

MEMO #5

GOVERNING WITH FORESIGHT: Bringing Strategic Foresight to Bear in Policy Planning and Management

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How can a new President assess the risks, challenges, and opportunities of his or her agenda – and more importantly, what actions can be taken now to improve the chances of success or avoid failure?

How can we best ensure that the long term is properly factored into day-to-day policymaking? It has been done it before – just look back at the race to the Moon or the development of the Internet.

Yet today, government leaders repeatedly fail to assess the potential effect of actions today on events tomorrow—or into the more distant future. To be sure, there are a few selected areas within the U.S. federal government that incorporate a future-oriented focus, such as in the financial, defense, intelligence, and health arenas. In the main, however, senior leaders lack an overarching commitment to address the future impact of current decision-making, even in cases when the potential consequences of today’s actions are easily foreseeable. As a result of this lack of commitment to understanding the potential impact of future trends has contributed to an increase in large-scale government failures over the last two decades.

But such failures are not inevitable. The next President and his/ her Administration can take steps to ensure they are not tarred by costly shocks or strategic failures by committing now to integrating the use of Strategic Foresight into their decision-making processes.

What Is Strategic Foresight?

Strategic Foresight is a necessary frame for making strategically important decisions in an increasingly complex world so as to reduce the risks of unanticipated consequences. Foresight is both a mindset that keeps future impacts in mind in all decision-making, and a set of activities that aid and improve the planning processes. Foresight’s foundational premise is that the precise outcomes of large-scale trends, and the interactions between these trends are unpredictable. The world is complex, interdependent and interconnected.

Foresight differs from traditional strategic planning. Strategic planning is nearer-term and based on predictions formed from known factors, such as demographic trends, budgetary resources available, predictable demands for services. Foresight is longer-term and attempts to take into account alternative scenarios. These scenarios use different premises as to how unknown factors or risks might influence

future actions, such as changes in policy or new technological or biological developments. Both approaches are needed by policy-makers.

Fully grasping the short-term, let alone long-term, potential effects of decisions in a dynamic environment is a difficult task. Foresight offers specific decision support tools and processes that enhance leaders' ability to "...perceive the significance and nature of events before they have occurred," as Foresight expert Daniel Kim has observed. New Zealand Foresight scholar Jonathan Boston further notes that today, excellent governance requires that leaders be able to reflect on "the implications of current decisions, events, and trends," to make the most informed decisions possible.

Foresight is not only a necessary method in the decision-making toolkit, but increasingly a critical component of national competitiveness, as other countries race to include the use of Foresight and risk management in their own long-term calculations.

Why Does It Matter Now?

Why should Strategic Foresight matter to a new President? Looking back at the decision to create the Interstate Highway System in 1956 might be helpful. President Eisenhower set in motion a construction effort that was not completed until 1992. The interstate system serves to tie our country together, but there were other consequences that may not have been envisioned at the time that might have benefited from the use of Strategic Foresight. The system was focused on civil defense and did not properly anticipate the creation of, and flight to, the suburbs; the shift from shipping via rails to trucks; and the division of city neighborhoods by highways.

The nation faces many similar policy impacts in areas such as bioengineering, cybersecurity, nanotechnology, cognitive computing, the internet of things, climate change, and many other technology and non-technology driven fields.

The Government Performance and Results Act (GPRA) Modernization Act of 2010 requires a new Administration to develop four-year strategic plans within each agency for what it intends to accomplish during its term in office. These plans should be developed in the context of broader strategic trends in order to assure that the choices made are based on the best available information.

Where Has It Been Used?

More recently, agencies that have applied Foresight tools – such as scenario planning and the application of systems approaches – have found them to be useful in improving decisions made:

- *The U.S. Coast Guard's* Project Evergreen has used future alternative scenario planning for nearly two decades, and these efforts helped position the Coast Guard for the opening of Cuba, anticipating the advent of non-state actors contributed to its Maritime Domain Awareness strategy, and its assessment of climate change affected its approach to the deployment of its Arctic resources.

- *The Intelligence Community's* Long Range Analysis Unit highlighted the potential national security consequences of climate change more than two decades ago. This helped them position analytic resources to assess related on-the-ground activities.
- *Federal Emergency Management Agency's* Strategic Foresight Initiative set out to understand the factors driving the world of emergency management over a 20-year period, resulting in a report on response and disaster resilience in 2030. The report focuses on capabilities, tools, and partnerships needed to be effective.

Based on these and other examples of the value of Foresight, the Panel offers several recommendations for consideration by the next President-elect's transition team and his/ her Administration.

Recommendations

The Panel recommends that the new President and his/ her Administration frame their strategic decisions in the context of their impact on the future. This incorporation of Strategic Foresight requires creating a systemic capacity to conduct Foresight and the right level of access to decision makers at the right time.

The following actions collectively detail how the next President could incorporate Foresight into executive level decision-making in the White House and agencies.

1. Charter a 100-Day Government-Wide Stress Test Taskforce

The first 100 days of an Administration is a heady, and often chaotic, period of maximum disorganization – and maximum creativity. The Panel recommends that the President-Elect charter a Stress Test Taskforce to begin during the Transition period and conclude no later than 100 days into the new Administration, so its results could help guide the development of agency strategic plans that will formalize the Administration's goals and priorities.

The Taskforce would conduct a Foresight-risk assessment to identify five to 10 future challenges that could derail the new President's key priorities. By identifying these challenges, and tracing them back through the existing budget and planning processes, the President would have more flexibility to develop mitigation strategies now than if he/ she waited until they arose in the future.

The Taskforce should undertake a review and synthesis of existing Foresight activities that have been recently undertaken in both the private and public sectors – including those conducted by other governments. It should conduct its own Foresight exercises and it should engage existing Foresight staffs in federal agencies to assist in its efforts. The Taskforce should also include the results of agency-produced Strategic Risk Profiles, where available.

The Taskforce's final assessment could be either confidential, for the Administration's use in its internal deliberations and serve as input into its planning efforts, or it could be a public document that is widely distributed – or it could have aspects of both.

The Office of Management and Budget (OMB) has directed agencies to prepare profiles of key enterprise-wide risks the new Administration will face, which will be available soon after it takes office. However, there is no mechanism in place to view these in a strategic light. The Task Force could do this. In addition, by law, agencies are required to develop four-year strategic plans, due to Congress in February 2018. Drafts will be due to OMB in the summer of 2017. The new Administration could use the results of the Stress Test Taskforce to quickly put the Administration's strategic mark on how agencies should frame their plans.

2. Systematically Integrate Foresight into Policy Development

Unlike some other countries, the U.S. does not have an institutional mechanism or office at the top of government to methodically scan the horizon or generate alternative future scenarios. The military, the international affairs community, and homeland security each have fairly robust offices to do this for their respective domains, but there is not something like this for the federal government as a whole. Leon Fuerth and Evan Faber, George Washington University, summed up a decade of research on more effective uses of Foresight in the U.S. federal government in a 2012 report, *Anticipatory Governance*. Their recommendations served as a starting point for the Panel's recommendations in integrating Foresight into policy development.

The Panel recommends the creation of a formal, institutional Strategic Foresight capability that has access to the top of government and embedded in agency planning and risk management efforts, but is detached from day-to-day crises. This should consist of several dimensions:

3. Create a White House-Level Capacity for Strategic Foresight to Inform Key Policy Decisions

The new White House chief of staff should designate a White House-level position or create a unit possibly modeled after the Council of Economic Advisors, which would promote the use of macro-Strategic Foresight (e.g., assessing global, long-term forces) in policy decisions.

- a. This function should report to the Chief of Staff's office, with actual staff via detailees from agencies, Federally-Funded Research Development Corporations (e.g., RAND, MITRE), foundations, think tanks, or university affiliations. This function would be in the "line of sight" of decision makers, but not in the "line of fire" and engaged in day-to-day urgent responses to current events. Placing this function in the White House would likely make its results more policy-oriented in nature.
- b. The person leading this function would serve as a neutral convener and broker between the Foresight and risk functions vs. the policy development and decision functions, at the White House. That person's job would be to ensure the questions around next steps get asked; he/she will not be vested with the capacity to develop the answers. Selected agencies have functions like this in place, such as the Defense Department's Office of Net Assessment, which reports directly to the Secretary. Other agencies, such as the Office of Student Aid in the Department of Education have incorporated this role into the responsibilities of their Chief Risk Officer.

4. **Create an Expectation that the OMB Deputy Director for Management Champion the Creation and Use of Foresight Capacity**

- a. The OMB Deputy Director for Management already oversees the implementation of agency strategic plans, enterprise risk management initiatives, acquisition and grant policy, and human capital initiatives. He/ she would be a logical champion for the systematic development and use of Foresight capacity across the government.
- b. The President's Management Council (PMC), chaired by the OMB Deputy Director for Management, should sponsor government-wide Foresight efforts that would be more mission- and implementation-oriented rather than targeted to the needs of White House policy makers. This would be similar to Canada's Foresight office, Policy Horizons Canada, which provides meta-analyses to its ministries on topics selected by a council similar to our PMC.

5. **Leverage Existing Interagency Networks to Help Agencies Develop and Use Foresight in Decision-Making**

Policy issues today do not respect traditional organizational boundaries inherent in large bureaucracies. The use of cross-agency collaborative networks – formal or informal – offers an alternative way to organize governance of enterprise-wide activities. This approach is reinforced by a wide range of both national security and domestic policy experts.

When it comes to the development and use of Strategic Foresight, the goal should be to create a culture of long-term thinking and cascade this way of thinking throughout the agencies at the political and career levels.

The Canadian government trains rising leaders to incorporate Foresight and collaborative skills into their professional development by rotating them into their Foresight office, where they learn specific skills, use them, and then can take them back to their home agencies. In the U.S. government, similar efforts were undertaken to create and train informal professional networks around current initiatives related to technology innovations, via the U.S. Digital Service and 18F.

Recommendations

- ***The new Administration should encourage Foresight units in agencies.***
 - Based on the results of an upcoming Toffler Associates survey of existing agency Foresight capacities, the new Administration's Foresight champion should determine the extent to which agencies already have Foresight capabilities and their degree of sophistication, and the use of the results to shape priorities in institutionalizing Foresight into existing decision-making processes.
 - Identify the characteristics for such functions based on existing agency practices (e.g., Department of Veterans Affairs, U.S. Coast Guard, Department of Defense's Office of Net Assessment, Federal Emergency Management Agency).

- ***The new Administration should encourage communities of interest across and within agencies.***
 - Internally within the government, this could be done via the existing Federal Foresight Community of Interest.
 - Externally outside the government, this could be done by establishing continued involvement of those participating in the ongoing NAPA-Booz Allen Hamilton Strategic Foresight exercises as well as a wide range of non-profit and academic resources.
 - Experience shows that the most effective approach is to “promote it by doing it.”

Conclusions

Decision-makers face a difficult environment defined by rapid change, complexity and uncertainty. Moreover, the consequences of failure have increased. Growing interconnectedness magnifies the potential impact of events. Also, the political fallout from events is magnified by 24/7 multimedia news cycles and a polarized political environment. Adverse events can not only derail policy agendas but the political effectiveness of an Administration. In addition, inaction in the face of ongoing system changes, according to a recent report by the Wilson Center, can also reduce the capabilities of institutions to carry out their missions, as well.

It is impossible to anticipate every adverse event, but Strategic Foresight offers a disciplined process for identifying and analyzing uncertainties with the potential to significantly affect policy objectives—negatively *or* positively. Strategic Foresight employs scenarios to consider how different trends and developments may come together in unexpected ways to put policy objectives at risk or create opportunities for more effective action on these objectives. Strategic Foresight can help leaders identify critical weaknesses in policy areas that may not be a priority, but where adverse events could potentially derail effective action in other policy areas.

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