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Strategy for an uncertain future: Scenarios Planning

In a quickly changing and uncertain world, it often feels like traditional strategic planning with its emphasis on analysis and projection isn't quite covering all the bases. In this article we explain how scenario planning can enable you to create flexible strategies for uncertain futures. You can also find out how Christian Aid and the US Public Broadcasting Service have been using scenario planning.

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In a quickly changing and uncertain world, it often feels like traditional strategic planning with its emphasis on analysis and projection isn't quite covering all the bases. Fortunately, scenarios planning can get you outside the normal strategic planning box by encouraging you to think about multiple futures and how these futures would impact on what you would need to deliver your mission. They may even, if profound enough, encourage you to change or adapt your mission.

Scenarios are based on possible imagined futures – they are primarily about strategic foresight – ‘what might be’ – and less about strategic hindsight – using the past to make projections for the future.

So scenarios planning might involve developing anything from 4 to 10 possible future worlds in which you have to operate, and then deciding how you would respond in each world or situation. The technique was originally developed by Aries de Guiss, a corporate planner at Royal Dutch Shell in the 1970s. Shell still use the technique today (www.shell.com/scenarios) and since that time the technique has been refined. And =mc has now used it with a number of customers in developing their strategic plans. These customers range from Amnesty International to UNICEF.

There are a number of different models you can use to build scenarios. The simplest involves:

- Developing a number of possible extreme changes in some key areas of your operation – the political environment you work in, your source of funds, the issues your beneficiaries have to deal with, the impact of different technologies etc. You should develop these for the most positive and least positive outcome.

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- Clustering these responses into different possible worlds or contexts in which you will have to operate. Again these can be positive or negative. So for Amnesty one was a world in which the Human Rights situation got much worse as a result of the "war on terrorism" and climate change. Another was a more positive one in which many fragile states stabilised and the International Criminal Court has genuine authority and credibility.
- Ranking these scenarios in terms of risk and sensitivity. The risk element of this involves asking how likely this is to happen. And the sensitivity element involves asking what the impact will be. This can be either positive or negative. You can think initially about the impact on beneficiaries and then about how that affects you.
- Finally you have to think about what action you would take if that scenario came true. This can involve minor changes to policy or strategy – or major shifts in your approach and mission. You also need to consider your competencies and values in this context.

Christian Aid: Interview

Recently, the Management Centre sat down with Aidan Timlin, the Corporate Performance and Accountability Manager at Christian Aid, to discuss their scenario planning work. Here's what Aidan had to say:

Q: Why did you decide to undertake Scenario Planning?

A: While Christian Aid has followed a traditional 5 year strategic planning horizon, in 2007 we began to feel that this horizon was too short to allow us to anticipate and adjust to longer term changes happening in the environment that had potential to impact our ability to achieve our goals.

Scenario planning gave us a process to surface the way senior managers were already thinking about the future and how it might impact on our work, and to build a shared understanding of the kind of futures Christian Aid might be facing by 2025.

Q: What was the process you undertook?

A: We first looked around to determine how to do it, drawing on the expertise of others who had done scenario planning. We worked with an outside consultant from the private sector to facilitate the scenario planning process and offer advice on method.

Next we ran a series of facilitated workshops with the Strategic Management Group (SMG) over 18 months.

We identified the critical drivers that would impact on our work, and explored the potential outcomes of these drivers, and the ways in which they might interact with one another.

There were some certain drivers, such as climate change, which we knew would shape the context of the world we would work in 2025. Other drivers were strategically important but high in uncertainty. From these we developed potential axes of uncertainty, or fault lines, within which we could begin to consider potential future scenarios

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**Q: What form did your Scenario Planning take?**

A: We identified two "axes of uncertainty" facing the sector, one consisting of political and economic power (leading to more or less equality within and between societies), the other expressing different directions for social and cultural meanings (more or less fragmentation within and between societies).

We then developed "Scenario Narratives" for each of the four quadrants in the model. The narratives will now underpin our future strategic planning describing the different worlds we may find ourselves operating in so need to be ready to respond to.

We tried to avoid drifting to one 'favourable' or 'positive' scenario over the others. All of them had to be plausible and contain positive and negative influences on Christian Aid.

Q: What are your next steps?

A: We're going to identify scenario-specific issues we will need to respond to if we felt the world today was exhibiting signs that we are moving towards one scenario over the others.

To do this, we are identifying a selection of early indicators for different the scenarios that a subgroup of the SMG can track to help keep the scenarios alive and ensure they feed into our strategic thinking.

Q: Do you think this kind of planning is useful for other mission-driven organisations?

A: Anybody who has an ambitious mission that won't be met in the next five years would benefit from this process.

Q: What are some lessons you learned along the way?

A:

- Get help early on: consider using a consultant, and look at scenarios developed by other similar organisations
- Find a realistic timeframe: take your time, but maintain momentum
- Keep reiterating purpose: possible futures, not predictions or forecasts
- Immerse managers into the future: look at scenarios developed by other organisations, use specific statements about the future to stimulate discussion and debate
- Use images to provoke debate: we found that some staff found images a better stimulus for thinking and debate than written narratives
- Keep scenarios alive: work out early indicators and gather 'intelligence'

Case study: The US Public Broadcasting Service

=mc was asked to develop a series of strategic scenarios for the future of the Public Broadcasting Service in the USA to assist in their strategic planning. This work was important in the context of diminishing funds for public broadcasting generally and falling viewer figures – plus increasing competition from cable, satellite and online broadcasting and narrowcasting. A series of interactive workshops with senior managers and other stakeholders we developed for possible futures for the structure and audience focus of PBS.

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The four scenarios we developed with them were:

1. a family-oriented PBS, where the service nationally would become committed to the single audience cluster based around families rather than trying to appeal to different audiences
2. a technical-hub PBS, which envisioned a world where PBS was a digital hub for a range of broadcast/narrowcast/online/free to air services
3. a regionally-structured PBS that looked at radically reducing the number of stations and becoming regionalised rather than localised – sharing facilities for economies of scale
4. a community hub PBS which would mean that the stations would become involved in culture, social projects, economic development issues using TV as a way to promote local identity

To establish the practicality of each scenario a team was charged with developing each scenario. All four teams were asked to consider:

- impact on current values and mission as well as strategy
- financing the scenario and the business model that would underpin it
- how it would impact on programming – both production process and content
- who would become competitors and also opportunities for new partners
- overall advantages and disadvantages – with risk and sensitivity analysis
- PBS then used the scenarios to develop informed, well-considered business models.

What's next?

If you've found this article helpful and you would like more information, please call +44 (0)20 7978 1516 and speak to one of our experienced management consultants.

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