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## Uncharted waters online map artisan

So far, you have experienced the effects of unhappiness, discomfort, and destructive epidemics. Confusing, debilitating, and unpredictable. It feels like an uncharted sea. It feels like a storm. In the storm, we have a few choices. You sink. You swim. Or. You decide to be a captain. Here's the thing: every captain seems to be a good captain when the sea is still there. A captain with the right skills can steer the ship through perfect conditions: light winds, soft seas, the sun shining. (Goodness, I want to be a passenger on a ship with good conditions for now!) Rough seas are not a map of course! In addition to navigating the dark and unknown waters, they are also exploring different emotions on the boat. But as you know, it's a rough sea that makes a great captain. It is a rough sea that teaches us the best way to gather leadership ropes and our crew. Ships in the port can be safe, but not ships are built. The ship was built to make it a voyage, expedition, and destination. We were made more than just sitting in the harbor and waiting for the storm to pass. Feeling like there's nowhere to go? Well cap-and-read. You see, more than just steering, the great captain charts their course. They create a vision for the team, review all routes, listen to the crew, identify what is the safest and safest thing, and set sail in the direction of the goal. So what exactly is the goal? Where is your business or organization at the end of COVID19? What do you want your role to look like when everything is spoken and done? What can you get when COVID19 didn't exist in another reality that couldn't be? I am very honestly tired of hearing COVID19 or corona virus. I would like to hear more of these three C words: compassion. Creativity. Constructive. Most see the storm as scary, And I'm not here to say the storm, COVID19 isn't scary. It wasn't that day i didn't think of people who don't have access to the right resources, have a strong enough immune system, or control whether they are at a higher risk of contact with COVID19. I continue to return to Matthew 6. Therefore I tell you: Don't worry... The Father in heaven knows what you need... First, ask for the kingdom of God and His righteousness, and all these things will be provided for you. Don't worry about tomorrow because tomorrow is a worry by itself. We are called to have greater and greater faith than we do. Fear and concern rob us of the strength and joy within us. Throw your worries at the Lord, and he will just have room for good things in mind himself. Compassion, joy, creativity, strength, courage. Because this storm has nothing in your faith. I want to hear. The stories of businesses, organizations, and individuals who use this time are more sympathetic to each other, more sympathetic towards the people they lead, more constructive in the way they work and serve others, and to unleash creativity with new opportunities and goals. There is a fresh sky ahead, mate. Let us choose faith, choose joy, have courage, and this time we can be better captains on the other side. This post comes from the TODAY Parenting Team community where all members can post and discuss parenting solutions. Learn more and join us! Because we're all together. It is a fad that downplay also denies the usefulness of economic forecasts. The reason is clear: the forecast seems to be wrong more often than right. However, most U.S. companies continue to use a variety of predictive technologies because no one has developed a better way to cope with future economic uncertainties. Still, there are exceptions, like Royal Dutch/Shell. In the late 1960s and early 1970s, Shell developed a technology called scenario planning. Shell's management prepared for this, unless it was during the 1973 oil crisis. And in 1981, when other oil companies stockpiled reserves in the aftermath of the Iran-Iraq war, Shell sold its excesses and then sold the excess, and prices plummeted. Undoubtedly, many readers believe they are familiar with the scenario. However, the decision scenario developed by Shell in Europe is far from the typical United States. In this article and the next sequel, the author explains the evolution and ultimate impact on the management of shells. Few companies say they are satisfied with their plans for today's increasingly fluid and turbulent business environment. The traditional plan was based on reasonably well-functioning predictions in the relatively stable 1950s and 1960s. Since the early 1970s, however, predictive errors have become more frequent and sometimes dramatic and unprecedented. Predictions are not always wrong. More often, they can be reasonably accurate. And that is what makes them so dangerous. They are generally built on the assumption that tomorrow's world will be much the same as it is today. They often work because the world doesn't always change. Sooner or later, however, predictions will fail when they are most needed: when you anticipate major changes in the business environment that make the entire strategy obsolete (insert reference, if it hurts the most wrong). In some areas, there is a concentration of the best technology, and the best brains are as high as the short-term macroeconomic predictions of the United States. Stephen McNees of the Federal Reserve Bank of Boston has analyzed the best-known performance. Forecast since 1970. More than half of this period was very successful. But four times, the magnitude of the error was great. McNees says that from 1973 to early 1974, forecasts did not initially foresee a recession and later misinterpreted the severe recession as energy convulsions. Forecasts from mid-1977 to early 1978 failed to capture the acceleration of the inflation rate in 1978 and 1979. Predictions during the 1980 recession underestimated the strength of early recovery. Forecasts from 1981 and early 1982 underestimated the severity of the 1982 recession and the resulting slowdown in inflation. In the summer of 1981, five prominent forecasters predicted a year-long average of 2.1% growth in 1982. Instead, the GNP fell 1.8%, plunging the economy into a deep recession. Journalist Warren Brooks predicts a partially cloudy and 10-inch blizzard. After all, as in meteorology and in economics, it is the ability to predict storm changes that make predictions useful. Many business cases show a similar phenomenon. The oil industry, which enjoyed steady growth in all major industries before 1973, is not anticipating the turbulent changes that have occurred since then. Here is the forecast of major oil companies in oil demand made at the end of 1978. The company allocates more resources to analyze the future environment than most companies and respects its expertise. Note, however, how far beyond the predicted demand range reality was proven in 1984. 1Stephen K. McNice and John Reese, Macroeconomic Forecast, New England Economic Review, November-December 1983, p. 5. Most administrators know from experience how inaccurate predictions can be. At this point, there is probably a big consensus. My agreement, which may be less common, is this: the way to solve this problem is not to complete the technology or hire more or better predictions to find better predictions. Too much power works against the possibility to get the right predictions. The future is no longer stable. It became a moving subject. You cannot deduce a single right projection from past actions. We believe that a better approach is to accept uncertainty, try to understand it, and make it part of our reasoning. Today's uncertainty is not an occasional, bold and temporary deviation from reasonable predictability. A basic structural feature of a business environment. The methods used to think and plan for the future should be appropriate for a changed business environment. This article uses Royal Netherlands/Shell to refer to the Royal Dutch/Shell Company. The It also serves as a handy abbreviation for management and planning within the group's central service company in London and The Hague. I generally have the exception of shell oil companies in the United States, which are mostly owned publicly traded companies and have their own operational plans. I use words like company as an acronym for a complex group of organizations with varying levels of self-sufficiency and operational independence. Most are obligated to plan for the future in their national economic and political environment and they are members of the Royal Dutch/Shell Group to become an integral part of the group. I don't want to mislist anyone as i think any one person, manager, or planner can see everything clearly. Royal Dutch/Shell believes that decision scenario is the way to go. André Bénard, managing director of Shell's former group, taught that experience is far more helpful in forcing scenario technology to think about the future than the predictive technology

previously used. 1 Many strategic planners may argue that they all know about the scenario: they tried but don't like it. I will respond to their skepticism with two points: most scenarios quantify the alternative results of obvious uncertainty (for example, the price of oil could be \$20 or \$40 per barrel in 1995). These scenarios are not helpful to decision makers. We call them first generation scenarios. The decision scenario of the shell is very different, as we can see. Even good scenarios are not enough. To be effective, the best and middle-level managers must be involved in a more close understanding of the changing business environment than traditional planning processes. Scenarios (1) use sound analysis of reality to help managers structure uncertainty, and (2) they force decision makers to change their assumptions about how the world works and reconstruct the mental model of reality. This process involves more than just designing a good scenario. To face uncertainty and understand the power that drives it, it requires almost revolutionary changes in large organizations. This conversion process is as important as the development of the scenario itself. My discussion will be in two parts. This first article describes the evolution of scenario development in the early 1970s in a more traditional planning process. As you can see, the concept and the technology we arrived is very different from what we started - mainly because there were very beneficial surprises along the way for all involved. The art of scenarios is not mechanical, but organic. Whatever we learned after one step, we took it to the next level. In the next article, We draw conclusions by discussing the main aspects of the application of technology and creative areas. In the decade after the Second World War, Shell focused on physical planning: the company had to expand its production capacity and build tankers, warehouses, pipelines and refineries. Like many companies, the biggest challenge was to reschedule new facilities. And from 1955 to 1965, financial considerations became more important, but they were mainly project-based. In 1965, Shell introduced a new system called the Integrated Planning Machine (UPM), which provides planning details for the entire chain of activities, from moving oil from the ground to oil tankers to refineries and gas stations around the corner. UPM is a sophisticated, global system that is six years ahead, and the first year has been on a broader line for the next five years. Unconsciously, administrators designed systems to develop Shell's business in a more familiar and predictable world. However, given the lead time of the oil company's new project, it was soon decided that the six-year horizon was too restrictive. So Shell conducted experimental research to explore the business environment of 2000. One of them simply stated that it could not continue to expand and predicted that the oil market would be converted from the buyer's market to the seller market, due to major disruptions in oil prices and changes in competition between fuels. The study also showed that major oil companies can be huge, heavily committed, and much less flexible, much like dinosaurs. And as we all know, dinosaurs have not adapted well to sudden environmental changes. From a study's point of view, Shell believed it needed to find a new way to plan. It has experimented 15 years in practice called The Horizon Year Plan and has asked dozens of the largest operating companies and business sectors to look forward. At the time, I worked at Shell Françoise. We were familiar with the late Herman Khan's scenario approach and were intrigued by the possibilities for corporate planning. Two important uncertainties have made France the perfect test for corporate experiments with this technology, including natural gas (recently developed in France and the Netherlands), the only fuel to compete with oil, and political uncertainty surrounding how France manages energy. At the time, the French oil regime favored national companies and severely limited Shell's market share. However, as a member of the European Community, France may have had to change its oil regime at some point in order to comply with EC policies. Two options without two options (change or liberalization) combined with the large and small availability of gas presented four potential scenarios as described in the Exhibition I. 1970 scenario. So far to go to explain each? The UPM system quickly discovered that describing each scenario as a normal plan would increase the workload by almost four times. Just as the supply logistics of the military must adapt to the type of war they fight, the logistics of scenario planning require the ability to quickly and easily handle alternatives. Without it, the entire process can be paralyzed by disease neck symptoms. In fact, this realization has resulted in many experts in key fields who can later develop flexible simulation models and quickly evaluate the results of various alternatives. More importantly, I realized that combining obvious uncertainty doesn't help us make decisions. The movement led us to clear, simple, and conflicting strategic solutions. In fact, many companies seem to be unable to quantify the obvious approach to scenarios and help with decision-making. But this negative realization led to the discovery of a positive search tool. By carefully studying some uncertainties, we gained a deeper understanding of their interactions and, paradoxically, found out what we were certain and unavoidable and not. We began to understand the importance of classifying predetermined elements and uncertainties (see inserts, predetermined and uncertain). Emphasizing uncertainty and then highlighting obvious scenarios, the scenarios we developed were only first-generation scenarios. They were useful for better understanding of the situation to ask better questions and to develop better second-generation scenarios, namely decision-making scenarios. This dawn intuition, confirmed by all subsequent experiences, was an awareness of the importance of design. Scenarios are rarely used by decision makers, or depending on how they are organized and presented, as well as the results they focus on. In the same way, both architects can create buildings that are not well or poorly designed, even if they use the same building materials. Strictly speaking, the future can only be predicted if all factors are predetermined. By a predetermined factor, I mean that event that has already occurred (or will almost certainly occur) whose results have not yet been unfolded. For example, let's say heavy monsoon rains hit the upper part of the Ganges River basin. Without a doubt, you can see that something special will happen within two days in Rishikeshi, in the foothills of the Himalayas. In Allahabad, after 3-4 days; And in Benares, two days after that. You derive that knowledge from stare at the crystal ball, but simply from recognizing the future implications of the rainfall that has already occurred. Identify predetermined elements The basics of serious planning. However, be careful. The 20th-century French philosopher Paul Valéry said that un fait mal observé est plus Pernikieux Kuuweis raisins. (The fact that it has not been properly observed is more dangerous than incorrect reasoning.) Errors in futures studies usually occur from poor observations rather than incorrect reasoning. There are always elements of a predetermined future. However, it is not enough to allow a single line prediction that encompasses residual uncertainty. Decision makers in the face of uncertainty have the right to know how uncertain they are. Therefore, as with predetermined elements, it is essential to put a lot of light on important uncertainties. They should not be swept under the carpet. The results of the horizon study throughout the company confirmed the conclusion of the year 2000 study. Most importantly, the oil market, characterized by oversupply, was converted into a seller's market. Soon there will be virtually no extra crude oil supply. Inevitably, the Middle East and the Arabian Gulf in particular will be a balanced source of oil supply. As demand for Middle Eastern production increases dramatically, the percentage of Middle East reserves will decline dramatically. A sharp peak in Middle East production will not occur. Intervention factors will include the cornering of the global energy market by Gulf producers perhaps for 10 to 15 years by limiting desire and production by Arab countries to extend the life of one's valuable resources. Access to a global slowdown could only reduce the increase in demand for Middle Eastern oil to a level that would be too weak to command higher-than-expected oil prices. The scale of the changes is questioning the ability of the UPM system to provide realistic planning assumptions. If the underlying predictions are likely to go wrong, how can we provide the correct answer? So in 1971, Shell decided to try scenario planning as a potentially better framework to think about the future than forecast, which was perceived as a risky alternative to real-world thinking in times of uncertainty and potential discontinuity. However, shellist is as cautious as many large organizations. In the first year, when scenario analysis was experimental, the company continued to use the UPM system. In 1972, the scenario plan expanded to the central office and certain large Shell state-run companies. The following year, it was finally recommended throughout the group and UPM was phased out. The next-step scenario process began with a structure disorganized first-generation scenario set. As we have learned, it is almost impossible Treat decision-making scenarios directly. Scenario I had no surprises, virtually releasing the whole from the work done on the previous UPM system. The surprise-free scenario seldom passes, but in my experience it is essential for a package. Based on an implicit view of the future shared by most administrators, scenario packages can recognize their views. If the package contains only the possibility that participants appear to be aliens, they are more likely to discover that the scenario process is threatening and reject them. Scenario II assumed three times the host-government tax, lower economic growth, and a slowdown in energy and oil demand, given the 1975 renegotiating of the Terran Agreement (OPEC's takeover setting). Scenario III dealt with other obvious uncertainties: low growth. The 1970-1971 recession model, the proliferation of me-first values, and the growing emphasis on leisure, slowed international trade, economic nationalism, and protectionist tariffs, which were only half of the expected economic growth according to Scenario I. Low oil demand will limit oil prices and take the low of producer governments. Scenario IV assumed that demand for coal and nuclear energy increased at the expense of oil. All four scenarios assume that producer government taxes will be increased in the 1975 Tehran renegotiation (see Exhibit II). Although the Wartime II producer government identified it as a "constant 1970s and 1970s dollar numbers to take \* 1970-1985 - this set of scenarios seemed reasonably well designed and would fit most definitions about what scenario should be. It covered a wide range of possible gifts, and each scenario was internally consistent. When this set was presented to Shell's top management, the problem was the same as the French scenario: given this material, no strategic thinking or action could be taken. Many companies reach this point in their planning scenarios. Administrative response? So what's up! What should I do with the scenario? And planners often give up their efforts because they believe the problem is partly because management can't cope with uncertainty. However, this group of shell managers was experienced in dealing with risks and uncertainties. For example, many of the decisions they make deal with exploration drilling is a real uncertainty because they don't know what to look for until drilling. They often have to decide whether to risk \$5 million or \$50 million for an exploration project and distinguish the risks in Brazil or the North Sea. What was so different about the uncertainty of the scenario? Quite simply, they needed to be structured. In oil exploration, there were theories called, concepts used, organized organs of geological and geophysical analysis, compared with similar geological structures, and methods A risk familiar to decision makers. The first-generation scenario presented raw uncertainty, but did not provide evidence for administrators to make a judgment. Our next task was to provide the foundation for management to understand the nature of this uncertainty and to come to grips with them. The goal of this exploratory first-generation scenario is understanding, not behavior. Their purpose is to provide insight into the system, identify predetermined elements, and recognize the connection between the various forces and events that drive the system. As the inter-relationship between systems became clear, we realized that what might appear in uncertain cases could actually be determined in advance. These navigation scenarios are not effective planning devices. But without them, we couldn't develop next-generation scenarios. What would happen - not being able to give the oil system its character and understand the fluctuations that determine the future - had to understand the power that led to it. The work on the following set of scenarios began with a closer look at oil producers, consumers, and companies that are the main subjects of Shell's business environment. There was a significant behavioral difference because selfishness determined the underlying concerns of these groups. So we started to study how we would behave as the characters and drama unfolded on stage. For example, when analyzing key oil-producing countries one by one, it was clear that Iran's interests were different in Saudi Arabia or Nigeria, and that their strategy would reflect these differences. The low panel in Exhibit III shows the addition of discovery rates and reserves as a share of the expected oil demand in each scenario in 1971. For the first five years, we expected Iran's reserves to increase as the industry discovered more new oil than it produces. For the second five years, we expected them to reverse and reserves to fall. Note on The Production Scenario of Iran in Wartime III: The existing vision findings shown represent the average search rate for each of the three periods. As the upper panel of Exhibit III shows, the preliminary production rate will fall rapidly in all scenarios. Our conclusion struck a chord with Iran, which will try to change its oil policy from expanding production to increasing prices and curbing production. Such a policy change will not be an anti-Western attitude, but simply a national interest logic. If we were Iranians, we would act the same way. The situation in Saudi Arabia was different. With the exception of low-growth scenarios, production will generate more revenue than the government can intentionally spend, and even allow some manageable. We have concluded that oil company Logic can produce 20 million barrels per day by 1985, but the government cannot do so with good political conscience. Saudi Oil Minister Sheikh Zaki Ahmed Yamani should later know that we are much more profitable than depositing crude oil into the bank, especially considering the regular devaluation of many currencies. This reassessment allows you to adopt a production program that will help you earn revenue for your real needs. 2 We analyzed each producer's bureau based on the need and ability to productively spend oil reserves and oil imports (Exhibit IV). When arranged in a simple matrix shown in Exhibit V, the power to become OPEC clearly appeared: some countries both had sufficient reserves and sufficient absorptive capacity, that was the motivation to produce these reserves. If Indonesia, which is populous and in desperate need of money, had reserves in Saudi Arabia, the expected demand increase in the first scenario would have developed. But that was not true. Note how exhibit IV oil producers were motivated: The dotted line shows how low take will affect Iran's production motivation, and how low discovery will affect Nigeria's production motivation. Exhibit V Major Petroleum Exporting Countries We analyzed the next oil consumption countries and saw annual increments of import requirements (see Exhibit VI). Over the years, oil imports have increased by about one million barrels per day. And for a long time the rate was about 2 million barrels per day. Note on the VI Annual Growth Exhibition of Income Requirements: The income requirements shown from 1957 to 1972 are real. From 1973 to 1980, the requirements for the penis are indicated by an astonishing consensus forecast. Data from 1957-1960, 1961-1963, 1964-1966, 1967-1969, and 1978-1980 average. Suddenly, in the mid-1970s, oil imports were expected to grow at a much higher rate each year. This change can be understood by looking at Exhibit VII, which shows energy sources in the United States, Western Europe, and Japan. In the U.S., oil supplies peaked early, and the gradual demand for energy was met by natural gas. However, due to regulated prices, natural gas production was plateaued in 1972. Coal production may increase, but coal resources have not been developed in light of future nuclear power predictions. However, nuclear power plants did not have enough function to meet demand, which was growing rapidly each year. U.S. energy demand increases by 3% or 4% because the base is too large The only available trading of available incremental energy sources (imported oil). Note that VII energy demand exhibits by source: Energy demand shown from 1966 to 1972 is real. From 1974 to 1980, demand represents an astonishing consensus forecast. In Japan, the situation was different, as with the emergence of a new continent on the world economic map. When the United States took over in 1953, Japan's industrial production was 40% British. In 1970, it more than doubled. As the economy grew 11% or 12% annually, annual oil demand increased by about 20%. As a result, oil imports increased significantly. We found that the need to view each participant individually and soft data as part of the group are as important as hard data to analyze the results. For example, tensions over oil supplies will be especially tried because Japan is anxious when it faces the possibility of a rejection of imports. It will also give multinational oil companies loyalty to their countries and project the type of behavior they expect from their companies in a crisis that ignores the world. This attitude will add to the tension swirling around the oil supply. To collect and analyze hard and soft data, to expand the number of predetermined elements and to get the core of uncertain elements, we saw: oil demand at different rates of market class and growth. The implications of higher oil prices for each country's payment and inflation balance. The possibility of consumer government response to rising oil prices. Fuel-to-fuel competition and the impact of high oil prices. Cutting of changing barrels. Construction of refineries, marine and market facilities. The 1972 scenario has all these building blocks, and we can begin to understand the power to drive the system. In September 1972, shell's top executives, who had gathered in two families A and B, presented a revamped scenario.\* Group A suspended oil supplies to coincide with the planned renegotiation of the 1975 Tehran price agreement. (Indeed, it came in the fall of 1973, of course - after the imposition of an oil embargo.) Most oil-producing countries will reach the technical limit of capacity by 1976, and other countries will be reluctant to increase production further because they cannot absorb additional revenue. As a result, oil prices in the country will rise significantly by the end of 1975. Consumers, faced with a possible lack of energy supply and increased oil import bills, will feel economic shockwaves. Because we identified predetermined elements, we used the A-family scenario to review three potential solutions to the proposed problem. government intervention, or dirigist (A2); Or None (A3), the result of the energy crisis. The A-Family scenario was the most likely result, but it was quite different from the implicit view universe that prevailed in the shell. This view can be characterized by loose exploration and drilling, refinery construction, tanker orders and market expansion. How could we hear our views because they were so different? In response, we created a challenge scenario for the B-family. The basic premise here was that somehow enough energy supply could be used. The B-family scenario will not only challenge the basic assumptions of the A-family, but will also destroy many business aspects, such as the business of the world view held by many people at Shell (as in other companies' scenarios). For example, in the B1 scenario, we had to meet the demand for oil supplies, which are estimated to be capable of low economic growth over a decade. This low growth seemed plausible during the 1971 recession, but signs of an economic boom began in 1972. B1 was unbelievable because governments and citizens in developed countries felt they could not accept rising unemployment and consciously pursued growth. The excommunication of B1 created a great deal of confusion for administrators. B3 was also an important educational tool because it assumed a very high oil supply as a way to avoid major changes. We called three miracle scenarios because we needed a simultaneous occurrence of three very unlikely situations. The first was a miracle of exploration and production. Shell exploration and production staff expected that the reserves needed to meet demand in 1985 would be found individually in each oil province, but it is highly unlikely that these high reserves will be found simultaneously in all regions. Meeting the 1985 demand under B3 requires 24 million barrels per day in Saudi Arabia, as well as 13 million barrels in Africa and 6 million barrels in Alaska and Canada. The second miracle was socio-political: B3 predicted that all major producers would happily deplete their resources at the will of consumers. Countries with low capacity to absorb excess revenue stop huge amounts of oil and agree to put money into banks exposed to the erosion of inflation. The miracle projected the value of the consumer countries to oil producers, a kind of Western cultural imperialism that was not very convincing to even the most expanding administrators. The last miracle began with the perception that capacity was not left behind in the expected demand. Previously, additional oils could always be used to meet sudden short-term needs in the event of a minor crisis. However, B3 will not have the extra production capacity. The miracle at that time was that there would be no war in the region, no acts of God, no periodic peaks of higher demand than expected. Again, this was nothing more than a miracle. The possibility of B3 has made shell management realize how destructive the world is. B2 was a completely artificial structure. It was assumed that the world would be confused despite all the problems. This, as William Ogburn said, has a lot of stability in society... Social trends rarely change their direction quickly and rapidly... Revolution is rare and evolution is a rule. We couldn't reasonably justify this scenario, but we realized that the worst results didn't always improve. So we imagined a B2 scenario where all the positives were possible. Oil producers will live and make concessions to consumers, and then, with great foresight, will immediately curb oil consumption. We quantified both the A and B family scenarios in terms of volume, price, impact on individual oil producers and consumers, and competition between fuels. Our presentation mainly got the attention of top management because the Scenario's B family destroyed the land that many of them chose to stand. Management made two decisions to use scenario planning in central offices and large operating companies and informally advise the government satire our coming to the government of a major oil consumption bureau. We made a series of presentations to the governments of major consumer countries and highlighted the confusion that comes by tracking the impact on the balance of payments, inflation and resource allocation. Quickly tapping the drum, Shell used the B2 scenario as a sensitivity check and asked major downstream operations companies to evaluate the current strategy for the two A-type scenarios. B2 said it would ask if there was a strategy already envisioned in a different conceptual framework (A-family). Based on this intent, the second Echelon of Shell Management presented the A and B scenarios. The meeting was in stark contrast to the traditional UPM planning session, which handled forecasts, trends and buildings all under an avalanche of numbers. The scenario focused on predicting the outcome and focused more on understanding the power to eventually force the results. The meeting was unusually long and the audience was clearly grateful for the figures and more details of the insight. We thought we had won a big share of these managers. But next month, more than a third of Shell's critical decision-making centers will show that they are actually working and actively preparing for the insights they've gained from the scenario. Of the results. The scenario package sparked some intellectual interest, but most of the Shell organization sat down to change the behavior. The response came as a shock, and we were forced to rethink how to design scenarios designed for decision-making. The reality was painful: most studies covering the future business environment, including these first scenarios, have a low existential effect. Vacuum cleaners are mainly heat and noise (an existential effect can be defined as a single idea, but when the Japanese do not have a break, even the thickness of the hair, it is much better expressed between the vision and behavior of the person) The actual effect is only about 40%. Research on the future, especially when pointing out economic turmoil, is less effective than vacuum cleaners. If your role becomes a corporate boundary and you clearly see discontinuity on the horizon, you've learned better what makes a difference between more effective or less effective research. One of the differences involves the basic psychology of decision-making. Every manager has a mental model of the world that acts on the basis of experience and knowledge. When a manager has to make a decision, he or she thinks of an alternative to acting within this mental model. When the decision is good, others will say that the manager has good judgment. In fact, what actually happened is that his mental map matches the fundamentals of the real world. We call this mental model a microcosm of decision makers. The real world is macro cosum. There is also a corporate view of the world, the corporate small world. For example, during the Sabbath in Japan, I found that Japanese steel did not see the steel market in the same way as french steel giant Usinor. As a result, there were significant differences in the behavior and priorities of the two companies. Each worldview acted rationally. The company's perception of the business environment is just as important as the investment infrastructure because it is a strategy that stems from this perception. I cannot emphasize this point: unless the corporate microcosm changes, management behavior will not change. The internal compass must be calibrated again. From the moment of this realization, we no longer see our work as producing documented views about the business environment in the next five or ten years. Our real goal was the microcosm of decision makers: unless we influence the mental image, the picture of reality held by important decision makers, our scenario will be like water on a stone. This was a much more demanding and challenging task than creating a package for the relevant scenario. We first tried to produce a scenario where we would not be ashamed when compared to reality later. After starting this first set of scenarios, we Now we wanted to design scenarios so that administrators could question their reality models and make changes when needed, providing strategic insights that go beyond the previous mind. From writing good documents to changing the real image from the head of an important decision-makers, this change of perspective is just as fundamental as it was when an organization transitioned from sales to marketing. The 1973 scenario -- 20th century before Rapids, Cisse pointed out that certain signs were sanctuary at the beginning of the world, that certain signs had to be foreseen. As we prepared for the 1973 scenario, all the economic signs pointed to a great disruption in oil supply. A new analysis predicted a strict supply and demand relationship over the next few years. Now we saw discontinuity as predetermined. In particular, prices will rise sharply in the 1970s, and oil production will be constrained not by oil shortages, but for political reasons, to take advantage of very strict supply-demand relationships. Our next step was to create confusion in a surprise-free scenario. We didn't know how fast it would happen, how high the price would be, and how different players would react. But we knew it would happen. The shell was like a canoe that had to listen to the white water around the bend and prepare for rapid negotiations. To reconstruct the manager's view, we charted the 1973 scenario (Exhibit VIII). In the calm upstream of the traditional environment, companies will have to jump into the turbulence of torrents and learn to live in new habitats. Exhibit VIII 1973 scenario we can remove some of the original scenarios. We can dam the river's alternate point (the B family scenario of 1972). With an economy fully recovering from the 1971 recession, the growth-free scenario (B1) was clearly unbelievable. The Three Miracle Scenarios (B3) retained the miracle of three supply. Finally, as we discussed the impending crisis with the government, we were able to conclude that their response would only occur after the fact. (Obviously, we haven't yet learned how to influence the microcosm of government.) Because branch B of the river had been undermined, it was necessary to explore other potential trends based on the current optimism of management, an optimism based on the boom of late 1972 and early 1973, which exceeded the growth rate of some time since the Korean War. At oil companies struggling to expand, many executives were naturally reluctant to delay or halt refinery expansion, tanker construction, and so on. In response, we have created two phantom scenarios - an alternative to our main scenario, but a scenario that takes into account the illusion. In phantom scenario I, we Years at the beginning of confusion; In Phantom II, 15 years. (These typical times represent the usual time required, bring new oil facilities into service and secondly, amortization.) These phantom scenarios were used to measure the regret sorry shell would feel if it had planned a discontinuity that did not occur for more than five or fifteen years. (1) Only two developments could delay the inevitable situation, either by discovering new Middle Eastern-scale oil reserves in areas with no problems absorbing imports, political or military seizures and producer control by consumer countries. The 1973 scenario seemed more like water on the surface than the stone on the surface, similar to the A-scenario created in 1972. But because of the new urgency, we saw them in a different light. The time we had to anticipate, prepare, and respond to new environments has been greatly reduced. More importantly, we wanted the 1973 scenario to be more than just on the water: we wanted to change the real view of managers. The first step was to question and destroy the existing view of the world, where oil demand is expanding in an orderly and predictable manner, and Shell can regularly add oil fields, refineries, tankers and marketing outlets. In fact, we have been in this day of destruction for many years now. However, exposing and invalidating an old worldview is not where scenario analysis stops. Reconfiguring the new model is the most important task and the responsibility of the administrator itself. The responsibility of the planner is to engage the decision-makers and participate in this reconstruction. We listen carefully to their needs and provide them with the highest quality materials they can use to make decisions. However, planners will only succeed if they can safely connect the new realities of the outside world: the unfolding business environment and the small universe of managers. A good scenario gives this important bridge; It should encompass both the concerns of the administrator and the external reality. Otherwise, no one bothers to cross the bridge. When the planner designs the package well, the administrator uses scenarios to create a new reality model by selecting elements that they think are relevant to the business world. Because they're making decisions, and they have a long track record to show that they're doing well, and of course they don't see any relevant factors. Or they can go with what their intuition says to them. However, you should not discourage the planner from drawing scenarios. Just as administrators had to change their worldview, so planners need to change the way they view the planning process. So often, the plan is to divorce from the intended manager. We have come to understand that creating relevant scenarios requires a keen knowledge of decision makers and their microcosm more than ever before. A few years later, we built some bridges that were not used. The reason for this failure is that we have not always designed a scenario that responds to the deepest concerns of the administrator. As we developed the 1973 scenario of building blocks for new small universes, we realized that administrators needed a clear overview of the new model to reconstruct their perspective on reality. One way to describe that model, Exhibit IX, summarizes the expected business environment and its core elements: predetermined events on the left and the major discontinuities in the center. Exhibit IX new worldview we focus on the following features of the business environment (shown in Exhibit IX): Alternative fuels, we can develop very slowly. It was not available before the 1980s in the Wartime Conflict Development Program. We analyzed the cost in three stages. First, other fuels can replace oil to generate power and steam in large industrial environments, but oil producing countries will not be impressive. Conversely, they welcomed alternatives to coal and nuclear power, which are considered low-value markets. Second, the oil used for heating was a different story. Burning coal was not a satisfactory alternative. Coal must be gassed or converted into electricity, and there is also thermodynamic loss. The price for this alternative was high; Oil prices will not exceed this threshold in the near future. The third possibility, the oil used in transportation has a much higher fuel cost than the oil used for heating and is obviously unrelated. Accidents involving both political, internal, and physical thinking are of course considered by all oil executives. In the same way, the Philippines knows that roofs should be built carefully; The weather in the Philippines is usually calm, but typhoons are frequent enough to have the only uncertainty when testing the strength of the roof. Negative supply resilience, which means that, unlike other commodities, oil supply does not increase as prices rise for at least several years. Conversely, the higher the price, the lower the amount of oil for the benefit of the major exporters. As the organizers of various groups, we faced more than just building a new worldview. We wanted to make the message useful not only to the managing director, but also to the operating companies from Canada to Germany, Japan and Australia. But the dramatic changes we expected will have a different impact. What basic message can we convey to all of them? To build a framework for messages, we borrowed the concept of circularity from psychology. As we often see individuals as circular complexes (e.g., introverted and extroverted), so we developed a government circle that helped us review other national responses. From our point of view, countries would prefer a market force or government intervention (dirigiste) approach. No nation will follow one path exclusively. For example, while West Germany's response was expected to be market-oriented, France would be more diartparty. We analyzed the expected behavior in each of our old-fashioned responses in terms of price increases, taxes, alternative fuel development and market-class regulation. We led the manager to the water... We didn't fully understand that the administrators affecting us needed tailored conformity between scenarios and deepest concerns, but we intuitively knew that the 1973 event was appropriate in many ways. The arrow on the right side of exhibit IX symbolizes four of the highlighted meanings. We told upstream managers engaged in exploration and production that something unimaginable would happen. You try to lose a major part of your concessions and mining rent. The traditional profit base of the upstream world will be lost and new relationships between the company and the production countries will need to be developed. We've said equally amazing things about the downstream world of refineries, carriers and marketers. We want to be a low-growth industry. Oil demand has always grown faster than the GNP, something Shell's management took for granted. In the past, there was no need to consider the consequences of overinvestment. Normal market growth for one to two years will cure early fluctuations. Now, oil consumption in industrialized countries will increase at a rate less than gnp's growth, and Shell will need to develop new instincts and reflexes to operate in a low-growth world. The third serious implication was the need to further decentralize decision-making and strategic processes. One basic strategy is no longer valid for most operating companies around the world. Shell companies typically aim to shift refineries more than their competitors. Now we understand that energy impacts will affect different countries, and we understand that we have to respond independently. Already distributed compared to other oil majors, shells are actually more dispersed, allowing them to adapt more quickly to future turbulence. (It's the most decentralized of all the major oil companies for a while now.) Finally, we knew that administrators needed to prepare for another phase of the business cycle because they didn't know when the outage would happen. We have developed three simulations. First, oil shock occurs before cyclical stagnation; The second event was held at the same time. Third The shock followed the stagnation. This simulation prepared for a much more severe economic decline than expected. ... And most finally drank and hit the 1973 scenario and planned payment dust because we meet the deepest concerns of managers. If no manager was fully convinced, the events of October soon made believers. We started producing changes in the way managers view their worlds, not just scenario brochures that summarize views. Only when the oil embargo began could we understand the power of the world's overthrow, the power of power that is evident in the world, and the power of great and immediate value in large, distributed organizations. Strategy is the product of a world view. As the world changes, administrators need to share a common view of the new world. Otherwise, decentralized strategic decisions are caused by management anarchy. Scenarios represent and convey this common view, a shared understanding of new reality in all parts of the organization. Decentralized management of operating companies around the world can adapt and use strategic decisions suitable for a variety of situations. The initiative is not limited by the centrally directed guidelines and is facilitated and liberated by a broad framework. Everyone will speak the same language in adapting their operations to the new business environment. Companies from Finland to New Zealand now knew what torrents meant, and recognized the need to be vigilant about the meaning of producer logic and to prepare for a new environment. As we study evolution, we learn how animals that are suitable for an environment need to be new animals in order to survive when the environment is undergoing serious changes. We believed that shells needed to be new animals to function in the new world. As usual, business decisions are no longer enough. The next article discusses how we adjusted this technology to develop short-term scenarios. As the period between decisions steadily shortened, this sophistication was needed. The current dollar's national income will increase at about the same rate as it was in the 1960s. Industrial production will grow more slowly in the 1970s... The services sector will continue to outperform the rest of the economy, which will shrink from 60% to 55% over the past decade. Despite the slowdown in the defense sector, government spending will continue to grow absolutely and relatively. The government's share of national output will increase from 25 percent to 30 percent as of the 1970s, and by 1980, federal, state and regional purchases of goods and services would reach \$170 billion. Inflation will not be worse than it is now. But it will remain a problem throughout the decade... Average annual rate Almost 41/2%. This percentage is slightly pessimistic than economists expected and is about 50% higher than the 1960s average of 3%. Unemployment may be somewhat more problematic than it was in the 1970s and in the last decade. The average rate was about 5% in the 1960s, but the average for this decade may be closer to the current rate of 51/2%. However, businessmen still expect a cyclical recurrence of labor shortages similar to those they ruled in 1968-1969. Corporate interests may not keep pace with national income. Profit is the most volatile factor in the national income account, and the Overall Profit Pessimism of the HBR Panel is consistent with forecasts for national income and inflation. The recession will be relatively mild. It seems unlikely that industrial production will experience a more severe recession than in 1960-1961, when industrial production dropped 9 percent. The economy has apparently become more recession-proof due to increased government spending and the rapid growth of a relatively stable service industry. 1. Andre Benard, World Petroleum and Sober Reality, HBR Nov-December, p. 91. 2. Quoted from Platt's Oilgram on February 10, 1972. \*Author's Note: In hindsight, this set of scenarios is still a clumsy design. Six are too many; They did not have the proper name to convey the essence of what drives each scenario. The sequel to this article includes a discussion of design. A version of this article was published in the September 1985 issue of the Harvard Business Review. Review.

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