Scenario Planning Matrix

Nobody can predict the future, but we can prepare for more than one version of it. In the early 1970s, a planning team at Royal Dutch Shell, led by Pierre Wack, used scenarios to explore a possible sharp rise in oil prices. When the oil crisis of 1973 arrived, Shell was better prepared than most of its rivals. Later, Peter Schwartz and the Global Business Network made the method popular with companies and governments around the world. Its best-known tool is the scenario matrix, which crosses two big uncertainties to create four possible futures.

1. Find the Driving Forces

The first step is to list the driving forces that could shape our future. These are big outside trends, such as customer habits, technology, the economy, laws and competition. It helps to start with a clear focal question, for example a decision that will matter for the next ten years. A mixed group of people from different departments usually sees more forces than one expert alone. At this stage, we collect widely and do not judge yet.

Example: a family thinking about moving to a new city looks at jobs, housing prices, schools and the cost of living.

At work: Walid leads strategy for a chain of coffee shops and must decide where and how to grow. His team lists forces such as rents, delivery apps, working from home, coffee prices and the economy.

2. Pick the Two Critical Uncertainties

Next, we sort the forces with two tests: how important they are, and how uncertain they are. Some forces are important but fairly predictable, such as an ageing population, so they belong in every scenario. The forces that are both very important and truly uncertain are called critical uncertainties. We choose the two strongest ones and turn each into an axis with two opposite ends. The two axes should be independent of each other, so that together they create really different futures.

Example: for an outdoor wedding, the weather and the number of guests are both important and hard to know months ahead.

At work: Walid's team chooses two axes. The first is whether the economy is strong or weak, and the second is whether customers mostly visit the shops or order through apps.

3. Cross the Axes to Build Four Futures

Now we draw the two axes across each other, like a large plus sign. This creates a matrix with four boxes, and each box is a different future. Every future must be plausible, which means it could really happen, even if it seems unlikely today. None of the four is the right answer, and

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none is simply the best case or the worst case. Together, they cover a wide range of what might happen.

Example: the wedding planner imagines sun with many guests, sun with few guests, rain with many guests, and rain with few guests.

At work: Walid's matrix crosses a strong or weak economy with shop visits or app orders. It gives four very different worlds for the coffee business.

4. Name and Describe Each Scenario

Each box then becomes a short story about the future. We give every scenario a memorable name, so that people can discuss it easily. The story explains how the world got there, what daily life looks like, and what it means for our organisation. Good stories are vivid but logical, and they use the driving forces from the first step. A clear name and a strong story help people remember the scenarios and use them in decisions.

Example: the wedding planner calls the rainy, crowded future the Big Tent and pictures how guests would move, eat and dance under cover.

At work: Walid's team names the four futures Coffee Boom, Delivery Kings, Small Treats and Home Brew. For each one, they describe the customers, the prices and what the shops would need to succeed.

5. Test Strategies Against All Four

Finally, we test our plans against every scenario. A robust strategy is one that works reasonably well in all four futures, not only in the one we hope for. Some actions are no-regret moves that make sense whatever happens, while others are options to keep ready for one specific future. We also choose signposts, which are early signs that show which future is starting to appear. Watching these signposts helps us adjust in time instead of being surprised.

Example: the wedding planner books a garden that also has an indoor hall, and checks the weather forecast a week before.

At work: Walid chooses smaller shops with a strong delivery service, because this works in all four futures. Every quarter, he watches signposts such as the share of app orders and the price of coffee beans.

Conclusion

In summary, scenarios are not predictions; they prepare us for several possible futures. The matrix method is simple: find the driving forces, pick the two critical uncertainties, cross them, and tell four clear stories. Then we test our strategy against all four futures and watch the signposts. Organisations that use scenarios are less likely to be surprised and more ready to act. The goal is not to be right about the future, but to be ready for it.

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