



SCENARIO PLANNING WEBINAR

Preparing for the Future in a Time of Complexity & Uncertainty



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“ The best decision-makers are those who are willing to suffer the most over their decisions but still retain their ability to be decisive.

”

– *M. Scott Peck, MD*

"Kind" vs. "Wicked"

In his book *Range*, author David Epstein talks about Kind environments versus Wicked environments.



Kind = predictable patterns with a clear set of rules



Wicked = unpredictable patterns, unclear rules, incomplete knowledge

As Robert Quinn once said, "We are now walking naked into the land of uncertainty."

What does a healthy planning environment look like?

1. **Guidance** – You alone will not have all the knowledge necessary
2. **Nimbleness** – You will need to pivot quickly
3. **Expertise** – You will need the right people participating
4. **Humbleness** – It's ok to not have all the answers and to ask for help
5. **Prayerfulness** – Showing our dependency upon God and His wisdom
6. **Openness** – Ensuring that people can ask questions and add insights
7. **Decisiveness** – Having the courage to make decisions with imperfect data

STEP 1: Define Your Assumptions

Assumptions are those factors unique to your context that will possibly influence your decisions and your future. Examples should grow out of what is already known combined with what is likely emerging. They may include things such as...

1. A vaccine is not available until spring 2021.
2. Some form of social distancing and masks may be needed for the foreseeable future.
3. We may experience cycles of rolling shutdowns with the virus remerging at times.
4. _____
5. _____
6. _____



STEP 2: Create Three Scenarios



SCENARIO #1

Ripple Water

Mild but measurable effects



SCENARIO #2

Rough Water

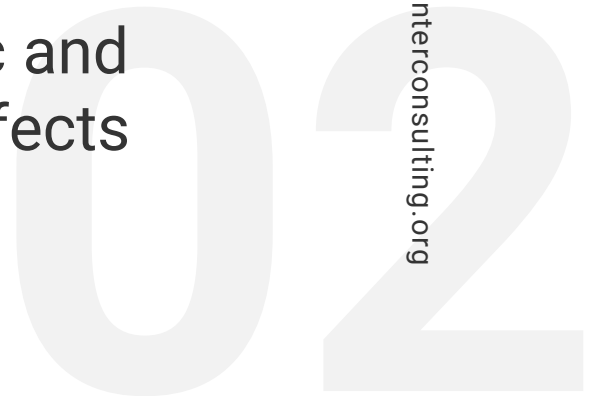
Serious but survivable effects



SCENARIO #3

Tsunami

Catastrophic and long-term effects



STEP 3: For Each Scenario Consider...

External and internal factors and forces and possible effects on...

- Your team and HR related issues
- Your services, products or programming
- Your constituents/clients
- Your organizational finances
- New opportunities for your mission

Example of Scenario #2: Rough Water

For the next 9-12 months we experience the following:

- There is a gradual return to work but still some working from home
- No vaccine is discovered until late 2021
- Social distancing stays in effect with a possibility of flare ups in our region but minimal limitations on travel other than air travel
- Economic and employment recovery are both slow and elongated
- Declining financial stability of people results in less charitable giving and reduced purchasing of some products and services
- Budgeted revenue declines by 45%

If possible, create a similar slide for Scenario 1 and 3.

STEP 4: Select one scenario or consider all three and discuss the following

Based upon our mission, what possible actions will we need to consider in...

How we staff: What reductions or additions may be needed as a result of the scenario(s)?

How we work: What changes may be needed when we move back into working in our physical location?

How we meet constituents/customers: What may be different in how we interface and work?

Retractions: What services/customers/constituents may retract by end of year?

Opportunities: What new opportunities/services may emerge and match our mission and skills?

Finances: What can we do to generate new revenue, new donor support, and reduce expenses?

Nonprofit Example of Financial Modeling

Dollars (\$000)	Budget	Ripple	vs. Budget	Rough	vs. Budget	Tsunami	vs. Budget
Program Revenue	\$725	\$653	-10%	\$508	-30%	\$363	-50%
Charitable Giving	\$250	\$225	-10%	\$150	-40%	\$100	-60%
Investment Income	\$25	\$19	-75%	\$0	-100%	\$0	-100%
Total Revenue	\$1,000	\$896		\$658		\$463	
Payroll-related expenses	\$425	\$425		\$425		\$425	
Programming	\$300	\$300		\$300		\$300	
General and Admin	\$150	\$150		\$150		\$150	
Capital Expenditures	\$50	\$50		\$50		\$50	
Total Cash Outflow	\$925	\$925		\$925		\$925	
Net Change in Assets	\$75	-\$29		-\$268		-\$463	
Reserves:							
Cash	\$ 50,000						
Investments	\$ 500,000						
	<u>\$ 550,000</u>						

A Note on HR Decisions

- For most organizations, your staff members are your highest area of costs and the most immediate way to cut expenses.
- Understand that your HR decisions have both immediate and long-term consequences – the trust and loyalty of your teams and even your constituents hang in the balance as you make these decisions.
- You can't “cut your way to success” – reducing payroll costs must include a plan to allocate the tasks needed to excel in targeted areas in a time of crisis.
- Put your best resources on your biggest opportunities, NOT your biggest problems – you may transfer a strong employee to a new area of opportunity.
- Test your plans before implementing them by seeking professional guidance including legal, HR, and organizational professionals.

Best Next Steps

Consider the scenario you believe is most likely to unfold based upon the knowledge available. What decisions can you make that align with that scenario and won't hurt you should a different scenario unfold? As you consider each of these core areas below, remember that your mission should drive every decision you make.

- Staffing/HR
- Operations
- Finances
- Programming/Services/Products

Q&A

“

Refuse good advice
and watch your
plans fail; take good
counsel and watch
them succeed.

”

– *Proverbs 15:22*

Feeling overwhelmed and want an external guide to lead you through this process?

If you would like to talk to a member of our consulting team, contact Sarah at 215.723.2325 or sderstein@centerconsulting.org.

