

Scenario Planning Worksheets

Strengthening Communities Initiative Northland Foundation

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Introduction

The following worksheets were developed to be used during a scenario planning process. The worksheets can be used as appropriate to your planning process and the group that is participating in the planning.

Overview

Nonprofit organizations are facing rapid and challenging change over the next couple of years. Funders at all levels are cutting back and fundraising is expected to become increasingly more difficult. One method to plan for this type of change and an uncertain future is scenario planning.

Scenario planning is defined as a [strategic planning](#) method that organizations use to make flexible long-term plans based on generating a number of “what if” situations and then options for how they might respond to the situation.

Nonprofit organizations for years have generated “what if” budgets using a best case – worst case type projections for fundraising. Scenario planning takes this exercise a step further by reviewing the external environment and determining how an organization might need to respond to critical changes.

Organizations facing program cuts, service increased demands and funding limitations are undertaking scenario planning as a way to organize board, staff and volunteers into deciding on alternative futures. It makes many managers feel empowered to know that they can actively plan for the organization’s future without waiting for the next level of bad news.

Think of scenario planning as the “new” strategic plan for organizations experiencing rapid and significant change. We live in times that call for significant change and reorganization for nonprofit organizations. Funding from government, corporations and foundations has been dramatically impacted by the economic crisis.

Doing business as usual or trying to ignore what is happening will get many organizations into trouble. One way to manage the change and stay one step ahead of the funding turmoil is to prepare scenario plans.

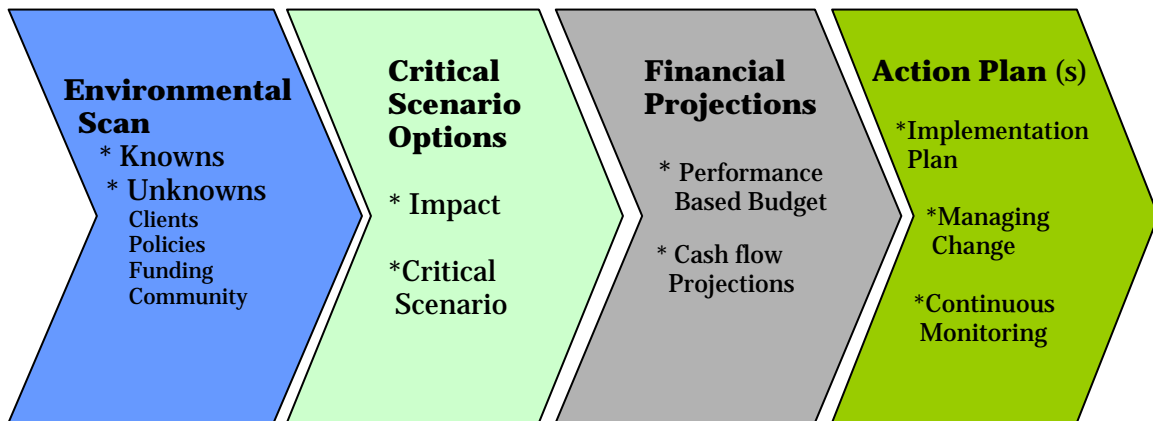
Much like strategic planning, having a clear plan with strategies, tactics and financial projections gives us important tools to manage change. We are certainly living in a time now where scenario planning has become as important tool for nonprofit organizations wishing to chart their course for the future.

Outline of the Planning Process

- Assemble the Team
- Conduct an Environmental Scan
- Develop Options – the “what if” Question
- Define Potential Impacts for each Option
- Determine Critical Scenario Option
- Create Financial Projections – budget and cash flow projections
- Develop Action Plan (the be nimble now plan)
- Continue Scanning and Monitoring

Scenario Planning

Scenario Planning: Four Major Steps in the Process



Worksheet 1 - Assembling Your Team

1. Who has the organizational history? Identify founders, those with longevity, past board chairs, and/or those with history with the organization.
2. Who are the stakeholders?
3. Who are key representatives from within the organization?
4. Assess you committee for diversity: race, age, gender, economic, relationship to organization.
5. Who has vision, open to change and understands/has willingness to envision a different future?

Worksheet 2 - Sample Agenda

- I. Introductions**
- II. Roles and Expectations of the Team**
 - a. Attend up to four meetings
 - b. Contribute to brainstorming and consensus on scenario plans
 - c. Participate in scanning for trends
 - d. Review and critique financial information
 - e. Participate in committee so that all ideas are heard and discussed; build consensus to two or three scenario options
- III. Scenario Planning Overview**
 - a. Definition
 - b. Steps To the Process
 - c. Meeting Schedule
- IV. Core Values Discussion**
- V. Define the Knowns**
- VI. Brainstorm the Unknowns**

Worksheet 4A - Environmental Scan

The Knowns

- 1. Brainstorm a list of current issues and trends that are known and a given for your organization. Trends may impact your clients, your services and programs, your funding and the community that you serve. Trends can be local, national and global situations that are impacting your world. List both positive and negative trends on this list. Record this list on a flip chart.**

Key Questions for Discussion:

- **What can you safely predict about the demographics of the population you serve? How did you determine that prediction? What changes have occurred in the clients that you serve?**
- **What are unmet needs that will persist into the future?**
- **Will demands for services increase or decrease? Based on what?**
- **What is your current funding situation? What are your expectations for this year?**
- **What changes in regulations, laws or government policies could affect the work of the organization?**
- **Driving Forces to Consider**
 - **Society – demographics, lifestyle changes, etc.**
 - **Economics – industry changes, workforce changes**
 - **Politics – electoral, legislative, regulatory**
 - **Technology – innovations, capacity**
- **Is there duplication of service in the community? Are there opportunities for collaboration and alliances?**

Worksheet 4B - Environmental Scan

The Unknowns

Brainstorm a list of the unknowns for the future. These are things that you are not certain about but may happen and could impact your organization in some way. This can be economic predictions, revenue forecasts for government, expectations on issues in the community, and other future events that might negatively or positively impact the organization. Your organization should be monitoring these issues and trends to assess potential impact on current as well as future operations.

Key Questions for Discussion:

- **Overturn the Rocks**
 - **What future trends are you aware of?**
 - **Identify current trends that positively affect your organization? Which trends negatively affect your organization?**
 - **What do you expect in terms of future funding patterns or trends?**
 - **What shifts are occurring and will occur in the demographics that can offer opportunities or challenges?**
 - **What trend data could affect your delivery of services, programs, results? (world to local community)**
 - **What seems unclear or uncertain about the future?**
 - **What government policy and funding trends might impact your future?**

Worksheet 5A – Organizational Warning Signs

Make a list of the warning signs that your organization might experience that could significantly impact or change the organization. For example:

- **Has there been a significant change or could there be a significant change in client demand for services or community needs? Are your client numbers up or down from last year, last quarter?**
 - **Any significant change in community need or your numbers may require scenario planning.**
- **What is happening to your key or major funders (defined as funding over 30% of budget)? Are they cutting or projecting cuts in the near future. What does the current year and the next year look like in terms of continued funding? How are your individual donations, events, or other contributions compared to last year and the year before?**
 - **Any significant loss of funding (10% or more) would require scenario planning to adjust the organization's budget.**
- **What are the current and future economic forecasts? Any significant trends? Is there a potential for loss of funds or some type of looming economic crisis that will change the landscape for what you do, how you deliver services, or how you are funded?**
 - **Any significant job lay-offs in your community could mean a reordering of services and funding priorities. The economic crisis of 2008-09 means most nonprofits are scenario planning.**
- **What is the current financial situation of your organization? Did you have a deficit last year? What is your cash flow both current and projected? Is every program providing the revenue to cover its expenses?**
 - **A deficit last year and a projected deficit this year mean you need to start scenario planning early in the year. Adjustments only become more difficult the longer an organization waits to react.**
- **Individual donations and events may need to be reconsidered and revised. Fundraising trends should be reviewed and analyzed.**
 - **If your organization relies on one large fundraising event per year to fund a significant portion of your expenses, it might be time to do some scenario planning for other ways to fund your organization.**

Worksheet 6 - “What If” and Impact of Options

On the left side make a list of the “what ifs” that might happen to your organization. Ideas include reduction in funding by X% or loss of major contract or 30% increase in demand for service, etc.

On the right side, make a list of how the “what if” situation might impact your organization. For example, loss of funding, reduce two FTEs or increase demand in service, need more program supplies or waiting list created.

“What Ifs”

Options

Worksheet 7 - Brainstorming Activities

- **Brainstorm wild card events that would require the organization to rethink its role and strategies.**

- **Choose three or four wild card events that are most relevant for your organization and explore the implications.**

- **Decide how you would change your strategy.**

Worksheet 8 - Developing the Action Plan

1. Define the scenario option for the future.
2. What actions would you take today to prepare?
3. What objectives do you want to achieve?
4. What is the budget impact of the objectives and tasks in the action plan?
5. What actions can I take now that will catalyze the future or mitigate future negative impacts?
6. How will I communicate the possible changes?

Worksheet 9 - Action Plan

Create an action plan with a list that consists of how you would implement the most likely scenario. An Action Plan should have a major result or outcome that you are trying to achieve so as to focus everyone during the planning.

Next define the Objectives – what you plan to accomplish.

1. **Tasks** are activities or steps for implementation of each objective
2. **Timeline** is the date to complete the task.
3. **Resources needed** are the dollars, people, and/or equipment required to accomplish the task.
4. **Responsible person** is the staff, board or committee identified as responsible for the task.

Action Plan Outline

Result (s) or Outcome to be achieved:

Objectives:

Tasks per objective

- Timeline
- Resources Needed
- Responsible Person

Budget Impact

Worksheet 10 - Continuous Monitoring

Create an internal monitoring system for tracking indicators of potential changes.

- Scan journals, magazines, ezine newsletters, blogs
- View trends and forecasts
 - World Future Society
 - Kiplinger Washington Letter
 - Georgia Center for Nonprofits
 - Others
- Schedule 5 minutes at board meetings and staff meetings for trend observations and comments – build in the internal discipline for all
- Note topics on talk shows
- Pay attention to changing billboards and ads on TV
- Notice headlines of all kinds
- Read, listen, think, discuss, network

Update scenario plans based on changing trends and observations.

Create or adapt a new scenario plan if events change or strategy changes.