



Stage 2 - LEADERSHIP FOR STRATEGY

## Module 11 – SCENARIO PLANNING

The Leadership Academy is a learning and action programme for mayors, senior officials and elected representatives of local government.

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# 1 MODULE OVERVIEW

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## 1.1 BACKGROUND

- Communities need to agree on the direction they would like to proceed and on the priorities that arise from them. This then enables stakeholders to have a coordinated approach for the implementation of their goals. There are different methods to build agreements on desired directions and strategies. One is guided by a vision; a clear direction of what needs to be achieved. Most leaders are familiar with this vision, grounding their strategic approach on their practice and on the plans and projects that can be developed on the basis of such a static planning approach. This module offers another approach to defining a strategic direction. Developing dynamic scenarios is an approach to elaborate new strategies that allow more flexibility in implementation. The module offers an understanding of the role of “strategizing” (on-going strategic reflection process) and of strategic conversations in organisations, concepts that will be

recalled and extended during the module on learning organisations.

## 1.2 LEARNING OBJECTIVES

- To introduce the method for developing dynamic scenarios and initiating inclusive strategic dialogues for strategic planning and problem solving.

## 1.3 LEARNING OUTCOMES

- Participants understand dynamic and systemic scenario planning and experience its creative process.
- Participants learn to approach organisational challenges with strategic thinking and action.
- Participants understand the key role of strategic conversations in (a) creating a learning organisation and (b) enhancing the motivation and effectiveness of staff and partners.

## 1.4 DURATION

- 120 minutes

## 2 MODULE STRUCTURE

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### 2.1 INTERACTIVE INTRODUCTION

- Participants discuss the strengths and weaknesses of planning processes they know, and the planning methods they use in their community planning;
- After small group discussions, participants report the typical weaknesses of actual planning processes in a plenary discussion.

### 2.2 GROUP EXERCISE – SCENARIO PLANNING EXERCISE

- Groups of participants develop scenarios for an ambitious public service improvement programme.

- During a plenary session, participants present and compare their scenarios, identify the drivers in the different scenarios and discuss how much the understanding of key drivers of events can help resilience for local strategies and power to actions.

### 2.3 DISCUSSION – DISCUSSING THE ROLE OF STRATEGIC CONVERSATIONS IN COMMUNITIES AND ORGANISATIONS

- Participants reflect on how could such scenario processes be implemented in their organisations and on the role strategic conversations would play in organisational development and effectiveness.

## 3 WORKING DEFINITIONS

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### 3.1 SCENARIO

In the dynamic scenario planning method we introduce “scenarios are not forecasts but a set of structurally different futures conceived through a process of casual, rather than probabilistic thinking” is a story line that explores different key drivers of events and establishes a casual relation among them.”<sup>1</sup>

### 3.2 DYNAMIC SCENARIO PLANNING

Dynamic scenario planning is a process of thinking through models of possible futures that are casual and structurally different. Scenario planning involves system thinking and allows organisations to move away from linear planning processes and help them better understand and prepare for changes in the external environment.

### 3.3 STRATEGIC CONVERSATION

Strategic conversation is an on-going conversation process about strategic issues that is established for the continuous improvement of the organisational functioning. When effective it connects formal and informal spaces of communication within the organisation and creates a collective experience, accepted and shared theories-in use, interpretations that are foundations for joint action<sup>2</sup>.

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<sup>1</sup> van der Heijden 2005: 27

<sup>2</sup> van der Heijden 2005: 42



## 4 KEY CONCEPTS

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There are 2 approaches to strategic planning:

- Traditional – creating a vision and goals, then devising a strategic plan, programs and projects for the implementation of the goals.
- A more dynamic and creative approach – based on the design of possible future scenarios, and identifying the key drivers of the events leading to the success of a project. The understanding of drivers can help recognise changes in the environment very early and plan adjustments to them.

### 4.1 TRADITIONAL APPROACH TO STRATEGIC PLANNING

A strong community or a good organisation knows where it is going. It has a vision, a clear view of where it wishes to be in the future. The vision should not be of the leadership; it should be the vision of the staff and elected representatives, of the community as a whole. Good leadership will ensure that it is a shared vision.

Effective planning is demanding. It is based on dialogue and openness to learning. The vision should be driven by emotions and values as much as by the mind, but not by emotions invested in the past. Disciplined curiosity is important. While the mind might think out the steps and plans, the vision should be based on what we believe to be important; at the same time, it should capture the hearts of staff, elected representatives and local people and organisations. It is the belief that will provide the energy and make the vision an exciting challenge. The vision of a person is an idea, but a shared vision represents power.

Criteria for a good vision;

- Do we accept the need for it?
- Is it worth the effort?
- What will be distinctive about our community and/or organisation?
- Are the underlying assumptions sound?

- Is it clear, feasible, significant and exciting?
- Does it fit our image?

Do we believe in it? Will staff and elected representatives be committed to it? Will it motivate them? Will they perform at their best to achieve it?

### 4.2 SCENARIO PLANNING

Strategic planning does not need to be a static, linear process where activities are deduced from the vision and strategy. We can use our imagination and work backwards from plausible future scenarios, not for the sake of implementing them but for identifying the key drivers that lead events. The method of dynamic scenario planning involves system thinking and allows organisations to move away from linear planning processes and help them better understand and prepare for changes in the external environment.

A scenario is an account of a realistic future that has meaning for stakeholders. Planning can produce contrasting scenarios reflecting the uncertainty surrounding the future. They can be best-case, worst-case or any “other-case” scenarios. In the process of scenario planning a diverse group of people is involved in a systematic process of collecting, discussing, and analysing possible scenarios and evolving processes. From the reflection process stakeholders gain:

- an increased understanding of key uncertainties.
- an ability to incorporate alternative perspectives into planning.
- greater resilience of decisions to unexpected events.

The common reflection of the stakeholders leads to a shared understanding of problems, opportunities and solutions and to the possibility of effectively working together to achieve the best results.

The most important outcome of a scenario planning process is not an “optimal strategy”, or a

great plan but the process that connect stakeholders, a clear understanding of the drivers of change and a process that unites stakeholders in future action.

‘Strategic conversations’ are the foundations of the coordinated action to navigate towards our goals. A shared and sustainable direction will not be developed around a conference table, although a meeting room may be the place where final agreement is achieved. It will take months of dialogue between the organisation’s managers and staff, among elected representatives, between the organisation and community organisations. A dialogue that starts during formal meetings but connects to informal conversations of staff and stakeholders as well, connecting formal and informal processes and mobilising the energy of all involved.

It is the strategic conversations that give a sense of shared purpose to staff, elected representatives and local people and organisations; it develops engagement; it creates the necessary motivation and drive.

Scenario planners shift their attention from plans to systems and processes. They share the tenet of Kees van der Heijden, one of the elaborators of the method: “Where there is a lot of uncertainty success is more related to having a good process than having found the “optimal strategy”. After all, when things are moving fast what looks optimal today may look like a disaster tomorrow. Mental agility what counts.”<sup>3</sup>

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<sup>3</sup> van der Heijden, 2005: XI



## 5 EXERCISES

### 5.1 EXERCISE 1 – GROUP EXERCISE - SCENARIO PLANNING EXERCISE

Develop scenarios for an ambitious public service improvement programme.

The steps are the following:

- Participants in groups should imagine that they are in the year 2025. They should imagine that the project is successfully delivered and outcomes are being realised. Groups should set out the key aspects of the successful project and discuss why and how it is operating, who are involved and what roles they play.
- Participants (imagining to live in 2025) need to look back (to the past from 2025) and identify the components that led to the success of the project. They should understand how these component interacted and should discuss in detail how each of the components were delivered in order to make the whole project successful. This discussion should include consideration of the following;
  - How does it feel (in 2025) to have this project implemented, both from a personal perspective and organisationally? Why it works? Who contributed and how? Were stakeholders involved? Did communications play a role internally and externally? Was the capacity of staff in place to support delivery?
  - Thinking retrospectively what was needed to make it happen? How did the conditions evolve? What were the drivers?
- During a plenary session, groups should present their scenarios focusing on how the process evolved. They should compare scenarios and identify the drivers in the different scenarios and discuss how much the understanding of key drivers of events would help them to design strategies and save the project even when conditions change.

	2025	Key drivers of success
<i>Project objectives</i>		
<i>Results</i>		
<i>Beneficiaries</i>		

## 6 REFERENCES

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Kees Van der Heiden (2005). *Scenarios: The Art of Strategic Conversations*. (2<sup>nd</sup> ed.) John Willey & Sons Ltd.