

WHAT IS THE BUSINESS CASE FOR FORESIGHT?

By Stephen Aguilar-Millan



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This is a question that is familiar to many practicing futurists. Normally, it is asked by a client, or a potential client, who is a bit sceptical of the whole process of foresight and needs to be convinced that it is the right thing to do. It's not hard to see the basis of that scepticism. Much foresight work involves the commitment of resources up front for benefits that are uncertain and which are enjoyed at a point way distant in the future. In which case, how do we make a business case for foresight?

WHAT'S THE ROI?

It is customary to start such discussions with clients through the lens of a return on investment. If they commit so many resources up front, then they can hope to expect such and such return at a given point in the future.

There are those who reject the whole concept of foresight having a return on investment. Some argue that the purpose of foresight is best expressed in terms of community cohesion. Others argue that foresight is best used as a vehicle to achieve some form of transformation. Alternatively, there are those who take the view that foresight is a means by which people can frame their hopes and desires in order to envision an emergent future. All of these objections have a degree of validity, but don't really impact on the business case for foresight.

This is because the question refers to a specific form of foresight. The business case for foresight is not made for transformational futures or community futures. Instead, it is made for project futures. These are the activities of foresight around a specific line of enquiry. In many respects, they are narrower than other forms of futures, but they are focussed on the actions to be derived from the foresight exercise, what it leads to. If there were to be a guiding principle to project futures, it would be "Foresight-Insight-Action." This rather utilitarian approach highlights the underlying theme of the business case for foresight. The client spends the project fee up front in the expectation of receiving the benefits of the project at some point in the future.

THE QUESTION OF QUANTUM

If we accept the principle that foresight may have a business case, the next question that arises is one of quantum. In many ways, this is standard investment appraisal. If we make an investment of so much, and we receive a return of that much, was the investment worth it?

This is how we can approach the question of quantum for our clients. There are three elements to the question – the amount to be invested up front and on an on-going basis, the benefits to be received on the investment, and the value judgement of whether or not the investment is worth undertaking. We can examine each of these three elements in turn.

Project Investment

The amount to be invested in a project up front is largely determined by the dimensions of the project. This, in turn, is determined in part by the issue that the project seeks to address. It is best to start with a clear question in mind. Part of the initial process might be to assist the client in determining what, exactly, it is that they wish to consider. Part of that exercise will involve the selection of a suitable time horizon. This can be a bit like a Goldilocks exercise at times because the time horizon needs to be sufficiently far in the future to be beyond the day-to-day concerns of the organisation, but it also needs to be not so far in the future that it reads like science fiction. The project itself may contain a feel for the right time horizon. For example, if the project is to consider the investment in some form of property, and if that property is to be purchased using mortgage finance, then a time horizon that

readily suggests itself would be at least for the duration of the mortgage.

Degree of Granularity

Another factor best discussed at the outset is the degree of granularity that is required from the project. Does the project aim to expose the broad contours of an emergent future? Or does the project aim to provide a detailed road map of an emerging future in which the project sits? Both are valid approaches, but both have on-going resource implications. The more detail that is required from a project, the greater its cost is likely to be simply because it will warrant a larger project team. The degree of granularity will help to determine the basic framework of the project, which is essential in the question of tool selection. For example, if the project were to be looking at a broad question, such as the future of, say, aviation, then it may concern itself with broad patterns of travel, but may concern itself less with, say, the future of travel apparel. This is detail that is not really needed in the broad context of the project. There is an intimate link between project granularity, the project framework, and the foresight tools chosen. A greater degree of granularity, a more extensive framework, and a wider range of foresight tools are all likely to increase the resource cost in producing a useful foresight project.

Staffing Considerations

This requires some balance because it has an impact upon the staffing of the project. There are two dimensions to this question. The first is the number of people involved in the project. A larger number of foresight practitioners will, obviously, increase the

cost of the project. Some regard also has to be given to the degree of expertise that needs to be brought to the project. Generally speaking, the greater the degree of expertise needed, the higher the charge out rate will be. A balance needs to be struck between the right degree of expertise and the right numbers involved in a project. This varies from project to project. The contribution of each team member needs to be evaluated, more or less, on a cost-benefit basis. It should be pointed out that cost can be either financial or non-financial. If the project is utilizing in-house staff, the cost to the project is the staff time, and on-costs, that the project is absorbing. This dimension of cost is frequently overlooked or downplayed in an attempt to boost the return on the investment.

Balance: Cost vs. Benefit

The return on investment seeks to balance cost against benefit. Cost can usually be reasonably well defined in advance. This is less the case for the benefits accruing to a foresight project. In seeking to assess the benefits of a project, some assessment of its impact needs to be undertaken. If the organization would have achieved broadly the same results without the foresight project, then we have to conclude that the impact would have been minimal. When assessing the benefits of a project, we need to focus on the additional insights gained from undertaking a given project. It is these additional insights that form the benefits derived from the project.

One of the problems of, and often objections to, the study of the future is that the benefits are distant and uncertain. This runs the risk of a misallocation of resources if we simply chase dreams of

the future. This objection is valid but does not provide an adequate justification for doing nothing. At some point we have to make a decision about the future. If we don't, then from where would we get roads? Or hospitals? Or schools and universities?

At some point, management has to have a vision of the future and combine that with a determination to build it. It is this vision, if sufficiently persuasive, that provides the benefits of the project. We then weigh the cost of the project against that vision. If we feel that the costs are a price worth paying, then we undertake the project. If not, then we leave the idea on the shelf. Of course, this is a subjective decision about what has value and what doesn't, but the role of the futurist is to assist in decision making, not to actually make the decisions. That's best left to the clients.

What's the Goal?

This rather nicely brings us back to where we started. The first question that any project needs to address is what it hopes to achieve. This can be couched in vague terms with respect to outcomes and time horizons. Part of the initial sifting process is designed to harden that view into something a bit more tangible. Constructing a foresight project can be likened to dancing a waltz – we go round and round until we get it right. If we don't get it right, then the business case for a specific project has not been made and it would be best not to proceed. If we do get it right, then, by definition, we will be better in the future than we are in the present and the business case has been made.



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