The use of foresight and scenario planning in strategic decision making by South African executives

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ABSTRACT
In today’s modern world an executive’s ability to make sense of complexity in order to make effective strategic decisions is of the upmost importance. Strategic foresight, and scenario planning specifically, has frequently been proposed as an effective method of overcoming the inherent cognitive limitations decision makers face. However, in spite of this the prevalence and perceived usefulness of scenario planning as a strategic decision making tool has yet to be established. This research is therefore an attempt to address this issue while at the same time exploring different methods of managing complexity in a dynamic South African market.

The research involves a qualitative study containing 15 in-depth, face to face interviews with South African executives. The use of an exploratory research method allowed for a broad enquiry into the presence, utilisation, antecedents and enablers of scenario planning in South African executives’ decision making. Content and thematic data analysis was done in order to determine key themes from the data obtained during the interview process.

The outcome of this research study has resulted in three models that can be applied in order to improve strategic decision making and foresight. The first model relates to the key enablers of a strategic decision and integrates the various intrapersonal, interpersonal and environmental elements involved in a strategic decision. The second model contributes to the current research about leadership in complex systems and strategic foresight by identifying the “entrepreneurial mind-set” as a way of managing increasing complexity and developing a competitive advantage in the South African marketplace. The third is an integrated model representing the enablers, benefits, process challenges and potential inhibitors of scenario planning as a strategic decision making tool by South African executives.

KEYWORDS
Strategic decision making, Strategy, Foresight, Scenario Planning
DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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1. CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM

1.1. INTRODUCTION

A key component of an executive’s role as a strategic leader is his or her ability to manage uncertainty (Lane & Down, 2010). Executives need to make strategic decisions in unpredictable environments that will ensure the long term sustainability of their business (Beinhocker, 1997; Bootz, 2010; Hall, 2007; Lane & Down, 2010; Ringland, 2010). The capability of an executive to do so is of the utmost importance, not only when attempting to ensure strategic execution, but ultimately for the survival of businesses, industries and a country’s overall long-term competitiveness (Jooste & Fourie, 2009; Lewis, Andriopoulos & Smith, 2014; Lister, 2013).

It has in fact been established by Serfontein (2010) that strategic leadership is positively associated with organisational performance in the South African market. The current South African business climate would appear to require significant strategic leadership and agility to manage the major disruptive forces currently being experienced. These would include labour unrest, a high Gini coefficient and limited power supply to name just a few.

South African business executives are expected to balance the development of long-term competitive advantages as well as increasing current business efficiencies despite the immediate and future impacts of disruptors, and other discontinuous changes, that may affect their businesses. This leaves South African businesses executives managing a wide range of complexity in their strategic decision making as well as attempting to understand and predict the impact of potential disruptive forces. Noting the importance of strategic leadership and agility it is interesting to explore and potentially develop an understanding of how executives engage in decision making within this complex and dynamic South Africa environment.

Strategic leadership and strategic decision making, which is defined as “future orientated” and aims to establish the competitive advantage of the organisation, has been the focus of management research for some time (Brockmann & Anthony, 2002; Eisenhardt & Zbaracki, 1992; Jooste & Fourie, 2009; Rosenzweig, 2013). Various factors such as the evolution of complex systems, increased uncertainty, inherent cognitive limitations of human beings, and the conditions under which most strategic decisions are made undermine the robustness
and agility of the decision maker and potential successful outcomes (Beinhocker, 1997; Bootz, 2010; Hall, 2007; Ringland, 2010; Sargut & McGrath, 2011).

Strategic foresight has been proposed to minimise some of these factors and proponents of the approach often highlight the numerous ways that the methodology can overcome decision makers’ limitations and enhance strategic decision making (Bootz, 2010; Ringland, 2010; Vecchiato, 2012). Chermack (2004) proposed that the key problems decision makers are confronted with, and those problems that often lead to decision failure could be overcome and each factor’s impact prevented through the application of scenario planning as a tool. This study further proposed that human dynamics in decision making (i.e. cognitive limitations, biases etc.), and the increasingly complex and changing environment that leaders are faced with often result in decision failure (Chermack, 2004). However, Chermack (2004) outlines how these limitations can be overcome through the application of scenario planning as a strategic decision making tool.

Despite the numerous benefits of utilising a strategic foresight methodology, such as scenario planning, it is not clearly established whether South African executives are presently making use of this technique in their strategic decision making. Furthermore, it is not entirely clear what antecedent conditions might encourage the utilisation of such techniques, or potentially what may be inhibiting the utilisation of strategic foresight tools. It is these considerations that the researcher has identified as key to deepening the understanding of strategic decision making and potentially uncovering what can be done to enhance the utilisation of strategic foresight tools.

1.2. BACKGROUND TO THE RESEARCH PROBLEM

The rate of change in the world is accelerating. How to make decisions that ensure strategic execution and sustainability within this dynamic and turbulent time is a concern for many business executives (Ringland, 2010). The current world of work has shifted from being a complicated system, were executives could determine patterns and establish a linear relationship between past, present and future outcomes, to one of immense complexity and uncertainty (Sargut & McGrath, 2011). The impact of the complex system is further exacerbated by the inherent cognitive limitations that all human beings hold, including an individual’s bounded rationality which can limit his or her strategic agility in decision making (Hall, 2007; Lewis, Andriopoulos & Smith, 2014).
Strategic leadership nevertheless requires the individual to engage with this complex system and attempt to make sense of it in order to make decisions that ensure the sustainability of the organisation in the future (Jooste & Fourie, 2009). Organisational competitiveness, and ultimately survival, therefore depends on executives’ strategic agility (Lewis, Andriopoulos & Smith, 2014).

Strategic foresight aims to assist leaders by deepening their understanding of the complex system in which they operate, and enhancing their strategic agility by preparing them for future threats and opportunities (Hammoud & Nash, 2014; Vecchiato & Roveda, 2010; Vecchiato, 2012). This is specifically described as enhancing the individual’s, and thus the organisation’s, “capacity to: i) sense changes in the environment; ii) seize these changes; and iii) re-configure its tangible and intangible assets to keep them aligned effectively with its external environment” (Vecchiato, 2012, p.446). This capability in an executive - to sense change, understand it and reorganise the organisation’s resources to address the dynamic environment in which it operates - is a key competitive advantage. It is therefore understandable that the development of strategic foresight in individuals and organisations could potentially assist is developing the competitive advantage and sustainability of the business.

1.3. RESEARCH PROBLEM, PURPOSE AND MOTIVATION

This research is concerned with the use of scenario planning in strategic decision making by South African executives. It has been established that strategic foresight, such as is generated from scenario planning, is highly valuable to individuals and the organisations they enable. However, this research will focus on establishing its occurrence and the potential factors surrounding its enablement and inhibition of this is isolated as the research problem under investigation.

The purpose of this research is to establish if South African executives utilise strategic foresight tools, such as scenario planning, in their strategic decision making. This was motivated by the researcher’s awareness that, although the value of tools such as scenario planning is well recognized, the actual use thereof by South African executives in their strategic decision making processes has not yet been established.

It is proposed that establishing the level of utilisation of scenario planning as a strategic foresight tool (or the lack thereof) by South African executives could lead to valuable insights
into the robustness of strategic decision making processes currently being employed in the market. This could be of value in understanding the long-term competitiveness and sustainability of the country as a whole. Furthermore, in exploring the strategic decision making process that South African executives are utilising, a deeper understanding of the unique market dynamics and strategy may emerge.

The study will therefore aim to determine the following research objectives:

- To explore how South African executives think about strategic decision making and strategy overall.
- Determine whether South African executives make use of scenario planning as a tool to assist in strategic decision making.
- Identify the antecedent conditions that facilitate the use of scenario planning among South African executives.
- Explore whether South African executives consider scenario planning an effective tool to assist in managing uncertainty and making strategic decisions.
- If South African executives do not make use of scenario planning, why this is, and what inhibits its use as a tool.
- Establish whether South African executives utilise other tools or preferences when making strategic decisions, and why these are preferable?

In answering the research objectives identified here the researcher hopes to contribute to the formal understanding of strategic foresight methodologies and strategic decision making practices. The researcher should also be able to make recommendations to business regarding the practical application of strategic decision making tools in an effort to increase the level of strategic foresight in the South Africa market and ensure competitive advantages are achieved in the future.

1.4. RESEARCH SCOPE

The scope of this research encompasses the areas of complex organisations, strategic decision making, strategic execution, uncertainty, strategic foresight, strategic agility and scenario planning as a method and tool to be utilised by South African executives in strategic decision making. The research scope will be limited to large organisations as well as those in capital intensive industries (e.g. mining, manufacturing, services) as these are most likely to employ strategic foresight techniques like scenario planning in their overall organisations (and therefore in their executives’ strategic decision making processes). The
following chapter will explore these various areas in the literature review in order to establish the relevant theory base on which the research questions will be building.
2. CHAPTER 2: LITERATURE REVIEW

2.1. INTRODUCTION

The research objectives mentioned in the previous chapter require an exploration of the complex world of work where executives find themselves. It also requires an exploration of the potential role that strategic foresight and scenario planning may have assisting in making sense of this complexity. This aspect of “sense making” is pertinent to strategic decisions which often occur in complex environments where uncertainty is high.

This chapter will therefore review academic theory on the current world of work, the difference between complicated and complex systems, strategic decision making, and the inherent cognitive limitations of human beings. Finally, it will close with an examination of strategic foresight and scenario planning as a tool to assist in overcoming some of the inherent cognitive limitations identified, as well as increasing strategic agility in executives in order to ensure the long-term sustainability of businesses.

2.2. THE CURRENT WORLD OF WORK

It is generally accepted that the world of work has changed due to shifts in world power, emerging economies, technology, disruption, rate of change, and increased interconnectedness (Ringland, 2010; Lane & Down, 2010; Sargut & McGrath, 2011). The existence of these factors has been corroborated by evidence showing the shortening of product lifecycles and the speed at which new innovations are diffused into various population groups (Rohrbeck & Gemünden, 2011).

This increased complexity has resulted in an increased level of interconnection and turbulence throughout all levels of society (Lane & Down, 2010). It is consequently becoming increasing difficult to manage and lead in such a complex and turbulent world (Lane & Down, 2010). To begin, the effect of this turbulence on the world of work can be understood in the distinction between complicated systems and complex systems (Lane & Down, 2010; Sargut & McGrath, 2011). This will be explored in the next section on complex systems and how they interact in a manner previously unacknowledged in management studies (Lane & Down, 2010).
2.3. DISTINGUISHING BETWEEN COMPLICATED AND COMPLEX SYSTEMS

The key difference between a complicated and complex system is the predictability of the systems’ outcomes (Lane & Down, 2010; Sargut & McGrath, 2011). Sargut and McGrath (2011) define complicated systems as instances where there may be “many moving parts but they operate in patterned ways” (p.70) which allows for a sense of predictability and lower risk in decision making. In contrast, the complex system has some patterns but these patterns can be disrupted and changed through interactions in the system or through new factors entering the system (Harper, 2014; Lane & Down, 2010; Sargut & McGrath, 2011).

The complexity of a system is linked to the number of interacting elements in the system (multiplicity), the interdependence of its elements on one another, as well as the diversity in the system (Lane & Down, 2010). The factors noted previously as impacting on our current world of work have therefore shifted organisations from being complicated systems where patterns could be established (and where insight into the system could be assumed) to complex systems where the potential interactions and outcomes are unknown and uncertain (Harper, 2014; Sargut & McGrath, 2011).

South Africa, and the organisations in it, forms part of a unique and complex system in which various parties, public and private, are attempting to understand and determine possible outcomes. In fact, it could be argued that South Africa, with its relatively new democracy, high Gini coefficient, and diverse social political and economic challenges and opportunities constitutes a complex system where very few patterns can be determined or predicted. However, despite these difficult and complex conditions, business executives continue to strive to build sustainable businesses in the South African market.

It is becoming imperative to understand how to create growth and ensure sustainable organisations within this dynamic and uncertain system. This is particularly important as most management models appear to be based on an assumption of rationality and are therefore no longer relevant in this current world of work (Lane & Down, 2010).

In order to effect this shift it is very important to understand how executives make strategic decisions in these complex systems (Ringland, 2010; Vecchiato, 2012). This is particularly true because executives may assume to be operating in a complicated system where they believe, due to previous experience and success, to be able to predict the system’s outcomes despite the uncertainty, which our natural cognitive biases may also support unintentionally (Sargut & McGrath, 2011; Vecchiato, 2012). This interaction of complex
systems, strategic decision making and uncertainty will be explored further in the next section.

2.4. STRATEGIC DECISION MAKING, UNCERTAINTY AND COGNITIVE LIMITATIONS

2.4.1 Strategic Decisions

Decisions are often classified as “strategic” when the decision relates to the overall strategy and direction of an organisation in order to maintain a competitive advantage - presently and into the future (Brockmann & Anthony, 2002; van der Heijden, 1997). Strategic decisions, which by their nature require a future orientation, are therefore often characterised by complexity, uncertainty, novelty and ambiguity (Harper, 2014; Schwenk, 1984; van der Heijden, 1997).

Rosenzweig (2013) gives a useful matrix to categorise decisions in order to clarify what a strategic decision is, and how the conditions it occurs within, are different from other decisions. Decisions are categorised by the level of control the decision maker has around the decision options and by a decisions performance (Rosenzweig, 2013). Strategic decision are differentiated by the high level of control the decision maker has over the options available to him/her, as well as the relative performance or outcome of the decision (Rosenzweig, 2013). This model is useful because it allows some insight into balancing the need for confidence while also conducting a clear analysis of all potential inputs, interdependencies and outcomes – even those outside a particular paradigm (Ringland, 2010; Rosenzweig, 2013).

The element of uncertainty in strategic decisions is key because a person cannot determine what will lead an organisation to sustain its competitive advantage over time within the complex system that it operates within (Vecchiato, 2012). It is therefore interesting to investigate how strategic decision makers manage this uncertainty as well as make sense of the complex environment and organisations they function within.

2.4.2 Cognitive Limitations and Strategic Decision Making

The rationalistic paradigm suggests that in order to deal with uncertainty decision makers need to assess all possible outcomes of a decision and select the most appropriate and
optimal action (Eisenhardt & Zbaracki, 1992; van der Heijden, 1997). However, this paradigm is undermined by the decision maker’s inherit bounded rationality which, due to the cognitive limitations of the human mind, constructs a simplified model of the problem and full rationality is never achieved (Robbins & Judge, 2012; Senge, 1992). Furthermore, this could only be considered plausible if the executive is working within a complicated system, where all possible outcomes and patterns could theoretically be determined (Sargut & McGrath, 2011).

Hammoud and Nash (2014) highlight that “effective decision making in business requires assessing the potential impact of market and non-market forces” (p. 4). In a complex system all these various forces are potential sources of disruption, interactions and change – either currently or in the future, which will therefore impact on the competitiveness of the business and long-term sustainability of the organisation (Hammoud & Nash, 2014; Lane & Down, 2010; Senge, 1992). However, despite this complexity executives often assume the existence of linear relationships and that the future will be a continuation of the present (Hammoud & Nash, 2014; Lane & Down, 2010; Senge, 1992). But as we have seen above, this is no longer a possibility within the current world of work so the rationalistic paradigm can do little to assist decision makers (Vecchiato, 2012).

In fact, the model of rational action only works when all potential outcomes can be determined and assessed, therefore encouraging the decision maker to alter their perception of the environmental uncertainty (Schwenk, 1984; Senge, 1992). This is why predicable problem-solving models and rationalism fail due to the dynamics and conditions present in a complex system (Hammoud & Nash, 2014; Lane & Down, 2010; Senge, 1992).

It has been established that human being engage in various techniques to make sense of their environment, minimise uncertainty, and assist in simplifying the wide range of inputs they receive (Hall, 2007; Schwenk, 1984; Senge, 1992). These simplification strategies are called heuristics.

Heuristics enable individuals to quickly solve problems and move forward instead of becoming paralysed by an overload of information and uncertainty (Hall, 2007; Senge, 1992). However, despite the usefulness of heuristics, they can also limit the quality of decision making in circumstances which are characterised by complexity, uncertainty, high risk, those decisions that are of great importance, and those that place the decision maker under pressure – known as strategic decision points (Hall, 2007; Sargut & McGrath, 2011).
2.4.3 Strategic Decision Making in Complex Systems

The emergence of complex systems further undermines a decision makers’ cognitive capacity because the environmental uncertainty is either simplified, ignored through commitment bias or confirmation bias, or minimised through over confidence (Hall, 2007; Sargut & McGrath, 2011). Executives often assume to have a complete understanding of a complex system due to previous experience, knowledge and historic information (Hammoud & Nash, 2014).

Human beings are therefore confined by their inherent cognitive limitations, bounded rationality and biases (Hall, 2007; Vecchiato & Roveda, 2010). Within this context it is understandable that leaders often revert back what they have previously considered or experienced rather than struggle with the uncertainty involved in making strategic decisions with no insight or confidence (Hammoud & Nash, 2014).

A strategic decision maker’s heuristics thereby hold enormous potential power because they not only influence decision making but also directly impact on the leader’s confidence and ability to manage the risks associated with a strategic decision (Hall, 2007; Hammoud & Nash, 2014; Vecchiato & Roveda, 2010). It is proposed that to assist leaders in overcoming some of their cognitive biases, improving perception and developing a more integrated approach to uncertainty, strategic foresight and scenario planning can be utilised, and will be explored in the next section (Ringland, 2010; van der Heijden, 1997).

2.5. STRATEGIC FORESIGHT, STRATEGIC AGILITY AND STRATEGIC DECISION MAKING

Strategic foresight has been adopted as a term encompassing a collection of methodologies, processes and tools that aim to assist leaders in making sense of their complex environment, and support future orientated decisions and planning (Vecchiato & Roveda, 2010; Vecchiato, 2012). Strategic foresight, and scenario planning as one methodology, involves the development of a “future-orientated awareness and planning, enabling businesses to respond quickly and effectively to future market threats and opportunities” (Hammoud & Nash, 2014 p.1).
2.5.1 Strategic Foresight and Overcoming Cognitive Limitations

It has therefore been suggested by various proponents and research studies that strategic foresight and its tools assist in breaking through decision making biases, enabling decision makers to manage uncertainty more effectively, overcome paralysis, develop a deeper and wider understanding of complex systems, as well as enabling quicker and more efficient strategic decisions (Bootz, 2010; Ringland, 2010; van der Heijden, 1997; Vecchiato, 2012).

It has been established in cognitive psychology that humans retain two types of knowledge: codified and tacit (Brockmann & Anthony, 2002). Codified knowledge is processed information that is meaningful and easy to access because it forms part of our heuristics, whereas tacit knowledge is information that we have not yet processed or attached meaning to (van der Heijden, 1997).

The process of building connections between tacit knowledge and codified knowledge is called “scaffolding” and is essential to overcoming an individual's inherent cognitive biases, and to deepening their understanding of a complex environment (Brockmann & Anthony, 2002; van der Heijden, 1997). Scenarios are a tool that introduces individuals to tacit knowledge, outside their present frame of reference, in a manner that allows them to bring it into their codified knowledge and thereby make sense of their environment in a new way (van der Heijden, 1997).

2.5.2 The “Foresight Attitude” and Strategic Agility

Bootz (2010) takes this a step further by specifically identifying the cognitive dimensions of the “foresight attitude” (p. 1589) that is developed through these activities and how this can assist in widening an individuals' frame of reference. A key cognitive dimension of the foresight attitude is an individual's anticipation ability (Bootz, 2010). An individuals’ anticipation ability is enhanced when cognitive biases are overcome and the individuals’ scaffolding is built to assist in the codification of new information (Bootz, 2010).

This ability is also supported by the foresight attitude being self-reflective, and by urging decision makers to question their assumptions, frames of reference and knowledge sources. Essentially to break free from their current paradigms and inherent biases (Bootz, 2010). It is as a result of these techniques (which overcome many of the natural cognitive limitations decision makers have) that scenario planning can become a beneficial tool to be utilised in strategic decision making and one which can enable strategic agility.
Strategic agility is a term used to define the contrasting capabilities that executives today are expected to hold in order to ensure the sustainability of an organisation within a complex system (Lewis, Andriopoulos & Smith, 2014). Strategic agility is described as the ability to have “flexible, mindful responses to constantly changing environments” (Lewis, Andriopoulos & Smith, 2014, p.58).

This is considered paradoxical as it requires an executive to manage and prioritise equally the competing demands of business today with what the business of tomorrow may require (Lewis, Andriopoulos & Smith, 2014). Therefore, an executive is expected to provide stability, commitment, formal processes and a disciplined approach to planning and resource commitments, while at the same time encouraging flexibility and the aptitude to anticipate changes in the environment which can be leveraged to ensure the organisation’s competitive advantage over time (Lewis, Andriopoulos & Smith, 2014).

Lewis, Andriopoulos and Smith (2014) found that strategic agility increased organisations’ long-term sustainability because leaders were able to manage paradoxes within themselves, their teams and the wider organisation. Strategic foresight tools such as scenario planning can through self-reflective activities, developing anticipation ability, and widening executives’ frame of reference, assist in developing strategic agility (Lewis, Andriopoulos & Smith, 2014; Vecchiato, 2012). Furthermore, the development of scenarios often helps explore paradoxical views and forecasts of the future which allows executives to explore some of the contrasting priorities they may have identified (Ringland, 2010).

### 2.6. SCENARIO PLANNING

One of the most commonly used tools for developing strategic foresight, especially in business, is scenario planning. Scenario planning has been incorporated in top performing companies’ decision making processes since the late 1970’s (Vecchiato, 2012). This section will briefly explore the development of scenario planning, how it assists in making sense of an uncertain environment, as well as how this tool helps strategic decision makers to overcome their cognitive limitations and thereby enable strategic agility.

Scenarios have been used by human beings throughout time in an attempt to make sense of the future, as well as exploring what prospective societies and structures could be like in the various utopias and dystopias philosophers and visionaries have crafted (Bradfield, Wright,
Burt, Cairns & van der Heijden, 2005). However, the scenario as a tool became formalised by the military in documentation of future orientated planning techniques that emerged from World War II when military planners attempted to develop a series of alternatives to make sense of potential future moves enemies may make (Bradfield et al., 2005; Hammoud & Nash, 2014).

It was also post the case that leaders after World War II were confronted with a more dynamic interdependent world. They began to understand the potential benefit of strategic foresight as a methodology to make sense of the increasingly complex systems they found themselves operating within (Bradfield et al., 2005). Other factors such as nuclear power and its potential consequences, the development of game theory in economics, as well as computers and the subsequent processing power, also assisted in the emergence, development and adoption of a future orientated approach such as strategic foresight (Bradfield et al., 2005).

The traditional application of scenario planning as a tool would therefore bring together key stakeholders, decision makers as well as some industry experts or outsiders who could offer novel insights through a workshop type process (Horton, 1999). The aim of this workshop would be the development of alternative futures that an organisation, division or team may become faced with (Van der Heijden, 1997).

2.6.1. Scenario Planning and Strategic Decision Making

Chermack (2004) proposed that the key problems decision makers are confronted with which often lead to decision failure could be overcome, and each factor’s impact prevented, through the application of scenario planning as a tool. This study further proposed that human dynamics in decision making (i.e. cognitive limitations, biases etc.), and the increasingly complex and changing environment that leaders are faced with, often results in decision failure (Chermack, 2004).

However, Chermack (2004) outlines how these limitations can be overcome through the application of scenario planning as a strategic decision making tool. Figure 1 bellow shows the various impacts and improvements that can be achieved through the application of scenario planning to strategic decision making.
2.7. CONCLUSION

It has been established in the literature review that the world today has become a complex system where interdependence, disruptions and uncertainty are only set to increase. An executive’s capacity to make sense of complexity, manage uncertainty and overcome his/her inherent cognitive limitations is therefore of the utmost importance.

Strategic decisions are identified as vital to the competitive advantage and future direction of an organisation (Brockmann & Anthony, 2002). However, many of the conditions under which strategic decisions are made (i.e. high profile, significant importance and high risk)
exacerbate the limited cognitive capacity of the decision maker (Hall, 2007). It has therefore been established that strategic decision making could be enhanced, and various tools could be utilised, to minimise the negative impacts of environmental uncertainty and bounded rationality (Vecchiato, 2012).

The method selected for this research study is strategic foresight, and specifically scenario planning, which per the literature reviewed here, is understood to increase the individual’s awareness and strategic agility by introducing contrasting concepts and conflicting outcomes as part of different potential scenarios (Bootz, 2010; Ringland, 2010; van der Heijden, 1997). Scenario planning has been around for some time and with its numerous benefits and wide scale adoption since the 1970’s many executives would have been exposed to it in their organisations, executive training, postgraduate studies or various recommended business texts (Ringland, 2010).

In summary, despite the numerous benefits and increased relevance outlined in the literature this review of the available literature on strategic foresight and scenario planning has done little to establish the existing utilisation, enablers and inhibitors of scenario planning in strategic decision making by executives. Therefore, the objectives of this research will aim to address this current gap in the literature and establish if South African executives utilise strategic foresight tools, such as scenario planning, in their strategic decision making. The following chapter will outline the specific research questions as they relate to the overall research purpose.
3. CHAPTER 3: RESEARCH QUESTIONS

It was established in the literature review that the world today has become a complex system were interdependence, disruptions and uncertainty are only set to increase (Lane & Down, 2010). An executive’s capacity to make sense of complexity, manage uncertainty and overcome his/her inherent cognitive limitations is therefore of the upmost importance (Hall, 2007; Lane & Down, 2010; Senge, 1992). Strategic decision making could be enhanced by the application of tools, such as scenario planning, in order to minimise the negative impacts of environmental uncertainty and bounded rationality (Vecchiato, 2012).

The purpose of this study is to establish if South African executives utilise strategic foresight tools, such as scenario planning, in their strategic decision making. To achieve this objective the study seeks to find answers to the following research questions that link to this purpose.

3.1. RESEARCH QUESTION ONE: How do South African executives think about strategic decision making and strategy?

Strategic decisions occur less often and relate to an organisation’s strategy and development of competitive advantages presently and in the future (Brockmann & Anthony, 2002; Harper, 2014; Schwenk, 1984; van der Heijden, 1997). The question was set to explore the level of understanding and awareness that executives have around how strategic decisions relate to current and future competitive advantage. The outcome of this question will assist in understanding how South African executives view their strategic decision making processes.

3.2. RESEARCH QUESTION TWO: What is the current level of utilisation of scenario planning as a tool in strategic decision making by South African executives?

The purpose of this question was to establish the presence, and use of a strategic foresight tool, such as scenario planning, in South African executives decision making processes. Per the literature reviewed, scenario planning as a tool is used to increase an individual’s awareness and strategic agility by introducing contrasting concepts and conflicting outcomes as part of different potential scenarios (Bootz, 2010; Ringland, 2010; van der Heijden, 1997). However, despite the potential benefits, research in strategic foresight and scenario planning...
has done little to establish the existing utilisation of this in current decision making processes.

3.3. RESEARCH QUESTION THREE: If scenario planning is utilised in strategic decision making, which methodologies or techniques are most commonly utilised by South African executives?

This question sought to understand and unpack how scenario planning is being applied by executives faced with strategic decisions, uncertainty and increasing complexity. Once it is established that the tool is being applied the researcher sought to explore how the tool is applied, and if there are common methods or approaches being utilised by executives. This could assist in developing a practical decision making framework for foresight as it will likely reflect which techniques or methods are most beneficial to executives faced with complexity and uncertainty.

3.4. RESEARCH QUESTION FOUR: What are the antecedent conditions that encourage and enable the use of scenario planning in strategic decision making?

This question aimed to uncover the potential enablers that enhance or facilitate the application of scenario planning as a tool to generate foresight in strategic decision making by executives. By establishing what conditions and enablers might be present in executives’ descriptions, it could be possible to further understand why and how the tool is applied. Furthermore, this may help to identify conditions which facilitate the transfer of scenario planning from a theoretical exercise to the realm of practical application in the South African business climate.

3.5. RESEARCH QUESTION FIVE: What are the perceived benefits and advantages to utilising scenario planning in strategic decision making in South Africa?

The following question sought to understand the perceptions around the scenario planning tool and how it could generate advantages or benefits for decision makers that utilise it. The question sought to possibly uncover the personal perceptions that may influence and encourage executives to make use of the tool, as well as exploring if these align to the benefits proposed in the literature. Furthermore, this may generate insight on South African
executives’ perceived use of the tool as well as potential methods of assisting executives or organisations who would like to enable this for themselves.

3.6. **RESEARCH QUESTION SIX:** If scenario planning is not being utilised by South Africa executives in strategic decision making, why is this so and what is inhibiting its utilisation?

This question sought to expand on identifying the existing utilisation of the scenario planning tool and identify any potential inhibitors of this tool’s utilisation. Furthermore, if it is established that scenario planning is not presently utilised, the question aims to determine why this is so. For example, is it a lack of awareness of the technique, or is it a problem concerning the practical application of the scenario planning methodology? The outcome of this research question aims to highlight any factors that may be inhibiting the utilisation of scenario planning among South African executives’ strategic decisions.

3.7. **OVERVIEW OF INTEGRATED RESEARCH QUESTIONS**

The researcher proposes that the following relationship could be determined between the various research questions set out here:

*Figure 2: Research Questions Map*

Source: Author’s own
3.8. RESEARCH ASSUMPTIONS

The researcher proposes that some of the following may be present in the South African business environment:

- Despite having a long history of scenario planning in South Africa, with various scenarios having been developed for the country and specific industries, few businesses have been able to translate these into customised scenarios for their businesses.

- The concepts and process of scenario planning – although useful – is not widely practiced and therefore remains a theoretical exercise for many executives, who potentially struggle to relate scenarios to their specific strategic decisions in business.

- South African executives do not make use of strategic foresight, specifically scenario planning, when making strategic decisions. Instead they assume that a linear relationship between the past and future exists and they therefore rely on previous experience, historic or lagging data indicators and a gut feel about the future to inform their decision making.

- Over time this tendency can lead executives and organisations in South Africa to be less proactive in shaping, adapting and anticipating the changes in their environment. Some explorative evidence of this could be inferred by the limited organisational responses to the 2008 economic crisis and recent power disruptions in the South African market.

3.9. CONCLUSION

The above research questions are therefore critical to understanding the role scenario planning has in South Africa executives’ strategic decision making processes. The following chapter will outline the research approach and methodology used to address these questions.
CHAPTER 4: RESEARCH METHODOLOGY

4.1. RESEARCH METHOD

The research questions were implemented by using an exploratory research approach. This approach is considered useful when examining topics in a new light, or when uncovering new insights about phenomenon not currently understood by the researcher (Harwell, 2011; Saunders & Lewis, 2012).

The purpose of this study is to establish if South African executives utilise strategic foresight tools, such as scenario planning, in their strategic decision making. Although various studies have examined the utilisation and potential benefits of employing strategic foresight and scenario planning in organisations, little inquiry has been made into the utilisation of these tools by executives at the strategic decision making point (Bootz, 2010; Ringland, 2010; Vecchiato, 2012). Therefore, this exploratory study allowed an in-depth investigation of South African executives’ strategic decision making processes and the potential methods being utilised (Saunders & Lewis, 2012). The assumption of established relationships between strategic decision making of South African executives and scenario planning as a tool could not be established prior to the study and therefore limited the possibility of a descriptive or explanatory research design (Saunders & Lewis, 2012).

The researcher has chosen the qualitative method of in-depth interviews for the purposes of this study (Harwell, 2011). An exploratory research method has allowed for a broad enquiry into the presence, utilisation, antecedents and enablers of scenario planning in South African executives’ decision making (Saunders & Lewis, 2012). Further in depth qualitative data was utilised to explore the motives, enablers, constraints and inhibitors related to the use of scenario planning as a strategic foresight tool in a strategic decision making process (Harwell, 2011). The research aimed to gain new insights into South African executives’ strategic decision making processes, as well as the utilisation of tools such as scenario planning.

4.2. UNIVERSE AND POPULATION

The universe for this study included the full range of executives in South Africa who manage organisations by making high level decisions about the organisation’s strategy, future orientation and long-term competitive advantages. However, a review of recent literature
indicated that larger organisations, that take longer to adapt to environmental uncertainty, as well as those businesses in industries that are highly capital intensive, are more likely to make use of strategic foresight tools such as scenario planning (Vecchiato, 2012). It was therefore proposed that the population be defined as executives who are involved in the strategic decisions of large organisations or those in capital intensive industries such as mining, services and manufacturing. Therefore, the researcher focused on excluding from the sample small/medium sized businesses which may have little capacity or need for scenario planning tools.

4.3. SAMPLING FRAME AND TECHNIQUE

As the population included executives from across large organisations and/or those in capital intensive industries in South African, no sampling frame could be established and a non-probability sampling technique was required (Saunders & Lewis, 2012). Purposive sampling, utilising the researcher’s judgement to select the sample, was utilised to gather a sample of 15 appropriate executives’ representative of a wider population (Saunders & Lewis, 2012). The researcher focused on executives that were responsible for strategic decisions for either their organisation overall (i.e. Chief Executive Officers, Managing Directors, Executive Chairman), or a department within a larger organisation (i.e. Group Head, Deputy Director, Senior Manager Strategy). Following identification, executives were approached via the researchers professional networks and appointments requested for multiple potential executives.

The purposive sampling technique allowed for the creation of a “typical case” sample to be formed as illustrative of a wider population (Saunders & Lewis, 2012). This purposive sampling was also combined with some convenience and judgement sampling as it was assumed that executive leaders who were approached and participated in the research were representative of the wider leadership population in South Africa (Saunders & Lewis, 2012). This implies some limitations to the current research frame and needs to be carefully considered.

As the purpose of the study was to explore and develop an understanding of South African executives’ decision making processes and utilisation of tools, like scenario planning, overall it can be said that a typical case could be constructed from a representative although smaller sample (Guest, Bunce & Johnson, 2006). As the population and subsequent sample group was homogeneous (business executives in the South African context) and considered to
possess a degree of expertise in the domain of strategic decision making, a sample of 15 semi-structured in-depth interviews was conducted and data saturation established in the analysis (Guest, Bunce & Johnson, 2006; Saunders & Lewis, 2012). Furthermore, as the sample population of executives present access difficulties, and as the study is not attempting to establish the difference between specific groups, this exploratory study was able to achieve its aim with a sample size of 15 participants (Bowen, 2008; Guest, Bunce & Johnson, 2006).

4.4. **UNIT OF ANALYSIS**

The unit of analysis for the study was the individual perspectives of South African executives and their utilisation of scenario planning in strategic decision making.

4.5. **RESEARCH INSTRUMENT: INTERVIEW SCHEDULE**

The research instrument constructed for the study was a semi-structured interview schedule which can be found in Appendix 1 of this report. A semi-structured interview schedule allows the researcher to collect data around the predetermined themes using certain pre-identified questions. However the researcher is able to apply prompts and questions as required for the specific individual interview (Harwell, 2011).

The interview schedule was planned and constructed to include some basic information as well as a set of introductory questions related to the interviewee’s position, role, responsibilities and business. This opened the conversation and led the researcher to asking a series of open ended questions related to the participant’s personal views and perspectives on strategy and decision making processes. The interview schedule then directed the researcher to ask specific questions if interviewees mentioned applying scenario planning or other strategic foresight tools. In fact, if the interviewee’s did not mention utilising these tools the researcher was able to probe this with the participant to uncover what processes might be followed as well as why these tool might not be applied.

4.6. **INTERVIEW PRE-TESTING**

A semi-structured interview schedule was developed using key themes identified in the literature review prior to the research being conducted (Harwell, 2011). The interview
schedule was piloted to establish if it would elicit the necessary data for the purposes of the study. The pre-testing process allows the researcher to become familiar with the instrument as well as determining if there may be any problems with the structure or flow of the interview schedule prior to the data gathering phase (Saunders & Lewis, 2012). The pilot phase involved trial interviews, utilising the interview schedule, with two representative respondents who were selected based on convenience sampling. This pre-testing allowed the researcher to determine if the questions were understandable and suitable to the participants, as well as identifying any ambiguity or potential misunderstandings that could be created during the interview process. Once this was ruled out the interview schedule was finalised to be used as proposed in Appendix 1 of this report.

4.7. DATA COLLECTION

Data was collected in the form of in-depth semi-structured interviews that were conducted face-to-face by the researcher. Semi-structured interviews are useful when the questions are complicated such as attempting to understand individual motivations and personal preferences (Saunders & Lewis, 2012). As Harwell (2011, p. 148) describes, “Qualitative research methods focus on discovering and understanding the experiences, perspectives, and thoughts of participants” which ultimately enhances our understanding of strategic decision making in the South African environment as well as the methods currently utilised by executives.

The utilisation of semi-structured interviews allowed for an exploration of the individuals’ perspective as well as generating new insights and uncovering some of the presently unknown motives, enablers and inhibitors to the utilisation of scenario planning as a strategic decision making tool. The study took a cross sectional approach in order to generate primary data on the utilisation of scenario planning tools by South Africa executives when making strategic decision (Saunders & Lewis, 2012). Primary data was needed as no secondary data sources capture these individualistic decision making processes (Saunders & Lewis, 2012).

Interviews were arranged by the researcher via email, telephone and referrals from clients and colleagues who were willing to assist in the research study. All interviews were conducted face to face in either the participants’ offices around Johannesburg or at the university campus.
4.8. DATA ANALYSIS

In order to engage in the necessary data analysis all 15 interviews were recorded (with participant’s consent) and transcribed independently. Transcripts of the various semi-structured interviews were generated and reviewed multiple times in order to identify key themes within the qualitative data sample (Bowen, 2008).

The research questions described in Chapter 3 were used to guide the analysis as each of the semi-structured interview questions related to a research area to be explored in further depth. Key themes were then coded and compared in order to assist in the development of categories, patterns, and potential relationships between categories that might emerge through the analyses (Bowen, 2008).

The qualitative data generated from the semi-structured interviews was then analysed physically with printed copies as well as using the Atlas.ti software programme. This software programme assisted in the process of immersing the researcher in the data and developing coding to determine the presence of similar patterns across the data sample (Saunders & Lewis, 2012). Coding of categories was done until clear themes emerged and additional data and analysis no longer uncovered new themes or insights - thereby ensuring data saturation was achieved (Bowen, 2008; Saunders & Lewis, 2012).

Guest, Bunce and Johnson (2006) identified that data saturation occurs from approximately 12 in-depth interviews, at which point very few new themes can be established and code definitions became relatively stable thereby giving the researcher a diminishing return on the interviewing efforts post the 12th interview (Bowen, 2008; Saunders & Lewis, 2012). The researcher in this study conducted a total of 15 interviews, of an average duration of 50 minutes per interview, in order to ensure data saturation was established and the necessary coding depth could be achieved (Bowen, 2008).

4.9. RESEARCH LIMITATIONS AND CONSIDERATIONS

The current research may be limited due to its proposed sampling methodology, specifically the use of purposive sampling as opposed to the non-probability method. Accordingly, the use of qualitative analysis of the interviews will not necessarily create findings that could reliably be extrapolated to the larger South African population. However, while qualitative analysis was confined to 15 in-depth interviews, these interviews have the capacity to yield
rich analytical data wherein the researcher can identify common themes, narratives and patterns in the behaviour of the participants. The researcher can therefore argue that the data obtained, although not necessarily statistically representative of the larger South African population, nonetheless provides vitally important information about the utilisation of strategic foresight techniques in South African boardrooms, along with its inhibitors, enablers and general antecedents. This can only really be achieved through the use of in-depth interviews. It is the researcher’s opinion that this research provides a necessary first step in identifying the level and use of strategic foresight techniques in South Africa, as well as the conditions that might promote its propagation. This is, in itself, a useful task and one which may serve as a springboard to further more extensive research into this topic.
5. CHAPTER 5: RESULTS

5.1. INTRODUCTION

The interviews with 15 South African executives provided various insight into strategic decision making processes, strategy and the utilisation of tools such as scenario planning. The following chapter presents the results obtained by the data collection phase as it relates to the research questions proposed in Chapter 3. The research questions were:

**Research Question One:** How do South African executives think about strategic decision making and strategy?

**Research Question Two:** What is the current level of utilisation of scenario planning as a tool in strategic decision making by South African executives?

**Research Question Three:** If scenario planning is utilised in strategic decision making, which methodologies or techniques are most commonly utilised by South African executives?

**Research Question Four:** What are the antecedent conditions that encourage and enable the use of scenario planning in strategic decision making?

**Research Question Five:** What are the perceived benefits and advantages to utilising scenario planning in strategic decision making in South Africa?

**Research Question Six:** If scenario planning is not being utilised by South Africa executives in strategic decision making, why is this so and what is inhibiting its utilisation?

This chapter will present the results from a content and narrative analysis completed on the interviews in the structure of the research questions outlined above. An overview of the interviews is provided, followed by the presentation of common themes identified in the recording of respondents. The results have been summarised based on the themes and codes related to the research questions.
5.2. SUMMARY OF INTERVIEWS AND INTERVIEWEES

A total of 15 interviews were conducted with South African executives who were responsible for strategic decisions related to their businesses, divisions or departments. This was done to develop an understanding of the executives’ strategic decision making processes, views on strategy, and the potential utilisation of tools such as scenario planning. All the interviews were scheduled for the interviewees’ convenience, with eleven of the interviews conducted at the interviewee’s offices and four at the university campus.

The chosen respondents were identified using purposive/judgement sampling methodology and revealed an openness to discussing their decision making processes, understanding and views of scenario planning as well as their strategy and organisations in the interviews. The respondents were diverse in terms of their age, gender and length of service in their various strategic positions. A list of the respondents and their respective positions are noted in Table 1.

Table 1: List of Interview Respondents

<table>
<thead>
<tr>
<th>Name</th>
<th>Surname</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Ian</td>
<td>Lourens</td>
<td>CEO</td>
</tr>
<tr>
<td>2 Keith</td>
<td>Wainwright</td>
<td>Group Head of Engineering</td>
</tr>
<tr>
<td>3 Wicus</td>
<td>Maritz</td>
<td>Managing Director</td>
</tr>
<tr>
<td>4 Hushan</td>
<td>Padayachee</td>
<td>Deputy Director Operating Officer</td>
</tr>
<tr>
<td>5 Levina</td>
<td>Pillay</td>
<td>Head of Information Technology Audit</td>
</tr>
<tr>
<td>6 Howard</td>
<td>Greenstein</td>
<td>CEO</td>
</tr>
<tr>
<td>7 Brad</td>
<td>Roper</td>
<td>Head of Product Growth &amp; Projects</td>
</tr>
<tr>
<td>8 Leleu</td>
<td>Mohuba</td>
<td>Executive Chairman</td>
</tr>
<tr>
<td>9 Pravin</td>
<td>Burra</td>
<td>Head: Customer Insights &amp; Analytics</td>
</tr>
<tr>
<td>10 Marcel</td>
<td>Bruwer</td>
<td>Head: Retail Recoveries</td>
</tr>
<tr>
<td>11 Neil</td>
<td>Birch</td>
<td>CEO</td>
</tr>
<tr>
<td>12 Mike</td>
<td>Stead</td>
<td>Manager Commercial Fuels</td>
</tr>
<tr>
<td>13 Guy</td>
<td>Turner</td>
<td>Managing Director</td>
</tr>
<tr>
<td>14 Avintha</td>
<td>Moodaly</td>
<td>Senior Manager Strategy</td>
</tr>
<tr>
<td>15 Bronwyn</td>
<td>Philipps</td>
<td>Managing Director</td>
</tr>
</tbody>
</table>

The interviews were semi-structured in order to ensure that the respondents were able to provide their personal insights and understanding of strategic decision making, strategy, tools and scenario planning specifically. All of the interviews were recorded and independently transcribed to allow content and thematic data analysis to be conducted (Harwell, 2011). A summary of the recorded interviews is detailed in Table 2 below.
Table 2: Summary of Interviews and Durations

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of interviews</td>
<td>15</td>
</tr>
<tr>
<td>Total duration of interviews</td>
<td>744 minutes</td>
</tr>
<tr>
<td>Average duration</td>
<td>50 minutes</td>
</tr>
<tr>
<td>Shortest interview</td>
<td>33 minutes</td>
</tr>
<tr>
<td>Longest interview</td>
<td>74.32 minutes</td>
</tr>
</tbody>
</table>

5.3. RESEARCH QUESTION ONE: PERCEPTION OF STRATEGIC DECISION MAKING AND STRATEGY

5.3.1 Introduction

Decisions are often classified as “strategic” when the decision relates to the overall strategy and direction of an organisation in order to maintain a competitive advantage - presently and into the future (Brockmann & Anthony, 2002; van der Heijden, 1997). A strategic decision will thus involve a high degree of uncertainty as well as having a significant impact on the business currently and in the future (Shivakumar, 2014). The aim of this research question was to explore how South African executives think about strategic decision making and strategy.

The research question was set very broadly in order to allow the researcher to understand and explore the respondents' personal perceptions and opinions on strategic decision making. The participants’ view of strategy and strategic decision making would also inform their use and application of tools and was therefore key to the study. This research question revealed a great amount of information and dense perspectives from the various participants.

The researcher analysed all 15 interviews for potential themes that could be established and related to this question. Each of these themes are noted here and key quotes are highlighted to give insight into the overall perspectives reflected in the results.

The following themes were established:

1. The link between strategy, strategic decisions and how it often requires capitalising on opportunities.
2. The distinction between operational or tactical decisions, and strategic decisions.
3. The importance of understanding and anticipating the market, competitors and customers when faced with strategic decision making and crafting strategy.

4. Consulting with stakeholders throughout the business and establishing feedback loops to inform strategy and strategic decision making.

5. Awareness of personal bias, its role in strategic decision making and how it could be managed.

6. The importance of intuition or gut instinct in strategic decision making.

7. Awareness of the strategy paradox between planning, maintaining control and managing within the uncertainty, risk and complexity that is present.

8. The link between competitive advantage and an entrepreneurial mind-set to deal with the uncertainty and complexity being faced in the South African market.

5.3.2 Strategy, Strategic Decisions and Opportunities

Strategic decision making was identified by all 15 of the participants as being related to the ability to identify and capitalise on opportunities as they present themselves or as the market shifts. This ability to capitalise on opportunities involved the ability to identify or anticipate an opportunity, take appropriate action, mobilise resources, establish direction and maintain focus. The following quotes highlight these components per the various participants’ interviews and have been separated to highlight each element.

The following quotes represent examples of anticipating opportunities and changes in the market. Refer to Appendix 2; Section A (i), for more quotes.

“The way we see it is that – and getting back to things happening to you, is **how do you handle things that happen and what is your ability to spot opportunities**, and most importantly, probably **opportunities that others don’t see or are too scared to grasp**, and **how do you marshal your available resources**. Because you haven’t got indefinite resources, and how do you marshal those to make the thing happen? So it is a kind of a visualisation, an understanding of what is going on in the environment, and then it is marshalling the resources to make something happen.” (PM)

“…it means that **we actually need to be more on top of what is happening in the market**. So before we had time to okay let’s study and let’s figure out what we need to do in terms of adopting or adapting this new technology. Now we are actually finding that the skills and competence is to be able to provide assurance to be able to
support this changing culture, it needs to change because we become irrelevant if not.” (PZ)

“By being there. By being different. By being competition. They say, we will give you an opportunity because you are there for us and you wanted to be there and we want them to know we were upset and please don’t do that to us as well…. So many times strategy also meets opportunity and the two of them create magic.” (PS)

“…we’ve normally been quite proactive in seeing where our business might be going and just watching international trends and that really comes to a lot of our strategic direction, is watching what helps in other countries, and we were very much the leader in the (X) industry.” (PD)

The following quotes highlighted the importance of action and speed to make the most of opportunities. Refer to Appendix 2; Section A (ii), for more quotes.

“…one of the things we learnt was that the quicker you could bring the whole thing to market, the product market it's by far the best thing to do because your net present value of your project just ramps up immediately…” (PC)

“and the reality for me in any case is that it is a mixture of both, because for some reason and for some strategic reason you invested in certain capability. The market changes much quicker than what your physical resources change and they are not always compatible.” (PQ)

“So in terms of the business you’ve got to think about what would change, what wouldn’t change, how would you react to it? The big thing that everyone talks about is fundamentally corporates need to be able to make strategic decisions faster.” (PF)

“And so firstly because we are a small group we can innovate ourselves. We can come up with our own ideas and execute a lot faster because we don’t have a whole matrix of people to convince, we just convince a team, our exco team is made up of nine individuals. So it is just our small team that we need to convince.” (PA)
The following quotes focused on mobilising resources. Refer to Appendix 2; Section A (iii), for more quotes.

“Ja, so it was a matter of focusing the resources we had in the top priority areas. Both operationally and on projects…” (PC)

“Then what we do is we start, of the thirteen businesses we have got in the group we have started three ourselves, where we have seen opportunities and put together, marshalled our resources and made it happen – and thankfully they have all been successful.” (PM)

“And I just started focusing on those and putting in resources to support those at a ground level just engaging with those particular operations. Similarly with the projects, the where a couple there we identified as critical to the future of the company and we put our resources into those.” (PC)

The following quotes focused on the importance of establishing clarity, direction and maintaining focus in relation to strategy and strategic decision making. Refer to Appendix 2; Section A (iv), for more quotes.

“So that is where strategy comes in. So how are we going to get there…” (PQ)

“…you have to understand where each of them is going and draw from everybody that is around the table. That is what boards are there for. You draw skills, you draw experiences, you draw energy from around the table and you need to be able to harness all that. You need to give that board direction and strategy.” (PS)

“So instead of our normal plain management meeting where you discuss the same thing over and over, we have decided to actually put a strategic action plan in place, so we will obviously cover the numbers and the critical areas, but we have strategic action trackers that we can look at every meeting, I think it is good because it keeps the focus of the management team, I mean everyone runs around with their day to day functions and you forget about where you want the business to go.” (PJ)

“So we try to- I mean strategy to me, is the chosen path. Strategy is the, what are you going to do to get there? Our goal is X, now there are many different…
here is where we are, that’s where we want to be and strategy is one of several routes of getting there.” (PQ)

5.3.3  Distinguishing Between Strategic Decisions and Tactical Decisions

It was worth noting that seven of the participants noted a difference in the types of decisions they faced in their roles as leaders. This distinction was specifically in relation to the more commonly experienced tactical or operational decisions that were faced almost daily and strategic decisions which were less common and distinctive.

The following quotes are an example of the various participants’ responses on this distinction between the types of decisions they faced. Refer to Appendix 2; Section B for more quotes.

“I think we separate decisions into probably strategic more long term probably... Depending on which project and which market you are looking at long term could be six months up to two/three years. I think in our industry planning anything beyond that is a little bit difficult. I think our macro decisions around growing to different countries etc we might have a five to ten year view, but in terms of actual delivery and strategies for specific countries three years is probably quite advanced…. The second type of decision is probably largely tactical. How we deal with day to day issues. If you think about what we do on a daily basis we probably spend about 70% of our time dealing with tactical decision making around how we execute and probably 30% on the longer term strategic decision making." (PB)

“So I guess my role has become strategic and operationally strategic. I think there is a difference between the two. One is strategic in terms of what do we want to do with this group as a whole. The other thing being operationally strategic is... I ran a business for 15 years....So all guys need some help in the day to day running, be it efficiencies through the factory, be it best practice, be it whatever help they need... That is what we are able to give them, that is where we are operational strategic, that is where I will get involved.” (PT)

“By its definition strategic decision making should be strategic and therefore should happen in steps. I don’t believe you can be strategic all the time. So it needs focus from time to time. If you are making strategic decisions continuously
then you have too many strategic decisions to make. A well-run company should need less decisions on… that is my personal view anyway. A well-run company should... you should set the direction and then the rest are operational decisions." (PF)

5.3.4 Understanding and Anticipating the Market, Competitors and Customers

Throughout the study it was notable that all 15 of the participants were found to be linking their strategic decision making and strategy with the need to understand and anticipate what was occurring in the market, with competitors and customers.

The following quotes are examples of respondents mentioning this process. Refer to Appendix 2; Section C for more quotes regarding the impact and engagement strategic decision makers have with market conditions, customers, trends and competitors that are continually evolving.

“…but the fact is I think the nature of this beast is geared up to be very responsive very quickly to whatever challenge comes to us. I can sleep comfortably tonight knowing that we will be one of the first to identify it and we will respond to it probably better than most of our competitors.” (PM)

“If you want the best information you could have you needed to look at what the market was doing.” (PC)

“…we have actually recognised that we cannot compete without innovating. Being a follower is just no longer an option from a (Company X) perspective because you just cannot adopt fast enough to actually compete. ... because the world is just changing too quickly. So you actually need to find ways of innovating yourself.” (PZ)

“I think what is normally done first is to decide on what your vision is, but we decided to do it the other way and understand the market to develop the vision and mission around that.” (PJ)

“I mean it is twofold, one we obviously scan the external environment... well firstly we’ve got to scan the macroeconomic environment. So that looks at, we look at trends like spending power, we literally look at sectorial analysis so we understand
who is striking and who is not. That should inform how we borrow and how we don’t.
So you’ve got to look at macro factors firstly. Then level … *so that is sort of top of the pyramid, then we scan the environment and we say who is doing what*. We say what is (Competitor X) doing, what are all of our... *what is our competition doing and are we still relevant on all forms of customer value proposition* be it time, price, process, services all sort of factors that we deem key to our product. And *then obviously we look inside the organisation... So we scan internally* and then we obviously look within our own organisation as well.” (PA)

“They can change the game on you whilst you are coming in. They can change the game and drop prices. They know as a new guy coming in you’ve got debt to pay and this to pay and at this price you won’t be able to survive. *You need to be able to plan against that as well as a new entrant.*” (PS)

“In terms of strategic decisions the first and most important one is *what are the strategic decisions that need to be made* and that in itself is a thought process. So corporates make decisions a lot. In financial services specifically *they are made more from a regulatory perspective and reactive to market pressure perspective* in my personal view…” (PF)

“One of the hardest things to do, is the sense of market impact or market commitment.” (PD)

### 5.3.5 Consulting with Stakeholders and Establishing Feedback Loops

Of the 15 strategic decision makers engaged in the study, 13 clearly expressed a perception that strategy development and strategic decision making processes should involve a process of engagement with the wider business stakeholders as well as potentially establishing feedback loops to ensure clarity in decision making and information transfer.

The following quotes are examples of respondents expressing this perception. Refer to Appendix 2; Section D for more quotes.

“To trust that input as well, yes, and not to be… You need to be able to go back there otherwise you will be running other peoples’ strategies and not your own. *The important thing is to take your strategy, own it and take inputs... almost like cooking a meal. You can take a spice and another spice but this menu is yours,*
it doesn’t belong to that spice it belongs to you. You need to be able to control and regulate how it goes into the final product because you own the final product. You can’t blame the spice.” (PS)

“…there isn’t enough time for management to validate and narrow down the action which then should be effected and then there should be eventually an ultimate feedback.” (PF)

“I think what I try to do is every two years, is to have a get together with the management team and other… for example, I will include senior sales people in that, because they obviously have a much better view of the market place. That is what I always have to go back to- what does the market want?” (PQ)

“So I often have to go back to them and tell them sorry, we’ve got these compliance projects and this is when you are going to get yours etcetera. So a lot of it is around regulatory management…” (PA)

“We have anticipated the changes in the NCA. We have anticipated Poppy. We have anticipated all of those things because it is happening in other countries. So if you just go and have a look at your first world countries, if I can call it that, even some of your third world countries, data protection, consumer protection, all of those things are there. So we anticipated it and dealt with it quite well." (PY)

“to me the most impactful tools are the tools that just allow the people with the right experience, and it is really around having the people with the right experience being able to analyse, present options, present the implications of different options." (PV)

“I wouldn’t say that there is a certain tool, it would have to be our relationship with the (Department X) or that process, our engagement, we have a dual engagement through (Organisation X) as well as our single engagement with the (Department X), our relationships with the various parties in there. And the information that we can get out of those, it is more informal, but it definitely gives us much more insight about what is going to happen and also feelings of where it is going to sway.” (PE)
5.3.6 Awareness of Bias

It was noted that eight of the research participants expressed a clear awareness of the potential influence and negative impact that bias (i.e. personal opinions, previous experience or historical information) may have on strategic decision making. Furthermore it was notable that a number of these participants make reference to their personal research, learning and responsibility to overcome this potential bias and improve their personal decision making.

The following quotes present examples of the respondents awareness of their and others potential biases as well as how they are overcome. Refer to Appendix 2; Section E for more quotes.

“The whole article was about how do you try and get the information to support what you already fundamentally believe…” (PC)

“need to be able to distil out an individual’s intention or agenda from something that has a tangible scenario” (PE)

“You know strategic decision making I think for myself is really taking… I think it is a lot of research, on an ongoing basis, I think start from that point of view.” (PL)

“But you pick up a lot on this sort of discussions. I make use of the internet a lot; I research a lot about overseas companies- what they do; how they do it. I will sometimes get a bee in my bonnet and go on a mission and go and research all of them- what is their mission statement- that is why I have got a pain with the vision statement, because they all say the same thing; or the vision or whatever the case may be. But now and then you get some gems. Our local and overseas, I get a lot of magazines, trade type of magazines- I refer a lot to that. So I will always see who is doing what? Who is in the same?... So I will send out a one-liner and ask for comments. And everybody has got to come back to me with a comment. Sometimes there is nothing, sometimes there’s something; but you weave all of that into the scenario; into the strategies at the end of the day- without calling it scenario planning or strategic discussions.” (PQ)

“So you kind of brains trust together to help you validate your thinking, maybe consider another angle, another view. Maybe look at what your blind spots are. I think sometimes a lot of this is... you definitely want to check your blind spots
when you are personally invested. So when it is your project. I think a lot of people are… don’t consider that that you should remove yourself when you are personal vested in the project. So if it is your idea, your project, you generally always see the successful outcome. So you find ways to make it successful and you don’t evaluate all the potential negative outcomes that could arise. People try to convince themselves and convince the people around them that it is absolute bulletproof and the right thing to do. It is a little bit dangerous when you are making your own decisions.” (PB)

“…if you are going to make a proper decision for a business, you just have to make sure that it’s a balanced decision, where you have got the honest truth in, because also… judgment does cloud certain things…. If you are running a business and you have run it one way and you come to me and say – here is my issue, but you have got blinkers on because that is the way you have seen it all the time. You are only going to tell me as what you see and not what you should be seeing, that is why you need to get that honest appraisal.” (PT)

“You cannot go into any decision with a preconceived idea. Why?

Because you will inevitably make the wrong decision. You have to have an open mind with everything that you do and let the facts sort of guide you. It is extremely difficult make no mistake, especially if you have experience and stuff. But let those facts, the experience you have count as facts for or against the decision that needs to be made, but look at the other facts as well.” (PY)

5.3.7 The Role of Intuition

During the interviews six of participants noted the important role that intuition had in strategic decision making and how this would play out in their personal experience. The following quotes present examples of the important role of intuition or “gut instinct” as it was referred to by the interviewees. Refer to Appendix 2; Section F for more quotes.

“At the end of the day it comes down to the gut and it comes down to trusting the gut of people that work for you…” (PD)
“So that is what I have found often a bit of an anomaly about strategy, is you know to be honest, we can sound very clever and say we planned it. *We did plan it but a lot of it we didn’t plan; it happened instinctively.*” (PM)

“I think decision making, based on level of experience; based on level of exposure; based on the level of risk, largely ends up being made instinctively. So good judgement is applied but it is not always an exact science. You are not evaluating tonnes of information and documents to make some of these things so it is using a bit of intuition, using a lot of tacit knowledge, and you make decisions. *You have to be able to be agile in that space.*” (PB)

“So you can only look at the past as a guideline, the rest you have got to go with what the world is doing, best practices *and your gut feel is.*” (PT)

Two of the participants noted that intuition or “gut feel” should be limited in strategic decision making as shown in their quotes here.

“If I can have a look at the numbers are very important as I said, *a hunch, a gut feel – all of that is fantastic but you do need to have some kind of empirical evidence behind it as well,* which you know, that certainly has to be there.” (PL)

“Ja so the …we are essentially a data driven decision making engine that is all it is. I mean that is going to be any sort of big bank type organisation, *we can’t be gut feel about certain things.* It so very cool about is there is no holy cows, like if we find something and just because its worked like that for ten years if the data says otherwise we literally abandon something and move on to something completely different.” (PA)

### 5.3.8 Strategic Paradox Awareness

The paradox between maintaining control within a business and managing uncertainty and increasing complexity was noted in 12 of respondents’ interviews. This paradox was highlighted at different stages in the interviews. However, it was often associated with how the company approach potential opportunities, increasing complexity and a future orientation that would allow for agility. Executives were attempting to maintain current business performance and stability as well as manage future uncertainty within a context that was identified as being unique to South African. The factors identified as affecting both the
current maintenance and future uncertainty facing business in South Africa were BEE-EEE, changing regulations, power disruptions, crime and sluggish economic growth to name a few.

The following quotes are an example of the theme. Refer to Appendix 2; Section G for more quotes.

“We are a very agile organisation. We are happy to try. We are very experimental. Internally within the organisation we will run a lot of pilots, we’ll go through it. Obviously we are not going to go fundamentally change and launch a product to a customer that is not well thought out, but in the way we do things, the way we execute those types of things there is a lot of flexibility across the entire organisation for people to facilitate and to go through this exercise.” (PB)

“Yes and we have got to get the balance right. So this idea, I talk about the tension we have got to manage – that is part of my role – or our role at head office, is that we are a public listed entity so there is a whole lot of due diligences required in terms of how you operate because you have public funds, we have about 35% of our shares are held by the public, management owns the balance – about 65%. So you are compelled by the rules of the stock exchange and that sort of thing to behave correctly, in a certain way. But on the other hand we have this empowered kind of apparent chaos of entrepreneurialism and then the order of publicly listed companies. We have got to maintain that balance and it runs through everything you can think of.” (PM)

“That was the harsh reality. And then political uhmm framework we where operating in. So while there was scenario planning clearly going on, and very competent scenario planning uhmm, it was within that framework I think. And so it uhmm my take is it was… it gave them options but within the realities of the framework…policy or the political situation within the context of the institution or shareholder demands. So only within that could they put their strategies scenario planning into place... So it was not the main driver there bigger ultimate forces in play.” (PC)

“Strangely enough I think business is very static. The business model changes daily. There is a big difference there. People need taxis… everyone quotes Uber as a disrupter. Uber is a disrupter but Uber is fundamentally a taxi service. The business has not changed. People going from home to work and from shops to home/to offices
has not changed. So the business has not changed the business model has changed. So fundamentally none of the e-businesses that have come up fundamentally globally has changed reality. **So business has not changed. Business will not change. The business model however is changing rapidly.**”  
(PF)

“We have mentioned one of the advantages, **competitive advantages and that is the local knowledge, knowledge of new BEE code is critical.** The Chinese and Indians will really battle with that, you need to understand the local challenges with the workforce and the union, shareholdings… Absolutely critical. We are not product suppliers; we are a solution provider, so it is critical” (PJ)

“So what we also have to do is literally **we try and take a returns based approach, what is going to give you the biggest bang for buck in terms of delivery** and that is how we try and manage our pipeline as well. But again that is **only when you don’t have regulatory related projects to deliver; the moment you’ve got something regulatory related that jumps straight to the top of the list.**” (PA)

**“If you are pulling a lever you’ve got to understand that all of these things actually… I call it the waterbed effect.** So pretty much if you jump on one end of a waterbed something else is going to get knocked off or something like that. That is pretty much it. **So you’ve got to be able to understand which levers you are going to pull and what that knock-on impact is going to be.** Either something else is going to happen if you divert your resources from one project to another. How are you going to deal with that project? Are there delays; can your recover; are you going to make a customer unhappy. All of these things have to be… you have to be aware.” (PB)

“The **greatest challenge is the lack of growth in South Africa and how to keep this engine turning.** I think of late, the morale in the country or the confidence in the country is becoming a problem. And that you can link to Eskom, you can link to all these parastatals that keep on eating money, I guess governance in the government, etc, etc. **And you can say well it does not affect us on a day to day basis and the answer is it probably doesn’t.** But when you read and see every news broadcast and this has been stolen and that has been stolen and this is happening, if you look at parliament and what a shambles it is, you can’t step back and say we are
in good shape. *So I guess it does affect people’s confidence. ...I think the labour movement in this country is become such a negative force. That guys want to move away from manufacturing. So you see what you can bring in as oppose to what you could make here yourself. That in itself is obviously problematic.*” (PT)

5.3.9 Competitive Advantage and the “Entrepreneurial Mind-set”

It was notable that six of the respondents referred to an “entrepreneurial mind-set” or approach as being key to their competitive advantage and way of managing despite the increasing complexity and uncertainty. The following quotes were selected to highlight the occurrence of this theme across the various respondents’ interviews. Refer to Appendix 2; Section H for more quotes from these respondents.

“*Now entrepreneurs are allowed to dream and they dream about stuff they don’t understand.* If I tell you that I dreamt about so much stuff that is going on today that happened and I didn’t understand what I was doing when I said, guys we are going to do this. And they go, do you know what it takes? No. That is the whole point. Do it…. *Because I don’t understand what the barriers are and therefore I am not fearful. I think we can do it and we do it.*” (PS)

“… He uses his gut feel, massive amount of gut and that is the (Company X) culture, we all run on gut. *We are entrepreneurs as much as we might have formal qualifications, deep down we are entrepreneurs and I don’t believe that entrepreneurs use those kinds of tools and I think they potentially limit you.*” (PD)

“And I think that is absolutely where your opportunity lies…. So I think when you look at the complexity you have to be far more entrepreneurial and I think what is expected of leaders in our complex world today is that you used to have those different styles didn’t you…” (PL)

“Now that brings me to a big point, *I think is our big strategic advantage,* and that is that we classify ourselves, and we make this point very explicit, both inside the organization and outside, to all our stakeholders – customers, shareholders, everybody – *that we are entrepreneurial orientated company.*” (PM)
“I think (Company X) is very entrepreneurial. So each of the executives, each of the business decisions have an absolute mandate. They have specific outcomes to meet. They have profit targets, they have growth targets, they have innovation targets and they are free to make a lot of these decisions themselves. This is where… which has probably led to the success of (Company X) where you are not strangled by specific policies and frameworks and that type of thing.” (PB)

“Culture is all about who is empowered to make decisions because whoever is empowered to make decisions those are the people. That is who every single junior people are going to try and emulate. So the fact that we have this franchise model and we have CEO that can manage (Division X) as an entire business means that firstly we are all empowered to make decisions and because we are all measured around innovation and a data driven decision company, that becomes our culture. And because we are all individually empowered to make decisions that sort of filtrates right down to the bottom. So culture for me is exactly decision making and who is empowered to make those decisions and that’s how you stir culture.” (PA)

5.4. RESEARCH QUESTION TWO: UTILISATION OF SCENARIO PLANNING

5.4.1 Introduction

The second research question aims to establish whether South African executives are making use of scenario planning as a tool in their strategic decision making. During the analysis the research was able to distinguish not only whether scenario planning was being used by the respondents, but also how it was being applied as a tool. The following is an overall summary of all the participants’ response to their application of scenario planning:

Table 3: Respondents Utilisation of Scenario Planning

<table>
<thead>
<tr>
<th>Number of Participants</th>
<th>Participant codes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal Application</td>
<td>(PC, PQ, PZ, PS, PF, PE)</td>
</tr>
<tr>
<td>Informal Application</td>
<td>(PB, PY, PJ)</td>
</tr>
<tr>
<td>Not Applied</td>
<td>(PM, PT, PA, PD, PV, PL)</td>
</tr>
<tr>
<td>Total respondents</td>
<td>15</td>
</tr>
</tbody>
</table>
5.4.2 The Application of Scenario Planning as a Formal Tool

It was established that six of the respondents made use of scenario planning in a formal manner. However, despite it being formalised in their strategic planning processes or overall business culture, the application of the tool and process followed varied considerably. Therefore the various respondents who made use of scenario planning as a formal tool have been summarised in Table 4 below. This summary allows a concise view of the variability in the application of scenario planning as a formal tool by South African executives.

Table 4: Summary of Respondents with Formal Application of Scenario Planning

<table>
<thead>
<tr>
<th>Respondent</th>
<th>How is Scenario Planning Used?</th>
<th>Is scenario planning applied in the traditional method and process?</th>
<th>Practical Application to Strategic Decision Making</th>
</tr>
</thead>
<tbody>
<tr>
<td>PC</td>
<td>Formal scenarios developed by the business and kept at very senior levels.</td>
<td>No, although scenarios were developed they were not necessary communicated or distributed throughout the wider operation to inform all stakeholders and key decision makers.</td>
<td>Scenarios were not always relevant and therefore it was not easy to apply to strategic decisions within the business. Scenarios were also not updated or communicated as circumstances changed. Instead other tools (i.e. feasibility studies) and pragmatism used in strategic decision making.</td>
</tr>
<tr>
<td>PQ</td>
<td>Formal scenarios developed for the business overall and potentially reviewed every 2 years.</td>
<td>No, despite many formal scenario planning activities being applied this was described to align the team and set strategic objectives in general. Instead it was noted that specific and informal scenarios and discussions would be developed to address specific concerns.</td>
<td>Formal scenarios used as a strategic tool to mobilise and focus business and bring together leadership objectives. However, for specific strategic decisions scenario planning is described to be more informally applied and rather played out intuitively by those involved.</td>
</tr>
<tr>
<td>PZ</td>
<td>Formal scenario planning applied to build robust business cases.</td>
<td>Yes, it was being applied in a traditional manner</td>
<td>Strong utilisation of scenario planning tools to make clear recommendations to business, however the practical application to strategic decisions can be diluted due to advisory function within the business.</td>
</tr>
<tr>
<td></td>
<td>Formal scenario plans developed and discussed at senior leadership level.</td>
<td>Yes, it was being applied in a traditional manner</td>
<td>Strong utilisation of scenario planning tools to make clear recommendations to business and involvement of multiple stakeholders. The only unknown would be the level of communication regarding the scenarios to the rest of the business and leadership on other levels.</td>
</tr>
<tr>
<td>-----</td>
<td>-------------------------------------------------------------------------</td>
<td>---------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>PS</td>
<td>Yes, it was being applied in a traditional manner</td>
<td>Strong utilisation of scenario planning tools to make clear recommendations to business and involvement of multiple stakeholders. The only unknown would be the level of communication regarding the scenarios to the rest of the business and leadership on other levels.</td>
<td></td>
</tr>
<tr>
<td>PF</td>
<td>No, this application is more short-term and limited than is traditionally believed to be benefited for organisations.</td>
<td>Decision making within a due diligence setting would be clear as the final decision has limited potential outcomes.</td>
<td></td>
</tr>
<tr>
<td>PE</td>
<td>Yes, it was being applied in a traditional manner</td>
<td>Strong utilisation of scenario planning tools to make clear recommendations to business, however the practical application to strategic decisions can be diluted due to advisory function within the business.</td>
<td></td>
</tr>
</tbody>
</table>

The following key quotes were extracted regarding the formal application of scenario planning. Refer to Appendix 3; Section A for more quotes.

“Some, some of the senior people in the company went through it but informally and it was not a program...They weren’t lined up and taken through all the scenarios. That was the board, **those things are kept at board level to the best of my knowledge and then we got very broad brush strategies out from there.**” (PC)

“One of the things that I actually drove from my end, uhm which sort of cut across the powers of the more general organisation, I started prioritising. **Simply prioritising. I said which are the important... where are the profit margins...**” (PC)

“Yes; **I don’t think I’ve ever consciously sat down and thought about anything as scenario planning.** Apart from the few guys that specialise in that, I don’t know how many people actually do. **But do you do scenario planning? Yes, you do. You play out...**” (PQ)
“I think this is where our scenario planning comes in, so when we finish the work that we finish we get to a state where this is what we think the environment looks like, this is why we think it’s not working and this is what should happen. **And what we do is we workshop them internally inside our team**... It’s literally a Q & A session, so I will pitch what I think is the issue and what we will need to do and people will challenge me. Have you considered this, why is it a big deal? **That challenge helps us either identify the gaps in our thinking process or it helps us understand what more information we need to be able to get to the right answer.**” (PZ)

“Sometimes they are not quite relevant. They play out in this way, in that you understand the bigger picture, the macro picture. **They give you that understanding of the macro picture and it helps you to look at situations in that manner. You don’t get frightened easily by micro pictures.**” (PS)

“Where I have seen them being used very effectively is in a deal situation. **So in a transaction for example. Then the corporate spend a lot of time looking through the merits like... as almost a due diligence and then I have seen it being used very effectively in general.** So in general my view of South African corporate in a deal situation is quite good. When they are in a deal situation they evaluate the pros and cons and particularly in a deal negotiation they look through the counter party negotiation tactics and their responses and there they are extremely strategic. There I have seen it being used very effectively.” (PF)

“I think that strategic decisions are not taken by the strategy manager, they are taken by the business. We provide feedback, information and help coordinating those decisions. For example, we have a manager of a retail business and we assist him to make the decision, we also highlight where there are risks and how we respond to those.” (PE)
5.4.3 The Application of Scenario Planning as an Informal Tool

Of the 15 respondents three made use of scenario planning but in an informal manner which will be summarised in Table 5.

Table 5: Summary of Respondents with Informal Application of Scenario Planning

<table>
<thead>
<tr>
<th>Respondent</th>
<th>How is Scenario Planning Used?</th>
<th>Practical Application to Strategic Decision Making</th>
</tr>
</thead>
<tbody>
<tr>
<td>PB</td>
<td>Informal scenario planning applied to assist with specific decisions.</td>
<td>Scenario planning was described as a practical tool to assist in strategic decision making, especially as it highlighted risk and assumptions that may not have been uncovered otherwise.</td>
</tr>
<tr>
<td>PY</td>
<td>Informal scenario planning applied to assist with personal insights and future uncertainty.</td>
<td>Scenario planning noted as an informal tool that is key to ensuring when faced with strategic decision the respondent is able to move forward as they have previously considered the alternatives and potential outcomes.</td>
</tr>
<tr>
<td>PJ</td>
<td>Informal scenario planning applied to assist with strategy and strategic decisions overall.</td>
<td>Scenario planning is applied informally as it is more effective considering the multiple time constraints and potential considerations that need to be accommodated.</td>
</tr>
</tbody>
</table>

The following key quotes were found regarding the informal application of scenario planning. Refer to Appendix 3; Section B for more quotes.

“I don’t think we are an organisation that has the time to sit down with these formal scenario planning sessions. I think we do it every now and again at some macro level but we are… we are way too aggressive to sit down and plan this. (Company X) has a very aggressive culture. A bit of cowboys. The reality is you do try and... you try and formalise it to a certain degree, but it is not a massive think tank, two day workshops in the bushveld somewhere. There is no facilitators and things like that. I think (Company X) people are huge risk takers. There is a safe zone where you can take risks, but calculated risks. I think it is probably part of that entrepreneurial spirit and culture that we have. I think there is also a culture of a right decision and more right decision. It is not normally a culture of a right and a wrong decision.” (PB)

“We play... personally me, I play a lot of scenarios out and I will actually draw them for myself because I am a very picture person. So ja… I won’t say it is
formal because I don’t go and type it out to anybody but I do. I would say if this is the standard up to here what scenarios can play out. It doesn’t matter how ridiculous it is.” (PY)

“We don’t formalise scenario planning, I think we practically do it by saying if competition comes into the market what are we going to do? That is the efficiency planning. If we get competition in SA, how are we going to survive? Thus the importance of looking into African territories. It’s not something formalised, maybe it’s something that we should…” (PJ)

5.4.4 No Application of Scenario Planning as a Tool

Within the research study it was established that six of the 15 respondents did not make use of scenario planning and specifically noted that they did not consider the tool in their strategic decision making processes. Table 6 summarise these respondents’ views and reasoning for not making use of scenario planning as a tool.

Table 6: Summary of Respondents Who Do Not Make Use of Scenario Planning

<table>
<thead>
<tr>
<th>Respondent</th>
<th>Why is Scenario Planning Not Used?</th>
</tr>
</thead>
<tbody>
<tr>
<td>PM</td>
<td>Not a formal process and not viewed as necessary due to the focus on an entrepreneurial approach.</td>
</tr>
<tr>
<td>PT</td>
<td>Not utilised as it detracts from flexibility. Rather the potential to informally apply it to consider what risks are present and how they could be mitigated.</td>
</tr>
<tr>
<td>PA</td>
<td>Not used as the business would rather focus on absolute flexibility, agility and have a bias towards action. Which is made possible through the overall strategy which empowers decision makers throughout the business in an entrepreneurial manner.</td>
</tr>
<tr>
<td>PD</td>
<td>Not used as it is not a part of the business culture. The culture is rather based on knowledge, experience and being entrepreneurial not a long-term plan.</td>
</tr>
<tr>
<td>PV</td>
<td>Not currently used as it was impractical and out of date. The business struggled to see the value due to the long-term focus and limited ties to the current business.</td>
</tr>
<tr>
<td>PL</td>
<td>Viewed as not being dynamic enough or useful in a fast paced service and customer orientated environment.</td>
</tr>
</tbody>
</table>
The following key quotes were found regarding the absence of scenario planning in the strategic decision making process. Refer to Appendix 3; Section C for more quotes.

“So we would never sit down and say – and I am doing it an injustice I know, I am caricaturing in a sense – **but we would never say ‘let’s have a scenario plan’. Like for rail, we always instinctively knew that we would do that.** That is scenario, the rail is going to affect road transport, it is. And this thing just happened. And ja, I have tried to articulate it for myself because I never thought too much like that, but we have **never, ever sat down and said ‘now we are going to talk strategy’. Strategy is just an inherent part of whatever we do. All the time.” (PM)

“I don’t think in business I have ever used scenario planning. On a formal basis. And I will tell you why – we have often thought about what would happen if this happens, we have never gone and written it down because **business evolves by the minute, and I think flexibility, particularly in South Africa, is the key to everything.** So we have not gone and said – if this sun shines in Russia and its raining in China the crop in South Africa will be bad and therefore we must not plant seed.” (PT)

“But that is as far as our scenario planning goes, we really, **we prefer to be agile around our approach. We prefer to have data dictate to us how we manage our pipeline.** Provided you’ve got data and you’re agile enough you can always steer your organisation in the direction that you want to go? **So we are not a big long term scenario planning type organisation. We’re a lot more agile and a lot more responsive and as a result** the value of long term planning I don’t think is relevant to us as an organisation.” (PA)

“There is no such thing as five year plans and ten year plans, we don’t have those. I think they are a waste of time, especially in a country like this where things are changing so radically. You waste so much time developing this five year plan and something comes about which makes it turn like this or turn like this.” (PD)

“I would be fascinated to know how many people are using five year planning in a world where product life cycle is so short. There are so many disrupters that come into the market that can mess those plans up radically.” (PD)
“I think it is kind of just how much value is seen between the scenario packs and where our business was going. I think we reduced… I think the view after that… the late 2000s. The view was, maybe the sort of ten year plans and those sorts of horizons were impossible to predict anymore with too much great certainty.” (PV)

“No, you know what, I mean you can sit there, I have done it in the past – we have used it, it is like a, b, c, these are different scenarios, where are we going to go – no, it changes too quickly and it is so much effort spent in that but I would rather say out of everything this is actually the scenario and it is a live scenario that we will be implementing and that is why I am saying.. but then it would be so how do I change it? But I find it far more – and I am a very practical person – I find it far more useful to really come up with something that we stand behind and believe in completely.” (PL)

5.5. RESEARCH QUESTION THREE: SCENARIO PLANNING METHODOLOGIES

5.5.1. Introduction

The third research question was set to determine if scenario planning is utilised in strategic decision making, how is it applied and if there are any methodologies or techniques that are most commonly utilised by South African executives. It was noted that the six respondents that made use of the tool in a formal manner all varied in the application of the tool and preferred methodologies. The application of scenario planning would therefore appear to be dependent on personal preferences, experience, business processes and the overall aim of individual or organisation.

5.5.2. Scenario Planning Methodologies

The following quotes regarding methods were noted in the respondents who formally applied scenario planning as a tool.

“Well you had to keep identifying what the scenario looked like. And make your decision based on your best information and your best understanding in that context and at that point because there were still no guarantees that was exactly
how it was going to play out. And it was unlikely what we have and that it would ever get easier.” (PC)

“I try to put a different spin on it. So what we did two years ago is- I started off with what is our current reality… So we had 5 groups and I gave them a specific format and they had to, in the specific format… …so we started with that. I used the business model, I can't remember- the template.” (PQ)

“I must be honest I don't know if it is specified in the methodology, we do it as part of our practice because we know it gets the best results. But also if you look at good practice requirements so there is a couple of organisations that provide the standards and policies and kind of thought leadership around (Profession X) management and things like that… They suggest that when you get to a point where you have identified issues you need to workshop it. Because by workshopping it and getting other people’s points of view you include scenario planning in that.” (PZ)

“We also have been exposed to scenario planners. Clem happens to be one of my biggest friends and fans. I like listening to Clem Sunter because he just makes you think. It is awesome. Whenever he is available and doing a talk I always invite the board, come listen to Clem.” (PS)

“So to my mind scenario analysis would look at universe possibilities. It would narrow it down typically through frequency and severity and then you would unpack it.” (PF)

“then we get perceptions from out there about which way it is leaning, then obviously we do have decisions trees to say this is what happens if it goes one way or another, and it is more likely to go here, so what is going to the industry. …We know what are the big things that are changing, we keep an eye on it and forecast it, the rate of change and we also do robustness checking, or scenarios… sensitivities if you want…” (PE)
5.6. RESEARCH QUESTION FOUR: CONDITIONS THAT ENCOURAGE THE USE OF SCENARIO PLANNING

5.6.1. Introduction

The forth research question aimed to identify if there were any specific antecedent conditions that potentially encouraged and enabled the use of scenario planning in strategic decision making. This question led to the identification of five conditions within the various organisations that appeared to assist in the adoption and application of scenario planning as a tool.

5.6.2. Conditions that Encourage the Use of Scenario Planning

The conditions summarised in Table 7 were identified as potentially encouraging and enabling the use of scenario planning as a tool by South African executives.

Table 7: Summary of Conditions that Encourage the Use of Scenario Planning

<table>
<thead>
<tr>
<th>Enabling Conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. An organisational structure that incorporates the tool and dedicates the necessary</td>
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<tr>
<td>time, people and resources to its application and development.</td>
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<tr>
<td>2. A complex industry with no price setting power appears to be associated with the</td>
</tr>
<tr>
<td>potential need or value being placed on scenario planning as a tool (i.e. mining and</td>
</tr>
<tr>
<td>energy industries).</td>
</tr>
<tr>
<td>3. The participation of senior leadership who have enough time and commitment to the</td>
</tr>
<tr>
<td>process and believe in the value of scenario planning as a tool.</td>
</tr>
<tr>
<td>4. A consultative environment which allows individuals and teams to engage with</td>
</tr>
<tr>
<td>concerns and potential uncertainties related to the business, and allows them to be</td>
</tr>
<tr>
<td>empowered to develop anticipatory skills for the benefit of the business as a whole.</td>
</tr>
<tr>
<td>5. Openness and curiosity, on an individual and overall leadership level, appear to be</td>
</tr>
<tr>
<td>key to the adoption and application of scenario planning as a tool.</td>
</tr>
</tbody>
</table>

The following key quotes have been extracted to highlight the five potentially encouraging conditions.

1. An organisational structure that incorporates the tool and dedicates the necessary time, people and resources to its application and development.

   “I am a believer of taking the board out on a weekend on strat sessions. Everyone is more relaxed and everyone has a chance to say something, it is
not just two hours. It is a whole afternoon or a whole morning with a lunch and a few drinks and tomorrow again we unpack.” (PS)

“we don’t necessarily do scenario planning for everything, it is where we do see that there are changes or different was that things could go… because it can be very time consuming.” (PE)

“The biggest one is time. The second one is a methodology.” (PF)

2. A complex industry with no price setting power appears to be associated with the potential need or value being placed on scenario planning as a tool (i.e. mining and energy industries).

“Because against all the scenario planning you have to try and project the commodity cycles…” (PC)

“And also the way businesses work, they keep constraining your capacity which drives your efficiency because the obvious of response is to say… this is the capacity we’ve got and how do we best use it? And where do we best use it and that is exactly what we did.” (PC)

3. The participation of senior leadership who have enough time and commitment to the process and believe in the value of scenario planning as a tool.

“Sometimes it is not enough in a boardroom with two hour allocated. So we take out a day and we sit in jeans and tops and we say, fine guys, where are we and where do we want to be and where is everybody else? We find time a lot. It is something that I believe in heavily. I tell you why. I am new to the industry. I am new to corporate life. …So this kind of thing enthused me and they also empower me and I feel when I do more of them the more I feel like I am up to standard and the more I feel I can understand the climate within which I operate. So I encourage them a whole lot more for my own sake and for the sake of the group as well.” (PS)

“My best strat room is the EY Cube Room…. When you go in there you will see what I mean. It is very easy to speak about anything and you can grab your coffee right there. It is very interactive. The tools come up.
The things come up on the board and it has a 360 vision. You are inside the EY building and they bring in the guys from the offices as and when we need them for whatever reason so you have total access to all resources within the Cube Room. It is amazing.” (PS)

4. A consultative environment with allows individuals and teams to engage with concerns and potential uncertainties related to the business and allows them to be empowered to develop anticipatory skills for the benefit of the business as a whole.

“I suppose it’s by experience you know? So you will do a piece of work and you’ll identify people who can see beyond whatever is in front of them or can think beyond the immediate, who can think outside the box. So it is not necessarily obvious... it’s people who provide insight that you wouldn’t otherwise have encountered or you wouldn’t have known. So they provide the kind of value that you actually find useful to be able to make the right decision or an insightful decision.” (PZ)

“It is liberating if you empower other people to also give their input. It is just... you carry a tremendous burden if everybody just looks to your decision. If you are the person, the goose that lays the golden egg, everybody just waits for your next move, what are you going to do now? You will crumble under the burden of that. If you open it up and you say, listen guys this is what I think is going to happen and this is what I think we should do, what do you think? You stimulate people to such an extent that my management team is starting to anticipate things and they will come to me and say, don’t you think we should look at this or this and this. Then we will have meetings and we will discuss it.” (PY)

5. Openness and curiosity, on an individual and overall leadership level, appear to be key to the adoption and application of scenario planning as a tool.

“So you are open and amenable to various inputs to your board and various inputs to your board’s strategy based on industry skills availability. So it is not one man who comes up with all the strategies. You listen to a lot of people and get more input. It is important to know sometimes
which inputs you require. It is even better to know where to find that input that you require.” (PS)

“You have to be calm and you have to be open minded. If you do that then you can use all of your models and all of those things but you can’t make a good decision if you are not calm and you can’t make a good decision if you have already decided before you want to make it.” (PY)

5.7. RESEARCH QUESTION FIVE: PERCEIVED BENEFITS OF USING SCENARIO PLANNING

5.7.1. Introduction

In developing an understanding of the use of scenario planning as a tool in strategic decision making the fifth research question sought to determine if there are any perceived benefits or advantages and what these might be.

5.7.2. Perceived Benefits and Advantages

Table 8 below gives a summary, of the various perceived benefits of using scenario planning as noted across the interviewees responses.

Table 8: Summary of the Perceived Benefits of Scenario Planning

<table>
<thead>
<tr>
<th>Perceived Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Assists in developing a business that is more agile and ready to deal with complexity and change.</td>
</tr>
<tr>
<td>2. Assists in identifying and addressing potential risks for the business.</td>
</tr>
<tr>
<td>3. Shifts leaderships thinking about the current and long-term business to be more sustainable.</td>
</tr>
<tr>
<td>4. Develops a future orientation which allows the business and its leaders to think further than historical information or previous experiences.</td>
</tr>
<tr>
<td>5. Assists by developing an anticipatory mind-set which allows leaders to take decisions and act faster when faced with new and uncertain circumstances.</td>
</tr>
<tr>
<td>6. Assists in the development of a more robust business case for advisory services.</td>
</tr>
<tr>
<td>7. Brings people together to participate and engage with the business strategy in a practical manner.</td>
</tr>
</tbody>
</table>
The following quotes were selected as examples identifying some of the perceived benefits of applying scenario planning as a tool (formally and informally).

“You are going to be having a business that is more prepared for changes, more flexible in its thinking, we are going to be more prepared and able to change faster when these things do change, and I think if you have scenarios it helps to broaden peoples thinking that the way things are happening today is not necessarily that way it is always going to be, and it creates new opportunities if you have scenarios, you may identify new opportunities for your business - not just risks.” (PE)

“I think it… the disadvantage is in your freedom to act so what mandate do you have to plan and act? So that is the big… are you able to say, well I acknowledge your risk but I am going to act anyway and I am going to mitigate against the risk. I think the thing about empowering people to do exactly that is essential. I don’t see a disadvantage.” (PB)

“So scenario planning is a very important element when it comes to the end of the work that we do. Because all of the work that has gone in you have to come out thinking or trying to understand whether we have actually made a difference or not, so whether you are on the right track or not? And the result of that is either we have to go and do more work or there is nothing here to be worried about or we have identified something that is really significant that we need to raise awareness of in the business.” (PZ)

“So those… the scenarios then play out in that manner then that they affect your thinking. Also they affect your planning around your own environmental responsibilities as a manufacturing group. …So the scenario planning does affect you in that way. You don’t have to change what you are doing but you can think differently about how you do it going forward.” (PS)

“…but you can only model and calibrate models based on past experience. Which then by definition means that your models leave out everything that could happen in the future that you have not experienced yet. Which by definition means it is a shortfall. So the only way you can address that shortfall is through scenario analysis. So you’ve got to bring into your sphere of thinking what could
happen that you have not yet experienced. Otherwise all you are doing is looking backward. So you have to bring scenario analysis in." (PF)

"Then you have a plan there that if that happens this is what we are going to do. You have to do that because by the time it happens you can't sit down and say, oh great what am I going to do now?" (PY)

"I think what may add value is if we pull the management team together and say come up with 6 scenarios and brainstorm how we will tackle them, it will get people to think about the business and the market." (PJ)

"I find one of the big challenges is really getting people to participate in a planning stage – and I think scenario planning is very good for that as it forces the guys to think about it. You sit in a strategic planning session and whoever the business leader is drives the whole process, but no one really interacts." (PJ)

5.7.3. Perceived Challenges to using Scenario Planning

While exploring the perceived benefits and advantages of scenario planning it was also established that there are some potential challenges that may need to be managed in order to ensure benefits are achieved. Table 9 below gives a summary of the various challenges reported by the respondents' making use of scenario planning (formally and informally).

Table 9: Summary of the Perceived Challenges of Using Scenario Planning

<table>
<thead>
<tr>
<th>Perceived Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Scenario planning can take a lot of time and resources.</td>
</tr>
<tr>
<td>2. Scenario planning cannot only be “fantastical” or “blue sky” thinking - it needs to occur within a realistic socio-political framework that takes into account the various external factors and potential shareholder demands.</td>
</tr>
<tr>
<td>3. It could lead to analysis paralysis and therefore needs to be managed and evaluated carefully.</td>
</tr>
<tr>
<td>4. Scenario planning can feel ineffective if it does not lead to a set of practical management actions.</td>
</tr>
<tr>
<td>5. Scenario plans should be checked and tested by the business and management to ensure relevance and alignment with the current and future state. This allows for &quot;calibration&quot; to occur and ensure more effective scenarios.</td>
</tr>
<tr>
<td>6. There are limited successful facilitators and practical methodologies within the scenario planning space.</td>
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<td></td>
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<tr>
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<tr>
<td>7.</td>
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<tr>
<td>8.</td>
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<tr>
<td>9.</td>
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<tr>
<td>10.</td>
</tr>
</tbody>
</table>

The following quotes were selected as they highlight these challenges as noted in the various interviewees’ responses.

“That was the harsh reality. And then political uhmm framework we were operating in. *So while there was scenario planning clearly going on, and very competent scenario planning uhmm, it was within that framework* I think. And so it uhmm my take is it was... it gave them options but within the realities of the framework... *policy or the political situation within the context of the institution or shareholder demands. So only within that could they put their strategies scenario planning into place...* So it was not the main driver there bigger ultimate forces in play.” (PC)

“You know what they say is... *95% of the things that you worry about never happen. That is the big disadvantage. We could analyse ourselves into paralysis.* If you know too much and you analyse too much you end up doing very little.” (PS)

“there are times when it works and times when it doesn’t quite work but you can’t sit back and not plan because then you are planning to fail. *You have to evaluate continuously which plan seems to be relevant.*” (PS)

So it is not necessarily management action that you do but also management action that you would do given a particular set of circumstances. *So the effectiveness of scenario analysis is how do I link... what would I do today* and that may include preparing for other scenarios and what would I do given a set of scenarios. *If your scenario analysis does not give rise to those sets of actions then you are almost wasting time.*” (PF)
“Typically the executives would lack the detail to go beyond the unpacking. They would talk - conceptually around the unpacking and conceptually around the impact and conceptually around their resulting management action. **The important next step is to pass that to line management to calibrate, if you can call it that. To say, if something would happen it is a one in ten year event or one in twenty five year event. How do we link that causally to our business?** …If you don’t pass that back to line management and line management do not then calibrate that – for lack of a better description - and feed that back to the executive then how do you know that your scenario analysis is effective?” (PF)

“Then they need a **methodology when they get there by way of facilitation and to unpack it and structure the meeting effectively.** And to be honest there are very few people who have done this effectively…” (PF)

“So the methodology. That it is the missing link. So methodology, if you read scenario planning books there is a lot around the theory and the concept, **very little about the how.**” (PF)

“If you look specifically at transactions and non-transactions you get a totally different answer. Because, again my experience is, **when you do transactions there are enough senior people in the room focusing and often it is for a duration.**” (PF)

“We were probably lacking in that when we developed the corporate strategy, there was a view and it was tested under various assumptions and it was giving the rate at which we would grow and what businesses we would participate in, was sort of accepted. Then **I think we were caught on the back foot when the external environment changed as much as it did from last year,** what is happening currently is the corporate strategy is being reviewed and the robustness of this under various scenarios is being tested.” (PE)

**“It takes a lot of time to plan for things that may or may not have happened,** and I think we have to be realistic in the number of scenarios we run…” (PE)

“And I think **the more scenarios you put in place, the more management feels that you don’t know what is going to happen.** So… We also have to limit the number of ways things can change; to me 2 or 3 is the most you should have. You
have to manage that uncertainty and doubt, otherwise you are opening up everything, you have to have a realistic view that it is going to be this or this.” (PE)

5.8. RESEARCH QUESTION SIX: INHIBITORS TO SCENARIO PLANNING

5.8.1. Introduction

The sixth research question focused on when scenario planning was not being utilised by South Africa executives in strategic decision making, why this was so, and what could possibly be inhibiting its utilisation as a tool.

5.8.2. Inhibitors of Scenario Planning

Table 10 below gives a summary of the various perceptions and beliefs about scenario planning as reported by the six respondents’ in the study.

Table 10: Summary of the Perceived Inhibitors of Scenario Planning

<table>
<thead>
<tr>
<th>Perceived Inhibitors of Scenario Planning</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The amount of immediate uncertainty in the South African market is too high to allow for the benefits from long-term scenario planning to be realised.</td>
</tr>
<tr>
<td>2. Scenario planning is perceived as not agile or flexible enough, as it takes too long to develop and then with current disruptions is not perceived a practically applicable to the current business environment.</td>
</tr>
<tr>
<td>3. Scenario planning is not perceived as responsive enough to the evolving world and organisations that are attempting to innovate and drive practical innovation in their businesses.</td>
</tr>
<tr>
<td>4. It is difficult to see the value or impact of scenario planning as it is only potentially realised in the future and then is difficult to link or correlate with the original exercise.</td>
</tr>
<tr>
<td>5. It requires too much time and dedicated resources to employ as a practical tool.</td>
</tr>
<tr>
<td>6. Organisations are dynamic and therefore require the involvement of many different individuals making the best decisions they can - not reliant on one specific management tool or scenario plan.</td>
</tr>
</tbody>
</table>
The following quotes were selected as an example of some of the perceptions that were identified by the respondents who did not make use of scenario planning as a tool. Refer to Appendix 4; Section A for more quotes.

“There is no such thing as 5 years. I don’t know what is going to happen tomorrow, what do you want me to tell you what is happening in 5 years’ time.” (PT)

“But that is as far as our scenario planning goes, we really, we prefer to be agile around our approach. We prefer to have data dictate to us how we manage our pipeline. Provided you’ve got data and you’re agile enough you can always steer your organisation in the direction that you want to go? So we are not a big long term scenario planning type organisation. We’re a lot more agile and a lot more responsive and as a result the value of long term planning I don’t think is relevant to us as an organisation.” (PA)

“I would be fascinated to know how many people are using five year planning in a world where product life cycle is so short. There are so many disrupters that come into the market that can mess those plans up radically.” (PD)

“They are difficult to really say here is real value out of that exercise. I guess it is because you don’t see that until the next generation or the next decade. You can’t see it in the financial results at the end of the year. Whereas if you have a real… you know… and I think a lot of… I guess a lot of the shifts that are being done, the ideas that have popped out of somebody’s early morning not being able to sleep and an idea comes out. That probably has more impact and more visible impact than going through a full scenario planning exercise.” (PV)

“I don’t have enough resource; I need to invest in that. If we had teams of analytical people we might happily do more scenario planning but we don’t.” (PL)

“And the other thing is this, now that I am thinking about it, is people are more important than strategy because if you have the wrong people you can try and force them into a box or try and force them into something and they can never do it. So if you have the right people your strategy will follow as a result. …These are the entrepreneurs, these are the right people, they will come up with stuff. Ja, so the right people on board, in our opinion, are more important than strategy, the right
structure is more important than strategy. Because I am not denigrating the importance of strategy, it’s massively important but I think it is how you approach strategic issues, and we don’t do it formally, we do it informally." (PM)
6. CHAPTER 6: DISCUSSION OF RESULTS

6.1. INTRODUCTION

This chapter will seek to establish if South African executives utilise strategic foresight tools, such as scenario planning, in their strategic decision making by answering the research questions outlined in Chapter 3. The previous chapter has presented the qualitative results of the 15 in-depth, face-to-face interviews that were conducted. These results will form the basis of the analyses and discussion in this chapter and will also refer to the current literature presented in Chapter 2. This chapter will demonstrate that the research objectives have been met and the research problem answered.

Figure 2 outlines the six research questions as they have been presented in Chapter 3 of this study and will be discussed here.

Figure 2: Research Questions Map

![Research Questions Map Diagram]

Source: Author’s own

The six research questions will be addressed individually and then integrated to provide a holistic view of how scenario planning is used as a foresight tool in strategic decision making by South African executives.
6.2. DISCUSSION OF RESULTS FOR RESEARCH QUESTION ONE: PERCEPTION OF STRATEGIC DECISION MAKING AND STRATEGY

The aim of this research question was to explore how South African executives think about strategic decision making and strategy. The research outcomes of this question were complex and dense and, for this reason, the results were grouped into eight key themes that could be established across all 15 of the respondents.

These themes were as follows:

1. The link between strategy, strategic decisions and how it often requires capitalising on opportunities.
2. The distinction between operational or tactical decisions, and strategic decisions.
3. The importance of understanding and anticipating the market, competitors and customers when faced with strategic decision making and crafting strategy.
4. Consulting with stakeholders throughout the business and establishing feedback loops to inform strategy and strategic decision making.
5. Awareness of personal bias, its role in strategic decision making and how it may be managed.
6. The importance of intuition or gut instincts in strategic decision making.
7. Awareness of the strategy paradox between planning, maintaining control and managing within the uncertainty, risk and complexity that is present.
8. The link between competitive advantage and an entrepreneurial mind-set to deal with the uncertainty and complexity being faced in the South African market.

Each of these themes will be discussed here as it relates to current literature and the results of the study.

6.2.1. Strategy, Strategic Decisions and Opportunities

In Chapter 5 it was revealed that all the participants related their understanding of strategy and strategic decision making to the ability to identify and capitalise on opportunities as they become available. This ability was specifically related to the following four dimensions:

1. Anticipating opportunities and changes in the market;
2. The importance of action and speed in order to realise opportunities;
3. The need to mobilise resources when creating or acting on opportunities;
4. Establishing clarity, direction and maintaining focus throughout the strategic decision making and strategy process.
It is notable that the dimensions identified here support the literature which describes strategic foresight as being an individual’s (and organisation’s) “capacity to: i) sense changes in the environment; ii) seize these changes; and iii) re-configure its tangible and intangible assets to keep them aligned effectively with its external environment” (Vecchiato, 2012, p.446).

These dimensions were identified as part of the “dynamic capabilities framework” which aims to assist organisations in coping with uncertainty in the environment. The intention would be ultimately to assist in developing more robust techniques to encourage foresight and strategic execution (Vecchiato, 2012,). It would therefore appear that South African executives have an advanced understanding of strategic decision making which strongly identifies with the characteristics of strategic foresight. This may potentially indicate that the level of uncertainty and dynamics of the South African market presently require a foresight approach to strategy and strategic decision making.

6.2.2. Distinguishing Between Strategic Decisions and Tactical Decisions

It was found that 47% of respondents expressed an awareness and understanding of the distinction between strategic decisions and operational or tactical decisions as they are referred to in the literature. This distinction is considered central to a leaders’ ability to successful implement strategy and ensure long term sustainability (Shivakumar, 2014).

This distinction was also key to this study because the application of foresight methodologies such as scenario planning would have little practical use for immediate operational or tactical business decisions. The respondents were also aware that strategic decision making occurred less and was distinctive because it related to a longer time horizon with increased uncertainty (Shivakumar, 2014). The ability to distinguish between decision types could also potentially assist in decision making practices which require an awareness and use of both rational and intuitive decision making processes in order to develop robustness (Hall, 2007; Snowden & Boone, 2007).

6.2.3. Understanding and Anticipating the Market, Competitors and Customers

The ability to understand and anticipate what is occurring in the market with customers and competitors was a significant aspect of all the executives’ understanding of strategic decision making and strategy. This finding supports current literature which notes that an executive’s
ability to make sense of the external environment and develop an anticipatory sense of what may be coming, or how to deliver new opportunities, is a fundamental management skill (Hammoud & Nash, 2014; Ringland, 2010; Rohrbeck, & Gemünden, 2011; Vecchiato, 2012). Although central to all businesses, if enhanced, a keen understanding of the environment, could deliver clear competitive advantages to an individual or organisation (Hammoud & Nash, 2014; Ringland, 2010).

The significant impact that market and contextual understanding has in assisting leaders with making sense of the environment, and therefore creating and activating opportunities, is central to the participants’ understanding of strategy and strategic decision making in the study. This is supported in the strategic foresight literature where the development of this anticipatory mind-set and emerging learning capacity is a main driver of competitive advantage (Bootz, 2010; Hammoud & Nash, 2014; Rohrbeck, & Gemünden, 2011; Vecchiato, 2012).

6.2.4. Consulting with Stakeholders and Establishing Feedback Loops

The process of engaging in strategic decision making and strategy was prominently related to consulting with a network, gathering various sources of information and establishing some type of feedback loop within the business or environment (Bootz, 2010; Hammoud & Nash, 2014; Ringland, 2010). Of the study’s participants, 87% noted this trend in their discussions on who they involved in their strategic decisions, and who they worked with, networked and needed to keep informed.

Furthermore, this process was another way of engaging with and understanding developments in the market as the following quote highlights:

“…our relationships with the various parties in there. And the information that we can get out of those, it is more informal, but it definitely gives us much more insight about what is going to happen and also feelings of where it is going to sway.” (PE)

This seems to imply that the ability to consult with a wider network within the market is key to making sense of the environment, acting appropriately and ensuring the continued sustainability of the business despite the highly uncertain environment.
6.2.5. Awareness of Bias

It was established that more than half the participants expressed an awareness of the potential influence and/or negative impact that personal bias could have on strategic decision making. In the literature reviewed in Chapter 2, it was noted that human beings are confined by their inherent cognitive limitations, bounded rationality and biases (Hall, 2007; Vecchiato & Roveda, 2010). These cognitive limitations take the form of various inherent shortcuts, biases, that assist the individual to make sense of complex environments and simplifying the wide range of inputs they receive (Hall, 2007; Schwenk, 1984).

However, despite enabling quicker problem solving and actions, it is often presumed in literature that most people are unaware of personal bias and the severe impact they have on the quality of decision making (Hall, 2007). This finding thereby challenges the assumption that individuals do not hold some cognitive awareness of their and other’s potential biases and how this may impact of strategic decision making. For example, the following quote highlights this concern clearly:

“you definitely want to check your blind spots when you are personally invested. …So if it is your idea, your project, you generally always see the successful outcome. So you find ways to make it successful and you don’t evaluate all the potential negative outcomes that could arise. …It is a little bit dangerous when you are making your own decisions.” (PB)

It would appear that for some leaders, personal biases can have a significant impact on their strategic decision making, and therefore it is essential to develop an understanding of underlying assumptions that may impact on professional decision making.

Addressing the impact of bias and our inherent cognitive limitations is especially important for executives because circumstances which are characterised by complexity, uncertainty, high risk, and decisions that are of great importance and place the decision maker under pressure, often increase the use of these limiting shortcuts (Hall, 2007; Sargut & McGrath, 2011). It is therefore the intention of strategic foresight methodologies to expose and evolve an individual’s inherent cognitive limitations to ensure that they have less impact on strategic decisions in the future (Bootz, 2010; Chermack, 2004; Chermack, 2005; Senge, 1992). However, it is noteworthy that the respondents were not only aware of this impact but expressed an active interest in improving personal decision making through engaging with various materials and research.
6.2.6. The Role of Intuition

The theme of intuition or “gut instinct” came across in eight of the participant’s discussions regarding strategic decision making. Only two of the participants warned against trusting a “gut feel” but rather encouraged the importance of empirical evidence or data to inform decision making. However, the remaining six participants (40% of the executives interviewed) all noted the positive role and attributes instinct can have on strategic decision making and overall strategy.

Intuition is classified as tacit knowledge in literature and, as was established in Chapter 2, can play an important role in strategic decision making (Brockmann & Anthony, 2002). Tacit knowledge is defined as “work-related practical knowledge learned informally though experience” and often practically very useful in achieving the overall objectives of the business (Brockmann & Anthony, 2002). Therefore, although difficult to explain or make explicit, tacit knowledge or intuition is an essential part of a leader’s strategic decision making ability and confirmed by the findings of the six participants in this study.

6.2.7. Strategic Paradox Awareness

It was noted in Chapter 5 that 80% of the respondents expressed an awareness of the need to maintain stability within their businesses while also managing the increasing complexity that would require the business to evolve in order to remain sustainable in the future. This concern was highlighted in different manners for the various participants however this paradox was nonetheless identified by all the executives.

The ability to maintain stability in increasing complexity is described as “strategic agility” by Lewis, Andriopoulos and Smith (2014). It is considered a paradox because it requires an executive to manage and prioritise equally the competing demands of stability and innovation for the business currently and into the future (Lewis, Andriopoulos & Smith, 2014). This finding is supportive of the literature which suggests that business leaders need to manage this paradox in order to maintain the competitive advantage of their businesses and sustainability (Lewis, Andriopoulos & Smith, 2014).

Although the literature defines it to be a paradox, most of the respondents described it as more of a tension or framework that they had to actively manage. For example:

I talk about the tension we have got to manage – …so there is a whole lot of due diligences required in terms of how you operate because you have public funds…
...But on the other hand we have this empowered kind of apparent chaos of entrepreneurialism and then the order of publicly listed companies. We have got to maintain that balance and it runs through everything you can think of.” (PM)

In this instance the quote highlights the tension between managing the business to ensure compliance and stability while also encouraging a dynamic and entrepreneurial culture that allows for risk taking and chaos. This paradox can therefore be clearly viewed as part of the executives’ insight into their organisation’s needs.

Lewis, Andriopoulos and Smith (2014) found that strategic agility increased organisations’ long-term sustainability because leaders were able to manage paradox within themselves, their teams and the wider organisation. As the current study is cross-sectional, further investigation would be needed to establish if strategic agility could increase sustainability over time.

6.2.8. Competitive Advantage and the “Entrepreneurial Mind-set”

A unique finding of the research was the identification of an “entrepreneurial mind-set” by 47% of the executives as a way of managing the increasing complexity and developing a competitive advantage in the South African marketplace. Seven respondents mentioned an entrepreneurial type of approach in their business and how it established a competitive advantage for them in the market.

This was an interesting discovery in the results, as it is noted by Lane and Down (2010) that new complex and turbulent times require a new “adaptive leader” who is able to actively seek different perspectives and deliver on outcomes. For example:

“...that is absolutely where your opportunity lies…. So I think when you look at the complexity you have to be far more entrepreneurial…” (PL)

This quote seems to imply the need to adapt individual leadership styles to a more entrepreneurial approach within the current complex environment in order to be able to capitalise on new opportunities.

This conclusion was supported by the results of the study which revealed that the “entrepreneurial mind-set” was attributed to greater agility, flexibility and innovation for the individuals and organisations who applied it (see quotes in section 5.3.9 and Appendix 2; Section H). Therefore, this finding appears to support Stacey’s (2007) matrix which highlights the importance of leadership changing to be more adaptive, creative and
empowered through shared wisdom in a complex system (cited in Lane & Down, 2010). Figure 3 below was developed to summarise this interesting discovery.

**Figure 3: Competitive Advantage and the “Entrepreneurial Mind-set”**

<table>
<thead>
<tr>
<th>What is it?</th>
<th>Why is it important?</th>
<th>What does this mean?</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Described as their key competitive advantage &amp; method to manage strategic decision making in the increasing complex environment</td>
<td>• They attributed agility, flexibility and innovation to the organisation &amp; individual's ability to make strategic decisions &amp; be empowered like entrepreneurs</td>
<td>It would appear that the perception is...</td>
</tr>
<tr>
<td>• Majority of executives made use of this “Entrepreneurial Mind-set” instead of scenario planning</td>
<td>• This could potentially be a consideration for more dynamic management in the future...</td>
<td>Entrepreneurial Culture</td>
</tr>
<tr>
<td></td>
<td></td>
<td>= More Current Innovation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>= More Strategic Agility</td>
</tr>
<tr>
<td></td>
<td></td>
<td>= Competitive Advantage</td>
</tr>
</tbody>
</table>

**Source: Author’s own**

Further research might be able to establish what this “entrepreneurial mind-set’ consists of and how it is being applied in the South African marketplace. It would also be interesting to establish if any of the traditional differences in strategic decision making, being more biased and therefore quicker to action, is present in this group of executives (Busenitz & Barney, 1997). These insights could potentially lead to the development of a new management model, involving multiple empowered strategic decision makers, for complex environments (Lane & Down, 2010).

**6.2.9. Conclusion for Research Question One**

The question of how South African executives think about strategic decision making and strategy was explored in detail and eight key themes set out in order to answer this dense question. Through this exploration the unique insight regarding the development of an “entrepreneurial mind-set” was uncovered as a potential future management model for our complex and turbulent times (Lane & Down, 2010).

Furthermore, on reflection of the themes the elements of Intrapersonal, Interpersonal and contextual, could be used to group and develop a model representation of this question’s findings. This model assists in understanding how South African executives view their strategic decision making processes and its relationship to their strategy.
6.3. **DISCUSSION OF RESULTS FOR RESEARCH QUESTION TWO: UTILISATION OF SCENARIO PLANNING**

The research outcomes pertinent to this question are shown in Table 3 of Chapter 5. The purpose of this question was to establish the presence and use of a strategic foresight tool, such as scenario planning, in South African executives decision making processes. The research study was able to establish that 40% did make use of scenario planning as a tool; however another 40% specifically did not make use of scenario planning as a tool in strategic decision making. The remaining 20% described making use of scenario planning as a tool in their strategic making processes, however only in an informal manner.

During the analysis of these results it was possible to distinguish not only whether scenario planning was being used by the respondents but also how it was being applied as a tool. The following sections will explore these results in further detail.
6.3.1. The Application of Scenario Planning as a Formal Tool

A summary of the research outcomes pertinent to this question are shown in Table 4 of Chapter 5. Although the research question aimed to establish the use of scenario planning as a tool it was notable that the application and use of the tool varied greatly across the respondents who acknowledged making use of it formally. A few respondents were clear about the methodologies and application to specific strategic decisions as supported by the business. Others were presented with scenarios as a result of the business’s initiative. However, when making specific decisions they reverted to alternative tools as well as intuition.

This varied application of scenario planning appears to be related to individual preferences, strategic decision objectives, and the organisation’s application of the tool. However, this variety in the application of the tool brings into question whether the promoted benefits can and are being achieved in the current application and use of scenario planning. Chermack (2005) proposes that the presence of scenarios act as the catalyst unit of future theory development, and therefore no empirical indicator is required to provide a measurement of the scenarios. This study’s finding challenges Chermack’s (2005) assumption that the catalyst unit will be scenarios and learning the empirical measure as it appears that there is a significant amount of dilution in the application and utilisation of scenario planning as a tool in any individual or organisation’s system.

6.3.2. The Application of Scenario Planning as an Informal Tool

The research outcomes pertinent to this question are shown in Table 5 of Chapter 5. The application of scenario planning in an informal manner appears to be preferable as it does not require the significant time and resources needed in the formal application. Unfortunately, the informal application of scenario planning has not been noted previously in literature which has focused more on the formal application of the tool.

This informal application of scenario planning would most closely be compared to the organisational learning view explored in Bootz (2010). This approach appears to allow the application to be more granular and practical for specific strategic decisions. Therefore, according to the results summarised in Table 5, the informal application of scenario planning as a tool would appear to allow respondents a more agile and practical strategic decision making process.
6.3.3. No Application of Scenario Planning as a Tool

The research outcomes pertinent to this question are shown in Table 6 of Chapter 5. It is notable that the participants who specifically did not make use of scenario planning as a tool were consistent in their reasoning and views as to why it was inappropriate for them or their businesses specifically. The key reasons were related to it allegedly not being part of their business culture, not agile or practical enough and unable to respond to the complex South Africa market dynamics. This finding is contradictory to the various proposals and literature that promote scenario planning as a tool to increase agility and manage in an increasingly complex and uncertain environment (Bootz, 2010; Ringland, 2010; van der Heijden, 1997; Vecchiato, 2012).

It was very interesting to note that five of the participants who identified with the “entrepreneurial mind-set” as a competitive advantage were also against the use of scenario planning as a tool in strategic decision making. Instead, they specifically attributed agility, flexibility and responsiveness to the development of an entrepreneurial approach instead of a static and time consuming tool such as scenario planning.

6.3.4. Conclusion for Research Question Two

The purpose of this question was to establish the presence and use of a strategic foresight tool, such as scenario planning, in South African executives’ decision making processes. The level of utilisation of scenario planning was established for the group of respondents as well as the practical application of scenario planning explored. It has been proposed, per the literature reviewed, that scenario planning has the potential to increase the individual’s awareness and strategic agility by introducing contrasting concepts and conflicting outcomes as part of different potential scenarios (Bootz, 2010; Ringland, 2010; van der Heijden, 1997). However, despite the potential benefits, this results discussion has called some of this into question due to the variability in the application of the tool as well as the responses by those who specifically decide against applying scenario planning due to its perceived constraints and practical limitations.
6.4. DISCUSSION OF RESULTS FOR RESEARCH QUESTION THREE: SCENARIO PLANNING METHODOLOGIES

The third research question expanded on the previous one by attempting to determine if scenario planning is utilised in strategic decision making, how is it is applied and if there are any methodologies or techniques that are most commonly utilised by South African executives. However, unfortunately there was no significant result established in relation to this question. In fact of the six respondents that made use of scenario planning in a formal manner, all varied in the application of the tool and preferred methodologies. Some even expressed that they were uncertain what method they were using. The application of scenario planning would therefore appear to be dependent on personal preferences, experience, business processes and the overall aim of individual or organisation.

The question sought to understand and unpack how scenario planning is being applied by executives faced with strategic decisions, uncertainty and increasing complexity. If it could be established that scenario planning is being applied it was important to attempt to establish if there are common methods or approaches being utilised by South African executives. However, due to the variety in the application and use of scenario planning a clear result could not be determined for this research question.

6.5. DISCUSSION OF RESULTS FOR RESEARCH QUESTION FOUR: CONDITIONS THAT ENCOURAGE THE USE OF SCENARIO PLANNING

A summary of the research outcomes pertinent to this question are shown in Table 7 of Chapter 5. The fourth research question aimed to identify if there were there any specific antecedent conditions that potentially encouraged and enable the use of scenario planning in strategic decision making.

6.5.1. Enabling Conditions for Scenario Planning

The above led to the identification of five conditions that appeared to assist in the adoption and application of scenario planning as a tool. These conditions were identified as enablers of scenario planning within the scope of the current study. The conditions identified spanned a wide number of facets including the type of industry, the organisational structure, culture, leadership styles and individual openness.
These findings were consistent with the literature that proposed that the use of scenario planning would encourage the development of curiosity and openness within an individual as well as promoting collective learning within the organisation (Bootz, 2010). Furthermore, it was supportive of the notion that organisations that are greatly affected by the rate of change and have increasing uncertainty present in their decision making, would adopt scenario planning as an approach (Hammoud & Nash, 2014; Vecchiato, 2012; Vecchiato & Roveda, 2010). This approach allows for the understanding of complex systems, interactions as well as managing the limited application of historical data due to the increasing rate of change (Bootz, 2010; Hammoud & Nash, 2014; Rohrbeck & Gemünden, 2011; Vecchiato & Roveda, 2010).

6.5.2. Conclusion for Research Question Four

This research question aimed to establish the presence of enabling conditions that support the application and use of scenario planning in strategic decision making. This research question was answered and five enabling conditions were established. It is notable that the researcher cannot determine if these conditions resulted from the adoption of the tool or were antecedent to its application within the organisations and individual’s leadership style. Further research would be necessary to uncover the depth of relationship between these conditions and the adoption of scenario planning as a strategic decision making tool.

6.6. DISCUSSION OF RESULTS FOR RESEARCH QUESTION FIVE: PERCEIVED BENEFITS OF USING SCENARIO PLANNING

A summary of the research outcomes pertinent to this question are shown in Table 8 and Table 9 of Chapter 5. The fifth research question aimed to identify the perceived benefits associate with it as a tool in strategic decision making.

6.6.1. Perceived Benefits of Using Scenario Planning

This question led to the identification of seven perceived benefits to the organisation and individual when using scenario planning as a strategic decision making tool. The benefits identified were all supportive of current literature which identify the benefits of foresight outcomes to be related to the individual, team and organisation overall (Hammoud & Nash, 2014). In fact the benefits align clearly with the top five advantages noted in Hammoud and Nash’s study (2014). These were “shaping the future, improving corporate changeability or
flexibility, improving organisational alignment, enhancing the customer’s perception of the company and increasing the awareness of opportunities” (Hammoud & Nash, 2014, p. 42).

Furthermore, it is positive that the perceived benefits align to those identified by Bezold (2010) as key for organisations engaging in these activities. This finding therefore adds to the current literature by suggesting that scenario planning is meeting the needs of the organisations and individuals who are applying it within the South African environment.

6.6.2. Perceived Challenges of Using Scenario Planning

The identification of perceived benefits highlighted that there were certain potential challenges that needed to be overcome in order to realise these advantages. Bezold (2010) noted that the challenges to applying and developing effective foresight are many and varied depending on the specific circumstances and organisation. Therefore the challenges identified in this study could assist in forming a base of considerations which could assist practitioners looking at implementing scenario planning as a tool within their organisation.

6.6.3. Conclusion for Research Question Five

This research question aimed to understand the perceptions around the scenario planning tool and how it could generate advantages or benefits for decision makers that utilise it. This research question was answered and supportive of current research’s findings as noted in this discussion. This insight into the perceived benefits as well as potential challenges could be utilised to assist executives or organisations who would like to enable scenario planning for themselves.

6.7. DISCUSSION OF RESULTS FOR RESEARCH QUESTION SIX: INHIBITORS TO SCENARIO PLANNING

A summary of the research outcomes pertinent to this question are shown in Table 10 of Chapter 5. The sixth research question focused on identifying when scenario planning is not being utilised by South Africa executives in strategic decision making, why this was so and what could possibly be inhibiting its utilisation as a tool.
6.7.1. Perceived Inhibitors of Using Scenario Planning

This research question led to the identification of six perceived inhibitors to the application and use of scenario planning in the South African market. Although challenges to the application and use of scenario planning have been noted and discussed previously in this chapter very little research could be found regarding perceived inhibitors to the application of the tool.

The inhibitors that were a surprise were the perception that scenario planning was too static and unresponsive, and therefore did not encourage the necessary amount of agility or uncertainty present for the executives. This finding is uniquely supported by Beinhocker’s (1997) work in complexity theory which suggests that an organisation’s strategy will shift from being focused on competition to being able to evolve as an organisation. Therefore, many of the inhibitors as identified by the executives related to their desire for agility and flexibility to deal with the uncertainty in their current environment. It is notable that the key benefits of scenario planning as a strategic decision making tool are being challenged by this unique finding in the South African context.

Not all the inhibitors, as identified in Table 10 in Chapter 5, are new to scenario planning literature however. It has been acknowledged by various sources that the future value of scenario planning is difficult to realise unless specifically addressed within the scenario planning and strategic decision making methodology and process (Senge, 1992).

These perceived inhibitors to the use of scenario planning as a strategic decision making tool were echoed in the results which revealed that the “entrepreneurial mind-set” was attributed to greater agility, flexibility and innovation for the individuals and organisations who applied it. Stacey’s (2007) matrix highlighted the importance of leadership changing to be more adaptive, creative and empowered through shared wisdom in a complex system (cited in Lane & Down, 2010). Therefore, there could potentially be a unique management approach in the “entrepreneurial mind-set” as discussed previously.

6.7.2. Conclusion for Research Question Six

This question sought to expand on establishing the existing utilisation of the scenario planning tool by identifying potential inhibitors to scenario planning in strategic decision making by executives. This question was answered with the identification of six key inhibitors
by the 40% of executives who specifically do not make use of scenario planning as a formal tool.

6.8. INTEGRATED MODEL FOR THE USE OF SCENARIO PLANNING AS A STRATEGIC DECISION MAKING TOOL

The findings of research questions two, three, four, five and six were integrated to reflect here as a holistic model regarding the use of scenario planning as a strategic decision making tool by South African executives.

Figure 5: Use of Scenario Planning as a Foresight Tool by South African Executives

It is the intention that this integrated model of the use of scenario planning can assist in the development and application of scenario planning in a more robust manner per the conditions highlighted within Figure 5 above. This model, as well as the key findings mentioned in this chapter, will be discussed in the following chapter alongside the implications, limitations and final recommendations.
7. CHAPTER 7: CONCLUSION

7.1. INTRODUCTION

The following chapter will consolidate the findings of the study as they relate to the purpose of establishing whether South African executives utilise strategic foresight tools, such as scenario planning, in their strategic decision making. It will also include recommendations based on these research findings and propose ideas for future research.

It is proposed that identifying the level of utilisation of scenario planning as a strategic foresight tool (or the lack thereof) by South African executives could lead to valuable insights into the robustness of strategic decision making processes currently being employed in the South African market. This could be of value in understanding the long-term competitiveness and sustainability of the country as a whole. Furthermore, in exploring the strategic decision making process that South African executives are utilising, a deeper understanding of the unique market dynamics and strategy may emerge.

Although the value of tools such as scenario planning is well recognised, the practical application thereof by South African executives in their strategic decision making processes had not been previously established. Therefore, this study outlined six research questions to develop an understanding of this objective. Figure 2 outlines the six research questions as they have been presented in the previous chapters of this study and the key findings will be discussed below.

Figure 2: Research Questions Map

Source: Author’s own
7.2. PRINCIPAL FINDINGS

A key component of an executive’s role as a strategic leader is his or her ability to manage uncertainty. Executives need to make strategic decisions in unpredictable environments that will ensure the long term sustainability of their business (Ringland, 2010). The capability of an executive to do so is of the utmost importance, not only when attempting to ensure strategic execution, but ultimately for the survival of businesses, industries and a country’s overall long-term competitiveness (Jooste & Fourie, 2009; Lewis, Andriopoulos & Smith, 2014; Lister, 2013).

It has in fact been established by Serfontein (2010) that strategic leadership is positively associated with organisational performance in the South African market. The current South African business climate would appear to require significant strategic leadership and agility to manage the major disruptive forces being experienced. Through the literature reviewed in Chapter 2, the development of the subsequent six research questions, and the results from Chapter 5, it was possible to begin establishing three frameworks which answer the purpose of this research study.

7.2.1. Key Enablers of a Strategic Decision

In exploring how South African executives’ think about strategic decision making and strategy, eight overarching themes emerged. Six of these themes could be grouped into the three elements of intrapersonal, interpersonal and contextual. These elements highlighted the complex interplay that strategic decision making has between the individual’s internal context and external environment.

The above allowed the development of a model which notes the key enablers of a strategic decision. This model is able to integrate the various intrapersonal, interpersonal and environmental elements involved in strategic decision making as noted in Chapter 2 of this study. The model therefore assists in understanding how South African executives view their strategic decision making processes and its relationship to their strategy.
7.2.2. Competitive Advantage and the “Entrepreneurial Mind-set”

In exploring how South African executives think about strategic decision making and strategy, one of the themes that emerged was the identification of an “entrepreneurial mind-set” as a way of managing the increasing complexity and developing a competitive advantage in the South African marketplace. It was also notable that the majority of the executives who identified with the “entrepreneurial mind-set” as a competitive advantage were also against the use of scenario planning as a tool in strategic decision making. Instead, they specifically attributed agility, flexibility and responsiveness to the development of an entrepreneurial approach rather than the perceived static and time consuming tool of scenario planning.

This unique finding is key to understanding how some South African executives are making sense of the complex environment they operate within, while at the same time ensuring a competitive advantage when not applying formal management tools like scenario planning. This discovery was supported by current literature, as presented in Chapter 6, which noted the similarity of this “entrepreneurial mind-set” to Stacey’s (2007) matrix which highlights the importance of leadership changing to be more adaptive, creative and empowered through shared wisdom in a complex system (cited in Lane & Down, 2010).
This was a principal finding of this research study because it makes a unique contribution to the current research around leadership in complex systems and strategic foresight which calls for a new “adaptive leader” who is able to actively seek different perspectives and deliver on outcomes (Lane & Down, 2010). This finding appears summarised in Figure 3 below.

**Figure 3: Competitive Advantage and the “Entrepreneurial Mind-set”**

<table>
<thead>
<tr>
<th>What is it?</th>
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</tr>
<tr>
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<td>ability to make strategic decisions &amp; be empowered like entrepreneurs</td>
<td>+ <strong>Entrepreneurial Culture</strong></td>
</tr>
<tr>
<td>Majority of executives made use of this “Entrepreneurial Mind-set” instead of scenario planning</td>
<td>This could potentially be a consideration for more dynamic management in the future...</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>= More Strategic Agility</td>
</tr>
<tr>
<td></td>
<td></td>
<td>= <strong>Competitive Advantage</strong></td>
</tr>
</tbody>
</table>

Source: Author’s own

**7.2.3. Use of Scenario Planning as a Foresight Tool by South African Executives**

The research question map showed the integration between the various research questions set out for this study. This integrated approach allowed the researcher to develop a holistic view of the various results presented in Chapter 5. The results and subsequent discussion in Chapter 6 were collated to reflect as an integrated model regarding the use of scenario planning as a strategic decision making tool by South African executives.

It is the proposed that this integrated model can assist in the development and application of scenario planning in a more robust manner per the conditions highlighted within Figure 5 below. If an individual or organisation is attempting to improve strategic foresight, or implement scenario planning as a tool, this model allows them an overview of the enablers, benefits, and process elements to be addressed, as well as potential inhibiting factors to take into account.
In terms of the practical implications the three models developed within this research study can assist executives and academics in the following manner:

- The key enablers of a strategic decision model could be utilised to evaluate strategic decision making and develop insight into what enablers assist in making more robust strategic decisions.

- The key enablers of a strategic decision model could potentially be used as a point of reference for leaders to evaluate their strategic decision making against any elements that may be lacking.

Source: Author’s own

7.3. IMPLICATIONS FOR MANAGEMENT

Figure 5: Use of Scenario Planning as a Foresight Tool by South African Executives

- Antecedent Enablers
  - An organisational structure and dedicated time, people and resources
  - Complex industries without price setting power (i.e. mining and energy industries)
  - Participation & commitment from senior leadership
  - A consultative environment that allows the empowerment of people to develop anticipatory skills for the benefit of the business as a whole.
  - Openness and curiosity, on an individual and overall leadership level

- Process Elements
  - Methodologies – varied & dependent on personal/organisational preferences
  - For specific strategic decisions - informal application appears relevant
  - Various challenges that need to be considered during the process of application...
    - Time constraints
    - Practical application and translation to management action
    - “Calibration” of scenarios planning to test the robustness of scenarios
    - Limited number of scenarios and variables

- Perceived Benefits
  - A more agile business
  - Identifying & mitigating potential risks
  - Shifts leadership thinking
  - Develops a future orientation & anticipatory mind-set
  - Develops business case robustness
  - Encourages participation in the business strategy

- Perceived Inhibitors
  - Levels of current uncertainty in the market is too high
  - Not agile or responsive enough
  - Impact & value only realised later and therefore difficult to correlate
  - Not practical enough to add value especially in relation to the amount of time required
• The competitive advantage and the “entrepreneurial mind-set” model can be envisaged and therefore evaluated as a method of creating strategic foresight and sustainability in complex environments.

• The “entrepreneurial mind-set” model could lead to a new and competitive management method being understood and therefore adopted to manage more effectively in complex environments.

• The integrated model of the use of scenario planning can assist in the development and application of scenario planning interventions in a more robust manner per the conditions highlighted therein.

• Strategic decision making and complexity have been brought together in this study and therefore further research could be done to explore how strategic decisions occur in complex environments.

It can therefore be established that the three models develop in this research study could deliver various benefits to academics and business leaders alike. In fact, the key enablers of a strategic decision model could potentially be used as a decision making audit tool for a top management team to access their strategic decision making processes and its relationship to their strategy.

Furthermore, when considering the “entrepreneurial mind-set” model’s proposal, a top management team struggling to succeed in an increasingly complex environment might consider a new approach to their strategic decision making. Potentially they may consider changing their strategic decision making strategy and empowering multiple decision makers within their business. This would shift the ownerships of strategic decisions away from a centralised structure and instead decision making rights will be diffused throughout the organisation.

If applied correctly this diffusion of strategic decision making rights could increase the organisation’s responsiveness to the market and thereby allow more effective response to increasing complexity. These models would therefore be useful to executives who would like to improve their strategic decision making processes or implement a scenario planning imitative within an organisation or team.
7.4. LIMITATIONS OF THE RESEARCH

The current research and may be limited due to its proposed sampling methodology, as well as the use of qualitative analysis which is inherently limited and can only be extrapolated to the larger South African population circumspectly. The researcher therefore proposes that, while a limitation to the research the data obtained, although not necessarily statistically representative of the larger South African population.

The study nevertheless provides vitally important information about the utilisation of strategic foresight techniques in South African boardrooms, along with its inhibitors, enablers and general antecedents.

It is the researcher’s opinion that this study provides a necessary first step in identifying the level and use of strategic foresight techniques in South Africa, as well as the conditions that might promote its propagation. This is, in itself, a useful task and one which may serve as a springboard to further more extensive research into this topic.

7.5. SUGGESTIONS FOR FUTURE RESEARCH

It has been proposed in Chapter 6 that various potential studies could be conducted to further various elements of this research enquiry. These suggestions are summarised and proposed here:

- **Strategic Paradox Awareness:**
  Following from the confirmation of executives’ awareness of a strategic paradox within their roles and their active engagement with managing this appropriately, it would be beneficial to establish whether this ability could be correlated to their overall business performance and sustainability within a longitudinal research study.

- **Competitive Advantage and the “Entrepreneurial Mind-set”:**
  The finding of an “entrepreneurial mind-set” as a unique strategic approach promoting greater agility, flexibility and innovation for the individuals and organisations who apply it, holds various opportunities for further investigation. Further research might seek to identify methods of what this “entrepreneurial mind-set’ consists of and how it is being applied in the South African marketplace.
It would also be instructive to determine whether any of the traditional differences in strategic decision making, being more biased and therefore quicker to action, is present in this group of executives (Busenitz & Barney, 1997). These insights could potentially lead to the development of a new management model, involving multiple empowered strategic decision makers, for complex environments (Lane & Down, 2010).

- **The Application of Scenario Planning Tool:**
  The varied application of scenario planning as a tool in strategic decision making appears to be related to individual preferences, strategic decision objectives and the specific organisation’s application of the tool. Chermack (2005) proposes that the presence of scenarios act as the catalyst unit of future theory development, and therefore no empirical indicator is required to provide a measurement of the scenarios.

  This study’s finding challenges Chermack’s assumption that the catalyst unit will be scenarios and learning as on the empirical measure. It appears, due to the findings presented in Chapter 6 of this report, that there is a significant amount of variance in the application and utilisation of scenario planning as a tool in any individual or organisation’s system (2005). Therefore, it would be recommended that further empirical studies are done to establish the actual utilisation of scenario planning as a tool as well as investigating how it is being applied by executives in their strategic decision making processes. And finally, whether these various methods and changes in the application of scenario planning methods yield the same learning and cognitive benefits proposed in the literature currently reviewed.

### 7.6. CONCLUSION

This research project has provided a comprehensive review of current literature related to complex systems, strategic decision making, strategic execution, uncertainty, strategic foresight and scenario planning which, alongside the data collected in the in-depth interviews, has allowed the empirical development of three frameworks.

It has been established in the literature review that the world today has become a complex system were interdependence, disruptions and uncertainty is only set to increase. An executive’s capacity to make sense of complexity, manage uncertainty and overcome his/her
inherent cognitive limitations is therefore of the upmost importance. It is the intention that the three frameworks developed through this research project can be utilised to assist in strategic decision making, the development of strategic foresight, and in the improved application of scenario planning as a strategic decision making tool.

Strategic decisions are identified as vital to the competitive advantage and future direction of an organisation (Brockmann & Anthony, 2002). However, as has been noted in this study, many of the conditions under which strategic decisions are made (i.e. high profile, significant importance and high risk) exacerbate the limited cognitive capacity of the decision maker (Hall, 2007). Therefore, the frameworks proposed in this study hope to identify how strategic foresight may be improved and made more accessible to executives in the South African market. Enhancing strategic decision making by the application of strategic foresight in the form of tools, or an “entrepreneurial mind-set”, could potentially minimise the negative impacts of uncertainty and improve competitiveness in the South African environment overall.
REFERENCE LIST


Ringland, G. (2010). The role of scenarios is strategic foresight. Technological Forecasting & Social Change, 77, 1493-1498. DOI: 10.1016/j.techfore.2010.06.010


APPENDIX 1: SEMI-STRUCTURED INTERVIEW SCHEDULE

Name: 
Start Time: 
Organisation: 
End Time: 
Job Title: 
Date: 

Thank you for agreeing to meet with me today. I really appreciate your time and input into this research. The title of the research is ‘The role of scenario planning in strategic decision making by South African executives’. Decisions are often classified as “strategic” when the decision relates to the overall strategy and direction of an organisation in order to maintain a competitive advantage - presently and into the future (Brockmann & Anthony, 2002; van der Heijden, 1997).

A strategic decision will thus involve a high degree of uncertainty as well as having a significant impact on the business currently and in the future (Shivakumar, 2014). The aim of this research is to establish whether South African executives make use of scenario planning when making strategic decisions as well as the conditions and factors that encourage or discourage its use.

The study will therefore aim to determine the following research objectives:

- Explore how South African executives think about strategic decision making and strategy.
- Determine whether South African executives make use of scenario planning as a tool to assist in strategic decision making.
- Identify the antecedent conditions that facilitate the use of scenario planning among South African executives.
- Explore whether South African executives consider scenario planning an effective tool to assist in managing uncertainty and making strategic decisions.
- Determine whether South African executives do not make use of scenario planning, why this is, and what inhibits its use as a tool.
- Establish whether South African executives utilise other tools or preferences when they make strategic decisions, and why these are preferable?
The nature of this research and interview is both conversational and exploratory. I would like to encourage you to speak freely and be confident in the fact that the information shared in this interview will be confidential and you will remain anonymous.

Before we begin, may I ask you to please sign the consent form and can you please confirm that you are happy for me to record the interview using an audio recording device?

**Question 1:**
Just to start could I ask you to tell me a bit about your company and role?
- Current Role & Responsibilities:
- Level in the organisation:
- Company industry/sector:
- Company age:
- Company size: Staff compliment
- Company size: Turnover

**Question 2:**
According to where you are focusing your attention, what is your understanding of strategic decision making? How do you make use of it?

**Question 3:**
What types of challenges (complexity) are you being confronted with in your business and its context, currently and in the future?
*Potential probing question:* Has your business environment increased in complexity and/or uncertainty in more recent years?

**Question 4:**
How have you have tried to create and maintain a competitive advantage in the current South Africa business environment?
*Potential probing question:* What is your businesses’ competitive advantage?

**Question 5:**
Can you explain how you make strategic decisions and the methods you use to do so? (I.e. Influences, considerations, methods etc.)
If interviewee highlights scenario planning as a method used refer to question 6 if they do not refer to question 7.

Question 6:
In your method you mentioned scenario planning. Can you tell me a bit more about how you utilise and apply this specific tool?
   a) When do you utilise scenario planning as a tool?
   b) How do you make use of them?
   c) Does the organisation have scenarios about the future of this organisation & SA?
   d) How and when are these utilised?
   e) How were they created?
   f) Are they being reviewed or discussed at present?
   g) What do you believe are the advantages of utilising scenario planning?
   h) What do you believe are the disadvantages of utilising scenario planning?

Question 7:
Can you just explain a bit more about the methods you use in your strategic decision making process?
   a) What tools are you making use of?
   b) How do you make use of them?
   c) What are the advantages/disadvantages of using these tools?
   d) I notice that you have not mentioned using a tool like scenario planning, can you explain why you do not make use of it?

Question 8:
Of the identified methods you have mentioned here, which do you consider to be the most impactful? And why?

Potential prompt: Some of the potential methods and information sources might be?
   • Business experts / Consultants
   • The top management team
   • Current events and news
   • Business performance to date
   • Future scenarios
   • New technologies
   • Current trends
- Personal instinct/ Gut feel
- Customer feedback
- Forecasting
### Section A

#### A. Strategy, Strategic Decisions and Opportunities

i) The following quotes present examples of anticipating opportunities and changes in the market...

<table>
<thead>
<tr>
<th>Quote</th>
<th>Source</th>
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<tbody>
<tr>
<td>&quot;Strategy suggests that we are in control of everything, which you’re not. You know things happen to you and you try and make things happen&quot;.</td>
<td>PM</td>
</tr>
<tr>
<td>&quot;So I think the new markets are probably opportunity based. So a certain amount of research – what is the market size; what is the market potential; are there other players; do we have a partner that can help us distribute? So I think there is a fairly… I wouldn’t say very rigid framework but there is a certain amount of criteria that must be met before we consider a market feasible.&quot;</td>
<td>PB</td>
</tr>
<tr>
<td>&quot;You also need to identify your market because people that have been working on it for a lot of years have kind of classified it the way they understand it and the way it has always worked. We are young and coming in tomorrow/today and saying what does the market look like and where can we start playing？”</td>
<td>PS</td>
</tr>
<tr>
<td>&quot;Our job is then to take that and number one ensure understanding to the people who are executing it and obviously to feedback changes on the ground back to corporate strategy. So in my view the strategic decisions we would have is which markets to be go in to, what granularity do we do down a value chain, are we a wholesaler or retailer, do we have distributors, what parts of the business do we outsource, which assets do we operate and own ourselves... we also have a bit of new business, business development focus, that comes in with strategy to say that if there are new business opportunities, are they in line with the corporate strategy, if not, do we see we don’t pursue this or do we amend the corporate strategy.”</td>
<td>PE</td>
</tr>
<tr>
<td>&quot;And then when we tackle it as well we have to see how you get out of business divisions because the opportunities are always looking at (it sounds trite) but about connecting the dots; so we want strategies which we call connectability, we create our own words, but the connectability is really ‘why do I need to engage with you, how can you help me from a business point of view?’ And it is really just forcing people to think constantly who do I need, and if I am operating in a transactional environment does that mean that is where I need to stay? No. But if I do.. I do need to, because this is my core job, but is there something here that I could share with somebody else that would make a difference?”</td>
<td>PL</td>
</tr>
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</table>
ii) The following quotes highlighted the importance of action and speed to make the most of opportunities…

<table>
<thead>
<tr>
<th>Quote</th>
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<tbody>
<tr>
<td>“So if you are making quick decisions they are comparatively small in the scheme of things and we can fix them up quickly. So if there is a massive decision to be taken, clearly we will go through all the proper due diligence but typically what we have been doing is adding on lots of small pieces and so this has got quite big.” (PM)</td>
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<tr>
<td>“The speed of decision making I believe is getting quicker and quicker. So it is up to you to ensure that you are kind of a master of your domain so that you can make these decisions quicker. You don’t have the luxury of time to make some of these decisions.” (PB)</td>
<td></td>
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<tr>
<td>“Okay, we are able to make decisions with speed and flexibility, we are able to make decisions hugely quickly. So by definition the bigger… one doesn’t do justice to it but the elephant and the gazelle analogy which sometimes irritates me, but you have got the capability to move very quickly here.” (PM)</td>
<td></td>
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<tr>
<td>“Yes. You have to… no matter what you do… so whatever decision you have has consequence. Whatever choice you take will have consequence so you’ve got to be able to consider it very quickly.” (PB)</td>
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iii) The following quotes focused on mobilising resources…

<table>
<thead>
<tr>
<th>Quote</th>
<th>Source</th>
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<tr>
<td>“If you are pulling a lever you’ve got to understand that all of these things actually… I call it the waterbed effect. So pretty much if you jump on one end of a waterbed something else is going to get knocked off or something like that. That is pretty much it. So you’ve got to be able to understand which levers you are going to pull and what that knock-on impact is going to be. Either something else is going to happen if you divert your resources from one project to another. How are you going to deal with that project? Are there delays; can your recover; are you going to make a customer unhappy. All of these things have to be… you have to be aware. Your strategic decisions or your tactical decisions have consequences.” (PB)</td>
<td></td>
</tr>
<tr>
<td>“Exactly and then I mean it really theoretically it boils down to the resource base of the firm, right, you can only do what your current capacity and what your current resource skill set allows you - to do at that point in time.” (PA)</td>
<td></td>
</tr>
<tr>
<td>“So we are risk takers obviously, because that is the nature of entrepreneurialism, but we take a lot of small risks, so we don’t bet the family farm or anything, and those small risks if they go wrong, we can address them very quickly, and if they go right then we can marshal resources behind that.” (PM)</td>
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</table>
“So one of the things we are at head office is we are the allocators of resources actually, so we will decide where best to invest, because the guys have got to come to us with their ideas and we have got to evaluate them and decide.” (PM)

iv) The following quotes focused on the importance of establishing clarity, direction and maintaining focus in relation to strategy and strategic decision making…

“Ja, but we are also very clear as to where… what decisions these guys can make. That is part of putting them into the net. We say ‘this is how we operate’ and we sort that out before they enter the fold. So by the time they enter the fold there is no conflict.” (PM)

“So those are the technical sort of things we were dealing with so the scenario planning was within the context of that project to be looked at options and how things would play out that you would keep on uncovering. So the environment kept getting more and more complex and you’d have to be factoring that back in.” (PC)

“So if we don’t ask the questions, if we don’t push, if we don’t have the meetings and the discussions; if we don’t make the proposals, make the presentations; if we don’t drive the process, umm… then yes, you can’t sit back and wait for something else to happen. But you can’t do it in isolation- I think that is important.” (PQ)

“Information. If you have data and information there is so much power in that. Then you can make an informed decision rather than just sitting there and saying, well I think we should do this. If you have some background it helps you to make a better decision.” (PY)

“So there is lots. There is broker feedback; sales figures; social media feedback; feedback from vendors/partners. I think in this space there is no such thing as bad data. We get a lot of information in. We process pretty much all of it and understand how we start moving forward.” (PB)

“The principle that whilst the businesses are self-standing and entrepreneurial you need to give them enough rope but you need to know when to pull the ropes and when the pull them back and do all those good things you have to do.” (PT)

“If you don’t know the business yourself then find someone who will know the business for you. But not a consultant. Strategy is very important, I don’t think it has to be that difficult. Just keep things simple.” (PT)

Section B

B Distinguishing between Strategic Decisions and Tactical Decisions

“If you are pulling a lever you’ve got to understand that all of these things actually… I
call it the waterbed effect. So pretty much if you jump on one end of a waterbed something else is going to get knocked off or something like that. That is pretty much it. So you've got to be able to understand which levers you are going to pull and what that knock-on impact is going to be. Either something else is going to happen if you divert your resources from one project to another. How are you going to deal with that project? Are there delays; can your recover; are you going to make a customer unhappy. All of these things have to be... you have to be aware. Your strategic decisions or your tactical decisions have consequences.” (PB)

“Right, so where do I spend most of my time? I think it depends on the life cycle and the stage where the business is. So I spend a lot of my time operationally at the moment. The reason for that is that both businesses have experienced a bit of turmoil in the last few years.... SO there has been a big operational focus on that as well - trying to get that sorted out; operational efficiencies; market position; product consolidation – and, and, and… so lots of operational focus. So while all of that is happening, so if you ask me where I have spent my time in the last two years, it is 80-90% on the operational side. But yes, you need a bigger view to say, okay, while you are busy with all this operational stuff, where are we going with all of this? There has to be a strategic view as well- which is quite interesting and challenging in a bigger corporate environment.” (PQ)

“… senior executives get paid a hell of a lot of money to make these very risky decisions because one is it is mission critical, and two they risk their entire personal credibility and career credibility on some of these decisions. Sometimes you cannot recover from that. I think in the tactical decisions where there is lower risk those sometimes get made independently. Your tactical decisions largely get made independently.” (PB)

“So it is very operationally focused. But at the end the day we need to focus on operations that link into strategic objections. So before go off and do an audit we need to understand whatever business we are looking at, what is their strategy? What is it that they are trying to achieve, what are their KPI’s and what are the things that are preventing them from achieving those KPI’s? And whatever is the basis of the work that we ultimately do we need to hinge on to that because we could look at a whole lot of processes that actually do nothing for the strategy of the business and it is kind of like a no value add review that we are doing because it actually doesn’t tie with the objectives of the organisation or it doesn’t impact the risk of the environment.” (PZ)
“...in a lot of the decisions one makes there is the immediate issue that is a deal breaker or so for a particular engagement that we are busy with. Very often you don’t actually look at what the longer term aspects are. It is around how sustainable is the model that you currently looking at. I guess it is casting the net wider to consider all things in the steps that one is taking. It is easier said than done obviously.... To be brutally honest probably 99% is on fire fighting. Maybe it is just the way the economy is right now. It has been very much around the tactical side of things.” (PV)

Section C

Understanding and Anticipating the Market, Competitors and Customers

“I often find missing in academic understanding of strategy is that it presumes to a large extent that you can control your destiny... To a large extent you don’t! Things happen and unforeseen things happen to you and it is a matter of how you deal with those, what your capability is.” (PM)

“We are close to the markets, we know what is going on. So I think in terms of the dynamics of the market we are pretty much okay. Whether there is stuff coming from left field, disruptive type of influences, that is just I suppose a function of our general knowledge you know?” (PM)

“No the environments were getting increasingly complex. As the world evolves socially, social demands on the mining companies, the environmental demands just increase by orders of magnitude and your local regulations, regulatory requirements to get your water licenses and your air permits and all that stuff suddenly to get a project to fruition...” (PC)

“It has; I mean what has happened and don’t forget about generation “Y” as well. Because 10, 15, 20 years ago, the people that we dealt with in buyers positions thought like us- now I am talking about myself, I am a baby boomer. You know it is all about relationships; it is sit down and have a cup of coffee and we chat and by the way, let's do some business. There is a new character, a new animal now in the buyer and procurement positions, that do things differently. They have different expectations.” (PQ)

“For example, now, (Expo X) in September, all of us will be there and one night we all kuier together- the whole lot of us; whether we are friends or not, we kuier together, because that is the tradition. Yes, and then you will share- you will talk about the industry; you will talk about certain customers. I am glad you have got that customer and they will say, well don’t you want them back, because I don’t want them either.” (PQ)
“...a lot of testing the alternatives. So I mean it probably talks to your paper around scenario planning. Understanding the high road and the low road scenarios. A lot of people look at all of the high road scenarios and say well this is the most elegant and profitable business case. The reality is one... if one variable doesn't play out in favour your entire structure collapses. So you have to consider the high road / low road scenario. I think it is being a little bit of a pessimist. So how do you take all the low road variables and say, what do I need to do to turn this decision in my favour? So if all the variables are playing against me can I successfully mitigate each of these?” (PB)

“Each of the businesses knows their business and they know the opposition. Or they supposedly knows what the opposition is doing. They can see in the market place what the opposition is doing. And they go do their own analysis.” (PT)

“So there is always this tension between the market view and the operations view...if you have a market view strategy or do you have an operations view strategy? I think, in the old days, the guys said well this is the piece of equipment that I have, what can I do with it? Go and find me a market. Now we are saying no.. no.. no.. this is the marketing, what equipment do I need.” (PQ)

“Some are dependent on the oil price, they all have different factors. What we have had in this year for example, we have had the dollar that weakened against the rand, we have had the Euro strengthen. So you have got some products and customers that you have increased prices and some products and customers where you have got to decrease prices, you can't just go with the one brush and paint them all, it's almost product for product, customer by customer. Which makes managing a business pretty difficult.” (PT)

“So we've installed like new hardware and software, we've got a whole lot of actuaries sitting across the entire business unit that are literally just mining operational data and looking for opportunities for us.” (PA)

“So we are completely customer obsessed and we deliver value through essentially our technological competencies and that is how we started cognitively thinking shifted…” (PA)

“...strategic decision is so difficult to explain to someone because to be very honest with you I don't use a model. I go and I sit down and I say, if I was (Company X) what would I have wanted (Division x) to give me; what services would I have liked, or something like that. That is the way I go forward and I also have a look and I say, for me to outperform the guys out there, the private companies, I need to have an offering that is unique.” (PY)
“So that is a big thing for us and we do foresee that there are going to be a lot of questions from South African Reserve Bank, from DTI, from the NCR around all of these things. There are going to be a lot more audits coming in and a lot more reporting coming in. So… *What we are doing, and that is where this department makes it so easy, is we are busy anticipating what type of reports they are going to want and gaining all of that info now and making sure it is on the systems so that we can report to them with one voice the same every time.*” (PY)

“We go a lot by trends and it is not like we are making Coca Cola we are making a whole lot of different things which is driven by short term demands or needs of a particular customer, which might then drive us down an area.” (PD)

“**Typically look at the current strategy and try and define status quo and get the base business clearly defined** whether that is in a flowchart or however we want to put it. I always like getting things on a piece of paper.” (PV)

“**Competitive advantage in this sort of business has very large barriers to entry, but that isn’t going to stop us, substantial business people are going to come in.** So our competitive advantage is really to be more efficient and make sure we have a price advantage. But key is the introduction of innovative products, so we are seen more as a solutions provider instead of just a product supplier to differentiate ourselves from the generics.” (PJ)

“Then key for me was also looking at what they key indicators are of **where the business is going to go in the next couple of years**…” (PJ)

“**In general things are obviously getting more complex. The availability of information, the awareness of customers, the availability of choices that they have** and the rate of change all of these things are making the business environment more complex.” (PE)

“So they are encouraged to work in groups **looking externally, looking at all of our competitors, understanding exactly what is happening in the environment** and the market out there, but globally…” (PL)

“So they are encouraged to work in groups looking externally, looking at all of our competitors, understanding exactly what is happening in the environment and the market out there, but globally…” (PL)

**Section D**

**D Consulting with Stakeholders and Establishing Feedback Loops**

“Well you had to keep identifying what the scenario looked like. *And make your decision based on your best information and your best understanding in that context and at that point* because there were still no guarantees that was exactly how
it was going to play out. And it was unlikely what we have and that it would ever get easier." (PC)

"…ja, that is why I am keen for myself and for managers and staff to attend things like expos, seminars, whatever- whatever is locally available we go to…. Because it just gives you a little bit more, bigger exposure. It just takes you out this day to day rat race that you are in and often, a guy will come back to me and say, I've seen this, what about that? Okay, well within the bigger strategy, yes, this is maybe something to look at. We didn’t think about it two years ago, but now it is there so let’s…” (PQ)

"I think a lot of the strategic decisions are consultative. So large decisions are made by a panel of trusted sources, trusted parties. I think the reality is in your organisation if you… organisations that I have been in here is the more good decisions you make the more responsibility you are given with bigger decisions. So the circle of trust gets a little bit smaller as the risk of certain decisions increases." (PB)

“The typical formulation process would be consider the external environment, what are the changes, opportunities and gaps that are happening there, industry structural changes… and obviously we have to have a view with what is going to happen with regulation, what we want and how we will change it. We have to look at our internal capabilities, our ability to finance resources, risk appetite and geographic locations we want to get into. Thirdly, if you take those two, what are the set of options that we have to execute on. The last would be the choice, which options are we choosing and how that is aligned with what the company wants to achieve - the vision and mission etc." (PE)

"the business really strategically is to empower as many people as you possibly can, for them to understand the vision and get it, and that is done through different things.” (PL)

“I spend some time with the heads of business and I have conversations with them about, what are your objectives for your function, what are you trying to do this year? And that could be tied to anything.” (PZ)

“I think, I definitely think it is increasing; I think it is becoming harder and it is a combination of things. I think the way the organization is structured and the value that the organisation delivers almost counter, they are kind of go in different directions. So it’s almost like you can’t actually rely on report lines or clear structures that define how you operate, you actually need to operate outside of those and start to think laterally.” (PZ)
“So you can see what is selling in the retail industry and you can have a look at what the retail industry sells your product for vs your competitor’s product…. Sort of work out some of the things there, you can also buy someone’s goods and analyses what they put into them, etc. etc. But it’s all informal stuff in oppose to sheets of paper that says – this is what you must do.” (PT)

“…yes we are competing externally but we are also competing internally to make sure that our process is slicker, faster easier than some of our internal… so I think it is a very healthy competition.” (PA)

“So you are open and amenable to various inputs to your board and various inputs to your board’s strategy based on industry skills availability. So it is not one man who comes up with all the strategies. You listen to a lot of people and get more input. It is important to know sometimes which inputs you require. It is even better to know where to find that input that you require.” (PS)

“Go to strat sessions and bring in an industry expert who firstly talks about strategy in general, how to arrive at certain decisions in general and then we also get people to speak to us about (industry x) related strategies so that we also understand where the country is going, where the (Industry x) sector is going and that helps us to decide how to approach. So we do have quite a few strat sessions.” (PS)

“So it is not even just one thing that you are walking out with you are walking out with a bigger picture on different strategies, different business, all the different holdings. Absolutely. The beauty is knowing that those things exist. That is why I am saying it is important to know what you don’t know. It is important to know which resources you require. It is more important knowing where those are.” (PS)

“I think facilitating a strategic “what if” is a particular discipline that I think a lot of people have the ability but very few people have the experience at an executive level. You need to give everyone in the room the ability to contribute to the discussion but you need to move it forward in a structure manner.” (PF)
“So if you've got a two day workshop do they go in with a tangible outcome in mind and then do they go in with - where do they push that, let's call it conceptual strategic scenario analysis? *Then what is the feedback loop from business to then action it quickly and come back with the answer? And often corporates have not budgeted the follow-up time.* So let's assume we came up with a bunch of strategies and business comes back and says, actually it doesn’t quite work like that, then what do you do? Remember most executives are not involved in operations. So they will go in and say we think this happens and then this happens and this happens. They will probably be at best 70% right. So then they pass it back to business. *Business should kick the tyres on it and validate it and then document the actions that arise from that, but then where is the feedback to business, specifically, and where is the tangible actions because business will come back to say, the following are the ranges, some will be validated and some will be invalidated. Then there is a follow-up step that says, so that is the actions if that was the feedback.* Often I don't see that part being planned at the planning stage other than in a deal scenario or a transaction scenario.” (PF)

“So now it is driven by what are the other demands for similar product which could use the same process to justify that investment and how much can you use on that one. So *then we go back into the market and we talk to the sales guys* and say, listen this is a capability should we invest in it and what are the other opportunities to invest in it. Then we will apply some sort of a factor into how much would we load that one project in conjunction with the customer and how much would we take risk on other business we may bring to that market?” (PD)

“Now something which we've used I think quite successfully as a strategic guide is our participation in an organisation called (Organisation X) … and it is quite a unique structure. It is a Swiss based company and it is physical legal entity in which we are shareholders instead of members or associates and that just historically is how it started as a cooperative…. *the ethos of that organisation is to share your progress and successes and failures in your respective markets and it is very... it is quite an openness...*” (PD)

“try and *find out what is the best technology that is available out there; what processes; management systems, etc could be used to improve the process.*” (PV)

“I think *depending on the type of work, so there is certainly a lot of background work that you need to pick up – this is where we are, these are alternatives – and put them together. The way that the industry is interconnected you… and probably more so than many industries,* really have to get a lot of people together to really sign off
**on things and make those final calls.** So they are generally quite widespread.” (PV)

“I am a manager that likes everyone’s input. So when we embark on our strategic process, traditionally what has been done is to rehash the old strategy and copy and paste a few things, but we looked at it from the ground up, we did an extensive market survey, we did the normal things like SWOT and barriers to entry, and all that stuff… **We really re-examined the business from the inside out from the basics, based on what we came up with, this is as a management team, we developed a new strategy,** previously the strategy was very much maximise margins and gain business in African territories, very wishy-washy things. **We have put a lot of measurables in place, so it’s not just the good words, but how we are actually going to do it and then measure the success, we have put specific targets** in and said we want to grow our non-core business and this is the number we want to get there, at the end of the financial year we will have a look and see how we have done there.” (PJ)

### Section E

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<td>“<strong>Info. You have to know what the others are doing and what is happening not just in South Africa. So read, read, and read. I spend probably and it is not enough but about an hour and a half a day.</strong> If I come in, in the mornings it is the first thing I do and I have a whole host of websites that I access and these feeds that you can put on and so on that warns me when it comes in. So on collections, credit, recoveries and all of those things. <strong>So if there is something happening somewhere I know about it so I can see what other people are doing.</strong> You will pick up if everyone is doing it and then the first question is, are they doing it because this is the right thing to do? Sometimes if everybody is doing it, it is the right… you are also supposed to be doing it. Other times it is, no let them do what they want to do we are going to take another route on it. Then talk, talk, talk. I talk to a lot of people.” (PY)</td>
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<td>“<strong>I think anything about future performance is based on a set of assumptions. So you try your best to make… to clarify your assumptions to make sure your assumptions are valid.</strong>… So your future state is always based on a set of assumptions. Actuarial data, past trends, etc kind of inform what assumptions you make but they still remain assumptions.” (PB)</td>
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“I think you attach a confidence level to assumptions. So certain types of assumptions you can attach a high confidence level to because those assumptions come with well-informed data and that type of thing. **So you are always trying to make sure that you refine your assumptions so that you constantly increase the confidence level.** There are two things that influence your confidence level. One is how much of that assumption you hold in your own control and the second is the time horizon. So the time horizon on an assumption, the longer you assume for the lower your confidence level in that assumption is.” (PB)

“I think you have to constantly be aware. **In our roles you have to have tacit knowledge of what is going on around you.** You kind of have to understand what is happening in your industry; what are the drivers; what are the political influences. **You are constantly reading up pretty much all sorts of news, all sorts of journals to try and be aware. So current affairs is a very very big part of informing decisions. You... and there isn't an hour booked in my calendar to go and read the newspaper so you pretty much doing a lot of these things in your private time after hours that type of thing.** I think that is what makes effective executives and effective decision making – how much of information you can have or you do have at your disposal to make quick decisions.” (PB)

“The speed of decision making I believe is getting quicker and quicker. **So it is up to you to ensure that you are kind of a master of your domain so that you can make these decisions quicker.** You don't have the luxury of time to make some of these decisions.” (PB)

“I guess you have got to be a bit worldly, you must be aware of what is happening in the world. And... you listen to some statistics. I guess you can look at past trends, although that is only indication. It’s not to say – past trends might show you what happened but it might not be the way forward. If past trends showed you for example the post office was the way to deliver things until Amazon.com arrived, etc. etc. **So you can only look at the past as a guideline, the rest you have got to go with what the world is doing, best practices and your gut feel is.”** (PT)

“What I value most... What I value the most is the honest appraisal... **I want you to be able to tell me the honest facts on the ground, that to me is the most valuable information I can get.** As it is. So we can make a proper informed decision and I think that is what I value most.” (PT)

“The biggest thing is that you have to believe in what you believe in and believe in it well. Don't doubt yourself. If you believe in something then stand by it and go for it. Make sure the facts are on your side. Don’t choose a point of view if the
**Section F**

**The Role of Intuition**

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<th>“But then you have got to sit back and say – well what does your gut feel say, why do we want to be in that industry and do we think it’s right? There is no formal process that you can go through, you can just sit back and think – yes it makes sense because of this and this and this has happened in the world and this is a big industry where we don’t play, this is something new for us, etc. etc. So that is both formal and informal. There is obviously due diligence that you do on the business that is a formal process.” (PT)</th>
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<td>“It is and something that also helps is experience. I know you get a lot of young people with a lot of big degrees and they can make a lot of fancy decisions that do work, but sometimes you just know and people ask you, how do you know that? I don’t know, I just know. Or you can tell them we’ve done this and this and it didn’t work then but I think it might work now because something has changed. Experience – you can never beat it. It just helps you to see things with a different backdrop.” (PY)</td>
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<td>“So I think intuitively, we look at all those different components. We know there is a competitor coming with a technology- how is he going to think? So we put ourselves in his shoes. Who is he going to target? How is he going to target? Put ourselves in our customers shoes- okay, how are we going to react to that? Call your suppliers and say, this is where we are, what are we going to do?” (PQ)</td>
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| | “Do we buy a bit of machinery here – we don’t have to go through a massive process to do a feasibility study and then do an IIR and then submit it to the investment committee and blah blah blah. We are not structured that way, we move extremely quickly, so there is a huge informal... there is a formal communication process and a

**facts don’t support it because then it is just ego.** Go have a look and see what the facts say, work it out, say you can substantiate it. Look at the bigger picture.” (PY)  

“hard work in making sure that you’ve got links into the right data sets, good data in, and assumptions. At the end of the day you can’t predict with certainty in any of these fields. The quality of the assumption is probably the biggest determinant of success or failure at the end of the day. All the models will be based on some base assumptions and you get the base assumption wrong and you simply get the wrong answer at the end of the day.” (PV)  

“It is a rigour that the (Company X) etc. Internationals get wrong with a huge amount of experience in the business. It is a huge challenge.” (PV)
massive informal communication process in the organization. The two intersect when they need to." (PM)

**Section G**

**G Strategic Paradox Awareness**

“*But market information - it’s like politics basically – so that is a bit of wishful thinking.* So then you have got to uhm make sure that what you have got is robust and that it’s predictable. …*So the most important thing then is to have very sound technical input into your project* because that is the next best thing after knowing what the market is going to do. So if your technical competence.” (PC)

“So often yes, you can start off on a certain path and then run into problems and then you change track. I think that is okay; because if you are just going to follow something that you know is not going to give the results. I mean some guys will say, oh well, you are rudderless, you don’t know where you are going. Well, no I think we do know. I think you have to be very aware of what is going on around you.” (PQ)

“So we have actually had a fantastic year… It’s really, I guess a few fold… *Firstly certain of the plans we have put in place, the longer term plans. Secondly the micro management of the business.* Because it’s about looking at the detail, attention to detail.” (PT)

“So we are predominantly concerned around some of the macro figures, that is the level of uncertainty and then obviously, the second biggest one is regulations. I’ll give you an example, the national credit regulator provided draft amendments to one of the acts and out of the blue, completely left field, published the regulations and it gave us no implementation time. So they literally said this is what we are thinking of doing, they took six months actually to gather feedback from various stakeholders and eventually they just published them and they were like right the law is published…. So in terms of uncertainty, *that uncertainty stems from macroeconomic environment because we’ve got to be responsive to that and obviously the regulatory environment*. So we’ve got to scan those quite aggressively.” (PA)

“The question of degree means to what extent is the scenario planning conceptual versus tangible. …*The effectiveness is basically to what extent are you able to link your scenario analysis to your business as usual and your business unusual - in the sense of what is going to change. And to what extent does it give rise to management action today and to a textbook of future management actions…. So it is not necessarily management action that you do but also management action that you would do given a particular set of circumstances. So the effectiveness of scenario
analysis is how do I link… what would I do today and that may include preparing for other scenarios and what would I do given a set of scenarios. If your scenario analysis does not give rise to those sets of actions then you are almost wasting time.” (PF)

*The biggest, I would say, threat to us at this stage is the changes in the Acts and the whole movement towards consumer protection.* In the past everybody stayed within the law but the law wasn’t very strict. So… there are now a lot of practices happening which with all the new Acts is taboo, you are not supposed to do it. That is a big challenge for us, is to make sure we are within all the Acts. The second thing that we told ourselves is to say that we want to be the example out there. We don’t just want to conform to the Acts. We want to set a standard there to say that if we do something it is the way it is supposed to be done; it is fair; it is transparent; it is everything.” (PY)

*sometimes I draw a whole thing on the board again and say, you know does it make sense? What is the stuff that we currently have to look out for and is there a better way to do this; is there a way that nobody is thinking of. There is always a way nobody is thinking of, always, always, always...* People tend to, especially in mainstream business, people tend to take the stream and say, everybody is now doing this so let’s go. If you just pause a while and think there must be a way that you can do this that is better, quicker, faster and whatever it is and you will find it. *Maybe not every time and maybe not today. Maybe it takes two years. You just have to.*” (PY)

*I think one of the biggest challenges is the BEE issue and I think we have, I wouldn’t say a unique challenge, but one of the exacerbating factors is that we are stagnant industry and so we don’t have a natural growth.* Something with momentum and growth you have the opportunity of taking new people. If you have something which is fairly stagnant you don’t get people jumping out and taking new opportunities that you could replace them. You almost have to wait for the dead man’s shoes to be filled so it is quite hard to force that…. You are not attracting a lot of new people to the industry because it is a stagnant industry. *So you don’t have the dynamics in which to make nice changes and so on. Like riding a bicycle, when you are going really slowly it is easy to fall over but if you have forward movement it is easy to do things as you go.*” (PD)
“I think that is pretty complex, so you asked about complex. **It is really hard to manage around those kinds of issues. The labour issues, the power issues. Crime is a complexity and petty crime is probably the most irritating thing.** …Crime is very disruptive. Apart from the losses due to the crime the disruption in reinstatement is a big issue. Stealing of scrap materials – wow. They break in to steal a little brass or copper pot that holds glue in our machine. You can’t run the machine until you’ve had a new one made up. …Those things I find very irritating and those things add to the complexity of management. **When we talk to some of our overseas associates they can’t believe the kind of issues we have to deal with when they just get on with running their business and deal with normal issues. They are worried about efficiencies, tweak this and tweak that. We are very distracted by things like that.**” (PD)

“**I guess the main complexity is around the BEE codes of good practice, the 2013 version; and... ummm.... mining charters and the changes in the Mining Charter and various other Charters that are not necessarily consistent with what is sitting in the Codes of Good Practice** so that is on the one hand. I guess just the whole labour issue around… well firstly it is around the whole regulatory certainty within the country that starts with the Minerals Act and goes all the way through mining, mining license applications. I guess the whole issue around labour and Marikana and we are still suffering with the backdrop of that…. **where the regulators have said things are going to be changing and they haven’t put in place the necessary funding to make the changes happen.** So the whole kind of landscape from a formal regulation of (Product X) specification, and it is largely a regulated environment, has pretty much been in limbo since 2006. “ (PV)

“**I would say the challenges are getting bigger, primarily relating to BEE. Within our African territories it’s also becoming more and more challenging because of the global slowdown and there are other companies trying to pick up new territories, so the possibility of imminent competition is just becoming more and more probable.** Apart from that there is labour, stability, power issues, new BEE codes… Ja its becoming more and more complicated. The Rand Dollar exchange rate is also becoming a big one.” (PJ)

“The **balancing act is that somebody else’s research might have said ‘x’, you have still got the balancing act to say ‘okay it has worked in that market, how will you be able to tweak it in this market?’** So I think that is the interesting part of the world we live in, it is a little global village, isn’t it? So something that has worked fantastically in India might be the best concept ever and you love it, and the numbers are there in that market, the gut feel is the translation of that in a market like SA where you have different
demographics and it is just totally different in terms of culture, the whole lot. The idea might still be fantastic, there is an empirical evidence around it but now you have got to say ‘how am I going to translate it into this environment’ and what would the ROI be there? So it is a mixture…” (PL)

Section H

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<th>Competitive Advantage and the “Entrepreneurial Mind-set”</th>
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<td>“I think we because we have our market intelligence, by nature if you are an entrepreneur you always understand what is going on around you, you always have these various things that look unrelated and somewhere, somehow you can relate them to one another. And it is not only one or two of us, there are about 25 of us that are doing this on a daily basis, and that stuff gets fed in. so that is why we sing a song about entrepreneurialism because we are able to understand internal market dynamics and also stuff that is on the horizon that is going to affect us basically” (PM)</td>
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<td>“The principle that whilst the businesses are self-standing and entrepreneurial you need to give them enough rope but you need to know when to pull the ropes and when the pull them back and do all those good things you have to do.” (PT)</td>
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<td>“…so we had an executive meeting, 25 people, a very big meeting, sitting around, and they are all entrepreneurs and we just talk about what we are doing centrally, and they share their ideas and we all get enthused and can see things and we suddenly… these guys, even though they are in their forties and fifties, they get energised by all the possibilities and off they go and they do it! So I don’t have to worry. To be honest I am sitting here and these guys are going to customers and finding people and they are running the business properly and looking after their staff and doing all this sort of thing. So it is very decentralised.” (PM)</td>
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<td>“So we are risk takers obviously, because that is the nature of entrepreneurialism, but we take a lot of small risks, so we don’t bet the family farm or anything, and those small risks if they go wrong, we can address them very quickly, and if they go right then we can marshal resources behind that.” (PM)</td>
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<td>“I don’t think we are an organisation that has the time to sit down with these formal scenario planning sessions. I think we do it every now and again at some macro level but we are… we are way too aggressive to sit down and plan this. (Company X) has a very aggressive culture. A bit of cowboys. The reality is you do try and… you try and formalise it to a certain degree, but it is not a massive think tank, two day workshops in the bushveld somewhere. There is no facilitators and things like that. I think (Company X) people are huge risk takers. There is a safe zone where you can take risks, but…” (PL)</td>
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calculated risks. I think it is probably part of that entrepreneurial spirit and culture that we have. I think there is also a culture of a right decision and more right decision. It is not normally a culture of a right and a wrong decision.” (PB)

“Yes I think the difference or the key success is not the agility in thinking it is the agility in doing. So it is no use scenario planning if you are not going to do anything about it. So you know you have got to attack your scenarios. You only scenario plan for your advantage. So if you are not going to do anything to create advantage then why scenario plan?” (PB)
### APPENDIX 3: RESEARCH QUESTION TWO QUOTES

#### Section A

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<th>A</th>
<th>The Application of Scenario Planning as a Formal Tool</th>
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<tr>
<td>“…ok what was actually strategic, but <em>I don’t know if it came out of scenario planning or rather just simple good business analysis…</em>” (PC)</td>
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<td>“Ja, so then when it came down to us. <em>We just got pretty pragmatic… So the quickest way to get into any of these products, to get into the market</em> because you start developing contracts you buy an ore body or an existing small operation no matter what scale and then you can leverage on that. And get your supply chain, ok get your supply outlet going… get contracts, generally contracts and not spot market. So as I said so we got pragmatic so the (Position X) would do their thing…. And so they would do some technical options planning so if you look at 25 variations… technical as I am and then optimise it and that is technical optimisation, it’s not scenario planning.” (PC)</td>
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<td>“Scenarios, uhm we took… they did the scenario, <em>the scenarios where held at the board level. (Yes) We pragmatically filled in.</em> What we did and I mentioned to you my email…Because when I sat and thought about it for 30 seconds we did much more uhm risk analysis and priority setting, so you can say it’s risk analysis and risk management. So one of the biggest risks to getting this thing to actually happen, you know? What or the other way to look at it more constructively - <em>what’s got to happen and what is the risk of stopping that from happing? And what are you doing about it and what are you doing about managing it so it does happen?</em>” (PC)</td>
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<td>“I could see that, you were asking something like how useful it was. I think <em>we never went back at it in a way to change the scenarios</em>, but the decisions that came out, whether it was a scenario intended because some of the practical realities then rendered that direction sub optimal and they were preferred options. Even a scenario that identifies that we are going to do this and issues came into play and then you never pursued it.” (PC)</td>
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<td>“At one point <em>I gave the guys a blank front cover of the Time magazine; I said okay, you guys are now journalists, close your eyes, it is 5 years from now- please give me a headline on Time magazine, what does (company x) look like?...</em> So it is a bit of a vision exercise and was very interesting what came out of that.” (PQ)</td>
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<td>“<em>So you can’t do this every year, because then it gets very stale.</em> What do you do the next year? I think a bosbaraad every year is a waste of time - it is an excuse to go away and do what you have to do. <em>So what we’ll do now, we’ll have smaller discussions.</em>” (PQ)</td>
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"I try to put a different spin on it. **So what we did two years ago is - I started off with what is our current reality...** So we had 5 groups and I gave them a specific format and they had to, in the specific format- what are the products? What are the markets? What is the equipment? How many people? What do our people look like? What does leadership look like? What is our vision? What is our mission? What are our values? It is two or three pages, I can’t remember. Everybody knows what it is, until you have to put it down on paper and then you see you have 5 different answers. …so we started with that. **I used the business model,** I can’t remember- the template." (PQ)

"Once we are challenged internally we will take it to management. So we take it as far as the heads of business. At a CIO level, the Chief Executive level. We will say, this is what and why we think you are at and these are the things we recommend and by doing. **And by doing that there are fewer challenges at that level because we are almost gone through the process of being challenged along the way and by the time it gets to them they are more or less on board so they’ll be like okay, that makes sense.** It sounds as if you guys have talked this through with my team and they know what is going on and they are more or less more often than not happy to accommodate us." (PZ)

"So **scenario planning is a very important element when it comes to the end of the work that we do.** Because all of the work that has gone in you have to come out thinking or trying to understand whether we have actually made a difference or not, so whether you are on the right track or not? And the result of that is either we have to go and do more work or there is nothing here to be worried about or we have identified something that is really significant that we need to raise awareness of in the business.” (PZ)

"Oh yes. Our strat sessions usually we do play scenarios out…. **We write them down. For my sins as a (Position X) the Board sits in that room and we all play with scenarios and we all write them down.** I am expected to analyse them for the Board and then we look at the list of probabilities. Which one is likely to happen? This one – nah, this one – yes. If it happens then what do we do.” (PS)

"So to my mind scenario analysis would look at universe possibilities. **It would narrow it down typically through frequency and severity and then you would unpack it.**" (PF)

"If you look specifically at transactions and non-transactions you get a totally different answer. Because, again my experience is, **when you do transactions there are enough senior people in the room focusing and often it is for a duration.**" (PF)
“but there is a lot of financial modelling and obviously scenarios, that comes in from the external environment…” (PE)

**Section B**

**B The Application of Scenario Planning as an Informal Tool**

“You look at each and every one of your variables, understand the risks associated with the variables. If you take the… if you can mitigate against each and every one of those variables then you are fine. The other thing is the combination of the variables, even though you have a mitigation for each independent variable, combinations of the variables might not have a mitigation. So it is about playing these things out mentally, physically, financially, all of those things to try and understand how to play it. Something that impacts our business is exchange rates. The last thing you want to do is deliver something at a fixed price in rands and then the exchange rate plays against you. You have to understand what your exposure is across all of these things.” (PB)

“Yes I think the difference or the key success is not the agility in thinking it is the agility in doing. So it is no use scenario planning if you are not going to do anything about it. So you know you have got to attack your scenarios. You only scenario plan for your advantage. So if you are not going to do anything to create advantage then why scenario plan?” (PB)

**Section C**

**C No Application of Scenario Planning as a Tool**

"We would never use scenario planning, but that doesn’t mean to say we never listen to the Institute of race Relations’ scenario planning, Fans Cronje or whatever, we do – but we ourselves would never use it as a tool…” (PM)

“I suppose it is a form of scenario planning, I have often thought to myself – if this happens what are we going to do. If that happens this is what we are going to do. Obviously we have given that some thought but not on a formal basis, where you go and write it down.” (PT)

“But I can't say we have ever done it on a formal basis as Clem Sunter did it, where he put his high road and his low road and his middle road. For us it would just never work.” (PT)

“So there is a role for scenario planning, but does it play an impact in my life, the answer it not on a formal basis. On an informal basis - in some form.” (PT)
“…so yes we’ve got a long term view strategically as a (company). But we take a very transient approach so we’ve got to be responsive to here and now. So we are very incremental in that sense. It’s also it is very near impossible to project far into the future because of specifically the change in regulatory environment and the change in economic environment in South Africa. I mean a year ago the economics were vastly different to what they are this year.” (PA)

“…it is basically based on historical data. We don’t take, we take historical data and try and project forward but we don’t spend a lot of time doing it to be honest. We’ve got a very strong biased for action so we’ll take a look at its not like I don’t need finance to vet the numbers and essentially we then just decide.” (PA)

“I think it is good to have a guiding endpoint but I love the autonomy that we have. So we specifically don’t have, we don’t do long term scenario planning.” (PA)

“Which is probably why we don’t have to do these big scenario planning exercises because we’ve realised the future and we are trying to enact on that future today.” (PA)

“Do you ever make use of any type of formal tools – Porters, SWOT, anything like that? Never. Any specific reasons why? We don’t have… I mean this is a source of data. There isn’t a lot of data for what we do. We are in a very unique… we don’t have… even in this organisation we have to choose our peers very specifically to get a proper comparative base.” (PD)

“I think it makes us more agile but it also probably realigns us and I think there is a big (Company X) cultural impact here. (Company X) doesn’t do that. (Company X) picks up opportunities based on the flavour of the day.” (PD)

“… He uses his gut feel, massive amount of gut and that is the (Company X) culture, we all run on gut. We are entrepreneurs as much as we might have formal qualifications, deep down we are entrepreneurs and I don’t believe that entrepreneurs use those kinds of tools and I think they potentially limit you.” (PD)

“the last scenario planning that I attended was about ten years ago. We went to Mont Fleur. …The scenario planning was the rage at that stage. ….it was a planning tool that the… our major shareholder was actively promoting at that point. So a hell of a lot of work went into three scenarios and you can imagine which they are.” (PV)

“There were views but at the end of the day can you actually predict when it happens? It is difficult to apply all of those thoughts/those kinds of measurements. How do you make money out of that at the end of the day because that is really what counts, is how do you position yourselves?” (PV)
“I think your scenario planning would be very different if my asset management was in opening up a warehouse or opening up a huge plant or I was creating a whole new production line. So I think that is a very important distinction, you need to understand the space we play in, and that is people.” (PL)
**APPENDIX 4: RESEARCH QUESTION SIX QUOTES**

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<th>Inhibitors to Scenario Planning</th>
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<td>“I don’t think there was too much that you could correlate back to okay well this is a result of us predicting that we are going to be in this place and we are there. I guess it… because these things roll out over a fairly lengthy period of time” (PV)</td>
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<td>“And I mean we do extrapolate but we never extrapolate beyond it like a year. So that is just not who we are. I suppose we probably could if we make a real use of big data but being in the industry that we are in - you can’t afford to go and get things wrong because if the regulator has said something and you’ve gone a different direction its throw away work…” (PA)</td>
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<td>“We are entrepreneurs as much as we might have formal qualifications, deep down we are entrepreneurs and I don’t believe that entrepreneurs use those kinds of tools and I think they potentially limit you. There is no such thing as five year plans and ten year plans, we don’t have those. I think they are a waste of time, especially in a country like this where things are changing so radically. You waste so much time developing this five year plan and something comes about which makes it turn like this or turn like this.” (PD)</td>
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<td>“…so yes we’ve got a long term view strategically as a (company). But we take a very transient approach so we’ve got to be responsive to here and now. So we are very incremental in that sense. It’s also it is very near impossible to project far into the future because of specifically the change in regulatory environment and the change in economic environment in South Africa. I mean a year ago the economics were vastly different to what they are this year.” (PA)</td>
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<td>“For me and it’s just my own personal view, flexibility is the name of the game. So never ever ignore what these scenarios say but I don’t believe you have to go into 50 different scenarios, some say 50 shades of grey and work out what all these things are. Because the world is just an ever changing place.” (PT)</td>
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<td>“…that is why I say there is a place for it but you have to be flexible within that, now this has happened that your scenario has not taken into account, because no one thought about it. I don’t know what you are going to replace the internet with tomorrow but something will or something better will come up, then what?” (PT)</td>
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| “So we would never sit down and say – and I am doing it an injustice I know, I am caricaturing in a sense – but we would never say ‘let’s have a scenario plan’. Like for rail, we always instinctively knew that we would do that. That is scenario, the rail is going to affect road transport, it is. And this thing just happened. And ja, I have tried to
articulate it for myself because I never thought too much like that, but we have never, ever sat down and said 'now we are going to talk strategy'. Strategy is just an inherent part of whatever we do. All the time.” (PM)
APPENDIX 5: ETHICAL CLEARANCE APPROVAL LETTER

Gordon Institute of Business Science
University of Pretoria

Dear Danielle Meyerowitz,

Protocol Number: Temp2015-01684

Title: The Role of Scenario Planning in Strategic Decision Making by South African Executives

Please be advised that your application for Ethical Clearance has been APPROVED.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

Kind Regards,

Adele Bekker