

# What if ... an introduction to scenario planning

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The world today is a complex and uncertain place. It probably always was. Since time immemorial people have wondered what if ... Usually when things were going well or else when they were expected to go badly. This is why sooth-sayers and fortune-tellers may actually be the world's "oldest profession". Whether we want to see into our individual destiny or that of an organisation or even a nation, the future is always of interest to those who plan. All strategy decisions are based on some assumptions about the future.

In the business world, scenario planning, first became systematic when corporates like Royal Dutch Shell began to use it in the early 1970's to predict the impact of complex global political and economic trends on the availability and price of oil. Nowadays, it is used extensively by individuals to help plan their careers as well as organisations, large and small.

What is it all about?

Let's start with what scenario planning isn't. Firstly it is NOT a method of divination that can predict a specific future event. Secondly, it is NOT about assumptions. Too often, in organisations, certain assumptions are made because people in decision-making positions, secretly favour certain outcomes. This is why, when things sometimes go spectacularly wrong, people with 20-20 hindsight wonder aloud how on earth such crazy assumptions were made in the first place.

In fact the chief value of scenario planning, is that it envisages many possible futures. Scenario planning is for dreamers ..... intelligent dreamers. A good scenario planner thinks very freely and very openly. He / she has no vested interest in a particular outcome or "axe to grind". What good scenario planning is then, is starting from known information, in the present, and then mapping forward into the future a range of equally likely or possible scenarios. Its about story-telling. Starting in the present, all the ingredients for the story are known and understood. What is not known is which direction the story will take and how it will end.

How to do it - an overview

Those organisations that succeed, apart from those that just have "dumb luck", are those with good strategies. Good strategy is characterised by its ability to cover a range of futures. Good scenario planning then, is the ability to research objectively and describe compellingly that range of futures.

There are many ways to start assembling strategic information, for the starting point in the present. This is the first step. The most common environmental analysis tools are SWOT and PEST. Although well known for decades, they are still very useful. SWOT's begin looking inwards for the individual or the organisation with S trengths and W eaknesses (those things under our control) and then move to the external environment, looking at O pportunities and T hreats (those things not under our control). The PEST analysis considers the external environment in a slightly different way. The "lenses" here are to look at trends in P olitics, E conomics, S ociety and T echnology. Both these techniques, undertaken by a participative group of people, with time and good group dynamics will yield a ton of useful strategic information.

From here we can begin to assemble the scenarios to plan with. The second step is to examine or isolate the key uncertainties. In other words, those things which we probably cannot influence and which could change in any way in the future. To take a simple example: If, say, we wanted to obtain a mortgage to buy a house, the key uncertainties would be over which way interest rates would go in the future and also what may happen to housing prices.

Once we have the key uncertainties and our base of strategic information (SWOT, PEST, etc) we can then begin to create scenarios. For the third step we look into the future and imagine what if .. this happens or what if ... that happens. A good set of scenarios will extrapolate sensibly from well understood present situations and cover a wide range of possible futures. Each scenario needs to be a coherent picture - a sharply defined and brightly lit cameo of a possible future. Within that imagined future picture, everything must be objectively linked and linked realistically back into the present which is the starting point. For most individual and organisational purposes, these pictures can be bullet-pointed summaries. Usually, it is also a good idea to give the scenario a powerful and vivid name which can help conjure the picture in the minds of those using it to plan. One organisation, we know, used the title "sudden death" as the title to a particularly gloomy scenario where everything that could go wrong had gone wrong. The number of scenarios described should not be too few (like one - that is then simply an assumption) or too many - like 29 - because we will never remember them all or keep track of them. Usually, it comes out somewhere between three and five.

Finally, when we have our set of scenarios, we can begin to lay out our strategy options so that ultimately we can base our forward planning on the most sensible options. How then do we identify the most sensible option? This is where the true value of the scenarios comes in. The sensible, wise strategy option is then that which can be planned for which takes fully into account ALL the scenarios we have developed. If we have framed our scenarios well and considered all facets of each in our strategy, then truly, we have planned, as far as is humanly possible, for every eventuality.

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