



# Scenario Planning

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Reference:

Global Business Network: Scenario  
Thinking for Non-Profits. GBN website  
[www.gbn.com](http://www.gbn.com)

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# Why traditional strategic planning doesn't work anymore?

Traditional strategic planning models are increasingly viewed as not producing strategies that can deal with complexity, uncertainty and rapid change in the external environment.

The problem with traditional approaches:

1. Organisations unprepared to deal with change.
2. The process is data driven, but the data is about the past and present, not the future.
3. Data used in planning are mainly quantitative,
4. All our decisions are about the future, but all our knowledge is about the past.
5. Ignores future uncertainties and how to respond. For example unexpected events, how the organisation might respond, what information the organisation needs to be able to judge when those possible events appear to becoming a reality.



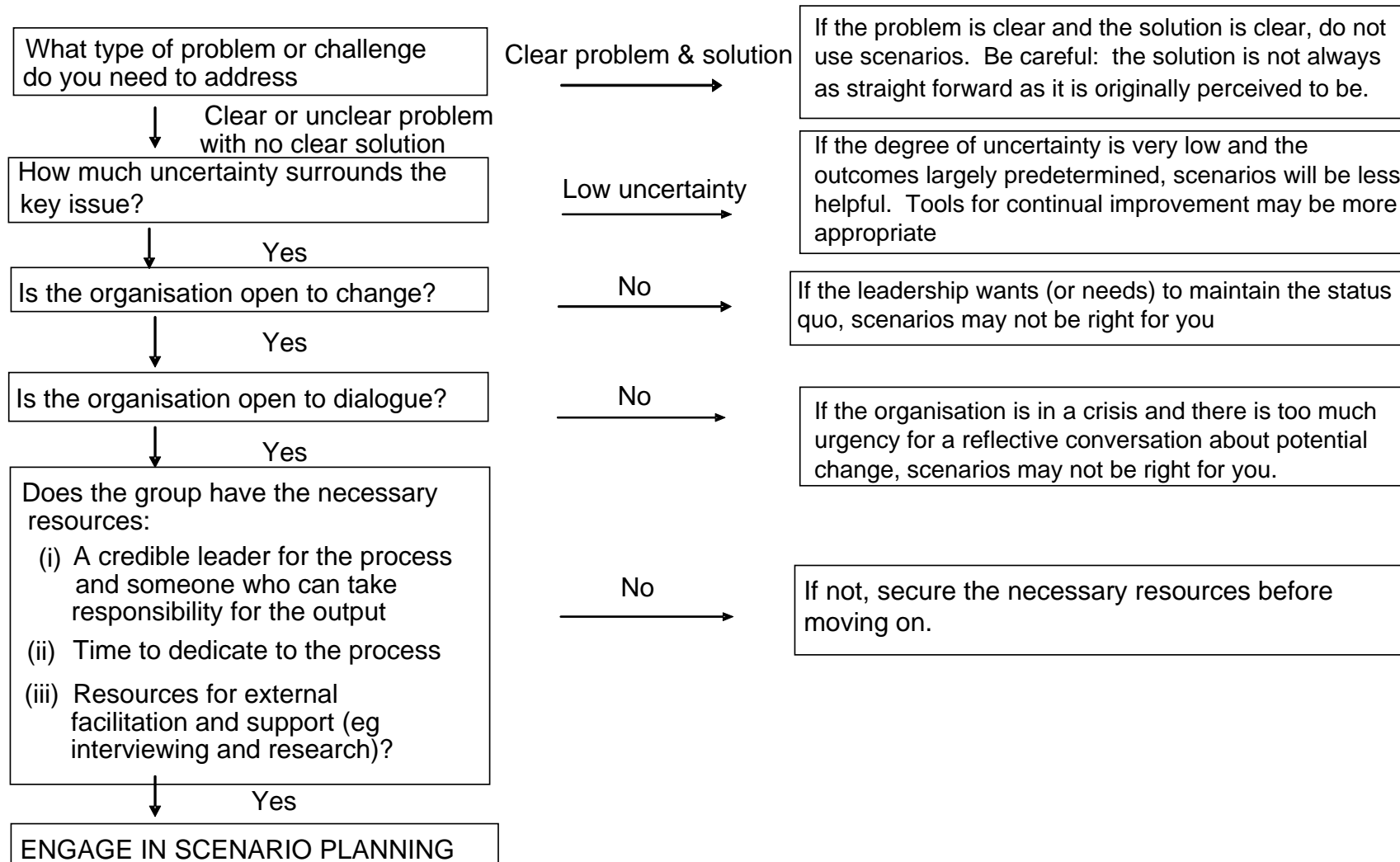
# What is scenario planning?

Scenarios aim to provide a clearer picture about the impact of major driving forces. They are created by exploring the critical uncertainties in areas such as technology, the environment, social economic and political factors at the local, national and global level.

Developed scenarios have two roles:

- ❑ The first is in the area of risk management where scenarios enable strategies and decisions to be “tested” against possible futures.
- ❑ The second is in the area of creativity and sparking new ideas.

# When do you embark in scenario planning?





# Steps in scenario planning

There is no one way to “do” scenario planning. The most common steps are:

## **Step 1**

A focus issue or question is identified that will anchor the rest of the scenario planning process.

## **Step 2**

Identify the drivers of change in the external environment that will affect the key question. Probe the sub-structure of influence.

## **Step 3**

Decide which are the key developments whose outcome is uncertain. The objective should be to identify the two most important trends or outcomes whose consequences are uncertain.



# Steps in scenario planning

## **Step 4**

Scenario building involves erecting a number of possible scenarios, typically starting with the present as the fixed point and erecting scenarios around 2 or 3 “driving forces”.

## **Step 5**

Establish provisional scenario (stories) by creating a number of alternate possible futures.

## **Step 6**

Check out the scenarios for plausibility and consistency. Testing the futures for plausibility, road testing strategy and deciding on future actions.

## **Step 7**

Modify, polish and present the scenarios. Engaging with stakeholders on preferred futures.

## **Step 8**

Continued monitoring. The last phase deals with continual monitoring of external drivers and trends to facilitate adjustments to agreed strategy should be reviewed.



# Let's do an Example

## **Step 1: The key question is established**

For example, Home Hospice question - what do we do if the number of participants on the program is greater than our funding?

## **Step 2: Drivers of change**

Government policy

Economy

Funding

Technological Change

Carers and trainers in Home Hospice

Society and communities



## Step 3: Key drivers and their trends identified

Considering the drivers the objective should be to identify the two most important trends or outcomes whose consequences are uncertain.

A key point to remember is that Scenarios are developed based on drivers whose future impact is uncertain, rather than drivers whose impact is known or reasonably certain.

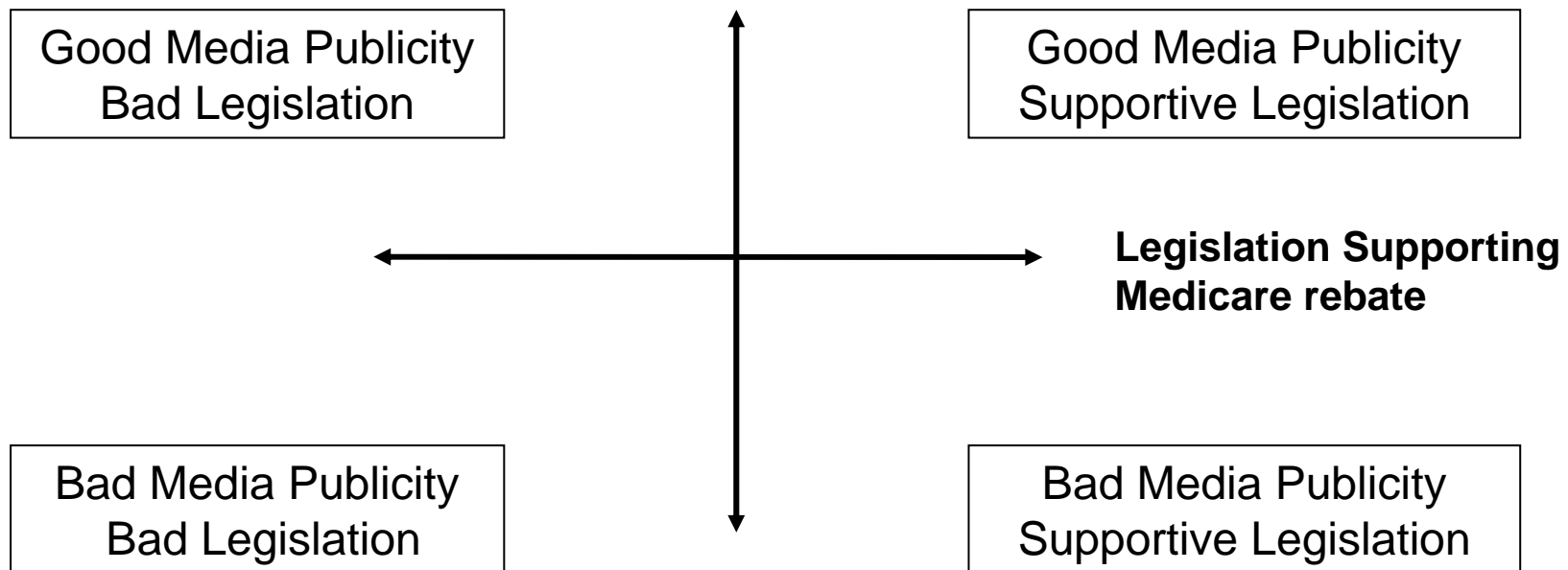
Assembling the data will concentrate on two main questions:

1. What is the outcome of identified trends likely to be within the timescale of the scenarios?
2. How important is this likely to be in forming future developments?

## Step 4: Scenario Building

Constructing a matrix is the most straightforward way to start building up the set of scenarios.

### Role of the Media





## **Step 5: Establish provisional scenarios by creating a number of alternate possible futures**

Write your story. “The test of a good set of scenarios is not whether in the end it turns out to portray the future accurately, but whether it enables an organisation to learn, adapt, and take effective action”

Key Questions:

- What if this scenario is the future?
- What actions would I take today to prepare?
- Are there actions I could take to create a desirable future, or to move away from a negative one?



## **Step 6: Check out the scenarios for plausibility and consistency**

Key questions:

- Taken together, are the scenario statements plausible?
- Is the timeline plausible?
- Are all of the scenarios challenging enough?
- If we were to drop one of the scenarios, which one should it be? Why?
- Are the scenarios likely to be relevant to the stakeholders who will be involved in the strategic conversation?
- What modifications would improve the scenarios?

## Step 7: Modify, polish and present the scenarios

The objective is to frame and present the scenarios in such a way that they are stimulating and plausible.

## Step 8: The last phase deals with continual monitoring of external drivers and trends to facilitate adjustments to agreed strategy

Example from Home Hospice

Home hospice demand outgrowing funding	
*	Remove some strategies including geographic spread
*	Make more time and/or use time more efficiently so we can do more
*	Increase knowledge of carers to multiskill
*	Increase use of technology
*	Simplify structure of what is being delivered
*	More funding applications
*	We should expect more of the health system and family support networks.
*	Introduce user pays.
*	Expect board members to fund.
*	We should integrate with other palliative care organisations.



## Strengths and Weakness of the Scenario Planning Approach

Strengths	Weaknesses
<ul style="list-style-type: none"><li>❑ Systematic framework for thinking about the future</li><li>❑ Challenge orthodoxy and “official” futures</li><li>❑ Integrative</li><li>❑ Insights about drivers and uncertain elements</li><li>❑ Experiential, leading to shared view and language</li><li>❑ Strategic planning and strategy testing</li><li>❑ Identify signposts for emerging futures</li></ul>	<ul style="list-style-type: none"><li>❑ Inappropriate application (eg a forecast would do)</li><li>❑ Blind spots from “believing” scenarios</li><li>❑ Creates an informed elite</li><li>❑ Hard to communicate</li><li>❑ Can operate in isolation from decision making</li></ul>



# Lessons learnt

- ❑ A core group needs to be established and manage the project.
- ❑ A Focal Question is critical
- ❑ Qualitative data is required
- ❑ Scenarios work best when a wide range of stakeholders and can claim ownership.
- ❑ The need to include decision makers or “problem owners” in the process.
- ❑ Normative scenarios may have greater appeal in the public sector, where decision makers are likely to favour the *known* futures over which they have control.
- ❑ Communicating the Scenarios is a critical process.
- ❑ Benefits of documenting a decision trail in understanding processes and in extracting further insights.



# Useful Tools

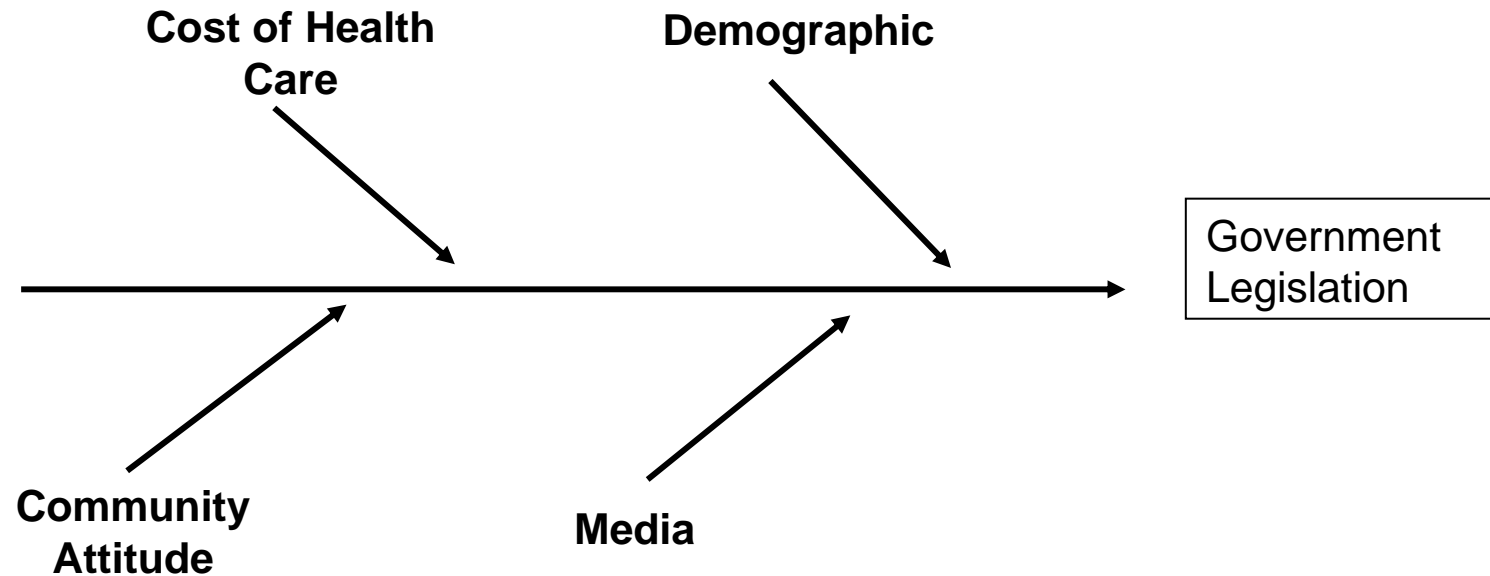
## Forecast Building

## TQM Tools – the basic set of Total Quality Management Tools

- ❑ Pareto Principle
- ❑ Scatter Plots
- ❑ Control Charts
- ❑ Flow Charts
- ❑ Cause and Effect, Fishbone, Ishikawa Diagram
- ❑ Histogram or Bar Graph
- ❑ Check Lists
- ❑ Check Sheets

The fishbone is most useful

# Cause and Effect Diagram: Fishbone



# Cause and Effect Diagram: Fishbone

