistic perspective emphasises the inter-dependence of people, organisations and the social and environmental systems in their context. They consider an engagement to address problems in their context as being in their enlightened self-interest. They may also be motivated by humanistic ideals and ethical values.

Box 2: Beliefs and Assumptions Underlying Planning Approaches

Rationalism has been the predominant paradigm in business. Rational planning is founded on systematic analysis, considering the options, evaluating information and integrating it into an organisation's existing operations. Prediction is a hallmark of the rational school of thought and superior strategies are believed to be due to significant attention to detail, more frequent analysis, scanning for trends and evaluation of alternatives.

Naturalism sees organisations as living entities that should approach planning as an organic system, which regenerates itself through natural processes, such as feedback loops, fast responses and adaptation to changing environments, to co-exist in harmony with others. Some researchers have also suggested a 'sustaincentric' paradigm that focuses on natural and human (social, economic) sustainability and views them as integrated.

Humanism emphasises the value and agency of human beings to shape the environment and create solutions to challenges.

the way forward

“The future depends on what we do in the present.”

MAHATMA GANDHI

We see a number of new trends and opportunities emerging, which rely on innovation to drive sustainability. They include social and eco-entrepreneurship (entrepreneurial efforts to address social and environmental problems), technological innovation, as well as institutions of learning and networks that see the need to contribute to the health and well-being of social and ecological systems.

Promising avenues can also be found in stakeholder engagement and public-private partnerships (PPPs) to address complex problems. PPPs offer major potential for countries such as South Africa, where there are gaps in public sector capacity and a lack of skills, funding and mechanisms for monitoring and evaluation. In emerging economy countries, such partnerships can play a vital role to bring together public and private sectors to pursue a shared vision for a sustainable future.

about the research

This report was inspired by the NBS South Africa Leadership Council, which gathers annually to identify the top sustainability challenges for business in South Africa. The report is an extension of a [larger systematic review](#) authored by Dr Martina Linnenluecke and Associate Professor Martie-Louise Verreynne (both of the University of Queensland Business School, Australia), Dr Retha de Villiers Scheepers (University of the Sunshine Coast, Australia), Mr Sarel Grönum (University of Queensland), and Ms Chanel Venter (Stellenbosch University, South Africa).

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NBS-SA is an affiliate of the Network for Business Sustainability, a non-profit organisation based at Western University and L'Université du Québec à Montréal (UQAM) in Canada. The Network for Business Sustainability produces authoritative resources on important sustainability issues with the goal of changing management practice globally. We unite thousands of researchers and business leaders worldwide who believe passionately in research-based practice and practice-based research.

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NBS South Africa Leadership Council

NBS-SA's Leadership Council is a group of South African sustainability leaders from diverse sectors. At an annual meeting, these leaders identify their business sustainability challenges — the issues on which their organisations need authoritative answers and reliable insights. Their sustainability challenges prompt each of the NBS-SA's research projects.





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