Surprise & Serendipity At Work:
Managing the Unknowable Future

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Collective blindness and collective vision are two sides of the same coin. Every culture is built on shared values regarding "how we do things around here" and, in turn, "what we *expect* around here."

What is noticed and unnoticed, what is questioned or unquestioned, what is expected and unexpected, what is acted on and what is ignored arises out of a culture of conversations. Cultures help us interpret and preserve what is important while helping us adapt to change. Culture is reinforced by and evolves out of patterns of daily conversation and behavior.

A strong organizational culture helps a diverse, distributed, and autonomous workforce achieve great feats. It can also create blind spots, errors, denial, arrogance, rigidity and self-fulfilling prophesies that diminish performance.

This story is about leaders at Group Health Cooperative becoming more collectively mindful of what is unexpected, unquestioned and unnoticed. It is about conversations that reveal weak, subtle or unnoticed warning signals of an emerging future. It is about preparing people for lively, real time strategy-making in contrast to churning out the "moribund" annual strategic plan. It is about an unknowable future, full of surprise and serendipity, if mindfully explored.

 ♦ *Seeking leaders to work with surprise and serendipity: must believe that imagination is more important than intelligence… because it is the preview of coming attractions*

A dozen clinical and administrative leaders, responsible for operations in the delivery system, are wondering out loud: "How should we spend our hard-earned money… after years of lean times? How can we encourage healthy growth? Is there a way to salvage or unload our stranded assets? How will the future unfold? What surprises could change our fortunes?"

The future is <u>always</u> surprising as it unfolds. So, how can reasonable people create strategies that hedge their bets? What strategies will work no-matter-what the future holds? How can leaders build creative adaptability and stay true to their purpose?

Scenario planning was the approach selected by a group of intrepid healthcare leaders at Group Health Cooperative in Seattle. This is the story of the stories they created about their future unfolding.

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[Group Health is a venerable pioneer of multi-specialty integrated group practice. Starting a bold new approach to health coverage and medicine in 1947, they were branded "socialized medicine." Like other integrated systems, their fortunes have been challenged in recent times.]

As CEO Cheryl Scott states, "One thing we've learned (or actually re-learned) is the business concept of 'earning the right to grow.' In other words, you can't go from low or no growth to exponential growth without first doing some fundamental work on the foundation of your organization."

This is a story about leaders living *in* paradox: with *resolve* to make the integrated group practice thrive AND with *creative adaptability* to what emerges and grows in their environment. Paradoxically, great leaders move forward toward a destiny while improvising in-the-moment, working with what is at hand. This does not mean leaders are unprepared – far from it. Leaders know-the-knowable and manage-the-unknowable by sensing or awakening to their unfolding destiny. They engage in noticing and actualizing emerging opportunities.

Scenarios have been successfully used in this regard by activists, global corporations, healthcare leaders and countries to help people work with and adapt to surprise: the surprises that come as the future unfolds before our eyes. Pierre Wack introduced scenarios as a strategic planning tool at Royal Dutch Shell in 1985. [1] Adam Kahne used them in South Africa to advance social/political change at the Mont Fleur forums [2]. Scenarios have been used in healthcare in the US (see HF Journal, Nov/Dec 2000, Mapping the Future) and in Canada (The Fall River Forum) [3] to evoke and enliven leadership.

- ♦ *Seeking leaders to work with surprise and serendipity: must be attracted to uncertainty and wickedly complex questions*

Our story begins with a wicked question [4]: *How does our fabulous success with multi-specialty integrated group practice dampen our ability to creatively and adaptively grow?*

Wicked questions have an embedded tension in them. For example, how does our success limit our growth? When people engage with wicked questions, they create convergence of purpose and divergence of thinking. They can be very useful when facing uncertainty.

This wicked question lurked in the background. No one wanted to address it directly. Yet, it endured well beyond the formal scenario planning exercise. (We will come back to this.)

The wicked question provided creative tension as we explored the *critical uncertainties* facing operations. *Critical uncertainties* are issues that are critical to success ("this could really put us out of business") and are radically uncertain ("this could go either way at some point in the future").

We came up with three critical uncertainties:

1. Loose <<< >>> Tight   **Access to Capital**

2. Integrated <<< >>> Modular   **Market Development**

3. Centralized <<< >>> Distributed   **Organization of Services & Technology**

Out of the nine possible combinations of uncertainties, three plausible and interesting scenarios emerged through conversations in a ½ day session:

1. High Hopes: The Market Embraces & Pays For Integrated Practice

2. **As You Like It:** A Unique Response for Each Individual (mass customization)

3. **Wipe Out:** Retail Shopping for a Good Deal (franchising)

♦ *Seeking leaders to work with surprise and serendipity: must see unique opportunities where others see "same-old, same-old"*

These scenarios were developed into dramatic stories about how the organization and market co-evolved over 5 years to 2006. Howard Shultz of Starbucks CEO fame is elected governor on a "choice & accountability" healthcare platform [*As You Like It*]. A Bill Moyer's special celebrates integrated group practice [*High Hopes*].   Giant insurance mega-mergers drive all providers into a retailing fervor [*Wipe Out*]. We had serious fun with storytelling. Including theme songs. ♫ ♪

Strategies and tactics for *healthy growth* were developed for each scenario in another ½ day session. While some of the strategies over-lapped, very different approaches emerged. Perfect confusion reigned.

Some people really wanted to go back to a conventional, predict-and-control approach. "Let's just pick the one we think is most likely to unfold…" forgetting just-for-a-moment the dangers of having all your eggs-in-one-basket. COO John Long states, "The leadership challenge for our group at that point was to rise above our comfort with our current approaches and our rapidly-emerging biases toward 'having the answer' and to truly believe that each scenario was really possible."   The trick is to lean into the uncertainty with hopeful trepidation. Buddhists take it further, calling it *choiceless awareness.*

♦ *Seeking leaders to work with surprise and serendipity: must have the ability to hold two opposed ideas in the mind at the same time and still maintain the ability to function*

Participants came to realize that each of these scenarios – though not obvious at the start – were present in some small part in the current environment. All were valid frames through which *healthy growth* could be viewed and strategies could be developed.

All the scenarios were obscured by day-to-day operational problem-solving. As always, fierce problems were calling for immediate solutions… narrowing the planning horizon and overwhelming innovation. The earthworm can only see the clod-of-dirt directly in front of them.

The scenario planning process brought to life an incredible number of opportunities and challenges. Both frightening and wonderful possibilities. The process "prepared minds" to make real-time strategic decisions outside of the formal planning process AND revealed glimpses of creative new strategies.

New ways to govern, spend money, use technology, advertise, deliver care, and relate to customers flooded in. New ways to view simple events each day: the length of an execs commute, a clinic closing its doors, a newspaper headline, the implications of an earthquake. "We realized that a factor as simple as the length of commute within the increasingly grid-locked Seattle metropolitan area could have a dramatic impact on where and how we developed – even our future viability," Long stated. Participants noticed new aspects of their reality because the stories *were* plausible and compelling futures.

♦ ***Seeking leaders to work with surprise and serendipity: must give up finding causes and problem-solving… because the issues are so enmeshed and complex that the causes-and-effects are causes-and-effects of themselves***

The effectiveness of scenario planning is not how close a leader anticipates the "actual" future. But rather, the value of scenario planning is in building the capability to creatively adapt – getting practice working within pervasive uncertainty. Breaking out of a single frame we use to make sense of the world - frame-breaking - becomes an important skill.

Problem-solving from within a single-frame of reference feeds your weaknesses. It distracts attention from noticing new opportunity and emergent patterns.   When thinking about the future, cause-and-effect and linear analysis is not very useful.

Group Health leaders are positioning the organization for growth. "Earning the right to grow," says Scott, "requires us to do at least three things. One is to keep our relatively low price position through challenging how we use all of our resources. Another is to be more aggressive in marketing and sales, as we deliver against a fundamentally improved and consistent consumer promise. A third is to be opportunistic by using targeted opportunities for growth through offering refined health plan products."

♦ *Seeking leaders to work with surprise and serendipity: must be committed to a course of action while building on happy accidents or surprises*

This does not suggest the team's focus is in the clouds. Scenario planners become more present and mindful of what is happening in-the-moment: in our processes, in our customer interactions, in our market interactions. Leaders become more finely tuned, more able to notice and build-on possibilities for growth. "Real generosity toward the future consists of giving your all to what is present," suggests Albert Camus.

New questions emerge: how would we know if we are tipping toward a particular future? What experiments can we design to test our strategies for each scenario? What are good-enough ideas to start out? How many explorations and experiments can we sustain or operate in parallel? How can we avoid putting all of "our eggs in one basket? What strategies will "work" across all the futures?

♦ *Seeking leaders to work with surprise and serendipity: must think about the future but discover what-works-in-the-moment and work-with-the-materials-at-hand*

Witness the Apollo 13 success story in the face of disaster. In times of extreme crisis, we find a way to survive in-the-moment with the materials-at-hand. In non-crisis situations, some obscure words exist to describe practical ways of moving forward together:

> In software, it is called "kludging." *A system, especially a computer system, that is cleverly patched together… made up of poorly matched elements or of elements originally intended for other applications.* (Modular, object-oriented programming is rooted is this approach.)

> In French, it is called "bricolage." *The ability to create what is needed at the moment out of the materials at hand*. Bricoleurs ask, "What can I create from what is available and working here & now?" not "How can I plan and budget for what I need to do?"

> In the imaginative realm of new product design, it is called "rapid prototyping." *A recursive, seriously playful process that builds on what is exciting and adds new value to customers.* You know you have a great prototype when people say "wow" and suggest improvements or add-ons.

> In complex adaptive systems theory, it has been dubbed "chunking." *Complex systems are assembled incrementally from pieces that can operate independently.* The only way to make a successful complex system is to begin with a simple system that works and build from the ground up.

Kludging, bricolage, rapid-prototyping, and chunking require intimate knowledge of the current context so that creative adaptations can arise in-the-moment with the materials and imagination at hand. It involves active appreciation of small, novel patterns of success. Clearly, every person in every corner of the delivery system is needed to find out what will work: exploring what future is starting to take root?

The practical knowledge needed to move forward effectively can rarely if ever be gathered in a single place. Talent, creativity, and working knowledge are fully distributed. Finding what will work will always be a bit of improvisation, serious playfulness, mis-directions, getting lost, and happy discoveries. Getting good at abandoning explorations that have "lost their way" is most important.

Health services researcher, Reuben McDaniel, Jr, uses improv jazz musicians as an example of this approach:

> Jazz players are another example of people who are used to living with surprise and they are often seen as role models of improvisational behavior. They know a general musical form or structure and within that they create constant surprise and very complex stuff comes out of a very simple standard form. Bad jazz occurs because one person played something that the others couldn't build on. Note that both the player and the builder have responsibility to create good jazz. It is the responsibility of the whole system not the individual agent – it's about the connections that lead to self-organization. Good jazz players, when they hear a surprise, don't ask, what did you intend to do? They act on what they heard and they create. The surprising note (or phrase or passage) wasn't the right note or the wrong one. It is right if we can use it and the central question is what can I do with what happened? Dealing with surprise involves thinking in terms of how to use whatever happens to further the development of the system. [6]

Master musician Miles Davis once said, "And do not fear mistakes, there are none." Perhaps Miles can play with *anything* that arises.

♦ ***Seeking leaders to work with surprise and serendipity: must be willing to continue on a journey that has a secret destination of which the leader is not aware***

The wicked question continues to haunt these dozen leaders: *How does our fabulous success with multi-specialty integrated group practice dampen our ability to creatively and adaptively grow?* The question has spread in widening circles through the organization.

Scott sums up, "So, we asked ourselves a provocative question. Could Group Health's traditional integrated group practice -- reinvented around a set of superior, coordinated patient experiences -- be the business model that would place us as a proven market leader?"

Serious attempts to differentiate and amplify integrated group practice have emerged [High Hopes]. Parallel explorations of mass customization [As You Like It] and retail (franchising) approaches [Wipe Out] have also blossomed. Leaders are bricoleurs: kludging, chunking and rapidly prototyping as they move forward together.

"We ultimately found," adds Scott, "that there is no model 'out there' that we can imitate to reach success because none meet our unique purpose of transforming health care."

The story continues to unfold. Group Health leaders are moving toward a destiny while improvising in-the-moment. Surprise and serendipity are flourishing everyday. They are just a bit more able to enjoy the mysterious unfolding. Holding their plans and goals lightly as they move forward together.

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(((Sidebar)))

Conventional Planning and Scenarios with a Complexity Twist

Conventional planning consists of predicting the future (or coming darn close) and then driving implementation with managerial control. A successful organization forecasts accurately, limits the number of targets, and then stays the course. CLEAR VISION + MASTERFUL STRATEGIES + TIGHT IMPLEMENTATION = PLANNED SUCCESS

Scenario planning with a complexity-science-inspired twist, accepts that the future is unknowable - unpredictable in many important ways. A successful organization imagines plausible futures, creates adaptive strategies, notices emerging direction, and builds on what works. GOOD ENOUGH VISION + ROBUST ADAPTIVE STRATEGIES + MIMIMUM SPECS FOR SELF-ORGANIZATION = CREATIVE ADAPTABILITY (RESILIENCE)

Role of	Conventional Planning Planned Success	Scenarios w/ A Complexity Twist Creative Adaptability
Prediction	Nail it & get there first	Accept the future is unknowable
Vision	Crystal clear vision	Good enough, purposeful visions
Strategies	Aligned: evidence-based	Coherent: robust & hedging
Targets/Goals	Limited number, simple	Arising as you learn, diverse
Implementation	Tightly structured through the chain of command w/ maximum specs	Distributed across multiple levels & scales, often through communities of practice w/ minimum specs
Surprises	Dampen and control damage; stay the course	Serendipitous opportunity; notice emerging direction from the fringe

Both approaches are useful and needed. Nonetheless, we tend to rely on conventional planning for everything -- even when critical uncertainties emasculate approaches that embrace prediction and control.