

POINT OF VIEW



SCENARIO-BASED STRATEGIC PLANNING

Developing strategies in an uncertain world

In a world characterized by increasing complexity and volatility, companies are on the search for methods to account for uncertainty in the strategic planning process and develop flexible strategies that can counteract volatility. As a response, Roland Berger Strategy Consultants developed, together with the HHL Leipzig Graduate School of Management, the “Scenario-based strategic planning” approach. This approach allows not only to generate the best strategies but also to plan for different potential future developments.

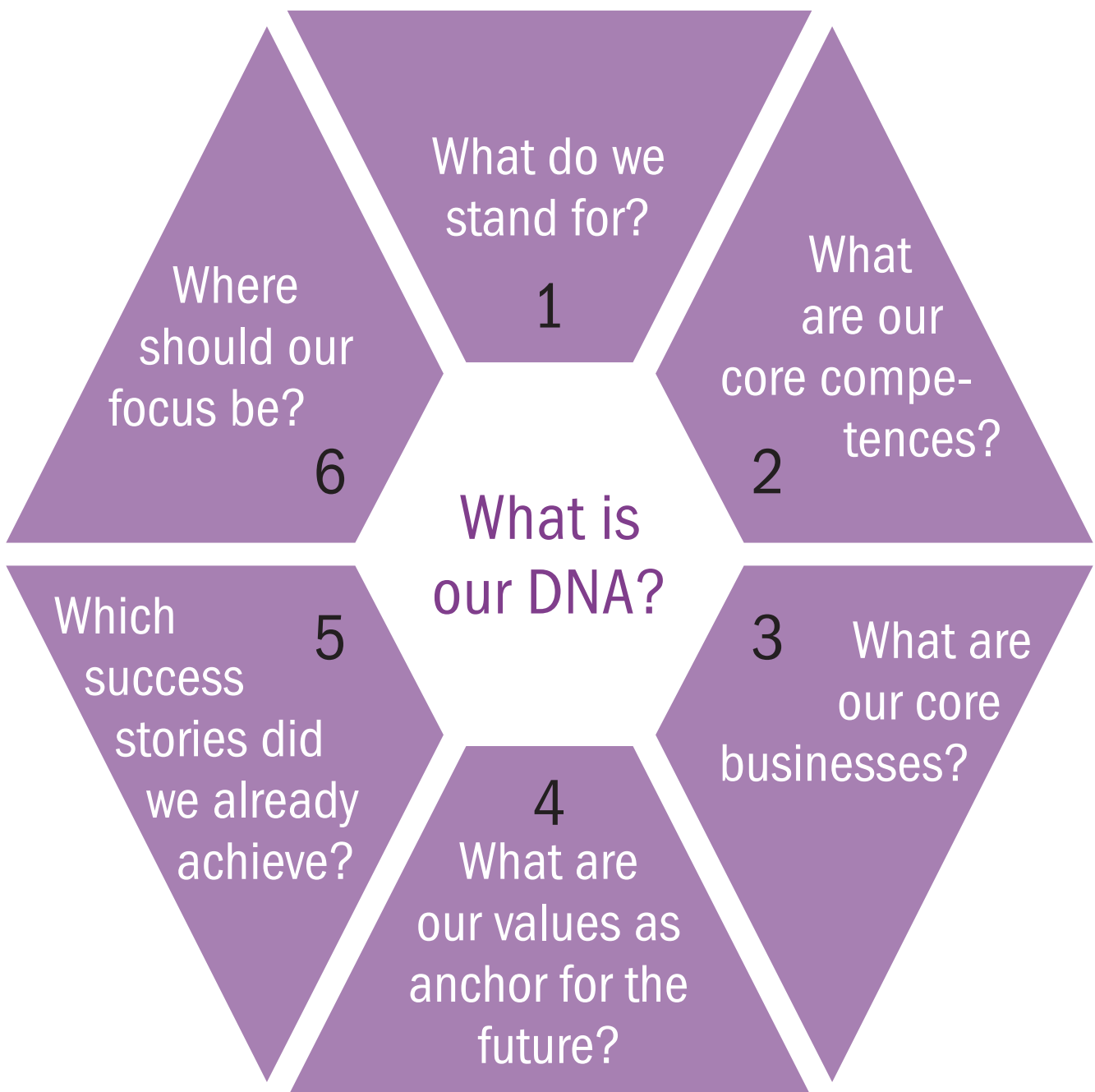
The scenario-based strategic planning approach helps companies to account for complexity. It does by developing multiple scenarios and strategic options to counteract volatility. It stimulates companies to take a step back from the trusted environment and the more traditional thinking in order to reflect creatively with a fresh look about the future. This approach enables companies to reconceptualize the vision of the future in order to identify new opportunities and stimulate the intuition to be more receptive for upcoming changes.

The Roland Berger scenario-based planning methodology builds further upon traditional planning methods. In traditional strategic planning, a deductive and rational approach is applied where strategies are defined based on quantitative

analysis and benchmarking. In contrast to traditional planning, our approach follows an inductive thinking logic. The planning process starts from more qualitative elements such as the definition of a company's DNA and the identification and analysis of industry trends. This provides input to formulate scenarios in the mid to long term that are willingly disruptive and serve to structure a reflection on the strategic implications for the present. A company can make itself future proof by building a strong strategy for the preferred scenario and by being agile in adapting the strategy in case an alternative scenario comes true. The last phase is the onboarding of the company to prepare for the transformation where the focus lies on communication and alignment within the organization.

1. DNA

It is crucial to start the strategic planning process with obtaining a good understanding of the company's DNA. Having a clearly defined and aligned DNA forms the basis for further strategic decision making. Therefore, the first phase consists of a reflection around the identity of the company. This thinking should not only take place internally but can be enriched through the involvement of external stakeholders such as suppliers, clients, shareholders, industry experts, etc (outside-in view). The reflection will result in the establishment of the company's DNA which will allow to determine within the overall environment the playing field of the company.



2. TRENDS

The reflection on the DNA of the company must be complemented with the analysis of forward-looking, emerging industry trends. The focus of the analysis lies on identifying key trends influencing the future of the industry and to how these developments may impact the industry and the company. The trends analysis can best start high level with a listing of global megatrends that can one by one be further detailed into trends impacting the company's industry. As a support, Roland Berger compiled the Trend Compendium 2030, a study that identifies seven megatrends that will shape the face of the world in 2030.

T1

Changing demographics

Focus on growth regions | Adapt to the 60+ age group | Use cities as trend labs, smart solutions are needed

T2

Globalization & future markets

Focus on foreign markets | Exploit the market potential of the middle class | Apply scenario techniques

T3

Scarcity of resources

Reduce consumption | Reduce dependency | Appeal to consumers

T4

The challenge of climate change

Seize new business opportunities | Reduce CO2 emissions | Manage climate risk

T5

Dynamic technology & innovation

Establish cooperative partnerships & networking | Watch the latest technology trends | Think divergently & convergently

T6

Global knowledge society

Establish efficient knowledge management | Make the working environment attractive to women | Improve your global hiring strategy

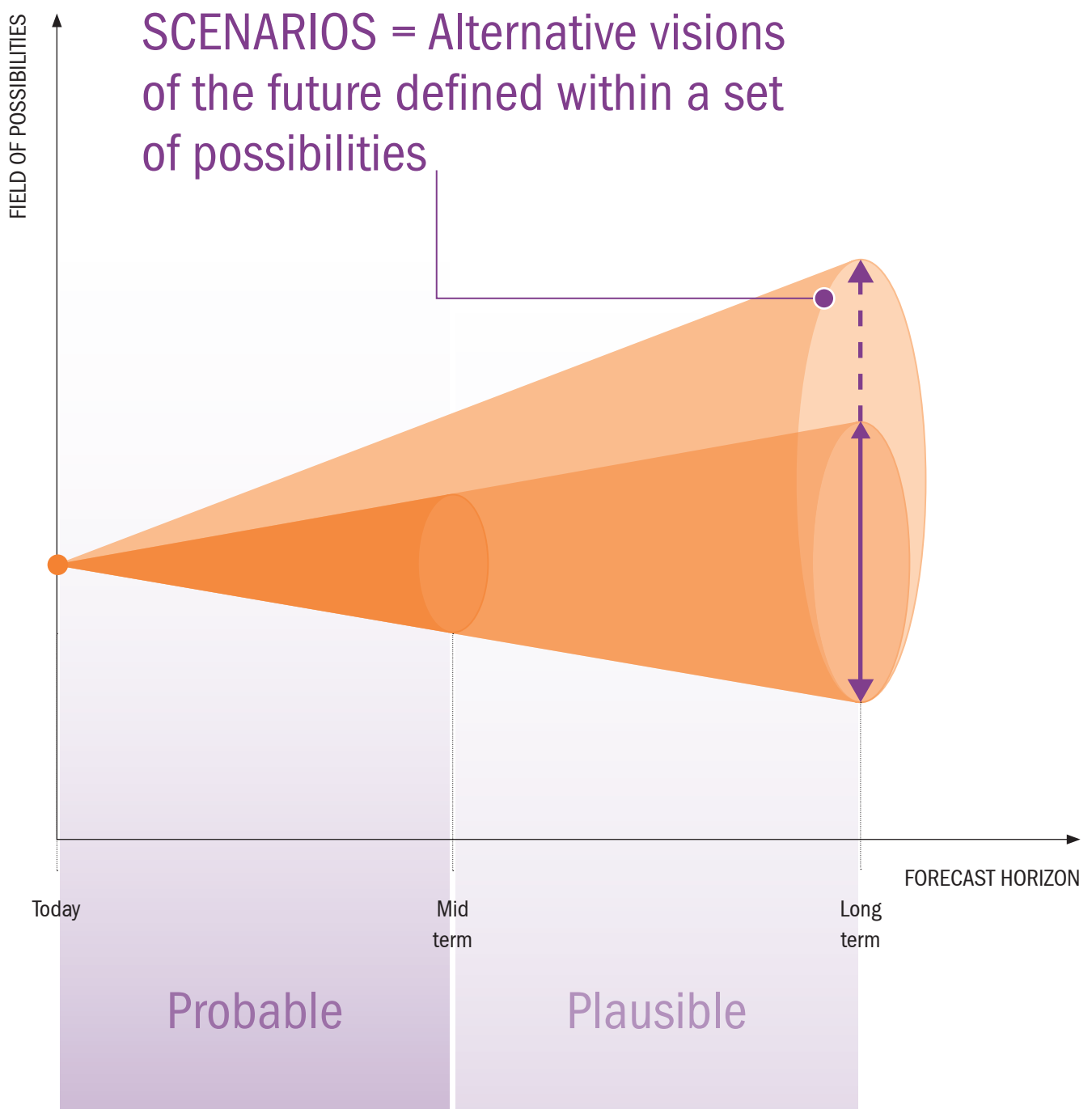
T7

Sharing global responsibility

Use business opportunities resulting from global cooperation | Establish an ethical management approach | Optimize cooperation with the nonprofit sector

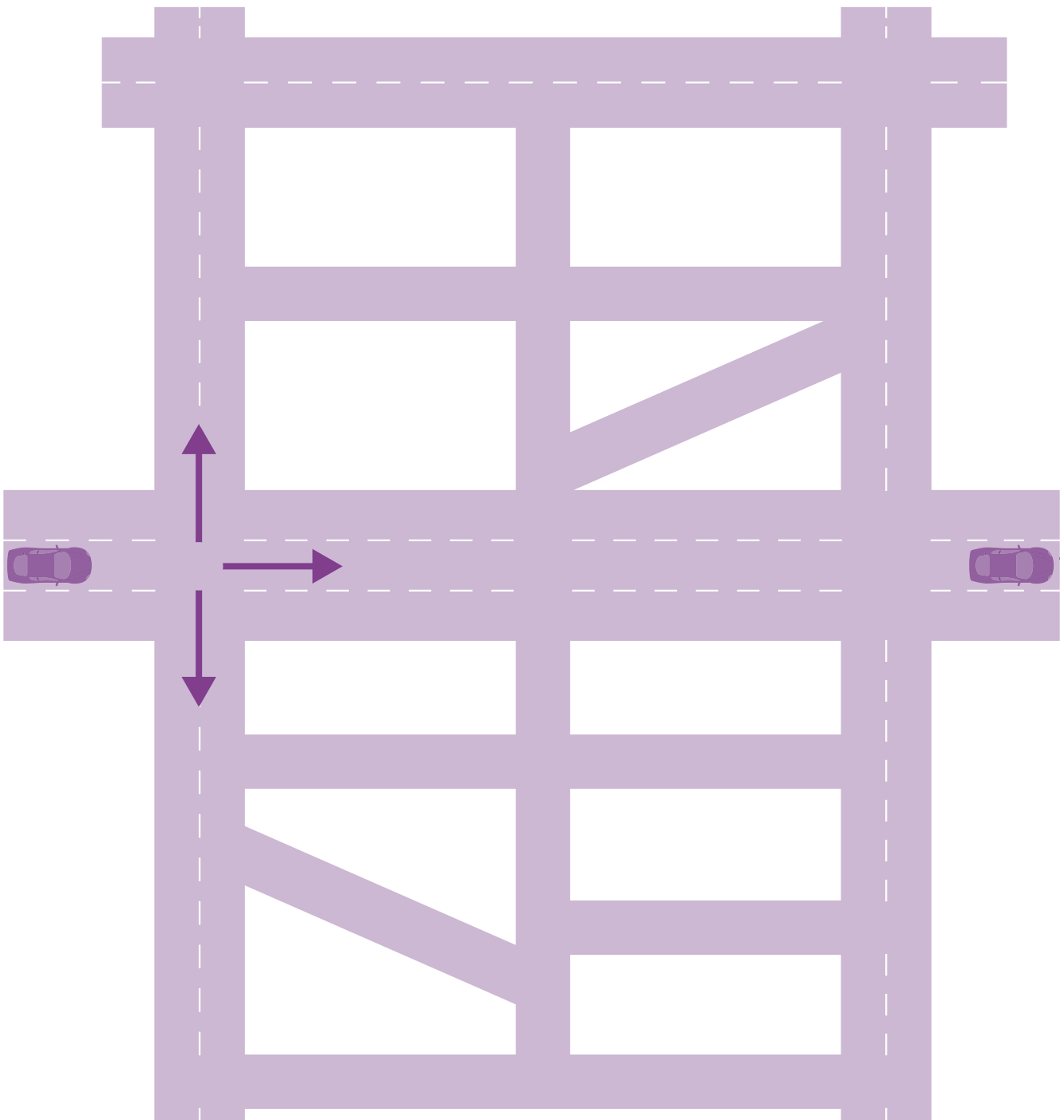
3. SCENARIOS

While the DNA of the company will define the playing field, the trend analysis forms the basis for building meaningful scenarios within this playing field. The Volatile, Uncertain, Complex and Ambiguous (VUCA) environment that a company operates in, leads to different potential evolutions of the environment. These evolutions allow building different future scenarios. A company has to leverage the trends to draw up concrete scenarios in the mid and long term, with the forecast time horizon differing by industry. The scenarios can be either extreme best/worst case scenarios or relevant/typical scenarios. Based on the mid and long term scenarios that are defined and that are willingly disruptive, the company can reflect upon the present and determine the implications on the current strategy.



4. FUTURE PROOF

The mere thinking about the future now needs to be translated into creating and executing a strong strategy for the future. That is why the company has to select the preferred and most likely scenario to take place and define specific and concrete strategic recommendations for this preferred scenario. Key monitoring indicators have to be defined which can help the company to signal whether the preferred scenario is still valid and as of when early warning signs begin to point the direction of an alternative scenario. Agility is then required for the company to adapt and react quickly to changes taking place in the environment and to pursue an alternative strategy.



The authors welcome your questions, comments and suggestions



MICHEL VLASSELAER

Partner

michel.vlasselaer@rolandberger.com
(representing Michel Vlasselaer sprl)



GRÉGOIRE TONDREAU

Partner

gregoire.tondreau@rolandberger.com
(representing Grégoire Tondreau sprl)



DOMINIQUE SCHAEKEN

Senior Consultant

dominique.schaecken@rolandberger.com

Other publication at your disposal



This publication, “Trend Compendium 2030”, is available for free in the iTunes App Store

ROLAND BERGER STRATEGY CONSULTANTS NV SA

Boulevard du Souverain/Vorstlaan 100

1170 Brussels, Belgium

Tel. +32 2 661 03 00 | Fax +32 2 661 03 11

www.rolandberger.be

The opinion expressed in this article are those of the authors. They will not be liable or responsible for any claims or liabilities related to the use of this information.