

# Scenario Planning

## What is Scenario Planning, and how can it help you?

Scenario planning prepares your organization or network to readily respond to changes in uncertain environments that may significantly impact future work. This tool guides assessment of trends and future uncertainties. It also helps you gain insights into how different factors might interact under certain conditions. Having these insights supports quick decision making in the event that a scenario becomes a reality. A team or organization may conduct scenario planning over several months or years.

## Scenario Planning will help:

- Minimize under- and over-prediction of the outcomes of change
- Focus risk mitigation on important priorities
- Build skills in critical thinking, stakeholder engagement, risk management, and strategic planning

## How to use this tool: (refer to the worksheets on pages 5-8)

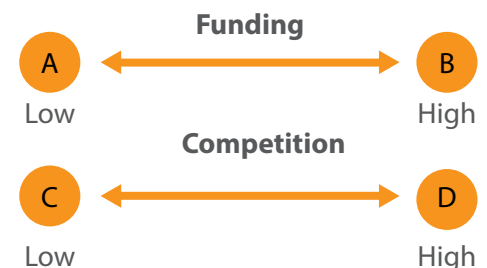
### 1. Identify the topic and the timeframe.

- a. Convene your team and key stakeholders to discuss a topic for which trends and uncertainties could significantly impact future work. Key stakeholders may include clients and community partners. Use the [Scenario Planning Worksheet](#) (page 5) to guide discussion and record responses.
- b. Specify a future timeframe for your scenario planning, varying from short-term (3 to 6 months) to long-term (10 years or more).
- c. Record the topic and timeframe on the [worksheet](#).

### 2. Identify major trends and uncertainties.

- a. Brainstorm key factors—such as competition, public funding, technological changes, rising health care costs, health care policies, trends in reduced number of clients, and changing demographics—that may influence your topic. Record these influencing factors in the table on page 6 of the [worksheet](#).
- b. Classify the factors as *Trends* or *Uncertainties*. *Trends* are relatively well-known factors informed by information and data. *Trends* generally continue in a similar direction. In each of the scenarios developed, *Trends* are assumed to be the same or developed in a similar way. *Uncertainties* are factors that you are unsure about, are less predictable, and will be different for each scenario developed.
- c. Record on the [worksheet](#) whether the influencing factor is a *Trend* or *Uncertainty*.
- d. Discuss and determine whether each factor will be *Important* or *Unimportant* in terms of its impact on the topic. Also record these on the [worksheet](#).

- 3. Identify and describe the two most important Uncertainties.** Identify endpoints for each of these two *Uncertainties*. Discuss the different potential future outcomes for the two most important *Uncertainties* and record in the table on page 6 of the [worksheet](#). This will focus your risk management efforts on the most important factors that may impact your work. (See example at right.)



- 4. Identify the impact for each of the scenarios.** Using the table in the [worksheet](#) on page 7, create a summary of the potential interaction between the two most important *Uncertainties* that will be affected by the important *Trends*.
- Scenarios should not be just positive or negative. Even if the factors appear to be complementary, other issues could still negatively influence the key topic.
  - Ensure that scenarios are not just linear projections of current trends.
- 5. Describe the future scenarios in detail.** Describe the details for each of the scenarios in the [worksheet](#) on page 7 to create a strong narrative that tells a convincing story about the future under these conditions. Give a name to each scenario that summarizes and illustrates the main developments in each of them. Consider for each scenario:
- Relevance and impact on levels of the organization or network (i.e., Title X grantee, clinic staff)
  - Consistency with the concerns, structure, and culture of the organization or network
  - Describe different futures, rather than variations of the same *Uncertainty/Trend* combination
  - Describe a state that would exist for a substantial amount of time (i.e., not short-lived)
- 6. Reflect on potential outcomes.** After developing the scenarios, consider actions that the organization or network should be prepared to take if each scenario materializes and record on the [worksheet](#). The power of scenario planning lies in obtaining these insights to guide strategic decision making. The value of each scenario is not how well it predicts the future, but how well the scenario prepares you to make strategic decisions should the scenario become a reality.
- a. Delegate development of the strategies and future steps for each scenario to the appropriate individuals or departments within the organization or network.
  - b. Determine dates to re-evaluate the scenarios and update them based on any new information.

## Case Study: Future Financial Health in Uncertain Times

As part of its strategic planning process, a family planning organization and key stakeholders undertake scenario planning to lay out knowns and unknowns that may significantly impact the organization's work. The scenario planning team focuses on the organization's future financial health and sustainability for the next five years, consistent with their five-year strategic plan.

The team identifies levels of funding, competition, technological change, rising costs of health care, health care policies, reduced number of clients served, changing demographics, and new regulations as factors affecting the financial health of their organization over the next five years. External stakeholders adds valuable insights on these factors based on their perspectives.

The team identifies *changing demographics*, such as an increase in Hispanic clients, as an important *Trend* that will likely continue over the next five years and affect the family planning needs of their population served. This *Trend* is included in each of the scenarios developed. *Different funding levels* and *levels of competition* are considered the two most important *Uncertainties* affecting the organization's financial health and may interact in different ways, so are different in each scenario.

The team discusses how the *different funding levels* and *levels of competition* may interact to impact the future financial situation. The table below summarizes the interactions.

		Competition with other organizations	
		High	Low
Levels and sources of funding	High	<p><b>Scenario 1</b></p> <p>Increase in funding, and more competition from other health care organizations to meet the changing needs of family planning clients. The organization is generally financially healthy but needs to make investments to remain competitive and continue to teach the clients with needed services.</p>	<p><b>Scenario 2</b></p> <p>Increase in funding, and less competition from other health care organizations to meet the changing needs of family planning clients. Positive financial outlook with opportunities to invest in resources to meet evolving client population needs.</p>
	Low	<p><b>Scenario 3</b></p> <p>Decrease in funding, and more competition from other health care organizations to meet the changing needs of family planning clients. The organization is in a precarious, stressed financial situation needing to do more with less (or less with less). The organization needs to diversify funding sources and potentially diversify services to appeal to those funders.</p>	<p><b>Scenario 4</b></p> <p>Decrease in funding, and less competition from other health care organizations to meet the changing needs of family planning clients. The financial situation requires "belt tightening" and maintaining its client population.</p>

The team describes the implications of each scenario under these conditions and names each one. For example, Scenario 3 is named “Strategic Niche” to reflect the organization’s need to identify what it does best to survive in a situation of low funding and high competition.

The group developed the following narrative for Scenario 3 (Strategic Niche):

Within the next five years, there could be dramatic, abrupt funding cuts to family planning services. With funding decreases, the organization may be less competitive because it offers a more narrow range of services compared to other organizations. The organization also has a reputation for providing high-quality services and has successfully responded to changing demographics, such as meeting needs of Hispanic clients, which can be a competitive advantage. Funding cuts could jeopardize the organization’s survival.

A designated team of financial and technical staff has responsibility for identifying the minimum services, staff, and operations needed to continue providing quality services, should this scenario occur. This team would also identify diversified funding/services that build on core strengths and potential income-generating activities to offset funding losses and identify organizations to partner with to remain competitive.

This scenario and others allow leadership to respond, should any events or circumstances become a reality. Additionally, leadership periodically reviews the scenarios and any significant changes in the key *Uncertainties* to determine if they trigger any needed decisions and actions. Periodically reviewing the scenarios also helps leadership to identify those that need to be updated to reflect significant changes in *Trends* or *Uncertainties*.

**References:**

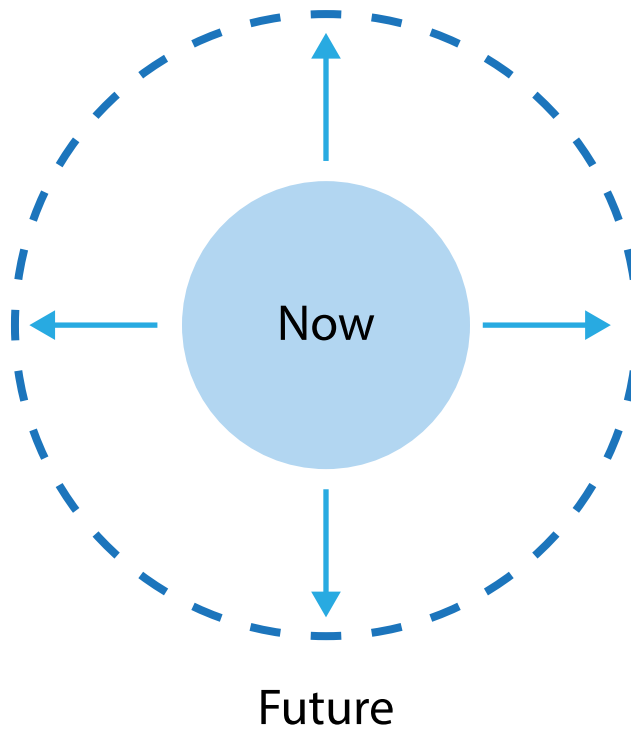
1. Meinert (2014) Field Manual Scenario Building. Retrieved from [https://www.etui.org/sites/default/files/2014\\_Scenario\\_Building\\_DEF.pdf](https://www.etui.org/sites/default/files/2014_Scenario_Building_DEF.pdf)
2. National Family Planning & Reproductive Health Association. (2017). Sustainability Solutions: How Title X Programs and FQHCs Can Work Together.
3. Schoemaker, P. J. (1995). Scenario planning: a tool for strategic thinking. Sloan management review, 36(2), 25–50.
4. Wilkinson, A., Kupers R. (2013). Living in the Futures. Harvard Business Review.

# Scenario Planning Worksheet

**Step 1: Identify the topic and the timeframe.**

Brainstorm and write factors in the graphic that could influence the topic during the timeframe.

Topic	Timeframe



**Step 2: Identify major Trends/Uncertainties and their importance.**

For each factor that could influence your topic in the timeframe, note whether each factor is a Trend or Uncertainty and the Importance of each factor.

Trend/Uncertainty	Influencing Factors	Importance

**Step 3: Identify and describe the alternative outcomes.**

Give two potential outcomes for each of the two most important Uncertainties. Identify endpoints for each of these two Uncertainties.

Uncertainty 1 \_\_\_\_\_

Uncertainty 2 \_\_\_\_\_

**Step 4: Identify the impact for each of the scenarios.**

Create a summary of the potential interaction between the two most important Uncertainties that will be affected by the important Trends.

Uncertainty 1 \_\_\_\_\_

Uncertainty 2 _____		_____ (Example: "High")	_____ (Example: "Low")
	_____ (Example: "High")		
	_____ (Example: "Low")		

**Step 5: Describe the future scenarios in detail.**

Create a strong narrative that tells a convincing story about the future under these conditions and name each scenario.

Scenario Name	Scenario Description

**Step 6: Reflect on potential outcomes.**

Consider actions that the organization or network should be prepared to take if each scenario materializes.

Scenario Name	Action Steps to Anticipate