Scenario Planning – a primer

“Scenarios are the most powerful vehicles I know for challenging our mental models about the world and lifting the blinkers that limit our creativity and resourcefulness”
Peter Schwartz

The Strategic Foresight method that is most widely taught in Business and Management Schools is scenario planning or scenario thinking. In this module we explore when and how to build and use scenarios as part of a Strategic Foresight toolkit. It is largely self contained but assumes a knowledge of environmental/horizon scanning. It covers some of the well known examples of scenario thinking in action as well as many other examples. It is an extensively updated and extended version of a brief that appeared in “Business: the ultimate resource”, ISBN 978-1-4081-2811-4.

What is scenario thinking? Scenarios as models of future worlds

Scenario thinking creates possible future outcomes (scenarios) to improve the quality of decision-making. One of the best definitions of scenarios is by Michael Porter:

“an internally consistent view of what the future might be, not a forecast but one possible future outcome”.

At a time of volatility and change, managers need to be able to step out of their current framework and imagine future worlds – which may arrive sooner than expected.

As Arie de Geus, author of “The Living Company” (ISBN: 9781857881851) explains "Scenarios care internally consistent stories of possible futures - they are the scenery into which the actors walk. The walk is initiated by the meeting addressing the question `What would we do if this scenario came about?’ The many answers to that question become the options that are open to the company under a variety of futures. Those options are expressed by the meeting in words - they create a language for them. Henceforth they can talk about these options in
quite precise terms and they will remember the words - they have created a memory of their future!

This memory will be extremely useful when the future comes - as it invariably does. The company knows what to look out for and it is better prepared for action.

Scenario thinking is a set of processes for creating several scenarios or mental models and using them to aid decision-making. The scenarios explore a spectrum of different possible answers to the core questions facing the organisation, for instance

- What will the health of the public in the UK be in 2040? What are the policy options to reach a desirable outcome?

- What will financial services look like in 2050? What is the impact of China and India? What are the implications for the City of London?

When the questions are intended for use in policy, decisions or planning for an organisation or company, the process is often referred to as scenario planning. The scenarios capturing possible answers to these and similar questions are used to improve the robustness of plans, for instance by exposing implicit structural assumptions in economic or social forecasts, or to create new plans based on newly visible options.

**Forecasting, scenarios and visioning**

**Roles of scenarios**
Scenario thinking traces its history back to just after the Second World War, when Hermann Kahn pioneered the technique of “future-now” thinking, aiming through the use of detailed analysis plus imagination to produce a report as it might be written by people living in the future, to promote debate on nuclear weapons.

Uses of scenarios relate to this, e.g.

- to stimulate debate about choices as part of the policy making process
- to develop strategy resilient against several possible futures
- to test existing business plans against futures (wind tunneling)
- to try to anticipate possible futures, as an aid to decision making
An article by Rohrbeck, R. and J. O. Schwarz 2013 The Value Contribution of Strategic Foresight: Technological Forecasting and Social Change, 80(8):1593-1606, reports on the results of a survey among 77 large multinational companies. We were interested to investigate which value firms get out of their corporate foresight activities.

They differentiated 13 items along four dimensions:

- enhanced perception of emerging change and discontinuities
- enhanced strategic management by for example fostering strategic discussion and creating the ability to adopt alternative perspectives
- enhances innovation management by for example enhancing customer understanding and reducing the level of uncertainty in R&D projects
- overall value contributions in terms of facilitating organizational learning and an improved ability to shape the future

They found overall that firms generate significantly positive benefits from their corporate foresight activity. By matching the value creation date with firm performance we further reveal that top performing companies get considerably more value of their corporate foresight practices than their less performing peers.

Forecasts
While forecasts – or high growth/low growth forecasts - sometimes also called scenarios – can be used for any of these reasons, the use of imaginative and qualitatively different worlds is a central theme of most current uses of scenarios.
Most forecasts aim for accuracy, using techniques such as Delphi and modelling; scenarios explore the space of uncertainties in defining possible futures. Forecasts are focused on one future, scenarios on possible futures.

**Visioning**

A vision is a description of the preferred future, supported by the steps required to reach it. It should convey the purpose and values of the policy or organisation both for those delivering it and all the affected stakeholders. A vision should be inspirational and challenging but also achievable within the timescale. A vision needs to be supported by the actions required to deliver it, the objectives, which are generally grouped under higher level aims.

A vision should take account of the range of potential future environments in which it needs to succeed. Most potential futures opportunities and challenges are also likely to suggest objectives required to achieve the best potential outcomes. It is therefore important to include horizon scanning data as part of a visioning process. Scenarios can also be used to explore opportunities and challenges, potential visions and test a vision (wind tunnel) against different futures.

**HM Revenue and Customs’ vision is:**

*We will close the tax gap, our customers will feel that the tax system is simple for them and even-handed, and we will be seen as a highly professional and efficient organisation*

Other policy and strategy tools (e.g. SWOT analysis) also have applications for visioning.

**Scenarios in the strategy cycle**

The diagram below was developed by the European Forum for Future looking Activities, a High Level Expert Group advising the European Commission. It exposed two aspects that he decision makers found really helpful.

First, the policy makers in the Commission were bombarded with forecast about the future and requests for policies accordingly. The policy makers had commissioned numerous studies about
the future, but did not know how to interpret the results. They had not understood the importance of the “Sense-Making” step, shown in the diagram.

Many organisations try to go from environmental/horizon scanning directly to setting priorities, without the intermediate Sense-Making stage. Both Sense Making and Horizon Scanning use the best brains available. A number of Strategic Foresight tools help in this step, here we focus on scenarios.

Second, the right hand side is qualitatively different from the left hand side. It is where politics, stakeholders, economic priorities are reconciled. In the European Commission this means taking into account the wishes of major corporates, national governments of Member States, etc.

**Practical concerns**

**Who creates scenarios?**
Scenarios are normally created as a group activity. The group can be for instance

- a wide ranging collection of stakeholders, where the purpose is to provide input to policy from a range of viewpoints
- “traditional” scenario planning is a three stage process involving the Board or an organisation, e.g. interviews with the Board and outsiders, a scenario workshop, a options workshop
- The creation of scenarios is an excellent management development tool for a team, taking the team outside the defence of their roles at the time. It can be useful for management teams to take one or two days to develop scenarios for their business, based on existing information within the group, as a way of exploring shared perceptions.

In all cases it is usual to have a small support team to guide the process, provide research capability, documentation and facilitation.

The classic method for developing scenarios, based on research and analysis by an in-house team or consultants, may take from three man months to thirty man-years. A
A typical in-house project is described in “Here be Dragons” by Gill Ringland et al (ISBN 9780956219053). This used a team containing:

- A young high flyer to lead, with close links to the Executive/Board
- An intern/new graduate for research
- An experienced insider with a wide network for organising interviews and workshops
- Process support from a consultant

**Scoping the scenarios**

Questions often asked are:

- how many scenarios?
- What timescale?

The number of scenarios is bounded on the lower end by the adoption of two, qualitatively different worlds, and at the upper by the ability of the team – and the intended audience for the scenarios – to be able to comprehend the differences – maybe up to five. In planning work with numerate groups it is usual to avoid three or five, because planners will often assume that a middle scenario is “right” i.e. a forecast.

For these reasons, scenario sets often contain four scenarios, sometimes with one of the four explicitly “Business as Usual” or “the Official Future”. Other scenario sets represent four different ways in which the future could be different. In the example below, the scenarios have been widely used as the context for further, detailed work on many aspects of society.
Scenarios for UK to 2020

Individual Community
Conventional development

World markets Global sustainability

National enterprise Local stewardship

Governance Values

Interdependence

However the number of scenarios should reflect the concerns of the organisation.

Two scenarios at Legal & General (L&G)

In the 1980’s the Life Assurance business was booming – but by the 90’s, new business was falling off and costs rising. Following a scenario process which uncovered attitudes such as “customers frustrate me, they do not understand”, many critical issues were identified:

- Regulation, threats from competitors and importance of customer focus, continuing cost and margin pressure, impact of technology, demographics, evolution of state welfare provision.

L&G decided that status quo was not an option: that the only question was whether it was “Evolution” or “Revolution”. As a result they moved into new areas such as pensions, retail investment products and protection – and appointed a Marketing Director – the first in the industry.

And sometimes, from a basic set of four scenarios, a fifth scenario is generated from desirable aspects of each, to provide a vision and guide for policy.
Using a Fifth scenario at GlaxoSmithKline

Presenting scenarios of plausible futures 10 years ahead to an audience that spends most of their working hours dealing with operational duties, decision making on immediate tactics and other administrative activities of a large organization is hard. In fact, it is difficult to take any individual from their “world of today" and transport them to a world 10 years on, especially one as complex as health care. The scenarios team had to find a clever and novel way to bring the Predictive Medicine Board into the future, literally to catapult them 10 years into the future of health-care delivery, and not just the future of the pharmaceutical industry.

The team chose a simulated television interview with a fictitious author of a book called *The Fifth Colony*. This author is being interviewed by a TV talk-show host about his best-seller written about four colonists who left planet Earth 10 years before, to go and establish a health-care delivery system on each of their respective colonies on distant planets. Each colonist established a health-care system based on the common knowledge they departed with, yet each system developed quite differently from each other.

The TV host questioned the author first about his book *The Fifth Colony*. The author stated how he was intrigued by the fact that four people, armed with the exact same knowledge of health care, left Earth to form a health-care system that differed so much from each other only 10 years later. After a few general questions about the four different health-care systems (i.e. the scenarios), the TV host invited a representative from each of the four colonies to “come on stage”, to describe various drivers of change each encountered on their colony and how these drivers impacted the evolution of their health-care system. Hence, the four scenarios were unfolded before the Board in a “believable" fashion, and the Board members were invited to ask questions of the four colonists.

In the end, the TV host turned to the author and asked how he had arrived at the title, *The Fifth Colony*, since there were only four colonies. To which he replied, “The Fifth Colony refers to the ideal future we would have created had we known what these colonists learned over the past 10 years."

The timescale for the scenarios needs to be longer than the budget or planning cycle of the organisation – and certainly longer than the job tenure of the team developing the scenarios, to avoid defensiveness. A longer timescale is easier than a mid-term (e.g.
three years), since many of the defining trends will already be clear, and the current complexities confusing.

Significant advantages for an organisation in creating their “own” scenarios are

- The research phase – interviews and horizon scanning – provides a rich seam of data and ideas/perceptions for later use in the organisation

- during the research, “wild cards” will emerge. These are events that would be calamitous but are judged unlikely to happen. Action to determine the process for dealing with these – e.g. which department should have contingency plans – and the subsequent discussions – are often beneficial, prompting new insights.

Wild cards at ICL

During a scenario project at computer firm ICL. Interviews with staff surfaced a number of issues that were unlikely but would have severe impact on the business if they occurred. One of these was the potential for earthquakes in Japan disrupting the supply chain.

Analysis showed that the majority of ICL’s shipments were dependent on a particular component which was built at a factory in an earthquake zone. A second source was identified and tested: which paid back 18 months later when an earthquake did hit the factory, closing it for several months.

Creating scenarios

Stages of the process

The four stages are

- Definition and planning of the project – scope and timescale as above and also the practical factors as for any project – who needs to be involved? Informed? How will the outcomes be used?

- Horizon scanning and interviews, expert assessment of the outcomes often through workshops, resulting in a list of drivers of change. The interviews for scenario projects are often based on the Shell Seven Questions, described in Gill Ringland’s book “Scenario Planning”, ISBN 978—54-5

- Scenario creation, usually developed in outline in workshop mode followed by detailed work by the team to flesh out storylines.
Use in policy or strategy e.g. through workshops, crowdsourcing, visualization, depending on the audience as discussed later.

Foresight in support of the 3rd Strategic Programme of Horizon 2020 for the European Commission

Horizon 2020 is the strategic funding programme of the European Commission, and the 3rd Strategic Programme runs from 2018 to 2020.

The aim of this study was to support the implementation of Horizon 2020, and in particular the preparation of its third strategic programme, which covers the period 2018-2020, with foresight. The study reviewed existing foresight evidence and used it to develop a perspective of future change relevant to Horizon 2020. It involved three one-day workshops: one focusing on key relevant drivers of change; one developing future (2030) scenarios relevant for Horizon 2020, and one that explored the implications of potentially important emerging issues and disruptions for Horizon 2020.

The four scenarios were used to highlight issues for consideration by the Advisory Boards for each theme of the 3rd Strategic Programme.

The core scenario creation process

The core process normally is undertaken in workshop mode over one or two days. Off-site is preferable to allow for freer thinking.

**Scenario development workshop**

The process has four stages.

- **Sort drivers on to the scenario matrix - predictable elements and critical uncertainties:** Some aspects of the future are reasonably predictable and will be common to each scenario, and can be described as emerging trends. Other drivers will result in a range of different outcomes, which together result in the different futures in each scenario. The critical uncertainties are the drivers that have the biggest impact on the ‘focal question’ and have a range of different outcomes, such as the example below:

- **Constructing the scenario space, selecting scenario axes:** The scenario space is defined by the critical uncertainties. It is space that contains all the potential scenarios. Two critical uncertainties result in a scenario cross and a two dimensional scenario space such as the Horizon Scanning Centre’s scenarios for UK Futures and Society 2030.
If there are three critical uncertainties the scenario space has three dimensions such as green culture, green innovation and the economy, as shown below, which were derived for the European Agency for Safety and Health at Work, when looking at scenarios for new and emerging risks for health and safety in green jobs. Generally, it is highly unlikely that developing eight scenarios, one at each corner, would be practical or useful, and in this case four scenarios were developed at selected points on the axes to provide plausible and differentiated scenarios.

3 Dimensional scenario space

If there are more than three critical uncertainties a radar diagram can be used to graphically present the scenario space and the different combinations of the critical uncertainties can be tabulated and interesting combinations chosen for further analysis.

In a project for the European Frontex Agency, SCMI identified eight uncertainties, ranging from the global environment to security and internal (EU) mobility. Their process is described in “Scenarios in Business” ISBN 0-470-84382-9 and led to seven scenarios, as illustrated below.
• **Selecting the scenarios:**
   Any scenario space can contain a significant number of scenarios and these become potentially more complex as the number of critical uncertainties increases. The selection of the scenarios is usually conducted by reviewing the potential scenarios and their value in addressing the focal questions. For example, in the case of three critical uncertainties you may start by looking at the eight potential scenarios formed by each corner of the cube. Each potential scenario would then be considered against a range of questions, such as the following:
   
   o Does it address the critical issues associated with the focal question?
   
   o Does it allow both negative and positive aspects to emerge?
   
   o Is there a plausible path to the scenario?
   
   o Does it stretch current thinking?
   
   The selected scenarios should be kept under active review as they are developed and it is not uncommon to revisit the original selection.

• **Name scenarios and generate storyline and timeline:** There are many ways to generate scenarios and timelines and the process can be done by a small team or involve a large number of participants, typically via workshops – in the diagram above, the first stage is shown during the scenario workshop. Consideration should be given to the engagement of stakeholders in the process as this can help to encourage ownership of the scenarios; and many valuable insights can be gained during the process.

   The techniques of scenario generation range from the use of tools commonly associated with facilitated workshops, to technology based approaches for which there are a number of software packages. The software approach enables a wide range of interactions between critical uncertainties to be handled and a large number of scenarios to be efficiently generated. If scenarios are to be generated without software, a common approach is prepare a brief description of the end point of a scenario and then start constructing the path to this, taking into account the drivers of change, the
associated events and how the key stakeholders will respond to them. This is usually an iterative process that progressively builds the pathway and develops the end points.

Using existing scenarios

Why use existing scenarios?

Using pre-existing scenarios as a basis for work in an organisation makes a lot of sense under some circumstances. For example

- Where the external environment is a dominant factor, e.g. the economy, then using scenarios based on reach on economic futures to frame a discussion of implications for different parts of the organisation can be helpful

- Where the intention is to introduce scenario thinking to a group of people for the first time, it is often useful to use external “reputable” scenarios to allay suspicion of the provenance

- Where an organisation has developed scenarios and business units or functions need to explore the implications for their functions

A computer firm used existing scenarios to think about the future skills needs. It was concerned about technical skills, consultancy skills and management skills. In a series of
workshops involving both functional specialists and HR staff, a number of core competencies were described. While the competencies were mostly needed in both scenarios, the number and experience levels significantly. Several new competency areas were identified and plans made to fill them.

Sources of scenarios

There are many well-established global and national organisations that undertake scenario studies on a regular basis, for instance

- Shell – related to energy
- World Economic Forum – global and regional scenarios
- Chatham House

An up to date list and links are maintained on the Unlocking Foresight Know How web site, [www.unlockingforesight.org](http://www.unlockingforesight.org).

How to use existing scenarios

Existing scenarios are best explored in workshop mode. It is important that these workshops are held off-site to signal “different”, and that the participants have the opportunity to think themselves into the scenarios through sharing among the group members. The two-day format is good to allow reflection and absorption time; so residential workshops work better than non-residential.

A sample workshop outline to develop strategy based on existing scenarios would be as given below.

<table>
<thead>
<tr>
<th>Day 1</th>
<th>Plenary</th>
<th>Introductions, aims</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Plenary</td>
<td>Brief on trends and drivers of change</td>
</tr>
<tr>
<td></td>
<td>Groups</td>
<td>Discuss effect of trends on existing strategy</td>
</tr>
<tr>
<td></td>
<td>Plenary</td>
<td>Brief on scenarios</td>
</tr>
<tr>
<td></td>
<td>Groups</td>
<td>Add depth for specific organisation, one scenario per group</td>
</tr>
<tr>
<td></td>
<td>Plenary</td>
<td>Group presentations on “their” scenario</td>
</tr>
</tbody>
</table>

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**Scenarios in business**

**Scenarios and Business Plans**
Business plans always incorporate the assumptions of the management team, which are often implicit. For instance will a characteristic, which has added competitive advantage in the past, continue to do so as markets change? By using scenarios, the team can recognise the future world they have built in to their plan, and allow them to explore the implications of other possible – or probable – worlds.

Some organisations work through the entire business plan for all (usually two) scenarios. This may be a back of the envelope calculation, or a team effort. Back of the envelope calculations can often capture the essential difference in viability of a single capital project. Full reworking of the business plan may be needed in large organisations where many different divisions and functions will be affected.

At British Airways, they developed two scenarios – New Structures and Wild Gardens. They held workshops across the organisation to help staff think about the future, and also analysed possible business plans. Below is a representation of the analysis, taken from “Scenario Planning” case studies.
Portfolio management
A Market Attractiveness/Capability Matrix is often used to manage a portfolio of businesses within a company. The figure below illustrates one such analysis.

Portfolio management - MA/C matrix under scenarios A and B

By examining the portfolio as it is now and would be in the future under different scenarios, the new positions on the matrix can be seen for each business. While the discussion of the factors affecting each business is useful, the improvement of the decision process is the main win.

Wind tunneling
In evaluating the policies of an organization, it is important to consider both the competitive position of the organization – can it set a new agenda? And the culture – is it entrepreneurial and risk-taking, or defensive as befits a fast follower? Options chosen by an organization would tend to be:

Planning in line with the most probable scenario:

- Fast follower
• Organizations not dominant in their market
  Planning in line with the worst scenario(s) for the organization
  • Defensive culture – and public sector
  Staying flexible until a scenario emerges, as evidenced by early indicators
  • Fast follower
  Planning in line with the best scenario(s) for the organization
  • Entrepreneurial culture
  Planning to increase the likelihood of the best scenario(s) for the organization
  • Organizations dominant position in their market

All organizations, whatever their culture, benefit from more robust planning once they have explored their policies and strategies under a number of scenarios, and made informed choices. The alternative is driving with a firm view in the rear view mirror, running the risk of sailing over the cliff.

**Scenarios in public policy**

Since the time of Hermann Kahn, scenarios have been used for instance to:

• Create a common language and understanding, as in the Mont Fleur scenarios in South Africa at the time the ANC was about to take power.

• Develop strategy in the face of new challenges, for instance as Canada faced the implications of the Information Society or Malaysia looked for new industries in the medical devices sector.

• Inform public debate, for instance in Norway on the use of oil revenues, or Scotland as the new Parliament was established.
Workshops associated with scenario building or examining the implications of scenarios are widely used to develop public opinion. However there can be a risk of confusion over purposes and responsibilities.

Scottish Enterprise was set up to help generate jobs and prosperity for the people of Scotland. This involved the development of human and intellectual capital across the region. Scottish Enterprise set up a Scotland’s Future process involving about 1,000 people in discussions about the type of country they wanted to live in, using a variety of engagement techniques including scenarios.

The process lost momentum, which was for several reasons, for instance:

- Some participants assumed that the process was one of dialogue with government, so their input became one of lobbying
- Scottish Enterprise was assumed to own the outputs “what are you going to do about it?”
Communication of scenarios

Different audiences
When scenarios were mostly used within planning groups, the output was often expressed in tabular form, with a list of factors e.g. growth rate, dominant technology, in the left hand column and columns describing each factor under each scenario. While these were good working tools, they were fatally bad communication tools. However a form of tabular output remains important as part of a mix of communication methods.

Names of scenarios are often used to communicate the essence of scenarios – for instance Atlantic Storm and Market Forces to describe the Chatham House Forum scenarios for the economics of the industrial world in 2020: in Atlantic Storm, Europe and the US are at odds, while in Market Forces, a free market dominates. A scenario presentation for in-house use based around the process, storylines and implications will have much better reach if the names are intuitively descriptive of the scenario world.

Newspapers written “as if in the future”, descriptions of role model characters, “a day in the life of” stories, and glossy booklets are all used to communicate scenarios, depending on the audience.

Visualisation
Recent work has used film and video clips with interactive choice to explore scenarios with groups of decision makers. Using visuals as a language is understood by everyone, which is very beneficial wherever communication and development of ideas are important. When words only are being used to process, describe or explain (often abstract) things to wider audiences, confusion about proper meaning can arise easily. Cultural and professional jargons can cause wrong interpretations or conclusions.

Making things visual can prevent this. To tell a story in visuals keeps attention more concentrated and focused and gives textual contents more strength. Translating concepts, ideas or abstract words in images involves also creating their (possible) context or conditions. This offers an extra dimension to the comprehension of the message itself. An important feature of using visualizations is that it provides opportunity for others to determine their possible role in the realisation of goals or visions, as does it also help decision makers to understand the bigger picture.

The benefit of interactive presentations is that you can run them in more than one way (non-line, choice of sequence) and that it is multi-levelled (clicking on items): information can be put behind the first level of what the presentation shows, e.g. clicking on a newspaper headline in order to find more detailed information concerning that topic.
For instance, in a project to explore England’s natural environment to 2060, four scenarios were developed. In order to test these against multiple stakeholders, a video was made of each, describing a day in the life of a person in 2060, looking back. The videos used music so effectively that at one workshop, a participant could not cope with the imagery of one of the scenarios.

Quantification – modelling of scenarios

Building mathematical models to explore the behaviour of variables under a range of scenarios has become much easier with modern modelling tools.

Models are extremely important in many applications of scenarios e.g. transport and energy policy. The hurdles to their utility arise from the accuracy of the data which is used to drive the model – as it will be projections – and the stability of the underlying systems model.

Limits to Growth studies have shown the power of this approach since the first iteration in the 1970s.
Limits to Growth was a study about the future of our planet, first published in 1972 (latest update ISBN 978-1-84407-144-9). On behalf of the Club of Rome, Donnella Meadows, Dennis Meadows, Jorgen Randers and their team worked on systems analysis at Jay W. Forrester’s institute at MIT. They created a computing model which took into account the relations between various global developments and produced computer simulations for alternative scenarios. Part of the modelling was different amounts of potentially available resources, different levels of agricultural productivity, birth control or environmental protection. The interesting behaviour of the models arose from the feedback loops between the parameters.

Most scenarios resulted in an ongoing growth of population and of the economy until to a turning point around 2030. The Business as Usual scenario results in collapse of the global economy and environment (where standards of living fall at rates faster than they have historically risen due to disruption of normal economic functions), subsequently forcing population down. Although the modelled fall in population occurs after about 2030—with death rates rising from 2020 onward, reversing contemporary trends—the general onset of collapse first appears at about 2015 when per capita industrial output begins a sharp decline.

Factors influencing success – making it happen

Success is a robust set of scenarios that are used by people to inform and communicate: allow the organisation to see new possibilities – the “ahas”

Aha at a train company

A train company used scenarios to think about their future in the rail industry. As they explored their strategic options under each scenario, they realised that scenarios that were good for the rail industry were not good for them.

The aha that followed was the realisation that they were in the risk business, not the rail business – leading to refocusing their recruitment, training and management strategies.

Two hygiene factors increase the chances of success:

- The creative part of the process – the workshops – should be held off site to signal “no routine constraints”, and a two day format allows for reflection and absorption

- Diversity of the participants increases the value of the outcomes as it reduces “groupthink”. A mixture of line and staff, new hires and old hands, insiders and customers, partners, academics, demographic and ethnic diversity, will help to ensure that the scenarios explore the future space.
However well designed the scenario process and diverse the participants, the scenarios will gain legs by being tested against diverse audiences. These cold be neighbouring industries, different geographies, or demographics. This can surface embedded assumptions so that they can be challenged.

**Taking scenarios for England's natural environment to diverse audiences**

*Community Guardians* scenario, driven by optimism and a generational/culture shift, was the visionary scenario of the environmentally concerned people in Natural England, the sponsor for the scenarios.  
*So Far So Good* scenario, driven by momentum of innovation was the “obvious” scenario according to school children.  
*Protect and be Damned* scenario, driven by fear and suspicion, was the “obvious” scenario to farmers in East Anglia and fishermen in Cornwall.

Two tools are good for connecting with the organisation: the scenario names (as already discussed), and early indicators.

**A measure of success**

Two years after completing a scenario project for computer firm ICL, which had been influential in rethinking the portfolio and the marketing messages, the project manager was going to visit a major client with the account manager. As part of the briefing, the account manager described the client in terms of which scenario for the computer industry represented the attitudes of which client staff, to help frame the discussion.

Early indicators are events, specific to one scenario, that would be seen in the next year or so if that scenario is unfolding. Early indicators are often chosen to fit within the scope of line operations in order to engage line managers in looking for signs of change.

A classic example is given in Peter Schwartz's “The Art of the Long View”, ISBN 0-385-26731-2,

**Shell using early indicators**

Shell avoided investing in new oil fields or following the acquisition trail being trodden by its major competitors, who were engaged in an acquisition spree, buying other oil companies at premium prices during the oil price hiatus in the 1980s. Once the dust had settled following the price drop, Shell was able to pick up additional assets at bargain prices.
As he writes "In 1983, we presented the Royal Dutch/Shell managing directors with two scenarios; one called Incrementalism, and the other called the Greening of Russia. By that time, we knew enough about the Soviet Government to say that if a virtually unknown man named Gorbachev came to power, you’d see massive economic and political restructuring; an opening to the West; arms control; declining tensions in the West; and major shifts in international relationships. It was not that Gorbachev, as an individual, would cause the changes. Rather, his arrival in power would be a symptom of the same underlying causes."

Conclusion

Making the most of scenario planning depends on:

- Deciding what problems the scenarios are to help solve – what are the crucial questions facing the organisation – the “I wish I had known this seven years ago” questions.
- Creating or exploiting scenarios that explore the uncertainty space – often “in-house” scenarios focus on near in and internal problems
- Giving the effort put into the scenarios high enough status e.g. by offsite meetings, high level sponsors, management feedback
- Using the scenarios to drive decision making through stimulating debate, developing strategy, testing business plans or anticipating futures
- Using imaginative and frequent communication to embed scenario thinking into discussion and decisions.

Scenarios at Allen & Overy

David Morley, chairman of global top 10 law firm Allen & Overy, felt that the partnership needed to take a strategic look at their business environment and industry. Laurie brought in Gill Ringland and Nick Jackson of SAMI to support the process.

Each region appointed a Panel, led by a partner and staffed by people with a range of seniority. Panel members interviewed futurists and clients to get their views on forces affecting their future. The snapshots of the future were built into a series of films which were shared by all the Panels. The Panel Chairmen then met to articulate the
scenarios; the results were published in a colourful fold out and used at the annual Partners Conference in September.

The Long View scenarios project had three types of impact:

- On A&O strategy, leading to acquisitions and investment to fill gaps in capability
- More surprisingly, increased and enhanced engagement with clients
- Moving A&O up the Global 10 scorecard.

David Morley discusses the project in a video at www.unlockingforesight.org.

Useful books


http://www.samiconsulting.co.uk

The original of this document is available at http://www.samiconsulting.co.uk/4scenario planning a primer.pdf/