

Scenario Planning

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Overview

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Definition

- **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 on how they might respond to those situations.**

Why Scenario Planning

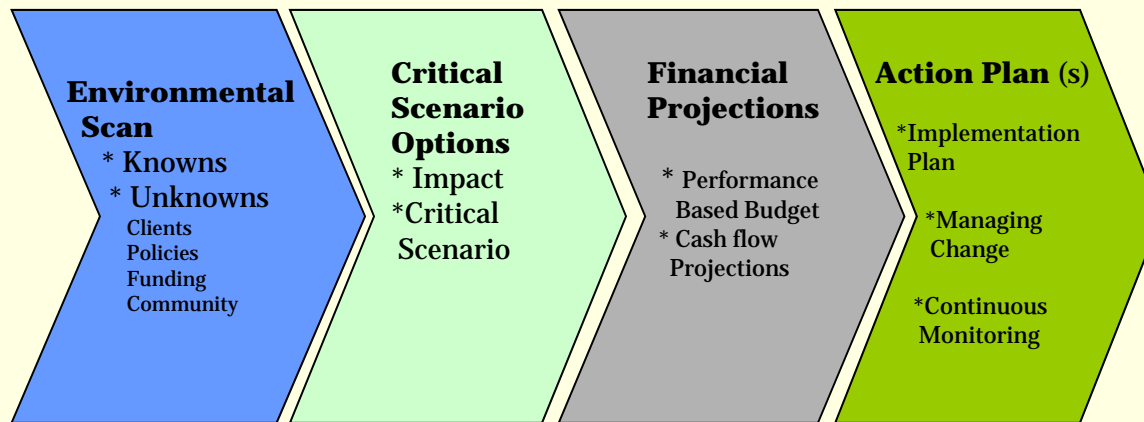
- Provides:
 - The tools for an organization to respond to critical changes.
 - Method for understanding specific trends and how to make decisions based on those trends.
 - Organized process to link “what if” situations with action steps and financial impact on the organization.

When to Do Scenario Planning

- Environment changing – do not fully know how
- Funding is uncertain
- Organization needs to “entertain” various options for the future to determine strategies to respond to events outside of its control
- Structural deficit – lost of permanent funding
- Change perceived to be not short term but longer term

Scenario Planning

Four Major Steps in the Process



1. Environmental Scan
2. Critical Scenario Options
3. Financial Projections
4. Action Plans

Who Does Scenario Planning

- Board Task Force
- Staff
- ED and Finance Person
- Staff Teams

Sample Meeting Agenda

1. **Introductions**
2. **Roles and Expectations of the Team**
 - **Attend up to four meetings**
 - **Contribute to brainstorming and consensus on scenario plans**
 - **Participate in scanning for trends**
 - **Review and critique financial information**
 - **Participate in committee so that all ideas are heard and discussed; build consensus to two or three scenario options**
3. **Scenario Planning Overview**
 - Definition**
 - Steps To the Process**
4. **Meeting Schedule**
5. **Core Values Discussion**
6. **Define the Knowns**
7. **Brainstorm the Unknowns**

Step One

- Environmental Scan
 - Define your knowns
 - Define your unknowns

To Do This:

1. Assemble Your Team
2. Decide on means for gathering data and information
 - Surveys
 - Interviews
 - Focus Groups
3. Summarize the data

Input

- Survey – how to save money
- Staff meeting and teams
 - Give a dollar goal to cut
 - Seek input – not decisions
- Focus Groups
- Interviews
- “Best Practices”

Step Two

■ Determine Your Options/Most Likely Scenarios

- Brainstorm list – ask the what if question
- Determine impact of each option
- Determine most critical or likely option

To Do This

- 1. Review summary of Environmental Scan**
- 2. Ask the Question of What IF This Happens – what would you do**
- 3. Brainstorm Options**
- 4. Determine impact of each option**
- 5. Prioritize options**
- 6. Select One – Most Likely and Drastic**

“What If” Options

- 10 – 15% - Making cuts
 - Reduction in pay
 - Change in benefits
 - Lower expenses
 - Lay-off/not fill positions

- 20% or more – Restructuring
 - Eliminating programs and staff
 - Change workload and service delivery expectations

Process

- Mission
 - What does it take to meet the mission

- Performance based Budget
 - How best to meet the outcomes

- Service Sort
 - Define all services customer gets

Scenario

■ Most Likely

- Bulleted list
- Describe the restructure
- Programs and Services to Keep

■ Most Drastic

- Severe Circumstances
- Set target budget number
- Programs
- Outcomes
- Target Client

What If Scenario

■ Issues

- Management and Overhead
- Contracting Out
- Shared staff and services
- Eliminate special grants if not fully funded
- Mergers
- Soft close
- Hard close

Step Three

- Create Financial Projections for each scenario
 - Budget - adjustment
 - Cash flow projections

To Do This:

1. Need Budget by line of business
2. Need budget match chart of accounts
3. Use templates
4. Keep track of assumptions

Step Four

- Develop Action Plans
 - Objectives
 - Implementation Steps - task
 - Resources
 - Budget Impact

To Do This:

1. Action Plan Template
2. Committees/Workgroups
3. Financial Assumptions

Action Plan Template

Result :

Objectives	Tasks	Timeline	Person Responsible	Budget Impact

What Do You Do

- Plans go in the drawer
- Continuously monitor internal and external data
- Monitor plans for updates and changes
- Manage and prepare the culture for change

Lessons Learned

- Better prepared
- Takes internal or external leader
- Allow for angst and “grieving” as change is part of this process
 - Prepare for organization disagreement
 - Concern over jobs and employment
- Option – Budget – Action Plan – all three are needed to move to organizational understanding.
- Financial information key – has to be organized to provide useful information.