

## Simple steps in scenario planning

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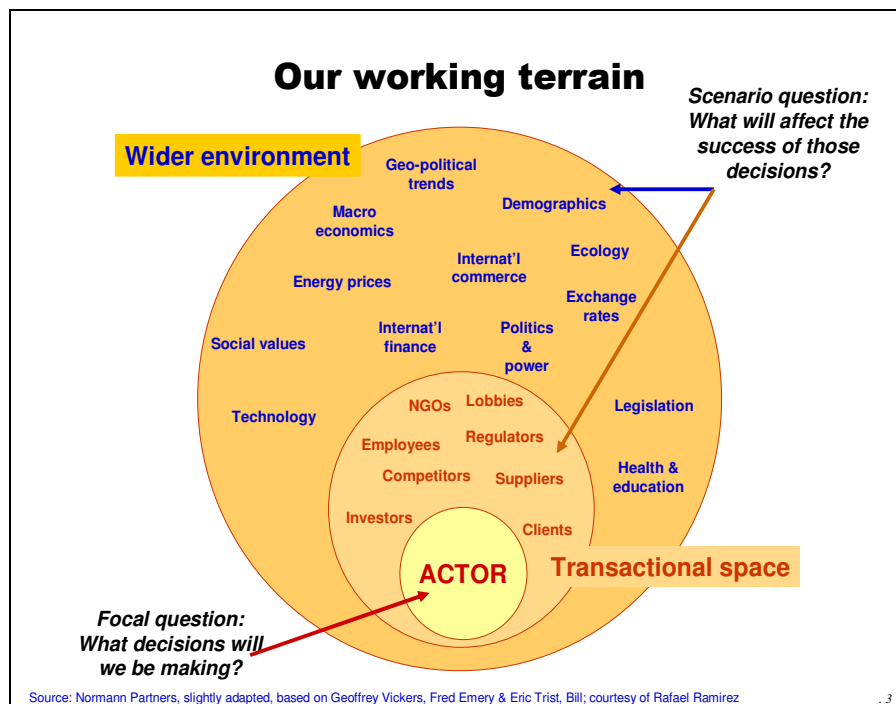
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When we plan, we need to understand the variety of situations we might face. We also need to imagine how we might meet different contingencies in order to achieve our goals. Scenario planning is a method for achieving that goal.

One of the key tools in scenario planning is the scenarios themselves. These are stories about the future. They are not predictions, nor are they forecasts based on straight line projections of current trends. Rather, they are the description of imaginary situations you and your organisation might face in the coming years, including things never seen before. In 1990, for example, who would have imagined that the United States would have declared war on global terrorism? Scenario stories help to broaden our attention beyond our usual assumptions. They do this by covering a variety of fields: economics, politics, social trends, deep beliefs, new technologies or geographical trends likely to affect your work.

Usually, organisations develop 2-4 stories about the future. Each story is different from the others. As a rule, we try not to make one story good, one bad and one in the middle. The future is rarely so tidy. Instead, like our everyday lives, any future we face will have both good and bad elements in it – things which support what we want to do, and things which do not. Our scenario stories need to reflect that variety.

### OUR WORKING TERRAIN



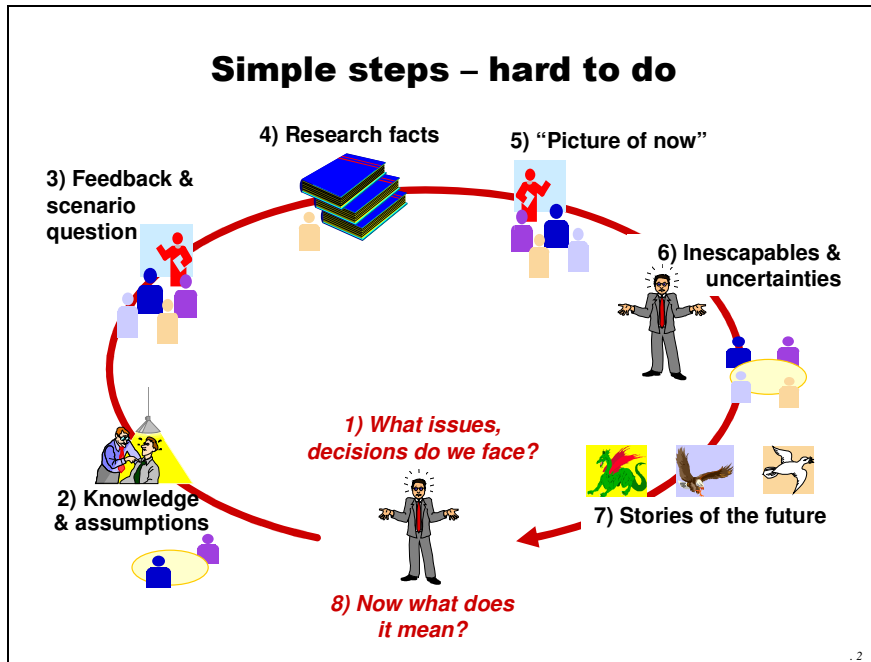
There are three spaces involved in scenario planning.

1. **Actor's space:** this is the organisation or company or group doing the scenarios. What decision or situation are you facing? This is your focal question or issue.
2. **Transactional space:** this is the space where your work is done – the industry you are in, how it is regulated and the market it serves. Even NGOs have a transactional space – where money is raised and work carried out.

3. **Wider environment:** this is the big space where society, economy and geography all exist around your own activities and those of your industry or profession.

It is important to remember that scenario stories are not about you as an actor. Rather, they are tools to help you respond to the world around you, including the transactional space and the wider environment within which your decisions will either succeed or fail.

### SIMPLE STEPS, HARD TO DO



1. **A focal question or issue:** The first step in scenario planning is to identify a critical issue your organisation faces. In fact, the existence of a tough decision or complicated issue often leads organisations to ask for scenario work. Some people call this the 'focal question' or the 'focal issue'. Sometimes it is a decision you need to make soon about a new strategy or investment. Other times it is a broader uncertainty, like the impact of climate change or HIV/AIDS on your business and markets or society. The scenarios are then designed to help your organisation manage this complex decision or situation.
2. **Internal interviews on knowledge & assumptions:** Scenario planning works with the beliefs we hold about the future. For that reason, the second important step is to understand what people in the organisation know about the situation they are facing and to identify what they assume about the future. The scenario research and stories that are then developed will expand existing knowledge and test current assumptions.
3. **Feedback & scenario question:** Once the interviews are done, a presentation is given to people in the organisation, reporting what has been heard during the interviews. During this presentation, anonymous quotations from the interviews are used. People are then asked whether this report represents what they know and believe. Is the presentation an accurate reflection of the group's thinking and knowledge? At the end of the interview feedback, it is useful to identify another question: the question the scenarios will answer. For example: an oil company may be considering whether to drill for oil in Chad. That is the decision they are facing. However, the question the scenarios will answer needs to be broader. In this example of drilling for oil in Chad, the scenario question might be: What is the future of Chad as a society and how will oil companies fit in?
4. **Research the facts:** At this stage, it is useful to collect any long term statistical data which summarise key trends and to interview knowledgeable people, with both conventional and unconventional views. Using the example of Chad again, what is the government's balance of

payments? How have literacy, life expectation and GDP per capita been evolving? What have been the trends in population growth and employment? What is the percentage of people still dependent on agriculture or other sectors of the economy? Establishing basic facts is very important. This is also a good time to interview people with deep knowledge about Chad and the oil industry in Chad. It might also be useful to sound out different opinions about the direction of future oil prices or the amount and role of international aid. More unconventional subjects can also be researched, such as the strength of non-governmental organisations in Chad and their likely opposition to oil drilling on environmental grounds or social disruption. It might be important to look at the civil war in Sudan and the impact of the Darfur refugees. This is the first stage of broad research. It is a process of picking up basic descriptive information and looking for signals of new forces likely to shape the future.

5. **A Picture of 'Now':** This research is useful in describing where we are now, and ideally is assembled in a presentation that also needs to be presented, approved, and corrected where necessary. This has two purposes: when an organisation shares a clear understanding of the present, it is easier for people to talk about things together because they are using the same set of facts and ideas. An agreed 'picture of now' also helps to think about the future because scenarios stories of the future are like maps, describing a terrain we will cross. However, a map can be very misleading if we do not know where we are standing when we set off on our journey. That knowledge of where we are standing is the Picture of Now.
6. **Inescapables & uncertainties:** The research also serves another purpose: it should identify what we have to face in the future, whether we like it or not. These are the 'inescapables' – those aspects of the future we cannot avoid. Again, using the example of Chad, it is likely that climate change has already altered weather patterns, making it harder for farmers to earn a predictable living from the land. However, investments in vaccines, clean water and education may have helped to reduce infant mortality, ensuring that more children survive and the population grows. That means that today, there is a larger population to feed but a more unpredictable agricultural system for feeding them. This challenge is an inescapable fact, something the country is facing now and will also have to face in the future. What is more uncertain, and may be a key uncertainty about the future is how that challenge will be met. Will there be imports of food? A rise in manufacturing jobs, so people can pay for imports? A return to a more normal climate? Or is a changing climate another inescapable fact of the future? In preparing the Picture of Now, a clear distinction between what we have to face in the future and what is still uncertain is very, very helpful.
7. **Stories of the future:** Using this research, our imaginations, and a variety of techniques, we can then begin imagining different futures and how they could come about. This is a hard process, because the stories need to be plausible, challenging and relevant to the organisation or group. We need to show how all future worlds came into being and to make the explanation of each story very believable. This is an intricate process which is hard to explain and often very hard to do. It can also be very contentious as some people discover that their favourite daydreams about the future cannot come true. They then have to imagine the alternative. This work often begins in workshops, where people with different knowledge and experience meet. The greater the diversity of knowledge and interests in a scenario building workshop, the better the stories, but the harder it is to agree on what scenario stories to tell. However, because all views are welcome, the process of building scenario stories can help groups address their differences more effectively, in a relatively neutral setting. That is why scenarios have been used in places like South Africa, with participants drawn from all sides of the conflict, or in Kenya at a time of political transition.

Once the stories are drafted, they should be tested with people outside the group who wrote them. Often, new research is needed to establish whether something that was imagined has any evidence to show why it might happen. This evidence helps to make the stories believable when they are presented and used.

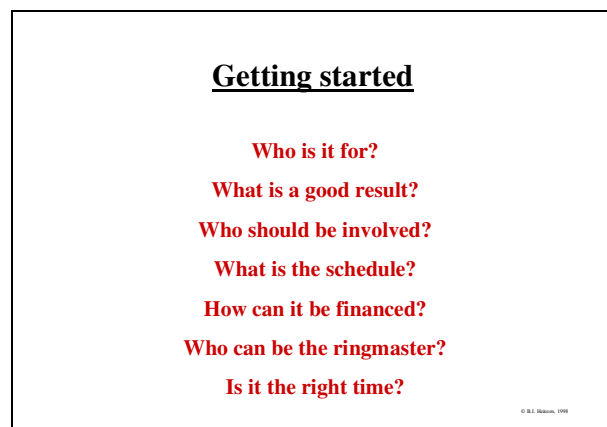
8. **Using scenarios: what do they mean?** Creating a good set of scenarios is a demanding process. However, a final effort is needed to make them useful. If we take the example of oil drilling in Chad, the oil company can now take its plans for drilling and ask themselves: what happens to my plans in each scenario story? At this stage, the company might find that their

plans succeed in one story, but fail in another. This then forces them to reconsider their plans in order to prepare for a different situation than the one they had first assumed. It can also happen that under all scenarios, they need to put some resource in place they had not expected to need. Sometimes, a group discovers that they need to plan for a situation that could arise quickly. In that case, by discussing that situation in advance and imagining how they might respond, the group can react more quickly if that situation arises. This can be an advantage with a commercial company, but with an NGO responding to hunger or disease, it can also save lives. In Kenya, the national scenario stories were used in a different way: to generate public discussion about the future of society. They were presented in over 170 venues around the country, often involving people who had previously been marginalised. Some believe that this process encouraged people to avoid conflict that would have been disastrous for all.

**In conclusion:** Not everyone needs to do scenarios and a scenario process will be very time-consuming. That said, it is a slow process with rich dividends, facilitating agreement internally, and helping everyone avoid situations that might cause trouble at a later date.

## **GETTING STARTED**

In many ways, the hardest part of this work is gaining the permission and resources to begin. Many people, both in organisations and society more widely, would like to engage in scenario work. Their bosses are less enthusiastic, seeing scenario work as a long slow process with unpredictable results and a high cost. So what is involved in getting started?



Every scenario project must begin by answering the “getting started” questions. Who is it for? What is a good result? Who should be involved? What is the schedule? How can it be financed? Who is the ringmaster, or manager of the process? The answers to these questions will help to design the process that best suits any particular situation. These are not easy questions to answer, either inside an organisation or in the context of wider society. Often, many discussions with different people are needed to put all the pieces together. It can take months or even years before a solid scenario project gets going.

## **USING SCENARIOS**

The process of interviewing, researching and building good scenarios is very demanding. By the time that work is done, people no longer have the energy to design and manage a new process for using the scenarios. Often, those who were involved in the research and development of the scenario stories take what is being learned and apply it immediately. More can be done, however, and equal attention needs to be given to this stage of work. In many ways, in fact, the circle begins all over again.