

Scanning for Blind Spots

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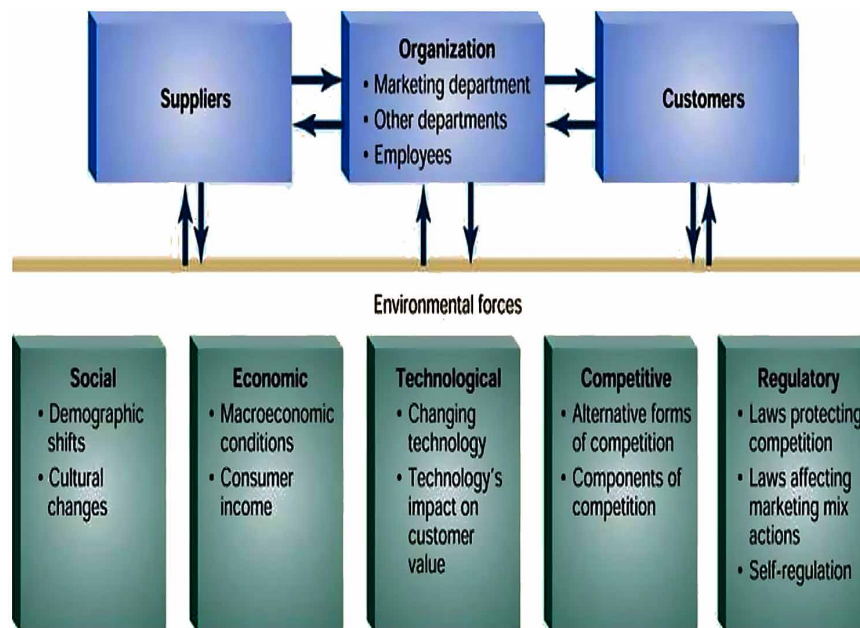
INTRODUCTION

Many research studies indicate that when reality and conviction are at odds with each other conviction often win. Companies and nonprofit organizations are often blindsided when faced with demographic, political, environmental, technological changes and new rivals. The most talented and best prepared leaders face complex, ever-changing, and often unpredictable challenges. The more an organization utilizes a systemic approach, the more likely they will avoid blind spots. Environmental Scanning or ES, provides a view of community needs by detecting pertinent economic, social, cultural, environmental, health, technological and political trends, situations and events.

Frank Aguilar's classic book "Scanning the Business Environment", exemplify some of the factors involved in determining what external information is strategic or relevant. The managers studied by Aguilar were mainly interested in the news of the market, including competitors, customers, pricing, market structure and change...

To be effective in a complex and changing world, decision makers must look ahead to anticipate emerging trends, issues, opportunities, and threats. Developing and applying strategic foresight must come into play. A well conducted scan results in a new management and marketing style that is more forward thinking. Scanning has long been standard practice in the military, the intelligence community, and the business world and is a core method in futures research. In recent

Figure 1. Environmental scanning



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years, horizon scanning has been used in a growing number of fields in the public sector, such as human health (Douw and Vondeling 2006) and education (Munck and McConnell 2009). This chapter defines environmental scanning, examines Blind spots, weak signals, and effective tools used for discovering emerging trends beneficial to a company's or organization's strategic planning.

BACKGROUND

The lack of diversity in information sources may contribute to blind spots in environmental scanning. If organizations get their information from acceptable, conservative or authoritative sources, they may not see the changes taking place in their external environment. A large amount of pertinent information comes from face to face discussions, rumor, gossip and conjecture.

Moreover, it keeps the organization informed of current trends and challenges of the future.

Companies find it demanding to identify and include basic signals about their future developments and challenges in their existing, and often static strategic planning processes. Environmental scanning helps corporations, and nonprofits to understand external threats and opportunities leading to change. When an organization has undergone significant changes the knowledge discovered by an environment scan is intrinsic.

Aguilar (1967), in his study of the information gathering practices of managers, defined scanning as the systematic collection of external information in order to (1) lessen the randomness of information flowing into the organization and (2) provide early warnings for managers of changing external conditions.

Research suggests that effective scanning and planning is linked to improved organizational learning and performance (Choo 2002).

Environmental scanning practiced by different Japanese and Korean corporations share a surprisingly common pattern as observed in a 1988 study

by Ghoshal). Information gathering is typically achieved through six channels and sources:

- The planning division,
- Individual specialists,
- Patent department,
- Advisory boards,
- Individual employees, and
- Technology attaches.

ENVIRONMENTAL SCANNING AND THE CORPORATE ENVIRONMENT

Environmental scanning practiced by various Japanese corporations share a common pattern. The same similarity has been observed in large South Korean corporations (Ghoshal 1988).

Japan owe much of its success to trading companies after world war II. Their corporate culture is based on gathering information from trade magazines, newspapers and business associates. Raw information is collected daily and transmitted overseas to the Japanese trading company called Sogo Shosha. A senior intelligence staff collates and shapes this information and submits it to key policy makers within the trading company. The Sogo Shosha have become masters at collecting business intelligence, tapping into the most public, boring sources, cultivating open human contacts.

A major task in any strategic planning process is thus to challenge existing perceptions and to identify blind spots as well as weak signals in order to effectively and efficiently detect future chances and risks at an early stage. Existing tools for identifying future changes that a company might face, such as operative forecasting or strategic forecasting, are generally not able to perform this task very well. Blind spots can be described as developments that a company knowingly or unknowingly overlooks while weak signals can be described as first indicators for future changes in the environment.

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