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Scenarios – The Art of Strategic Conversation
Kurt van der Heijden
2005 John Wiley and Sons
Second Edition

This is taken from Chapter 9 – The Practitioners Art – Pages 182 - 185

The book describes the use of “scenarios” of possible futures as an organizational strategy development process. A part of the scenario, as it is described by van der Heijden, involves interviews with people with content knowledge relevant to the organization. This section is about processing the results of those interviews.

Analyzing the Set of Interviews

Any strategy project ultimately is about considering the fit between the organisation and its environment. For this reason, these two domains need to be separated as early as possible in the project. Interviewees will not have made this distinction, and the interview notes will be a mixture of interwoven external and internal points. The first step in the analysis is to separate statements into these two categories.

The analysts need to create two data files, one including the statements about the external business environment, and one containing all other points relating to internal characteristics and phenomena in the organisation. The allocation criterion is whether the company has control over the issue.

One must be aware of language traps that lure here. Very often a statement ostensibly about an internal policy issue is really about the environment. For example, the statement “we may soon have to double our capacity if we want to remain a key player” includes a statement about the rate of growth in demand. Similarly “we should adopt a more customised approach in our product design” may imply the insight that the market may be moving towards giving higher value to customisation. These implied business environment assumptions should be included as separate statements in the business environment file. Before the separation is made all statements seemingly addressing internal issues should be tested for any embedded content on the contextual environment.

Once the statements have been divided between these two files, the data in each file need to be sorted and clustered. Initially the statements are unconnected, a set of random thoughts. The subsequent analysis of these statements involves a process of clustering and linking. It is important that no clustering rules are laid down in advance. It is better to let cluster categories emerge naturally out of the material collected. If categories are predetermined and imposed on the clustering

the value of the exercise is significantly reduced. One categorisation scheme popular with novices is the STEP or STEEP categorisation often used in strategic management textbooks. This categorises the environment into societal development, technological developments, economic developments and political developments. Another E is sometimes added (STEEP), standing for ecological environment developments.

The advice here is not to cluster according to such predetermined schemes, as they do not reflect systemic relationships in the specific business environment of the client. If the interview data are forced into an existing framework like this much of the interconnecting richness of what is in the statements is lost. Intuitive clustering, on the other hand, will make the analyst pay attention to conceptual meaning, for example through cause-and-effect reasoning, and if this is reflected in the clustering something new has been learned. The human mind is particularly strong in seeing or inferring patterns.

As a result clusters will start emerging which combine statements together in context. By overviewing the total set of insights produced the analyst will start to see patterns, similarities and natural couplings. The material now needs to be arranged into these emerging categories. At this stage the purpose of the analysis is to cluster ideas and arrive at a smaller number of higher-level concepts, which can be related to each other. Total overview is required in the early stages until the first-level categories have emerged.

Technically there are various ways of doing the clustering, dependent on the number of statements to be considered. Visual methods, allowing for trial and error, tend to be more comfortable in view of the large amount of material the analyst has to overview. Statements can be written on slips of paper, Post—its or magnetic hexagons, moved around on a display surface or wall-mounted area. If the team has been disciplined in note-taking this should be a relatively simple step. As the purpose of the exercise is to acquire an overview, it is important that text on each Post-it is limited to not more than a few words. These should be written in large heavy characters, so that they can be read from a distance. By scanning the whole display ideas for clustering present themselves.

For small projects this approach suffices. However, if one is dealing with a IO-interview project some 500 Post-its may be generated, more or less equally divided between internal and external issues. This stretches the visual approach to the limit. In this case it is preferable to use a computerised database in the analysis. Sorting and clustering then become an exercise in hierarchical outlining. However, the analyst will still want to use a parallel visual approach using only main statement categories. The reason is that creating an overall overview, required for the first-level of clustering, is difficult in a computer database. Once the first—level categories are established in this way,

subcategories can- be developed using the computer database. Initially there will be statements that do not seem to link up anywhere naturally. These may be put aside temporarily while progress is being made on the rest. Following completion of this stage, further iterations are needed to try to integrate the odd statements that have been left out so far.

The first clustering will be somewhat random, depending on what caught the eye first, but it may not be the most effective way of incorporating as many of the insights as possible. If there are unconnected ideas left, the analyst needs to try to find a home for these by reclustering. They should consider whether any other higher— level criteria can be found, on the basis of which the data can be reclustered, which accommodates the so—far—unconnected ideas. It is worthwhile iterating a couple of times, until there is no further progress.

The exercise is basically iterative. The decision whether clustering has been satisfactorily completed depends on whether clustering principles have become clear, and whether clusters are reasonably independent, with each idea falling naturally in one cluster only. The analyst should try to get as close as possible to this state of affairs. One way of testing this is through naming of the clusters. A cluster name should be a short and unambiguous indication of the principle that keeps the ideas within the cluster together, while distinguishing them clearly from any of the other clusters identified.

From then onwards the analysis moves into each of the main dusters to develop a second level of categorisation. The process of moving and clustering the Post—its on a display area is now the same as moving data in a computer database, using principles of hierarchical outlining. The detail required in the categorisation depends on the quantity of the material collected. If the number of statements runs into many hundreds, a three or four—level outline may suggest itself. The ultimate aim is to arrive at a level of hierarchical categorisation where each of the lowest subcategories contains not more than some 15 statements.

On the other hand the number of statements in a category may be as low as one or two, if statements are self-standing and cannot be grouped with any others. The final step in the clustering process is to move the statements within each subcategory in an order that suggests a logical progression or storyline from one statement to the next, and to identify in each of the clusters common and divergent views and assumptions. These need to be highlighted as powerful triggers for the feedback meeting. In this way the analyst gradually creates a picture of the management team's mental models, including overlap and divergence within the team. The many suggestions made in this chapter all serve the purpose of making the result reflect theories-in-use rather than espoused theories about the situation. With the initial material divided into internal and external points, the analysis results in two sets of cluster hierarchies. Two products will emerge from the data structuring stage, the scenario agenda and the internal agenda.