

## Scenario Planning

**Scenario Planning is a process for businesses to think about and plan for the future. The process typically involves identifying external trends and disruptive innovations, exploring how the future could unfold, what the consequences would be for the business, and how to respond with alternative strategic plans.**

Scenario Planning attempts to eliminate the two most common errors made in any strategic analysis - Overprediction and Underprediction of the company's future.

### Scenario Planning Process

#### Step 1: Brainstorm Future Scenarios

In the very first step you need to decide a time frame. While you are setting the time frame, you should consider various factors:

- The life cycle of your product
- Political conditions of your country
- Competitor's analysis
- Technological advancement

Once you have an appropriate time frame decided, determine what knowledge would hold substantial value for your organisation for an extended period. If you are developing a decade's scenario; you will look at the past ten years for reference. You need to consider the changes that occurred in your department, organisation, industry, region, country, and even the world. You should foresee similar changes in the next ten years.

#### Step 2: Identify trends and driving forces

You need to focus on the following factors whenever you are going for the identification of trends and driving forces.

- Who has an interest in these decisions?
- Who will be affected by them?
- Who could influence them?

Now the apparent driving forces are suppliers, customers, competitors, employees, shareholders, government and many more. Identification of the following factors about them is also essential.

- Current roles of the driving forces
- Their interests
- Their positions in the field
- Their progress over time

#### Step 3: Create A Scenario Planning Template

Identify the driving forces of the environment that is the key-factor you have listed. These driving forces can originate in the following areas:

- Society and its structure, including demographic, economic and political factors, and public opinions as well
- Markets and Customer Behaviour
- Technology and Innovation
- Your Industry competitive structure
- Your organisational capacities and core competencies

#### Step 4: Develop a Scenario

The essential task of scenario planning is developing the actual scenario. You need to build a condition according to each factor we have evaluated in the above steps and create a situation according to the traits and trends of the market.

While building a scenario, you need to find the strength and weakness of your plan and work accordingly. You need to define touchpoints around which your story will revolve.

#### Step 5: Evaluate a Scenario

By following a systematic step-by-step procedure, the scenario team can achieve a balance between wild creativity and free form imagination. And you can get a sound judgement based on knowledge and experience. A team tries to think of everything that could potentially affect the issue.

**The type of segregation used for finding strategies is essential to finding focal issues and degree of uncertainty. For example:**

- What will be the energy prices?
- Will they rise or fall?

- What will be the views of customers about your product?
- Will they incline towards modernization or rationalization?
- What will be the rate of advancement of technology?
- What will be the approach of government? Etc.

#### Step 6: Update Strategies and Policies Accordingly

A month or two after you implement the scenarios, you need to evaluate your strategic plan and update the policies according to the new market trends. This evaluation and update should be done periodically. The market situations are regularly changing according to the macro-environmental factors defined above. So, you need the assessment and update accordingly at a certain specified period.

***Therefore, scenario analysis gives you a more explicit picture of the future. It will determine what is going to happen in the future based on the experiences in the past.***

		ENTER SCENARIO	ENTER SCENARIO	ENTER SCENARIO	ENTER SCENARIO
<b>Impact of Scenario</b>	What happens after the scenario occurs?				
<b>Uncertainties</b>	What is unknown about the scenario?				
<b>Questions</b>	What questions may you have about the scenario?				
<b>Comments</b>	What comments do you have on the scenario?				
<b>Responses</b>	What response do you take to the scenario occurring?				
<b>Alternative plans</b>	What alternatives may you take of the scenario occurs?				