

# ***What the heck is scenario-based planning and why am I looking at this???***

Scenario planning [or **scenario thinking** or **scenario analysis**] is a [strategic planning](#) method that some organizations use to make flexible long-term plans. It is in large part an adaptation and generalization of classic methods used by [military intelligence](#). This page is adapted from Wikipedia, and gives some general guidelines for this type of planning. The parallel to student-based transition thinking is for you to decide. But why not start with the end in mind?

1. *Decide on the key question to be answered by the analysis.* By doing this, it is possible to assess whether scenario planning is preferred over the other methods.
2. *Set the time and scope of the analysis.* Take into consideration how quickly changes have happened in the past, and try to assess to what degree it is possible to predict common. A usual timeframe can be five to 10 years.
3. *Identify major stakeholders.* Decide who will be affected and have an interest in the possible outcomes. Identify their current interests, whether and why these interests have changed over time in the past.
4. *Map basic trends and driving forces.* This includes industry, economic, political, technological, legal and societal trends. Describe each trend, how and why it will affect the organisation. In this step of the process, brainstorming is commonly used, where all trends that can be thought of are presented before they are assessed, to capture possible group thinking and tunnel vision.
5. *Find key uncertainties.* Map the driving forces on two axes, assessing each force on an uncertain/(relatively) predictable and important/unimportant scale. All driving forces that are considered unimportant are discarded. Important driving forces that are relatively predictable (f.ex. demographics) can be included in any scenario, so the scenarios should not be based on these. This leaves you with a number of important and unpredictable driving forces. At this point, it is also useful to assess whether any linkages between driving forces exist, and rule out any "impossible" scenarios (f.ex. full employment and zero inflation).
6. *Check for the possibility to group the linked forces* and if possible, reduce the forces to the *two* most important. (To allow the scenarios to be presented in a neat xy-diagram)
7. *Identify the extremes* of the possible outcomes of the (two) driving forces and check the dimensions for consistency and plausibility. Three key points should be assessed:
  1. Time frame: are the trends compatible within the time frame in question?
  2. Internal consistency: do the forces describe uncertainties that can construct probable scenarios.
  3. Vs the stakeholders: are any stakeholders currently in disequilibrium compared to their preferred situation, and will this evolve the scenario? Is it possible to create probable scenarios when considering the stakeholders? This is most important when creating macro-scenarios

where governments, large organisations et al. will try to influence the outcome.

8. *Define the scenarios*, plotting them on a grid if possible. Usually, 2 to 4 scenarios are constructed. The current situation does not need to be in the middle of the diagram (inflation may already be low), and possible scenarios may keep one (or more) of the forces relatively constant, especially if using three or more driving forces. One approach can be to create all positive elements into one scenario and all negative elements (relative to the current situation) in another scenario, then refining these. In the end, try to avoid pure best-case and worst-case scenarios.
9. *Write out the scenarios*. Narrate what has happened and what the reasons can be for the proposed situation. Try to include good reasons *why* the changes have occurred as this helps the further analysis. Finally, give each scenario a descriptive (and catchy) name to ease later reference.
10. *Assess the scenarios*. Are they relevant for the goal? Are they internally consistent? Are they archetypical? Do they represent relatively stable outcome situations?
11. *Identify research needs*. Based on the scenarios, assess where more information is needed. Where needed, obtain more information on the motivations of stakeholders, possible innovations that may occur in the industry and so on.
12. *Develop quantitative methods*. If possible, develop models to help quantify consequences of the various scenarios, such as growth rate, cash flow etc. This step does of course require a significant amount of work compared to the others, and may be left out in back-of-the-envelope-analyses.
13. *Converge towards decision scenarios*. Retrace the steps above in an iterative process until you reach scenarios which address the fundamental issues facing the organization. Try to assess upsides and downsides of the possible scenarios.