

# WHAT IF?

THE ART OF SCENARIO  
THINKING FOR NONPROFITS

Diana Scarce, Katherine Fulton,  
and the Global Business Network community

**GBN** Global Business Network  
a member of the Monitor Group





# WHAT IF?

THE ART OF SCENARIO  
THINKING FOR NONPROFITS

Diana Scarce, Katherine Fulton,  
and the Global Business Network community

**GBN** Global Business Network  
a member of the Monitor Group

© Copyright 2004 Global Business Network, a member of the Monitor Group.  
We encourage readers to use and share the content of this book, with the understanding that it is the intellectual property of Global Business Network, and that full attribution is required.

ISBN 0-9759241-1-7

**GBN** Global Business Network  
a member of the Monitor Group

## PREFACE

The goal of this guide is to introduce nonprofit leaders to a powerful way of embracing, influencing, and planning for the future—scenario thinking—and to help them assess whether the scenario approach is right for them.

For nearly two decades, Global Business Network has pioneered the evolution and application of scenario thinking primarily for organizations in the private sector, but also those in the public and nonprofit sectors. GBN has trained thousands of people in scenario thinking and has worked with hundreds of organizations, including more than 100 civil society organizations ranging from large national and international associations to much smaller networked groups.

In early 2001, GBN entered into a partnership with the David and Lucile Packard Foundation's Organizational Effectiveness and Philanthropy Program in order to raise awareness of scenario thinking among nonprofits. This guide is but one result of that collaboration. Over the past three years, GBN and the Packard Foundation have worked hard to understand the unique strategic and organizational challenges facing nonprofits. We have led training sessions specifically designed for nonprofits and spoken about scenario thinking at conferences throughout the United States. We have interviewed scenario practitioners and thought leaders in nonprofit strategy development, carefully noting the nature of their most pressing concerns. And we have led numerous scenario workshops for nonprofits and foundations, through which we gained important insights into specific ways scenario thinking can be a powerful tool for nonprofit organizations.

This guide gives an overview of scenario thinking customized for a nonprofit audience. It is designed to address the many queries we have received from nonprofits trying to assess whether scenario thinking is right for them. We hope it will give nonprofit leaders a clear sense of the nature and value of scenario thinking, as well as its many applications—the list of which seems to grow almost daily. This is, then, version 1.0 of a living document that will evolve as scenario thinking itself evolves—as you learn from the process of applying the tools and principles and as we learn from you.

This guide builds on the efforts of many people inside and outside the GBN community to develop and codify scenario thinking tools and principles over the last three decades. However, it is by no means a definitive guide to scenario thinking. Indeed, it does not address applications of scenario thinking particular to the for-profit world, which is where the vast majority of scenario work is conducted. Nor does it attempt to be a comprehensive playbook for practitioners of scenario thinking. There are other resources that provide such step-by-step guidance.

If the material here derives from GBN's deep institutional knowledge, it is now communicated entirely because of the vision and persistence of Barbara Kibbe, former director of the Packard Foundation's Organizational Effectiveness and Philanthropy Program, now the vice president for program and effectiveness at the Skoll Foundation. Without her, this guide would not exist. We therefore dedicate it to her, and to her hope that the performance of civil society organizations worldwide will be transformed in the next generation.

# TABLE OF CONTENTS

| INTRODUCTION   | CHAPTER 1   | CHAPTER 2   | CHAPTER 3   | CHAPTER 4  |
|--|---|---|---|--|
| THE STATUS QUO IS NOT AN OPTION 1<br>IS THIS GUIDE FOR YOU? 3<br>HOW TO USE THIS GUIDE 3 | <b>Scenario Thinking Defined</b><br>WHAT ARE SCENARIOS? 7<br>WHAT IS SCENARIO THINKING? 8<br>THREE GUIDING PRINCIPLES 10<br>WHY DO SCENARIO THINKING? 15<br>CONDITIONS FOR SUCCESS 18 | <b>Scenario Thinking in Practice</b><br>THE BASIC PROCESS 24<br>THE SCHOTT FOUNDATION: AN EXAMPLE 35<br>VARIATIONS ON THE PROCESS: STANDALONE EXERCISES 39<br>USING SCENARIO THINKING WITH OTHER TOOLS 45<br>PLANNING YOUR PROCESS 55 | <b>Stories from the Field</b><br>THE COLLEGE OF MARIN 62<br>CASEY FAMILY PROGRAMS 66<br>CALIFORNIA TEACHERS ASSOCIATION 68<br>THE DE LA SALLE CHRISTIAN BROTHERS 71<br>THE VALLEY FUTURES PROJECT 73<br>CHILD CARE ACTION CAMPAIGN 76<br>TIDES 79<br>THE FUNDERS NETWORK FOR POPULATION, REPRODUCTIVE HEALTH, AND RIGHTS 84 | <b>Resources</b><br>GLOSSARY OF TERMS 87<br>FURTHER READING 90<br>SOURCES 97<br>CREDITS AND THANKS 103<br>YOUR NOTES 105 |







# Introduction

THE STATUS QUO IS NOT AN OPTION 1

IS THIS GUIDE FOR YOU? 3

HOW TO USE THIS GUIDE 3

## THE STATUS QUO IS NOT AN OPTION

If futurism means “recognizing that life will change, must change, and has changed,” then we are all futurists now. How can we be anything else? Few of us can comprehend—and none of us can ignore—the full combined significance of the shifts we have all witnessed in just one generation in international relations, in the organization of the global economy, in communications technologies, in U.S. domestic policy, in the waves of migration, in the dramatic growth of civil society organizations in the U.S. and around the world, and in so much more. As United Nations Secretary General Kofi Annan said when he accepted the Nobel Peace Prize in 2001, “We have entered the third millennium through a gate of fire.”

To many in the nonprofit sector, it has felt as though entering the twenty-first century has required walking through many such gates. And if you have picked up this guide, you probably already sense that the status quo is not an option for the things you care about. In global politics or community affairs, in so many of the domains where nonprofits work, it seems clear that “old perceptions have lost their validity.” But how to imagine the new insights and new possibilities that can inspire our work and tip us toward a better future?

Scenario thinking is a tool for motivating people to challenge the status quo, or get better at doing so, by asking “What if?” Asking “What if?” in a disciplined way allows you to rehearse the possibilities of tomorrow, and then to take action today empowered by those provocations and insights. What if we are about to experience a revolutionary change that will bring new challenges for nonprofits? Or enter a risk-averse world of few gains, yet few losses? What if we experience a renaissance of social innovation? And, importantly, what if the future brings new and unforeseen opportunities or challenges for your organization? Will you be ready to act?

As this guide will illustrate, scenario thinking is a flexible and nuanced tool, and its applications are far-ranging. Maybe you want to make a tough decision or foster a shift in strategy informed by your changing circumstances. Maybe you want to empower your organization to take courageous action, emboldened by a long-term perspective. Maybe you want to wake up your organization to the challenges it is facing by exploring together the downsides to continuing the status quo. Or, maybe you want to align and inspire diverse stakeholders by finding and exploring common ground for the future.

Scenario thinking is growing in use—and its use will continue to grow—because it is one of the few proven tools for developing our capacity to understand and manage uncertainty. It is a powerful tool that tests the mind, challenges belief, stretches the spirit, and at its best creates new sources of hope. People who take naturally to scenario thinking are lifelong learners; they believe that the world is continually changing and are forever seeking insight from new places, making new connections, and innovating new solutions.

If the next generation of nonprofit leaders routinely uses scenario thinking, the cumulative effects for the sector as a whole will be significant. Civil society organizations must find new ways to create urgency and collective will for addressing large interdependent problems, both old and new. Scenario thinking will not be the only tool for making progress, but it could well become among the most important.

The soul of every nonprofit leader is full of hope. Indeed, creating a better future is the fundamental mission of many great civil society organizations. Scenario thinking is

therefore an essential part of the twenty-first century toolkit of every nonprofit leader who believes, along with anthropologist Margaret Mead, that one should “never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it’s the only thing that ever has.” Think of this guide as an introduction to a discipline aimed at increasing your ability to change the world.

## IS THIS GUIDE FOR YOU?

Scenario thinking is a powerful tool for organizations of any size and scope. It can be used to address the complex challenges of large global organizations, as well as those of smaller community-based groups. Scenario thinking is particularly well suited for nonprofits that: do work that is highly dependent on multiple actors inside and outside the sector; address interdependent and complex issues; have a clear interest in external trends; and feel a responsibility to address diverse points of view. Nonprofits that manage complex stakeholder relationships and that must develop strategies reflective of diverse needs are also good candidates for scenario thinking.

The primary audience for this guide is leaders of nonprofits and foundations. They are responsible for long-term strategy development; they are well positioned and obligated to see the bigger picture; and they are eager to help their organizations re-perceive present and future challenges and opportunities. The tools and principles of scenario thinking described in this guide will also prove useful for consultants to nonprofits who facilitate visioning and planning processes.

## HOW TO USE THIS GUIDE

“Guide” has no less than 12 definitions in *Webster’s Unabridged Dictionary*. This document is intended to “guide” readers in the following ways:

- to assist [a person] to travel through or reach a destination in an area in which s/he does not know the way

- to accompany [a sightseer] to show him/her points of interest and to explain their meaning or significance
- to supply [a person] with advice or counsel

As such, it is a multifaceted document that can be read in a number of ways. We hope you will read it from cover to cover—and certainly the ideas and processes captured here will be clearest when read in succession. But we also understand that you may not have the luxury of reading and interacting with every chapter. Moreover, we expect that different readers will come to these pages with different questions, needs, and priorities, and therefore choose different points of entry. With this in mind, we have intentionally designed a guide that can be read either whole or in sections, with each section addressing a specific aspect of the art of scenario thinking for nonprofits. This approach lends itself to some intentional repetition, although cover-to-cover readers may find these reiterations useful as they absorb the guide's terms and concepts.

## 1 Scenario Thinking Defined

This first chapter offers an overview of scenario thinking—what it is, how it works, and what it yields—and helps you make an initial assessment about whether scenario thinking is right for you.

## 2 Scenario Thinking in Practice

This chapter outlines the five basic phases of the scenario thinking process. It also offers some simple variations on the process—standalone exercises that will give you a taste of scenario thinking. And it addresses how you can use scenario thinking to inform the development of strategic plans, theories of change, and visions, concluding with some practical advice on putting scenario thinking into practice in your organization.

## 3 Stories from the Field

This chapter features a series of real-life examples that show how a variety of nonprofit and public sector organizations have put scenario thinking into practice.

## 4 Resources

This final chapter includes a glossary of terms that you may want to refer to while reading the guide. It also includes an annotated bibliography of select readings that will help you

extend your knowledge of scenario thinking theory and practice, as well as a list of the sources of many of the quotes and concepts found throughout the guide.

Whether you read this guide in its entirety or in pieces, we urge you to take the time to truly engage with it—write in the margins and on the blank pages provided at the end of the book, experiment with the tools, and above all, learn.

### A NOTE ABOUT WORD CHOICE

This guide is intended for all nongovernmental and noncorporate organizations, no matter where they operate in the world. For the purposes of this guide, we refer to "civil society organizations" and "nonprofit" organizations interchangeably, though many other terms, such as nongovernmental, social benefit, and independent sector, would be equally appropriate. By choosing to refer to civil society organizations as nonprofits, we do not mean to exclude organizations that lie outside of the United States.



# Scenario Thinking Defined

# 1

|                            |    |
|----------------------------|----|
| WHAT ARE SCENARIOS?        | 7  |
| WHAT IS SCENARIO THINKING? | 8  |
| THREE GUIDING PRINCIPLES   | 10 |
| WHY DO SCENARIO THINKING?  | 15 |
| CONDITIONS FOR SUCCESS     | 18 |

## WHAT ARE SCENARIOS?

Scenarios are stories about how the future might unfold for our organizations, our issues, our nations, and even our world. Importantly, scenarios are not predictions. Rather, they are provocative and plausible stories about diverse ways in which relevant issues outside our organizations might evolve, such as the future political environment, social attitudes, regulation, and the strength of the economy. Because scenarios are hypotheses, not predictions, they are created and used in sets of multiple stories, usually three or four, that capture a range of future possibilities, good and bad, expected and surprising. And, finally, scenarios are designed to stretch our thinking about the opportunities and threats that the future might hold, and to weigh those opportunities and threats carefully when making both short-term and long-term strategic decisions.

Done well, scenarios are a medium through which great change can be envisioned and actualized. Perhaps the clearest illustration of the power of scenarios is the influential set of scenarios developed in South Africa in 1991, when a diverse group of South African leaders—community activists, politicians, unionists, academics, economists, and business leaders—used scenario thinking as a way to envision paths to democracy as the country

transitioned out of apartheid. Each resulting scenario described a very different outcome of the political negotiations that were then underway. One scenario, which the group called *Ostrich*, told of what would happen if the negotiations were to break down between the apartheid government and Nelson Mandela's African National Congress. Another scenario, *Lame Duck*, foresaw a world in which a prolonged transition left the government weak and unable to satisfy all interests. A third scenario, *Icarus*, described a South Africa in which the ANC came to power and its massive public spending resulted in an economic crash. The fourth scenario, *Flight of the Flamingos*, described how the apartheid government, the ANC, and their respective constituencies might slowly and steadily rise together. These scenarios, known as the Mont Fleur scenarios, were subsequently shared widely throughout South Africa, and became an instrumental common language that helped facilitate public debate in the transition to democracy.

## WHAT IS SCENARIO THINKING?

Scenario thinking is both a process and a posture. It is the process through which scenarios are developed and then used to inform strategy. After that process itself is internalized, scenario thinking becomes, for many practitioners, a posture toward the world—a way of thinking about and managing change, a way of exploring the future so that they might then greet it better prepared.

The scenario thinking process begins by identifying forces of change in the world, such as new technologies or the shifting role of government, that may have an impact on the people served by a nonprofit organization, as well as on the strategic direction of the nonprofit itself. These forces are combined in different ways to create a set of diverse stories about how the future could unfold. Once these futures have been created, the next step is to try to imagine what it would be like for an organization or community to live in each of these futures. The exercise may sound simple—and in many cases it is. But the results are often surprising and profound. In the process of adding detail and color to each future, new issues or strategic concerns rise to the surface, and old issues get reframed.



For example, Tides, a family of nonprofits in the U.S. and Canada that provides funding and capacity-building services to organizations promoting social change, used scenario thinking to explore how the progressive movement—the broad political and social context for their work—could play out over the coming decade. Tides’s leaders brainstormed forces that could shape the future of the progressive movement, such as the relationship between government and business, the growth of networks, and the degree of convergence and fragmentation between progressive issues. Then, they created a set of scenarios that explored how the future could develop in very different ways. The scenarios focused on how two forces especially important and influential to the future of progressive social change—the nature of progressive leadership and the role of the government—might evolve.

Tides’s leaders then tried “living” in each scenario. They considered what the environment for nonprofits and the state of philanthropy would be in each world. Next, they rehearsed what Tides might actually do if each scenario were reality: How would they need to adapt? Who might they partner with? What new opportunities and challenges would they face? By looking at the broader context framing their work, Tides’s leaders were able to make important connections and surface new opportunities across their complex and wide-reaching organization. In addition, the scenarios allowed them to see anew the potential cumulative power of the various parts of the organization. (For a fuller description of Tides’s scenario thinking process, see page 79.)

This kind of strategic thinking, as the management thinker Henry Mintzberg describes it, is a combination of formal and informal learning that requires the powers of judgment and intuition to analyze shifts in the environment and produce new perspectives, insights, and catalysts for action. Ultimately, the point of scenario thinking is not to write stories of the future. Rather, it is to arrive at a deeper understanding of the world in which your organization operates, and to use that understanding to inform your strategy and improve your ability to make better decisions today and in the future. When used in complex multi-stakeholder environments, as it was in South Africa, scenario thinking stimulates rich conversations about future possibilities that can result in common ground for adversaries and push like-minded advocates to challenge their shared assumptions.

“Scenario thinking is a platform for structuring dialogue around a lot of loose ideas, making choices clearer,” says GBN scenario practitioner Chris Ertel. “It rewrites the way you think about the future.” At its most basic, scenario thinking helps people and organizations order and frame their thinking about the longer-term future while providing them with the tools and the confidence to take action soon. At its finest, scenario thinking helps people and organizations find strength of purpose and strategic direction in the face of daunting, chaotic, and even frightening circumstances.

### THREE GUIDING PRINCIPLES

Pierre Wack, the originator of scenario thinking as it is commonly used today, described it as a discipline for encouraging creative and entrepreneurial thinking and action “in contexts of change, complexity, and uncertainty.” Scenario thinking achieves this promise because of three fundamental principles: the long view, outside-in thinking, and multiple perspectives.

#### The Long View

The day-to-day work of nonprofits is usually driven by near-term concerns and urgent needs: people are hungry, there are social injustices, funding must be secured. And as nonprofits are pushed to produce measurable outcomes in the short term, their planning horizons can become increasingly near-sighted. Scenario thinking requires looking beyond immediate demands and peering far enough into the future to see new possibilities, asking “What if?” For participants in the Mont Fleur scenarios, the long view meant stretching themselves to imagine a future of radical collaboration between the African National Congress and the apartheid government. For a U.S. nonprofit that relies on the work of volunteers, the long view might mean considering how the impending retirement of the Baby Boomers could affect their work and their reach. How might nonprofits tap the opportunity that this group represents? On the other hand, given rising healthcare costs, a sputtering Social Security system, and increasingly atomized families, will nonprofits be ready to respond to the needs of the growing aging population?

## THE ORIGINS OF SCENARIO THINKING

The idea of scenarios—telling stories of the future—is as old as humankind. Scenarios as a tool for strategy have their origins in military and corporate planning. After World War II, the U.S. military tried to imagine multiple scenarios for what its opponents might do. In the 1960s, Herman Kahn, who played an important role in the military effort, introduced scenarios to a corporate audience, including Royal Dutch/Shell. In the 1970s, Pierre Wack, a planner for Shell, brought the use of scenarios to a new level. Wack realized that he had to get inside the minds of decision-makers in order to affect strategic decisions—and scenarios could enable him to do so. Wack and his team used scenarios to paint vivid and diverse pictures of the future so that decision-makers at Shell could rehearse the implications for the company. As a result, Shell was able to anticipate the Arab oil embargo, and later to anticipate and prepare for the dramatic drop in oil prices in the 1980s. Since then, scenario thinking has become a popular tool for the development of corporate strategy in numerous industries.

The founding of Global Business Network in the late '80s helped accelerate the spread of scenario thinking. GBN is a network of organizations, scenario practitioners, and futurists from a variety of disciplines and industries. GBN codified the scenario thinking process and began to offer public training courses for strategists from across sectors. In the early '90s, there were successful experiments using scenarios as a tool for civic dialogue around large intractable issues, such as the future of South Africa at the end of apartheid. Around the same time, there were also public-sector efforts to use scenarios as an economic development tool, most notably by the Dutch and Scottish governments. Finally, with the growth of the nonprofit capacity-building movement in the 1990s, scenario thinking began to extend more rapidly into the U.S. nonprofit sector and into civil society organizations around the world. Today, the cumulative experience and innovation of scenario thinking is being applied and further evolved in the nonprofit context.

Such a long-term perspective may seem tangential to an organization's more immediate pressures. But for nonprofits that aspire to make fundamental change in the world, taking the long view is essential. Doing so enables you to take a more proactive and anticipatory approach to addressing deep-seated problems; see both challenges and opportunities more clearly; and consider the long-term effects and potential unintended consequences of actions that you might otherwise take.

### Outside-In Thinking

Most individuals and organizations are surprised by discontinuous events because they spend their time thinking about what they are most familiar with: their own field or organization. They think from the inside—the things they can control—out to the world they would like to shape. For a nonprofit that is caught in a cycle of responding to needs as they emerge, the realm of control is very narrow, as is the organization's peripheral vision—making it highly vulnerable to blindsiding.

Conversely, thinking from the outside-in begins with pondering external changes that might, over time, profoundly affect your work—a seemingly irrelevant technological development that could prove advantageous for service delivery, for example, or a geopolitical shift that could introduce unforeseen social needs. Thinking back to the late 1980s, most U.S. community foundations did not foresee financial service institutions, such as Fidelity, entering the business of donor-advised funds and becoming significant competitors. A decade ago, few U.S. public education administrators imagined that public schools would face such a wide range of competitors: charter schools, commercial players like Edison, vouchers. Outside-in thinking can help nonprofits anticipate and prepare for such “surprising” eventualities.

Figure 1 illustrates a framework for outside-in thinking. The inner ring refers to your organization or the specific issue at stake. The middle ring is your immediate working environment, which includes forces of change such as your local community, partners, customers, and competitors. The outer ring is the contextual environment, which encompasses broad driving forces such as social values, geopolitics, governance,

sustainability, and technology. These two outer rings—the contextual and the working environment—can easily blur into each other. But the distinction is helpful because it pushes you to consider not just immediate externalities, but also shifts in the contextual environment that are often overlooked when planning for the future. The scenario thinking process starts by exploring external developments, in both the broad contextual world and your working environment. Only after you’ve created scenarios about the external environment do you consider implications for your individual organization or issue.

Because most planning processes start by focusing on the organization and then move outward, the outside-in approach can feel uncomfortable or foreign at first. But once the concept is grasped, outside-in thinking can inspire more open and imaginative thoughts about a range of potential changes and strategies that may not have been visible otherwise. “Outside-in thinking is so important because it takes you out of your reality,” said Ellen Friedman, managing director of the California Clinics Initiative, after leading her organization through a scenario thinking exercise. “Yes, it is threatening and challenging, but it is essential for moving forward.”

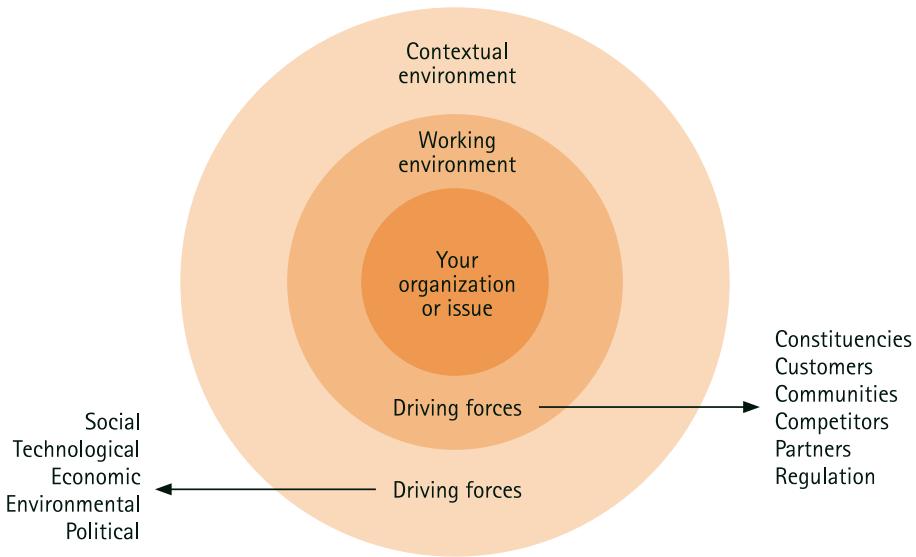


Figure 1: A framework for outside-in thinking

## Multiple Perspectives

Introducing multiple perspectives is different from managing multiple stakeholders, which many nonprofits are very skilled at doing. The introduction of multiple perspectives—diverse voices that will shed new light on your strategic challenge—helps you better understand your own assumptions about the future, as well as the assumptions of others. When one is working with passionate convictions, it is easy to become deaf to voices you may not agree with. Yet consciously bringing these voices to the table exposes you to new ideas that will inform your own perspective and could prove extremely helpful in your effort to see the big picture of an issue or idea.

Consider, for example, the unusual coalition of Christian, Jewish, and environmental groups that launched the widely publicized anti-sports utility vehicle campaign “What Would Jesus Drive?” By integrating multiple perspectives that are not typically aligned or even associated with one another, the coalition was able to reframe the transportation and fuel efficiency debate as a “moral issue,” resulting in an impressive national awareness campaign. In the first six months, the “What Would Jesus Drive?” campaign was the subject of over 4,000 media stories and garnered many front-page headlines.

The scenario thinking process creates a powerful platform for multiple (and often divergent) perspectives to come together. The result is an expansion of an organization’s peripheral vision—you see new threats and opportunities that you otherwise may have missed. For the Schott Foundation, which used scenario thinking to develop strategy around the controversial issue of gender equity in education, multiple perspectives meant inviting a diverse group of people—including activists, corporate leaders, and policymakers representing different political ideologies—to enter into the scenario dialogue. “Before [the scenario experience] we only talked about what we wanted, and we assumed that the world was the world we envisioned inside our heads,” said Schott’s president, Rosa Smith. “[Now] we’re much more willing to hear other voices.”

## WHY DO SCENARIO THINKING?

As in any strategy endeavor, rigorous assessment of the strategic challenge you want to address and the outcome(s) you would like to accomplish in addressing this challenge is an important first step to a successful process. Once you understand your primary goal for engaging in scenario thinking, you can tailor the process to best meet your needs. The most common applications of scenario thinking typically fall into four broad categories: (1) setting strategic direction, (2) catalyzing bold action, (3) accelerating collaborative learning, and (4) alignment and visioning. Of course, these applications are not mutually exclusive. Most scenario thinking efforts are driven at the outset by a single application, such as decision-making or organizational alignment, and result in multiple overlapping outcomes.

### Setting Strategic Direction

*Imagine you are the regional director of an international aid organization's operations in sub-Saharan Africa. Your work is primarily focused on alleviating urgent needs brought about by war, drought, the AIDS pandemic, and other health-related emergencies. Much of your job involves responding swiftly to needs as they emerge. But if you are to prioritize the allocation of your limited funds in the short term, you must learn to prepare for the long term as well. Scenario thinking can help you make smart decisions in the short term while planning for the future.*

Scenarios can be used for various levels of strategy development: making a decision on a specific strategic issue; setting a high-level strategic agenda; creating the platform for an ongoing strategic conversation; and assessing risks and opportunities by exploring how complex factors could create very different environments that you might have to navigate. In addition, you can use scenario thinking to test your current strategy, theory of change, or vision in multiple possible futures beyond your control, rehearsing what you would need to do to succeed in different environments—positive, negative, and unexpected. (For more on the relationship between scenario thinking and other strategy tools, see page 45.)

## Catalyzing Bold Action

*Imagine you are a program director at a private foundation. You've recently taken on this position and you want to revisit the program strategy, which changed little during your predecessor's 10-year tenure. You know that some of the existing funding commitments are sound, but you are worried that others are based on assumptions that have not been re-examined despite rapidly changing circumstances. You also know that other funders are making overlapping grants and supporting innovative work that you would like to learn more about. Scenario thinking can help you challenge the status quo and take an innovative and bold approach while building on the work of other funders.*

Scenario thinking can be used to get your organization unstuck and catalyze action. It does so by rehearsing diverse and provocative future possibilities—both desirable scenarios that you would like to help create and dark scenarios that generate a sense of urgency. Oftentimes groups come away from scenario thinking exercises with the realization that the status quo is not sustainable, and in some cases it becomes clear that the status quo can lead to unintended and unwanted consequences.

By embracing diverse perspectives and a range of possible futures, scenario thinking can push organizations to take responsible and bold actions that overcome biases and challenge assumptions. For nonprofits responding to problems that are driven by forces beyond their control and that are too large and complex to be solved by a single organization, or even a single sector, scenario thinking can empower them to clarify what they can and cannot influence, and to take action—on their own and collectively.

## Accelerating Collaborative Learning

*Imagine you are in charge of educational programming for an association of nonprofits working in the arts. You are responsible for developing a learning agenda that provides provocative and applicable insight for your members. Your members are connected by a shared belief in the importance of the arts, but they have widely differing opinions on the type of art to support. The members enjoy coming together, but typically avoid discussing the divisive and important issues at the intersection of their interests. Scenario thinking can help you: engage members in learning from one another; productively explore their*



*areas of commonality and difference; and co-create a cutting-edge curriculum that meets their interests.*

Scenarios can serve as a powerful platform to collaboratively explore a topic of common interest by organizing what is known and surfacing what is unknown and uncontrollable. An important result of such collaborative learning is to challenge “mental maps” by introducing new perspectives and new knowledge that could lead the group to discover as yet unimagined solutions. Any individual or organization has a “mental map”—a set of assumptions that informs strategies and actions. These maps frame strongly held beliefs that are often the reason why people dedicate time to a cause—beliefs based on a particular faith, a person’s definition of social justice, or a political persuasion, for example. Frequently, there can be misunderstanding and competition across these maps. Scenario thinking makes mental maps explicit, resulting in a new appreciation of other perspectives, shifts in your own mental map, and novel insights.

Scenario thinking processes that are designed to expand and challenge a group’s thinking about its shared area of interest would fall into the collaborative-learning category. For example, the Funders Network for Population, Reproductive Health, and Rights conducted a short scenario thinking workshop at the end of its annual conference. The scenario workshop was an opportunity to share, synthesize, and expand upon what they had learned during the conference while stretching and challenging that learning with a long-term framework. (See page 85 for a full description of the Funders Network’s scenario thinking process.)

### **Alignment and Visioning**

*Imagine you are responsible for a national initiative to reduce childhood obesity. The initiative comprises a diverse group of community members, corporations, educators, and funders. It is your job to bring these people together and, ultimately, to come to consensus on a joint strategy. The perspectives of these stakeholders are diverse and in some cases conflicting, and there is no clear solution. Scenario thinking can help you build relationships, create a space for multiple perspectives to be heard, build alignment, and facilitate the development of a shared vision for the future.*

Scenarios can be used with multi-stakeholder coalitions and single organizations to create a shared vision and increase alignment around a desired future or strategic direction. (For more on using scenarios to develop a vision, see page 51.) This is a powerful application because scenario thinking often results in a deeper and shared understanding of the complexities of public problem-solving—the potential opportunities, barriers, allies, and pitfalls. When working with a diverse group, this shared understanding can help divergent voices find common ground and collaborative solutions for the future. In addition to high-level recommendations for public action, alignment scenarios can also result in raised awareness around an issue, new relationships, and ad hoc or intentional collaboration among participants.

Large, well-publicized efforts to use scenarios as a tool for public problem-solving at the national or regional level would fall under this category. For instance, national scenario projects in South Africa, Colombia, Cyprus, and Guatemala have brought together multiple—and often adversarial—stakeholders, including government officials, labor unions, business leaders, rebel and revolutionary groups, community organizations, and educators.

## CONDITIONS FOR SUCCESS

At its core, scenario thinking is about organizational change. Organizational change does not happen without organizational learning, and learning is hard. In order to truly internalize and act upon the insights and implications that come out of a scenario process, your organization or group must be very motivated to learn. Your scenario thinking effort will be well positioned for success if the following is true of your group or organization:

**You are open to hearing multiple perspectives and challenging commonly held assumptions.** By introducing multiple perspectives on the future, the scenario thinking process can challenge commonly held assumptions and help align your organization's perspectives on the future with the changing environment.

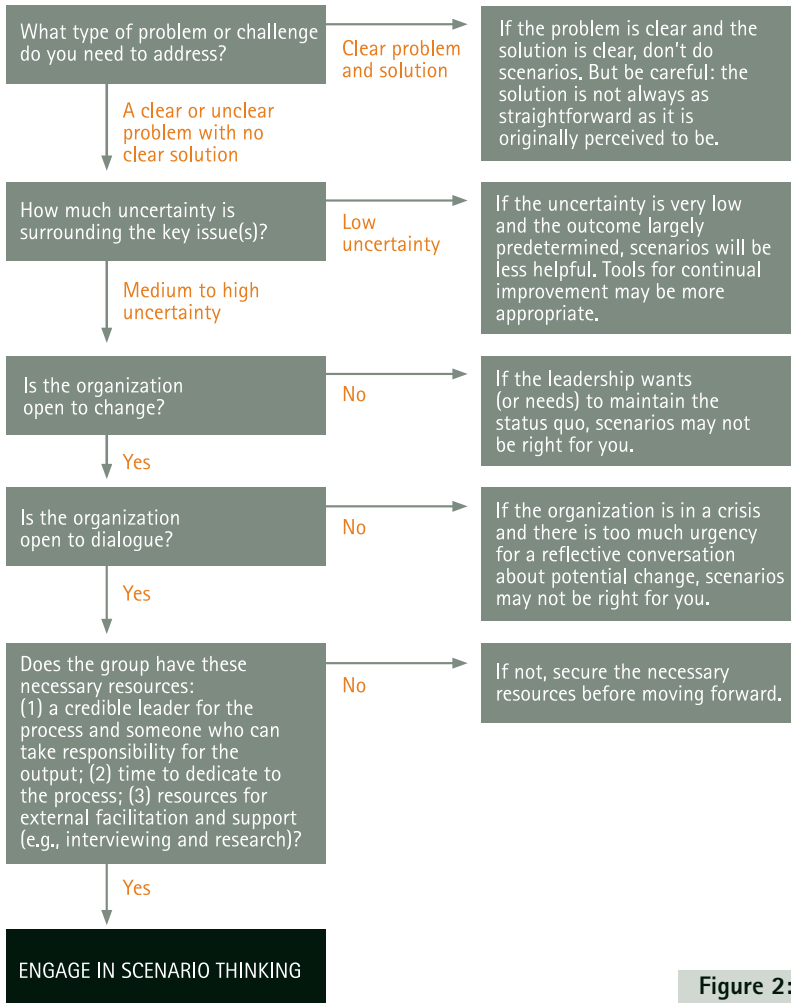
**You are positioned to change in a meaningful way.** The organization needs to have some impetus for change, internally or externally driven, in order to make the scenario learning meaningful and, ultimately, to act on these insights. Generally speaking, such an impetus for change will come from a strategic issue that does not have a clearly defined solution and that is important enough to catalyze action—there is a need to address new forms of competition, for example, or an opportunity to reframe your scope of work to meet an emerging need. The call to change can be driven by either crisis or opportunity, or by both. According to scenario thinker and writer Betty Sue Flowers, “People should have a sense of urgency even if things seem to be pretty good. My sense of urgency doesn’t come from impending crisis; it comes from a need to be prepared for anything, including opportunity.”

**You have a well-positioned leader for the process.** In order to make the learning—and subsequent action—stick, there needs to be a credible, facilitative leader in your organization who can build support and sustain excitement for the process. Similarly, it’s important that there be clear ownership of the output—a person or group who will take responsibility for acting on ideas generated during the process. The leadership required to initiate and sustain a scenario thinking process can be significant. That leadership must advocate for a way of strategic thinking that, if executed well, can produce considerable change.

**You are willing to commit the necessary resources.** Like any strategy development effort, scenario thinking demands time and money. Because insights from scenario thinking are developed through extensive reflection and dialogue, senior decision-makers must be ready to commit significant time and attention to the effort. That said, the amount of resources required need not be huge, simply commensurate with the scope of your ambition. (For more on scoping your resource needs, see page 58.)

## Decision Tree

The decision tree depicted in **Figure 2** can be used to determine whether scenario thinking is an appropriate tool for addressing your challenge or problem. As always, in special circumstances, there are exceptions to the logic outlined here.



**Figure 2:** Decision tree

### DO NOT USE SCENARIO THINKING WHEN...

- The problem you are dealing with is not central to your organizational strategy and/or your problem and solution are clear.
- The outcome is largely predetermined due to internal or external forces.
- The leadership wants to maintain the status quo.
- There is too much urgency to step back for a reflective and creative conversation.
- Your desired outcomes are poorly aligned with your dedicated resources.

### YOUR SITUATION IS IDEAL FOR SCENARIO THINKING IF...

- You are dealing with a strategic issue and the solution is unclear.
- You are working in a highly uncertain environment.
- There is leadership support for the scenario thinking process.
- Your organization is open to change and dialogue.
- You can attract the resources necessary for a successful initiative.





# Scenario Thinking in Practice

# 2

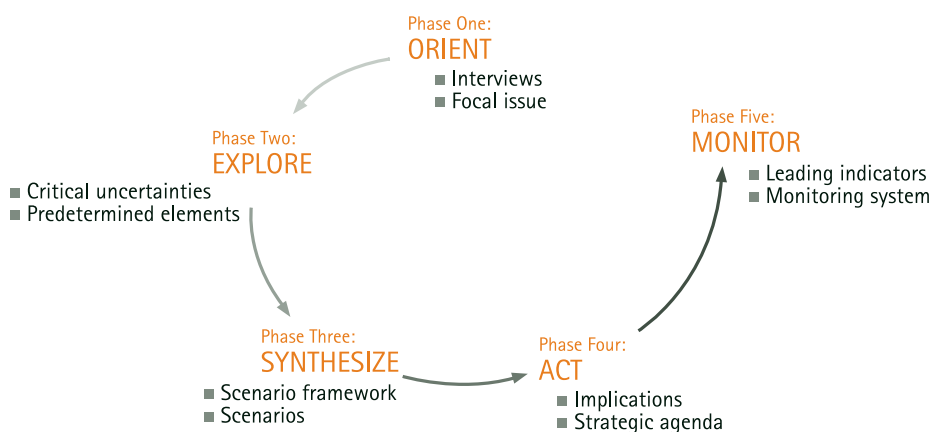
|   |    |
|---|----|
| THE BASIC PROCESS                               | 24 |
| THE SCHOTT FOUNDATION: AN EXAMPLE               | 35 |
| VARIATIONS ON THE PROCESS: STANDALONE EXERCISES | 39 |
| USING SCENARIO THINKING WITH OTHER TOOLS        | 45 |
| PLANNING YOUR PROCESS                           | 55 |

Scenario thinking is not difficult once you get used to the fact that you are thinking out loud and speculating, not making an argument requiring high burdens of proof. It is a dynamic and flexible process, precisely because it is so simple. The process steps are straightforward and they can be executed during a discrete period of time. Or, they can be repeated many times over, creating a foundation for ongoing organizational strategy development and learning. The output of the process is a set of powerful stories about how the future might unfold in ways relevant to your organization or issue. But an even more important result is a greater sense of the context in which your organization operates today and the contexts in which it may operate in the future. The scenario thinking process can be used on its own for setting strategic direction, catalyzing bold action, accelerating collaborative learning, or alignment and visioning; it can also work in conjunction with other tools commonly found in the strategic toolkit of nonprofit organizations.

Over the years, a basic process has emerged that serves as a foundation for most scenario thinking exercises. The process has five phases: orient, explore, synthesize, act, and monitor (see Figure 3). Just as scenario thinking can be used toward many different ends, the basic process can be modified in countless ways to better meet your desired outcomes.

## THE BASIC PROCESS

The following description of the basic process is intended to give you a strong grasp of what engaging in scenario thinking entails. In addition to the overview provided here, the final chapter of this guide (“Resources”) includes references to several books and articles that offer more particulars on the mechanics of scenario thinking; potential practitioners of the scenario thinking process will want to consult the sources in that chapter.



**Figure 3:** The basic five-phase scenario thinking process

### Phase One: Orient

The goal of phase one is to clarify the issue at stake, and to use that issue as an orienting device throughout the remaining four phases.

The process begins with learning more about the challenges that your organization or community faces, and the underlying assumptions that you and others in your organization—decision-makers in particular—hold about the nature of those challenges and how they will play out in the future. The most effective and efficient way to surface these assumptions, which may be very deeply held, is to ask pointed questions of yourself, key decision-makers, and other important stakeholders through structured interviews.



Often times it is also helpful to pose the same interview questions to people who, while not stakeholders per se, can contribute important outside perspectives, such as thought leaders in your area of work.

Before conducting your interviews, you will need to establish a timeframe for your scenario thinking process (although you may later choose to modify it based on what you learn from the interviews). Are you interested in exploring what the world will look like for your organization in 10 years? In 20 years? Most scenarios that are developed to inform organizational strategy look five to 10 years into the future; large multi-stakeholder initiatives will sometimes take an even longer view. Regardless, the timeframe should reflect how rapidly the issue in question is likely to change. For example, when dealing with fast-changing phenomena, such as the development and uptake of new communications technologies, it is advisable to use a shorter timeframe. A longer timeframe generally makes sense when addressing slow-changing areas, like many environmental and societal issues. The key is to push your scenario thinking process far enough into the future to challenge the conventional wisdom and show futures that could diverge widely while staying close enough to the present to maintain relevance and credibility in the minds of decision-makers.

So what interview questions should you be asking? You want to ask broad, open-ended questions about both your external and internal environments. Open-ended questions about the external environment are often the best way to expose underlying assumptions

### SCENARIO THINKING RESOURCES

The following publications offer the most clear and comprehensive explanations of the scenario thinking process:

Schwartz, Peter. *The Art of the Long View: Paths to Strategic Insight for Yourself and Your Company*. Second edition. New York: Doubleday, 1996.

Shell International's Global Business Environment. *Scenarios: An Explorer's Guide*. Shell International, 2003. Available online at <http://www.shell.com>.

van der Heijden, Kees. *Scenarios: The Art of Strategic Conversation*. Chichester & New York: John Wiley & Sons, 1996.

and initiate a future-focused dialogue. Questions about organization-specific issues are essential for assessing the true nature of the challenge that the organization is facing and determining the most effective process structure. Here are just a few examples of questions you might ask:

- If you could have any question about the next “x” years answered, what would you want to know?
- What do you believe is predetermined for the next “x” years?
- If you looked back from “x” years hence and told the triumph of your organization/issue, what would be the story? Why?
- If you looked back from “x” years hence and told the failure of your organization/issue, what would be the story? Why?
- What are the most important strategic issues/decisions for your organization on the immediate horizon?
- What do you want your personal legacy to be? What do you fear it might be? What do you aspire to?

The interview process may confirm that the challenges and issues you thought were most important at the outset are indeed the most pressing. Or you may find that it is another issue, one not so obvious at the beginning, that frames what really must be addressed.

Once you have learned more about the nature of your challenges, issues, and underlying assumptions, you are ready to frame the focal issue or question—the issue or question that will orient your scenario thinking process. When you create your focal question, make it as objective as possible and set it within your chosen timeframe. For example, when the College of Marin, a community college in Northern California, did a scenario thinking process in the late ‘90s, it used its focal question to test a possible strategic direction: “Over the next 10 years, should the College of Marin get smaller in order to get stronger?” When the Conference of Southwest Foundations, a membership organization for grantmakers in the southwestern United States, used scenario thinking to inform its strategic planning process in 2003, it chose to ask a more exploratory question about its future customers: “What will be the range of needs of the philanthropic grantmaking community in 2013?”

## Phase Two: Explore

In this second phase, you explore the many “driving forces” that could shape your focal issue. Driving forces are the forces of change outside your organization that will shape future dynamics in both predictable and unpredictable ways. Driving forces include factors within your close-in working environment, like developments related to your stakeholders or your community and shifts in the broader environment—social, technological, economic, environmental, and political (see **Figure 1**). The point of brainstorming a list of driving forces is to look beyond the pressures that dominate your work and mind on a daily basis and seek out those forces in the broader world that could have an unexpected impact. For instance, a local food bank might consider close-in factors like the impact of food supply systems, enabling technologies, and oversupply, as well as broader forces like labor markets and social attitudes.

Driving forces can be either “predetermined elements” or “uncertainties.” Predetermined elements are forces of change that are relatively certain over a given future timeframe, such as a locked-in degree of income disparity, predictable cuts in public spending, or a foreseeable shift in demographics. Uncertainties are unpredictable driving forces, such as the nature of public opinion or shifts in social values, that will have an important impact on your area of interest. For example, an obvious uncertainty for an organization providing health services is the role that government will play in that field: Will the government’s role increase or decrease, and in what areas?

## Phase Three: Synthesize

In phase three, you synthesize and combine the driving forces that you have identified to create scenarios. Keep in mind that you likely will have identified numerous driving forces, some of them extremely different from one another. While all driving forces are important, they are not equally important. Phase three is a narrowing phase in which you cull and refine your driving forces to just a handful.

Start by prioritizing your driving forces according to two criteria: (1) the degree of importance to the focal issue or question, and (2) the degree of uncertainty surrounding those forces. The goal of prioritization is to identify the two or three driving forces that

are most important to the focal issue and most uncertain. These driving forces are your “critical uncertainties,” and they will be the foundation of your scenario set. The process of discussing those forces that are most important and uncertain is a valuable exercise in and of itself; you may surface surprising priorities or be pushed to articulate and defend untested assumptions. Oftentimes participants worry that focusing on just a few of the many uncertainties they managed to identify means they will lose valuable work. Don’t worry—you will have an opportunity to return to the many predetermined elements and uncertainties that you brainstormed in phase two later in the process.

The most simple and reliable way to create scenarios is to picture these critical uncertainties on axes that frame the poles of what seems possible in the timeframe you are dealing with. These “axes of uncertainty” represent a continuum of possibilities ranging between two extremes. For example, you could capture the uncertainty about the role of government on one axis:



And, you could describe another common uncertainty, the future state of the economy, on another:



Then you can cross these two axes to create a framework, which you can then use to explore four possible scenarios for the future. You have just created your scenario matrix (see Figure 4).

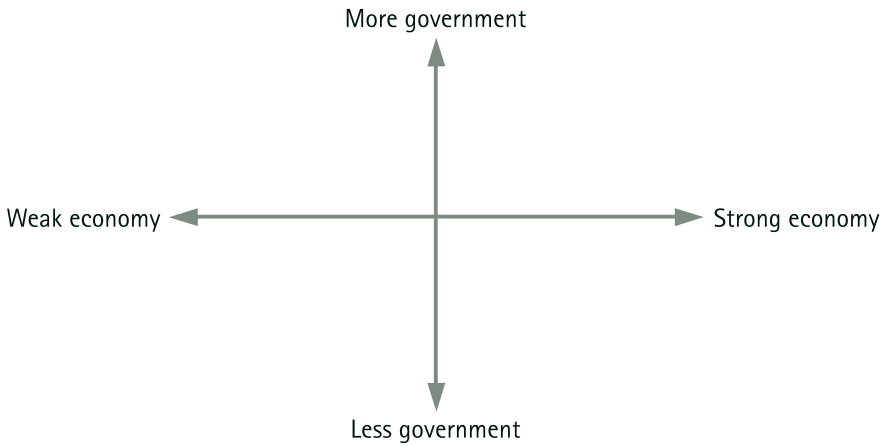


Figure 4: A sample scenario matrix

Quickly try to envision the four scenarios created by this matrix. What if there is bigger government and a strong economy? This could be a world with a strong social safety net, perhaps less devolution of social services, and a narrowing income gap. What if there is a weak economy and less government? This could create a very inward-looking environment with a crumbling infrastructure for social services; it could also mean a world of innovation at the local level driven by economic necessity. As you try to envision each of the four possible scenarios, ask yourself: Do the combined critical uncertainties produce believable and useful stories of the future? The scenarios should represent a range of alternative futures, not simply a best, worst, and most likely world.

Settling on a scenario framework is a trial-and-error process. It requires testing various combinations of critical uncertainties until you arrive at a framework that will serve as a strong platform for your strategic conversation. Ultimately, the goal is to develop a set of plausible scenarios that tell very different stories, each of which challenges your assumptions and illuminates the strategic issues you are facing.

**Developing scenario narratives.** Now that you have a scenario framework, you can develop your scenarios into narratives—stories that begin in the present and end in the future. Though not necessary in all situations, scenario narratives are powerful communication

tools. As Arie de Geus, one of the pioneers of scenario thinking, once explained: “Scenarios are stories. They are works of art, rather than scientific analyses. The reliability of [their content] is less important than the types of conversations and decisions they spark.” A well-written story can quickly capture a lot of complexity and leave a lasting message with the reader. If you want to share your scenarios with a wide audience that cannot be involved in the development process, then narratives are often essential. This is usually the case when you are developing scenarios on a broad issue, especially if you want to share your learning with others working in the same area or make your research available to the public. In addition, if you are developing scenarios for a large organization, narrative scenarios can be a helpful tool for spreading the scenarios—and the strategic conversation—throughout the organization.

On the flip side, scenario narratives are time-consuming to write and to read. If you want to use scenarios as a catalyst for a strategy process, the scenarios will serve as scaffolding that will fall into the background as the strategic opportunities and challenges come to the surface. In these cases, narratives are helpful, but less central. Short descriptions of alternative futures can suffice. As one scenario participant observed, “I don’t remember the scenarios, but I remember the conversation.”

#### Phase Four: Act

In phase four, you use your scenarios to inform and inspire action. The test of a good set of scenarios is not whether in the end it turns out to portray the future accurately, but whether it enables an organization to learn, adapt, and take effective action. After you’ve developed your scenarios, imagine—deeply imagine—living and working in each one. Ask yourself: What if this scenario is the future? What actions would I take today to prepare? Are there actions I could take to catalyze a desirable future, or to mitigate a negative one? The answers to your question are your scenario implications. You can then analyze the implications that surfaced in all scenarios. Are any of the implications valid in all scenarios? Are there significantly different implications in each scenario? Do these differences highlight any strategic choices that you are going to have to address?

The patterns and insights that emerge from the scenario implications are the building blocks of your strategic agenda—the set of strategic priorities that will help you make progress on your long-term goals. You can also use predetermined elements identified during the scenario development process to inform your strategic agenda. First, review the predetermined elements surfaced during your initial brainstorm of driving forces. Then, analyze your scenarios: Do they suggest additional predetermined elements? Of all the predetermined elements you identified, should any figure prominently in your strategic agenda? (For more on surfacing predetermined elements, see page 42 and 44.)

### ALTERNATIVE APPROACHES TO DEVELOPING SCENARIOS

In addition to using a matrix, there are other methods for developing and framing scenarios. Here are a few alternatives:

- Start by articulating the official future—the future that your organization or group is planning for—and exploring what must be true for this future to be realized. Then ask: How could we be wrong about the official future? Next, develop at least two stories of the future that diverge from the official future in provocative and plausible ways. This **incremental approach** is illustrated in Figure 5. (For more on the official future, see page 41.)
- You can also build your scenarios by simply telling stories about the future based on your critical uncertainties. After developing several stories, study, refine, and deepen them until you arrive at a set of divergent, plausible, and challenging scenarios that are relevant to your focal question. Oftentimes while you are developing your scenarios you can identify an underlying structural framework—like a matrix. Identifying a framework that highlights relationships between scenarios can be helpful when communicating the scenario set. This approach to developing scenarios is called the **inductive approach**.

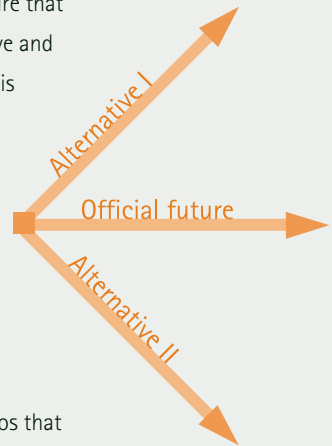


Figure 5: The incremental approach to developing scenarios

## USING WILD CARD EVENTS TO DEVELOP CONTINGENT STRATEGIES

Unlike scenarios, which are structured around different logical ways that uncertainties could play out, wild cards are unexpected events, like a revolutionary new discovery or a global epidemic. For example, when a teaching hospital in Oregon was developing scenarios in the early '90s, it was important to rehearse how the hospital and university might respond if the volcano Mount Hood, which has been quiet since the mid-1800s, were to erupt again. Though it did not make sense for the hospital to plan its strategy around a single, unpredictable event like a volcanic eruption, it was important that it develop a contingent strategy, which it was able to do by rehearsing the volcanic eruption wild card. Similarly, nonprofits that address HIV/AIDS might find it instructive to imagine how they would shift their course of action if an HIV vaccine were created, but they would not want to plan their strategy around such a development.

Tossing out wild cards is a powerful yet playful way to provoke a group to envision unexpected success or extremely dark possibilities. What if there is breakthrough new technology that offers a clean and affordable source of energy? What if a major stock market crashes suddenly and deeply? By thinking the unthinkable, non-profits can use wild cards to help surface new uncertainties and clarify potential strategies for future action. Oftentimes, brainstorming and discussing wild cards can be a fun and provocative way to introduce the concepts of outside-in and long-view thinking to a group.

So how do you do it? First, brainstorm wild card events that would require your organization to rethink its role and strategies; these may be events in the broader contextual environment, or ones closely tied to your area of work. Next, choose three or four wild cards that are most relevant to your organization or issue and explore their implications. If the wild card became reality, what would you do? How would you change your strategy? Would you be prepared to respond? Also, look for patterns of implications across wild cards, much as you would when analyzing scenario implications. What new insights emerge?

For a more detailed discussion of wild cards, take a look at John Petersen's book, *Out of the Blue: How to Anticipate Big Future Surprises*. Arlington, Virginia: The Arlington Institute, 1997.



When crafting your strategic agenda, be sure it reflects an appropriate level of risk for your organization. For instance, a strategy based entirely on implications that are true in all scenarios would be very low risk, whereas a strategy that bets on the evolution of one or two scenarios would be of much higher risk. Most strategic agendas will include a mixed portfolio of low-, medium-, and in some cases, high-risk strategies. (For a detailed discussion of using scenarios to inform your strategic agenda, see page 46.)

### Phase Five: Monitor

In this last phase, you create mechanisms that will help your organization track shifts in the environment and adjust its strategy accordingly.

Once you have identified the implications that hold true for all future scenarios and the predetermined elements that will be critical to consider, you can act on them with the confidence that you are making well-informed decisions. However, there will undoubtedly be several implications that you choose not to act upon because they are contingent on the future evolving in a particular direction. Also, there will be important driving forces that, though presently uncertain, have the potential of becoming certain—or predetermined.

It is worthwhile to create a monitoring system to identify and track a few “leading indicators” that will tell you if a particular scenario is beginning to unfold, causing some implications to rise in importance and some uncertainties to evolve into predetermined elements. Leading indicators are signs of potentially significant change. A leading indicator may be something obvious like the passing of a debated piece of legislation, or it may be a subtle sign of a larger societal shift, like a rise in volunteerism. If the leading indicators are selected carefully and imaginatively, they will serve as powerful signals that you need to adapt your strategy to the changing environment. As leading indicators are identified, strategies can be put in place to respond to the emerging reality.

Unfortunately, the “monitoring” phase is sometimes dropped when time for strategy development is scarce. But creating a monitoring system can be a powerful yet simple tool for keeping your organization attuned to shifts in the external environment and sustaining the strategic conversation.

## RESOURCES FOR MONITORING AND SCANNING

Below are a few helpful resources for monitoring and scanning for change. The possibilities are limitless. Seek out both qualitative and quantitative evidence of change. Scan journals and magazines, popular and fringe. Pay attention to changing billboards, the topics of talk shows, and headlines of all kinds. You will want to tailor your monitoring efforts to your particular area of interest, but do not overlook sources and stories that appear peripheral at first glance yet could in fact affect your organization and its mission.

Frey, William, Bill Abresch, and Jonathan Yeasting. *America by the Numbers: A Field Guide to the U.S. Population*. New York: The New Press, 2001. A very accessible reference guide to U.S. population trends and their social impact.

Marion, Michael, ed. *Future Survey: A Monthly Abstract of Books, Articles, and Reports Concerning Forecasts, Trends, and Ideas about the Future*. Available online at <http://www.wfs.org/fs>. Published by the World Future Society, this monthly survey takes a close look at the current landscape of future-focused publications.

The World Bank Group website: <http://www.worldbank.org>. The publications section of this site is a rich resource for development data and analyses.

Worldwatch Institute website: <http://www.worldwatch.org>. This site offers a wealth of research on current trends, as well as analyses of their long-term implications for building an "environmentally sustainable and socially just society."

## CAROLINE AND SIGMUND SCHOTT FOUNDATION: An Example of the Basic Scenario Thinking Process

The Caroline and Sigmund Schott Foundation is a family foundation dedicated to strengthening the movement for equity and excellence in education and childcare in the states of Massachusetts and New York. For years before it first approached scenario thinking, Schott had been struggling with the definition of “gender equity.” Reports of boys falling behind girls in the classroom were growing, while girls—and women—remained scarce on the sports grounds and in positions of public leadership. The organization had achieved considerable success using limited funds to make a strong impact, but it was having difficulty envisioning a clear path forward for its Gender Equity Program, which traditionally supported the removal of barriers to education for girls.

In an effort to clarify a frame for its gender equity work and identify opportunities for impact, Schott decided to engage in a scenario thinking exercise. “We wanted to ensure we were not limiting ourselves to planning for the world we currently inhabit, but instead were planning for the long run,” explained Greg Jobin-Leeds, Schott’s cofounder and chair. In addition to informing Schott’s program strategy, the scenario thinking process was also a way for Schott to provide input to the broader community of gender equity activists and build relationships.

Schott’s scenario thinking process was structured as follows: a month of research and preparation for an initial two-day workshop to develop the scenarios, followed by further scenario refinement and collaborative drafting of scenario narratives by a team of Schott staff, concluding with a second two-day workshop in which participants explored

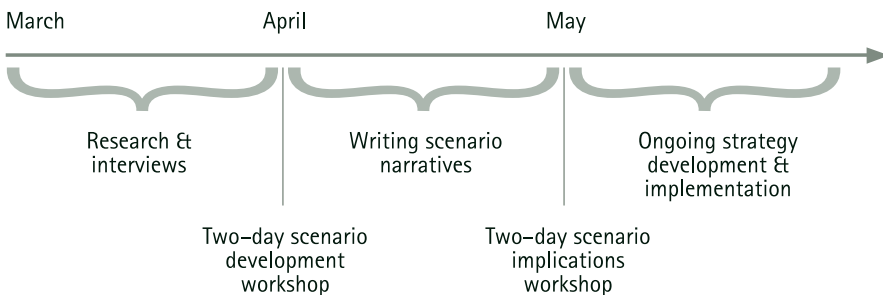


Figure 6: The Schott Foundation’s scenario thinking timeline

implications and strategies for both the work of the broader community of interest and Schott's own funding. (The timeline for this process is outlined in Figure 6). In preparation for both workshops, Schott worked hard to convene a group of participants that would bring a range of expertise and diverse perspectives on gender equity to the table; participants included community leaders, political strategists, legislative analysts, corporate leaders, and philanthropists.

### Phase One: Orient

External facilitators conducted interviews with Schott board members, staff, and leading thinkers on issues of gender and education. When input from these interviews was synthesized, a broad focal question emerged: "How do we (the community of interest) most positively impact the education and development of girls and boys in American societies to achieve an equitable future for the next generation?"

### Phase Two: Explore

At the first workshop, participants brainstormed a long list of forces that they believed could shape the future of American society. Access to technology, centers of power and leadership, and attitudes toward race were among the many uncertainties surfaced. It was clear to the group that major demographic shifts, in particular the increasing racial

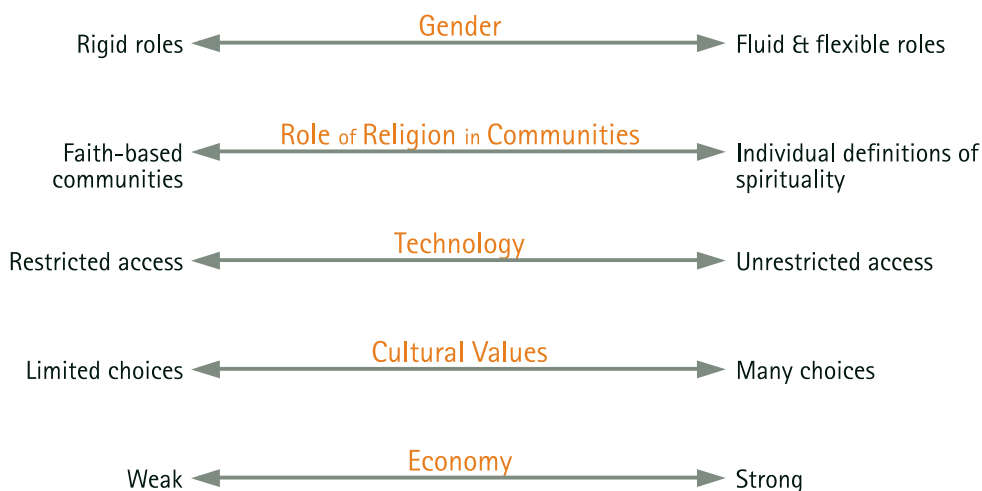


Figure 7: A sampling of Schott's critical uncertainties

diversity of American youth and the growing elderly population, were predetermined forces of change for the next generation.

### Phase Three: Synthesize

Several driving forces were considered especially uncertain and important to the focal question. Participants clarified the nature of each of these critical uncertainties (several of which are outlined in Figure 7) by identifying the polar ways in which they could play out.

Next, the group tried crossing many different combinations of these axes of uncertainty to create a scenario framework—in this case, a matrix. After experimenting with several possibilities, the group realized that the technology and economy uncertainties could be collapsed into one uncertainty about resources. The group also saw that the uncertainties related to cultural values, religion, and predetermined demographic trends could be captured by a broader uncertainty about cultural values and the impact of demographic shifts, encompassing issues such as race and gender relations, religion, and community relationships. The group then crossed these two uncertainties to create the scenario matrix

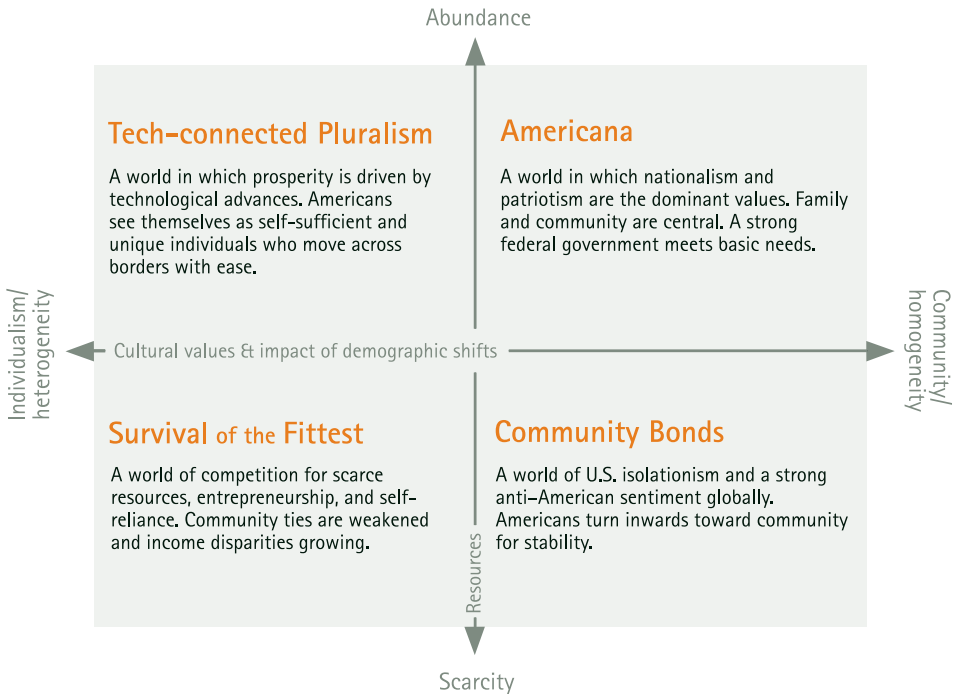


Figure 8: Schott's scenario matrix

pictured in **Figure 8**. Though many other combinations could have produced interesting and provocative matrices, the intersection of resources and cultural/demographic shifts produced scenarios that were most relevant to the societal shifts and economic forces that will impact the future of gender equity.

The scenarios were then developed into written narratives that tell the story of how these four very different worlds could evolve over the next generation.

### Phase Four: Act

At the second workshop, participants split into four groups and each group “lived” one of the scenarios, imagining the opportunities and challenges for gender equity in that world. The groups were asked to assume that their assigned future was, indeed, reality, and then consider how they could most “positively impact the education and development of girls and boys in American societies to achieve an equitable future for the next generation.”

A number of innovative ideas surfaced during this exercise, such as an online curriculum on equity issues for home-schooling and an initiative to bridge the gap with conservative groups. In several scenarios, a lot of enthusiasm emerged for nurturing “gender rebels”—young activists working at a grassroots level to create gender-healthy schools by mobilizing support from within the system. It also became clear through the exercise that the language and message of “gender equity” needed to be reframed. The scenarios suggested that the gender equity message, already complicated by issues of race and boys’ underperformance, would grow more nuanced as religion and class differences become increasingly pronounced in the future.

Many of the specific ideas that emerged from the scenarios had been considered at one time in the past. However, the scenario thinking process created an important forum for refining, testing, and, in some cases, creating greater urgency to act on these ideas. “It really did help us get to the heart of what we were dancing around but couldn’t define for ourselves,” said Rosa Smith, Schott’s president. And, for Korynn Schooley, the leader of Schott’s gender equity work, the scenario process helped clarify the options for moving forward and how those options aligned with the mission, goals, and resources of the foundation.

Coming out of the scenario work, Schott was able to achieve clarity and consensus on a path forward for its work in gender equity. As the process revealed, the battle for gender equity is being fought in the classroom, as well as the courtroom. A few scenarios suggested that federal policies may serve as a stepping stone to a more equitable future, and indeed Schott has continued to support organizations working on Title IX. At the same time, Schott learned that it could best leverage its resources by focusing the majority of its efforts on teachers and parents—a powerful strategy in all scenarios.

A full report of the Schott Foundation's gender equity scenarios, "Achieving Gender Equity in Public Education: A Scenario Planning Resources for Advocates, Policymakers, and Practitioners," is available online at: <http://www.schottfoundation.org>.

## VARIATIONS ON THE PROCESS: STANDALONE EXERCISES

Not all organizations have the time or resources to complete the full-blown scenario thinking process, and, in some cases, the basic process is not well aligned with the organization's desired outcomes. As a result, the basic five-phase process is often modified to suit the organization or group's particular needs. The process modification may be as simple as allocating extra time and emphasis to one of the five phases. In other cases, a more radical departure from the basic process may be appropriate.

One of those radical departures is to utilize elements of the basic scenario thinking process as standalone exercises. These exercises can fulfill your desired outcome on their own, or they can serve as a way for your organization to get a taste of scenario thinking before committing to the full process. At the very least, participants in these standalone exercises are introduced to a different and creative way of thinking about the long-term future, and they often come away with provocative strategic insights.

Below are several examples of how elements of the basic five-phase process can be approached as standalone exercises. The majority of these exercises can be executed with limited facilitation. Try them out, or use them as a guide to designing others that better

address your needs. As long as you are thinking long term, bringing the outside in, and challenging assumptions, you are on the right track.

### Surface Assumptions

Surfacing assumptions through interviews is a key step in scenario thinking's "orientation" phase. The interview process—conducting interviews, synthesizing the data, feeding back insights—is a powerful mechanism for engaging stakeholders in a discussion about long-term strategic direction. Though the process is generally used to orient a scenario thinking process, it can also be used in isolation to surface commonly held assumptions about the future and identify points of agreement and disagreement in a group. You might follow these steps:

1. Identify your interviewees. Seek out a cross-section of interviewees who represent diverse, provocative, and dominant perspectives. Be sure to include key decision-makers and a cross-section of stakeholders. In most cases, interviews with insightful people external to your organization (such as customers, thought leaders, and partners) offer important insights. There is no minimum or maximum number of interviewees.
2. Conduct the interviews. (For guidance on crafting interview questions, see page 24.)
3. Synthesize and analyze the interviews, looking for patterns and points of difference. Ask yourself: What are the common assumptions? What are the conflicting assumptions? Are there significant differences between what interviewees internal and external to your group assume about the future?
4. Finally, share your synthesis with the group, highlighting commonalities and points of divergence. After presenting your synthesis, facilitate a conversation with the group to field and discuss reactions.

The typical outcomes of such a process for surfacing assumptions are clarity about the degree of alignment among the group and insight into developments in the external environment that the group should be paying close attention to as it makes strategic decisions.



## Articulate the Official Future

Articulating the official future can also be part of the initial “orientation” phase of the scenario thinking process. The “official future” is the *explicit* articulation of a set of commonly held beliefs about the future external environment that an organization *implicitly* expects to unfold. Once articulated, the official future captures an organization’s shared assumptions, both positive and negative.

Any organization, especially one that is extremely mission-driven, has deeply held beliefs and assumptions about the future environment that may be at odds with how the world is changing. Articulating the official future is a means of making these assumptions known and, in some cases, challenging the organization to develop new or revised assumptions. To articulate your organization’s official future, follow these steps:

1. Start by identifying assumptions—your own and those of others in your organization—through interviews. First, interview stakeholders internal to the organization. What do they believe to be true about the future of their area of work? What do decision-makers in the group believe is highly uncertain for the future? What do they believe is predetermined? In addition to conducting internal interviews, you can also analyze the organization’s existing strategy. What does the strategy imply about the organization’s deeply held beliefs and assumptions?
2. Do a thorough analysis of your data to surface commonly held assumptions about the future and summarize these assumptions. This is your draft official future.
3. Share your draft official future with your internal stakeholders (in most cases this will be the same group you initially interviewed). Ask them to individually reflect on the content. What points do they agree with? What do they disagree with?
4. Test your official future with thought leaders external to your organization. Do they agree with these assumptions? What would they challenge, refine, or add? What else do they think could happen?

5. Finally, identify key questions and challenges to the official future that were raised during steps three and four. Share these insights with decision-makers in your organization and facilitate a discussion. In this discussion, test your official future against the external environment and your organization's strategy. Is your organization's "official future" aligned with how shifts in the environment are actually unfolding? Is the official future aligned with the organization's strategy and actions?

If you are short on time and a less thorough approach will suffice, you can simply draw on these process steps and facilitate a single discussion with key stakeholders to surface the official future. (For an explanation of how an "official future" can be used as a starting point for developing a set of scenarios, see the description of the incremental approach on page 31.)

### Test Current Strategy with Predetermined Elements

One of the most powerful aspects of the scenario process is identifying predetermined elements—relative certainties for the future. In the midst of increasing uncertainty, predetermined elements are often overlooked or dismissed. Yet if you pay close attention, you may find that some "uncertainties" become increasingly "certain" upon closer examination or as they evolve. In addition, there are a host of predetermined elements that you are already aware of—locked-in developments such as demographic projections—but may not have taken into consideration yet. You can use these predetermined elements to surface assumptions embedded in your current strategy. The process can be very simple and informal or quite rigorous and research-intensive. Either way, it can stimulate rich conversation about how the world is changing, similar to an "official future" conversation.

1. Start out by developing a list of predetermined elements—those things that your group believes to be relatively certain about the future. This list might be culled from interviews with key stakeholders, or it might be the result of a more extensive monitoring and scanning process. (See "monitor and scan" exercise on page 44.)
2. Convene your group to analyze and discuss these predetermined elements. Post your list and ask participants to mark those elements that they believe are not predetermined. You now have input for a rich conversation about how the world is changing.

3. Ask the group to examine the predetermined elements they agree upon and the points of disagreement. What does this data tell you about the assumptions held by participants—collectively and individually? Are there elements not marked as predetermined that you should monitor?
4. Test your current strategic agenda against your agreed upon list of predetermined elements. Are you planning for a world in which these predetermined elements play out? How might you adjust your strategy to incorporate what you now believe to be certain for the future? And, can you use this unique knowledge to surface and meet emerging needs?

### Discuss the Implications of Scenarios

Although scenario implications are typically developed and discussed in the context of the “act” phase of a scenario development process, you can also use a set of scenarios that has already been developed to explore implications for your organization or topic of concern. For instance, a set of pre-created scenarios can be used as a tool to provoke a strategic conversation with your board. This is a quick and powerful way to sensitize a time-constrained group to potential changes in the external environment and imagine unforeseen challenges and opportunities. Follow these steps:

1. Identify a set of scenarios that is relevant to your area of interest. There are many scenario frameworks already in the public domain that you might draw upon (see “Examples of Scenarios and Scenario Thinking Processes” on page 92). If you choose this path, make sure the scenarios have been developed recently enough to be relevant and provocative. Alternatively, you may choose to customize a set of scenarios on your own. If you decide to develop your own framework, be sure to include input from people both inside and outside of your organization in order to stretch your thinking and reveal your own blind spots.
2. Use your scenarios as the backbone for a group learning experience. Ask group members to consider the implications of the scenarios for their particular organization or issue, then look for patterns across the implications and strategies that make sense in all scenarios. Oftentimes, such conversations result in a learning agenda—a list of strategic opportunities or threats that the group wants to learn more about or uncertainties they want to monitor.

## Monitor and Scan for Uncertainties and Predetermined Elements

Many large corporations have an official monitoring and scanning capacity—people who have responsibility for closely monitoring the development of leading indicators and surveying the broader environment in search of new and relevant developments. Not surprisingly, such activity is much less common in the resource-constrained environments of most nonprofits. However, monitoring and scanning in order to heighten understanding of external dynamics—as is done in the fifth phase of the basic scenario thinking process—can be a simple and cost-effective exercise. Follow these steps:

1. Identify the uncertainties and predetermined elements that are critical to the future health of your organization or the social impact you are trying to make. Consider the relatively obvious, close-at-hand factors that will influence your work, like shifts in funding, competition, potential partners, emergent social needs, and accountability demands. Also, consider the broader forces in the world that could drive change, such as shifting social values, the impact of a breakthrough technology, the nature of the economy, the role of government, and so on.
2. Monitor the evolution of these uncertainties and predetermined elements on an ongoing basis. You can use such informal devices as pulling relevant articles or jotting down leading indicators that you notice during your travels or in conversation. Then, create a device for capturing your leading indicators. This can be as simple as posting a chart in a public area with your critical uncertainties and corresponding leading indicators. Or, use your scenario matrix, if you have one, as an organizing device; post a large copy of the matrix and invite staff to populate it with relevant clippings and experiences.
3. Finally, capture what you learn from monitoring and scanning. You might notice that your leading indicators suggest a shift in the market that is not aligned with your current strategy. Or, it may be that your leading indicators surface opportunities, like a new source of funding or a potential partnership.

Here are a few additional tips particular to surfacing and making sense of predetermined elements:

- As you try to identify predetermined elements, look for small changes upstream that will lead to major shifts downstream. Pierre Wack, who pioneered the use of scenarios in the corporate world in the early 1970s, often told the story of how the flooding of the plains in northern India could have been anticipated by watching the amount of glacial run-off at the mouth of the Ganges River high up in the Himalayas. Similarly, U.S. state budget shortfalls of 2003 would have come as no surprise if you had looked “upstream” and seen the budgetary reallocations that were inevitable after the terrorist attacks on September 11, 2001.
- As you monitor leading indicators, watch out for “uncertainties” that are becoming increasingly certain. The Internet, which for several years was the exclusive domain of techies, is a great example. In the early ‘90s, with the advent of Mosaic, the uptake of the Internet and the corresponding revolution in communications and business models became a near certainty. Yet many companies that invest significant resources in planning activities failed to see it coming and were caught off guard.

Ultimately, monitoring and scanning is a mechanism for maintaining a healthy conversation about the external environment within your organization. It tends to be most successful if it is part of an organizational routine, such as a recurring item on your board agenda. For instance, after the California Teachers’ Association engaged in an extensive scenario thinking process, a subgroup began meeting on a monthly basis to share leading indicators and discuss their implications for the CTA. The routine conversations became an effective way to keep scenario thinking alive for the association’s leadership team. (For more on the CTA’s scenario work, see page 68.)

## USING SCENARIO THINKING WITH OTHER TOOLS

Like many strategy tools, scenario thinking can be used on its own or in combination with other strategic methods. Tools that help an organization reach a better understanding of its present state or clarify the organization’s strategic direction can be helpful complements to scenario thinking. For instance, a SWOT (strengths, weaknesses, opportunities, and

threats) analysis, which assesses an organization's current competencies and positioning, can highlight areas of potential opportunity or threat that, in turn, can be explored through scenarios.

Similarly, scenario thinking can be used to complement efforts to create strategic plans, visions, and theories of change. While a scenario is neither a vision, nor a strategic plan for achieving a vision, nor a theory of change underlying a vision, the scenario thinking process can help organizations develop robust pictures of future success and strategies to move toward a desired future. The scenario exercise usually comes first; the output is then used to stretch thinking, clarify choices, and create additional options before settling on a strategic plan, articulating a vision, or crafting a theory of change. The following section addresses how scenario thinking can help you and your organization engage in a dynamic strategic planning process and articulate motivating—and plausible—visions and corresponding theories of change.

### Scenario Thinking and Strategic Planning

Strategic planning is a discipline for helping your organization make its desired impact; the strategic planning process identifies the priorities and corresponding actions that will help your organization fulfill its mission. Scenario thinking facilitates and strengthens the strategic planning process by keeping it alive and responsive to the changing environment.

Unlike many strategy development efforts that are designed around the creation of a strategic plan, scenario thinking is an ongoing, collaborative process. It results in deep organizational learning and, ultimately, in the ability to change in response to both challenge and opportunity. While a strategic plan can be a great tool to keep an organization on track and the process for developing the plan can spark fruitful conversations, the plan itself can quickly become obsolete. According to Irv Katz, president and CEO of the National Assembly of Health and Human Service Organizations, “Strategic planning is ineffective if the result is a static plan. Continuous strategic thinking and action are essential to keep an organization dynamic in its ever-changing environment.”

As the management of nonprofit organizations grows increasingly challenging, more effort is being made to create strategic plans flexible enough to respond to a shifting environment. But no matter how flexible the plan, it often fails to build an organization's capacity to adapt and innovate in response to rapidly changing circumstances. This is because a strategic plan is more fixed than fluid, and the corresponding planning process is more linear than dynamic. And while the production of a fixed plan may result in organizational decisions, those decisions are often difficult to convert to actions—especially if the behavioral changes necessary to implement those decisions are not also addressed. Scenario thinking, in contrast, creates a platform for an ongoing strategic conversation—it is more a process than an endpoint, and identifying and confronting behavioral barriers to change are inherent to that process.

Scenario thinking can serve as a tool for organizational change because of its emphasis on group learning. A nonprofit leader with strong strategic thinking skills is a great asset to any organization; however, few decisions are made single-handedly and even fewer decisions are implemented alone, particularly in complex multi-stakeholder environments. Scenario thinking transfers individual insights to a group and by doing so accelerates organizational learning. If strategy can be developed in collaboration with other decision-makers, as scenarios can enable, the outcomes—the resulting strategy and the ability to implement that strategy—will be much stronger.

Scenarios provide important input to the development of strategy and strategic plans when used as a mechanism to (1) test and refine your existing strategy and (2) derive a new strategy.

**Test and refine your existing strategy.** You can develop a set of scenarios about the external environment to inform and adjust an existing strategic plan. After the scenarios have been developed, try out your existing strategy in each scenario. Which elements are most powerful, regardless of which future might unfold? Which elements are irrelevant and counterproductive in some scenarios? Do the scenarios confirm your current strategy

or do they suggest a revised course of action? For example, participants in the College of Marin’s scenario thinking process came to realize that their existing strategy was not viable in any of their scenarios. “Realizing that our current strategy performed the worst across the four futures became the ‘eureka’ moment for workshop participants,” said college president Jim Middleton. “At a fundamental level, the group realized different approaches were critical to institutional success.” (For more on the College of Marin’s scenario process, see page 62.)

**Derive a new strategy.** Similar to the process you would use to test and refine your existing strategy, you can derive an entirely new strategy from a set of scenarios. After developing your scenario set, you can consider the strategic implications of each scenario for your organization or issue and then combine implications from across the scenarios to create your new strategy.

Whether you are testing an existing strategy or articulating a new direction, you can use the scenario framework to gauge the degree of risk you are comfortable taking (see Figure 9). There will be some strategies that make sense in all of your future scenarios; these low-risk strategies will, most likely, be components of your strategic direction. You will also surface several medium-risk strategies that work in two or three of your scenarios. And you may choose to pursue a few high-risk strategies that have the potential to deliver powerful

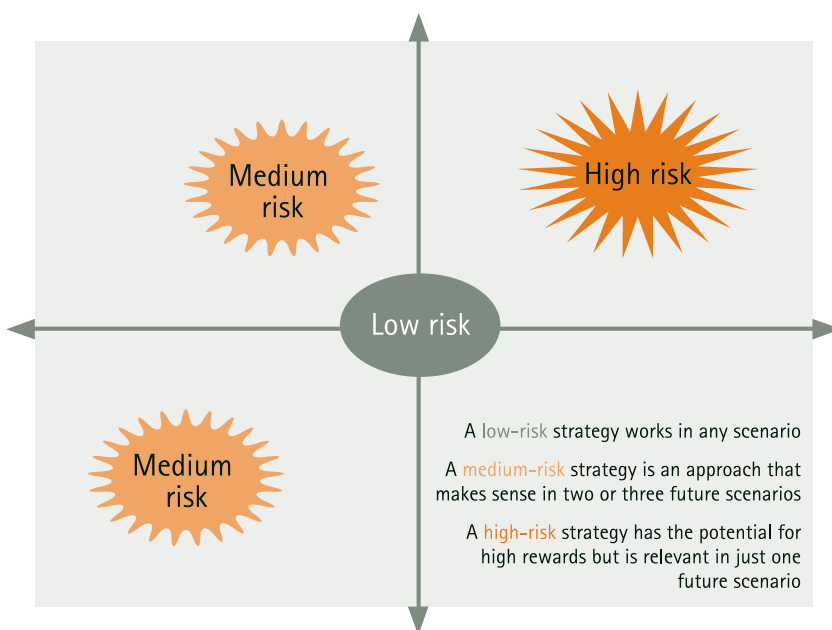


Figure 9: Using scenarios to gauge risk



results in just one future scenario. By making small investments in several “high-risk/high-reward” strategies, you will be in the position to drop some and increase investments in others as the environment shifts and strategies that were once a high-risk become less so. Typically, most organizations opt for a mixed portfolio of low-, medium-, and high-risk strategies, depending on how the strategies complement one another and help move the organization toward its long-term aspirations.

## ALTERNATIVES TO SCENARIO THINKING

In addition to the tools you might combine with scenario thinking, there are also tools you might choose to use in place of scenario thinking when seeking out future-focused and collaborative approaches to strategy development. One widely used alternative is Future Search. Future Search focuses on bringing the “whole system”—representatives of all stakeholders—into the conversation and identifying a common vision for the future and shared solutions to get there. Future Search typically requires the participation of a broad cross-section of stakeholders, averaging 60 to 80 participants, and the process is aimed at surfacing points of commonality rather than difference. Scenario thinking differs from the Future Search approach because it pushes groups to examine their external environment through several different lenses: desirable, undesirable, and unimagined. Also, while scenario thinking processes can benefit from participation of the “whole system,” it is not always essential; scenario thinking emphasizes influencing the mind of the decision-maker(s) over incorporating the whole system. The Future Search process is outlined in Marvin Weisbord and Sandra Janoff’s book, *Future Search: An Action Guide to Finding Common Ground in Organizations and Communities*. Second edition. San Francisco: Berrett-Koehler Publishers Inc., 2000.

In addition to Future Search and scenario thinking, there are numerous tools and methodologies for helping groups learn, change, and articulate visions of the future. A couple of good guides to such tools are:

Holman, Peggy and Ted Devane, eds. *The Change Handbook: Group Methods for Shaping the Future*. San Francisco: Berrett-Koehler Publishers Inc., 1999. A user-friendly guide to various processes for collaborative learning and visioning. Includes an overview of Future Search and a similar visioning process called Preferred Futuring.

Senge, Peter, et al., *The Fifth Discipline Fieldbook: The Art and Practice of the Learning Organization*. New York: Doubleday, 1994. Drawing on Senge’s theory of learning organizations espoused in *The Fifth Discipline* (1990), *The Fieldbook* is a pragmatic guide that shares the experiences of the community of practitioners who are successfully putting these principles to work.

## STRATEGY LITERATURE

Here are a few strategy resources specific to nonprofits that we have found very helpful, and several classic texts rooted in the corporate world that are relevant to scenario thinking for nonprofits.

Allison, Michael and Jude Kaye. *Strategic Planning for Nonprofit Organizations: A Practical Guide and Workbook*. New York: John Wiley & Sons Inc., 1997. A detailed step-by-step guide to strategic planning, including worksheets and case studies.

Bryson, John. *Strategic Planning for Public and Nonprofit Organizations: A Guide to Strengthening and Sustaining Organizational Achievement*. San Francisco: Jossey-Bass, 1995. A thoughtful study of how nonprofit leaders can use strategic planning to strengthen their organizations.

de Geus, Arie P. "Planning as Learning," *Harvard Business Review*, March-April 1988. A seminal piece for the organizational learning movement. De Geus explains how he discovered that plans are useless unless they change people's minds.

Drucker, Peter F. *Managing the Nonprofit Organization: Principles and Practices*. New York: Harper Collins, 1990. A classic nonprofit management text.

Mintzberg, Henry, Bruce Ahlstrand, and Joseph Lampel. *Strategy Safari: A Guide Through the Wilds of Strategic Management*. New York: The Free Press, 1998. A lively and informative tour through the "schools" of strategic management that provides a comprehensive overview of business strategy.

Mintzberg, Henry. "The Rise and Fall of Strategic Planning," *Harvard Business Review*, January-February 1994. A critique of the institutionalized process of strategic planning. Mintzberg argues that planners should be not just analysts, but also strategy finders and catalysts of change. The ideas captured in this article are expanded upon in Mintzberg's book by the same name (New York: The Free Press, 1994).

Porter, Michael. *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. Second edition. New York: The Free Press, 1998. Porter's classic analysis of industries and the underlying foundation of competition that continues to influence management theory.

*Theoryofchange.org*. A joint-effort of ActKnowledge and the Aspen Institute, available online at <http://www.theoryofchange.org>. This website introduces a process for developing a theory of change, gives examples of this process, and tackles several interesting advanced topics on putting the process into practice.

## Scenario Thinking, Visions, and Theories of Change

Similar to strategic planning, scenario thinking can be used to test, refine, and create visions and theories of change. A vision is a clear statement of a desired future that an organization is striving to achieve. Such a statement can take many different forms—it can focus on organizational transformation over time, or on external results in the world. Regardless of form, visions define long-term success. They are designed to inspire and motivate, and they do so by painting a picture of the future that provides an organization with direction and alignment. Theories of change—a tool from the evaluation field now growing in use as an input to strategy—add rigor to visions. They clarify underlying assumptions by defining all the elements needed to bring about a long-term goal or vision.

When developed in isolation, both visions and theories of change can result in output that is rooted in current assumptions and does not take into account longer-term uncertainties. Visioning exercises, on their own, can produce overly optimistic or implausible futures that do not address potential challenges and opportunities in the changing external environment. A vision projects a single future scenario, and by doing so runs the risk of becoming irrelevant as the world changes in unexpected ways. Similarly, a theory of change on its own can oversimplify the emerging realities that must be navigated in order to achieve a long-term vision by failing to test assumptions underlying the change process.

### THEORY OF CHANGE DEFINED

Theories of change have been used as a tool for connecting program theories with evaluation for at least 20 years. The term “theory of change” was popularized by the work of Carol Weiss, culminating in her 1995 publication *New Approaches to Evaluating Comprehensive Community Initiatives*. Since then, the “theory of change” approach has been adopted by increasing numbers of foundations and nonprofits.

The Theory of Change website (<http://www.theoryofchange.org>), a joint venture between ActKnowledge and the Aspen Institute Roundtable on Comprehensive Community Initiatives, defines a theory of change as: “an innovative tool to design and evaluate social change initiatives. By creating a blueprint of the building blocks required to achieve a social change initiative’s long-term goal, such as improving a neighborhood’s literacy levels or academic achievement, a theory of change offers a clear roadmap to achieve your results, identifying the preconditions, pathways, and interventions necessary for an initiative’s success.”

Despite these limitations, visions and theories of change are still powerful tools for articulating and moving toward a desired future. They can be made even more powerful when combined with scenario thinking to create “hard visions”—inspirational pictures of the future that are anchored in the positive and negative dynamics, of the changing environment—and theories of change that lay out well-tested yet flexible paths to get there. Scenario thinking can both temper and inspire exercises to develop visions and theories of change by surfacing present and future constraints and sparking innovative solutions for the future. “Many visioning exercises fail,” explains scenario practitioner David Chrislip. “They can be powerful in the moment but often they’re not grounded in the reality of where we are now, nor are they plausible in a future context. Scenarios provide a lot of grounding for a vision. What positive aspects do you want to incorporate? How do you mitigate the negative aspects?”

In practice, scenario thinking can be used to test and refine a preexisting vision or theory of change. In addition, a vision or theory of change can be derived from a set of scenarios. Or, a vision can be developed as one scenario within your scenario set.

**Test and refine a preexisting vision or theory of change.** If you already have a vision, you can develop scenarios about the external environment and test your vision in each of the scenarios, asking yourself what it would take to get from scenario to vision. You can also try to identify leverage points—actions you could take or developments you could influence—in each scenario that will help your vision become reality. Are there common leverage points across scenarios? Based on what you learned from the scenarios, how might you refine your vision? “Because most nonprofits have passionately held visions of where their organizations are headed, they can benefit from a process for making these visions explicit,” says scenario practitioner Susan Stickley. “The visions can be tested using scenarios.”

Similarly, you can test an earlier developed theory of change against a range of scenarios. Are there assumptions in your theory of change that you might challenge, or strategies you might modify? Is your theory of change contingent on a single future unfolding or does it stand up against a range of possible futures?

**Derive a vision or theory of change from scenarios.** A single shared vision or theory of change can be derived from a basic set of scenarios about the external environment. This is similar to the “test and refine” approach, except there is no preexisting vision or theory of change. First, you develop a set of scenarios that examines a range of external environments. Then, you aggregate the desirable elements and leverage points from across the scenarios into a single scenario or vision and test it for plausibility. Does one of the scenarios or a combination of the scenarios suggest a potential path forward that is consistent with your ultimate goals? Can you derive a vision and, in turn, a theory of change? If so, how does your current or your desired portfolio of activity align with this vision?

For instance, Grantmakers for Effective Organizations (GEO) used a set of broad scenarios about the future of philanthropy to catalyze discussion around its strategic positioning and mission and inform its resulting theory of change. The scenarios painted different roles that philanthropy might play in the future, including one in which it was an important tool and actor in the broad interconnected system of public problem-solving. This scenario (and the less attractive options for philanthropy in the other scenarios) helped GEO’s leadership clarify its own assumptions and vision. As GEO executive director Kathleen Enright said, “I don’t know where we would have started with our theory of change without the [future-of-philanthropy scenarios. The scenarios] helped solidify our case that individual improvement was not enough and that we had to work at the systems level.”

**Develop a vision as part of the scenario set.** A vision can be one scenario in a set of scenarios that represents the shared hopes of a community, group, or organization. It is not an objective scenario about one way the external environment could evolve; rather, it is a story about “what ought to happen” in the opinion of the organization or group. Jay Ogilvy, a GBN cofounder and a strong advocate for using scenarios to empower and catalyze change, writes in his book, *Creating Better Futures*: “Once we acknowledge the future is not predictable, it is not enough to create a set of scenarios for what might happen altogether independent of our will. Once we see that we’re part of the picture, that the internal and the external are not that distinct, then it is incumbent upon us to conceive at least some scenarios of what ought to happen.”

## PUTTING YOUR ORGANIZATION INTO THE FUTURE

As we have discussed, scenarios are stories about how the environment external to your organization may evolve in the future. However, in some cases it is helpful to create “subjective” scenarios—scenarios in which your organization plays a central role in creating the future. These subjective scenarios explore how an organization or stakeholder group influences the environment, and the insights from such an exercise can be used to shape a vision.

The most common situation in which it is helpful—and often unavoidable—to integrate the actions of your organization into the scenario fabric is when your working environment is so small or your organization so big that there is no clear distinction between the internal and the external environments. In these cases, you cannot develop scenarios that are purely about the external environment; instead, your organization or stakeholder group has to play a role in the scenarios. This is particularly common in scenarios for public sector agencies in which the agency will play a pivotal role in influencing and implementing policy decisions. For instance, the Library of Congress used scenario thinking to explore its options for “preserving the cultural and intellectual heritage of the United States” as society moves into a digital age. The scenarios painted different “solution spaces” —or strategies that the Library of Congress could undertake—depending on the future course of external forces, such as technological change, future agreements on intellectual property rights, and federal spending levels. In this case, the functions of the organization were so diverse, and its stakeholders so wide-ranging, that the Library needed to be able to see itself as an actor in the scenarios.

Another situation in which the organizing group—or “community of interest”—typically plays a role in the scenarios is in large multi-stakeholder scenario processes where the goal is to identify opportunities for collective or coordinated action. The Child Care Action Campaign’s scenario project on the future of care in America dealt with just such a situation. In this case, the subject was huge: for the CCAC, “care in America” encompassed care for children, the elderly, and the disabled. As a result, the community of interest was so large that care providers had to play a role in the scenarios (For more on the CCAC’s scenario project, see page 76.)

One such example is the Valley Futures Project, a series of regionally focused scenario thinking exercises commissioned by the Great Valley Center to explore the future of California's Central Valley. Three sets of scenarios were developed, one for each of the Central Valley's major subregions—the North Valley, the Sacramento Region, and the San Joaquin Valley. Each scenario set included one visionary scenario based on the combination of two critical uncertainties that evolve in a positive fashion. In the San Joaquin Valley, participants in the scenario process imagined a future called *New Eden* in which a trend toward positive environmental and economic health was combined with improving social conditions. The result was a story of a vibrant multi-ethnic community with a diverse economy, clean air, and a strong agricultural industry. (For more on the Great Valley Center's scenarios, see page 73.)

## PLANNING YOUR PROCESS

Now that you have an understanding of what the scenario thinking process entails, there are some practical matters to consider. The following section is intended to help you assess what type of scenario thinking process you and your organization might engage in and the corresponding resources that you will need to make that happen.

### Should I use the basic process or a variation?

Whether you use a variation, such as a brief standalone exercise that offers a taste of scenario thinking, or a basic five-phase process that engages all stakeholders and results in a comprehensive strategic agenda, depends on your purpose. Strongly consider using the basic process for developing scenarios when you want to clarify and/or set strategic direction and when you are aiming to achieve increased alignment around a future vision. By contrast, if your goal is collaborative learning or initiating a strategic conversation, you can use a standalone exercise.

Often, the default is to use the basic process regardless of desired outcome. However, the basic process is not always preferable, nor is it an option for some resource-strapped organizations. For example, if your group is short on time and you want to challenge assumptions, do an official future exercise as outlined in the standalone exercises section.

## How long should I plan to spend on scenario thinking?

Ideally, a scenario thinking process never ends; the scenarios create a platform for an ongoing learning conversation. However, the initial investment in the formal process is variable. Sometimes an expanded version of the basic five-phase process is appropriate, including convenings and deep research that require a significant investment of time, usually no less than a few months and sometimes as long as a year or more. In other cases, the formal scenario thinking conversation is confined to a half day or just a few hours.

## Who needs to be involved?

Similar to your process design, your choice of participants depends on your desired outcome. In most situations, you should consider three categories of participants: (1) decision-makers, (2) people who represent diverse perspectives within the organization or group, and (3) outsiders who can contribute new or different perspectives.

If you are creating scenarios in order to make a decision, create a strategy, or increase organizational alignment, it is crucial that the first group—the decision-makers—be involved as much as possible in the process. At the very least, interview them at the beginning of the process and engage them in a discussion of scenario implications toward the end.

No matter what the desired outcome, it is essential to make sure that a cross-section of perspectives held by the organization or group is represented. The more interdependent the issue you want to address, the more important it is to introduce cross-cutting perspectives. And if your project has a public sector element, the inclusion of diverse perspectives will not only be important—it will be critical. “When dealing with the public sector, the complexity of stakeholders is a big deal,” says Arden Brummel, a scenario practitioner who works with public agencies in Canada. “Our approach has been to encourage stakeholder engagement, not to do it behind closed doors.”

Similarly, your scenario process will nearly always benefit from the introduction of outside perspectives. Scenario thinking can be a wonderful mechanism for introducing new and sometimes controversial perspectives into your organization because the scenario framework, which is about the environment rather than your organization, provides a



neutral space to explore otherwise contradictory viewpoints. Outside perspectives can be integrated into the scenario thinking process in a variety of ways: by reaching out during the initial interviews, inviting outsiders to participate in the scenario development, or asking outsiders for feedback on your scenarios. When you are inviting outsiders to take part in your scenario conversations, seek out people from a variety of disciplines who have a special ability to think long-term and detect patterns in the environment. The best outside participants are highly creative and comfortable with challenging their own assumptions. In many cases, the individual's style of participation and ability to recognize cross-disciplinary patterns will be as important as the depth of his or her expertise.

### Do I need an external facilitator?

Facilitating any collaborative dialogue is an art. It requires listening to and validating many voices, synthesizing diverse ideas on the spot, and being strongly sensitive to group dynamics. A scenario facilitator must be skilled in basic facilitation and must be able to take on a more subjective role at various points in the process. It is the responsibility of the scenario facilitator to push the group to think longer term, surface blind spots, and consider a broader range of uncertainties in the external environment. For instance, if participants become very focused on a particular area of change, like economic and regulatory challenges, it is the facilitator's role to encourage the group to consider other uncertainties, such as social and technological issues.

Whether or not you need outside facilitation depends on the purpose, design, and scope of your process—and, of course, the strengths of the potential facilitators internal to your organization or group.

External facilitation is recommended if your process includes complex multi-stakeholder dialogues and if you are bringing in multiple perspectives. In these situations, an external facilitator is well positioned to hear and connect diverse perspectives and harness the group's collective intelligence.

External facilitation is also generally recommended when doing the basic five-phase process. The five phases take participants on a journey in which they must creatively

expand their thinking and converge those ideas into a simple scenario framework or a strategy agenda. An outside facilitator can help push the group to think expansively about the external environment and make tough decisions that will lead to an insightful scenario framework and, ultimately, powerful actions.

There are, however, plenty of situations in which scenario thinking exercises can be self-facilitated. Many of the standalone exercises are straightforward and can be facilitated and managed internally.

### What resources will I need?

At the beginning of the scenario thinking process, while you are clarifying the purpose of your exercise and the nature of the challenge you are trying to address, you must also decide what resources—money, time, connections, people—you will be able to dedicate to the effort. Many nonprofits are relatively small and resource-constrained. But lack of resources in and of itself is not an insurmountable barrier to doing scenario thinking, especially if the scenario exercise takes place in a well-facilitated, relatively contained group. In other words, you can design an exercise of appropriate scope and emphasis that suits the needs and size of your organization.

Before delving into a scenario thinking process, you should take stock of the resources at your disposal. Questions that will help you assess the appropriate scope of your scenario activity include:

- How much money can you dedicate to the initiative? Common costs include facilitation, scenario writing when outsourced, honoraria for external participants, and workshop-related expenses (facilities, meals, travel).
- Do you have access to facilitators—internal or external to your organization—who can lead the process?
- How much time can you dedicate to the process? Be sure your own availability—or the availability of whoever is going to lead and own the process—is in sync with the scope of your initiative.
- What facilities and resources do you have available? Do you have access to space for convening workshops? Is there someone who can coordinate the

workshops?

- What potential external participants do you have ties with? Are there networks and associations that you can draw upon?

## PLANNING CHECKLIST

In summary, make sure you address the following issues when planning your scenario thinking process:

- ✓ **Purpose.** What is the problem you are trying to solve? What is the outcome you want to achieve?
- ✓ **Type of process.** What is the type of process best suited to your purpose—the basic five-phase process or a variation, like a standalone exercise?
- ✓ **Scope and length of process.** How much time are you willing to devote to the process? What are your time constraints? Are there deadlines or events, such as a board meeting, that you need to plan around?
- ✓ **Participants.** Who should be involved in the process? Who would you like to involve in the process? Can the key participants (e.g., decision-makers) take part? If not, should you postpone the scenario exercise?
- ✓ **Facilitation.** Is outside facilitation critical to the purpose, design, and scope of your process?
- ✓ **Resources.** What resources are needed? What are the resources at your disposal? Are they commensurate with your needs? If not, how can you refine the scope of your process?





## Stories from the Field 3

|   |    |
|---|----|
| THE COLLEGE OF MARIN  | 62 |
| CASEY FAMILY PROGRAMS   | 66 |
| CALIFORNIA TEACHERS ASSOCIATION                                     | 68 |
| THE DE LA SALLE CHRISTIAN BROTHERS                                  | 71 |
| THE VALLEY FUTURES PROJECT  | 73 |
| CHILD CARE ACTION CAMPAIGN  | 76 |
| TIDES   | 79 |
| THE FUNDERS NETWORK FOR POPULATION, REPRODUCTIVE HEALTH, AND RIGHTS | 84 |

As we have shown throughout this guide, scenario thinking can be used in a variety of contexts to address a host of strategic questions, goals, and objectives. In this section, we offer a selection of real-life examples of nonprofits and public sector organizations that put scenario thinking into practice.

The eight scenario thinking engagements recounted in this section are necessarily unique, yet they are not without similarities. In an effort to establish context for each engagement, highlight the ways in which one may relate to another, and help you quickly identify the cases most relevant to your own situation, we begin each story with three pieces of information:

- First, we tell you which type of scenario thinking process each engagement entailed: the basic process, an expanded and more elaborate version of the basic process, or a process variation based on standalone exercises.
- Second, we tell you who was involved in the scenario thinking process. Some engagements were internally focused, involving a single organization—with either a straightforward or complex set of internal

stakeholders. Others were rooted in a single organization but involved the participation of external stakeholders—either members of a community of common interest or a pool of people from which a community of interest could emerge as a result of the scenario dialogues.

- Finally, we briefly explain the purpose of the engagement. What was the organization trying to achieve? Strategy development, bold action, collaborative learning, alignment? For some, the purpose was relatively narrow and easily defined, resulting in a set of concrete strategies for the organization; other projects addressed large, intractable problems that required broad solutions.

Because public scenario thinking efforts can be more easily shared, only a few of the engagements described below focus purely on the strategy of a single organization; most involve larger and broader public processes for a diverse set of stakeholders. Additionally, most of the examples are variations on the basic five-phase process, because shorter standalone scenario exercises lend themselves less readily to detailed narratives.

These stories from the field briefly describe the scenario thinking efforts of the following organizations: the College of Marin; Casey Family Programs; the California Teachers Association; the De La Salle Christian Brothers; the Great Valley Center's Valley Futures Project; Child Care Action Campaign, Tides; and the Funders Network for Population, Reproductive Health, and Rights. All of these examples describe processes led by scenario practitioners from Global Business Network.

## THE COLLEGE OF MARIN

**Scenario thinking process:** Basic

**Who was involved:** A single organization with internal and external stakeholders

**Purpose of engagement:** Alignment and consensus building; community engagement in strategy development

Although the College of Marin had systematic planning procedures in place, by the late 1990s college president Jim Middleton felt that the school's traditional planning approach

left it vulnerable to an uncertain future. The College of Marin is a 6,600 student community college that offers a variety of associate degrees in the arts and sciences. Although located in Marin County, California—one of the wealthiest counties in the United States—funding cuts in education in the early '90s had challenged the college, and skyrocketing real estate prices in the late '90s had put limits on student housing options and raised the college's operating costs. Middleton and his administration sought a new approach to planning that would recognize the relationship between the college and any number of external forces: changes in the economy, the legal environment, and the surrounding community. In 1998, Middleton launched a scenario project.

Facilitators began their work by building a sourcebook of background information and trends and conducting a series of interviews with college faculty, staff, board trustees, and community leaders. They then organized two two-day scenario workshops, held several months apart: the first focused on external forces and scenario creation, the second on translating the scenarios into strategy for the college. The 25 participants invited to the workshops made a highly diverse team, and included faculty, staff, board members, community members, business interests, philanthropists, religious leaders, and others.

The college chose to focus its scenario thinking efforts on a question that was quite specific, yet open to interpretation: "Should the College of Marin get smaller in order to get stronger?" By the end of the workshop, participants had built four scenarios around two forces seen as most critical to the future of the college: (1) the strength/weakness of state funding for education, and (2) the number, strength, and success of the college's educational competitors (see [Figure 10](#)).

The College of Marin then put the scenarios through an internal and external review process, sharing them within the college as well as with the surrounding community. Middleton outlined the scenarios during his annual presidential address, and a Marin newspaper covered the scenario planning process in an in-depth article.

The second planning workshop began after this internal and external review process. In it, participants sought to draw out implications for strategy from the scenarios. As they tested

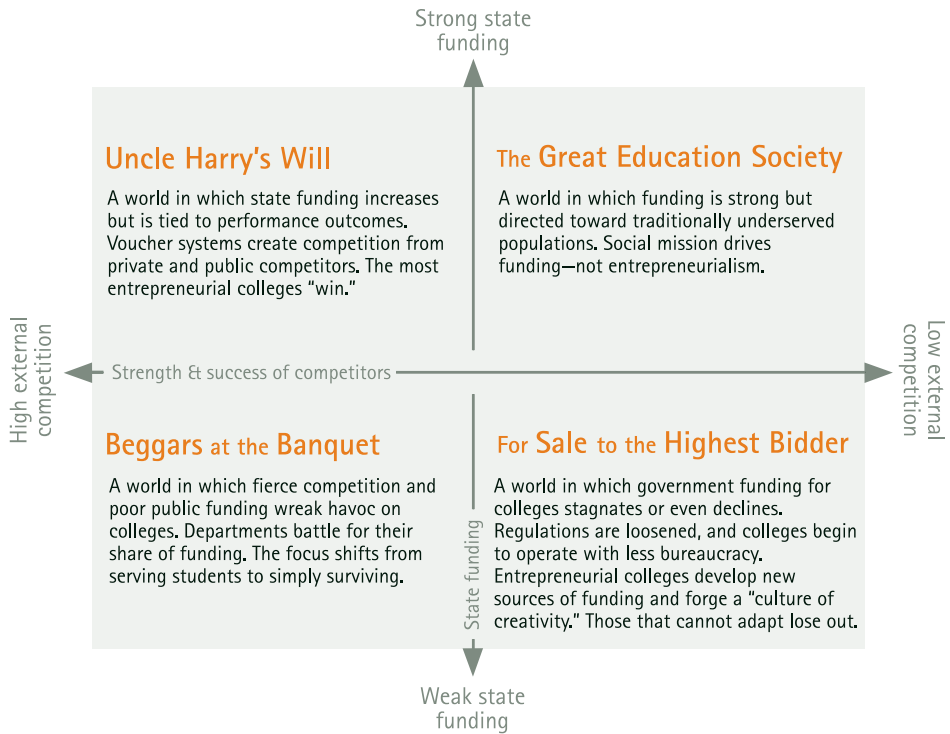


Figure 10: College of Marin's scenario matrix

various strategies against the backdrop of the scenarios, the vulnerability of the college's current position and strategic direction became clear. As a result, participants were able to come to a consensus on a revised set of strategic priorities that fully acknowledged the unpredictability of the future. A mixed portfolio of low-, medium-, and high-risk strategies emerged from the scenario conversations. Figure 11 shows how these strategies aligned with the scenarios.

In the six years following the College of Marin's scenario work, higher education in California has undergone rapid change. Elements of each of the four scenarios have emerged. Not surprisingly, the college has struggled the most to respond to the challenging *Beggars at the Banquet* scenario, which received the least attention in the college's strategic planning. Nonetheless, since 1998, the strategic priorities developed in the scenario workshops have remained directives for action within the college, steering faculty hires and increasing the college's investment in technology and in programs targeting underserved populations.



According to Middleton, scenario thinking provided a complex but nuanced approach to developing strategy: it “allows an organization to get beyond standard analysis, to rehearse responses to possible futures and create more flexible systems that can adjust to short-term changes.” Indeed, as Middleton stated, scenarios were “an important tool in making such progress [in the strategic priority areas] possible at the College of Marin.”

Middleton also described the virtues of scenarios in contrast to a traditional plan: “When we have presented alternative futures, virtually every audience member can align with the assumptions, values, or outcomes of at least one of the futures. Our rhetoric thereby demonstrates alignment with the values of a broader spectrum of our community audience. While the assumptions underlying a particular initiative may not please all, more community members feel their values are respected when the broader stories are told.”

*The College of Marin’s scenario process and outcomes were fully documented in an article by Jim Middleton, “The College Scenario Planning Case Study: The College of Marin,” Scenario and Strategy Planning, December 2001-January 2002.*

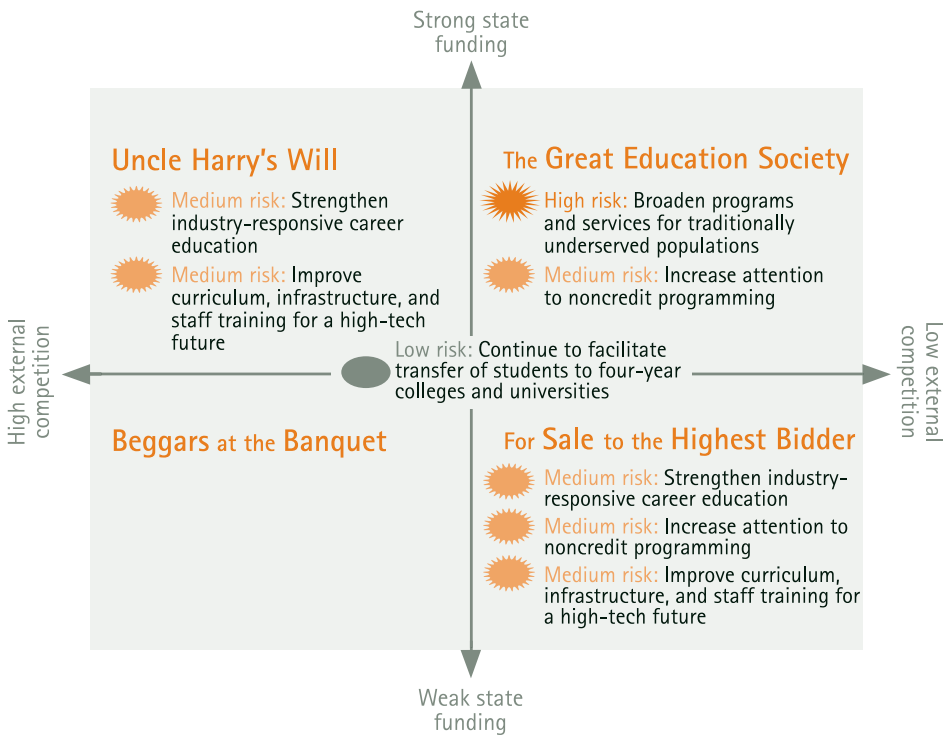


Figure 11: College of Marin's portfolio of strategies

## CASEY FAMILY PROGRAMS

**Scenario thinking process:** Basic

**Who was involved:** A single organization with primarily internal stakeholders

**Purpose of engagement:** To develop organizational strategy

Casey Family Programs, a nonprofit that provides and improves foster care, had been wrestling with a number of issues regarding the focus of its mission. In early 2000, the organization turned to scenario thinking as a method for ordering and weighing its concerns. In particular, Casey was unsure how to handle its own success. The rising stock market had buoyed funding significantly, and leaders of the organization were considering supplementing their operating foundation with a grant-making foundation. The focal question for Casey Family Programs was broad: “What will success look like for Casey Family Programs in 10 years?”

Casey explored its strategic options through two scenario thinking workshops. The first workshop focused on future circumstances in which Casey might find itself operating; the second focused on the organization’s role and choices in those situations. The scenarios that emerged from these workshops were based upon two critical uncertainties that workshop participants had come to consider the most relevant to its future success:

- How will U.S. society and government evolve over the next 10 years? Will citizens become more actively involved in social issues and support an interventionist government? Or will government be restrained by society’s support of increasing privatization and individualism?
- What role will technology play in fostering community? Will technology promote closer community ties, or will it undermine the development of community?

These two uncertainties were crossed to create the scenario matrix pictured in **Figure 12**.

“The scenario work assisted the whole organization in thinking outside of what we knew of our potential to impact child welfare,” Chiemi Davis, Casey’s senior director of

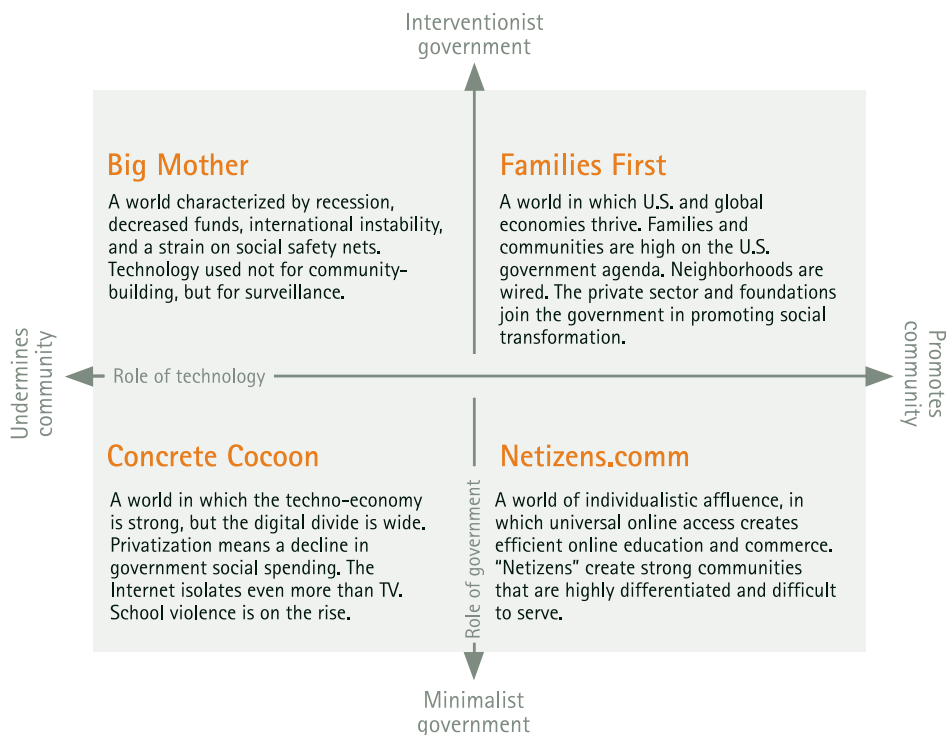


Figure 12: Casey Family Programs's scenario matrix

strategic planning and advocacy. It also prepared the organization to handle big shifts in the political and economic environment as they developed. In fact, important elements of one of the scenarios from the 2000 workshop actually played out. The scenario, titled *Big Mother*, was characterized by international geopolitical crises, increasing nationalism, and an economic downturn—none of which were generally expected in 2000. While the particulars of *Big Mother* did not perfectly match the events that unfolded after September 11, 2001, the key strategic challenges captured in the scenario held up as reality unfolded. Casey saw the potential threat in a bleak scenario, like *Big Mother*, and prepared accordingly. “Because of the scenario work, we planned to secure our resources across the organization,” said Davis. “We now consider ourselves much better prepared for the current economic and cultural realities.”

## CALIFORNIA TEACHERS ASSOCIATION

**Scenario thinking process:** Basic

**Who was involved:** A single organization with a complex set of stakeholders

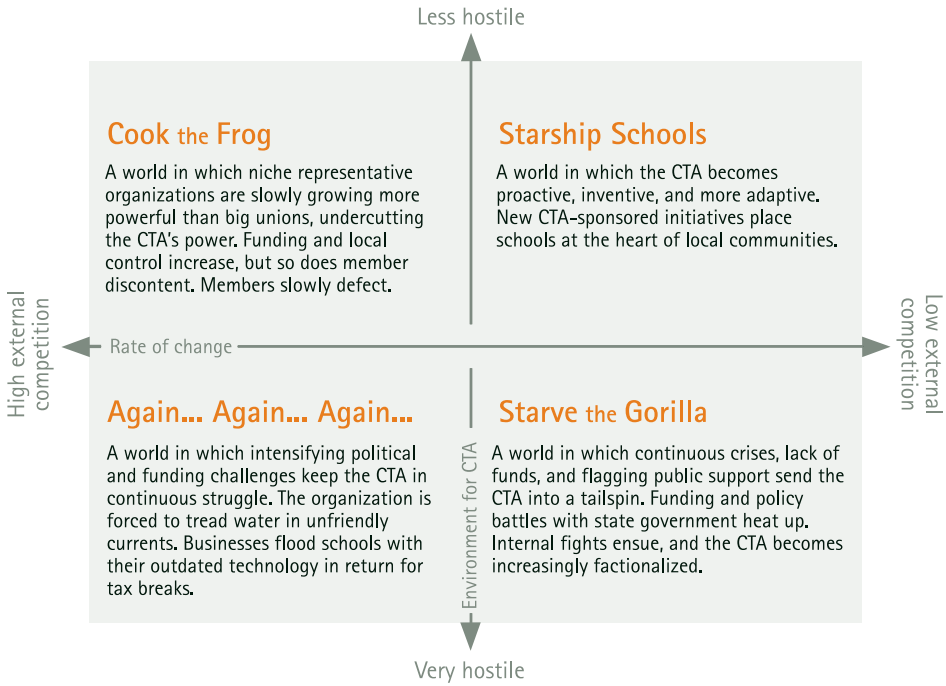
**Purpose of engagement:** To develop an organizational strategy that reflects the interests of a large constituency

In early 1995, the California Teachers Association (CTA) created scenarios in order to help it explore the future of teacher representation in California—a future that was looking more and more uncertain. “At a time when the public is none too fond of unions in general, and skeptical about the quality of public education in particular, the CTA had to make hard choices about how to allocate limited resources to political action, collective bargaining, ethnic diversity issues, professional development, and the funding of public education,” explained Jay Ogilvy, GBN cofounder and leader of the CTA scenario process.

At the outset of the project, facilitators conducted over 40 interviews with CTA leaders, staff, and board members, as well as National Education Association representatives and local community members. The insights culled from these interviews became the groundwork for the CTA’s scenario thinking process.

The group focused its attention on two critical uncertainties about teacher representation in California, each largely outside of the CTA’s control: (1) the pace of social, political, economic, and technological change, and (2) the character of the operating environment for the CTA. By its nature, the second uncertainty positioned the CTA as an actor in the scenarios—an approach not uncommon for an organization of its wide-reaching scope and purpose. The resulting process required the group to explore both the actions of the CTA and the external environment simultaneously, as opposed to exploring the external environment first and organizational implications second. (For a more detailed discussion of putting your organization in the scenarios, see page 54.) While the uncertainty about the nature of the operating environment for the CTA had been envisioned as a continuum from “benign” to “hostile,” events between the two workshops led the scenario team to believe that some degree of hostility was predetermined for the future, and so they

renamed the endpoints “very hostile” and “less hostile.” The scenarios developed during the first workshop were shared within the CTA and refined over a two-month period before the second workshop (see Figure 13).



**Figure 13:** California Teachers Association’s scenario matrix

The scenarios were intended to challenge union leadership. In fact, early drafts of the scenarios were rejected by the CTA scenario team because they did not “look far enough down the cellar stairs” to challenge commonly held assumptions. The revised and final scenarios painted a set of provocative—and, in some cases, threatening—future possibilities for the CTA.

In their final presentation to the board of the CTA, the scenario team made powerful communication a priority. The aim was to capture the attention of busy leaders and “shake them up.” The team used several creative approaches that engaged the board and brought

the subject to life. At the board retreat, audio and video enactments of the scenarios were recorded and played, and an improvisational theater group also role-played the scenarios.

Following the successful engagement of the board, the CTA produced a facilitator's guide so that local union leaders could use the scenarios to lead strategic conversations. Jay Ogilvy wrote and road-tested the guide with a select group of teachers and union officials; CTA members then toured many of the union districts in California, presenting the material. Over the course of a few years, the scenarios and, most importantly, the strategic conversation expanded throughout the CTA's membership. "Mental maps have been changed," said Carolyn Doggett, the CTA's executive director. "We have personal testimony that tells us that. They're engaged, there's a spirit to the work, we're starting to see things happen. We haven't found a better vehicle for getting people to have conversation."

Commitment to follow through was critical to the success of the CTA's scenario efforts. Soon after the completion of the formal scenario process, a working group was formed to scan for leading indicators and provide ongoing input to the board. The group, which included representatives from each of the CTA's four regions, would meet the day before the CTA's monthly board meeting to discuss local developments and potential leading indicators across the regions. The results of these conversations were then reported to the board. For instance, the working group brought the board's attention to early signals of emerging issues in the mid-'90s, such as the impact of class-size reduction in California and education privatization. The working group's conversations even led the CTA to develop a fifth scenario that addressed the impact of dramatic demographic shifts in California on teacher representation—an issue that was not prominent in the original scenarios, but was becoming of increasing importance.

In this way, the scenarios served as a mechanism for union leadership to keep abreast of environmental changes. Furthermore, over several years the CTA scenarios reached deep into the union, and proved to be a useful tool for facilitating an ongoing strategic conversation about critical choices facing both California teachers and union leadership.

## THE DE LA SALLE CHRISTIAN BROTHERS

**Scenario thinking process:** Expanded process based on the basic five phases

**Who was involved:** A single organization with a complex set of internal, global stakeholders

**Purpose of engagement:** To develop a cross-cultural global strategy and promote collaborative learning

In the spring of 2000, the De La Salle Christian Brothers, an international Catholic religious congregation focused on providing education to underprivileged youth, launched a scenario thinking process. While the Christian Brothers had been using scenarios since 1999 in regional-scale engagements to strengthen their program offerings and manage local operations, this project centered on developing global scenarios for the future of the congregation as a whole through the year 2015. The resulting scenarios were used at the global Brothers' General Chapter meeting in Rome in May 2000 to engage nearly 130 delegates from more than 50 countries in a strategic conversation about the institutional development, leadership, and direction of the Lasallian congregation. Chris Ertel, a lead practitioner at the workshop, described the project as "perhaps the best example to date of the use of scenario planning to foster strategic conversation across a wide diversity of cultural, ethnic, and national backgrounds within one organization."

The global scenarios presented at the General Chapter meeting were developed from the proceedings of a series of earlier scenario workshops that had centered on distinct yet related issues of critical importance to the organization: (1) the relative roles of Brothers and lay partners in service of the mission; (2) extending and funding the work of the Brothers globally; and (3) future leadership needs and organizational models. After the completion of these projects, facilitators and a core team of Brothers drew out the lessons learned from each and integrated the work into a matrix framework that expressed the most critical uncertainties facing the global Lasallian mission: changing societal wealth and the range of public attitudes toward the Lasallian educational mission (see **Figure 14**). For De La Salle, it was particularly instructive to have the Brothers—and the values they

espouse—play a role in the scenarios, as opposed to creating purely objective stories of the external environment.

At the General Chapter meeting, a team of Brothers, guided by GBN, presented the scenario work and facilitated conversations with an international group of delegates, with simultaneous translation into French and Spanish. The presentation highlighted the dual role of each of the four scenarios as both a snapshot of conditions faced by the Christian Brothers today in various parts of the world and as a narrative of how external events might unfold over the next 15 years and affect the congregation. The process sparked lively conversation from the delegates, who engaged with the scenarios both as a framework for understanding the many differences in local environments they each faced while serving the same mission, and as a way to understand how planning for the future of the Lasallian organization may take shape non-uniformly from region to region. At the General Chapter meeting, the Christian Brothers passed several resolutions addressing issues raised by the



Figure 14: The De La Salle Christian Brothers's scenario matrix



scenario work, with a particular emphasis on more aggressive fundraising efforts and a greater inclusion of lay partners.

A number of insights about the application of scenarios were drawn from the Christian Brothers experience, chief among them that it was indeed possible to use scenarios to successfully engage a large group of stakeholders in a process of alignment despite regional, cultural, and language barriers, and over extended periods of time. “Looking back on the scenario planning work undertaken by the Brothers, I found the process to be invaluable for engaging myriad agendas, cultural perspectives, and strategic priorities facing us as a worldwide community,” said Brother David Brennan, a lead organizer of the scenario work. “The process and content helped us understand the critical uncertainties and possible scenarios in different realities in the world.... [They] also provided a powerful platform for making important decisions while engendering a sense of urgency.”

## THE VALLEY FUTURES PROJECT

**Scenario thinking process:** Three basic processes conducted concurrently in different geographic subregions

**Who was involved:** Diverse stakeholders in a common region

**Purpose of engagement:** To develop a strategy for increasing civic participation; alignment and visioning to help citizens of California’s Central Valley become the authors of regional change

In 2002, the Great Valley Center, a nonprofit that supports community sustainability and regional progress in California’s Central Valley, worked with GBN to develop scenarios for three subregions of the valley: the San Joaquin Valley, the Sacramento Region, and the North Valley. The scenario effort was initiated to increase civic participation in the Central Valley, where the level of engagement trailed behind the rest of the state; in 2000, voter turnout throughout the Central Valley was, on average, 7 percent lower than the rest of California. Carol Whiteside, the president of the Great Valley Center, saw scenarios as a mechanism for sparking discussions among a broad cross-section of the population about

public policy and long-term impacts of today's decisions. "We have to find a way to get these public policy issues into the popular media, making connections between today's actions and tomorrow's outcomes," said Whiteside.

The Great Valley Center and GBN facilitated three separate scenario processes in the three subregions, engaging 100 Central Valley residents in a series of workshops in the spring and summer of 2002. The scenarios explored how development issues such as traffic congestion, access to quality education, land use policy, agriculture, and regional industry might evolve over the next 25 years. The issues that surfaced in these workshops were not new, but repackaging and reorganizing them into a scenario framework "created a demand for change," according to center staff member Richard Cummings.

Importantly, each of the three scenario sets included one visionary depiction of the future—a better future for the subregion that citizens could choose to collaboratively work toward. For example, in the scenarios created for the San Joaquin Valley, the better future is titled *New Eden*. San Joaquin Valley participants used two broad uncertainties to frame their scenarios: Will the external influences on the San Joaquin Valley, in particular the influences on the environmental and economic health of the Valley, be more positive or more negative in the future? Will the social conditions of the Valley, in particular the ethnic, educational, and economic structures, worsen or improve over the next 25 years? These scenarios are captured in [Figure 15](#).

Once the scenarios were written and the implications surfaced, the scenario work was still far from over. During 2003, the Great Valley Center led an ambitious communications and outreach effort, using the scenarios to catalyze discussion about local public policy decisions in various part of the region. The scenarios were featured prominently at several conferences, including the center's annual conference for regional leaders. The Great Valley Center staff led scenario-based discussions with government officials, students, Rotarians, and members of other civic groups. They also distributed the scenarios in audio, video, DVD, and print—in both English and Spanish—and created a guide that enabled citizens to lead their own conversations about the future of their region. The discussion guide,

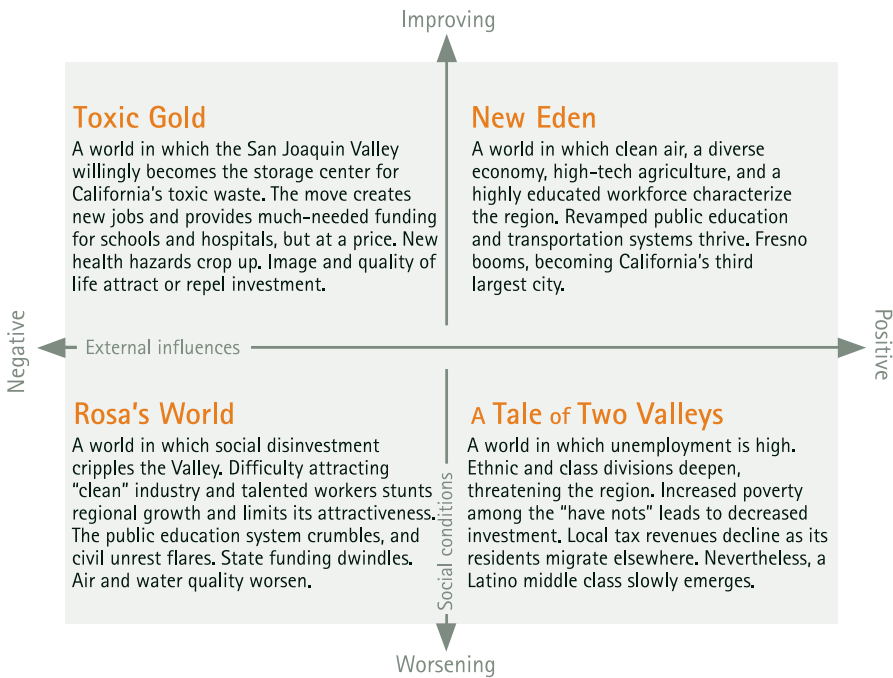


Figure 15: The San Joaquin Valley's scenario matrix

along with a youth curriculum, was used widely by middle schools and high schools in the Central Valley. Daily newspapers in the North Valley, the Sacramento Region, and the San Joaquin Valley published the scenarios in feature articles, exposing an estimated 700,000 people to the scenarios.

It could take years for the impact of the Valley Futures Project to fully play out. The most significant impact will likely take place at the personal level, as citizens challenge their assumptions and make individual decisions that, cumulatively, could lead to a better future for the Valley. "The scenarios raise issues that are hard for people to talk about," said Carol Whiteside. "When you present them quickly, people are overwhelmed. With a bit more time, they begin to talk about issues like racism and how the economic divide could play

out.” Such conversation can be a catalyst for change. “If someone decides that they have a strong feeling about a potential outcome, they might be motivated to act,” said Whiteside. “It might change how they vote or engage with the community.”

*More information on the Valley Futures Project can be found online at <http://www.valleyfutures.org>. To read about other regional planning scenario projects, see “Examples of Scenarios and Scenario Thinking Processes,” page 92.*

## CHILD CARE ACTION CAMPAIGN

**Scenario thinking process:** Expanded version of basic process

**Who was involved:** A community of common interest in care, including providers of child, elderly, health, and special-needs care

**Purpose of engagement:** To promote public dialogue and bold action in support of care

In the fall of 2001, Child Care Action Campaign (CCAC), a nonprofit national advocacy organization focused on catalyzing change in child care, began a scenario thinking process to explore the future of child care in the United States, and to understand why the U.S. seemed unable to achieve quality child care for every child. CCAC realized that the national dialogue on care was stuck: the language, arguments, and barriers had remained the same for the past 20 years. It was time to incite public dialogue about child care and move the topic squarely into the national agenda. As CCAC president Faith Wohl said, “There has literally been no thinking about the future in the child care field. The ‘official future’ is that things will remain as they are, but more so. And, as the present is showing us, a lot of our assumptions are not playing out.”

While many studies on child care focus on the near term, CCAC choose to look at child care over a generation in the broader context of care—including health, elderly, and special-needs care. Its selected focal question was threefold:

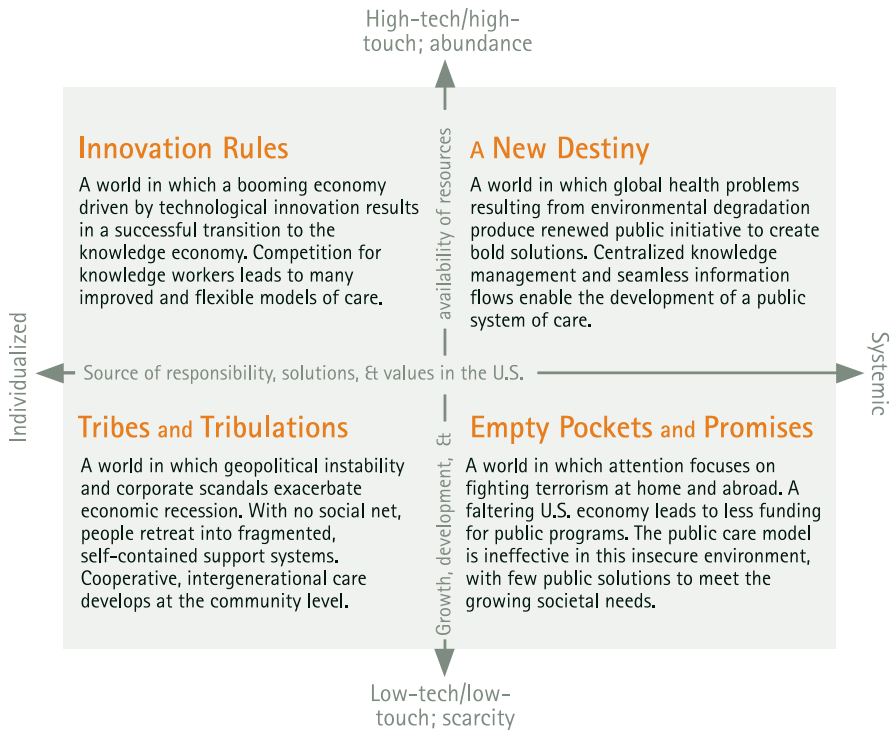
- What are the most critical uncertainties affecting American life over the next generation that impact care?

- How do we achieve a better, more caring future for children, families, and society?
- Do we need to influence societal priorities in order to achieve a better future?

CCAC took this broad approach in the hopes of uncovering linkages among the various fields that intersect in the “care” arena. It also recognized that placing the intractable issue in a very different timeframe—20 years—could yield new approaches to the issue, as well as new strategies for initiating change.

The process was originally designed to last three months; the result would be a set of scenarios that would then be shared at a large conference of influential stakeholders. However, during the initial scenario development session, the scenario thinking process yielded more insight than CCAC had imagined; as a result, the organization wanted a larger set of stakeholders to engage in the scenario development and dialogue. CCAC recast the program as a set of six workshops, conducted in cities across the U.S. over 13 months. Participants in each workshop engaged in a piece of the scenario thinking process, then passed on their work to the next workshop in sequence. Participants at the first two workshops in New York and Washington, D.C., explored drivers of change and created the scenario matrix. At the next workshop in North Carolina, participants deepened the logics underlying the scenarios and developed the scenario narratives. Participants in the workshops in Los Angeles and Kansas City surfaced implications and developed strategies for care from the scenarios. CCAC then wrote narrative scenarios based on the content and insights generated in the workshops. These narratives provided the starting point for conversations about societal values at the final workshop in Boston.

Over the course of the 13 months, 120 leaders from diverse fields—including ethics, literature, nursing, and sociology, as well as child care—participated in the scenario process. The result was a rare opportunity to draw on and enroll a wide-ranging audience in the process of re-perceiving the future of care. Unlike many child care summits, the scenario workshops allowed participants to imagine aspirational futures and new approaches to care. According to Faith Wohl, “The groups agreed that there would be different results



**Figure 16:** Child Care Action Campaign's scenario matrix

if the solutions for the future were built around children and their needs, compared to supporting the needs of working parents as in current practice.”

A scenario matrix framework was developing during the first two workshops. Participants identified two uncertainties as critically important to the future of care: resources and values. The “resources” uncertainty considered the availability of resources of all kinds—monetary, technological, and human. The “values” uncertainty explored where responsibility, solutions, and values will come from in U.S. society in the future—will they be more individualized or more systemic? These uncertainties were combined to create a scenario matrix (see Figure 16).

CCAC invited students from a wide array of Boston-area universities and colleges to the final workshop. The students were asked to bring the four scenarios to life by role-playing

the key stakeholder groups—working parents, employers, the elderly, care providers, and public policy makers—in each scenario. A profound and important insight concerning societal values and priorities emerged from this exercise. While societal priorities changed in each scenario the students acted out, the values underlying those priorities did not. Through the students’ energetic and imaginative participation and performances, it became clear that most care-related decisions are based on economics. As participants noted, the stakeholders best served in each scenarios were employers and working parents, while those in need of care trailed far behind on the priority list. Until child care and other forms of care were viewed and measured as contributors to economic success, it would be difficult for care to achieve a higher priority and focus within public institutions. In addition, CCAC learned that in all futures there was a surprisingly diminished role for out-of-home care solutions. This insight was at odds with the commonly assumed continued high demand for out-of-home solutions—and raised important questions regarding the need to reframe future child care advocacy strategies.

*A full report of Child Care Action Campaign’s scenario effort will be documented in “Imaging the Future: A Dialogue on the Societal Value of Child Care,” a chapter by Faith Wohl in the forthcoming book Changing the Metaphor: From Work-Family Balance to Work-Family Interaction (Mahwah, New Jersey: Lawrence Erlbaum Associates Inc., 2004).*

## TIDES

**Scenario thinking process:** Highly customized process combining the basic five-phase process and standalone exercises

**Who was involved:** A family of organizations with a complex set of internal stakeholders

**Purpose of engagement:** The creation of shared frameworks to support collaborative learning, strategy development, and action for both individual organizations and the family

In 2002, Tides—a family of nonprofits in the U.S. and Canada that provides funding and capacity-building services to social change organizations—faced a significant opportunity

and challenge. The entities that make up the “Tides family” had become increasingly fragmented, and the “family” appeared to be missing opportunities to be more than the sum of its parts. Tides needed new mechanisms to increase cohesiveness and connectedness across those parts.

Eight years earlier, Tides had restructured into a family of organizations, splitting apart its two primary activities at the time into separate entities—the Tides Center and the Tides Foundation. The Center is a management support organization that fiscally sponsors social change projects until they are ready to establish independent organizations. The Foundation provides leadership and services for progressive philanthropists and small foundations. Since this initial restructuring, three additional entities have been formed: Groundspring, an online service organization that helps nonprofits manage online fundraising and membership operations; Thoreau Center, a real-estate initiative for nonprofits; and Community Clinics Initiative, a partnership between the Tides family and the California Endowment for building the capacity of community clinics in California.

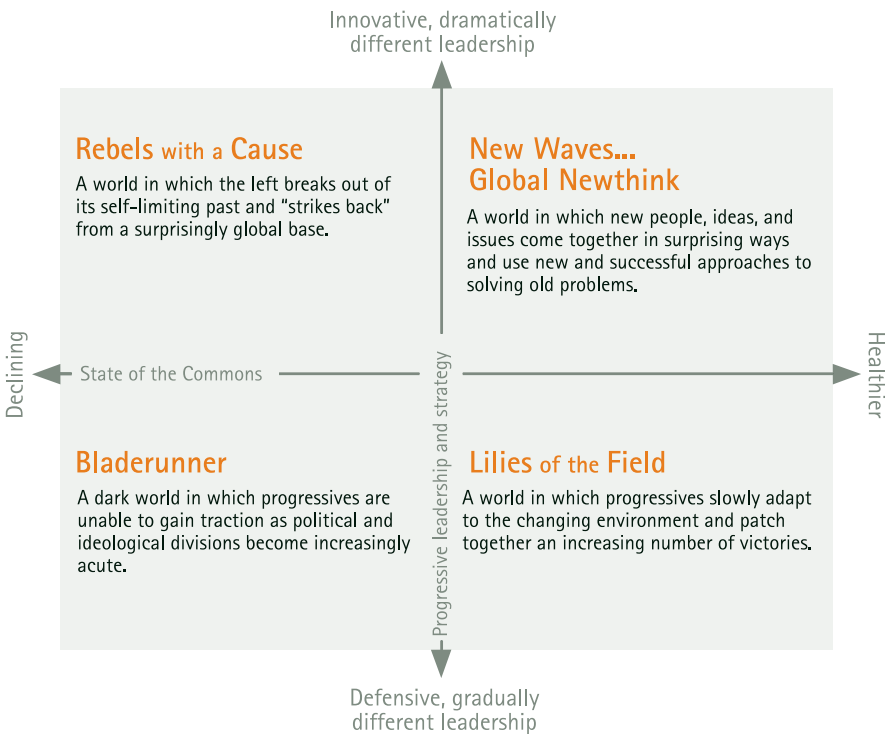
Each entity within Tides has its own management and independent planning processes, but all share a common executive leadership and infrastructure. Not surprisingly, the governance, communications, and leadership issues within Tides are complex. When Tides initiated its scenario thinking work, the various Tides entities were becoming increasingly divided into silos, eroding their connection to a common purpose. Tides’s president and founder, Drummond Pike, saw scenario thinking as a way to create a common language and framework that would connect the entities’ separate planning processes. “The idea that we might be able to collectively create a common context within which each of the entities might then engage in its mission-specific planning efforts was galvanizing,” explained Pike.

Tides’s scenario thinking efforts extended over 18 months. The process was split roughly into three parts: training, creating a common language for all of Tides, and entity-level planning. In the winter of 2002, the executive leadership of Tides took part in a training course, which introduced them to the scenario thinking process and helped them see how it could be applied to their particular planning needs. The following summer, Tides held



its first-ever retreat for the board and senior management of all the Tides entities, with the primary purpose of increasing understanding and connectedness across the entities and creating a common language. In advance of the retreat, Tides’s senior management created a scenario framework exploring the future of progressive social change; from that work, Pike drafted narrative scenarios. The scenarios were used at the 2002 summer retreat to structure conversations about implications for the progressive movement and for the Tides entities.

The scenarios examined two critical uncertainties: one focused on the range of possibilities for progressive leadership; the other explored the state of the Commons—that is, the regulatory and wealth-transferring function of government and tensions between the public and private sectors. When combined, these two uncertainties produced the set of scenarios shown in **Figure 17**.



**Figure 17:** Tides's scenario matrix

At the retreat, Tides's leaders reflected on the assumptions underlying these future worlds and considered ways in which Tides's entities and Tides as a whole could make a difference in each scenario. As a result, participants were able to surface opportunities for connection across the entities, including a host of knowledge-sharing activities that would boost their individual missions while serving the family's common cause. Importantly, the event and process helped the leadership grasp the cumulative power and potential impact of the whole of Tides by stepping back from their individual day-to-day concerns. Tides's scenario framework has since become part of the "organizational vernacular," uniting the common interests of the entities.

In the third phase of scenario thinking work, during the spring and summer of 2003, Tides used scenarios for entity-level planning and for continuing to build a common language and connection across the family. The entities engaged in independent scenario processes, focusing on uncertainties particular to each business. For instance, the Tides Foundation explored donors' engagement with social justice issues and the nature of competition among philanthropic service providers. At the second annual retreat in the summer of 2003 for board members and senior management of the Tides family, each entity shared the interim results of its scenario processes and invited other entities to contribute to their thinking.

This "bottom up" approach proved complex, and results were mixed. While these planning efforts were underway, the Tides Center experienced a series of management and financial challenges (common among nonprofits during the constricting economic environment of early 2003), and Groundspring became extremely busy with merger and acquisition opportunities as its market consolidated. For both entities, the scenario thinking process served as a helpful organizing framework for charting a course in light of very immediate uncertainties. But they lacked the sufficient time and mindshare to really engage in developing and using scenarios in their planning efforts.

The Foundation had more success with using the scenario thinking tools—in particular, the concept of thinking "outside-in"—to inform its planning. As Idelisse Malavé,

the Foundation's executive director, said, "The staff loved it. Given the nature of the Foundation's work—funding progressive causes—thinking about the bigger picture of progressive social change is key and clearly connected with the Foundation's mission." The Foundation has since used input from the scenario thinking work to inform its strategic plan; it is a dynamic plan expected to evolve over time as the Foundation "responds to a changing environment, seizes opportunities that come our way, and learns by doing."

Earlier in the year, Tides's California Clinics Initiative (CCI) engaged in a separate scenario thinking exercise that drew on provocative work on the future of healthcare in the U.S. by futurist and consultant Mary O'Hara Devereaux. Devereaux led a process for CCI, using her framework to provoke both clinic leaders on CCI's advisory board and CCI staff to consider implications for healthcare in California and CCI's funding strategy. It was a timely and powerful strategy exercise. As CCI's managing director, Ellen Friedman, said, "Scenarios had a direct impact on our programs' ability to adapt [to the constricting economy]."

Tides's extensive scenario thinking efforts had varying levels of impact. Reflecting on the overall experience, Tides president Drummond Pike described the first Tides family retreat in the summer of 2002 as "a remarkable success.... People really got that they were connected to something bigger than the entity itself." He described planning at the entity level as "very challenging in a contracting environment because [scenario thinking] was not mission-critical." Over the course of its multiple phases of scenario work, Tides was able to incorporate outside-in thinking and the long view into its organizational language and planning processes. For several of Tides's leaders, scenario thinking became more than a process—it became a posture toward thinking about and managing uncertainty.

## THE FUNDERS NETWORK FOR POPULATION, REPRODUCTIVE HEALTH, AND RIGHTS

**Scenario thinking process:** Standalone exercises

**Who was involved:** A community of common interest—grantmakers in population, reproductive health, and rights

**Purpose of engagement:** Collaborative learning

At its 2003 annual meeting, the Funders Network for Population, Reproductive Health, and Rights asked attendees to think beyond immediate crises and begin to envision the long term. Though members of the Funders Network, a group of U.S.-based grantmakers, have no common funding agenda, they do share a common goal: “to ensure that all people have access to the information and services they need to manage their own fertility and protect and promote their sexual and reproductive health.” The work of reproductive rights and health is typically dominated by reacting to needs of the moment—fighting against moves to erode reproductive rights on the policy level and ensuring sexual and reproductive health needs are met on the direct service level. By taking the long view, the Funders Network hoped to give members the opportunity to develop strategy using a more proactive long-term framework.

The annual meeting’s plenary sessions addressed a range of future-focused issues, such as next-generation leadership, reframing reproductive rights and health messages, and the future of fertility. At the end of the conference, participants gathered for a half-day scenario thinking workshop. The goals of the session were to synthesize key insights from the meeting; help members voice their diverse perspectives and learn from one another; and give members the opportunity to think flexibly about the future so they could react quickly and creatively to challenges and opportunities as they emerged.

The main design challenge for this workshop was time: the ambitions were high and the amount of time very short—a mere three hours. It would be impossible to develop a full set of scenarios in that time. However, by using scenario frameworks prepared in advance, participants could focus their limited time on synthesizing and expanding their learning together in the context of provocative future scenarios.

The process began by gathering perspectives on the future of reproductive rights and health through interviews with Funders Network members and other leading thinkers in the field. The Funders Network's executive director, Denise Shannon, and GBN used this input to create two scenario frameworks: one that addressed the domestic environment for reproductive rights and health, and a second that explored the broader international environment.

Shannon kicked off the half-day workshop by presenting the scenario frameworks and asking that participants accept these scenarios as a tool for facilitating a shared conversation about the future. Next, participants split into three groups to explore implications for funders: one group focused on the domestic scenarios, another on the international scenarios, and a third worked with wild cards. The "wild cards" group brainstormed unexpected developments—a revolutionary new contraceptive technology or another major terrorist attack, for example—and then considered the implications of these wild cards for funders of reproductive health and rights. Participants then came back together to share their high-level insights and explore emerging patterns and common implications for funders. Finally, they brainstormed actions that the Funders Network could take immediately in response to the scenario implications—such as knowledge-sharing with other funder affinity groups in order to promote powerful cross-issue strategies for reproductive health and rights.

Despite time constraints, participants were able to surface important implications for the reproductive rights movement and recommended actions for the Funders Network. Shannon considered the process a success. "It was the right time for us to take some time to reflect on the future," she said. "We've tried before to talk about the future. It doesn't work without a process, and no process is perfect. Having the four scenarios was an aid to order the conversation."





# Resources 4

|                    |     |
|--------------------|-----|
| GLOSSARY OF TERMS  | 87  |
| FURTHER READING    | 90  |
| SOURCES            | 97  |
| CREDITS AND THANKS | 103 |
| YOUR NOTES         | 105 |

## GLOSSARY OF TERMS

**ASSUMPTIONS:** Beliefs, usually implicit, about the current and future environment.

**CRITICAL UNCERTAINTIES:** Unpredictable driving forces, such as public opinion or the state of the economy, that will have an important impact on your area of interest.

**DRIVING FORCES:** Forces of change outside your organization that will shape future dynamics in predictable and unpredictable ways. Driving forces can be either pre-determined elements or uncertainties.

**FOCAL ISSUE OR QUESTION:** The issue or question that the scenario thinking process seeks to address.

**LEADING INDICATORS:** Signs of potentially significant change that you can monitor in order to determine if a particular scenario is beginning to unfold. Leading indicators can be very obvious, like the passing of a debated piece of legislation, or quite subtle, like small signs of a gradual shift in social values.

**MENTAL MAP (OR MENTAL MODEL):** A set of assumptions that in aggregate becomes a framework for how a person or group interacts with the world. Mental maps are usually implicit. Scenarios, and outside-in thinking in particular, are a means of challenging mental maps.

**MONITOR:** To track the development of a particular trend or set of trends over time.

**OFFICIAL FUTURE:** The explicit articulation of a set of commonly held beliefs about the future external environment that a group, organization, or industry implicitly expects to unfold. Once articulated, the official future captures an organization's shared assumptions—or mental map.

**PREDETERMINED ELEMENTS:** Forces of change that are relatively certain, such as locked-in patterns of growth or decline. It is a given that predetermined elements will play out in the future, though their interaction with and impact on other variables remain uncertain.

**SCAN:** To do a broad survey of the environment in order to surface new and relevant developments.

**SCENARIOS:** Stories about how the future environment for your organization or issue might unfold.

**SCENARIO FRAMEWORK:** A structure for developing and communicating stories of the future. A scenario framework is created from the combination of critical uncertainties, and usually results in a set of scenarios.

**SCENARIO IMPLICATIONS:** Insights that capture the learning from scenarios. After you have developed a set of scenarios, you can try “living” in each one. Ask yourself: What actions would you take if you knew this were the future? The answers to your question are your scenario implications.

**SCENARIO MATRIX:** A two-by-two framework created by crossing two critical uncertainties that structures a set of scenarios. The scenario matrix is the most common scenario framework.



**SCENARIO NARRATIVES:** Fully developed stories of the future—with a beginning, middle, and end—that are structured by the scenario framework. Scenario narratives tell challenging, diverse, and plausible stories that are relevant to the focal issue or question being addressed by the scenario thinking process.

**SCENARIO THINKING:** A process for developing stories of the future and using them, once developed, to inform strategy. After the process itself is internalized, scenario thinking becomes, for many practitioners, a posture—a routine way of managing change and a way of exploring the future so that you might greet it better prepared.

**STRATEGIC AGENDA:** A set of strategic priorities that will help an organization achieve its desired future state. A strategic agenda can serve as a foundation upon which a strategic plan can be developed.

**STRATEGIC PLAN:** A plan for moving from the present toward a desired future state. A strategic plan is often articulated in an agreement (unwritten or written) between decision-makers that outlines how the organization should move forward on its mission given its circumstances.

**STRATEGIC PLANNING:** A process through which an organization agrees on and builds commitment to a set of priorities essential to fulfilling its mission; these priorities then guide actions that will make progress on the mission.

**THEORY OF CHANGE:** A tool for clarifying an organization's scope of activity and the intended impact of that activity. Theories of change define all the elements needed to achieve a long-term goal.

**VISION:** A clear statement about the future that an organization is striving to achieve. It can focus on organizational transformation or on external results in the world.

**WILD CARD:** An unexpected event, like a revolutionary discovery or a global epidemic, that could require a change in strategy. Wild cards help surface new uncertainties and different strategies for future action that may not emerge from the more logical structure of a scenario framework.

## FURTHER READING

The following is an extensive—though far from comprehensive—list of resources that we, at GBN, have found most helpful in our own journey to help civil society organizations understand scenario thinking, navigate uncertainty, and envision the future. These resources cover the spectrum from cutting-edge to classic, theoretical to pragmatic.

At the beginning of each section we have highlighted the resource or resources that you should be certain to read if your time is limited.

### Scenario Thinking: Theory and Practice

The following books and articles address the scenario thinking fundamentals. Most are written by the pioneers of scenario thinking themselves; others chronicle their best work.

Meadows, Donella. “Chicken Little, Cassandra, and the Real Wolf: So Many Ways to Think about the Future.” *Whole Earth Review*, Spring 1999. Available online at <http://www.wholeearthmag.com>. An overview of the pros and cons of various ways of thinking about the future.

Schwartz, Peter. *The Art of the Long View: Paths to Strategic Insight for Yourself and Your Company*. Second edition. New York: Doubleday, 1996. An accessible, quick introduction by one of the most experienced practitioners of scenario thinking.

Fahey, Liam, and Robert M. Randall, eds. *Learning from the Future*. New York: John Wiley & Sons, 1997. Scholarly perspectives on scenario thinking from a number of authors.

Ogilvy, James. *Creating Better Futures: Scenario Planning as a Tool for a Better Tomorrow*. New York: Oxford University Press, 2002. An exploration of the ethical dimension of scenario planning—our ability as humans to imagine and realize better futures.

*Shaping Our Future*. An initiative to help young adults think about and shape their own future and that of the communities they live in. The initiative produced a scenario thinking toolkit customized for youth leadership development, which includes a facilitation manual and templates. The toolkit is available online at the Foundation for Our Future's website:

<http://www.ffof.org>.

Shell International's Global Business Environment. *Scenarios: An Explorer's Guide*. Shell International, 2003. Available online at <http://www.shell.com>. A user-friendly and beautifully designed book that outlines Shell's process of scenario development. The book includes helpful detail for how one can structure, design, and run a complex scenario thinking process.

van der Heijden, Kees. *Scenarios: The Art of Strategic Conversation*. Chichester: John Wiley & Sons, 1996. A detailed, scholarly work by one of the great pioneers of the field.

van der Heijden, Kees. *The Sixth Sense: Accelerating Organizational Learning with Scenarios*. Chichester: John Wiley & Sons, 2002. An exploration of barriers to organizational learning and change, which a scenario-based approach can help overcome. Includes detailed information on the scenario thinking process and case studies.

Wack, Pierre. "Scenarios: Uncharted Waters Ahead" (*Harvard Business Review* 63, No. 5, 1985: 72-79) and "Scenarios: Shooting the Rapids" (*Harvard Business Review* 63, No. 6, 1985: 139-150). The classic introductions to scenario planning.

Wilkinson, Lawrence. "How to Build Scenarios." *Wired* [Scenarios: 1.01 Special Edition], September 1995: 74-81. Available online at <http://www.gbn.com>. A concise, step-by-step guide to developing scenarios, with examples.

## Examples of Scenarios and Scenario Thinking Processes

Several multi-stakeholder efforts to improve the future of an issue or a geographic area have been documented for a public audience. The following are some of the more recent and relevant.

Chrislip, David. *The Collaborative Leadership Fieldbook: A Guide for Citizens and Civic Leaders*. San Francisco: Jossey-Bass, 2002. A compilation of success stories and tools for community problem-solving. Chapter 15—"Scenarios: Catalysts for Civic Change"—describes three cases of scenarios used for community building.

*Tutafika: Imagining Our Future*. Available online at <http://www.tutafika.org>. Three possible futures for Tanzania and Tanzanians, developed as an initiative of the Society for International Development. The scenarios were released into the public domain in 2003 in order to catalyze dialogue about the future and, ultimately, strengthen democracy.

*Destino Colombia*. Available online at <http://www.gbn.com>. An impressive multi-stakeholder effort to explore the future of Colombia.

*Kenya at the Crossroads: Scenarios for our Future*. October 1999. Available online at <http://www.kenyasenarios.org>. A joint initiative of the Society for International Development and the Institute of Economic Affairs, and a significant effort to encourage public dialogue about the future of a country. Website includes information on the multi-stakeholder process and scenario dissemination.

McCorduck, Pamela and Nancy Ramsey. *The Futures of Women: Scenarios for the 21st Century*. New York: Warner Books, 1996. Four provocative stories of the future of women around the world, looking out to the year 2015.

Pruitt, Bettye, ed. *Civic Scenario/Civic Dialogue Workshop*. United Nations Development Programme, November 2000. Available online at <http://www.generationconsulting.com/publications.htm>. A detailed analysis of three ambitious efforts to use scenarios for national civic dialogue with three countries experiencing transition: South Africa, Colombia, and Guatemala.

Schwartz, Peter, Irving Mintzer, and J. Amber Leonard. *U.S. Energy Scenarios for the 21st Century*. Prepared for the Pew Center on Global Climate Change, July 2003. Available online at <http://www.pewclimate.org>. Three very different futures for U.S. energy supply and use from 2000 to 2035, with rigorous analysis of the technology and policy options for energy security, environmental protection, and economic development in the future.

The Schott Foundation, "Achieving Gender Equity in Public Education: A Scenario Planning Resource for Advocates, Policymakers, and Practitioners." Available online at <http://www.schottfoundation.org>. A detailed report of one foundation's use of scenario thinking to explore the future of equity in education.

Ringland, Gill. *Scenarios in Public Policy*. Chichester: John Wiley & Sons, 2002. A collection of cases in which scenario planning has been used to manage uncertainty in the public sector, including a step-by-step guide to developing scenarios and a discussion of the characteristics unique to using scenarios to influence public policy.

## Our Changing World

A sampling of resources that can help you explore the broader context for social change, and possible future developments, challenges, and opportunities for our world.

Kelly, Eamonn et al. *What's Next: Exploring the New Terrain for Business*. Cambridge: Perseus Publishing, 2002. Excerpts from interviews with 50 remarkable thinkers on important topics—such as geopolitics and governance, cultures and society, and environment and sustainability—that will shape the next decade. The implications of the ideas presented in this book are relevant to organizations across all sectors, not just business.

Schwartz, Peter. *Inevitable Surprises: Thinking Ahead in a Time of Turbulence*. New York: Gotham Books, 2003. The predetermined developments—or “inevitable surprises”—that will take shape in the next decade, and how to prepare for them.

Brand, Stewart. *The Clock of the Long Now: Time and Responsibility*. New York: Basic Books, 1999. A beautiful book of bite-size essays on the really long term—10,000 years. Pay special attention to Chapter 7, “The Order of Civilization,” which addresses the nature of long-term change and the implications for the social sector.

Castells, Manuel. *The Information Age: Economy, Society, and Culture*, volumes 1-3. Second edition. Malden, Massachusetts: Blackwell Publishers Inc., 2000 and 2004. An encyclopedic three-volume work (*The Rise of the Network Society*, *The Power of Identity*, and *End of the Millennium*) about the logic of contemporary society and economy.

Drucker, Peter. “Beyond the Information Revolution.” *The Atlantic Monthly*, October 1999. Available online at <http://www.theatlantic.com>. Drucker looks back at the massive social impact of the Industrial Revolution, then considers the potential implications of the Information Revolution that is emerging.

Rheingold, Howard. *Smart Mobs: The Next Social Revolution*. Cambridge: Perseus Publishing, 2002. Available online at <http://www.smartmobs.com>.

This book explores how new communications and computing technologies are enabling the emergence of a powerful form of activism and culture. The website and weblog track issues discussed in the book.

Salamon, Lester, ed. *The State of Nonprofit America*. Washington, D.C.: Brookings Institution Press, 2002. A series of thorough and thoughtful analyses of the state of major segments of the nonprofit sector, as well as several provocative essays on major challenges for the nonprofit sector as a whole, today and in the future.

Rischar, J.F. *High Noon: 20 Global Problems, 20 Years to Solve Them*. New York: Basic Books, 2002. An overview of 20 of the world's most pressing global problems, as defined by Rischar, and proposals for new approaches to addressing them.

### Changing the World

A sampling of thought-provoking and helpful theories and approaches to making a big impact for the better.

Kahane, Adam. "How to Change the World: Lessons for Entrepreneurs from Activists." Generon Speech delivered to *Fast Company's* Real Time Conference, May 2000. Published in *Reflections: The SoL Journal*, January 2001, and by GBN. Available online at <http://www.gbn.com>. A personal journey through various futuring techniques, including the Mont Fleur scenarios, an influential scenario exercise on the future of South Africa. Kahane also offers his perspective on how to get people to change their minds.

Meadows, Donella. "Places to Intervene in a System." *Whole Earth Review*, Winter 1997. Available online at <http://www.wholeearthmag.com>. A seminal piece on systems thinking and creating lasting change.

Gladwell, Malcolm. *The Tipping Point: How Little Things Can Make a Big Difference*. Boston: Little Brown and Company, 2000. A journalist's engaging inquiry into why major changes in our society happen suddenly and unexpectedly.

Handy, Charles. *The Age of Paradox*. Boston: Harvard Business School Press, 1994. A wise discussion of change and timing—of how you wrest yourself from the past and hold onto some of the essentials at the same time.

Heifetz, Ronald A. and Martin Linsky. *Leadership on the Line: Staying Alive through the Dangers of Leading*. Boston: Harvard Business School Press, 2002. A guide to the emotional, intellectual, and moral risks of leadership. An important companion to the scenario thinking toolkit that can help leaders manage and overcome resistance to change and move toward action.



## SOURCES

Unless called out otherwise, all quotes in this guide are from interviews conducted by GBN while researching the art of scenario thinking for nonprofits.

### Introduction

The introduction's opening quote by Bruce Sterling is from *Tomorrow Now: Envisioning the Next Fifty Years* (New York: Random House, 2002), page xii. Kofi Annan's full Nobel Peace Prize acceptance speech, quoted in "The Status Quo Is Not An Option," is available online at <http://www.nobel.se/peace/laureates/2001/annan-lecture.html>. In the "How Do I Use This Guide?" section, the definitions of "guide" are taken from *Webster's Encyclopedic Unabridged Dictionary of the English Language* (New York: Gramercy Books, 1989), page 628.

### Scenario Thinking Defined

This chapter's opening quote by Eamonn Kelly is from his book *What's Next: Exploring the New Terrain for Business* (Cambridge: Perseus Publishing, 2002), page 306. In addition, several sections in this chapter—"What Are Scenarios," "What Is Scenario Thinking," and "Three Guiding Principles"—draw on the ideas outlined in the final chapter of *What's Next*, pages 300-319. The South Africa scenarios described in this chapter have been well documented by various authors, including Adam Kahane, the primary facilitator of the process ("The Mont Fleur Scenarios," *GBN Deeper News*, 1992). It is available online at <http://www.gbn.com/montfleur>. Henry Mintzberg's ideas on strategic thinking and the fall of traditional planning are captured in his article "The Rise and Fall of Strategic Planning" (*Harvard Business Review*, January-February 1994). Those ideas are also the subject of an entire book, also titled *The Rise and Fall of Strategic Planning* (New York: The Free Press, 1994).

The explanation of the history of scenario thinking borrows from Art Kleiner's *The Age of Heretics* (New York: Doubleday, 1996), pages 139-180; the opening of Peter Schwartz's *The Art of the Long View* (New York: Doubleday, 1991), pages 7-9; and the institutional knowledge of Global Business Network. Pierre Wack's quote at the opening of the "Three Guiding Principles" section is from his article "Scenarios: Shooting the Rapids"

(*Harvard Business Review*, November-December 1985), page 150. Information on the anti-SUV campaign comes from <http://www.whatwouldjesusdrive.org>. A good source on the large, national-level scenario exercises discussed in the “Why Do Scenario Thinking?” section is a report published by the United Nations Development Programme called *Civic Dialogues* (November 2000). It is available online at <http://www.generationconsulting.com/publications.htm>.

The ideas underlying the “Conditions for Success” section—along with much of the framing for the entire guide—were developed during a day-long workshop with our colleagues Andrew Blau, Chris Ertel, Barbara Kibbe, and Susan Stickley. The quote from Betty Sue Flowers in the “Conditions for success” section comes from an interview with Flowers conducted by Global Business Network, “Searching for Our New Story: A Conversation with Betty Sue Flowers” (January 2002).

### Scenario Thinking in Practice

This chapter’s opening quote by Peter Schwartz is from *The Art of the Long View* (New York: Doubleday, 1991), page 31. The description of the basic process that follows also draws on *The Art of the Long View*, pages 241-248. For more on the interview process (referred to in “Phase One: Orient”) see Kees van der Heijden’s insightful and thorough discussion of interviewing in his book *Scenarios: The Art of Strategic Conversation* (Chichester: John Wiley & Sons, 1996), pages 145-151. Van der Heijden’s *Scenarios* is also a good source for learning more about the “incremental” and “inductive” approaches to developing scenarios; he explains the different approaches and lays out some considerations for choosing the appropriate method on pages 195-212. The quote by Arie de Geus about scenarios as “works of art” comes from a talk he gave at GBN. The Caroline and Sigmund Schott Foundation case study draws on GBN’s experiences leading this work, conversations with Schott staff and board, and, most importantly, Schott’s report of their gender equity scenarios, “Achieving Gender Equity in Public Education: A Scenario Planning Resource for Advocates, Policymakers, and Practitioners.” The report is available online at <http://www.schottfoundation.org>. The quote from Greg Jobin-Leeds is from page 3 of the Schott report. The Schott’s scenario narratives, referred to in the case study, were written by Korynn Schooly and Jen Kramer-Wine.

For more on Future Search, which is referred to in the “Alternatives to Scenario Thinking” sidebar, take a look at Lawrence Lippitt’s *Preferred Futuring: Envision the Future You Want and Unleash the Energy to Get There* (San Francisco: Berrett-Koehler Publishers, 1998). For a more detailed discussion of connecting scenarios with organizational strategy, see Kees van der Heijden’s article “Scenarios, Strategy, and the Strategy Process” (Global Business Network, August 1997). It is available online at <http://www.gbn.com>. The quote from Irv Katz is from the article “Design for the Future: Creating a Strategic Plan that Works” (*Board Member: The Periodical for Members of BoardSource*, v. 11, no. 5, May 2002), page 4. Mike Allison and Jude Kaye discuss the need for flexible strategic plans in their book *Strategic Planning for Nonprofit Organizations: A Practical Guide and Workbook* (San Francisco: John Wiley & Sons, 1997), page 15. The concept of scenario thinking as a tool for an ongoing strategic conversation comes from Arie de Geus’s ideas put forth in his article “Planning as Learning” (*Harvard Business Review*, March-April 1988). The quote from Jim Middleton in the “Scenario Thinking and Strategic Planning” section is from Middleton’s article “The College Scenario Planning Case Study: The College of Marin” (*Scenario and Strategy Planning*, December 2001-January 2002), page 23. The definition of a “vision” at the opening of the “Scenario Thinking, Visions, and Theories of Change” section draws on work done by GBN senior practitioner Chris Ertel. The origins of the “Theory of Change” approach and the quote defining theory of change are from the Theory of Change website (<http://www.theoryofchange.org>), a joint venture between ActKnowledge and the Aspen Institute Roundtable. In addition to resources on the Theory of Change website, we have found the following guides for developing a theory of change particularly helpful: *International Network on Strategic Philanthropy’s Theory of Change Tool*, an interactive tool available online at <http://www.insp.efc.be/frameset.php?display=show.php&d=65>; and the *W.K. Kellogg Foundation Logic Model Development Guide*, a step-by-step process for developing program logic models and theory-of-change logic models, available online at <http://www.wkkf.org/Pubs/Tools/Evaluation/Pub3669.pdf>. The concept of “hard visions” comes from work done by scenario practitioner Christian Crews. The scenarios about the future of philanthropy were developed by GBN as part of a multiyear project to improve the strategy and adaptiveness of philanthropy; this work has been sponsored by the W.K. Kellogg Foundation and the David and Lucile Packard Foundation. The quote from Jay Ogilvy in the discussion of how to develop a vision as part of a scenario set comes from

Ogilvy's book *Creating Better Futures: Scenario Planning as a Tool for a Better Tomorrow* (New York: Oxford University Press, 2002), page 13. The full scenarios from the Valley Futures Project can be read at <http://www.valleyfutures.org>.

### Stories from the Field

This chapter's opening quote by John Gardner comes from his book *Self-Renewal: The Individual and the Innovative Society* (New York: W.W. Norton, reissue edition 1995), page xvi.

The College of Marin case study is based on an article by Jim Middleton, "The College Scenario Planning Case Study: The College of Marin" (*Scenario and Strategy Planning*, December 2001-January 2002), pages 21-25. The College of Marin scenario process was led by GBN practitioner Chris Ertel. Jim Middleton, formerly the president of the College of Marin, is now the president of Central Oregon Community College in Bend, Oregon.

The Casey Family Programs case is based on the experiences of GBN's Jay Ogilvy, the lead scenario practitioner for this workshop, and on conversations with Chiemi Davis, senior director of strategic planning and advocacy at Casey.

The California Teachers Association case is based on the experiences of Jay Ogilvy leading this work, his report for the CTA, and an article by Erika Gregory that chronicles the CTA's scenario process—"Communicating Scenarios: Setting the Stage for Conversation," *After Scenarios, Then What?* (Global Business Network, 1998), pages 15-20. The quote from Carolyn Doggett is from Gregory's article, page 18.

The De La Salle Christian Brothers case is based on an article by GBN scenario practitioner Chris Ertel in Gill Ringland's *Scenarios in Public Policy* (Chichester: John Wiley & Sons, 2002), pages 111-123. The quote from Ertel is from page 111 of his article, and the quote from Brother David Brennan is from pages 122-123. Chris Ertel and Jay Ogilvy led this work.

The Valley Futures Project story is based on interviews with Great Valley Center president Carol Whiteside and staff members Doug Jackson and Richard Cummings, as well as the many scenario communications materials produced by the Great Valley Center, in

particular those available on its website: <http://www.valleyfutures.org>. The Valley Futures Project was led by Jay Ogilvy.

The Child Care Action Campaign story is based on the writings and input of CCAC president Faith Wohl and Susan Stickley, a GBN scenario practitioner and leader of the CCAC process. The case also draws on the article “Imagining the Future: A Dialogue on the Societal Value of Child Care” by Faith Wohl, which will be in the forthcoming publication *Changing the Metaphor: From Work-Family Balance to Work-Family Interaction* (Mahwah, New Jersey: Lawrence Erlbaum Associates Inc., 2004). The second quote from Wohl is excerpted from her article.

The Tides case study draws on conversations with many of Tides’s leaders, in particular Drummond Pike, Ellen Friedman, and Idelisse Malavé. The first quote from Pike (“the idea that...”) is from a report he wrote for the Packard Foundation chronicling the first phase of Tides’s scenario work; the scenario descriptions are from the scenario narratives authored by Pike. The quote about the Tides Foundation’s strategic plan is from “2004 and Beyond,” a document by Idelisse Malavé articulating the foundation’s strategic direction. Mary O’Hara Devereaux’s framework used by the California Clinics Initiative is called “The Healthcare Badlands”; it is based on Devereaux’s forthcoming book, *Navigating the Badlands: Thriving in the Decade of Radical Transformation* (San Francisco: Jossey-Bass, 2004). A note of clarification about the positioning of the California Clinics Initiative in relation to the Tides family: CCI is not an independent nonprofit organization, like the Tides Center or the Tides Foundation. Rather, it is a program that utilizes all the other Tides entities to support its work in the world. Ellen Friedman, who is the managing director of CCI, is also a vice president of both Tides Foundation and Tides Center. The scenario work with Tides (except for the work done by Devereaux with CCI) was led by GBN practitioner Katherine Fulton.

The Funders Network for Population, Reproductive Health, and Rights case study is based on conversations with executive director Denise Shannon and a report on the 2003 Annual Meeting produced by the Funders Network. The scenario work for the Funders Network was led by GBN practitioner Diana Scarce.

## Resources

This chapter's opening quote by Jay Ogilvy comes from his book *Creating Better Futures: Scenario Planning as a Tool for a Better Tomorrow* (New York: Oxford University Press, 2002), page 2. In the glossary of terms, the definition of "strategic plan" comes from John Bryson's *Strategic Planning for Public and Nonprofit Organizations* (San Francisco: Jossey-Bass, revised ed., 1995), page 143. The definition of "strategic planning" also comes from Bryson, page 5. The definition of "theory of change" draws on the explanation put forth on the Theory of Change website, a joint effort by ActKnowledge and The Aspen Institute (<http://www.theoryofchange.org>).

## CREDITS AND THANKS

This guide is the result of the work of many people over many decades to help organizations and individuals make better and more responsible decisions. It was primarily created by GBN practitioners Diana Searce and Katherine Fulton, with important support and guidance throughout from Barbara Kibbe and our editor, Jenny Johnston. But many others in the GBN community are true coauthors, including GBN CEO Eamonn Kelly, GBN cofounder Jay Ogilvy, and GBN practitioners Chris Ertel, Susan Stickley, Andrew Blau, Gerald Harris, Chris Coldewey, Joe McCrossen, and Tina Estes. We have benefited greatly from the contributions of the scenario practitioner community, especially Jim Butcher and Doug Randall of GBN, David Chrislip, Christian Crews, Betty Sue Flowers, Barbara Heinzen, Jaap Leemhuis, and Alain Wouters.

We are particularly grateful to GBN's cofounders: Peter Schwartz, Napier Collyns, Jay Ogilvy, Lawrence Wilkinson, and Stewart Brand. This guide also builds on the seminal work of Peter Schwartz in *The Art of the Long View* and Kees van der Heijden in *Scenarios: The Art of the Strategic Conversation*.

We are indebted to all those who have led the development of scenario thinking over the years, including the pioneers of scenario thinking: Pierre Wack, Arie de Geus, and Ted Newland. We offer special thanks to colleagues leading GBN's efforts to codify the scenario thinking process and make the tools widely accessible through training—Eric Best, Louis van der Merwe, and several GBN practitioners mentioned earlier. Finally, we are inspired by and thankful to the practitioners who introduced the scenario tools to civil society and the public sector, especially Adam Kahane, Steve Rosell, Clem Sumter, and our many colleagues who made direct contributions to this guide.

In addition, during our research and development for this guide, we benefited greatly from the input of leaders in the nonprofit and scenario communities, including Renee Berger, Judy Clegg, Mary O'Hara Devereaux, Libby Dietrich, David LaPiana, Diane Lev, Marina Lyon, Neil MacDonald, Dawn Hanson Smart, and Nan Stone. We are indebted to the people who closely reviewed earlier versions of this guide, including Gillian Caldwell,

Kathleen Enright, Betsy Fader, Sara Horowitz, Jan Jaffe, Alan Kantrow, Heather McLeod-Grant, Will Morgan, and Ruth Norris, as well as many of the people mentioned above.

We are appreciative of the organizations that have kindly allowed us to write about their work in this guide. We are especially grateful to the many people who shared their scenario experience with us: Richard Cummings, Gonzalo Delgado, Dan Geiger, Brother David Hawk, Ellen Friedman, Doug Jackson, Idelisse Malavé, Jim Middleton, Drummond Pike, Korynn Schooley, Denise Shannon, Sirajo Seidi, Rosa Smith, Jane Stafford, Carol Whiteside, and Faith Wohl.

We would also like to thank the members of the Packard Foundation's Effective Use of Consultants Initiative for their input to our early work with scenario thinking for nonprofits, as well as the many participants in GBN's "Navigating a Changing World" training course for nonprofit leaders.

We thank Lori Shouldice for her consistent support of our work with nonprofits and Lily Rappoli and Julie Sherman for their design expertise.

Finally, we would not have been able to do this work without the generous support of the David and Lucile Packard Foundation, for which we are grateful.













Global Business Network  
5900-X Hollis Street  
Emeryville, CA 94608  
510-547-6822  
[www.gbn.com](http://www.gbn.com)

For questions related to this guide, please contact [whatif@gbn.com](mailto:whatif@gbn.com).

Scenario thinking is a tool for motivating people to challenge the status quo, or get better at doing so, by asking "What if?" Asking "What if?" in a disciplined way allows you to rehearse the possibilities of tomorrow, and then to take action today empowered by those provocations and insights. What if we are about to experience a revolutionary change that will bring new challenges for nonprofits? Or enter a risk-averse world of few gains, yet few losses? What if we experience a renaissance of social innovation? And, importantly, what if the future brings new and unforeseen opportunities or challenges for your organization? Will you be ready to act?

ISBN 0-9759241-1-7

**GBN** Global Business Network  
a member of the Monitor Group