



Scenario Planning Overview

—Steps—

1. Identify the Focal Issue

Start from the “inside out” by identifying a specific decision or issue that needs to be addressed. What will decision-makers be thinking about in the near future? What decisions have to be made that will have long-term influence on success or failure?

2. Identify Key Factors in the Environment That Influence Success

Collect a list of facts about customers, suppliers, competitors and other forces impacting success. What will decision makers want to know when making choices? What does success or failure look like? What considerations will shape outcomes?

3. Identify Driving Forces

Create a checklist of social, economic, political, environmental, regulatory and technological forces impacting success. What factors in the macro-environment are *behind* the key forces identified in step two?

4. Rank Forces by Importance and Uncertainty

Identify 2-3 factors or trends that are the most important and/or uncertain. For each of the key factors and driving forces identified, ask: How important is this for the success of the focal issue? How much uncertainty surrounds this factor or trend?

5. Select Scenario Logics

This is a ranking exercise that results in axes along which eventual scenarios will differ. The goal is to end up with just a few scenarios that are most meaningful to decision-makers. For each possibility, ask: What lessons does this teach? Are those lessons basic to the success of the focal issue?

6. Flesh Out Scenarios

Return to the lists of key factors and driving forces identified, and use those to flesh out each scenario’s skeleton and then weave the pieces together into a narrative. How would the world get from here to there? What events or people might be necessary to create a plausible scenario end point?

7. Examine Implications

Return to the focal issue and rehearse the future using scenarios developed. How does the decision being made look in each scenario? What vulnerabilities are revealed? Does the decision appear robust across all scenarios? How could the decision or strategy be adapted to become more robust?



8. Select Leading Indicators and Signposts

Carefully and imaginatively applying the most robust decisions and strategies is the ongoing process that emerges from scenario planning. What indicators are worth ongoing monitoring? Why are these indicators key for understanding which scenario is closest to the actual course of history as it unfolds?

—Other Considerations—

How Many Scenarios?

Two or four scenarios are ideal for full effect. Three is a bad number because one scenario then is seen as the “middle” and proper consideration is not given to the other two. More than four creates too much complexity.

Probabilities

Avoid assigning probabilities to different scenarios. The goal is not to pre-determine one possibility, but rather given them all equal weight.

Scenario Names

Choosing appropriate names for the scenarios is vital for success. An effective scenario name is a powerful reference point that condenses a fully-delineated story into as few words as possible and helps people think about a wide range of meanings.

Development Teams

Effective scenario development teams include people with a broad range of functions. It's important to include imaginative people with open minds who can work well on a team. Support and participation from decision-makers (both internal to the developing organization, and externally at customer organizations) is also required.

Success

You know you have powerful scenarios when they are both plausible *and* surprising.