
Schwartz, Peter – The Art of the Long View*Crown Business, 1991, [Business] Grade* ★★☆☆

In the early 1970's Royal Dutch Shell formed a unit called Group Planning. Lead by Pierre Wack this group made scenario planning a part of the strategic process in the company. When OPEC caught the rest of the world by surprise by declaring an oil embargo in 1973, Shell was mentally prepared for a situation like this and could take actions that propelled them to become the largest company in the world. They had already thought through what they would do and how they would act if a scenario like this would become reality. They knew the script.

At this time Peter Schwartz was at Stanford developing methods for scenario planning and when Wack later on retired from Shell Schwartz was his successor. Today he is seen as a leading futurist. After leaving Shell, Schwartz co-founded the strategy firm Global Business Network and as of 2011 he's responsible for strategic planning at Salesforce.com. This book is by many considered as the seminal work on scenario planning and the author wants to teach the readers how to plan for the future and thus be prepared for whatever happens. I came into contact with "The Shell Way" as part of a recent McKinsey presentation. The methods are still in use.

"Risk means more things can happen than will happen." Even though the future is basically unknowable this doesn't mean we cannot prepare for it. Scenario planning is a key tool in this respect. By creating frameworks that combine a number of complex drivers for change and causal links, scenarios can be constructed that aid companies in their long term planning. By having discussed various scenarios of the future and having planned responses to them were they to become reality, the mental mindset of management becomes less stale and overconfident in what they might previously have considered as the most probable future. With the scenarios at hand it's further possible to have a sharper eye when looking for signs of which of the

multiple futures that seems to be developing into reality.

The Art of the Long View is not really a practical handbook in how to perform the craft of scenario planning. Sure, the process is described here and there in the text and the chapters are arranged in accordance with a scenario analysis, but the book is equally much a historic account of the strategic work in Shell during a period of time, a biography of Peter Schwartz himself and a number of philosophical thoughts on forecasting and making plans for the future - although always with a firm belief that forecasting is possible and necessary. Quite a lot of the text regards the work of "futurists" plus the methods for and value of holding strategic discussions in companies. I found the book a bit muddled and also a bit dated. The faith in the clairvoyance of corporate strategic planners has faded considerably since the 1990's. However, forecasting is still a big business. Overall I'm in the author's camp on using scenarios to liberate the mind from set notions but the book could have been much more stringent and helpful in guiding the reader. In the later 1996 edition of the book a much-needed appendix called *Steps to Developing Scenarios* was added.

In the book, three scenarios for 2005 are laid out. This created the need for a follow up and in 2011 a 60-page text called *Learnings from the Long View* was published, discussing general lessons on forecasting learnt during the years (many that resonate well with the more recent findings of behavioural finance and group psychology), reviewing the old scenarios and also crafting new ones for 2025.

The work of Wack and Schwartz was surely groundbreaking at the time and Shell no doubt owes them a great deal. For someone that is interested in scenario analysis in 2014 I would suspect there are several more contemporary books that serve the purpose better.

Mats Larsson, November 24, 2014