

Meeting Global Challenges with Powerful What-If Scenario Planning

ProSymmetry's Guide to Data-Driven Scenario Planning that Keeps
Organizations Flexible through Change and Disruption

Sean Pales
ProSymmetry
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Executive Summary

Amid the current global pandemic crisis, organizations are looking for ways to manage, adapt, and look ahead to recovery. Uncertainty makes creating a rapid and informed response plan particularly challenging, but by leveraging resources, organizations can create strategic options for responding to any number of contingencies, changes, or developments. This white paper reviews emerging research into trends and ways forward for multiple industries and outlines how scenario planning can provide answers to pressing “what if” questions that executives need to move forward through uncertainty with confidence.

When Your Organization Needs to Pivot

Any number of conditions can affect your project portfolio and require you to respond with strategic flexibility. In this particular moment of global change and uncertainty, when two-thirds of businesses are reporting a negative impact on operations¹, organizations that adapt quickly and proactively will be best positioned to weather challenges and forge ahead toward recovery and stability.

Among those challenges are travel restrictions, reduction in IT resources, reduction in resource availability, hindered strategic plans, and supply chain disruptions—perhaps the biggest challenge of all right now, as over 200 of the Fortune Global 500 firms have a supply chain presence in Wuhan, the province where the COVID-19 outbreak began².

The bottom line for most organizations is finding a way forward through uncertainty and change. Amid all of the current upheaval, they still seek confidence from solid data, trend analysis, and flexible strategies with real options.

The Pain Points of Uncertainty

For every industry, a rapid but informed response plan is necessary to adapt to local and global changes. However, given that the one consistent feature of the COVID-19 crisis is uncertainty, it can be especially difficult to make strategic moves with confidence at the moment. Many enterprises report already stopping or delaying strategic plans, including hiring freezes, delayed product or service rollouts, postponed IT maintenance, and stalled IT infrastructure buildout³.

Many share the challenge of, after having shut down operations swiftly, how to plan for reopening and recovery. In retail, for example, 80% of companies have closed at least a portion of locations⁴ in response to local or state orders but can't plan reopenings due to lack of certainty around ordinance changes and workforce availability⁵. In medical device, supplies and staff have been diverted to virus response needs, leaving uncertain how and when other procedures will take place⁶. And in biotech, gaps in clinical trial data collection and delayed new trials due to overwhelmed hospital sites are causing researchers to face uncertainty of voided trials and potential financial fallout⁷.

Though many have already invested time and effort into strategic plans, it may be necessary to reassess both short- and long-term goals. Moreover, key decisions need to be both industry-specific and globally oriented, given the interconnected nature of present disruptions—overlapping supply chains to name just one.

Scenario Planning is the Key to Moving Forward

At a time of global uncertainty, any strategic move will carry greater risks. While organizations have no choice but to move forward, they can do so with more confidence in their decisions with scenario planning, which should “provide a structured way to identify a range of potential outcomes and estimated impacts and then identify and evaluate potential actions.”⁸

Additionally, building scenarios can help organizations identify and focus on critical factors without getting distracted by extraneous data. Ultimately, what scenarios offer at this moment is a way to directly address uncertainty without acting on assumptions or fear. From IT choices to navigating the shifting supply chain, executives will need to prepare for a range of possible outcomes with “short, medium, and long-term macro scenarios for the impact of the COVID pandemic⁹.

Whether evaluating and projecting financial earnings, estimating cash flow and liquidity, or developing a range of mitigating actions, scenario analysis . . . is an integrated approach that can assist enterprise-wide efforts in dealing with uncertainty¹⁰.

Despite the widely documented benefits, “scenario planning is conventionally perceived to be relevant only at the organizational level.”¹¹ This leaves functions unprepared to act, resulting in poor and hasty decisions. In order to be fully utilized, “corporate scenario plans require functional preparedness . . . to understand shifts in strategic and operational decisions and make small but powerful changes.”¹²

Gartner suggests that scenario planning for your function can help:



Maintain focus on critical growth and transformation initiatives during the turns.



Identify “sure-fire” strategic decisions to pursue regardless of which future unfolds.



Prepare the team to mitigate potential risks and provide timely risk-aligned guidance across different scenarios.



Build capacity to manage surges in legal work (for example, increase in supplier contract negotiations and L&E claims).



Perform due diligence on short-term, critical decisions and make strategic course corrections as needed. ¹³

Keys to Successful Scenario Planning

Across industries, recovery plans that use scenario options will have taken the first step toward preparedness and resilience, especially when based on analyses of which one or combination of scenarios is most likely to bear out¹⁴. A few key principles will be crucial to creating scenarios that bring value, confidence, and real options.

Scenario Planning Must Include Action

Looking toward the future, use scenarios to estimate the total impact of different possibilities on your organization, and then develop a corresponding response. “The purpose of scenario planning goes well beyond simply estimating the impact of each potential scenario. The real benefit is realized when leaders identify and evaluate potential actions indicated in each case.”¹⁵

Scenarios Must Be Built from Data

When grounded in your organization’s data, scenarios offer a realistic glimpse into future possibilities, along with insights to guide your decision making. The scenario building tool you use should show you what can happen across your entire portfolio of projects, resources, vendors, or other business areas.

Scenarios Must Answer Your Organizations Questions

Generic scenarios hold a great deal of value, but real confidence comes from addressing your organization’s most pressing concerns, whether they be regarding reducing your resources, moving project locations, or expanding your IT capacity.

Scenarios Must Prepare for Return to Normalcy

Financial Management Magazine defines “recency bias” as thinking and planning “focused on the recent news cycle” which leaves organizations unable to think about “the inevitable return to a state of normal activity.”¹⁶ The danger here is missing critical issues and decisions that will facilitate restart because of an inability to focus on the future.¹⁷

Meeting Future Uncertainties with What-If Answers

Scenario planning must aim to provide real options and answers based on your own data, because inaccurate preparation can come with high costs. Sunil Chopra at the Kellogg School of Management warns that “when you underestimate, you don’t spend now, but then you pay a bigger price later. When you overestimate, you spend more now, but you pay a lower price later. Real pressures often push us to under-act for the future.”¹⁸

To mitigate such risks while charting a way forward, organizations need scenario planning tools that can provide answers to specific questions about change—mostly in the form of “What if?” For instance, retail is relying on “a wide range of indicators to use as signals for when to reopen,” including “workforce availability, store performance prior to the coronavirus outbreak, and competitors’ actions.”¹⁹ Executives need scenarios that speak directly to these indicators: what if our workforce is at 50%? What if it’s at 30%? What if we close one location and redistribute all those resources?

Executives who are actively monitoring research that offers tentative ways forward based on customer behavior, economic predictions, and changing work conditions know they must align their strategic moves with such developments in order to best position themselves for recovery. The following sections explain how each three emerging trends can be met with scenario planning.

Scenarios for Distributed Teams and Remote Work

Transitioning to remote work requires more than just a change in location. Real digital transformation will impact people, culture, and company mindset around technology.²⁰ And it’s likely going to shift toward the norm for organizations that can find the right collaboration and communication tools.²¹ Working with distributed teams will require adjustments in management practices and employee expectations, along with assisting workers in developing the soft skills needed to work more autonomously and communicate effectively.²²

Scenario building and planning for newly distributed teams should include the impact of:

- A completely or partially remote workforce
- Increasing IT capacity
- Resource availability for current and/or new projects
- Resource availability for synchronous and asynchronous work
- Resource flexibility on different projects within the portfolio
- Changing resource capacity within a particular geography
- Resources needing to be cross trained or acquire secondary skills
- Resources required to take on different roles

Without the typical 6-8 weeks it takes to fully transition to productive remote work, organizations will need to implement their distributed teams quickly and start generating scenarios to ensure the process goes smoothly.

Scenarios for Digital Transformation

As organizations reassess their initiatives to align with their changing capacity, making the shift from physical offerings to digital or no-contact ones will likely be a top consideration. "The new offerings that result can often involve new partnerships or the need to access new platforms and digital marketplaces in which your company has yet to participate."²³

With such a digital transformation, organizations need to consider in real-time "how suppliers, channel partners, and competitors are responding to the crisis, and how the ecosystem that includes them all is evolving for the next normal emerging after the immediate crisis fades."²⁴

Scenario building and planning for digital transformation must address the impact of:

- Acquiring new digital resources
- Retraining current resources to meet the digital transformation
- Cancelling or reducing physical projects
- Reconfiguring physical projects to digital ones
- Initiating new digital projects
- Adjusting completion/delivery timelines

Making sure you have the right resources and capacity to make a digital transformation means clearly seeing how major and minor changes will impact your overall portfolio, as well as your ability to change or maintain your current offering.

Scenarios for Demand Shock

Sharp, sudden changes in demand are occurring in every sector as budgets and needs have fluctuated. Additional factors that impact demand include layoffs and furloughs, shutdowns, supply chain disruptions, and more. Demand shock is hitting medical device OEMs and suppliers particularly hard, as they are seeing spikes in hospital supplies to treat COVID-19 patients,²⁵ as well as a sharp decline in supplies for the many cancelled procedures. But across industries, demand fluctuations will require strategic foresight and planning to stay ready to meet demands or change course.

Scenario building and planning for demand shock must give insight into:

- Increasing resource capacity for high-demand projects
- Decreasing resource capacity for low-demand projects
- Canceling low-demand projects
- Reassigning resources from cancelled projects
- Initiating new high-demand projects
- Needs for skills assessment, retraining, or cross training

Demand shock can tempt organizations to respond in haste, rushing to meet every new or increased demand and abandoning other initiatives as a result. Scenario planning can provide a grounded approach with visibility into which actions will cause shocks within your portfolio.

Moving Forward with Business Continuity Plans

From these detailed “what if” scenario building exercises, you may be ready to design a business continuity plan that provides a roadmap for implementing disaster recovery and business continuity processes.²⁶

Tech Republic recommends investing in the following four specific areas as you move forward:

- Continuity of business operations (remote access infrastructure)
- Resource availability (proper access to necessary resources, in-person and remote)
- Online continuity (plans for continuous connectivity, even in cases of outages)
- Constant communication (communication structure and plan, accessible online and offline)²⁷

As organizations plan for and move toward recovery, they must approach uncertainty with scenarios in order to have a real sense of how their options will impact the entire portfolio. At their core, scenarios are built around resources—how, when, and where people are working.

Scenarios also provide options and answers about the ways forward, and they uncover opportunities within the disruptions. For example, previously lower priority projects may become viable. Or areas may be revealed with more open capacity. When your road map needs to change, charting the way through challenges will require powerful scenario tools to model the future and how we can arrive with preparation, flexibility, and confidence.

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More Information

Tempus Resource allows users to:

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For more information about Tempus Resource please contact:

P 877-880-8788

F 866-495-1734

info@prosymmetry.com

ProSymmetry.com

Address

2000 Auburn Dr,

Suite 460

Beachwood, OH 44122

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