

# What's beyond the horizon

## Navigating the unknown using horizon scanning



Organisations have long recognised the need for medium to long-term planning and with the accelerating pace of change, it has never been more important to explore what the future might look like. The purpose of these future-gazing initiatives is not just to prepare for any eventuality, but to allow the business to take best advantage of the emerging trends that will impact it.

Horizon scanning is a powerful technique used by some organisations to identify emerging opportunities, potential threats and risks. Most are balancing the opportunities of unprecedented scientific discovery and ground breaking innovation with the realities of a changing consumer, a harsher regulatory environment and emerging disruptive business models.

It is those organisations that can keep abreast with developments that will be able to maximise their potential and mitigate any potentially negative impacts.

At Oakland Innovation, we offer science and technology-based consultancy services and market intelligence to global markets, helping companies to benefit from breakthrough innovation and to develop new technologies and services that fuel growth and revenue-generating opportunities.

That is why it's important for us to understand what organisations are doing not only to assess what opportunities may be on the horizon but to ensure they are adequately prepared for any upcoming threats now or into the future.

We wanted to really get to the heart of the matter and find out how horizon scanning is currently being implemented, who within organisations is responsible for the process, how often it is undertaken and understand the barriers (if any) to successful horizon scanning.

This report outlines the findings of a horizon scanning survey we carried out with professionals from a range of industry sectors. It provides a useful snapshot of how organisations are using horizon scanning to prepare for the future in an increasingly uncertain world characterised by significant, rapidly evolving technological, economic, political, environmental, social and regulatory changes.

## Horizon scanning: summary of key findings and recommendations

Our survey set out to understand how organisations define horizon scanning and how the process is actually being used. We also wanted to shed light on who (if anyone) is responsible for the process; how it is structured and carried out and what the main barriers (if any) are to horizon scanning.

We learned that there is no clearly defined, 'one size fits all' strategy for horizon scanning nor is there any agreed, formal process around which organisations structure horizon scanning activity. Instead, horizon scanning is largely carried out in an informal, ad hoc way in response to identifying opportunities for rapid growth rather than as a way to mitigate potential risks or threats to the organisation.

There is a real appetite to use horizon scanning to take advantage of emerging technologies and to stay tuned in to rapidly changing consumer preferences.

Horizon scanning is viewed by many as an effective tool for enabling strategic planning and risk management by helping organisations to prepare for regulatory and legislative changes.

It is this drive for opportunity and further growth that overrides any strategic focus on risk mitigation and management.

The other main findings that our research revealed are:

### → Lack of ownership

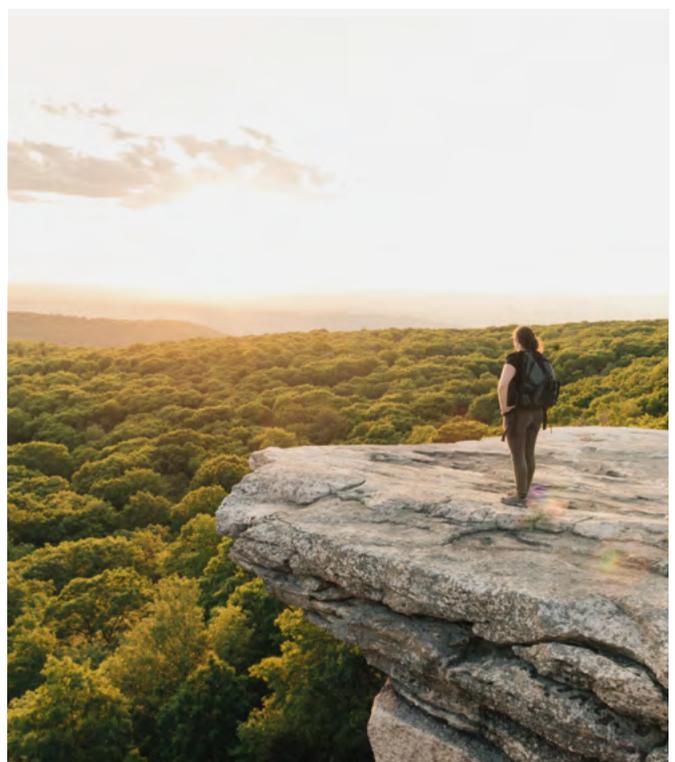
In organisations that use horizon scanning, it appears there isn't one department or individual figure within organisations that takes responsibility for driving the horizon scanning process. Similarly, in those organisations that do not currently horizon scan, lack of ownership is also seen as a major barrier to the process.

### → Scarcity of time and resources

Most organisations that already horizon scan cite a lack of time and resources as a major barrier to successful horizon scanning programmes. This is particularly the case for those struggling to get managers to focus on things that are more theoretical and haven't actually happened yet (or may not even happen).

### → The vision paradox

Oddly, a number of respondents cited "lack of vision" as a barrier to undertaking a horizon scanning initiative. This is somewhat ironic given that horizon scanning is a visionary tool used to explore the future. (It could be argued that this is rather like choosing not to buy binoculars because you can't see objects at a distance!)



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## Key recommendations

While there is a lot of information out there extolling the major benefits of horizon scanning, it is clear from our research that there are many organisations who are struggling to implement successful horizon scanning programmes either due to lack of ownership, time and resources or because there is no internal senior buy-in for the process.

Our top line recommendations are:

### → Buy-in is essential

Crucial to the success of any horizon scanning programme is the buy-in of the senior management team. It's important to involve key stakeholders and senior decision makers from the outset to ensure the required time and resources are allocated and the process goes smoothly.

### → Take responsibility

The message loud and clear from our research is that someone needs to take ownership of the horizon scanning process. Without clear leadership and strategic direction, it will not be seen as a management priority and will slip to the bottom of the 'to do' list.

### → Structure your activity

An ad hoc informal process is not the most effective way of implementing a successful horizon scanning programme. Instead, a more formal, strategic coordination of horizon scanning activity would help add value and ensure it is robust, reaches the right people and informs business strategy improving long-term planning.

### → Maximise involvement

An important role of horizon scanning is to challenge existing assumptions and consider wider possibilities and threats. It is therefore useful to get a diversity of opinions and expertise and involve as many people as possible to ensure the broadest interpretations of the information collected. This should include key stakeholders.

### → Focus on action

Be clear about the objectives for your organisation and ensure that any horizon scanning has actionable outputs. It should never be viewed as a 'tick box' corporate governance activity but rather, an essential tool for shaping business strategy and policy.

### → Stay open-minded

Predicting future trends and developments is not easy. But it is important to look at the bigger picture based on the multiple sources of evidence gathered. You need to put any natural biases and assumptions you may have to one side and open your mind to a world of different possibilities and scenarios. Never assume that because something hasn't happened before, that it cannot happen now or in the future!

## The report in full

### → Methodology

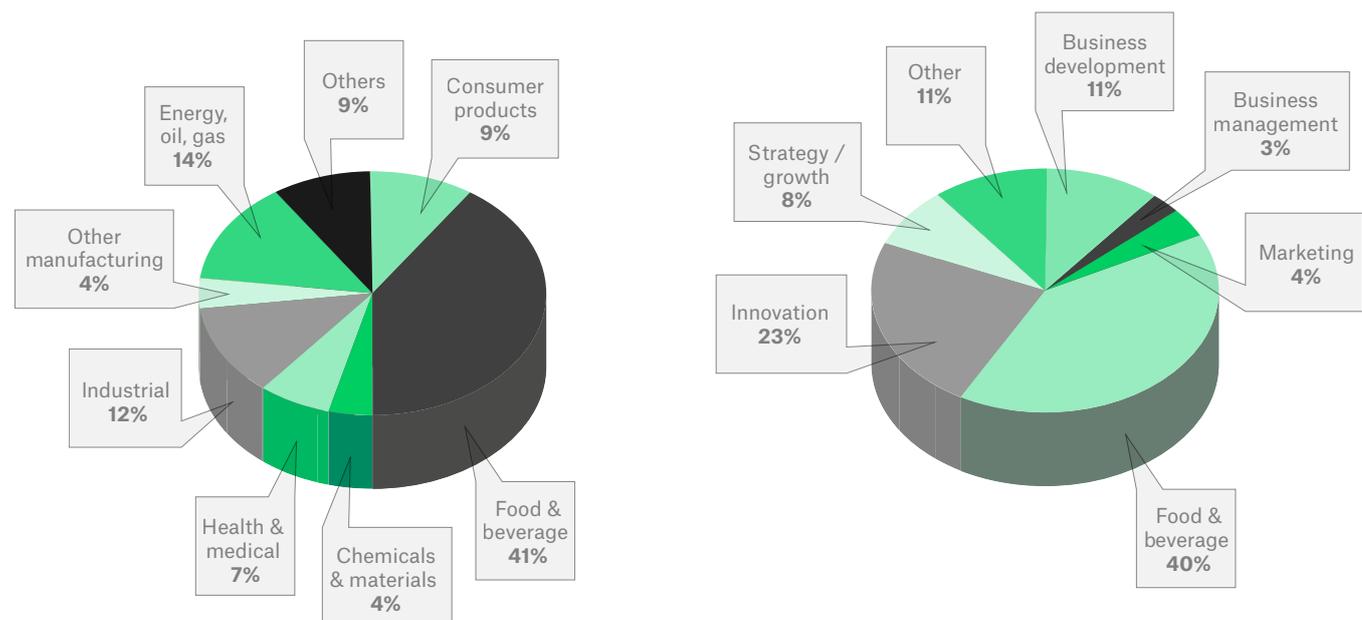
During June - July 2018, we surveyed professionals from a range of industries including: consumer goods, food and beverage, medical, oil and gas, industrial and chemical sectors on their attitudes to horizon scanning and how they undertake assessing future trends.

The survey was conducted using an online questionnaire containing a mix of quantitative and qualitative questions distributed via business networks and email.

The breakdown of respondents' job roles and the market sectors they operate in was as follows:

The responses were weighted towards the food and beverage industry with more than 50% of respondents from consumer-facing companies. Of those surveyed, the vast majority were from an R&D role (40%) or an innovation role (23%).

### → Respondent Profile



We asked questions relating to:

- The definition of horizon scanning
- Responsibility for horizon scanning
- Frequency of horizon scanning
- Drivers for implementing a horizon scanning process
- Necessary components of effective horizon scanning
- Barriers to successful horizon scanning

The responses were collated and the data interpreted to provide actionable insights for organisations and individuals who want to assess future trends and developments more effectively.

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## → Defining horizon scanning

At the start of our research survey, we provided respondents with a comprehensive, working definition of horizon scanning to get their views on what it means to them in practice:

“Horizon Scanning is the identification of emerging factors that have the potential for either a positive or negative impact on the business but are not a mainstream issue currently. To detect these factors, companies have either a formal, informal, ad hoc or scheduled process.”

The vast majority of respondents agreed with the above description with several adding the caveat that horizon scanning is an ongoing process of identifying emerging factors as well as monitoring changes in current key factors.

Some respondents think the definition should be expanded to include the fact that the outcome of any horizon scanning should be to develop actionable insights and solutions.

This suggests many are aware that it’s all very well carrying out a systematic examination of potential opportunities

and threats and identifying the positive and negative repercussions. But organisations need to do something with the information they uncover and make the necessary changes to stay on course and succeed in the marketplace.

In addition, some respondents indicated that risk management and strategic business development should also be included in any definition of horizon scanning.

This reflects an understanding of the need to have a proactive horizon scanning policy which helps to anticipate and minimise risk, giving organisations a good chance of heading off any developments that could be potentially damaging.

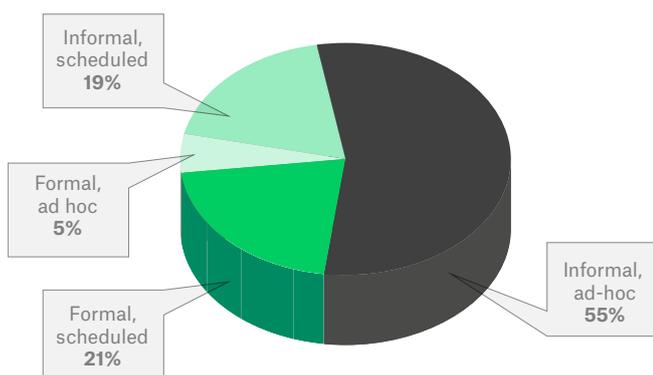
This ability to anticipate and prepare for future challenges, trends, threats as well as opportunities then needs to feed into the strategic direction of the organisation and become an essential part of its overall business development activities.

## → Taking ownership – the who, what, when, where and why

According to our survey, 7 out of 10 organisations (70%) carry out some form of horizon scanning. However, of these, more than half of respondents (55%) claim horizon scanning is conducted in an informal and ad hoc way, with just 21% reporting that there is a formal process for horizon scans.

Those organisations with informal horizon scanning processes tend not to plan activity with only a quarter (26%) scheduling them. Of those businesses with a more formalised process, the majority tend to schedule horizon scanning activity, with most doing so annually.

### → When do you do this?



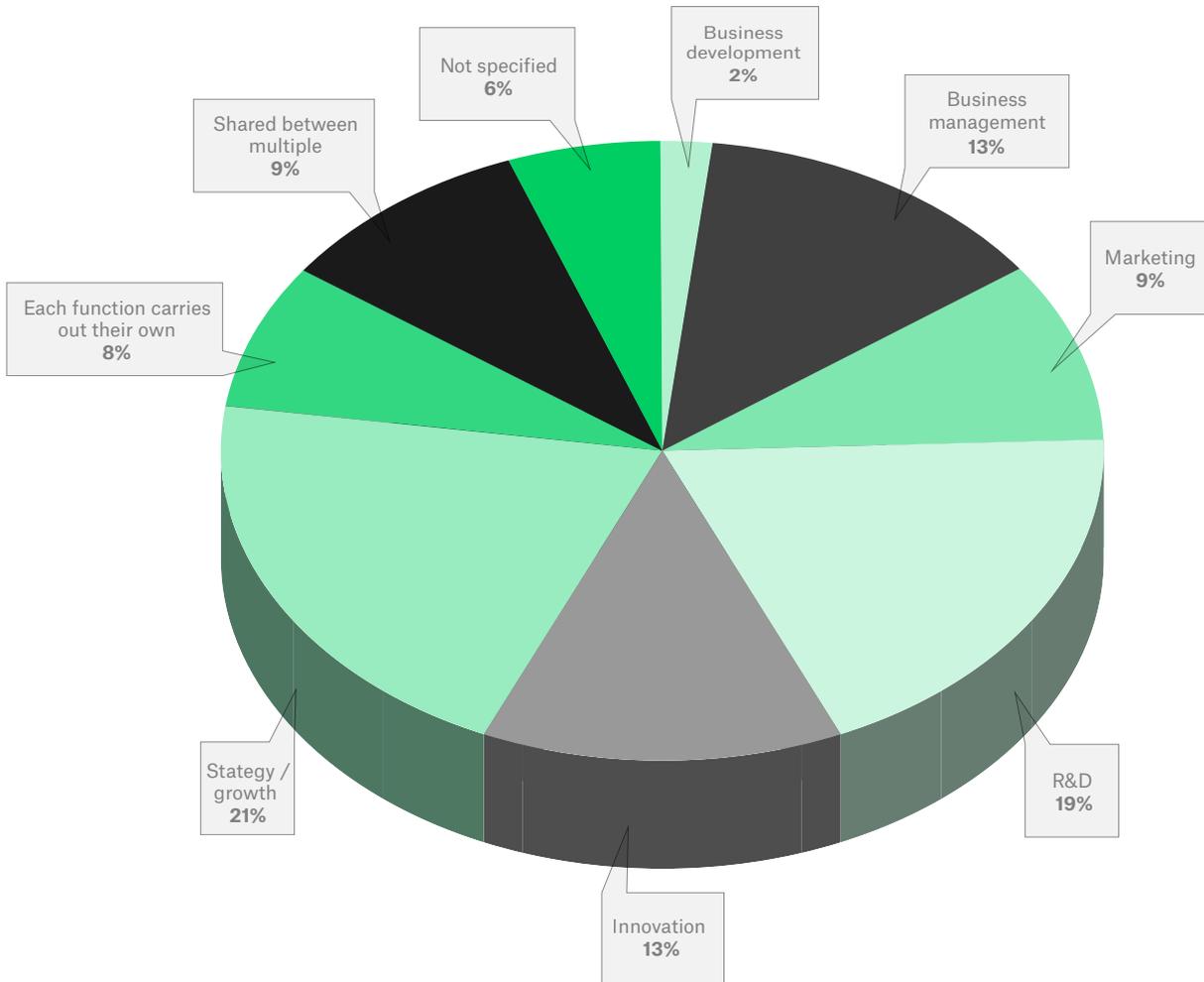
There may be a number of reasons why organisations do not have a formal process for conducting horizon scanning. Often the very nature of horizon scanning as a corporate planning tool supporting various business functions means that there is no single department responsible for carrying it out. Horizon scanning cannot necessarily be ‘owned’ by new product development or marketing, for example, as it touches on all those areas and more.

Instead, our survey shows that ownership is held by a number of different business functions with no clear, overall pattern. In fact, in 17% of organisations, horizon scanning occurs across multiple departments, either as a collaborative effort or as stand-alone activities.

As one respondent commented:

*“We have multiple owners with different perspectives. Marketing looks at trends to identify threats and opportunities. Manufacturing looks at emerging issues that could affect our products and our R&D department looks at consumer and technical trends that require new research.”*

## → Who owns the process?



While there may be no clear cut, 'right' or 'wrong' when it comes to horizon scanning, in order for it to be as effective as possible, organisations do need to adopt some kind of structure or process if they are to take full advantage of the benefits that comprehensive horizon scanning offers.

Cross-departmental sources of information and data are all well and good but there needs to be a central function or key person who drives the process. This will ensure that all relevant elements are captured, horizon scans meet the organisation's strategic business objectives and that the intelligence gathered is disseminated to decision makers throughout the organisation.

## → When do organisations start horizon scanning?

As for the key drivers for organisations initiating horizon scanning in the first place, our survey demonstrates that it

tends to be in response to an opportunity for rapid growth (58% of respondents). In fact, most responses were centred on growth and opportunities.

Responses reiterating this point included:

"I'm spotting opportunities to gain an advantage over an adversary."

"We should sometimes drive the change or lead."

"Horizon scanning is about suggesting the early-stage actions that can really help a group succeed when realized early."

"It's how we react to challenging opportunities."

Nearly a third (32%) of organisations start horizon scanning when they feel under threat from a competitor. This reflects a desire to protect and grow market share and see off potential rivals.

## → Why do organisations horizon scan?

Asked why they horizon scan, the onus was once again on taking advantage of opportunities for growth and business expansion.

Nearly 8 in 10 respondents (79%) said that they do horizon scanning to give them ideas for new products, services and markets, while three quarters (75%) stated they used horizon scanning 'to grow their business'. And nearly half (49%) use horizon scanning to inform their business planning process.

Surprisingly, just 6 in 10 (60%) respondents use horizon scanning to manage business risk, despite the fact that it is increasingly being used in risk assessment and issues development, particularly in the food and beverage industry.

This may be down to the fact that other methods of risk evaluation are being used to assess risk such as analytical tools including risk mapping and scoring.

## Getting down to the details

So what's involved in the horizon scanning process?

The majority of organisations carry out the full horizon scanning process as follows:

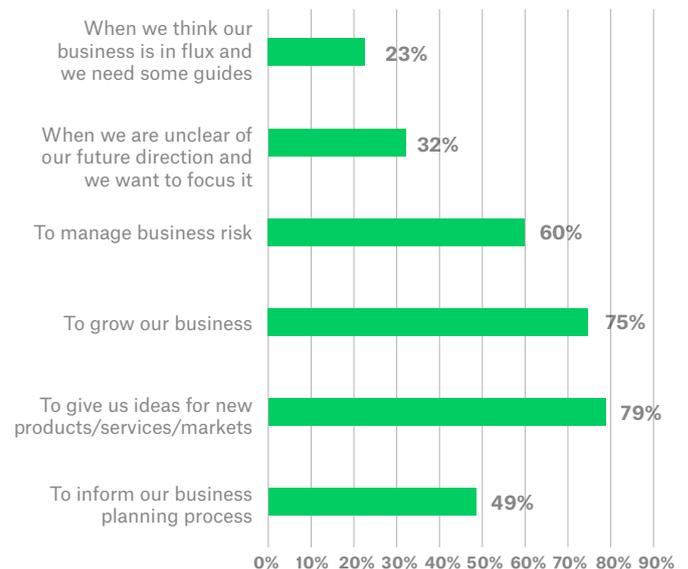
1. Identification of factors (85%)
2. Risk/opportunity evaluation (74%)
3. Ongoing monitoring (68%)
4. Action planning (66%)

For most respondents the most important element in the horizon scanning process is the identification of the key factors to scan.

Just 66% of respondents do any action planning following horizon scanning. This is perhaps surprising given that one of the main outcomes of horizon scanning is to develop strategies to maximise potential opportunities and mitigate any risk.

There is little point having a process that ticks a corporate governance box but has limited strategic and operational

## Why do you do it?



relevance. Perhaps more needs to be done within organisations to get full buy-in from senior teams and ensure any intelligence is acted upon and embedded within business strategy?

In terms of timeframes, the majority of organisations (42%) are looking at what's on the horizon within the next 5 years. And over a quarter (26%) of respondents are scanning opportunities and threats within the next 10 years. Just 13% are looking at 15 years and beyond.

This is perhaps indicative of the rapidly accelerating pace of change driven by technological advances, digital disruption and constantly evolving consumer preferences.

As Donald Rumsfeld, US Defence Secretary 2002, famously once said: "There are known knowns. There are things that we know we know. There are known unknowns. That is to say, there are things that we now know we don't know. But there are also unknown unknowns. There are things that we do not know we don't know."

It is those 'unknown unknowns' that may be preventing organisations from horizon scanning too far into the future.

## → What do organisations scan for?

Key factors or 'change drivers' that organisations scan for are typically characterised as political, economic, societal, technological, legislative and environmental issues (sometimes shortened to PESTLE) that may be an opportunity or a threat to the organisation.

Most respondents were interested in science and technologies they could exploit (79%) which links to

## → Perceptions of risk

When asked about their perceived risks, respondents' answers were broadly in line with the factors they scanned for.

Interestingly, changing consumer preferences are the biggest perceived issue or threat posing the greatest challenges to respondents' industry sectors, according to 30% of those surveyed.

Looking at qualitative responses, this result is driven by food and beverage professionals who have seen a tremendous consumer preference shift towards the health and wellness agenda, providing a perceived significant threat to prepared food manufacturers.

## → What do you scan for

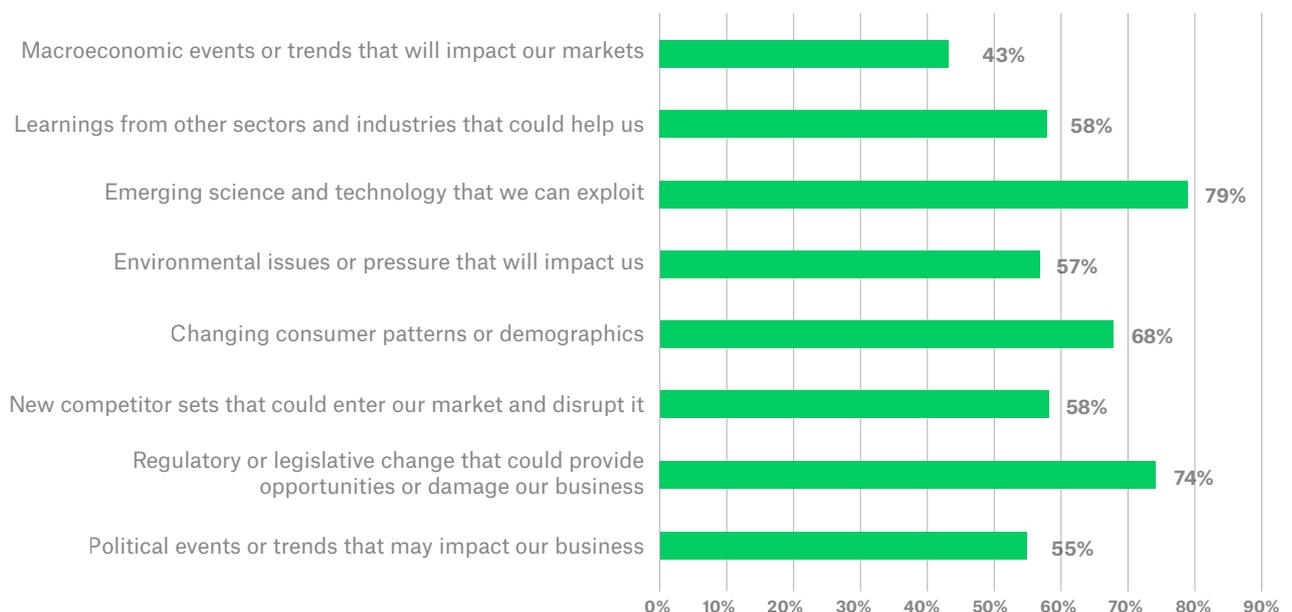
their drive to focus on opportunities for growth by developing new products and services.

There is also concern about regulatory or legislative change that could impact the business (74%) which is seen as both a threat as well as a potential opportunity.

Regulatory change was also seen as a threat to 28% of respondents. This issue is topical with the introduction earlier this year of the 'sugar tax' on soft drinks in the UK.

Emerging technologies, and more specifically, digital innovation, is also seen as a potential threat by 19% of respondents as innovations such as artificial intelligence (AI) look set to transform the world as we currently know it.

Of course, perceived risks could also represent significant opportunities for organisations. Having sight of upcoming developments and being as informed as possible, provides organisations with the chance to build greater resilience into their business models and ensure they are far better placed to take advantage of emerging opportunities and fully exploit them. This applies to more imminent events as well as potential developments that could be 5, 10 or 15 years further down the line.



## Gaining insights

Nearly three quarters (74%) of organisations rely on internal knowledge and brainstorming when they are horizon scanning. This is closely followed by attending industry events (70%).

Such a reliance on internal scanning methods may not be as effective as tapping into external information sources. As the UK Government has said:

“Horizon scanning is not, as commonly thought, about making predictions, but rather about methodically investigating evidence to ensure adequate and resilient preparation for potential opportunities and threats.”

This is summed up by one respondent who said:

*“Currently, our corporate view of the external world is formed through a purely internal dialogue, leading to a biased assessment of reality, bent by the interests of the internal functions providing the input.”*

Clearly, the best horizon scanning processes rely on a number of broad range sources - both internal and external. These are likely to include: special interest groups; scientific research bodies; regulatory bodies; specialist (trade) media; news groups/journalists as well as commercially available resources such as: market research focus groups, off-the-shelf reports and data and commissioned bespoke research.

## Barriers to horizon scanning

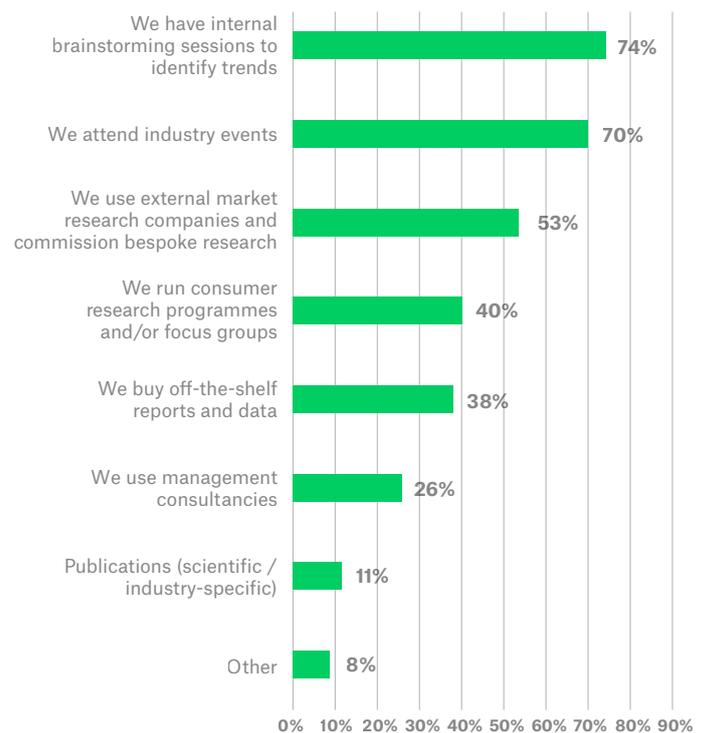
So, if horizon scanning is so crucial to an organisation’s survival why is it not used more often as a proactive management tool, rather than a knee jerk reaction when a competitor looms?

Overwhelmingly, for those who already undertake some form of horizon scanning, lack of time and resources are the biggest barriers to successful horizon scanning for 7 in 10 (70%) of respondents.

Nearly half (49%) reported that it is hard to get people within their organisation to consider things that ‘haven’t happened yet’. This suggests managers are too focused on the here and now rather than thinking about the bigger picture and the opportunities and threats that may be appearing on the horizon.

Of course, this has implications both in terms of access to data, the cost of the service as well as having the time and the resources to conduct as broad as possible horizon scanning programme.

### → Where do you find your most useful insights as part of your process?



In fact, a quarter (25%) of respondents view getting the balance between time spent on getting on with ‘business as usual’ versus strategic thinking as a main barrier to horizon scanning.

Again, this links to the ad hoc, unstructured way horizon scanning is currently being implemented in many organisations with no single person or department taking ownership of the process. Some managers may not see the need to horizon scan and are too busy fire-fighting the issues on their doorstep to broaden their perspective and look beyond the challenges they are currently dealing with.

Over a fifth (21%) of respondents cites lack of management leadership as a challenge when it comes to horizon scanning. And nearly half (47%) believe a lack of vision

and leadership is a major barrier to horizon scanning. This is somewhat ironic given the fact that horizon scanning is an effective visionary tool that helps organisations to see into the future and explore any opportunities or threats that may be lurking further down the line. Indeed, it is most unfortunate if this lack of vision prevents organisations' ability to visualise the future!

Clearly, crucial to the success of the horizon scanning process is to get buy-in from senior teams and a commitment to devoting time and resources to making it happen.

The importance of involving key stakeholders and decision makers early on in the horizon scanning process cannot be emphasised enough. This is essential in order to build that shared sense of ownership and understanding of what the initiative is seeking to achieve and what the agreed outputs should be.

According to 46% of organisations who do not currently do any horizon scanning, their reason is that they don't have an 'obvious department who would undertake the activity.' This again reinforces how importance it is to have a department or at the very least a manager that takes ownership of the horizon scanning process to drive it through.

One third (33%) of organisations that don't horizon scan are unsure the process would add any value; while 17% claim that senior management doesn't believe activities like horizon scanning are a good use of time or money.

It is very clear from our research that there is some work to do from an educative point of view to convince senior managers of the range of tangible benefits of horizon scanning for organisations from innovation and new product development, competitive advantage, strategy and policy planning to the minimisation of risk.

## Oakland horizon scanning

Oakland can help the horizon scanning process in a number of ways from establishing a process to conducting commissioned bespoke research.

We evaluate our client's internal processes for horizon scanning, establishing areas for improvement and engaging relevant stakeholders to drive adoption and create meaningful outcomes. As our survey showed, companies are heavily reliant on internal knowledge and industry networking, leading to blind spots in their horizons.

Oakland specialises in reaching out to the external world to identify what others know: drawing out these blind spots and discovering previously unknown opportunities and risks.

Oakland's technical and language capabilities enable us to identify and assess the early indicators of competitor activity from published sources across the globe. Our strong science and technology know-how coupled with our ability to engage with thought leaders, influencers and innovators can identify and appraise the technology and market horizons clients need to shape their business for the future. Drawing on the strong regulatory, product development and consumer insight divisions within the wider Science Group we can understand and evaluate a wide range of emerging factors, using our commercial experience to shape these into actionable insights to ready our clients' businesses for the future.



## About Oakland Innovation

At Oakland Innovation, our focus is to help inspire and accelerate innovation for business and R&D leaders in the consumer, health, medical and industrial sectors.

We have many years of experience advising and helping organisations to implement successful horizon scanning programmes.

Our highly collaborative approach combines scientific expertise with deep market knowledge and a network of the best minds in industry to help identify new, emerging opportunities and to deliver incisive, impartial advice that creates real added value for organisations.

We take a holistic approach identifying and evaluating opportunities to exploit the value provided by emerging disruptive technologies, capabilities and business assets. Our goal is to not only help organisations realise the impact of future science and technology developments but to devise workable strategies and roadmaps to respond to key scenarios.

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