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SCENARIO PLANNING & STRATEGY

SCENARIO PLANNING 101

Secrets to success:

Four essential scenario
planning tips



Executive Summary

- Done well, scenario planning acts as a kind of organizational intervention, which starts with overcoming denial about change and ends with acceptance of change and hope in a new strategic direction
- To achieve a successful outcome, scenario planning requires more than following a methodology—it requires guiding people on a journey that helps them acknowledge and prepare for change
- Scenario planning balances stretching participants' thinking—via diverse perspectives and new sources of information—with keeping participants engaged and bought-in on the plausibility of the ideas raised
- To keep your project on track, be clear about focus and scope, understand your strategic priorities, and be sure outputs are relevant to your organization
- It's important to embed scenario thinking in all your planning processes and executive discussions, so your organization experiences ongoing benefits from scenario planning

Scenario planning is a people process, not just a technical methodology

The technical steps for conducting a scenario planning exercise are well documented in a number of books and articles, including the overview I wrote, *How it works: The five step scenario planning process*. But to achieve a successful outcome, scenario planning requires more than just following a rote methodology. It requires guiding people, from decisionmakers to implementors, on a journey—one that expands their awareness of potential market change and gives them confidence to act even in the face of uncertainty.

Done well, scenario planning acts as a kind of organizational intervention. It starts with overcoming denial about change, and ends with acceptance of change and hope in a new strategic direction. So the process must be designed to acknowledge and overcome the difficult moments of resistance to change that your audience will encounter during the work.

“Done well, scenario planning acts as a kind of organizational intervention.”

In addition, because the decisions you reach during the process are longer-term in nature, even the best scenario planning work risks being put on hold as more pressing issues arise. Positioning an initial project both as building your organization’s ongoing scenario planning capability and as an approach to work through an existing strategy challenge will help ensure that the impact of your scenario planning exercise endures.

Following are some key tips to help you successfully navigate the process and make your organization’s scenario planning effort stick.



Secret #1

Scenario planning shouldn't be comfortable

The purpose of scenario planning is to prepare for uncertainty, disruption, and surprise. Doing it right means challenging conventional wisdom and stretching your organization's point of view. This means turning to new sources of data, seeing the world through a variety of new lenses, and explicitly acknowledging and preparing for emerging forces that may reshape your business. To ensure that you're going beyond your standard approach to strategy development and thinking about the future, be sure to:

- **Bring in diverse perspectives.** You don't want your scenario planning process to simply recreate existing industry expertise and perspectives. It's essential to seek insights and opinions from a range of voices—from in- and outside the company and industry.

- **Think expansively first, edit later.** Don't rule anything out too early, and don't be afraid to consider ideas that may seem crazy at first. You'll be looking at ideas from a wide range of sources. Be prepared to consider 100 wildly divergent ideas on the way to a short list of 10.
- **Go beyond facts and figures to drive emotional engagement.** Use storytelling, analogies, and creative information presentation to optimize engagement among participants and generate a more emotional response to the information. Where possible, test different forms of communication early in the process to see what sticks.



Secret #2

To avoid “organ rejection,” the process should first meet participants where they are, and only then push them further

At the same time as it’s important to stretch, you’ve got to be sure not to go past your audience’s breaking point. A good scenario planning project is like going to the gym when you haven’t exercised in a while: You need to spend time warming up, then feel your way through the experience so you can ease up if you need to—or, ideally, push harder to drive bigger gains.

To expand leadership’s sense of what’s possible without losing their interest or enthusiasm, it’s key to get their fingerprints on the work and regularly tune the conversation based on their feedback. The following steps can help participants stretch while remaining fully bought-in throughout the process:

- **Involve leadership early and get ongoing buy-in from decisionmakers.** Though it requires building in more time between key milestones, getting input from key influencers—to confirm a direction or incorporate their edits—will considerably smooth organizational politics and ensure that scenario planning findings are seen as plausible, realistic, and relatable.
- **Back up your thinking with evidence.** Don’t be afraid to speculate based on anecdotal evidence, but then support your thinking with case studies, trend reports, or other sources to establish plausibility—even if these are from other industries or regions.
- **Test the plausibility of your work.** Map out timeframes and the required sequence of events with others to validate the logic of each scenario. This will make even the most creative scenarios approachable while helping you avoid presenting leadership with scenarios that would be too readily dismissed.
- **Be humble and acknowledge uncertainty.** It’s natural to fear change, but fear can lead to denial about change—even when that change is already in motion. Since not everyone is equally ready to embrace a new social, technological, political, environmental, and economic paradigm, it’s important to avoid being overly didactic or alarmist, and to recognize upfront that most trends have some element of uncertainty in them.

Secret #3

Clarity around project focus and scope are essential

Scenario planning projects involve a wide range of inputs, and can result in many outputs. It can be tempting to engage in random speculation, and it's easy to get caught up in topics of personal interest. ***Upfront exploration should be a little messy, but it's important to start early in determining the criteria by which you want to prioritize themes and allocate your attention when it comes time to write your scenarios.*** Practical resource constraints mean that not everything can get equal air time.

Take the following steps to ensure that your project remains on track and driving toward outcomes that are relevant, actionable, and pragmatic:

- **Understand your strategic priorities.** You only have a certain amount of time and money to spend on scenario planning each year. Get the most

out of it by prioritizing scenarios and strategic questions that address the most important parts of your business.

- **Choose the right project focus.** Broad scenario planning projects look at issues with wide-ranging impact across multiple parts of your business. Narrow projects dig into specific segments, geographies, or business-unit issues. (Think of the difference as being similar to the choices you might make with traditional market research: e.g. developing a global customer-segmentation model vs. one that's regionally focused.) To determine the right scope, ask questions like: ***What is your budget? How many customer segments or industry verticals is there time to evaluate? Are you trying to inform specific decisions or identify new strategic challenges that require further investigation?*** It's advisable to define project focus as early as possible, and doing so is a must by the time you start creating scenarios.



Picking the Right Lens

To launch a recent engagement with a real estate company, we needed to determine whether residential or commercial markets were to be the primary focus for the scenarios. Even though we'd also learn something about the other segment, focusing on a single segment would allow us to go deeper in our work. It would also help us prioritize forces of change that merited more in-depth study. For example, topics around "the future of work" would impact both segments, but clearly that impact would be greater on the commercial property segment. This approach allowed us to achieve the right balance between the range of business issues we would cover and the level of detail we could get to in decision making. And, of course, we could always cover the other segment later.



- **Identify project goals.** Given the resources you're devoting to the project, what are your goals for it? What will project success look like? This will help determine who needs to be involved and in what form, and help you manage the project's progress and make sure project outcomes are relevant and actionable.
- **Be sure your scenarios are relevant to your unique situation.** Your scenarios

should be built to engage the audience you're trying to influence—e.g., C-level management or your board of directors—and address the specific strategic issue your organization is focused on. Generic scenarios about an industry that aren't tuned to your audience's unique place within it tend to fall flat.

- **Recognize that not every question will be answered in one round of work or set of scenarios.** You can't address your organization's every concern, all at once. Trying to pack scenarios with too much information makes them too complex to understand—and creating a lot of scenarios to address the unique dynamics of different regions, segments, and verticals only dilutes the impact of the process. Humans

simply can't grasp the ins and outs of more than 4-5 scenarios at a time. As such, expect your first project to be the start of an ongoing practice.



Global or Regional?

A client in Asia initially thought it wanted scenarios about global energy markets. But, after further discussion, they realized that there was still a real question about the viability of its domestic market, which would in turn determine whether it should turn to global markets. In addition, it became clear that more work was needed to define which markets would be in scope globally. We decided to focus the first project on the domestic market, and in doing so, avoided a boil-the-ocean exercise.

Secret #4

Done well, scenario planning is an ongoing capability, mindset, and process—not just a one-time project

Scenario planning projects are not about delivering a stand-alone piece of analysis. Rather, they're meant to be a learning process—and what your organization and its people learn is meant to inform action over the long term. Many organizations continue to find value in the scenario work they did 6 months to a year later, once they've had time to observe the world through this lens and collect more data. To ensure ongoing positive impact from scenario planning, it's important to:

- Appoint an internal resource to own scenario planning for your organization.** Even if you bring in outside help, you need an internal champion to carry the torch forward after your scenario planning engagement. This person can change over time, but it's key that you always know who owns the scenario planning content and approach.
- Embed scenario planning in regular planning processes and executive discussions.** It's important to make scenario thinking, and seeing the world through the lenses of your scenarios, intrinsic to your management approach.



Develop a more adaptive, responsive strategy—and organization—with scenario planning

Just as different people approach individual therapy differently, so too should you approach scenario planning by considering the needs and style of your particular organization. Every company, non-profit, or government agency has its own unique culture and DNA. As such, the details of how organizations conduct the technical process, and to what end, will vary. Be sure to understand the distinctive positioning of your organization within the broader industry context, as well as the group and interpersonal dynamics among leadership, to tune your project so that it delivers success.

Scenario planning helps your organization see challenges and opportunities more clearly. An experienced scenario planner can help you find the right path to get there.

[Learn more at mattranen.com.](http://mattranen.com)



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