

# SCENARIO PLANNING

**Understanding Our  
Business's Ability  
To Withstand  
Disruption**

# USING SCENARIO PLANNING

## WHEN

Two options...

Either as part of a business planning process, or

When we hear about a new type of disruptive change

## WHY

Because we want to learn two things...

How sensitive the business is to change in key variables

How well the business as it is today deals with external shocks

## HOW

By establishing a hypothesis of the changes that we want to test for (such as economic, political or technological change)

By developing a model that shows how the changes impact us

# DEVELOPING THE SCENARIO HYPOTHESIS

1

What are we concerned about?

For instance... we would like to look at the impact of a move away from oil on our business

2

What are the key physicals of our business that would be affected by this? What would stay the same?

For instance... labour cost is unchanged but raw material cost increases

3

How will it affect key physicals we don't think of today?

What will customers buy less of? What will they buy instead?

For instance... increased demand for fibre-based instead of plastic products

## What are our key metrics today?

- Unit sales of pizzas
- Raw material cost of cheese

## What macro factors drive our metrics?

- Number of consumers
- Consumer per meal spending
- Number of supermarkets
- Other uses for cheese
- Amount of suppliers

## What market trends creates that situation?

- Population growth
- What celebrities eat
- How much people eat in
- Advances in dairy technology
- Government Taxation

# QUANTIFYING THE SCENARIO

1

- Decide how the market trends will change
- Does this mix of changes make sense? Are any of them contradictory?
- Have we created the range of outcomes we would like to test?

2

- How will this change the macro factors we already have a good understanding of?
- What are the new macro factors that we haven't looked at before? How do we assess these?
- Does the way the macro factors change make sense overall? Do we need to revisit our assumptions?

3

- What change will this have on our key physicals?
- What are the important other key physicals that we haven't historically tracked? How we assess these?
- What things would be automatically adjusted in the business?

# WHAT DOES IT TAKE?



Expert  
Resource



Business  
Data



Research



View Of  
Future  
Trends



Buy-In



Time



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