

VIEWING FUTURES NETWORK: COLLABORATIVE LEARNING AND INNOVATION AT RABOBANK

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When the number of customer visits to your bank drops from 200 million to 2 million, what do you do with your network of local banks and branches? And with share prices and the number of IPOs at an all time high, should you take your 'old fashioned' cooperative bank to the market? These are just two of the strategic questions the Rabobank faced in the year 2000. Answering these questions needed a clear view on the future of banking. However, banks have plenty of data about the past, but not a single fact about the future. At 'Rabobank' a network was set up to deal with the problem of exploring the future beyond the limit of the historical data set. This network, called the 'Oog voor de Toekomst network' or, in English, 'Viewing Futures Network', is still active today as

a collaborative learning and innovation network to deal with these and the many other strategic questions that followed.

START OF THE VIEWING FUTURES NETWORK

The beginnings of the Viewing Futures Network can be found in the year 2000. My client Philip J. Idenburg then started his job as corporate strategist for the Board of the Rabobank Group. What struck him in the first period working there was that all the questions he was asked by the Board or its individual members came from what, in this book, we call the ‘world of management’ (see Introduction, to Part III). Discussion revolved around questions about internal issues, like top-structures, processes, governance; or about the interdependence and mutual relations of the different local banks and companies within the Group.

The highest management levels within the bank were predominantly inward-looking and operated from old perspectives. But maybe this was not so strange. After all, until almost the end of the twentieth century the Dutch financial world was very stable and predictable, with only a few major retail banks, very little competition, no major foreign parties and all the elements of a traditional oligopoly. Dealing with uncertainty was therefore not really ‘in the genes’ of the organization.

However, in 2000 major changes were happening in the financial world, both internationally and also within the Dutch market. When analysing the competition, Rabobank only looked at other major Dutch retail banks, but in 2000 other channels of distribution for mortgages were springing up, and quite successfully. More than 15% of all mortgages were sold through specialized so-called ‘mortgage shops’. The same was true for stocks. Specialized internet brokers were making a successful entrance in the market. At that time, 20% of outstanding debt on credit cards in the USA had

shifted from the traditional banks to retailers, car manufacturers and airlines. Within Rabobank, Philip noticed that very little attention was given to market developments like these.

Two strategic questions

At the top of Rabobank the ‘world of management’ seemed to dominate the focus. The orientation was mostly inside out, seldom outside in. When historical data showed that in the last 15 years the number of visits by clients to the 1400 or so branches of the 218 independent local banks had dropped from over 200 million to less than 2 million, the Board wanted a discussion on how many local banks should be closed in reaction to this. But to Philip, another perspective on the same issues was more pressing. He first wanted to know how the needs of the costumers would develop in the future, concerning the proximity of bank offices, and only then look at the role of the local banks. He wanted to shift the focus from today’s world of management to the future world of the banking business.

Next to the urgent question of the number of bank branches, in 2000 there was also a major discussion about the future of Rabobank as a cooperative bank. Rabobank is a cooperative owned by 218 local banks, which are in turn owned by their 2 million members. Many former mutual or cooperative organizations have demutualized and become companies with shares listed on the stock exchange. What about Rabobank? In this discussion there were two dominant ‘camps’ within the organization: ‘orange’ and ‘blue’ (which are the two colours of the Rabobank logo).

Blue stood for rationalizing operations and services, with consumers becoming more and more individualistic, focused on their own interests, without much taste for solidarity. This development would undermine the basis for the cooperative structure and in time the value of such a philosophy would disappear.

The orange camp, on the other hand, claimed that individual consumers – now having to carry more responsibility and more freedom in an increasingly complex financial world – needed more than ever the security of a cooperative structure not focused on shareholders.

These arguments all have their merits, but the identification of the two sides (clearly identifiable by name) resulted in a game of ‘yes’ and ‘no’ where each side tried to convince the opposite party by presenting supporting data. This ended in an inconclusive debate, instead of a constructive dialogue.

These were just two strategic questions that convinced Philip Idenburg that a new way of looking at the outside world and the changes within the financial service market was long overdue and therefore necessary.

External uncertainties

Developments in the outside world only enforced his arguments. In 2000 and 2001 the internet bubble on the stock exchange imploded and then there was 9/11. The year 2001 saw the beginning of a political crisis in the Netherlands, symbolized by the rise of a new populist political party run by Pim Fortuyn, who was later murdered. All these developments contributed to a growing sense of insecurity and discomfort. Society was suddenly confronted with complex and drastic changes, and the end did not seem to be in sight. Turning to their strategist, the Board would ask: ‘What will happen in this or that field in the future?’ He could only answer that he did not have the answer. Long-term predictions were expected but could not be given. In the relative stability of the sector, people often preferred seeming certainties, to an uncertain reality.

In a presentation for the Board, Philip Idenburg stated that, in his opinion, a different way of looking at the future was necessary: that scenarios were the way to learn to cope with uncertainties and

create more sensitivity to the above-mentioned issues. The Board thought this a 'very interesting' and important idea, but 'not right now'. There were always more urgent and pressing internal issues that occupied their agenda.

The managers in the next to top level, however, were more enthusiastic, and eventually a small number of them became advocates of the idea. They recognized that a scenario project could be a way to give room to new ideas. Here the cooperative structure of Rabobank worked to Philip's advantage. In such an organization there is room to start an initiative without the explicit permission of the Board. With the back-up of a group of sponsors or advocates from within the organization and a cooperative environment one can go a long way. In such an environment there is tolerance for, as Arie de Geus calls it, 'activities in the margin' (de Geus, 1997). According to Philip: 'Any other bank would probably have fired me before I could have even started.'

So, in order to anticipate and be prepared for possible changes in society in general, and in the financial world in particular, Rabobank's Strategy Group initiated a scenario project called 'Viewing Futures'. Based on positive experiences with earlier scenario projects in the organization, Philip began by building a network of supporters and participants. The vehicle was a scenario project.

DEVELOPING A SCENARIO PROJECT

The goal of the scenario project was twofold. Firstly, the scenario process would provide a set of alternative images of the future, which would serve as a basis for answering strategic questions. Secondly, participating in this process would sensitize bank employees towards recognizing change as a first step towards building a lasting competitive advantage. In Philip's own words:

Scenarios make you more sensitive to changes in the environment and changing customer needs, and therefore more manoeuvrable. They are not predictions but sensitivity-analyses. They give you a sense where new opportunities might emerge or where your business model is vulnerable. As a result it strengthens your ability to signal market changes before your competitors do.

Mobilizing intellect

When Philip Idenburg had the green light to continue (or at least he did not get a red light to stop him), he went to his sponsors to make their support more substantial. The different departments helped him to select people throughout the organization who might be interested in participating. Philip realized that, especially during the early stages of the project, the budget was not the most important thing. To create support for an increase in market sensitivity throughout the organization, and to start a serious dialogue to this end, it is critically important to involve many smart people from many different departments. A network is stronger than just one individual or one department. And with the right process, a crowd can be smarter than one expert. Eventually the network, facilitated by his Group Strategy department, included almost 1600 people from many different departments and organizations throughout the Rabobank Group. Not only (top) management and strategists, but people from marketing, communications, HR, functional departments, from the local banks and other companies within the Group were asked to participate. The commitment of the people in the network is illustrated by the fact that almost everyone involved participated in the project in addition to his or her regular work. As a result, the trends, scenarios and strategic implications were felt to be owned by everybody in the network, and not seen as just another report written by a department.

Although the beginnings of the process were humble, with no allocated budget and without strong commitment from the Board, the project did have potential. The sponsors and the people who were asked to be part of the network confirmed this impression. But further steps had to be taken to lift the whole process to a higher level.

The scenario process

The scenario-planning process was performed in four phases: trend analysis, modelling, scenario building and strategic conversation. The first phase was the trend analysis. It was decided to make this a fully-fledged analysis, as an intrinsic part of the whole process. Two years before the start of Viewing Futures, Rabobank had spent a significant sum of money on a 100-page trend analysis by an external consultancy firm. The impact of that research was almost zero for Rabobank (even if it did provide very good learning for junior consultants working for the consultancy firm).

Philip decided to learn from this mistake, because he assumed that a thorough trend analysis, in addition to being a solid basis for a scenario project, is also a necessary ingredient in all strategy and innovation processes. An in-depth trend analysis unavoidably raises the question: 'If these are the historic trends, then what are the uncertainties for the future?' Furthermore, by having 100 employees of the Rabobank Group participating in the research, he basically trained his own internal network and its advocates.

Exploring trends

In the first workshop, early in 2002, in which approximately 20 people participated, one of the participants asked Philip: 'What's your mandate?' Looking back Philip realizes that the whole process could have crashed right then and there.

Luckily I was very resourceful at that moment, so I answered: ‘We are all here, therefore the 20 of us think it’s important’. That seemed to resonate with a new kind of awareness in the organization. It helped to articulate the view that the question is not whether their bosses wanted them to do this, but whether they themselves thought it was important.

In the six months that followed, around 20 workshops were held on five themes: economy, technology, social society, politics, and ecology. In this part of the process more than 200 people from different parts and departments of the bank participated. Most of them became advocates of the scenario process. They talked about it with others, showed their enthusiasm and so broadened its support. During these six months they not only participated in workshops, but also did desk research and, importantly, talked to people from the outside world. Some went to Brussels to talk about European legislation, some spoke with politicians and policy makers in The Hague, others went to universities, to financial experts, or to interest groups.

In retrospect one observes how most of the information developed could have been gathered from the internet or from other easily accessible sources. Looking at the process, however, this stage is of invaluable importance:

- It created a sensitivity towards the outside world – one of the major goals of the process.
- It also introduced the message of uncertainty – confronting people with so many different points of view, so many different data, so many different ‘truths’, makes them susceptible to the idea of thinking in multiple futures.

Philip remembers to have witnessed this change in some of the participants:

One of the participants in the process told me that since we started the trend analysis, he read the papers differently, no longer as a result

of the past, but as a signal for a possible future. Another participant, somebody from the economic research department, told me he could not yet deliver his material, because he didn't know precisely how the trend was developing. He mentioned that he was confused; he had data to show both the trends of globalization and anti-globalization at the same time. So he wanted more time to figure out which trend was true. When I told him we would be interested in both trends, then he suddenly realized what the whole process was about.

In September 2002 the trend analysis resulted in 500 pages describing 42 trends and 'counter-trends', published in five internal publications (Rabobank, 2002) on the five pre-set themes. A lot of time and effort was put in to these five booklets. Philip wanted the bank's senior management and the members of the Board to have them on their desks, in the hope of turning them into advocates. The booklets were a serious report of the analysis, but also served as a marketing tool to raise more support for the process. Therefore the trend analysis was also put on CD-ROM and distributed to the local banks and departments within the bank. Some of these used the analysis in their business planning; this provided a strong justification for all the efforts of Philip and his team: they had made a thorough analysis that was actually being used within different departments of the bank.

In October 2002 a two-day workshop was held with the Board about the trend analysis. Arie de Geus also attended the workshop and presented the concept of scenario planning and his experiences within Royal Dutch Shell. The reaction of the Board was more or less the same as before: they thought the whole process an important initiative, but still did not really embrace the concept of scenario planning. Again, there were more urgent internal issues to discuss. For Philip there was a consolation, however. The Chairman of the Board, when asked by Philip what he should do now, said: 'Continue.' This, of course, was not a formal commitment by the Board, only an informal one by the Chairman, but it resulted

in some latitude for the network and support to advance to the project's next phase: the actual development of scenarios.

Content first

The network was now firmly established within the Rabobank organization. Interestingly, Philip always spoke about the content of the project, never about the process of collaborative learning and innovation, either with the participants or with the senior management or the Board. As Philip puts it:

In order to be a legitimate conversation partner you should keep the eye on, and talk about, the real strategic issues that are at hand. People want to talk about content and the hard stuff, and many find talking about all this change-process and learning organization stuff fluffy and immaterial. The project and network had to be seen as generating serious content and expertise for the business to be taken seriously. I only discussed the 'soft side' with a limited group of external scenario planning and change management experts.

So, although the Viewing Futures Network was not formally named as such, it was from the start conceptualized as what is now known as a Collaborative Learning and Innovation Network or COIN. A COIN can be defined as 'a team of self-motivated people with a collective vision, enabled by the web to collaborate in achieving a common goal by sharing ideas, information, and work' (Gloor, 2006). Working with a COIN was beneficial, because it released synergy, reduced costs and cut time to market. There are many smart people in a large organization such as Rabobank, and this network helped the talent in the organization to become visible and feel rewarded for their expertise. Recall how, during the first workshop, Philip had addressed the question of mandate by suggesting that the shared feeling of importance was the best

possible mandate. This is why working in a COIN can be so rewarding. There is a feeling of peer recognition: a willingness to work together with friends and colleagues and thereby win their respect. Other motivators for working in a COIN include fun, and financial rewards of knowledge. For the participants, it makes visible the value of being part of a cooperative organization, in the literal sense of the word.

From trends to scenarios

After the completion of the trend analysis two courses were followed almost simultaneously, starting in December 2002. One was the development of scenarios on the future of the 'price of money'. Key variables for the Rabobank are long- and short- term interest rates: 80 % of the turnover of the bank is interest payments, and 60 % of costs are interest costs, so scenarios about interest rates address the core of the banking business. The modelling and writing of these scenarios were done in a small group of financial specialists, with a very specific goal, to support Group Treasury and the Balance and Risk Management Committee in their decision making. These scenarios were published early in 2003 (Rabobank, 2003).

The other course of action was the creation of four scenarios (Survival, Support, Growth, Meaning) on the future of society in general and consumer needs specifically: a much broader subject with a much broader scope. The key question in this scenario project was: What will Dutch society at large look like in 2015 and what does that mean for consumer behaviour? These scenarios were to be used as a basis for answering general strategic questions, and signal and identify threats and opportunities.

Both scenario projects could build on the trends and counter-trends from the trend analysis (illustrating that a trend analysis should not be limited in scope too much). Philip had strategic reasons to start these two different courses; they would help to legitimize the whole process by showing these different possibilities.

Interest rate scenarios: the price of money until 2010

Using the same set of trends, a small group of financial market specialists worked together on the most important question for any financial institution: How will the long-term (10-year bond) and short-term (Euribor) interest rates develop in the period up to 2010? What are the consequences for the financial results of the Rabobank Group and its strategy? Experts from the Strategy Department, the Economics Research Group, Financial Markets Research Group, Rabobank Japan, Group Treasury and Finance & Control were involved.

They were asked to do something they initially found counter-intuitive. Traditionally the question is what the future will bring. It is their official job to have an opinion about where the markets will go; such that the bank should take a position. But this time, the experts were asked to develop divergent scenarios to sketch what might happen. They were asked to focus on the uncertainties rather than the certainties. And for those who were convinced that the interest rate would go up, it was quite upsetting to conclude that they could almost as easily argue for the opposite with the same data.

Through interviews and workshops the following driving forces and uncertainties were selected. These were assumed to be the most significant in their effect on the future interest rate:

- Monetary policies
- Inflation
- Government policies
- Economic growth
- Trust (consumer, market)
- Capital flows
- Macro-economic savings.

Three scenarios were developed in a workshop (Figure 9.1). Use was made of a number of studies using international, historical

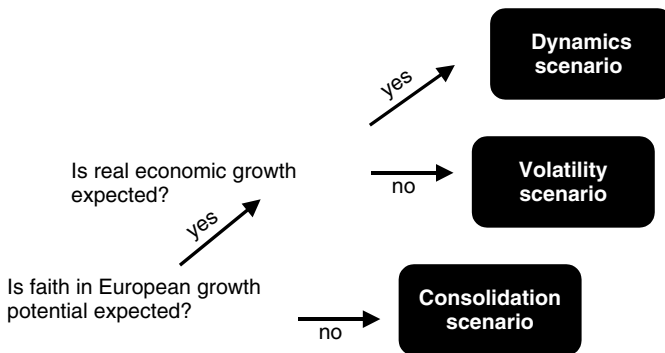


Figure 9.1 Interest rate scenarios

analogies. The scenarios were called Consolidation, Volatility and Dynamics.

In the **Consolidation** scenario Europe remains stuck in a long-lasting period of recession. A weak climate of trust, uncertainty about future pension provisions, restructuring of debt positions of companies, families and government combined with deflation form an important breeding ground for higher savings and low spending and investment growth. Both short- and long-term interest rates decline further in this scenario.

In the scenario called **Volatility** both financial and energy markets, as well as world trade and politics, are highly volatile. This leads to violent swings in the economic cycle and extreme levels of inflation. Central banks are therefore forced to adjust interest rates more often and more vigorously. In addition the European potential for growth is still hampered by a lack of structural reforms. Both short- and long-term interest rates follow a highly volatile pattern. Furthermore, the interest structure is temporarily inversed in the period up to 2010.

In the third scenario, called **Dynamics**, the first few years are marked by the restructuring of balances by companies, families and the government. Willingness to implement economic reforms is

high. Furthermore, the Euro area profits from investment opportunities, accompanied by extensions of the European Union to Middle and Eastern Europe. Short- and long-term interest rates show an upward trend.

Following their conceptualization the scenarios were quantified and both calculations and narrative scenarios were used by the Group Treasury department and the Balance and Risk Management Committee for financial policy purposes. It became apparent that Rabobank faced three real strategic risks. The first was the danger of a flattening of the yield curve, with both long- and short-term interest rates declining. With a flat yield curve it is difficult to make money as a bank, since there is only a small difference between the short-term interest rate at which the bank borrows and the long-term rate at which it lends. The bank's margin would be almost zero in this scenario. At first most experts thought such a Japan-like scenario was impossible in Europe, but they changed their mind following the scenario analysis. This risk was real and should be taken seriously. The second risk was that of an inverse yield curve, which means that the short-term interest rate increases and is higher than the long-term interest rate. This hasn't happened often in history as it would normally indicate a recession, and can have drastic consequences for a financial institution. If unhedged it means that the bank will lose money on every euro it lends. And thirdly, the most positive scenario saw interest rates going up. But this is also a risk. The bank has given out billions of loans at a fixed rate. If the short-term interest rate at which the bank borrows rises above the rates it has guaranteed to its customers, it will potentially lose money. Not only that, rising long-term interest rates could put downward pressure on the housing market, and this would reduce the value of the underlying assets against which the bank had financed the mortgages.

The two strategic questions with which the exercise began no longer seemed so essential; there were more important questions to solve. How could Rabobank survive and protect its customers in all

three scenarios? The three interest-rate scenarios indicate how the bank should monitor these risks and make sure it is properly hedged against all of them, all the time. Early indicators have been identified, which are constantly monitored. Traditionally Rabobank, like every other bank, calculated many thousands of scenarios in their asset and liability management studies, but with these three narrative scenarios, the organization now has a language and a mental picture of what might happen and how it can respond.

After the interest-rate scenarios had been used internally to review the financial strategy of the bank, they were published for the use of the top 2000 clients of Rabobank. This allowed the clients to more easily manage their own risks. And if the bank's clients manage their risks better, this in turn reduces the bank's risks as well. A true win-win that fits with the bank's cooperative spirit.

Consumer scenarios

Parallel to the interest-rate scenarios project, the consumer scenario project was launched. This made use of the same trend database as a basis. But while only a limited group within the bank is specialized in, or responsible for, decisions regarding the financial strategy, almost everyone else is involved with the customer service strategy. Hence, many more people were part of this process. Several workshops were organized in which the trends were translated into key uncertainties, which were then used as the basis for the consumer scenarios. The actual writing of the stories was done by a small group of five, during the Christmas holidays of 2002. Even though so many people had been involved in the process, the decision was made to use only a small group of people to draw up the scenarios. In the writing of scenarios a consistency in style is required, based on a feeling for nuance, for what can be written down and what can not. The scenarios must meet the threefold requirement of plausibility, relevance and surprise – a minimum requirement for

all scenarios. How this is filled in is of course highly dependent on the organization for which the scenarios are written. What is relevant in one organization is not necessarily so in the next. However, a watered-down compromise is unlikely to produce a result that meets the threefold criteria satisfactorily. A final consideration for Philip, when deciding on a small writing team, was that he didn't want to go too far 'out of the box', since Rabobank was rather new at the process, and dealing with uncertainty and creativity (out-of-the-box thinking) was not the strongest quality of the organization at the time.

In January 2003, after the modelling phase had been carried out in workshops, supported by research and quantification, the first drafts of the four scenarios were ready to be presented to a group of proofreaders in a 'test run'. They concluded that the language used was too abstract and too theoretical. People from the local banks emphasized that a mortgage means a serious, long-lasting obligation for customers who are worried whether they will be able to repay the mortgage when the economy slows down (recall that these were scenarios on the future of consumer needs). It was decided that the writing had to be refocused more on a micro level. Also the language used had to be made concrete for the audience – for example, words like 'individualism versus collectivism' were changed to 'alone versus together'.

The scenarios could have easily focused on important macro factors like new financial regulation, consolidation in the industry, the impact of mobile communication technology, and so on. However, after several interviews, workshops and long discussions, the insight emerged that what was required was a strengthening of the customer focus. Internally 'strategic' questions were somewhat different, focusing on: what do our customers need and want from us (bearing in mind that customers are also the owners of Rabobank, because of its cooperative structure). Not only today's customers but also those in the future, when the results of strategic actions play out.

In addition to the core question concerning consumer needs change over the next ten years, four sub-questions were formalized to further focus the scope of the scenarios:

- Who are our consumers of the future?
- What will society look like in 2015? What will be the main themes that concern people, the economic situation, social and political relations and so on?
- What ambitions, wishes and needs will consumers have in 2015?
- What wishes and needs do consumers have in regards to financial services? And what do they expect from their bank?

As a result of the analysis of trends and uncertainties, two specific, critical uncertainties were defined which were believed to dominate future consumer needs. The first involves consumer ambitions, which will either continue to be aimed at individual welfare, or change towards collective welfare, based on groups and social

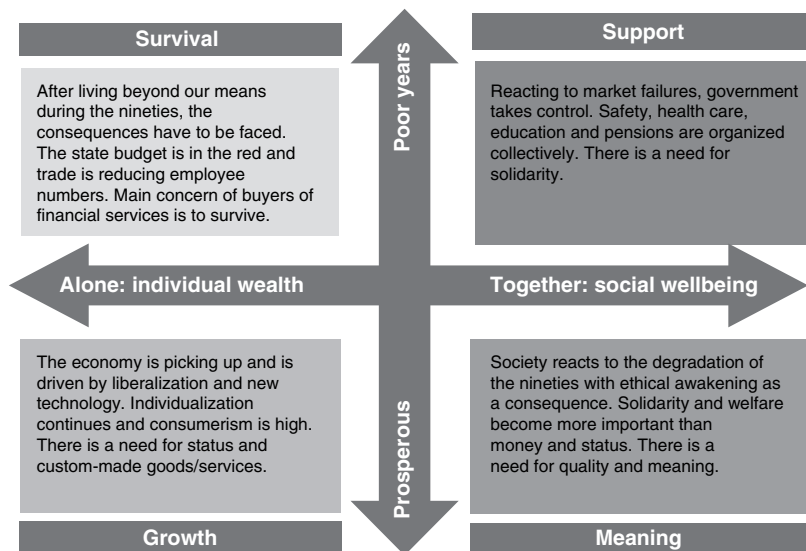


Figure 9.2 Consumer scenario framework

arrangements. The second key uncertainty underlying future customer needs relates to the economic position of clients of financial services, which might deteriorate, or eventually strengthen again. Based on these key uncertainties a framework of four scenarios were shaped, as shown in Figure 9.2.

SURVIVAL OF THE NETWORK

In May 2003 the consumer scenarios were published (Rabobank, 2003). Once again the network proved its value when the new Chairman of the Board at that time decided to abolish the Group Strategy department. Had the whole project been firmly established within that department this would have been the end of scenario planning within the Rabobank Group, as has happened in many other companies. However, the network proved to be able to function without the existence of a formal strategy or scenario department. The members just continued to meet and discuss the future. Philip, who became head of the product management, marketing and sales support of the local banks' asset management portfolio, ran the network alongside his official job. A colleague in the network, Sanny Zuiderveld, was granted permission by the network members in the Economic Research department to continue to facilitate the network from there. The internal intranet-site was hosted by Group ICT, so nothing changed there. All other activities of the Group Strategy department ended when it was dissolved, but not this one. The virus had already spread.

USING THE SCENARIOS TO DEVELOP STRATEGIES

After the publication of the scenarios, many workshops were held with over 1600 participants within the Rabobank Group from local

banks, daughter companies, the internal project organization, Communications department, Human Resources department, Market management, Group Treasury and others. With the disappearance of the Strategy Group Philip was more than ever dependent on his sponsors and advocates. This can be seen from a positive perspective, because the budget for all workshops had to come from the departments and the local banks that participated. Philip managed to get additional funding every time a department or local bank wanted to join in, and this commitment indicated that they considered the scenarios interesting and important enough to put time and effort into organizing workshops to create focused strategies.

Scenario films

The workshops were facilitated by Philip's virtual team which limited the scope considerably. Therefore it was decided to narrate the scenarios on film. These were simple, 10 minutes each, but proved very effective: one narrative per scenario, a voice-over and pictures, and specific music supporting the story. Using new technology the cost of the four films was below 8000 euros.

Philip recalls making these films: 'It was a bit weird. Here I was, working for this major Dutch bank and we had practically no budget to make these films. I remember that during one weekend I was searching for music and photos, that needed to be free of copyright.' With the films a broader audience opened up. Departments or local banks could order the films and start working with the scenarios without being completely dependent on one of the internal facilitators.

The films made it possible to start discussing future customer needs with big groups of employees from diverse training backgrounds. This would have been more difficult with the well-researched and data-rich original scenarios. Instead of complicated

trends and theories, the films provided four rich images of the future that provided a common playing field for everybody, from bank clerks who often ‘recognized’ the customers depicted in the films, to highly trained senior executives, thus providing a starting point for discussions on a wide range of issues.

The future of the cooperation

As well as all the strategy workshops, three major meetings were held in August 2003 in which over 600 people, representing about 100 of the 218 local banks, participated. In these meetings the participants were taken through the four scenarios. In four different rooms symbols of the four different worlds were provided. In the room representing the ‘Meaning scenario’ (see Figure 9.2) participants found only organic food. In the ‘Growth scenario’ room, however, the scenario was celebrated with champagne and caviar. Actors were invited to play out the relations between bank and clients in 2015. In the Meaning scenario a client comes to the bank to talk about sustainable investing. The reception is polite and the client is offered a cup of coffee and a chocolate and then the client refuses to continue the conversation about his investments. What has happened? It transpires that the coffee and chocolate have not been produced sustainably and organically, a small and negligible detail for 95% of clients, but a proof of integrity for the other 5%. After the workshop Rabobank decided from then on only to serve ‘ethical’ coffee, and to switch gradually to using only ‘green energy’ – an example of one of many small changes that resulted from the strategy workshops.

The official aim of the three meetings was to discuss the future of the cooperative structure of Rabobank, one of the original strategic questions. The outcome was used to reposition Rabobank, and for the first time in years Rabobank seems proud again of its cooperative identity, now reaffirmed

with new meaning. In the workshops the question had gradually changed from: 'Should we be cooperative, yes or no?' to 'How can we give valuable meaning to our cooperative nature?'

Product innovation

The scenarios were also used to think about new products that would correspond with the future needs of consumers. For example, in the discussions on the identity of Rabobank the question was asked: Do we just sell mortgages, or do we want to play a more substantial role *vis-à-vis* customers? Three of the scenarios – Survival, Growth and Meaning – showed a need for home owners in difficult times to be able to free up and use the wealth accumulated in their houses. The product developed is a variation on 'sale and lease-back', which allows people to use the assets they have built up without having to leave the house and move. A key consideration was that Rabobank will also be a major real estate player in times of serious economic crisis. When people can no longer afford their mortgages, Rabobank will not profit, because most houses will be sold with considerable losses. So developing a product that helps clients to get through the worst benefits both parties.

In addition, 'sale and lease-back' can also prove its worth in a booming economy. Rabobank has recognized a change in consumption behaviour among baby boomers. More healthy and active than their parents, their spending is often higher than their pension plans were designed for. The generations before them would probably have saved for their children, but the baby boomers feel more at ease with spending their resources. Freeing the capital tied up in their homes will help to fund their preferred living pattern and may help them to finance other projects, such as a second house in sunny Spain or France.

Externalization

After many internal workshops and three larger meetings the process was extended beyond the scope of the bank itself. Local banks started to invite their business relations and partners to discuss the consumer scenarios. Meetings were organized with independent mortgage intermediaries, and also with construction companies and healthcare institutions. Collaborative learning and innovation were, with the formal approval of the new Chairman of the Board, taken beyond Rabobank. Some of the parties who were introduced to scenarios through their contacts with Rabobank have now started their own scenario projects.

RESULTS

The Viewing Futures Network still exists today and is active in strategic conversations about the future of Rabobank and society at large. Many parts of the organization use the scenarios as input for their business planning and new product development, and markets and services are being developed as a result of this. The scenario method also continues to be used for marketing and financial management purposes. Scenarios have, within the Rabobank organization, become a lasting approach to thinking about strategic questions, the future and uncertainties. The original strategic questions with which the process started have changed; but the overarching question continues to be: How can we add value to society as a cooperative organization, and how can Rabobank best serve its customers? If that means that fewer local banks are needed, so be it. Many local banks have decided to merge with each other, not because they were told to, but because they came to the strategic conclusion that this is best for their customers and members.

The Viewing Futures Network has recently updated the trend analysis and upgraded its presentation, from booklets and

CD-ROMs to a self-maintaining wiki. From now on all 65,000 Rabobank Group employees can access, and contribute to, the further expansion and updating of the megatrends database that forms the basis for all strategy development, scenario planning and innovation within the organization. A similar approach for a wiki-database of the accompanying options for innovation is being considered.

Rabobank has not only embraced scenarios as an important instrument, but has also embedded these in a wider strategic conversation in COINs. The learning process during the scenario project has validated new lines of innovation with new approaches. Hierarchical considerations have become less important than the quality of the input by participants.

An interesting dilemma has emerged. On the one hand, the success of the process was dependent on the initiatives taken by the participants themselves and therefore on their 'self-organization'. On the other hand, some direction was needed. Aspects of the process had to be initiated by Philip (or later by Sanny) who, for example, took responsibility for the communication between participants and the remainder of the organization. As Philip puts it:

Especially at the start I found it interesting to manoeuvre in this way, because I had to use the energy and the enthusiasm of those involved. After all, as a strategist, I had practically no budget and no hierarchical line position. At the same time I had to steer a clear course and define the conditions.

In 2005 Philip Idenburg published, with the explicit consent of the Board, the book *Viewing Futures: About Marketing and Consumers in a Changing Society* (Idenburg, 2005) which was subsequently nominated for the prize for the best and most innovative marketing book in 2005. Currently, the bank is engaging with other organizations in the joint development of scenarios about topics like insurance, shipbuilding, water, home care and the Dutch manufacturing industry. Not only can the outside world now profit from

the experiences of the project, but also the enormous amount of work done by the network has received recognition.

At present, Philip Idenburg is no longer officially with Rabobank, but with their support he continues to help other organizations to develop their scenarios and strategies.