

The Secrets of Successful Scenario Planning



What Is Scenario Planning?

Scenario planning is a form of strategic foresight in which organizations consider a variety of possible or probable futures.

Scenarios are not forecasts or predictions. Rather, they are descriptions of potential events and their likely impact on an organization.

Scenarios are typically used as a basis for long-term strategy development.

The principles of scenario planning have long been used in military intelligence, but it is only since the 1970s that they have been widely applied to the world of business.

"Uncertainty today is not just an occasional, temporary deviation from a reasonable predictability; it is a basic structural feature of the business environment."

Pierre Wack



Why Use Scenario Planning?

Scenarios encourage you to think outside the box, helping organizations to anticipate sudden, potentially unforeseen changes.

The process of developing multiple scenarios leads to the identification of inevitable or near-inevitable future events.

Scenario planning creates an environment in which staff feel comfortable to challenge the status quo, reducing the risk of groupthink.



Stages of Scenario Planning



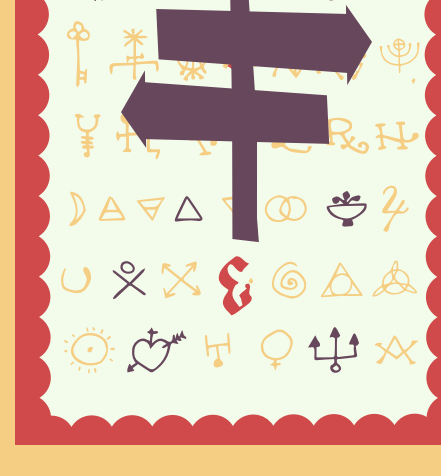
Approaching the Topic and Time Horizon

What is the focal issue?
What is the scope of the project?



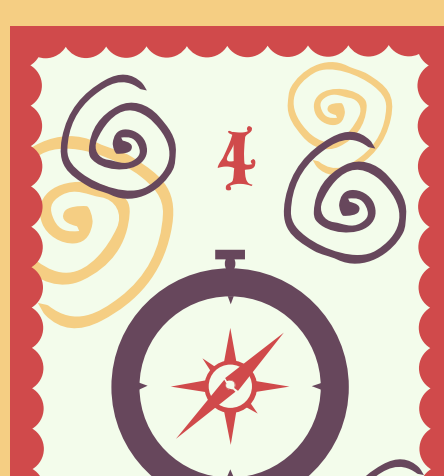
Identifying Major Uncertainties

What are the factors that will influence the future of the chosen topic?



Naming the Alternatives

What paths can these factors take and what would be the outcome? For instance, what would be the effect of a sudden rise or drop in energy prices?



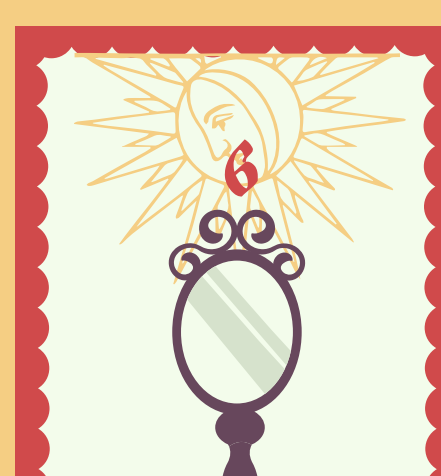
Calibrating a Future Compass

Identify the two most significant uncertainties and map out quadrants to represent alternative outcomes.



Creating Scenario Narratives

Sketch out a scenario for each of the four quadrants.



Reflecting on the Outcomes

Consider the plausibility of each scenario, and use this as the basis for strategy development.

Tips for Effective Scenario Planning

The focal issue needs to be clearly identified from the outset.

Choose catchy, evocative names for your scenarios. Trivial as it may sound, this will help you remember them at a later date.

A set of scenarios should contain four or five distinct narratives.

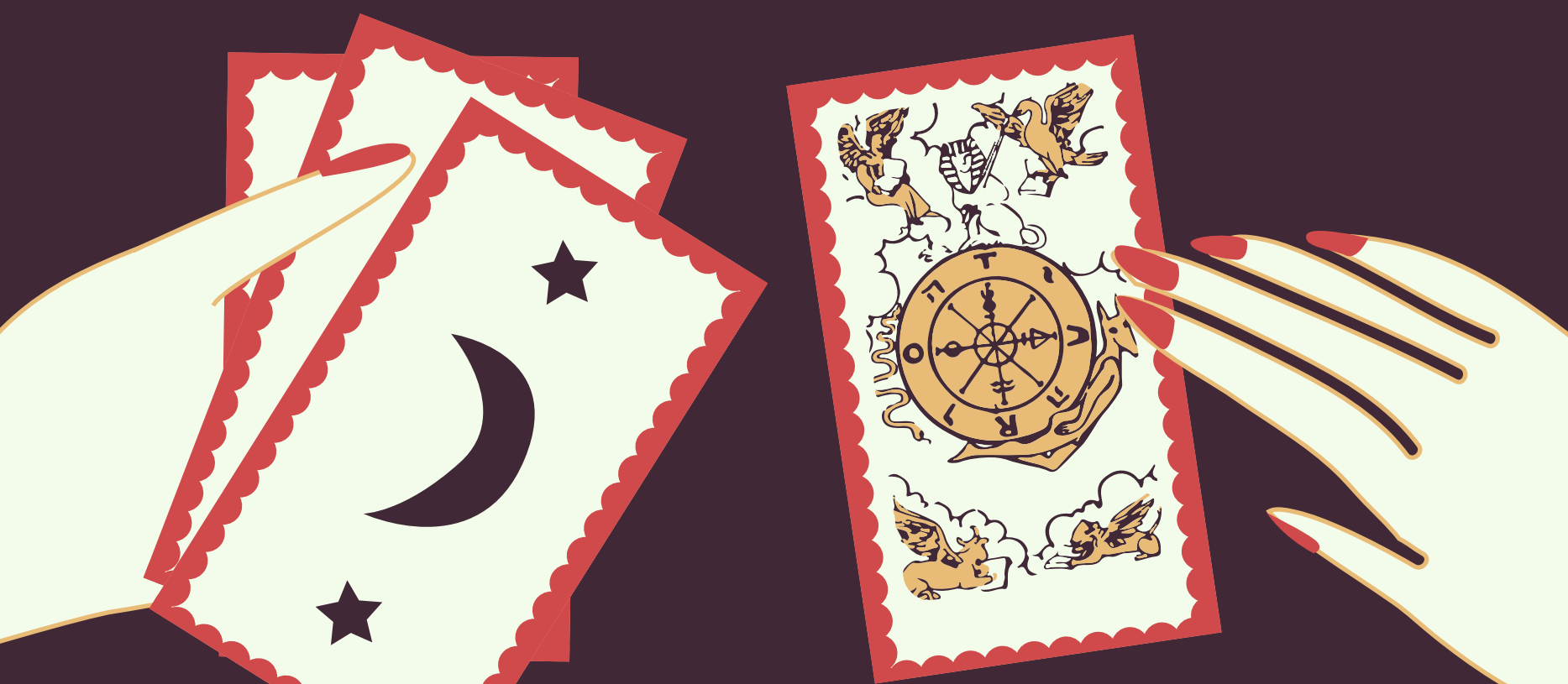
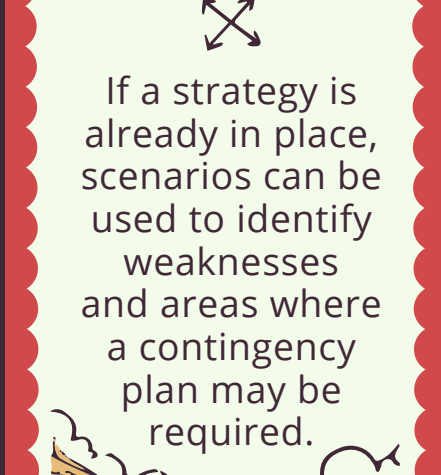
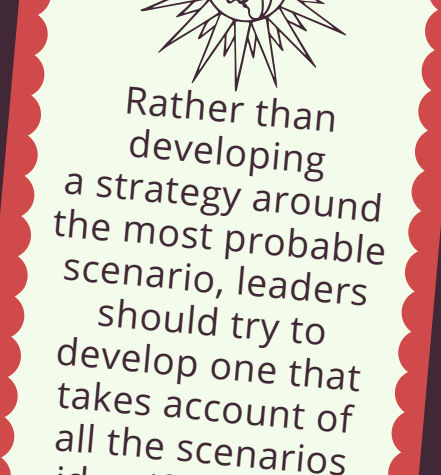
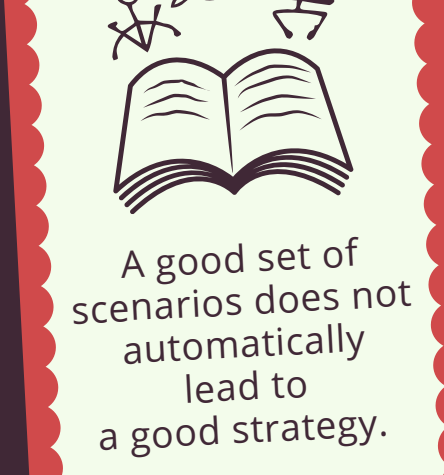
Concentrate on the scenarios that seem most probable, but don't ignore the more possible possibilities.

Revisit previous scenarios to see how they could have been improved and what lessons can be learned with the benefit of hindsight.

From Scenario to Strategy

"Think of scenarios as different hands of cards you might be dealt; think of strategies as the way you would play those cards."

Jay Ogilvy



References:

Ogilvy, Jay. *Scenario Planning and Strategic Forecasting* [online]. Available [here](#). [Accessed February 5, 2020.]

Wack, Pierre. *Scenarios: Uncharted Waters Ahead* [online]. Available [here](#). [Accessed February 5, 2020.]