Scenario Planning

The Art of Strategic Conversations

Normal scenario planning makes people realise that the future can develop in several different ways and that some of these "possible futures" may provide unexpected possibilities. This insight has caused parties in extremely polarised situations – including in South Africa and Guatemala – to get out of their trenches and start building a peaceful future together. Perspectivity aims to make scenario planning methods available to help solving various social problems.

What is scenario planning?

Scenario planning is a method that enables organisations or communities to experience that the future is uncertain and may develop in fundamentally different ways. This yields the insight that nobody can decisively determine what will happen in the long term.

On the basis of this insight, the participants in the scenario process together identify several "possible futures" (scenarios). Subsequently, they ask themselves what actions they can take (options) and what effect these actions would have in the different scenarios. This exercise also enables them to recognise unfolding developments as part of one of the scenarios, and to see the relation with actions taken. Parties will then not seldom be willing to adopt a different attitude than they would have done without the scenario analysis and reach creative breakthroughs, in close co-operation with the other parties.

Applications

For decades now, scenario planning has been successfully applied for several purposes. Two main versions can be discerned:

- Applications as part of strategic corporate planning processes, within companies and organisations. Here, scenario planning leads to strategies that can better withstand unexpected future developments.
- Applications that aim to help solving complex problems and breaking deadlocks within social communities. These applications are known as "Civic Scenarios".

Perspectivity focuses on the second variant, but acknowledges its indebtedness to the Royal Dutch/Shell Group, which company laid the foundations for scenario planning in the mid sixties. It was this scenario thinking that enabled Shell to react much more adequate than its competitors to the 1973 oil crisis.

An early and appealing example of civic scenario application can be found in the Mont-Fleur scenarios that helped parties in South Africa to find a peaceful route from Apartheid to democracy.

Since then, civic scenarios have been successfully applied in several complex and deadlocked social situations, from armed conflicts to water distribution questions and from international problems to neighbourhood tensions.

Why scenario planning works

The shared awareness that the future is fundamentally uncertain and nobody can determine what will really happen in the long run, allows the participants in a scenario planning session to "safely" explore alternative futures. They can also "play" with ideas about the effect of their own actions on those futures without committing in advance to a certain future or certain actions. That way, they can reach insights they would otherwise not have had and actions they would previously have considered to be completely contrary to their own best interests. This is illustrated by a quote from a prominent ANC member during the Mont-Fleur scenario process: "Up until now, I thought it would be in the interest of ANC voters to redistribute this country's wealth more fairly as soon as possible, but now I realise that we must first save South Africa's economy, otherwise there will be nothing left to distribute."

Building and discussing the scenarios allows for open reflection on the future and sharing of new insights with the other parties. This may result in an unexpected understanding for each other's problems and desires, creative breakthroughs and even forgiveness for nearly unforgivable actions in the past. The Mont-Fleur scenarios in South Africa helped black and white to see that different and better futures were possible than just a "white" (clinging to Apartheid in order to avoid total chaos, expulsion and expropriation) and a "black" alternative (enforcing a black majority regime that would inevitably, to undo past injustice, remove the whites and redistribute their possessions).

In reality, South Africa's transition unfolded along the lines of the "Flight of the Flamingoes" scenario, that described the peaceful installation of a black majority regime, that implemented a sound economic policy, using white know-how and entrepreneurship where necessary. Of course, Mandela's extraordinary leadership played an important role. But it was Mandela who called the book "Solving Tough Problems", in which Adam Kahane described his work as civic scenario facilitator for among others the Mont-Fleur process: "...a breakthrough because it takes on one of the greatest challenges of our time: finding a way to solve the problems we have created."

Process and method

Scenario planning is a thoroughly designed process that encompasses several sessions and may take up months. Depending on the circumstances, more or less sessions may be necessary and the composition of the group of participants may change during the process. However, the process generally comprises the following pattern:

Step 1: Preparation

During this step, external project facilitators interview a large number of people regarding an often still vaguely formulated problem within a community. The group of interviewees should in any case consist of representatives of all discernable interest groups (stakeholders) from the relevant community and, if necessary, also external experts who may shed light on the problem. By asking open questions, the main issues and concerns are identified. The interviews offer the opportunity for participants and facilitators to get to know one another and align expectations. They also allow the facilitators to familiarise themselves with the prevailing culture within the community.

Step 1 results in a report or booklet with a number of anonymous, but verified, statements that identify the main issues, including the (differences in) concerns, desires and expectations of people with regard to these issues.

Step 2: Composing the scenario team

On the basis of these first findings, the core team (the project facilitators, the ones that can be regarded as the "commissioners" of the scenario exercise and some other important players) determine the initial composition of the scenario team. Apart from the core team members themselves, the scenario team should include a wide representation of all direct stakeholders and possibly some crucial external experts. The group usually comprises some 20 to 30 persons, including most of the interviewees.

Step 3: First workshop – Formulating the scenario agenda

During this workshop, organised by the external facilitators, the scenario team convenes for the first time. The workshop is based on the feedback from the interviews. In mixed break-out groups, the following questions are assessed:

- What are main internal and external issues?
- What are the decisive external factors?
- What should be the time frame (horizon) of the scenarios?
- Who is (are) the client(s) of the scenario exercise? (for whom are we doing this?)
- What is the key question? (what is the most important concrete question we want to answer?)

This results in a first definition of "the system" (i.e. the community that faces an identifiable problem that they themselves can influence) vis-à-vis the wider environment, the key question that "the system" wants to answer and the number of years they want to look ahead.

Subsequently, the groups have to indicate which important external factors are already more of less determined for the planning period and which are still very much unpredictable. As to the uncertain factors, they must indicate in what directions these could develop and what uncertainties

are connected. Important external uncertainties are then clustered, the results of the different groups compared and common views identified. Any remaining differences of opinion (e.g. regarding what is certain and uncertain) can be "parked" for further exploration in step 4.

Finally, the groups are requested to jointly seek the biggest uncertainty with the largest impact on the answer to the key question. Usually, the two most important uncertain factors are placed on the axes of a co-ordinate system, whereby each of the four fields will form a scenario. But it may also be decided to develop more or less than four scenarios.

Example: In a 2006 scenario exercise regarding China's possible futures, the two most important uncertainties with the biggest impact that the team identified were: (i) the extent to which the country would develop (keep developing) itself as a responsible international player, and (ii) the extent to which a harmonious growth would occur (keep occurring) within China. This resulted in the four scenarios below: The "Empty Iron Hand" scenario is also known as "Mao revisited" and "The Emperor's Clothes" is also called "The Gorbatsjov Files".

The result of the first workshop is a shared first idea of the scenarios (the so-called first-generation scenarios) that may be further elaborated and a list of questions and parked issues that need to be further explored.

Step 4: Creating a second generation of scenarios

This step is executed by the facilitators in interaction with the core team and all other scenario team members that may contribute. On the basis of the first generation scenarios and the answers to pending questions (obtained by further research), they formulate a second generation of scenarios. These are somewhat fleshed out, in order to reflect at least the following aspects:

- starting conditions and existing trends
- certain developments
- critical uncertainties
- potential discontinuities
- driving forces for change
- alternative futures and their logic/consistency
- the effect of those alternative futures on the key question.

This step results in slightly worked-out alternative stories for the future, the so-called second-generation scenarios. It is also determined whether the scenario team is to be extended with new members that have a certain commitment to the second- generation scenarios.

Step 5: Second Workshop – Discussing / adjusting the second generation scenarios

The second-generation scenarios are presented to the scenario team. The team members are requested to provide detailed comments on the basis of which the first amendments and

improvements can be made. Subsequently, groups are formed that should each further elaborate one of the scenarios and present this during an "elevator speech": a short story of no more than two minutes, summarising the heart of the scenario. This reveals the essence of the different scenarios. During the exercise, a load of relevant material may surface (the tape recorder is running), which the core team translates into the definitive scenario stories. During this exercise, it may turn out that the "axes break", i.e. the uncertainties that the scenarios are based on do not yield plausible and challenging stories. In that case, the facilitators and the core team should, on the basis of the accumulated data and further research, draft a third generation of scenarios, that can be tested during an additional workshop.

The result of step 5 is a collection of thoroughly tested scenarios: plausible yet challenging and creative stories that provide important new insights regarding the key question.

Step 6: Third workshop – Implications and challenges of the scenarios; developing options

In this crucial workshop, the scenario team convenes again to discuss the implications of the scenarios and the available options to take action. During a break-out group exercise, each scenario's most important "sign posts" are defined, i.e. important developments that will indicate that the scenario is unfolding. The groups subsequently assess certain "what if" questions regarding the scenarios, such as:

- "Should this scenario unfold, what impact would it have on (the answer to) the key question?"
- "If we take action a, b or c, would that increase or decrease our chances of realising this scenario?"
- "How would groups within and outside our 'system' react to this scenario, and what would that mean for us?"

By doing this, the participants familiarise themselves with the scenarios and their implications and stakeholders get the opportunity to consider options that are very different from the ones they used to think of. During this phase, it is essential for the facilitators not to push anything, but to simply observe whether new ideas and breakthroughs for action arise. This important "emerging phase" is concluded by drafting a "scenario-option" matrix, in order to assess the result of certain options in each of the scenarios. This analysis enables the participants to identify those options that are useful in every scenario. In the case of South Africa, this may have been the option to inform the population clearly and truthfully about economic developments. In both the "white" and the "black" scenario, this would enable the respective stakeholder groups to at least pursue their own interest in a realistic way. But it would especially show them that probably, neither scenario would turn out to be very attractive and that it would be worthwhile to consider an alternative scenario such as "The Flight of the Flamingoes".

Eventually, on the basis of these and other considerations, a communication strategy is formulated with regard to the scenario planning. It may even be possible to already identify certain actions that

are generally agreed upon (common ground), but pushing for actions that are not fully supported by all stakeholders should be avoided. The true value of the scenarios will only surface in the follow-up phase.

In summary, step 6 provides all stakeholders with profound understanding of the implications of the different scenarios and awareness of the effect of their own action and vice versa. Certain joint actions may already be agreed upon, but in any case a strategy is outlined to communicate the results of the scenario session.

Step 7: Follow-up

This is at least as essential as all of the previous steps. The facilitators work out and formulate the scenarios in such a way that they easily appeal to large groups of stakeholders. This is part of the communication strategy and may be in the form of catchy stories, films, videos, pictures, games etc. These help the workshop participants to present the scenario results and implications to their "constituency". It is of crucial importance to also explain to these constituencies the true meaning of the scenarios.

- NOT: "Scenario a, b, c or d may become reality, so let's choose the one we want."
- BUT: "Scenario a, b, c or d may become reality, nobody can decisively influence this, but we can think about what we could do to help realise the most desirable scenario."

Whether fundamental breakthroughs will follow, depends on the leadership of the workshop participants when inducing their fellow-stakeholders to take actions previously unthought-of. Therefore, it is very important to involve the legitimate leaders (which may not be the formal leaders) of the different groups of stakeholders.

Usually, the members of the core team and/or the workshop participants convene again after some time, in order to reflect on developments and assess how options are realised and what elements of certain scenarios may be unfolding. Sometimes, this only happens after a crisis has occurred. In the case of the scenario exercise on the future of Guatemala ("Visión Guatemala"), the work of the scenario team could not prevent Rios Montt from being elected president, the general that had previously been dictator during the country's worst years of genocide. Although members of the Visión Guatemala team were able to achieve certain positive actions during his regime, the country as a whole deteriorated and returned to political violence and repression. But when Montt tried to be re-elected four years later (changing the electoral rules by force), an extraordinary large and divers group of parties, led by the Visión Guatemala team, succeeded to unite within only two days and alter the course of events. Montt lost the elections and a third of the ministers in the new broad coalition were scenario team members.

Step 7 is the actual implementation of solutions. It is of crucial importance that the scenarios are effectively communicated to the various stakeholder groups. Whether breakthroughs may follow, depends to a large extent on the leadership of the scenario team members.

Scenario planning and Perspectivity

Perspectivity aims to contribute to solving complex social problems through dialogue and scenario techniques. The scenario planning process described above may lead to breakthroughs in complex social situations that seem forever polarised and deadlocked.

Sources

This text is partly based on the training sessions provided to Perspectivity by Peter Schutte. A former member of the Shell Scenario Planning Team, Schütte is now a professor for strategic studies at Neijenrode University and works as a consultant in the field of strategic decision making, including scenario planning (www.schuette.nl).

Literature

- Article: Look before you Leap, Key questions for designing scenario applications (Schutte & v.d. Heijden)
- Article: Mont-Fleur scenarios (Kahane)
- Book: Solving Tough Problems (Kahane)
- Book: Scenario Planning, the Art of Strategic Conversation (v.d. Heijden)