The Premortem: Scenario Analysis vs. Scenario Development

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Abstract
Nothing ventured, with intelligence, nothing gained. Every human enterprise carries risk, some much more than others. Any chosen course of action may result in an adverse or undesirable outcome, notwithstanding the benefits it promises. As such, proper risk assessment and management are crucial to making plans successful. To offset risk, the steps recommended, more or less in the following order, are: (i) identify, characterize, and assess threats; (ii) assess vulnerabilities to specific threats; (iii) determine risks; (iv) make out ways to reduce critical risks; and (v) prioritize risk reduction measures based on a strategy.

Keywords
risk assessment, risk reduction, scenario analysis, scenario development

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Nothing ventured, with intelligence, nothing gained. Every human enterprise carries risk, some much more than others. Any chosen course of action may result in an adverse or undesirable outcome, notwithstanding the benefits it promises. As such, proper risk assessment and management are crucial to making plans successful. To offset risk, the steps recommended, more or less in the following order, are: (i) identify, characterize, and assess threats; (ii) assess vulnerabilities to specific threats; (iii) determine risks; (iv) make out ways to reduce critical risks; and (v) prioritize risk reduction measures based on a strategy.
I. DON’T HOLD YOUR PEACE
The following development may seem all too familiar. A plan is drawn by a task force, endorsed by decision-makers, approved by senior management, launched with fanfare, but leads nowhere. There are two explanations for this unproductive path. In bureaucratic organizations, both during planning and in implementation, staff are reluctant to express reservations about the workability of a proposal. They keep mum because it can be dangerous to oppose what bosses command. But in all sorts of organizations, cognitive barriers play a clandestine role, too. Individuals and groups may be biased. When they have worked hard on an idea, they can also become psychologically committed to the idea of success, become overconfident, and therefore, blind to at least some risks.

II. PLAY DEAD
It is nothing special to conduct the equivalent of a postmortem by means of formal completion or evaluation reports, e.g., after-action reviews, retrospects, and learning histories—which remain rare. The goal is to try to understand why an initiative did or did not succeed. In this exercise, lessons that have been or should be learned are mostly in the form of hindsight: since the postmortem is conducted at the (wrong) end of a plan, they focus on accountability, not learning. And yet, just-in-time opportunities to learn can arise before implementation, not just during and after.

Forewarned is forearmed. Peer assists are a rare form of learning before doing: they help people learn from the experiences of others before embarking on an activity. Enter also, thanks to Gary Klein, the Premortem technique. This technique is based on a process known as reframing, which holds that insights can be gained simply by looking at a situation from a different perspective, or in a different context, from that which is typical. This risk-mitigation planning tool also attempts to identify threats at the outset, that is, before a plan is launched. The technique is reminiscent of disaster charting, a method that, through repeated questioning, tries to map what might have contributed to an accident. In contrast, however, the Premortem technique helps challenge key assumptions, generate multiple hypotheses, discover unknown unknowns, track alternative future trajectories, and anticipate the unanticipated before the event. Certainly, by testing, probing, and even attacking individual and collective mindsets, greater rigor in critical thinking can reduce the chance of (unpleasant) surprises.

A premortem is the imaginary converse of an autopsy, a specialized surgical procedure conducted by a pathologist to thoroughly assess a corpse to determine or confirm the exact cause and circumstances of death or the character and extent of changes produced by disease. The hindsight this intelligence assessment offers is prospective. In sum, asking a team to imagine that its plan has already been implemented and failed miserably increases the ability of its members to correctly identify reasons for negative future outcomes. This is because taking a team out of the context of defending its plan and shielding it from flaws opens new perspectives from which the team can actively search for faults.

By establishing the certainty that a fiasco has actually occurred—thus preempting equivocations of likelihood—the Premortem technique decreases the predilection that individuals and groups have for scenario development. Instead, it places the focus on scenario analysis. As a result, despite its original high level of confidence, a team can then candidly identify multiple explanations for failure, possibilities that were not considered when the team initially proposed and developed the plan. The expected outcomes of such challenging and stress-testing are increased appreciation of the uncertainties inherent in any projection of the future and identification of markers that, if incorporated in the plan’s design and subsequently tracked, would give early warning that progress is not being achieved as expected.

The Premortem technique is low cost and high payoff. Its application is straightforward and need not take more than two hours—and possibly as little as 30 minutes, preferably with the help of a facilitator. To conduct a premortem, the following steps are recommended:

1. Settle on a period, in months or years, after which it might be known whether a plan was well formulated. Imagine the period has expired: the plan is a fiasco and has spawned dire consequences. What could have caused this?

2. Request each team member to suggest 10 reasons for failure, particularly those he or she would never bring up for fear of being impolite—sensitive issues might be divulged anonymously. Reasons can also be found in the external environment, not just the organizational context, organiza-

THE NINE FACES OF BIAS
Bias is the inclination to present or hold a partial perspective at the expense of possibly equally valid alternatives. The proponents of a plan should check for selfish interests; affect heuristic; groupthink; salienty bias; confirmation bias; availability bias; anchoring bias; halo effect; and, sunk cost fallacy, or endowment effect. To redress each bias, the challenge questions they pose are, respectively:

1. Is there any reason to suspect that the team drawing the plan might be motivated by self-interest?
2. Has the team fallen in love with its proposal?
3. Were there dissenting opinions within the team? Were they expressed adequately?
4. Could the diagnosis be overly influenced by a comparison to a previous, memoreable success?
5. Are credible alternatives included along with the recommendation?
6. If you had to make the decision again in a year’s time, what information would you want, and can you get more of it now?
7. Do you know where the numbers came from? Can there be unsubstantiated numbers, extrapolation from history, or an incentive to use a certain anchor?
8. Is the team assuming that a person, organization, or approach that is successful in one area will be just as successful in another?
9. Are the recommendations overly attached to a history of past decisions?

tional knowledge, and inter- and intra-organizational relationships to which priority attention is habitually given. Starting with the team leader, ask each team member to voice one reason from his or her list. Everyone should mention a reason in turn until all have been aired and recorded.

3. After the session is over, gather and prioritize the comprehensive list of reasons that grew out of collective knowledge.

4. Look for ways to strengthen the plan by avoiding or mitigating essential drivers of failure, beginning with the two or three items deemed of greatest concern.

Some will worry the Premortem technique could lead to situations in which opposition so forcefully threatens a plan that it must be abandoned. The rejoinder to this is that a plan should indeed be ditched if the objections to it are that strong. However, common sense suggests that a plan would be improved through ex-ante reverse engineering, not abandoned, in most instances.

That is all. With great simplicity, the Premortem technique induces much higher levels of mindfulness and candor. It accomplishes this in two quick steps: by reframing the question it compels people to think differently; by revealing unspoken reservations, it fortifies the decision-making process. “Of all acts of man repentance is the most divine. The greatest of all faults is to be conscious of none”, Thomas Carlyle said. A premortem may be the surest way to avoid an embarrassing postmortem. And so, lie down, repair your ways.

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