

Are you Ready for Scenario Thinking?

There is always room for improvement in strategic thinking activities and the development of a strategic plan. One way is to use scenario thinking as part of your strategic planning processes. Scenario thinking has been described as a process used to develop stories or visions of the future and using them to help develop strategy. It encourages creative thinking and looks at the opportunities for the organization beyond the next year or so. It is a way of working with change and exploring the future so you might greet it better prepared.

Visions drive an organization's strategic intent. Therefore, scenario thinking needs to occur before strategy is set. The process involves looking at possible scenarios. Scenarios are credible stories or visions about how things might occur given a set of assumptions based on driving forces and uncertainties. Scenarios can be used to understand how change can be envisioned and actualized.

Failing to engage in scenario thinking and development of scenarios may prevent an organization from meeting its full potential. In fact, strategies currently being "polished" may not fit into a desired future scenario. All too often, scenario thinking occurs around the feasibility of tactical "how to" options. This type of activity is often more scenario planning as opposed to scenario thinking. Scenario planning asks questions such as:

- What is the nature of the option and intended metrics and outcomes of pursuing this option?
- What conditions or pre-conditions for approval make the option viable?
- What are the danger points and what can go wrong?
- What are some examples of failure and their implications?
- What are the strengths, weaknesses, opportunities and threats?
- What are the resource implications?

Scenario thinking tends to ask more "what if" type questions such as:

- What are the potential forces that will influence us and what we do?
- How do we want to position ourselves? What if we did *this* to influence the change factors?
- What will be the role of our organization in ten years? Who will be our members?

When staff resources are available, this type of scenario planning often falls to them. Board engagement in this type of activity, beyond monitoring, may move the board into micromanaging operational activity. This in turn may restrict the board from engaging in scenario thinking and exploring future scenarios.

Neglecting scenario thinking may result in the planning team selecting less risky, more obvious, and/or “similar to last time” strategies.

Having reviewed a considerable number of plans and strategic direction setting processes used by not-for-profit organizations, I believe strategic thinking activities need improvement. This can be achieved by employing scenario thinking activities.

Some not-for-profit organizations fail to conduct a comprehensive external environment analysis prior to engaging in strategic planning, or undertake one of limited scope, which has limited value. Their rationale for this omission is often tied to limited resources or the need to establish a strategic plan in a short period of time. An external environmental analysis looks at political, economic, social, technology, sector and not-for-profit leadership and management trends and issues that may impact an organization. Without a comprehensive examination of external trends, the planning team often ends up developing strategies based solely on existing “burning fires” rather than trends and issues that will have a significant impact two or five years down the road. As a result, very little scenario thinking takes place.

An internal environmental analysis looking at strengths and weaknesses, and a report on the progress of current strategies are also required to support scenario thinking. Wishes, dreams and innovative ideas are also key ingredients.

The proper use of this type of information and the forces of change they represent, along with scenario thinking, can better inform the development of strategy. The result is brainstorming at its best.

The scenario thinking process requires facilitation. Participants create a set of stories or scenarios about how the future could unfold – they think out loud and speculate without the need for solid facts. The future is often beyond the two or three years normally addressed in strategic planning activities. As these scenarios are flushed out, new challenges and opportunities may be identified, along with related barriers. It assists to envision how the future can be shaped. Participants will determine which scenario they wish to live in and set the stage in terms of taking a pro-active position with a number of potential influencing forces.

Scenario Thinking and Leadership

Scenario thinking is a key leadership capability. The chance of success is often greater for leaders who can discern what is emerging, rather than simply react to what is already happening and obvious to everyone. Technology is supporting instant and broad access to communications and more stakeholders are involved in looking for similar opportunities or challenges. Working

through scenarios helps leaders get prepared. When they face a situation covered in a reviewed scenario, they are better able to address the options, move things along more efficiently, and understand the decisions to be made and types of policies and processes required. In effect, scenario thinking can be used as an early warning tool.

There are some real and perceived obstacles to scenario thinking. Some are:

- There is insufficient money and volunteer time necessary to do a good job of scenario thinking;
- Members are apathetic and it may be seen as too innovative for some to support;
- Related stakeholders are not interested in collaborating;
- There is a lack of an “optimum” solution. A lot of compromise is required, and this takes time;
- Linking scenario information to the development of strategy can be confusing;
- Scenarios and related expectations may be beyond the available resources to implement the required strategy;
- Once the strategy is set, the board has such a high level of ownership they may get involved in micromanaging;
- Professional help is not used; and
- The right leaders with the knowledge and skills to make it work may not be available.

So, how do we keep the board focused on the future and engaged in scenario thinking?

Think about the last few meetings of your organization’s board. How much time was spent exploring the future as opposed to discussing historical, short term or operational issues? If a board is to keep focused on strategy formulation and improve strategic thinking activities, there are a number of things that could be done:

- Provide clarity on roles and responsibilities for board and staff and review with each director their roles in strategy formulation;
- Obtain the necessary information such as an external and internal environmental analysis to support strategic thinking;
- Use the information to ask “what if” and pose questions in a pro-active manner;
- Provide tools to support monitoring and conduct regular evaluations of current strategy;
- Establish policies to support strategic planning along with supportive processes and assigned responsibilities;
- Recruit directors with leadership capabilities and required competencies who are not prone to micromanage operational strategy;
- Hire staff with leadership capabilities and related competencies;
- Establish clear vision based on the scenarios;
- Establish clear priorities and supporting performance indicators;
- Separate the scenario thinking session from the session where strategies are developed;
- Shift the board planning focus from tomorrow, next year and the next three years to beyond more than five years;

- Maintain the board's blue-sky approach by using effective agendas to ensure discussion topics are focused on the big-picture and long-term strategy;
- Make sure standing committees focus on performance indicators relating to strategies, and report on progress;
- Obtain future directors from leaders and performers on standing committees and task forces;
- Assure all directors own the strategy by tying board terms into planning activities; and
- Link roles and responsibilities, competency requirements and performance evaluation to strategy.

Groups that engage in scenario thinking activities often build a strong common ownership and support for strategic issues. It helps when key decision-makers talk the same language and have the same focus. This in turn makes the strategic planning session easier and more productive. It has the potential to strengthen strategic intent, catalyze bold action, become "unstuck" and go beyond the usual, accelerate collaborative learning, and aid in alignment and visioning.

If you want to get more out of your organization's future strategic planning activity and make strategy mapping easier, I suggest you look at scenario thinking and how it might take your organization to a new level. Remember, the future is unpredictable - scenario thinking is necessary. There are a number of scenario planning sources on the internet. Perhaps you may even wish to use a software application to help in your efforts.

This column features innovation and practical solutions applied to challenges, trends, issue and opportunities for the association community. Column editor Jim Pealow, MBA, CPA, CMA, CAE, CMC is a consultant and has served as the Lead Author/Instructor/Coach for the Canadian Society of Association Executives Certified Association Executive (CAE) Program for seventeen years. He can be reached at jim@amces.com.