Northumbria Research Link

Commentary on "How Historical Analysis Can Enrich Scenario Planning"

Past-Future Synergies
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Schoemaker's paper "How Historical Analysis Can Enrich Scenario Planning" expertly portrays the differences and similarities between historical analysis and scenario planning. While both fields study developments over time, historians are focused on looking backward while scenario planners look forward. Examining the parallels, Schoemaker gives an informative analysis of how both fields operate and illustrates the challenges with a 1992 scenario planning exercise on South Africa's post-apartheid future. He concludes with the notion that "..historians and scenario planners can very much learn from each other" with the qualifier that this will be challenging, as both disciplines are still developing learning and research methods within their own respective fields.

The paper is extremely timely as academics and practitioners are trying to make sense of (and learn from) the unexpected developments perturbing world platforms via Covid-19. Ironically, many countries and organizations have had scenarios for pandemic outbreaks for years. Still, COVID-19 came as a surprise. It appears that no effective planning was done, no proactive measures were taken and governments were overwhelmed while experts warned for similarities to historical outbreaks and drew attention to lessons learned from past epidemics (Snowden, 2020). The turbulence surrounding Covid-19 presents a productive living and learning laboratory that confirms the importance of how historical analysis can enrich scenario planning as suggested by Schoemaker; and it also highlights how constructing scenarios are not sufficient if they do not translate to forecasts and actions.

Our efforts to better understand how historical analysis-scenario planning dynamics could lead to improved forecasts and decisions will need to include studies on biases and informational asymmetries that permeate past-future synergies. Biases are systematic deviations from norm or

rationality in judgment, influenced by the context and framing of information (Hasselton, Nettle, & Andrew, 2005). The literature on biases is extensive and reaches back to Amos Tversky and Daniel Kahneman's seminal work (Tversky & Kahneman, 1974). Biases play a key role in the context of foresight and scenario processes (Bradfield, 2008; Schirrmeister, Göhring, and Warnke, 2019; Schoemaker, 1993, Wack, 1985), while also affecting the way we view historical events (Mccullagh, 2000; Mukharji and Zeckhauser, 2019).

The work on biases can provide an additional perspective to Schoemaker's portrayal of similarities and differences between the two fields. One crucial lesson learned from this paper is that we will be better in looking forward (scenario planning) if we learn how to look back (historical analysis of information). While this is a valid point, historical analysis can be subject to misinformation with intentional/unintentional distortions. As it was once so eloquently put: "History is written by the victors". More importantly, history is written by individuals and later analysed by individuals. Yet, individuals are biased, make errors and have subjective views that cannot be uncoupled from the rest of their knowledge. Historic misinformation will influence historical accuracy as well as scenario diversity. Additionally, both the recorders of history and the historical analysts may be biased and looking for information to record that confirm their perspectives. Such *confirmation bias* reflecting the human tendency to look for new information in accordance with what they already believe to be true (leading to omission of possibly relevant and yet contradictory information) is the complete opposite of the scientific method of falsifiability (Popper, 1934). Confirmation bias can lead to an effect where information is (often unconsciously) distorted so to make it fit with the person's belief or with the current narrative (Nickerson, 1998). This misinformation can be created and sustained on different levels: by the people who record the facts, present the facts, interpret the facts and those who in general, *use the facts.* In the case of COVID-19, there may have been a failure to prepare or react in time, because the people responsible did not *want* the epidemic to happen, did not *believe* it could reach such dimensions and only saw confirming signs that would indicate a minor threat of the COVID-19 virus.

A second bias that may play a distorting role in both historical analysis and scenario planning is *hindsight bias.* We deem events more predictable after they have happened than we do before their occurrence. It is such a strong effect that it may even alter our own memories or belief systems, similar to the confirmation bias. It may also elicit overconfidence when asked to predict similar events happening in the future (Blank, Nestler, von Collani, & Fischer, 2008). We know *now* that a pandemic was unavoidable and comparisons with SARS are quickly made, but we have not witnessed these strong historical analogies *before* the current pandemic was officially pronounced. As noted by Schoemaker, although hindsight bias is prevalent and we need to be aware of it in after-the-fact analyses, it may be used positively via framing scenarios in the past tense and asking for alternative histories with what-if scenarios.

A third bias of interest is the *desirability bias*. While scenario planners need to carefully disentangle what they *wish* to happen from alternative plans, historical analysts need to be cautious about how they engage in retrospective sensemaking when interpreting past records. A global pandemic was fully undesirable across all stakeholders and thus signs of spreading of the virus were ignored or minimized until it was too late. Specifically prompting for undesirable-case scenarios to be generated in scenario planning while instigating thought experiments on alternative histories could pre-empt this bias.

It is not just biases and misinformation that can distort conclusions. Given that we live in a misinformation age bombarded with 'alternative facts' and 'fake news accounts', our use of historical analogies may be qualified by the level of trust we place in historical information. There are also potential effects of informational asymmetries and information overload: it is difficult to discern between what information we should consider and learn from, and which information to ignore. Similar to historical analysts' use of counterfactual history (Evans, 2014), scenario planners may emphasize premortem exercises (i.e. placing themselves in a future position under each of the

scenarios and engaging in counterfactual thinking on what could have gone wrong) to alleviate informational distortions.

Historical analysis is teaching us that we should indeed learn from history - from past successes and from past failures. Because what is forgotten, can repeat itself – and we may miss the opportunity to prepare for it. We can learn from history to become more resilient and anti-fragile. We can learn how to handle risk better if we can improve our scenarios (and act upon them) by studying history. But, while doing so, we have to be cognizant of not anchoring on misinformed accounts, ignoring significant information and overweighing misconstrued contexts.

Schoemaker's article gives insights on why historians should not leave the future to others (Bátiz-Lazo, Haigh& Stearns, 2014) and why scenario planners should embrace history. Rather than writing reactive scenarios (Cairns and Wright, 2020), we have to learn from alternative analyses of the past to proactively and creatively plan for the future. Historical analysis and scenario-planning have to feed from each other to lead to better forecasts and actions. Rather than operating in silos, collaborations via retrospective and prospective pathways would enhance both fields and Schoemaker points the way.

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