



# Invigorating Strategy in Water Agencies

Part One:  
The Limits in  
Forecasting

Part Two:  
Steps to better  
Strategy

Marcus Barber August 2011 – World Water Week



# Thought Bubbles

We need to move  
from smart thinking  
to wise thinking

Technology alone  
will not fix it – we  
need to put the  
right tech into the  
right places

Flexibility will be the  
key to our water  
future

If you had to carry  
your own water  
waste, how much  
would you waste?



# Full Paper:

## 'From forecasting to scenarios in Water Agencies'

[Http://tiny.cc/jqvkw](http://tiny.cc/jqvkw)

Twitter: #CHWaterScenarios; #watermanagement;  
#wwweek

[www.lufg.com.au](http://www.lufg.com.au)



# What do Water Agencies Do?



# What do Water Agencies Do?

Water Agencies Manage Social  
Cohesion



# The Whirlpools of Social Cohesion

Agriculture

Manufacturing

Health

See 'No mere drop in the Ocean'

<http://tiny.cc/lS07a>



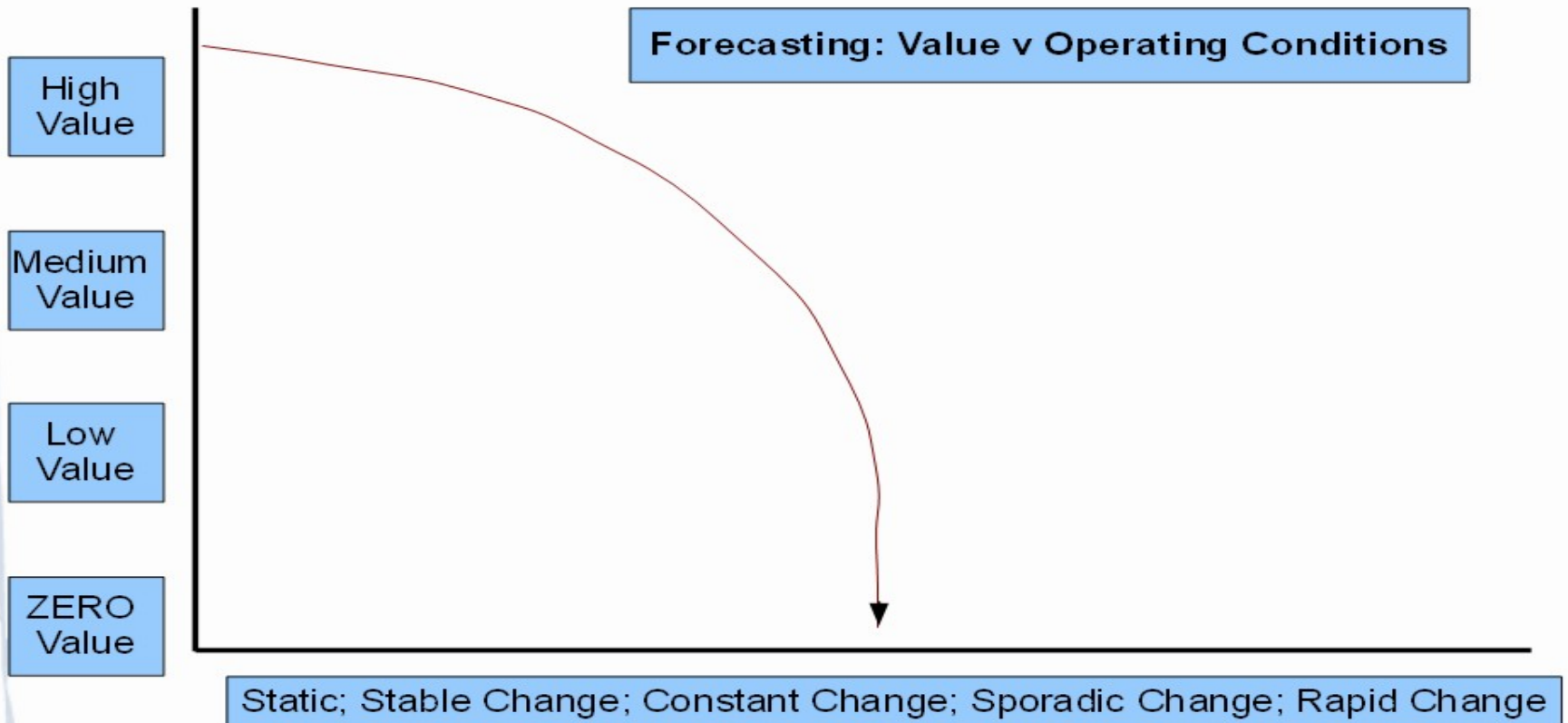
# Forecasting Water

Reliance on Trends:

Avg Historical Inflows / Avg Historical Outflows  
= 'Expected Future'

Trends are NOT your friends!

# Increased Social Risks







# Failure Through Forecasting

## Assumption

- Can 'extend' history
- Your information is valid & complete

## Expectation

- The future will not be vastly different

**Forecasting is a Concrete Pillow**



# CHW Case Study

## Assumptions

- Reservoirs would 'fill & spill' each year
- Additional local reserves would be found
- Might need options by 2015

## Expectations

- Drought would 'break this year'
- would not go beyond 5 years
- Manage current demand to 2025

IMPACT: Fixed asset planning, no options sought; crisis to point of collapse of organisation



# Awful Reality Check:

Drought lasted 13 years (from 1996)

In 2006, just 300ml of an avg 14,000ml  
flowed into catchments

Within a few weeks of 'run dry'

Much needed alternative water options took  
years to bring online



# From Fixed to Flexible

Leveraging Scenarios for better Strategic Planning and Water Management

1. You CAN do this
2. Proven process:

Public Housing; Defence; Insurance; Plant Security; Animal Health; Manufacturing; and Water sectors



# Steps:

1. Expand Strategic Awareness

CHW ES Exec

Summary at

<http://tiny.cc/8yl35>

2. Challenge

Preconceived ideas  
of what you do –  
'how' v 'what'

3.1.D Key factors  
shaping your  
environment

4. Set a future time to  
look towards

5. History is one  
guide to change



# Steps

6. Write up your scenario narratives

7. Create Strategic Actions for each scenario

8. Backcast from your future to present

9. Shift from Optimal to Robust Strategies

10. Execute the Robust strategies, stay aware to need for Optimal ones



# Outcomes for CHW

Robust Strategies developed are flexible

9 identified (Adaptable business model;  
responsive to customer needs; ES  
capability needed...)

Freed up resources from low value actions;

Shifted from an 'activity' to a 'productivity'  
mindset



## **Forecasts:**

Assumption driven  
execution

Operational focus

Based on 'no change'

Single point future with  
minor shifts

## **Scenarios:**

Purpose Driven  
Execution;

Strategic focus

Adaptable to  
conditions

Attention to  
emergence





# The Future is Flexible

Are You?

Are your assumptions Valid and upon what information are they based?

Are Your Expectations Realistic given the assumptions you have made?



# Summary

Forecasting is Assumption Driven - how many people should go without water because of flawed assumptions?

Scenarios are Purpose Driven – what outcome are you trying to achieve?



# Summary

This approach is proven and you **can** do it

Forecasts are riskier when change increases  
in your operating environment

Scenarios generate adaptive  
strategic thinking



# Summary

Forecasting is a Concrete Pillow – don't rest your head on it for too long



Manage Social Cohesion with better strategic thinking – give up lazy forecasting



# Key Documents

From Forecasting to Scenarios:

[Http://tiny.cc/jqvkw](http://tiny.cc/jqvkw)

No Mere Drop in the Ocean

[Http://tiny.cc/lS07a](http://tiny.cc/lS07a)

Central Highlands Water ES Exec Summary

[Http://tiny.cc/8yl35](http://tiny.cc/8yl35)



Tack



# How v What

'What' you do is the outcome your clients get

This is productivity

'How' you do things are processes

This is activity



# The Organisational Evolution Model

Developed by Marcus Barber for use by The  
Australian Strategic Planning Institute

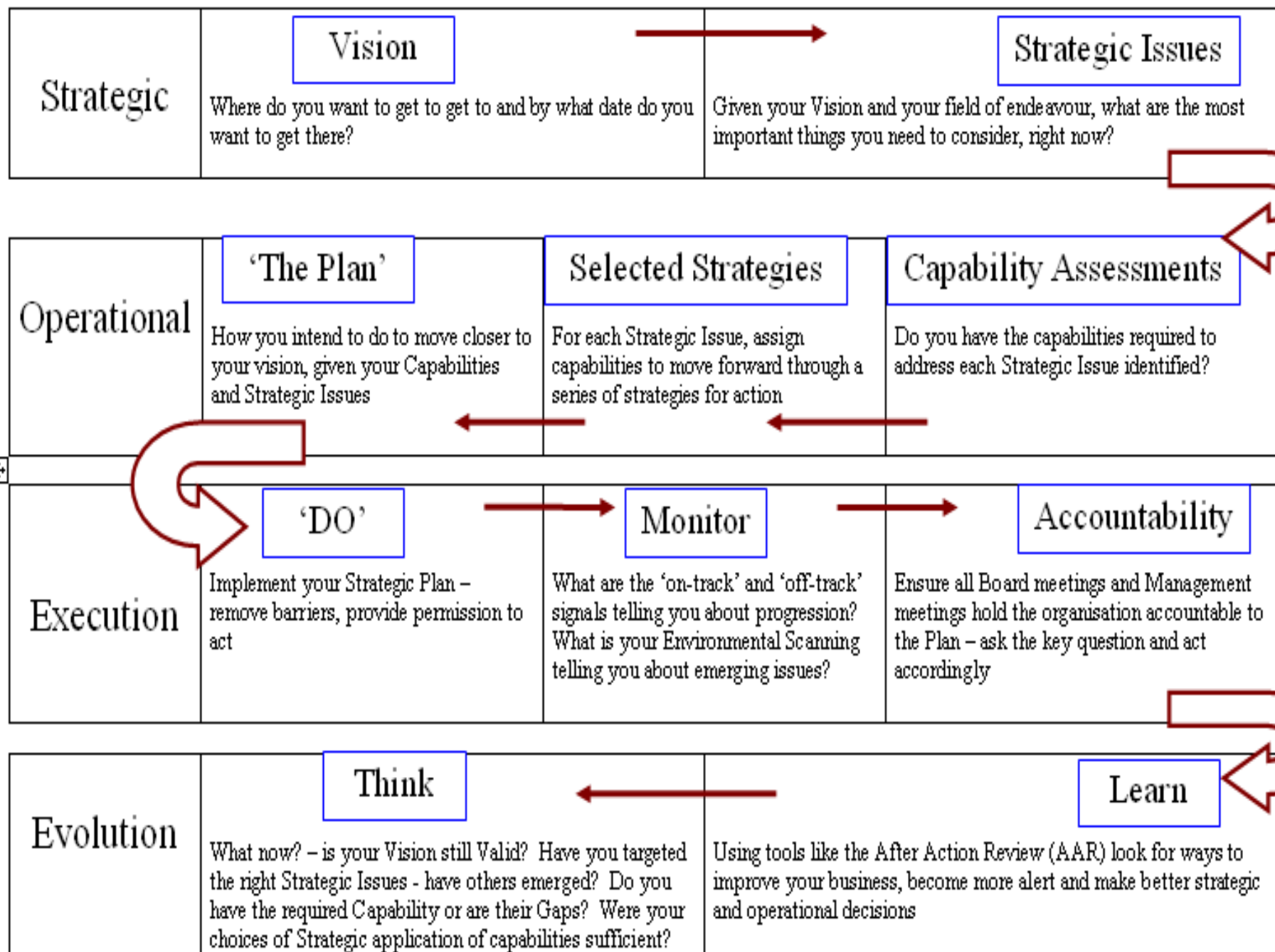
4 Phases

10 Steps

Start anywhere

Most Organisations miss 'Capability  
Assessment', do 'Monitoring' haphazardly;  
do 'Accountability' poorly







# Enhanced Environmental Scanning

The most common ES approach is STEEP

Social; Technological; Economic;  
Environmental; Political

But this can miss out on the idea of human agency – how do we shape our environment?



# Enhanced Environmental Scanning

This is where VSTEER or 'Very STEER' comes into play

We bring in 'Values' as the core function

Based on 'Spiral Dynamics', VSTEER opens our thinking to the way in which people and societies seek to shape their world



# Value Systems

60 years of research – skim surface

Two core threads:

Adapt my behaviours to suit the needs of  
the external world (cool)

or

Try and get the external world to give me  
what I want (warm)



# Value Systems

Are an approach to how people deal with the challenges they face each day

Not IQ, Age; Income or location related\*

See [www.spiraldynamics.com](http://www.spiraldynamics.com) among other websites



# Value Systems

Evolving human dynamics

Assesses coping abilities (skill sets) & life conditions (environmental challenges)

*Identifies patterns of behaviour that swing between 'self driven' & 'group complying'*



# EG: Stages of Business

**Evolving Business  
Complexity (intention)**

**Gain  
Market  
Position**



**Power**

**Control**



**Habituate  
the  
Masses**

**Enhance  
Revenues**



**Maximise**

**Connect**



**Multiple  
Value  
Offerings**

**Context  
Functionality**



**Integrate**



# Stages of Consumers

**Evolving Consumer Complexity (desire)**

