

FEATURE**Backcasting: Using Future-Back Thinking to Plan Tomorrow's Triumphs**

On a recent Tomorrowist episode, Bob Johansen extolls the virtues of future-back thinking, also known as backcasting. What is backcasting and how can executives use it to reach their goals?

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Hindsight might be 20/20, but the future is often murky. That's why business leaders may want to embrace "backcasting" (rather than forecasting) to plan for, recruit, and retain the most valuable employees of tomorrow. If you're struggling to envision what your organization will look like in a few years, it may make sense to start at the end.

Traditional human resources forecasting starts with using available information to develop future strategies to grow and thrive, says Karen Ferris, a Melbourne, Australia-based expert in organizational change. This might include historical data, current workforce trends, popular recruitment tactics, or competitor research.

Backcasting, on the other hand, is a strategic planning approach that requires business leaders to envision an ideal future and then work backward to figure out how to get there. Think of it like a mystery novel author starting with the mystery's solution and then going back to work out the sequence of events that lead to that thrilling conclusion.

Backcasting calls for an open mind and the ability to speculate about what could happen, envisioning not only positive scenarios but also possible risks and fluctuations, including potentially sour economic conditions, a tight labor market, and societal shifts.

"It's thinking that's not constrained by current conditions and trends," Ferris explains. "When you imagine an ideal future, the conditions to enable that vision may not yet exist. You may have to work to create them."

The Long and Short Term of It

In 2019, strategy consultancy Innosight surveyed senior executives from myriad industries across the globe and found just 25% reported that their companies plan beyond the next five years—and only 10% strategize a decade out or longer.

Strategic planning is most often done in three-year to five-year increments, based on the assertion that it's enough time to accomplish lofty targets while short enough to allow a company to pivot if conditions change. However, these plans typically address present-day challenges and only take into account technology and trends that have already arrived. When a company's leadership team ponders what the company will look like in 2035 instead of what it looks like in 2028, the mindset shifts. Instead of thinking about what is going on right now that immediately impacts operations, their minds open to thinking about what could happen.

Consider what might have happened if, in the year 2000, executives at Blockbuster had envisioned what the video store giant could have looked like in 2010 and beyond. That was the year that Netflix founder Reed Hastings offered Blockbuster the chance to purchase the upstart for \$50 million, [a deal that was reportedly laughed out of the room - \(https://finance.yahoo.com/news/blockbuster-had-opportunity-buy-netflix-185915158.html \)](https://finance.yahoo.com/news/blockbuster-had-opportunity-buy-netflix-185915158.html). At the time, late fees drove a significant portion of Blockbuster's revenue, and a DVD-by-mail service would have eaten into that revenue.

[Hastings, on the other hand, told Inc. in 2005 - \(https://www.inc.com/magazine/20051201/qa-hastings.html \)](https://www.inc.com/magazine/20051201/qa-hastings.html) that "movies over the internet are coming," adding that Netflix was investing 1% to 2% of revenue each year in downloading. "We want to be ready when video-on-demand happens," he says. "That's why the company is called Netflix, not DVD-by-Mail."

In 2007, Netflix launched its streaming video service. In 2010, Blockbuster filed for bankruptcy. Imagine what could have been if Blockbuster's team had backcasted a future for the company that positioned itself as a leader in video, no matter where or how those videos were acquired and watched. Perhaps it, instead of Netflix, would be [the platform with more than 270 million users - \(https://www.forbes.com/sites/dereksaul/2024/04/18/netflix-reports-record-profits-as-subscriber-growth-tops-estimates/ \)](https://www.forbes.com/sites/dereksaul/2024/04/18/netflix-reports-record-profits-as-subscriber-growth-tops-estimates/).

Doing so would have required a solid talent strategy from Blockbuster. To do what Netflix eventually did, it would have needed to invest in more engineers, IT professionals, and developers. Additionally, it would have been vital to develop a workplace culture where that talent was nurtured, valued, and retained.

This is why any leadership team doing strategic planning must include human resources professionals who are viewed not as administrators who execute what's handed down to them, but rather as true strategic partners who specialize in talent acquisition and retention. Yet, HR is often shut out of the process at the strategic level, says executive coach and career strategist Jen Lewi of Virginia-based Design Your Next Step.

"HR must be at the forefront of discussions about [backcasting]," she insists. "They need a seat at the table."

When a team embarks on backcasting to develop companywide goals, those strategic HR partners at the table bring a perspective that allows the goals to align with strategies for effectively acquiring talent, retaining high-performing and high-potential employees, and developing a workplace culture that results in employee engagement and productivity.

What Is and What Could Be

Traditional forecasting relies on what's already known, whether based on data, historical knowledge, or common sense. Futurist Daniel Burrus divides those predictions into what he calls ["hard trends" and "soft trends." - \(https://www.burrus.com/2023/03/hard-and-soft-trends-explained-plan-for-the-predictable-prepare-for-the-unpredictable/ \)](https://www.burrus.com/2023/03/hard-and-soft-trends-explained-plan-for-the-predictable-prepare-for-the-unpredictable/) Hard trends are events you can be all but certain will happen based on current conditions. He breaks down hard trends into three categories: technology, government regulation and oversight, and demographics. For example, a hard trend relating to demographics is that the U.S. is home to around 65 million members of Generation X, and those born in the earlier years of the generation are nearing the current Social Security retirement age of 67.

Soft trends, on the other hand, are future uncertainties—and they are what plays into backcasting. They might happen, they might not. While it's a hard trend that Generation X is getting closer to retirement age, a soft trend could involve proposals to [increase the full retirement age to 70 - \(https://money.usnews.com/money/retirement/social-security/articles/what-raising-the-retirement-age-to-70-would-mean-for-social-security/ \)](https://money.usnews.com/money/retirement/social-security/articles/what-raising-the-retirement-age-to-70-would-mean-for-social-security/), which would affect what the workforce looks like in the coming years and could play a role in strategic human resource planning.

Keeping an eye on and understanding soft trends allows you to be better prepared for an uncertain future—and it allows you to backcast by developing plans for when and if those soft trends come to fruition.

Consider that few business leaders predicted or prepared for the COVID-19 pandemic and the impact it would have on operations, including something as simple as where employees would be performing work. However, the World Health Organization and World Bank had been warning about the potential for a pandemic for decades, particularly after the 2002 SARS outbreak.

Companies with their eyes on this soft trend may have already started investing in remote work—whether through technology implementation or the development of work-from-home policies and procedures—and they would have been much better prepared to transition when that trend materialized. [An October 2023 Gallup poll - \(https://www.gallup.com/workplace/511994/future-office-arrived-hybrid.aspx \)](https://www.gallup.com/workplace/511994/future-office-arrived-hybrid.aspx) found that 9 in 10 remote-capable workers prefer remote work flexibility, and employees who are allowed to work from their desired location tend to be more engaged, less burned out, and less likely to quit. That means the companies that invested in remote work early are still potentially reaping the benefits of that preparation.

From Vision to Reality

For HR executives, a strategic backcasting approach requires two plans: one drafted with the entire leadership team incorporating HR's role in achieving the business's overarching milestones and goals, and one outlining the department's milestones and goals within that larger framework. The two plans should be strategically aligned and designed to support one another.

Step One: Craft the Vision. Start by defining a timeline—which will apply to both the organization's strategic plan and HR's framework—that's far enough out that it forces a little bit of speculation, but not so long that it hampers your ability to plan.

Each player in the planning session should bring their research on trends that might shape assumptions and potential realities, as well as ideas for potential major and moderate threats, along with major opportunities.

During the brainstorming session, think unconventionally, not just about your specific company, but beyond. "How's the industry itself going to change?" Lewi asks. "Once you've considered the industry, move to figuring out how the business is going to transform."

Posit these questions:

- How does the business create value?
- Where are there gaps in its core business offerings?
- How can the team drive growth when filling those gaps?

Then, before any major decisions are made, take a step back. Are you making presumptions based on current schools of thought? Are you relying too heavily on historical data?

Step Two: Transform the Vision into Strategy. Once the team has a solid vision of the future, it's time to reverse-engineer the aspiration into strategy. Start with your target date, and then work backward to create milestones at two- to three-year intervals. If you're aiming for 2034, what must have happened by 2032 to meet the goal? What about 2030? Keep going until you're back in the present day.

Consider a business shifting its focus from traditional to robotics-driven manufacturing. Working backward, how does that goal change a job's core competencies, and where can employees with those skills be found? It might mean transitioning from hiring workers with hands-on machinery experience and instead concentrating on recruiting from technology-based organizations or universities with curriculum focused on artificial intelligence. Milestones might involve recruiting a certain number of employees with specific certifications or credentials by a given date.

Step Three: Execute the Strategy. Before the work truly gets started, determine the roles and responsibilities for each member of the strategic planning team. When backcasting for the business as a whole, the HR team is clearly the facilitator of all recruitment strategies tied to the overarching plan. When implementing a narrower plan specifically for HR, determine who will take the lead for various milestones and related tasks.

Potential Perils and Pitfalls

No approach to planning the future, including backcasting, is without its limitations or challenges. Despite your best intentions, myriad challenges can arise in the form of people, resources, or time.

There always seems to be at least one person who follows the mantra, "This is the way we've always done it." Change can be intimidating, and there's going to be those who aren't willing to dabble in the uncertainty that backcasting requires. Be compassionate about that fear, but use data and historical examples like the fall of Blockbuster to illustrate why companies that maintain the status quo are less likely to succeed.

Stay the Course

Backcasting requires embracing the bigger picture and generating a long-term perspective, which will probably require a significant adjustment in thinking. "We tend to plan in increments from where we are forward, so this is new for many people," Ferris says. "It can be hard for people to let go of what they know about today and visualize a future of possibilities." She suggests engaging a backcasting-experienced facilitator from outside of the organization to help you think bigger and drive successful outcomes.

Finally, an HR professional must also consider how their skills and functions might evolve in the presence of future-back strategies. "For those of us with the great privilege to work in HR, our jobs have to change, as well," says Sam Underwood, Vice President of Strategy for Columbia, Ohio-based digital marketing and data analytics firm Futurety. "We have to make sure that everybody is really focused not only on what their roles are today, but what they can be tomorrow."

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