

ABSTRACT

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MANAGING UNCERTAINTY AND COMPLEXITY: THE VALUE OF A SCENARIO-BASED STRATEGIC CONVERSATION

The rise in uncertainty is driven by a variety of factors such as the difficulty in handling uncertainty, decision-making under uncertainty, the nature of uncertainty and the different levels of uncertainty. New technologies are accelerating changes in a highly disruptive manner. Moreover, profound environmental (low carbon society) and demographic (aging population) changes including paradigm shifts are occurring. All these forces result in much greater complexity.

Successful strategies for the future have to consider uncertainty *and* complexity. We have to recognize and acknowledge that the business environment is both uncertain and complex and, thus, to adapt our approach of strategy formulation.

In the presence of fast-changing environmental circumstances, when uncertainty dictates the landscape and/or complex adaptive systems and environment are co-evolutionary, emergent, self-organising and chaotically related, scenarios can be used as transitional objects to communicate and discuss alternative future worlds and to generate new strategic conversations. However, the complexification of uncertainty needs to be addressed within the scenario planning process (Figure 1). In this vein, a strategic conversation based upon robust scenarios creates new language, vocabulary and emergent ideas for management and its organisation.

An emphasis upon the need to analyse the gaps that separate strategy, scenarios and strategic conversation is suggested. A gap matrix can provide a powerful framework for both scenario planning and strategic conversation and synthesise uncertainty and complexity (Figure 2). The focus upon gaps can challenge our mental models and create a safe conversational space for learning. Furthermore, it is argued that complexity awareness and a wild card audit approach puts discontinuities or weak signals on the radar screen for strategy development. A wild card audit should, nevertheless, lead to wild card scenarios that can be integrated in the scenario-based strategic conversation.

The dynamics of uncertainty and complexity are a true leadership and management challenge for the future.

Based on my experience (including a recent European Union (EU) foresight project – Freightvision 2050), I would like to present some of the key findings as well as discuss whether and how a scenario-based strategic conversation is a means to transition into alternative futures.

Figure 1: Complexification of uncertainty within the scenario planning process

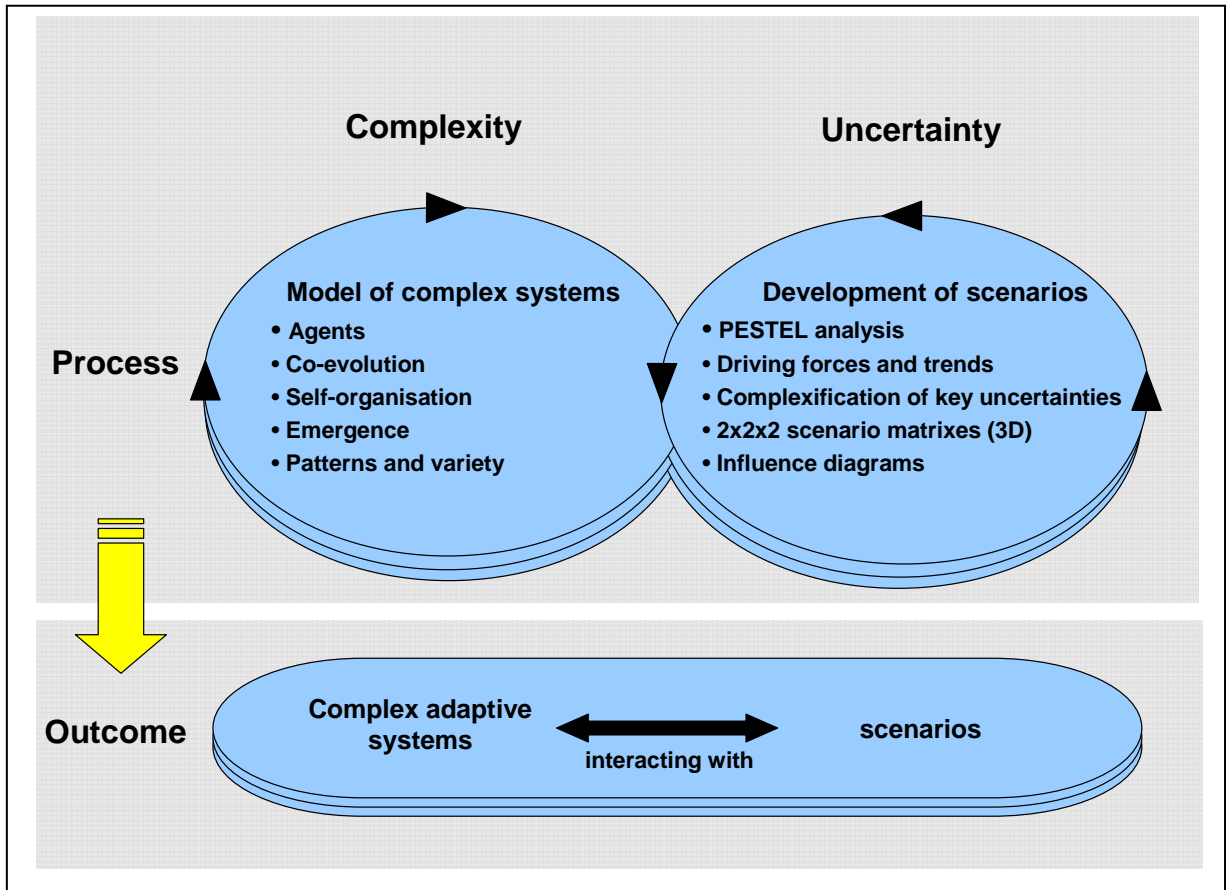
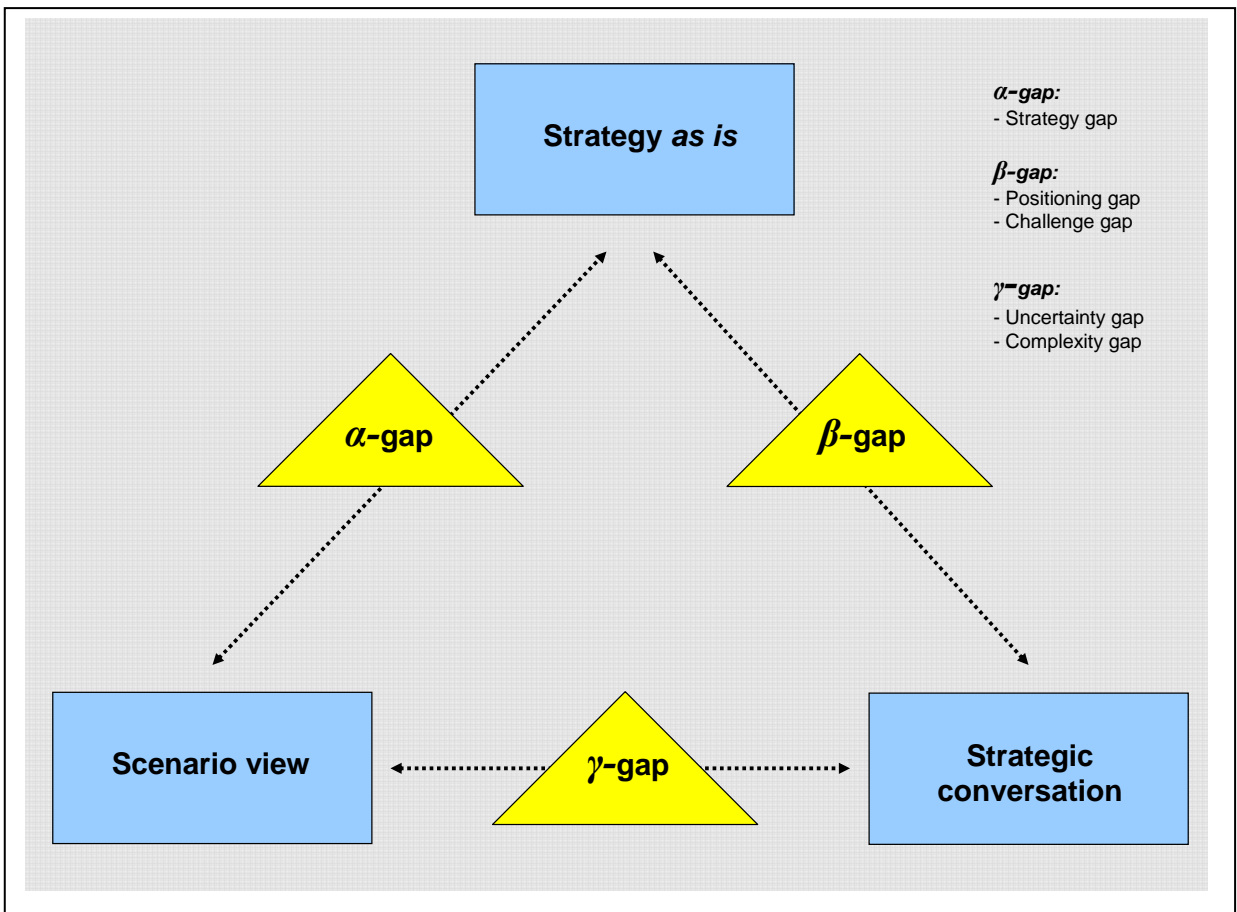


Figure 2: Gap matrix of a scenario-based strategic conversation



BIOGRAPHY

Dr. Otto C. Frommelt, MBA is Managing Director of Volvo Austria GmbH and General Manager of Volvo Truck Center in Austria. He has senior management expertise and significant international experience within the automotive industry.

His senior executive roles have been diverse and include those of Chief Financial Officer (CFO), Chief Information Officer (CIO), Marketing and Sales Manager, Head of Aftermarket, and Chairman/Board member of dealerships, truck leasing company (financial services), truck rental company, parts sales company, non-profit organisations (Economic and Social Research Council (ESRC), UK), Member of Warwick Business School Development Board to help shape its strategy and Forum Member of Freightvision 2050 (EU funded foresight project for the future of transport). He has also enjoyed several lifelong learning interludes at the Harvard, Wharton, Kellogg, Oxford universities etc., including his Doctor of Business Administration (DBA) at Nottingham University Business School (NUBS), the University of Nottingham, UK and his Master of Business Administration (MBA) at Warwick Business School (WBS), the University of Warwick, UK. Most recently, he was appointed as Honorary Professor at WBS.

Currently his positions of trust include Board Memberships in Poland and Hungary. He is, *inter alia*, an international Scenario Planning Expert, Mentor, Guest Speaker, Partner Committee Member and a Lecturer at the University of Applied Sciences, Vienna in Austria.