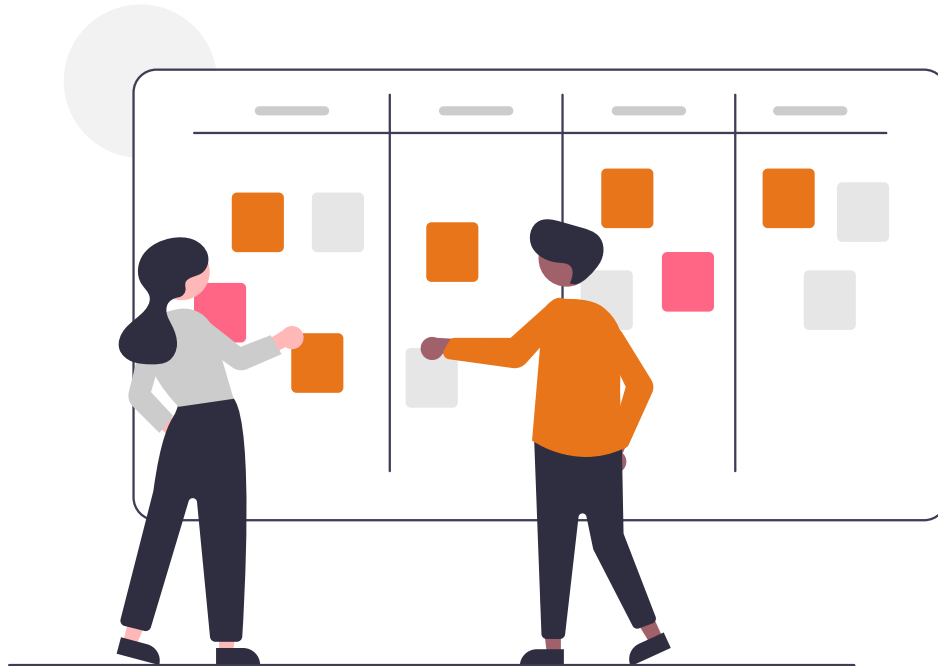


# Scenario Planning for Uncertainty



By Carol-Anne Moutinho, MBA  
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“Scenario planning helps organizations to strategize in an environment shaped by critical uncertainties and where different realities or outcomes are possible.

It is a process that enables leaders to better understand what is **most likely** in store for their organizations and stakeholders, enabling them to proactively position themselves to respond as the future unfolds.”

As we close in on the end of what for many has been the most tumultuous, challenging, and unpredictable year in recent memory, the idea of creating a strategic plan can seem daunting, perhaps even futile.

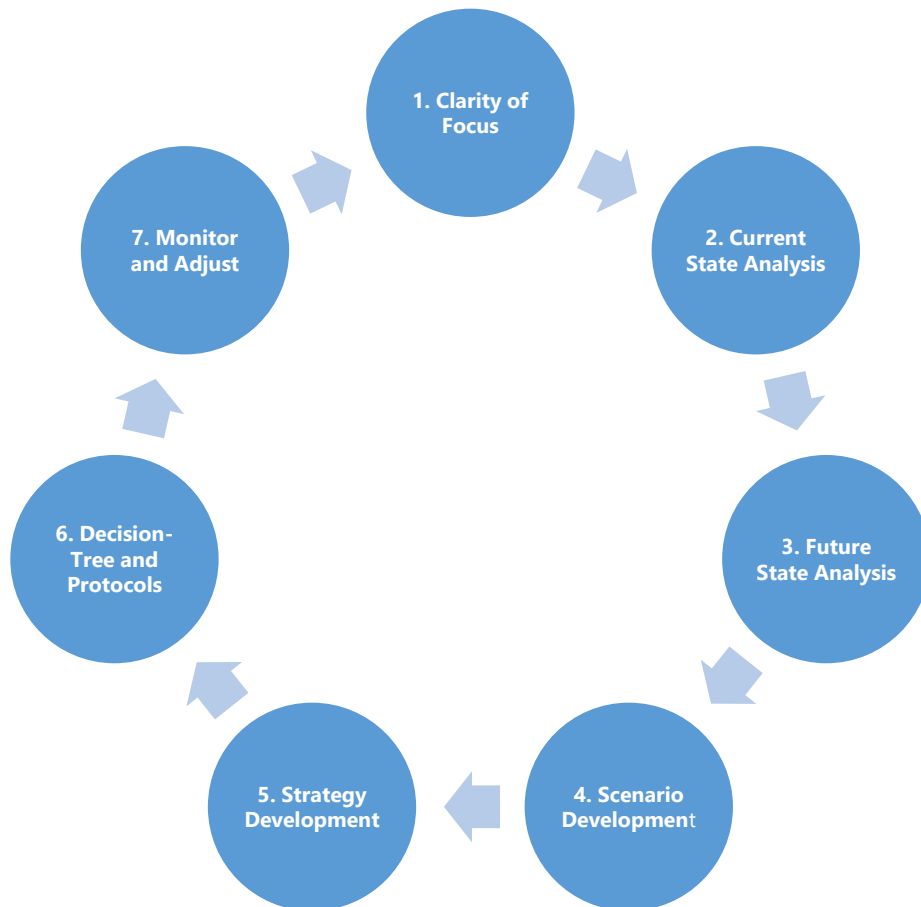
While many of us are justifiably looking forward to turning the page on the year that was 2020, it is wishful thinking to believe that the uncertainty and volatility organizational leaders have been grappling with over the last several months will just disappear on January 1.

When will we have a vaccine?  
Should we plan an event?  
How many members will we lose?  
Will we return to the office?  
Will we survive?  
When can we travel again?

COVID 19 and its associated social and economic impacts will be with us for some time to come, acting as a backdrop to other critical issues impacting our organizations, members, and other key stakeholders.

What will the world look like in six months? Twelve months? Two years? We can make some educated guesses, but if recent history has taught us anything, it is that we just don't know what the future holds in store.

### TPG's Approach to Scenario Planning



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It is a process that enables leaders to better understand what is **most likely** in store for their organizations and stakeholders, enabling them to proactively position themselves to respond as the future unfolds.

There are many ways to approach scenario planning. This article outlines a process we have found to be highly effective in helping clients to develop effective and pragmatic strategy during times of volatility and high uncertainty.

# 1. Clarity of Focus

**What are the most important decisions we need to make in the next six, twelve and 18 months?**

The first stage of scenario planning is about clarifying the focus of your plan, or on the specific decisions to be addressed, along with the associated timeline. This can be specific (for example, developing an events strategy for 2021/22) or broader (for example, developing a plan to help the organization keep its doors open for the next 18 to 24 months).



## 2. Current State Analysis

**How well are we positioned to succeed? What is the current market reality?**

The second stage involves taking stock of the organization and its current market position relative to the focus on the plan or the decision(s) that need to be made. Think of this as a 'state of the union' type of exercise.

Depending on your unique situation, this may involve an internal review to understand strengths and weaknesses related to things like the value offering, program and service delivery model, and organizational structure. It may also include an evaluation of member and stakeholder needs and priorities. Gaining insight into your 'competitive' or external organizational environment may also be a worthwhile exercise as part of this step.

## 3. Future State Analysis

**What might the future hold? What factors will most impact the decisions we need to make today? What are our assumptions about the future?**

This stage considers the internal and external factors that are likely to impact the organization and its stakeholders' ability to succeed. With so much going on in the world, the idea of creating such a list can be overwhelming, to say the least.

**Enhanced public health and safety measures**  
**Timeline for travel restrictions**  
**Additional lockdowns**  
**Pressure on healthcare system**  
**Timeline of approval for a vaccine**

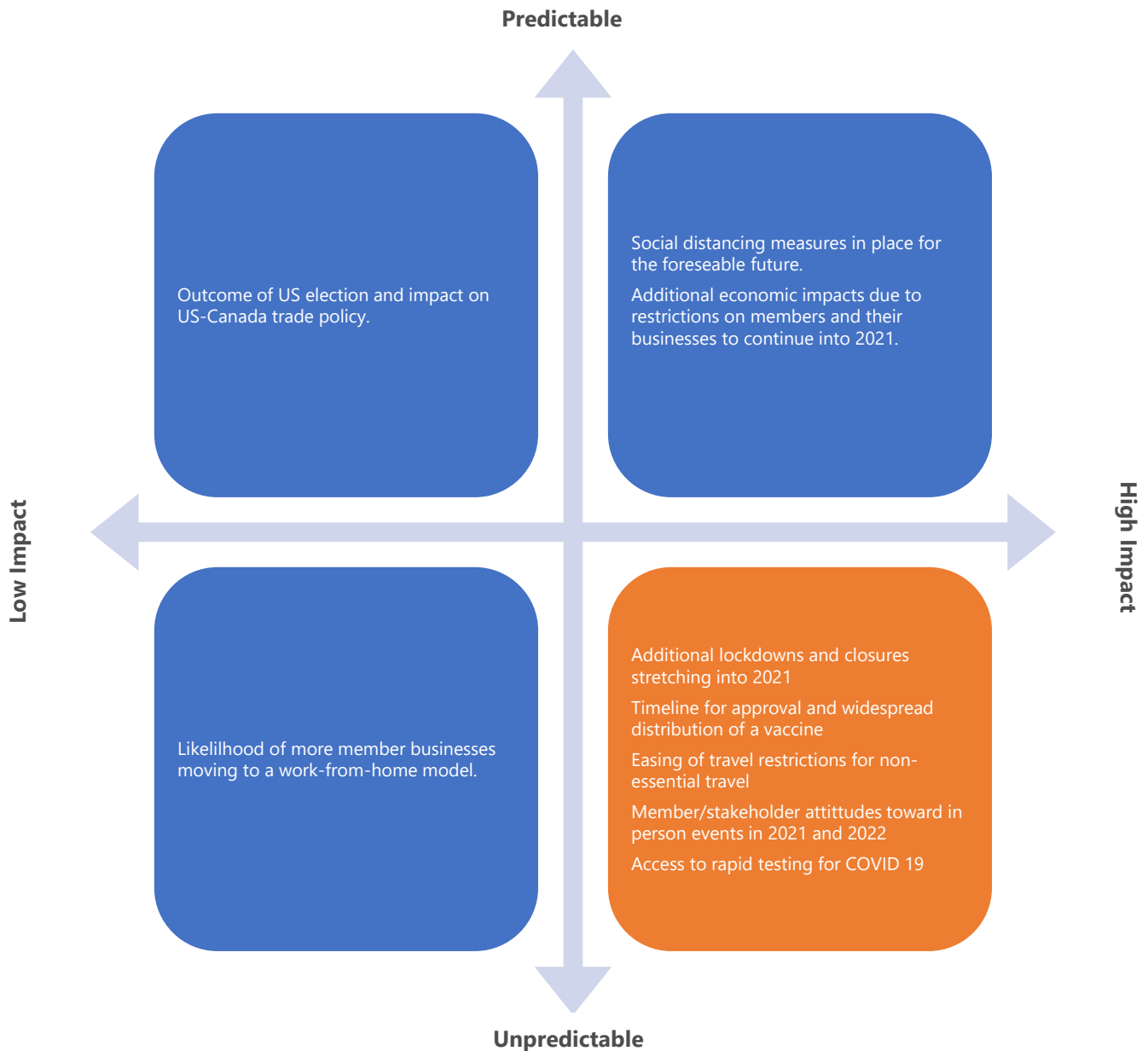
The key is to focus on prioritizing the factors that are most likely to have a **significant impact** on your organization. It is also important to **separate out factors that also have outcomes that are difficult to predict.**

Versions of the matrix below are often used in scenario planning. Going through this exercise can help your organization sort through the 'noise' of all the potential issues out there to focus on the ones that most urgently require your attention.

The emphasis of your scenario planning should be on the issues that fall on the right hand side of the matrix, in particular those highlighted in the orange quadrant – the factors that are high impact and highly uncertain.

The following example is populated with a set of potential external factors generated for a fictional professional association seeking to develop an events strategy for 2021/22.

### Impact-Uncertainty Matrix





## 4. Scenario Development

**What are some likely scenarios based on the factors that will most impact our organization and the decisions we need to make?**

This stage of scenario planning focuses on creating a small number of scenarios about the future based on the **high-impact factors, and in particular on the factors that are also unpredictable**. Although you should not ignore the worst-case scenario, the focus should be less about 'best-case' and 'worst-case,' and more about creating two or three potential situations your organization may realistically find itself in over the course of your planning horizon. Two or three scenarios are usually sufficient for this exercise.

Create a narrative or storyline for each of your scenarios. Here is one example using the fictional professional association introduced earlier:

*Social distancing measures remain in place throughout most of 2021. Members' businesses have been hit hard and many continue to struggle with the economic fallout from COVID 19. Unfortunately, not all member businesses survive. Those that have been able to hang on are relieved to see the economy start to regain its footing in the summer of 2021.*

*Membership numbers are down by 20% going into 2021 compared to pre-pandemic levels. Many of the members who remain are cutting back on spending in areas not viewed as mission critical.*

*A vaccine is approved early in the New Year. Access to the vaccines start in late January for vulnerable populations, health workers, and those in the nation's hardest hit regions. A more widespread rollout of vaccinations begins starting in April.*

*Lockdowns continue through the first half of 2021, but they are targeted to hot spots and 'red zones.' Businesses continue to be affected but shutdowns are not as widespread or as long in duration as in the spring of 2020. With some exceptions, schools remain open.*

*International and domestic travel restrictions start to ease in the early part of 2021. Rapid COVID 19 testing becomes more widely available and is offered by airlines starting in February, reducing quarantine from two weeks to a few days.*

*Members remain reluctant to attend in person events through the first half of 2021, but comfort levels improve as the year wears on. As more of the public becomes vaccinated, and as rapid testing becomes more readily available, people are eager to socialize, network and to convene in person again.*

## 5. Strategy Development

**What is our strategy to ensure we are prepared for our most likely scenarios?**

This stage considers the likely implications of the scenarios you have developed for your organization and facilitates the development of strategies to mitigate or minimize potential challenges, and conversely, to take advantage of any opportunities that might arise.

For example, upon reviewing their two or three most likely scenarios, our fictional association may conclude that the best strategy is to forego planning any in-person events for 2021. They may invest instead in ensuring members have access to an affordable and robust virtual events and education program, including some virtual networking opportunities. Leaders may also decide to hold off until Spring 2021 on the decision to move forward with any plans for live events in 2022.



## 6. Implementation Planning and Decision-Tree

**When do we ‘pull the trigger’ on key decision?**

This stage of scenario planning involves creating a decision-tree or set of protocols that will be enacted depending on which aspects of our scenarios come true. For example, the leadership team in our example could base their decision on moving forward with in-person events in 2022 on some of the following:

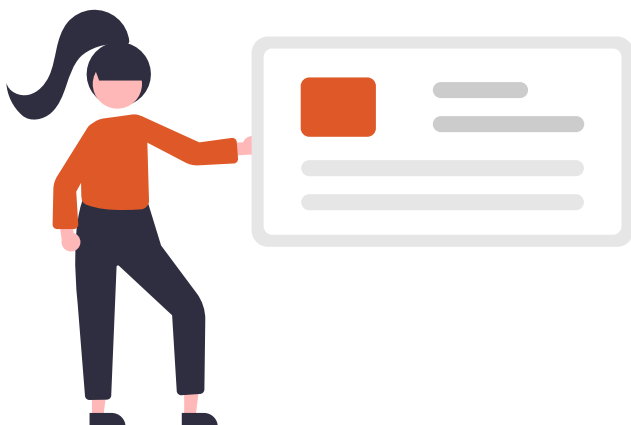
- A vaccine being available and being widely distributed by April 2021;
- COVID 19 case numbers in the jurisdiction they serve reduced to 5% of peak levels by July 2021; and,
- Member survey distributed in July with results showing that 60% of members are supportive of attending live events in 2022.

## 7. Monitoring and Continual Adjustment Over Time

**What is changing in our environment, and in the environment facing our members and stakeholders, that we need to consider?**

Because of the magnitude and volatility of change facing our organizations, members, and stakeholders today and in the coming months, strategy should not be viewed as something that is static or set in stone. Instead, think of your plan as a 'living strategy.'

The organizations that excel during these challenging times, and in some cases the organizations that simply survive, will be the ones best able to keep their finger on the pulse of the issues, trends and challenges on the horizon and adjust their sails ahead of the next storm.



## Helping Associations Retool to Thrive

Over the last several months, The Portage Group, with the support of valuable partners like the Canadian Society of Association Executives, have been collecting data and sharing resources to support associations as they adapt, retool, and refocus during these extremely challenging times. You can find other recent resources and information on upcoming initiatives [here](#).

### About The Author

Carol-Anne Moutinho leads TPG's Strategy and Organization Design practice with expertise in areas that include strategic planning, organizational and business model development, governance, member and revenue models, and member needs, satisfaction, and engagement. To get in touch, please contact [cmoutinho@portagegroup.com](mailto:cmoutinho@portagegroup.com).

### About The Portage Group Inc.

The Portage Group is a consulting firm that provides associations, not-for-profit and regulatory organizations with pragmatic and future-focused consulting solutions in areas that include: Research, Strategy, Search and Organization Design.

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