

WHY should you undertake scenario planning?

“I have to lead for *tomorrow's* world.”

With these words, Jeff Immelt, the former CEO of GE, summed up the main challenge CEOs face, namely that the key job of a business leader is to ensure that his or her organization is not only competitive now, but remains competitive in the future. You make plans now to improve your position tomorrow.

But if you don't know how the future is going to turn out, how can you do this with any confidence?

Undertaking a scenario planning exercise won't allow you to predict “the” future. But if you do it right, it means that you will emerge with a better understanding of how your future *could* materialize. For anyone with long-term responsibility, visualizing how things could realistically develop in your landscape is not a meaningless parlor game: it's a vital necessity.

In short: You need to understand *today* how your company is likely to be challenged *tomorrow* – when everything around you will have changed.

“Our lives are defined by opportunities, even the ones we miss.”

- F. Scott Fitzgerald

In a constantly changing world, one thing is certain: If your strategic plan today is essentially a bet on one specific future developing, you may find yourself taken by surprise when things turn out differently. That means falling back to regroup, losing time, wasting resources...

By mapping out alternative futures that could plausibly emerge, you can evaluate your competitive position in each of these scenarios, and plan accordingly. Scenario planning's big advantage, therefore, is that it gives you flexibility:

- You can see where investment opportunities may arise.
- You can also identify threats that may be inherent in one future landscape or another – and you may be able to anticipate what their warning signs will be.
- You can beef up your company's relevant capabilities in time to take advantage of the changes you foresee – before your competitors do.
- Lastly, you and your team will learn to embrace complexity and think more creatively and unconventionally.

With scenario planning, you won't have specific, accurate advance knowledge of the future (if only this were possible!), but with even a basic response already planned for the several ways your future could possibly unfold, you are certain to be better prepared for whichever future does materialize.

That's why you should do it.