



USING THREE HORIZONS FOR INNOVATION, STRATEGY AND DECISION-MAKING

ANDREW CURRY
REYKJAVIC, 14TH JUNE

MAP OF THE DAY

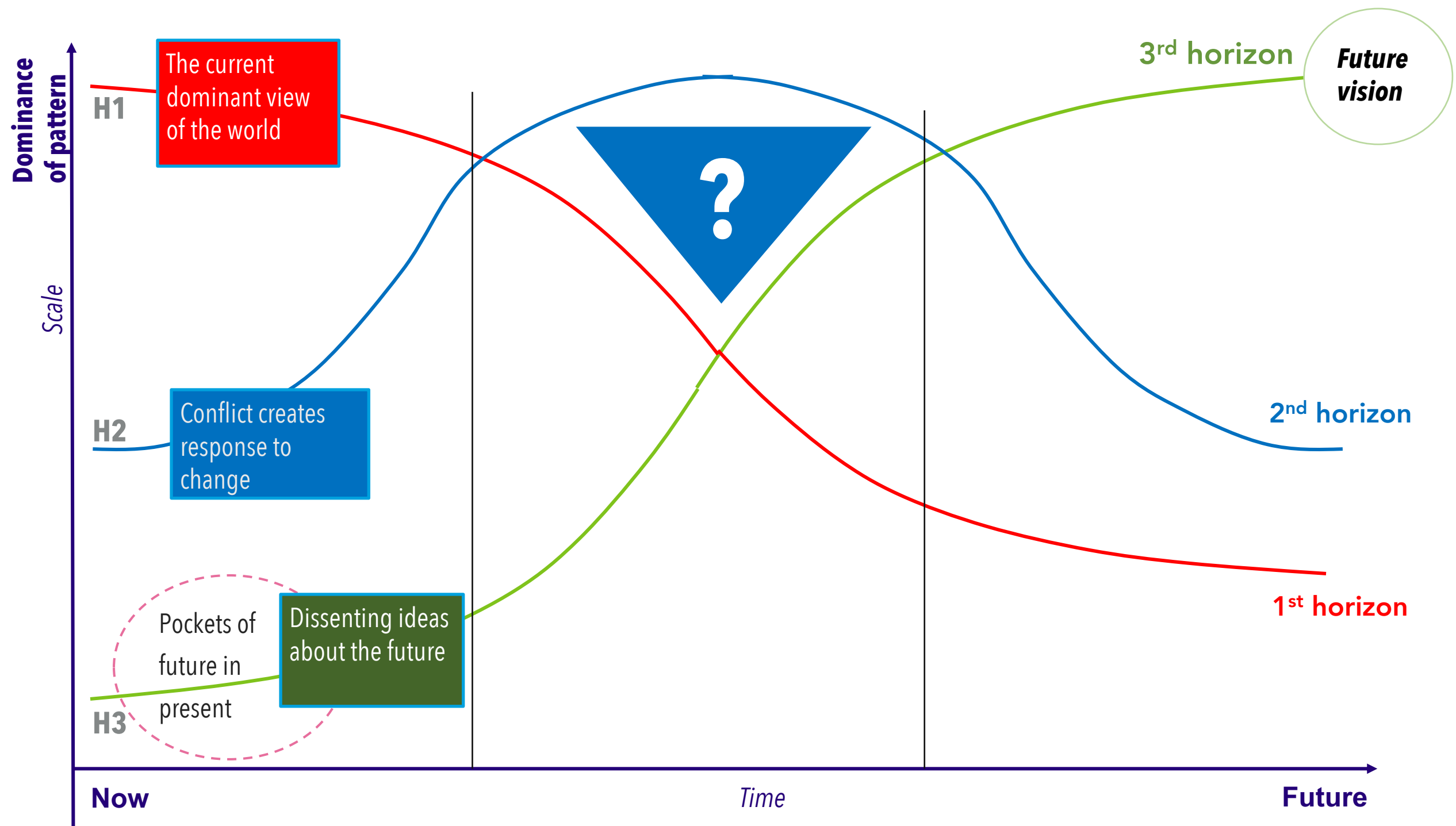
10.00-11.00	Review of the method The “three voices” of Three Horizons (Managers, visionaries, entrepreneurs) Break
11.15-12.15pm	Building a vision of the Third Horizon Lunch
1.00-2.15	Mapping a business issue with Three Horizons Break
2.30-3.30	Dilemma thinking as a 3H innovation tool
3.30-4.30	Review of the day and learning points
4.30	<i>Close</i>

WHAT DO YOU HOPE TO GET OUT OF THE DAY?

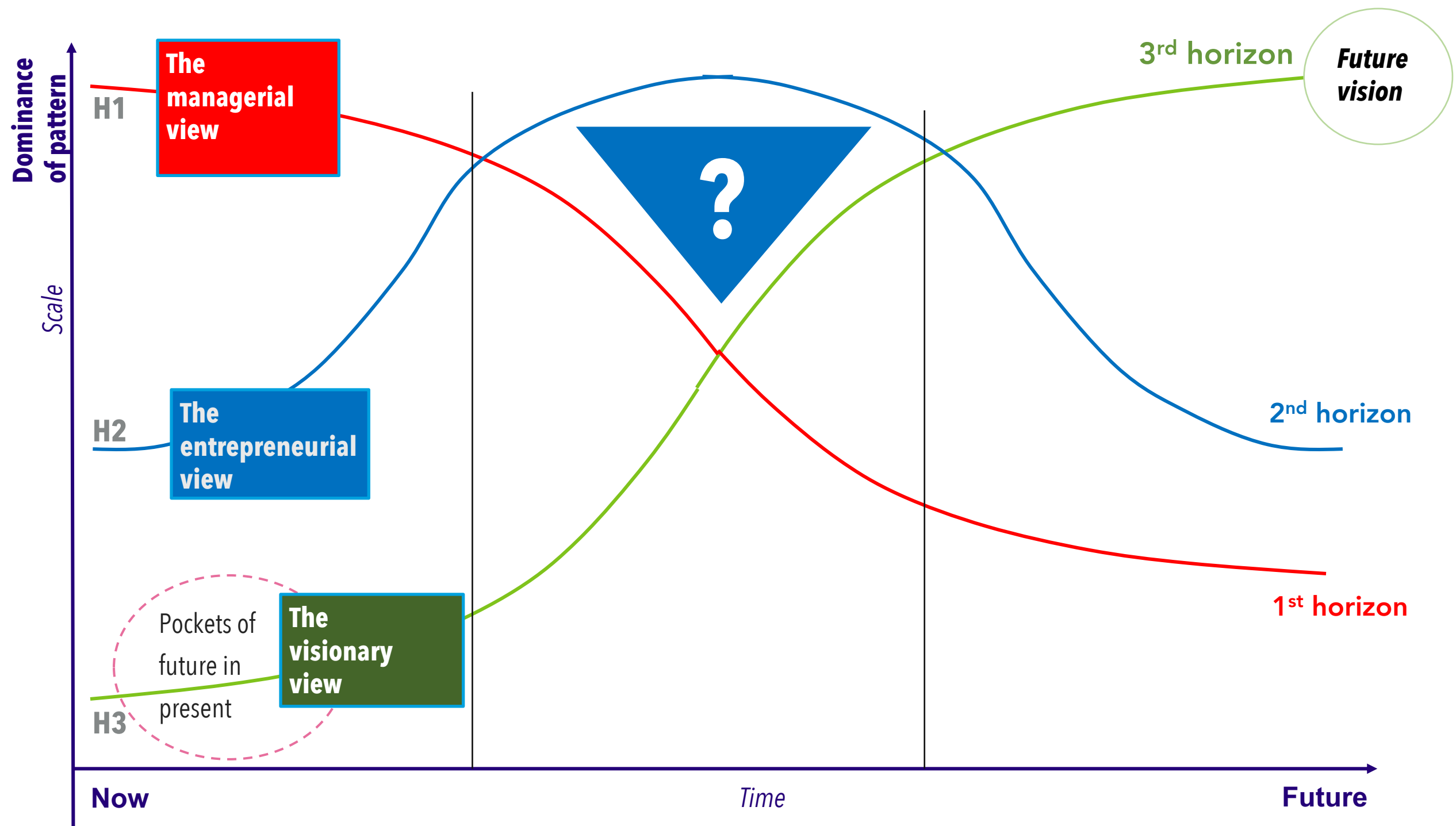
INTRODUCING THREE HORIZONS

- ▶ A relatively new futures method which enables people to have structured conversations about desired—and undesired—change, how to get there, and risks and hazards
- ▶ First used in 2005 in a project for the UK Government Foresight programme on the 50-year future of transport by Tony Hodgson, Bill Sharpe, and me. (Originally developed by Bill and Tony).
- ▶ Is now relatively widely used in the futures community
- ▶ Because it enables you to consider desired futures, possible futures, and probable futures at the same time
- ▶ And although it can generate rich conversations, it is fairly simple to use.

'THREE LINES ON A PAGE': THE THREE HORIZONS MODEL



'THREE LINES ON A PAGE': THE THREE HORIZONS MODEL



BEFORE WE DIVE IN: ARE THERE MORE INITIAL QUESTIONS?

THE VOICES OF THE THREE HORIZONS

THE CASE STUDY

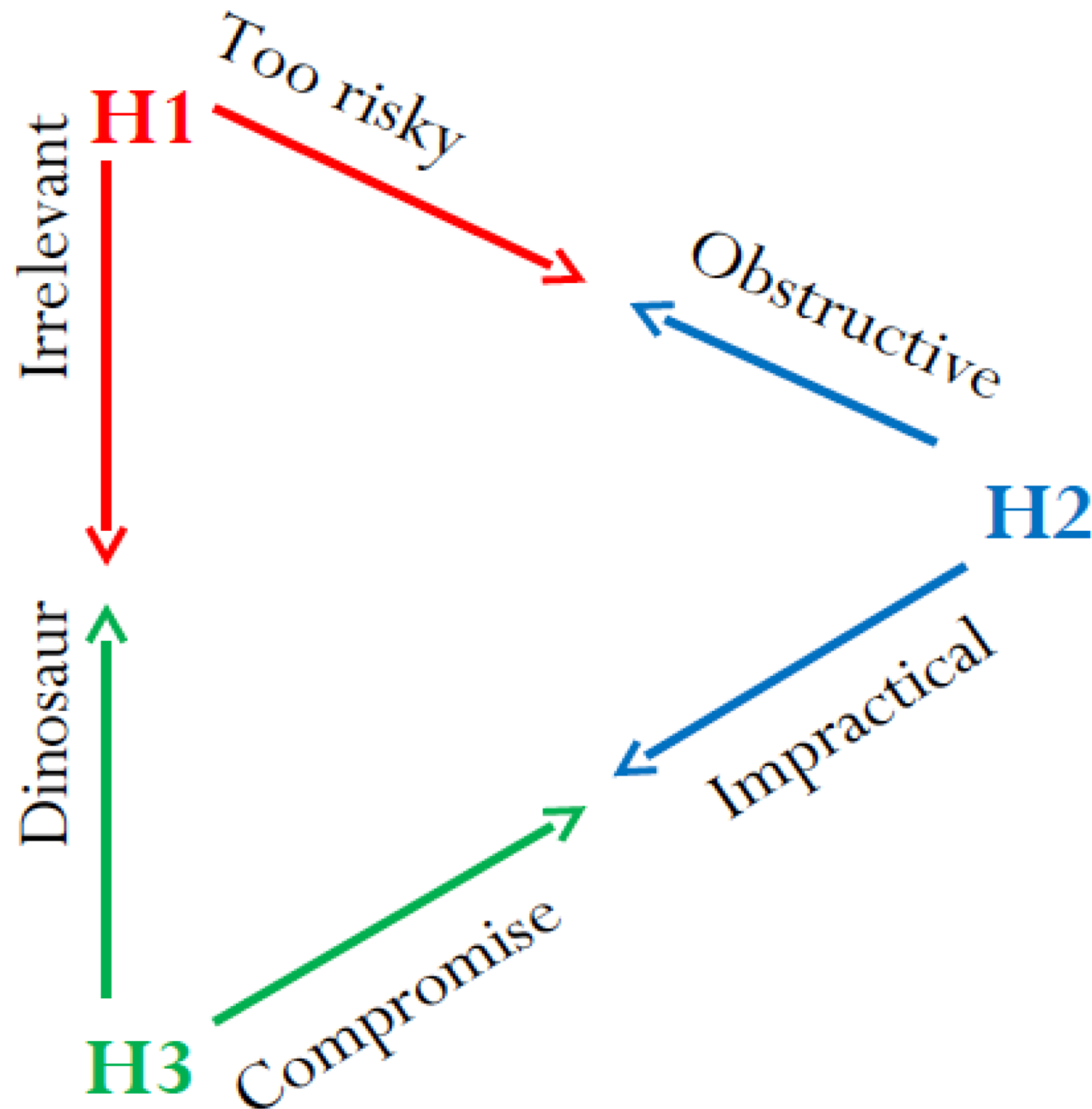
- ▶ IceCar is a completely fictional Icelandic car distributor. It is family-owned, across an extended family.
- ▶ Like many car distributors, it has several sources of income.
 - ▶ Margin on sales of new vehicles
 - ▶ Margin on sales of second-hand vehicles
 - ▶ Commission on finance deals for vehicle sales
 - ▶ Servicing and repairs of vehicles
- ▶ It has done well from the relatively buoyant sales of vehicles in the post-kreppa years, and has money in the bank.
- ▶ But some members of the family are concerned that the switch to electric vehicles could start to accelerate. And the younger generation have started to say that selling SUVs is killing the planet, and they want no part of it.

FIRST GROUP EXERCISE: THE UNHELPFUL DISCUSSION

- ▶ Assign members of your group to be Managers, Visionaries, and Entrepreneurs. (Working in pairs, if possible)
- ▶ Spend five minutes reading your specific brief and thinking about your position
- ▶ Then have a ten-minute conversation about the five year plan for the future of the dealership.
- ▶ Take notes of the important moments in the discussion
- ▶ AND STAY IN ROLE

REVIEW OF THE UNHELPFUL DISCUSSION

What words would you use to describe the conversations you just had?

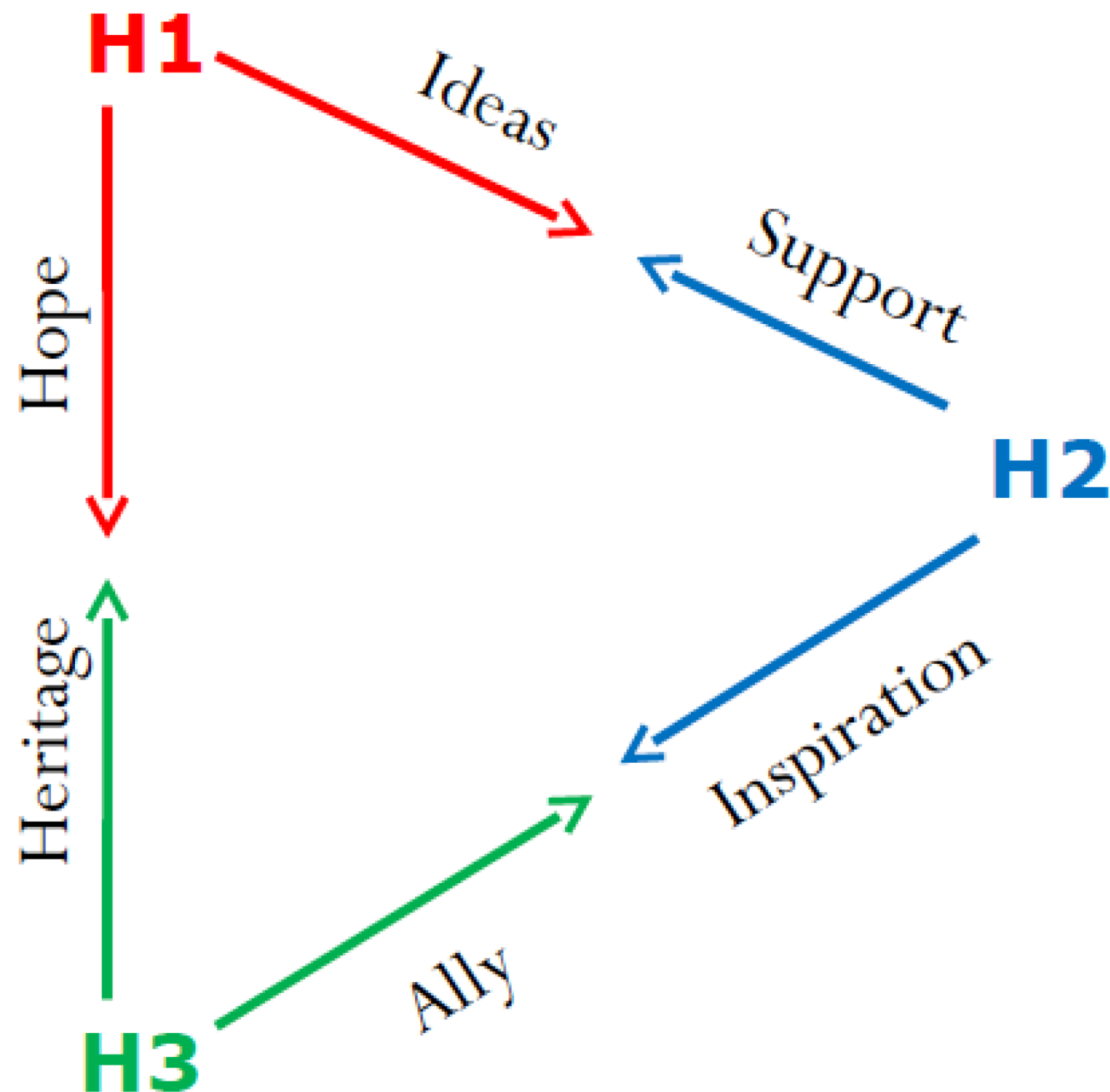


GROUP EXERCISE 2: THE HELPFUL CONVERSATION

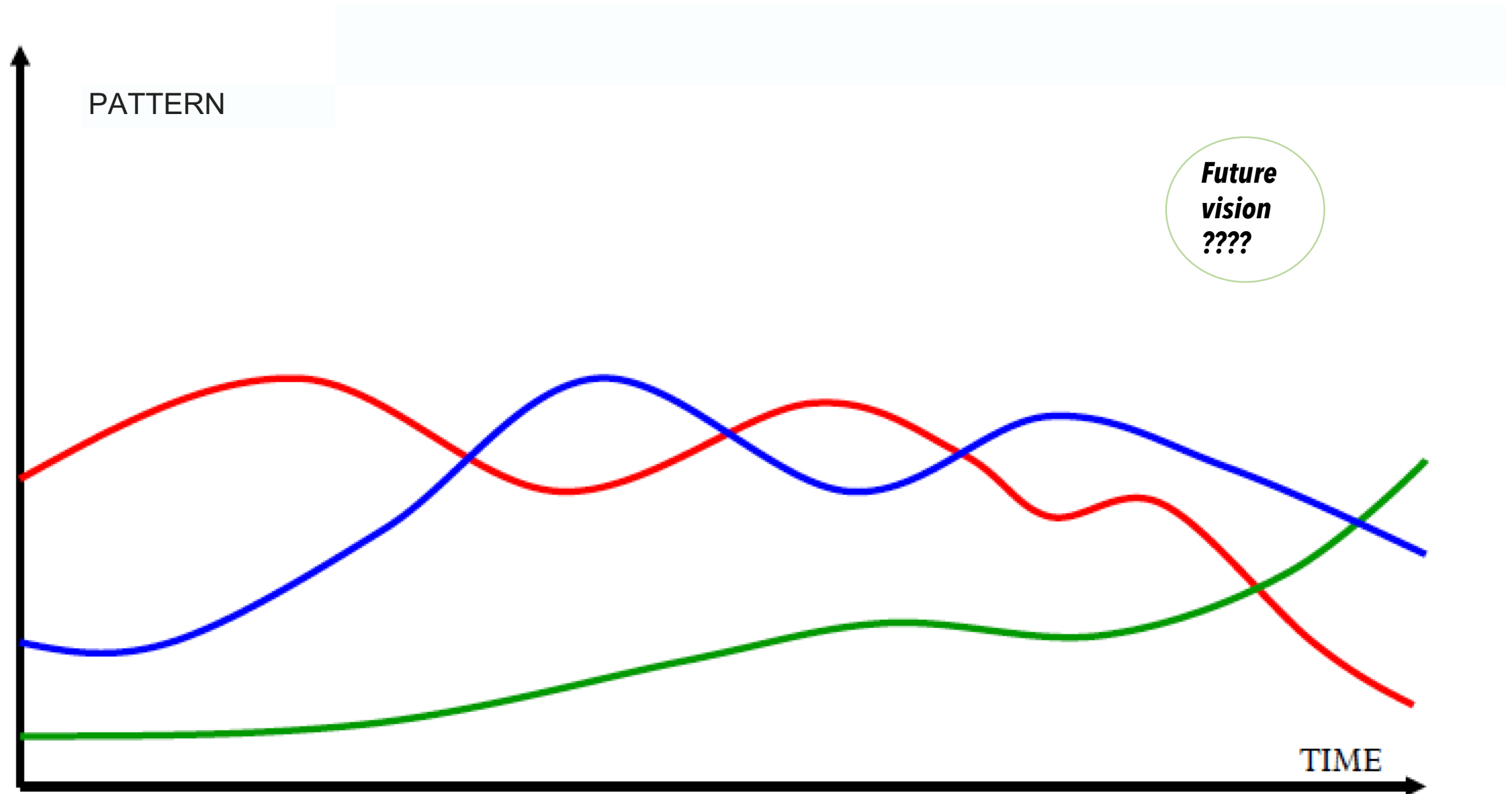
- ▶ Stay in the same roles as before, as Managers, Visionaries, and Entrepreneurs. (Working in pairs, if possible)
- ▶ Spend five minutes reading your **new** brief and thinking about your position
- ▶ Then have a ten-minute conversation about the five year plan for the future of the dealership.
- ▶ Take notes of the important moments in the discussion
- ▶ AND STAY IN ROLE

REVIEW OF THE HELPFUL DISCUSSION

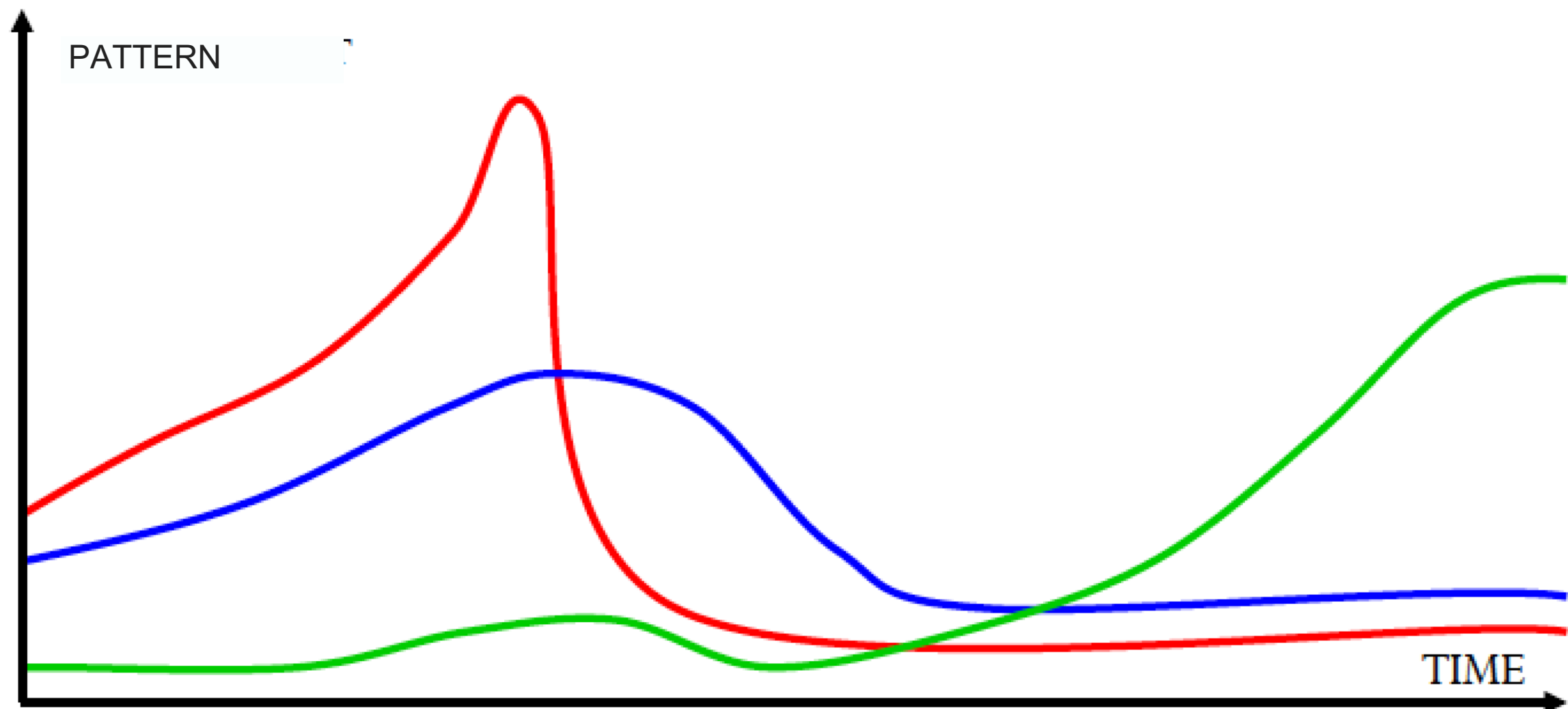
What words would you use to describe the conversations you just had?



THE DELAYED TRANSITION [H2-]



THE COLLAPSING TRANSITION [H2--]





BREAK

BACK AT 11.15.

BUILDING A VISION FOR THREE HORIZONS

- ▶ Why does a vision help?
- ▶ What are the characteristics of a vision?
- ▶ When you are looking ahead, how far ahead should you look?
- ▶ Do you need to have a vision to use Three Horizons as a business tool?

BUILDING A VISION FOR THREE HORIZONS (PRACTICAL)

- ▶ 1. Find a partner from a different group.
- ▶ 2. Going back to the case study and the 'voices' discussions, discuss the elements that would make 'IceCar Electric' successful in 2025.
- ▶ 3. Agree on three of those and write them down on separate post-its.
- ▶ (Then we'll cluster) (Someone might want to co-facilitate)
- ▶ (Then we'll score)
- ▶ (Then we'll select)
- ▶ (Then we'll review and summarise)



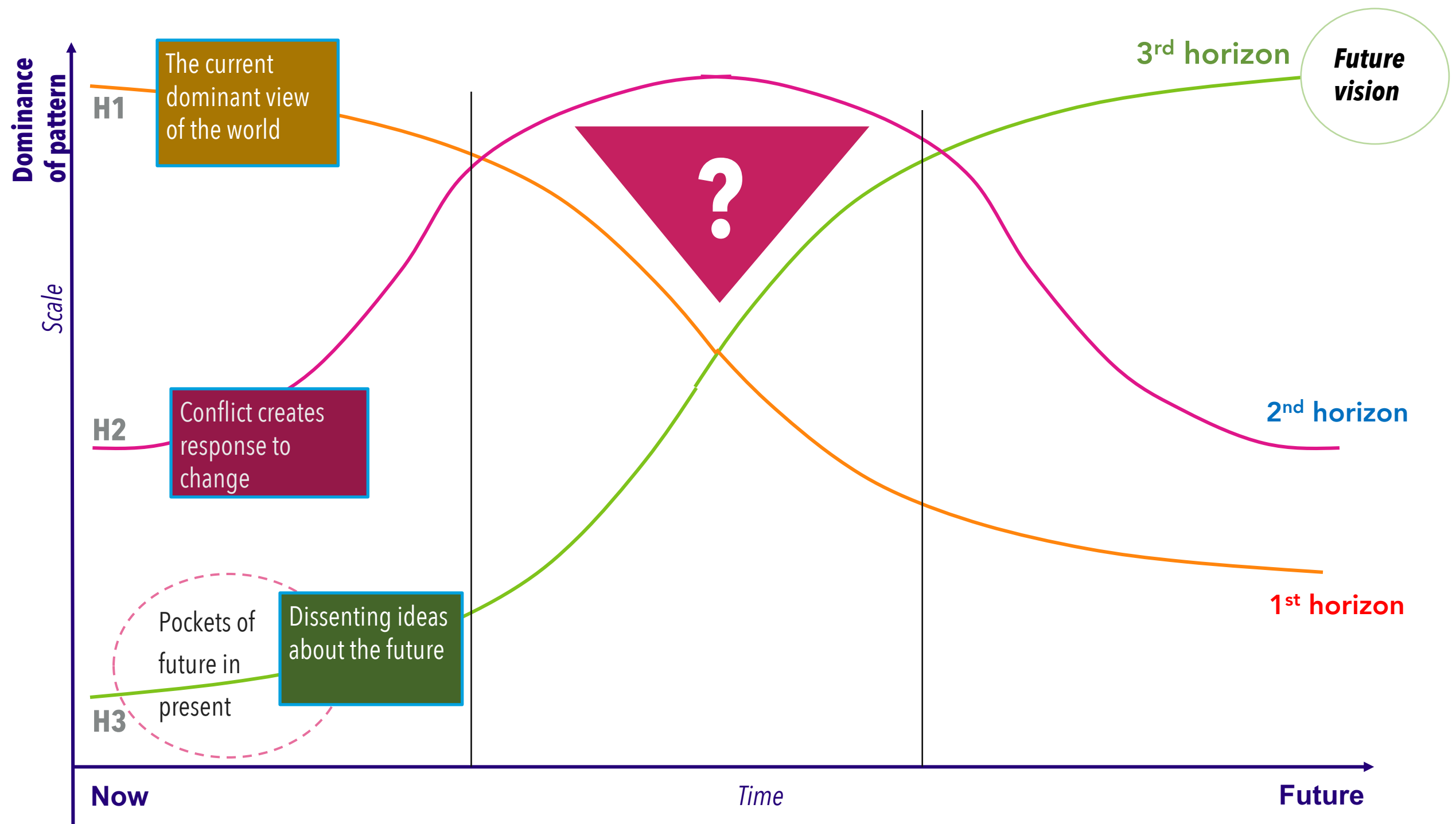
LUNCH

BACK AT 1.00.

USING THREE HORIZONS AS A BUSINESS MAPPING TOOL

- ▶ (First): Review and agree the elements of the Vision from this morning that we're going to use in the Three Horizons map

A REMINDER OF THE THREE HORIZONS MODEL



BRICKS, BIRDS, COMPLEX AND COMPLICATED SYTEMS



- Complicated
 - all components are knowable and definable
 - they can be catalogued
 - all relationships can be listed
 - cause and effect can be understood and replicated
 - It is the sum of its parts

- Complex
 - many interacting agents with multiple identities
 - if you alter an agent the effect is unpredictable
 - cause and effect are intertwined
 - it is not the exact sum of its parts



THE FIVE STEPS OF THREE HORIZONS

Step 1: where are we now?

Step 2: where are headed?

Step 3: what do we already know? What can we find out?

Step 4: what of the current H1 system still needs to work in the H3 system?

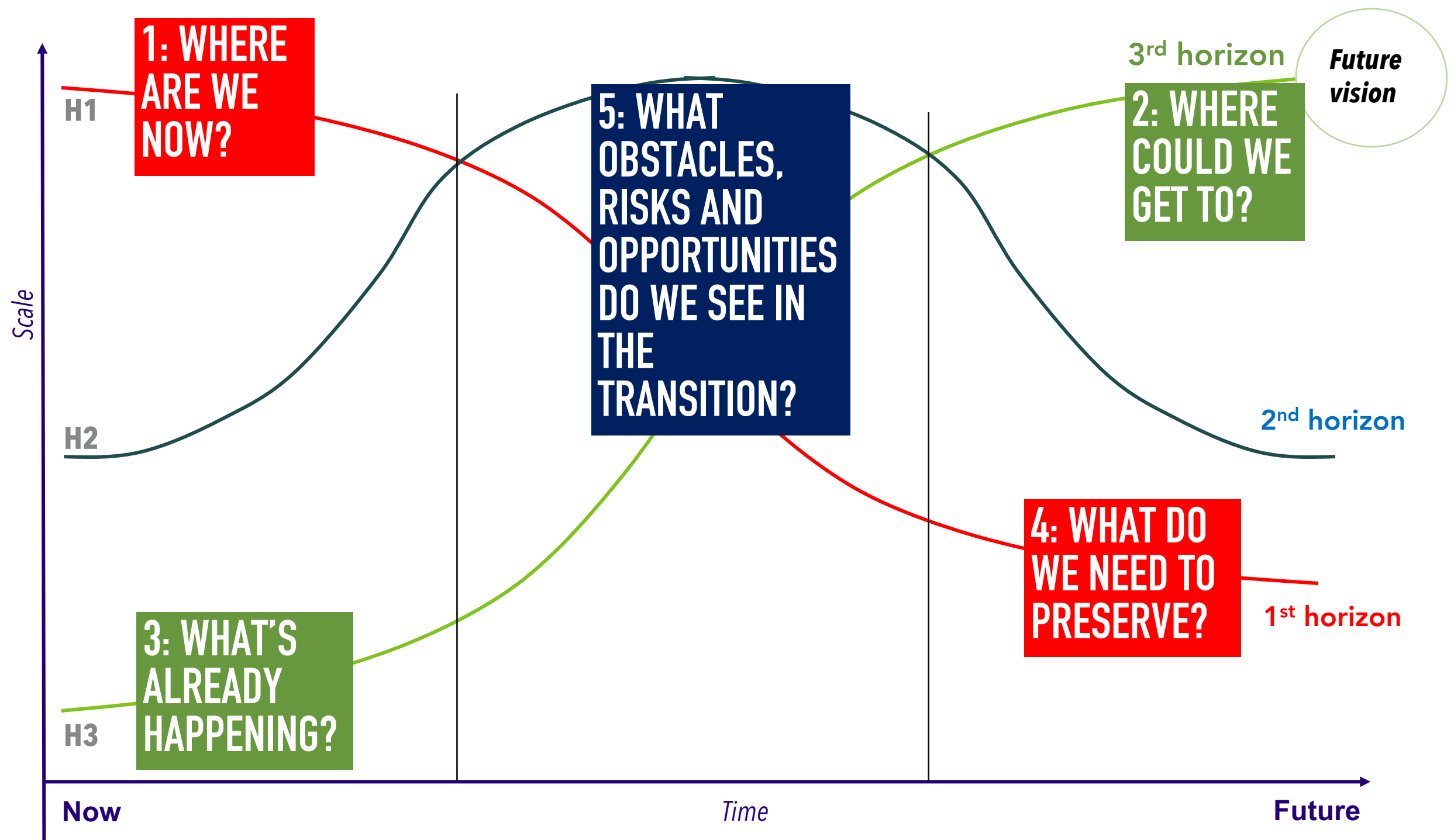
Step 5: what happens in the transition [H2]?

(What are the challenges, opportunities and threats?)

(What skills do you already have? What do you already know?)

(What do you need to find out? What can you copy from?)

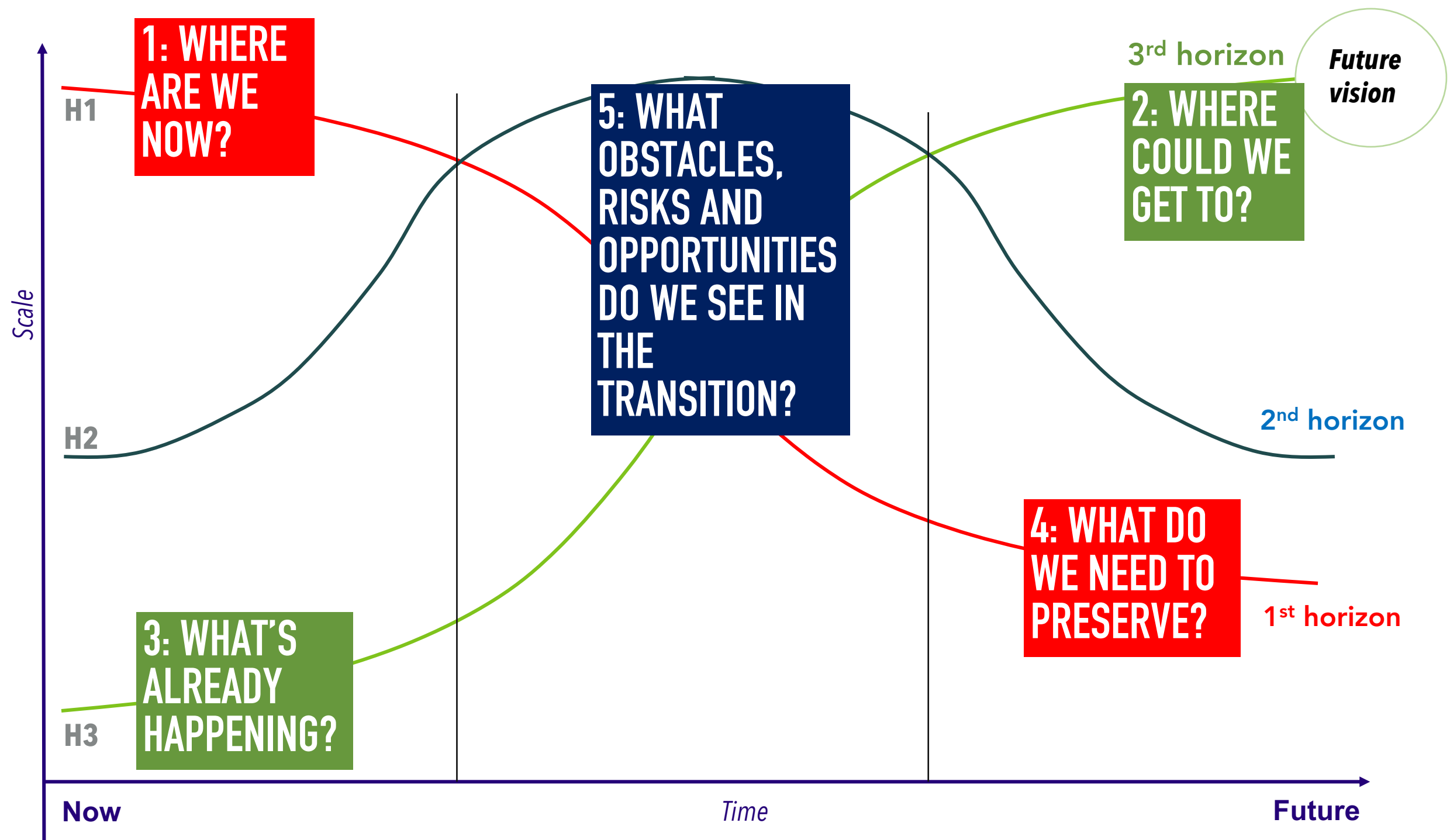
A REMINDER OF THE STEPS



YOUR TASK

- ▶ Altogether: let's review step [1] together as a group.
- ▶ **THEN**
- ▶ Take **one** of the three elements of vision that we agreed earlier
- ▶ Assume that this is your 3H vision of the future
- ▶ Work through the steps, recording your discussion on post-its on the worksheet
- ▶ Identify in particular the transition in H2, and the challenges and opportunities it represents.
- ▶ (GROUP EXERCISE)

A REMINDER OF THE STEPS



BRINGING THE ELEMENTS TOGETHER

SOME NOTES ON THE PROCESS

- ▶ This is a model about system transition. The new [H3] system will have different dynamics from the existing [H1]
- ▶ Moving between systems is messy and turbulent. It also requires energy to get started (think about pushing something up a hill)
- ▶ Emerging systems look for new sources of abundance (think ecology, not economics). What sources of abundance can you see?
- ▶ Successful new systems achieve "lock-in". What sources of lock in are there?
- ▶ What needs are common to both H1 and H3?



BREAK

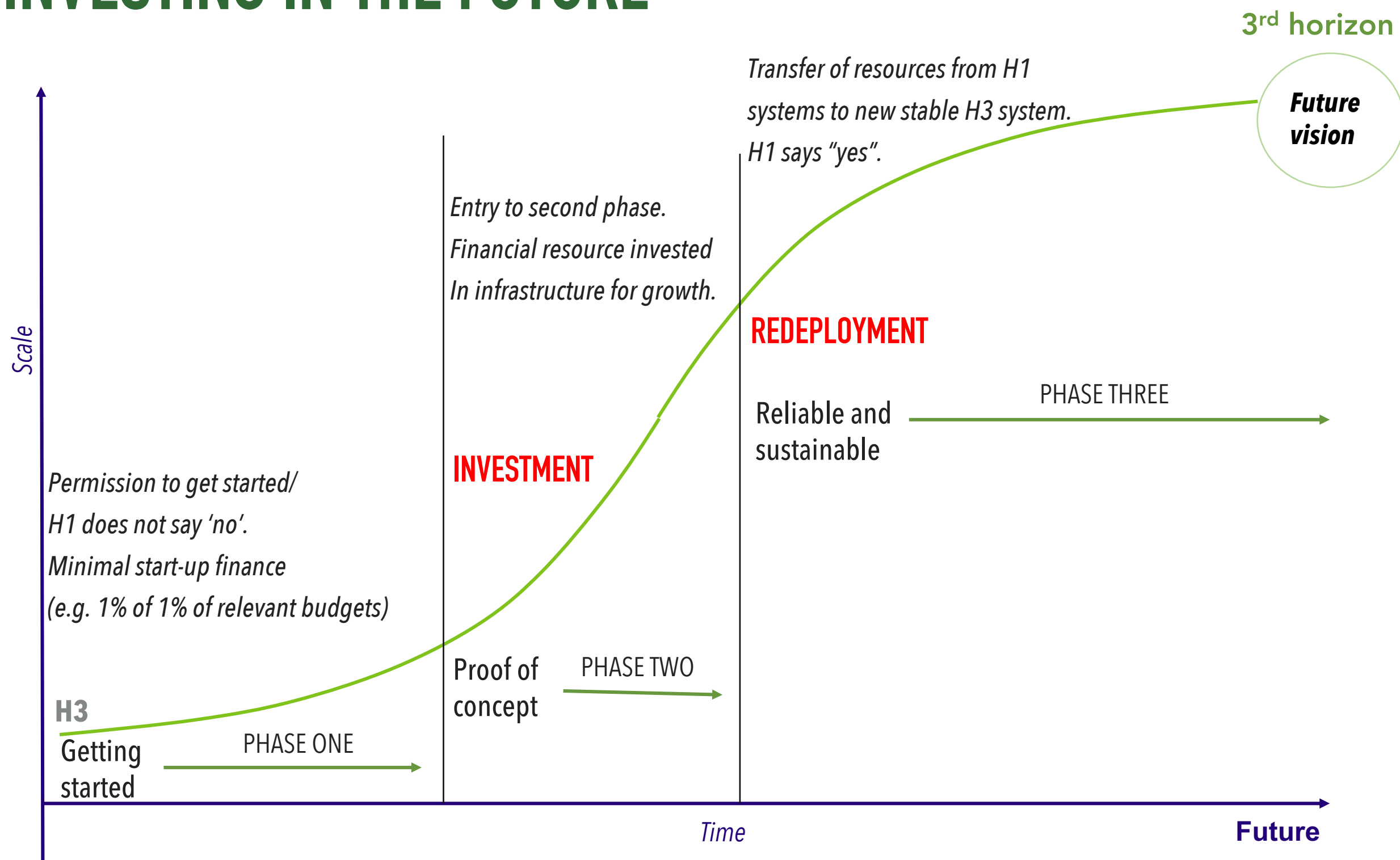
BACK AT 2.30.

QUICK REFLECTIONS ON HOW THE MAPS ARE GOING

**"WE NEED TO BE HOSPICE WORKERS FOR THE DYING CULTURE
AND MIDWIVES FOR THE NEW"**

(JOHN VASCONCELLOS)

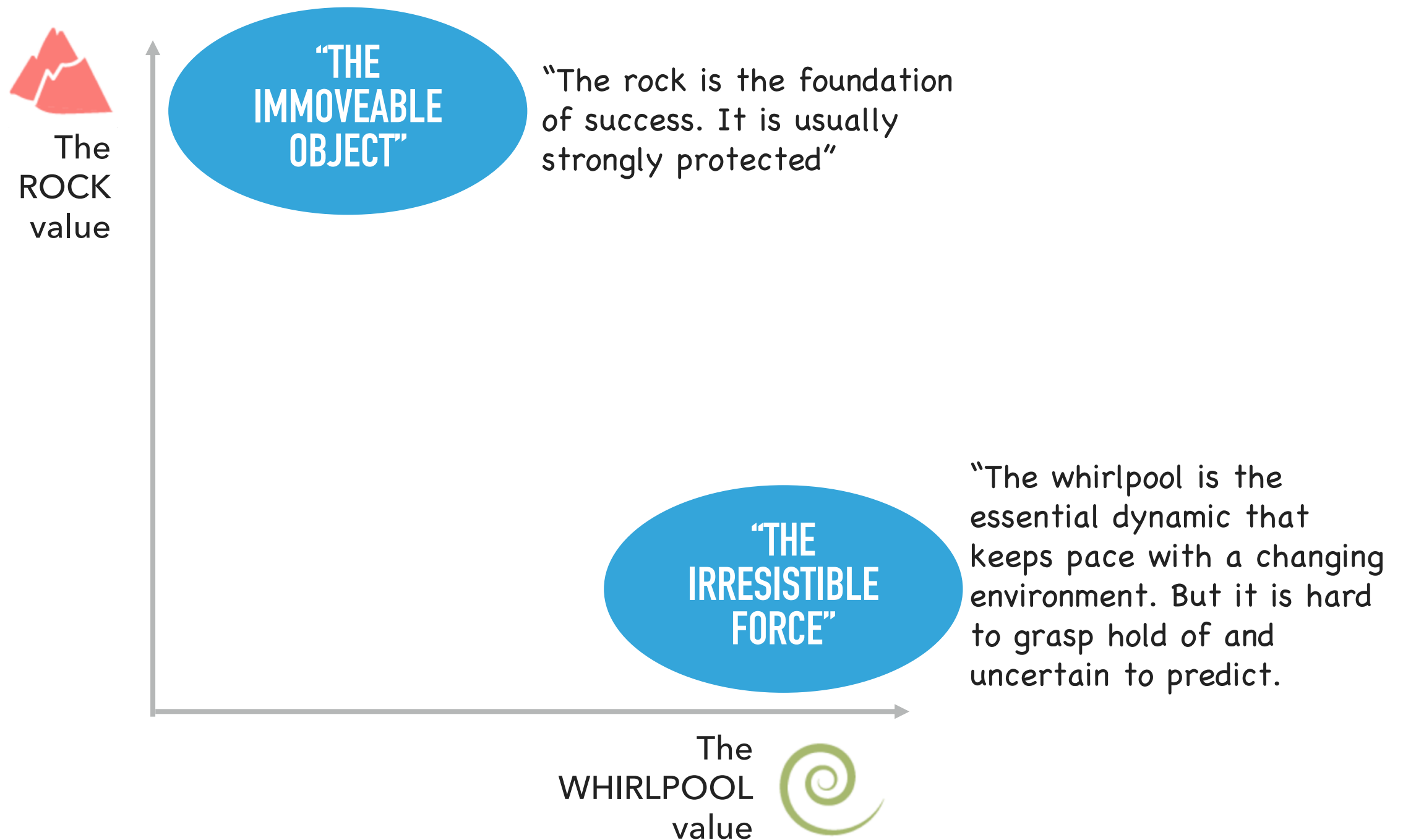
INVESTING IN THE FUTURE



DILEMMA RESOLUTION AS AN INNOVATION TOOL

- ▶ What is the difference between a dilemma and a choice?
- ▶ How do organisations normally resolve dilemmas?

THE DILEMMA RESOLUTION SPACE



IDENTIFYING DILEMMAS

Spend five minutes in your group identifying a dilemma in your 3H map

SOME DILEMMA EXAMPLES
FROM 'TRANSFORMATIVE INNOVATION' BY GRAHAM LEICESTER

"STRUCTURE AND FREEDOM"

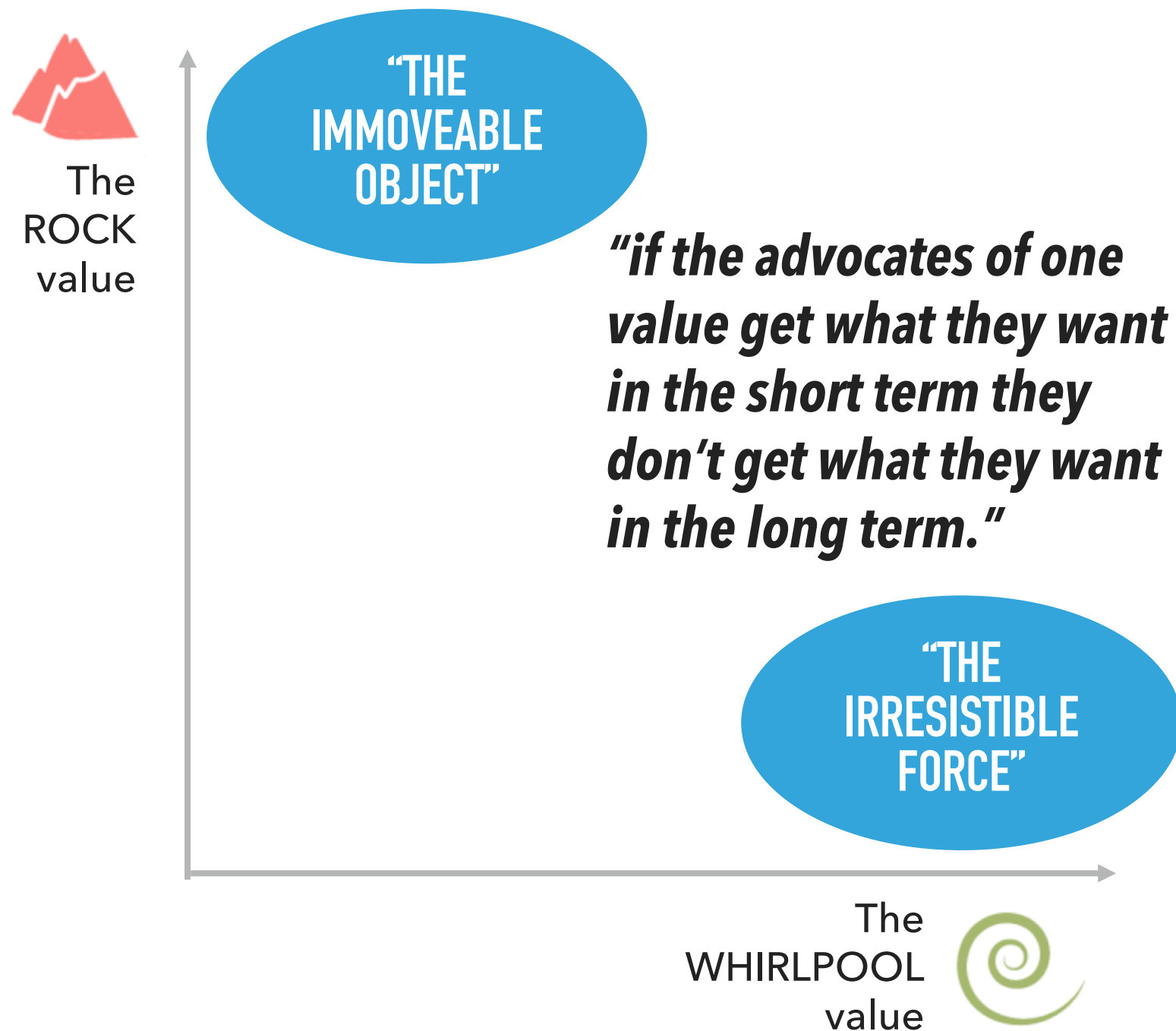
"MONEY AND MEANING"

"BEING FOR ONESELF AND BEING FOR THE WHOLE"

**"STRUCTURE WITHOUT LIFE IS DEAD; AND LIFE WITHOUT STRUCTURE IS UNSEEN."
(JOHN CAGE)**

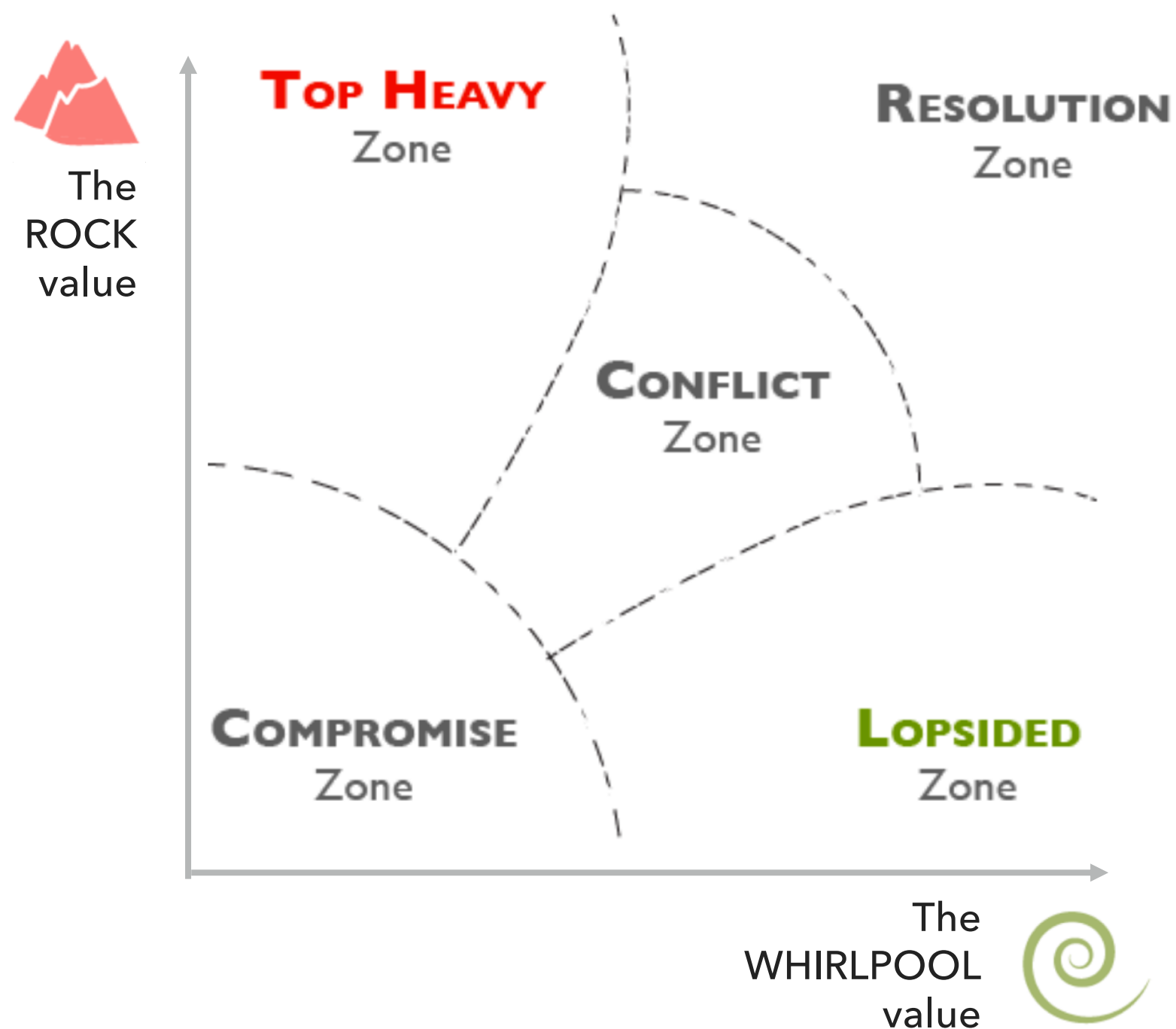
THE DILEMMA RESOLUTION SPACE

What happens if you try to treat a dilemma as if it is a choice?



THE DILEMMA RESOLUTION SPACE

Quick review:
COST vs QUALITY



GROUP WORK ON DILEMMAS

- ▶ Pick one dilemma that you see in your Three Horizons map.
- ▶ Try to work it through the process in your workbooks – Steps 1-6
- ▶ (We may not manage it in the time we have: dilemma resolution is iterative)

REFLECTIONS ON DILEMMAS

One rule of thumb: resolving a dilemma often means **changing the frame**

"Generative thinking" helps: $1 + 1 = 3$

(rule 1 of generative thinking: look to combine ideas, don't fight for one or the other)

FINAL REFLECTIONS

FINAL REFLECTIONS

- ▶ In a pair with someone from another group....
- ▶ Identify and agree on:
 - ▶ One thing we've learnt today that you'd feel confident doing with a client or a business next week
 - ▶ One thing you've seen today that you think you'd need to practice some more.

RESOURCES LIST

- ▶ The International Futures Forum has a whole collection of resources at its practice centre, including powerpoint slides and facilitation guides.
 - ▶ <http://www.iffpraxis.com/3h-resources?dlh=29&rn=R22Y&dl=7sMbFj9ltDA6YhL>
- ▶ H3Uni, developed by Bill Sharpe and Tony Hodgson, has a summary and a selection of videos on Three Horizons.
 - ▶ <http://www.h3uni.org/practices/foresight-three-horizons/>
- ▶ It also has the best resources on Dilemma Resolution (including a facilitator's guide).
 - ▶ <http://www.h3uni.org/project/learn1-dilemma-resolution/>
- ▶ Andrew Curry has written a number of blog posts about the method.
 - ▶ <https://thenextwavefutures.wordpress.com/?s=Three+horizons>
- ▶ Andrew Curry and Tony Hodgson's 2008 paper in the *Journal of Futures Studies* can be downloaded (free) here.
 - ▶ <http://jfsdigital.org/wp-content/uploads/2014/01/131-A01.pdf>
- ▶ There's a short audio introduction to Three Horizons with Bill Sharpe and Graham Leicester (of the IFF) at Tools for Hope.
 - ▶ <https://toolsforhopeblog.wordpress.com/2017/12/08/bill-sharpe-graham-leicester-three-horizons-apf/>

THANK YOU

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WORKSHEETS

**PRINT S44-S.54 x A3 X 4
COPIES FOR THE INNOVATION
WORKSHOP**

'THREE LINES ON A PAGE': THE THREE HORIZONS MODEL



THE FIVE STEPS OF THREE HORIZONS

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Step 4: what of the current H1 system still needs to work in the H3 system?

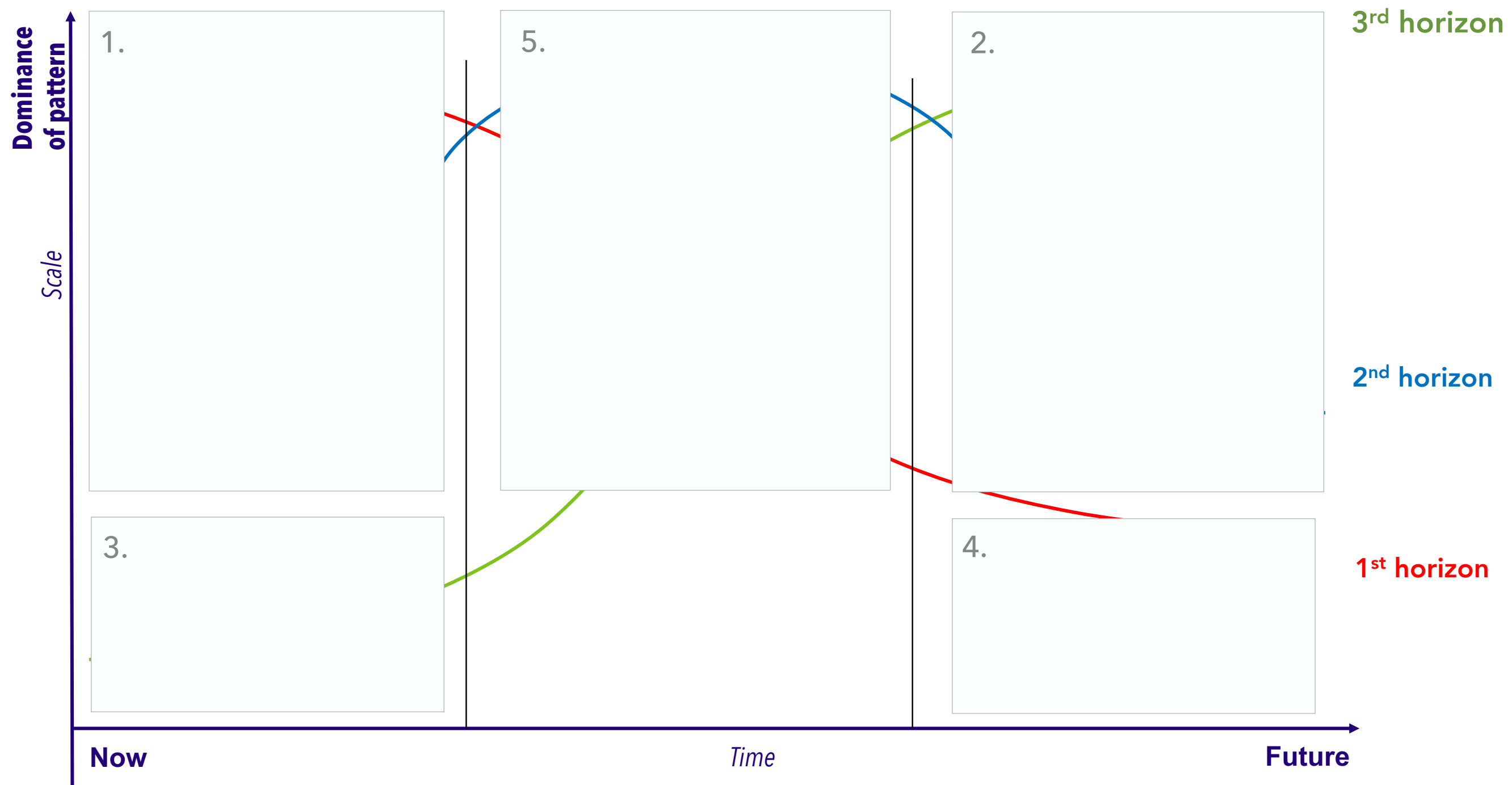
Step 5: what happens in the transition [H2]?

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(What skills do you already have? What do you already know?)

(What do you need to find out? What can you copy from?)

'THREE LINES ON A PAGE': THE THREE HORIZONS MODEL



THE BIG SHIFT: (How do you sum up the shift in one "From x to y" sentence?)

THE OBSTACLES:

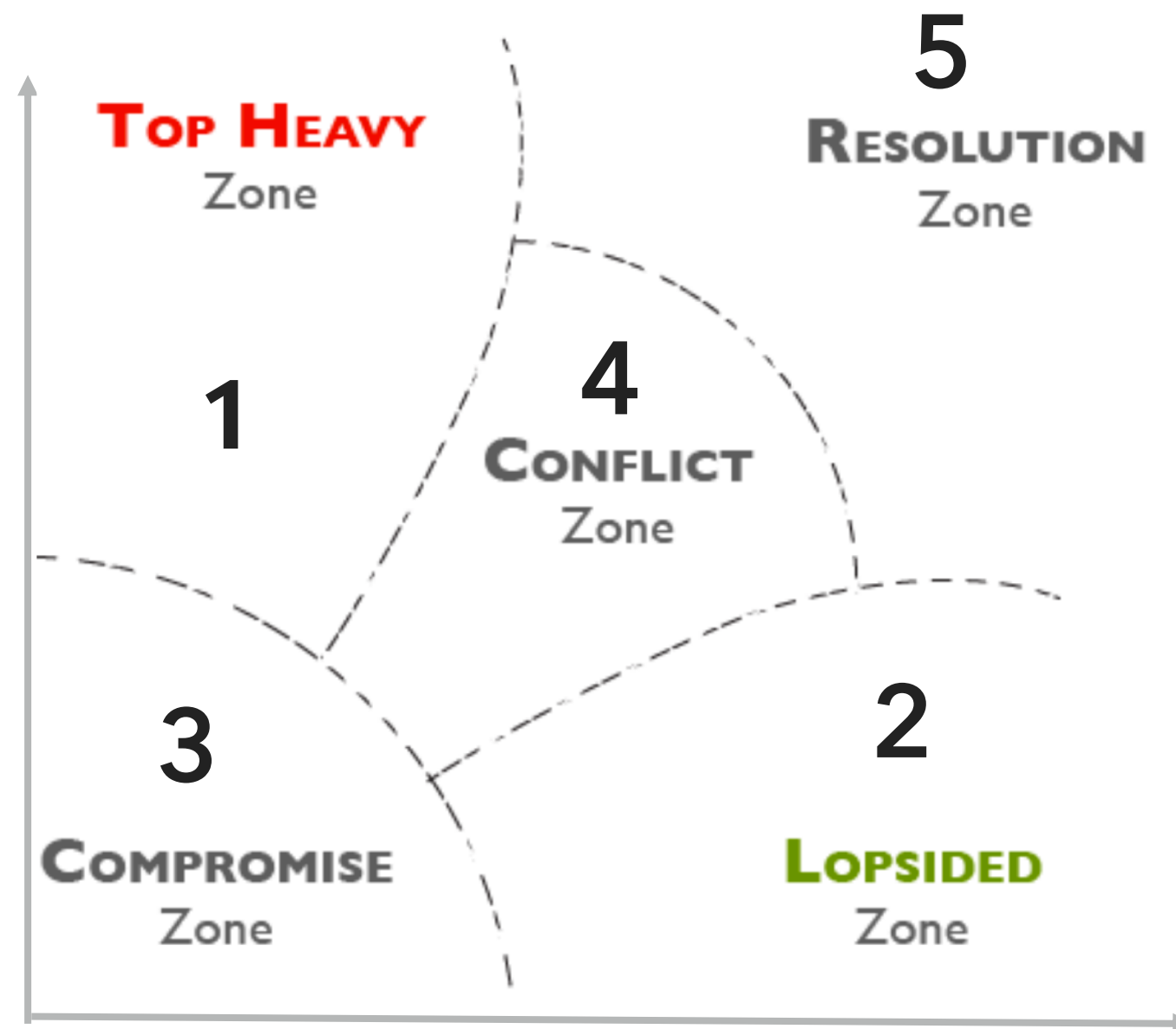
THE OPPORTUNITIES:

WHAT TO DO? : What are main steps you need to take first to start overcoming the obstacles and getting to the opportunities?

WORKING THROUGH THE DILEMMA



The
ROCK
value



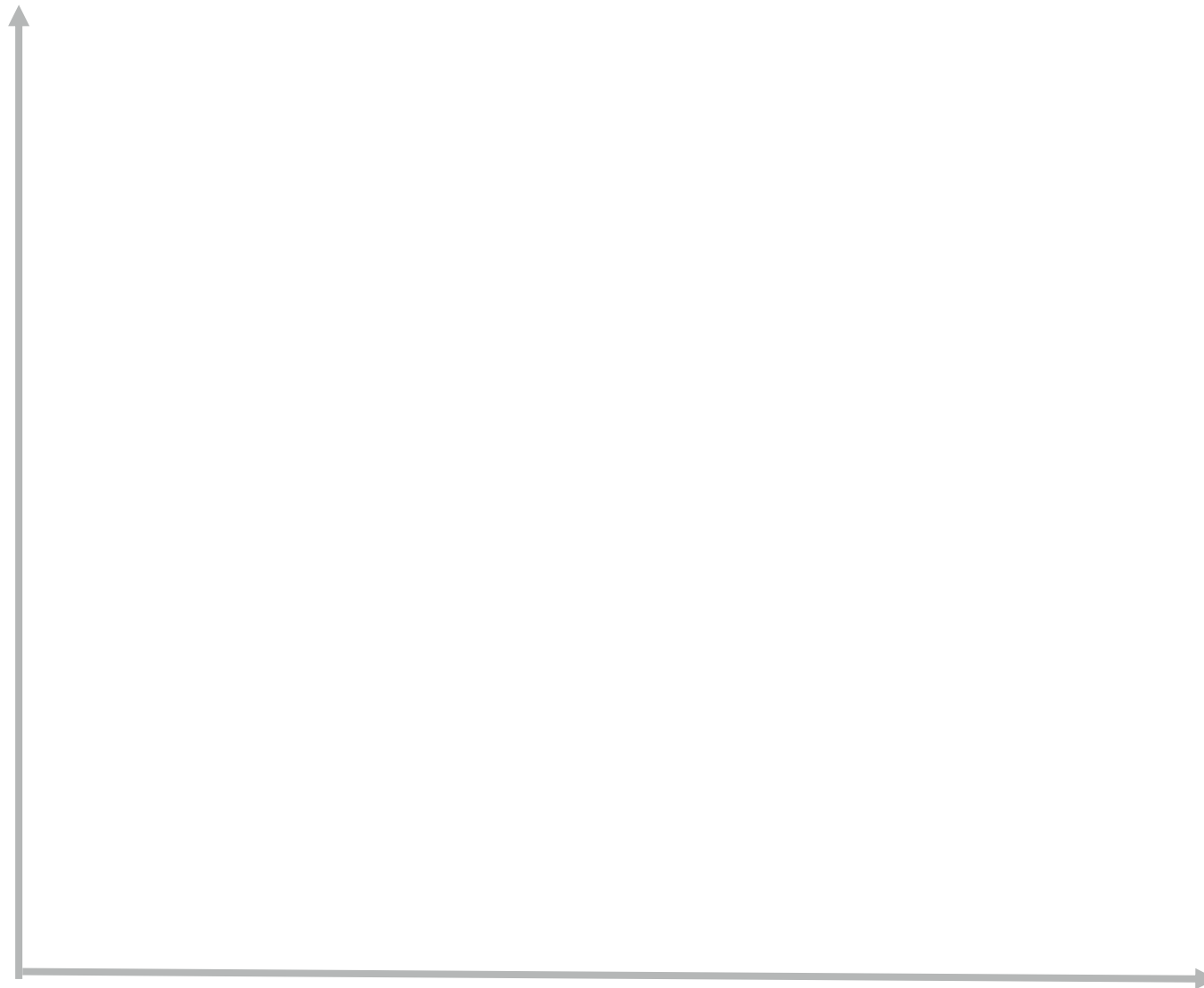
The
WHIRLPOOL
value



[1] MAPPING THE DILEMMA



The
ROCK
value



The
WHIRLPOOL
value



Hint:

Try to make the two parts of the dilemma as crisp and clear as possible.

If you can get them to one line, so much the better.

[2] DESCRIBING THE TWO HALVES OF THE DILEMMA



Describe the rock. (Zone 1)

**What is essential from the perspective of the rock?
What would we do if we just listened to the rock?**



Describe the whirlpool. (Zone 2)

What is essential from the perspective of the whirlpool? What would we do if we just listened to the whirlpool?

Think about (for example)

- Business structure
- Tasks
- Outcomes
- Product or service
- Customer experience
- Innovation
- Metrics

[3] UNDERSTANDING THE DILEMMA PROBLEMS



What *problems* is the rock causing for the whirlpool?



What *problems* is the whirlpool causing for the rock?

[1] First, think about this from the perspective of Zone 3. How would a compromise work between the two horns of the dilemma?

[2] Then think about it from the perspective of Zone 4. What conflicts emerge between them?

Hint:

Think back to the **negative** conversation you had between the three voices.

The rock is often associated with the H1 managerial voice, the whirlpool with the H3 visionary voice.

[4] APPRECIATING THE QUALITIES OF THE DILEMMA



What *quality* is the rock providing us that we need?
What is desirable from the point of view of the rock value?



What *quality* is the whirlpool providing that we need?
What is desirable from the point of view of the whirlpool value?

Hint:

Think back to the **positive** conversation you had between the three voices.

What positive statements did the H1 voice make about change?

What positive statements did the H3 voice make about change?

[5] RESOLVING THE DILEMMA



Rock requests from whirlpool

Whirlpool offers rock



Whirlpool requests from rock

Rock offers whirlpool

Hint:

Think back to the **positive** conversation you had between the three voices.

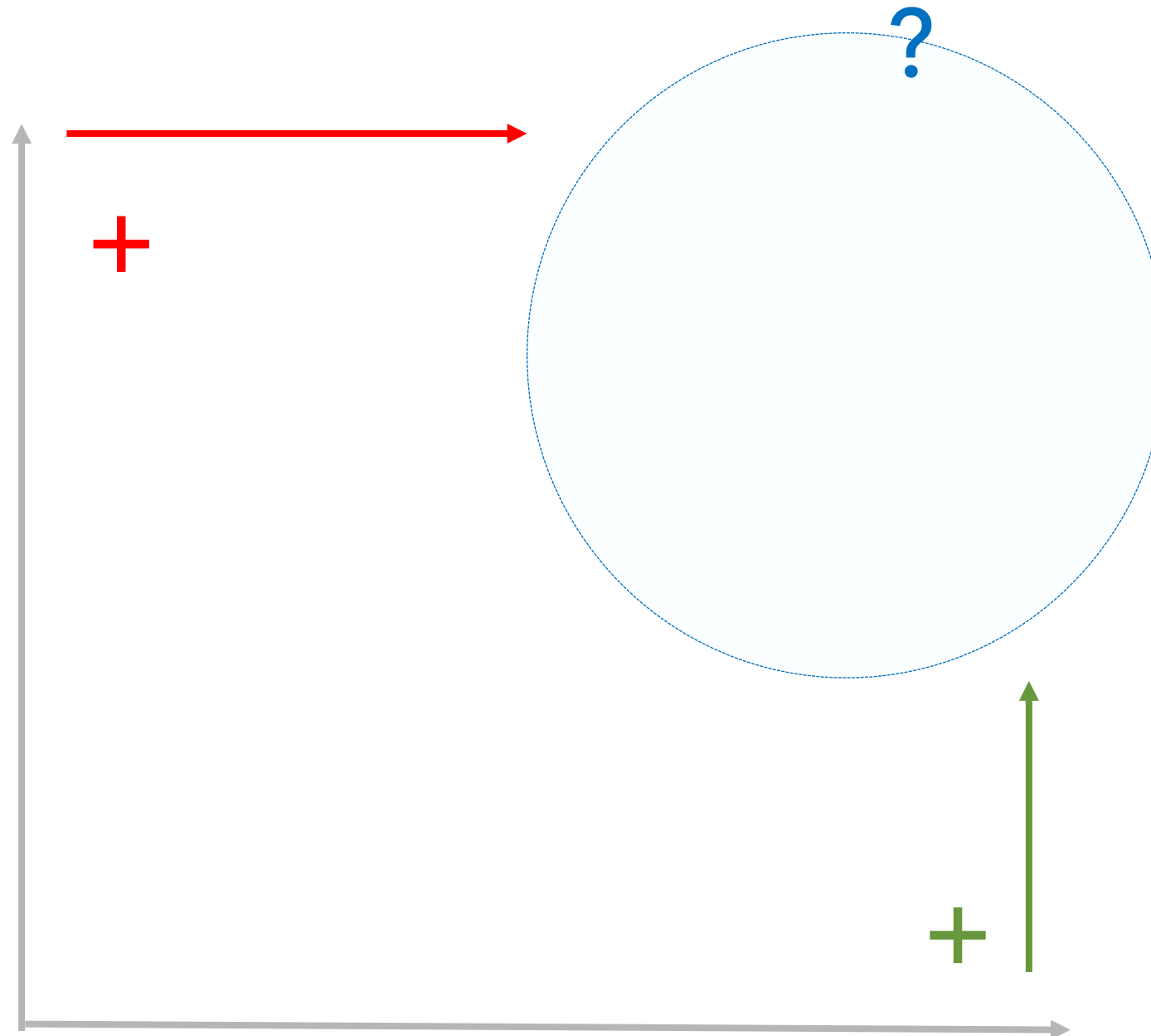
- Hope
- Heritage
- Ally
- Ideas
- Support
- Inspiration

What did the H2 entrepreneurial voice suggest as a way forward?

[6] ESCAPING THE DILEMMA



The
ROCK
value



The
WHIRLPOOL
value



How can you
reframe the
dilemma so it
becomes an
opportunity?

Hint:

Go back to step 5 if
you get stuck.

Or use an
innovation tool such
as SCAMPER.

- Substitute.
- Combine.
- Adapt.
- Modify.
- Put to another use.
- Eliminate.
- Reverse.

PARTICIPANT BRIEFS

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FOR THE INNOVATION
WORKSHOP**

H1 MANAGERIAL [NEGATIVE]

You feel that you have built this business up from nothing and other members of the family – the younger generation especially – are throwing it back in your face.

You hate being spoken to as if you're some kind of international criminal because you've built up a successful car dealership with good levels of service, appreciative customers, and a good reputation.

It's not your fault that Icelanders like their SUVs, after all.

And you're not sure that other members of the family, with less experience of the business, know how difficult it is to change the direction of a business.

H1 MANAGERIAL [POSITIVE]

The numbers are pretty good right now. Sales are still on the up, the margins are steady. The servicing business is looking good.

But what if the kids are right about the electric car thing?

I mean, the government has set a date for the switchover that's way out in the future—but these things change.

Tesla may not be all it's cracked up to be, but it's still got a lot of investor excitement. Volvo has announced that it will only sell hybrid or electric cars from 2019– that's next year.

Volkswagen say that they can get battery costs to plummet.

I've been working with the combustion engine all my life—but what if the landscape changes in five years not fifteen? I'd be throwing away everything I worked for.

H3 VISIONARY [NEGATIVE]

You are young and angry. The boomers caused the financial crisis, they caused the kreppa, they're causing the climate crisis, and it's you that has to live with the consequences when they've gone.

It's obvious the electric thing is coming, and that's a good thing. Iceland could be the first country in the world to have its complete transport system running on renewables.

But the older generation also has its head in the sand about the impact on the business. An EV engine has five moving parts. It needs almost no servicing.

They want me to come into the business full-time, but I'm not going to do that if I'm making climate change worse every time I sell a vehicle. The future is electric, with us or without us.

H3 VISIONARY [POSITIVE]

The business has a reputation for being innovative, and this is the next big innovation.

We can make a big change here by taking the lead and pushing the electric vehicle agenda, helping our customers make the change first.

We should be saying that we believe that climate change is a big problem for everyone, and we are going to play our part in sorting it out.

If Volvo can say they will only be selling hybrid and EVs by 2019, so should we. Let's throw a party to mark the last internal combustion vehicle that leaves the lot. And you know, maybe we shouldn't just be selling cars. Shouldn't we been in the rental and personal transport business as well?

H2 ENTREPRENEURIAL [NEGATIVE]

What happened to Blockbuster, what happened to Kodak, what happened to Nokia, those things could happen to us here as well. You don't need to be a big company to be blindsided by change.

We have done no research on the electric vehicle future, we don't know what kind of products or services we might sell, we haven't done any business modelling, we don't really know what a car dealership looks like when cars are a lot less complicated.

I feel like I've tried to get us to do something about this, but the view I get is either that nothing is going to change that fast, or that I am made to feel guilty about diverting some of the dividends that go to the family into protecting the future.

It could all happen a lot more quickly than we think, and we won't have a clue how to respond.

H2 ENTREPRENEURIAL [POSITIVE]

The business is a bit risk averse, and maybe the rest of the family is to blame for that. They get so used to the returns from the company that it's hard to turn round and say that they are going to get less because we need to invest for the future.

When the government says that Iceland will go all-electric in 2040, that sounds like it's a generation away.

And though I sympathise with the argument about climate change, it falls on deaf ears. It just sounds like someone being ungrateful for the holidays and travel they've enjoyed from the business' profits.

But doing some research and some pilots needn't cost so much money. We could make some investments into businesses that are trying out some new things that might pay off over the medium term. We definitely need to do some learning.