

Topic 3

Preparing for Uncertainty: Mastering Scenario Planning



Topic 3 Roadmap:

The Journey to See the Future First & Shape the Game

Part 1

Mapping the Fog:
Identifying Critical Uncertainties



Part 3

The Wind Tunnel:
Assessing Impact & Readiness

Part 2

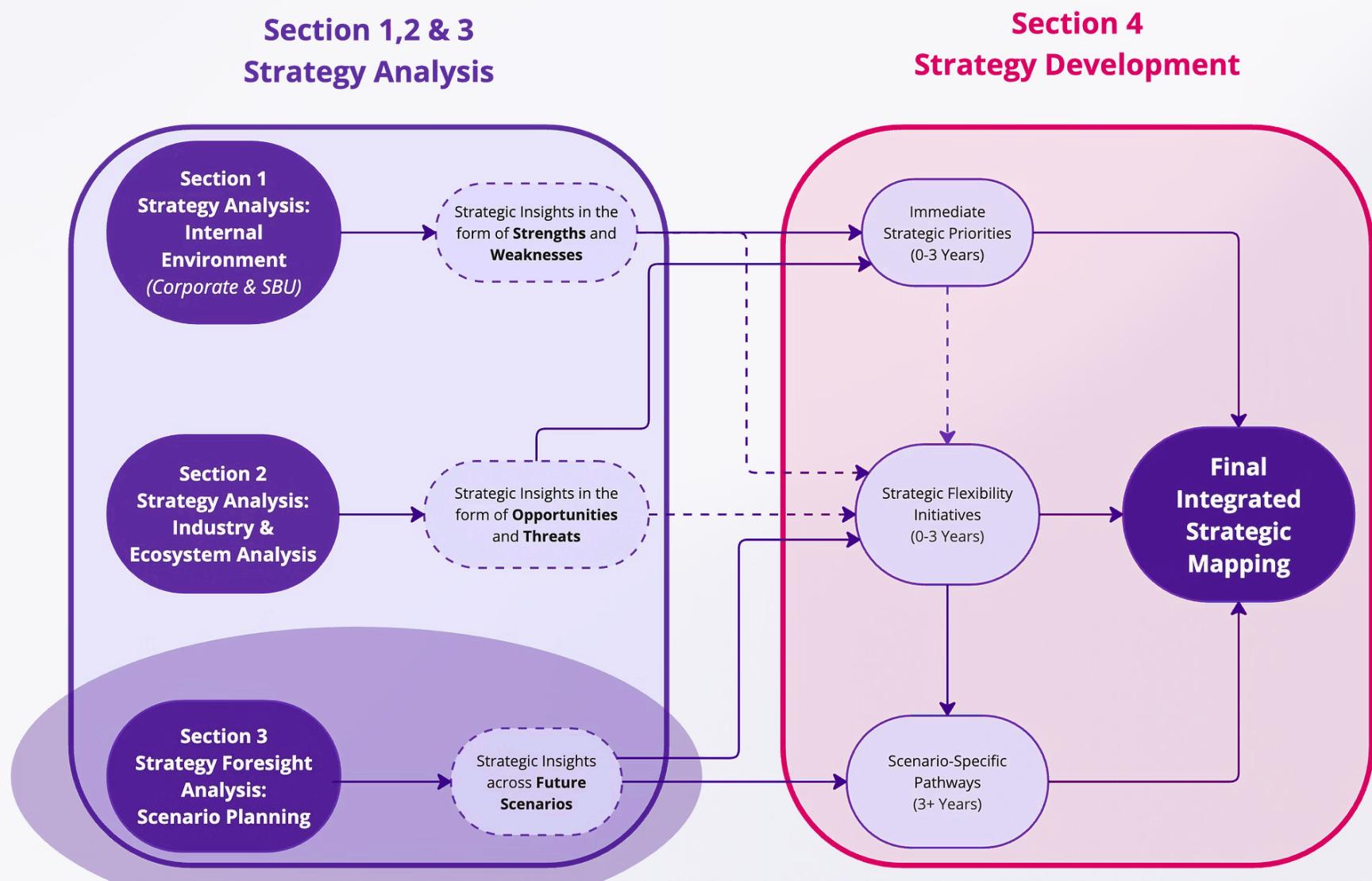
Building Plausible Worlds:
Crafting Scenario Narratives

Mastering Scenario Planning and YOUR Project

Section 3 Brief



Key Sections & Their Relationship Reminder



Section 3 Brief: Scenario Planning

① Your Mission

To move beyond a single-point forecast and explore the deep uncertainties that will shape the future of your SBU's industry. Your goal is to develop **four distinct, challenging, and plausible future worlds (scenarios)** that will be used to stress-test your strategy and identify robust, long-term strategic options.



Section 3 Brief: Scenario Planning

Key Lines of Inquiry to Consider

1

What are the most critical uncertainties that will define the future of this industry?

Your goal is to conduct a rigorous foresight process, moving from a **broad scan** of potential disruptions, to a **prioritised list** of the most impactful and uncertain drivers, and finally to a **justified selection** of the two 'linchpin' uncertainties that will anchor your analysis.

2

What four distinct and plausible future worlds could emerge from these uncertainties?

Your goal is to build and bring to life **four coherent and compelling scenarios** based on your two critical uncertainties.

3

What is the potential impact of each scenario on your SBU's ability to compete and win?

Your goal is to use your scenarios as a '**wind tunnel**' to **stress-test your SBU** against each future world, understanding the impact of each scenario internally and externally.

4

How well-prepared is the entire corporation to navigate this range of potential futures?

Your final analytical task is to move from assessing the impact of individual scenarios to delivering a **holistic verdict on your SBU's readiness to face the future**. A top-tier analysis will also "zoom out" to consider the most critical implications for the **parent corporation**.

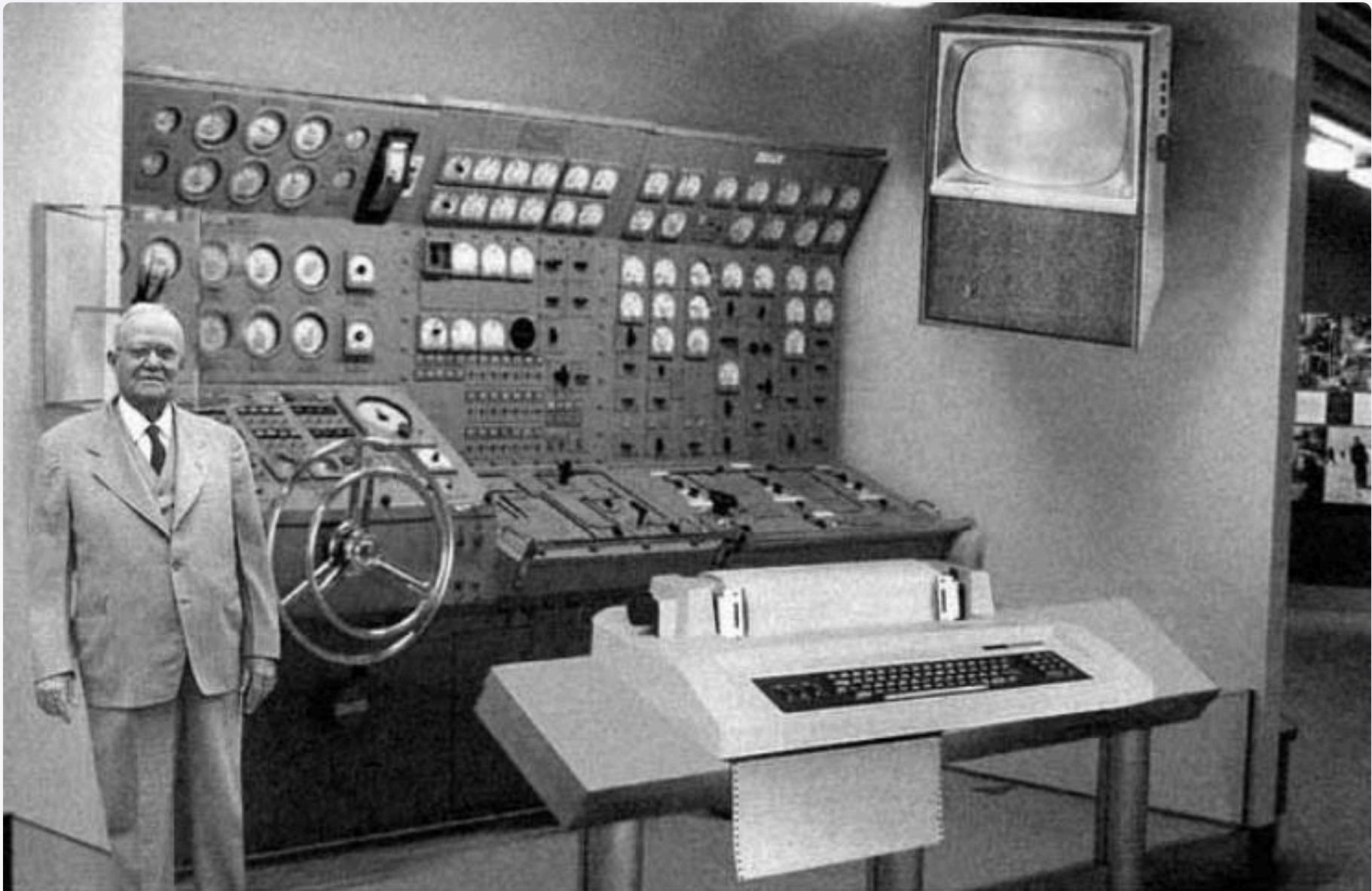


The Core Question Underlying Scenario Planning:

How do we make decisive, 'no-regret' moves today, while building the strategic flexibility to win in a future we cannot predict?

Example of the Unimaginable Future

The Concept of the Home Computer for 2004 elaborated in 1954



Scientists from the RAND Corporation have created this model to illustrate how a "home computer" could look like in the year 2004. However the needed technology will not be economically feasible for the average home. Also the scientists readily admit that the computer will require not yet invented technology to actually work, but 50 years from now scientific progress is expected to solve these problems. With teletype interface and the Fortran language, the computer will be easy to use.

Topic 3: Preparing for Uncertainty

Intro
The Why & The What:
**Mastering Strategic
Foresight**





The Strategist's Paradox: Planning for an Unplannable World

The VUCA World Problem



VOLATILE

The **accelerating pace of change** makes the future **highly dynamic** and **disruptive**.



UNCERTAIN

The **increasing unpredictability** of future events makes it **challenging to rely on historical trends**.



COMPLEX

An **overload of information** and interconnected variables creates a web of complex interactions.



AMBIGUOUS

Multiple interpretations of trends and events lead to **different potential outcomes**.

The Solution: Mastering Strategic Foresight



Strategic Foresight is the core capability of preparing for multiple futures to expand strategic options and build proactive, adaptive advantage. It is the antidote to a failure of imagination.

The Foresight Mindset: Seeing the Future First

(i) The Tool: Scenario Planning

Scenario Planning is the central methodology of foresight. It enables organisations to navigate **uncertainty** by systematically exploring a range of plausible future scenarios.

The Mindset: Three Core Shifts

1

From a Fixed Path to a Flexible Map

The **goal** is not to be 'right' about one future, **but to be ready for many**. The **process of exploration** is more **valuable** than the final prediction.

2

From Linear to Divergent Thinking

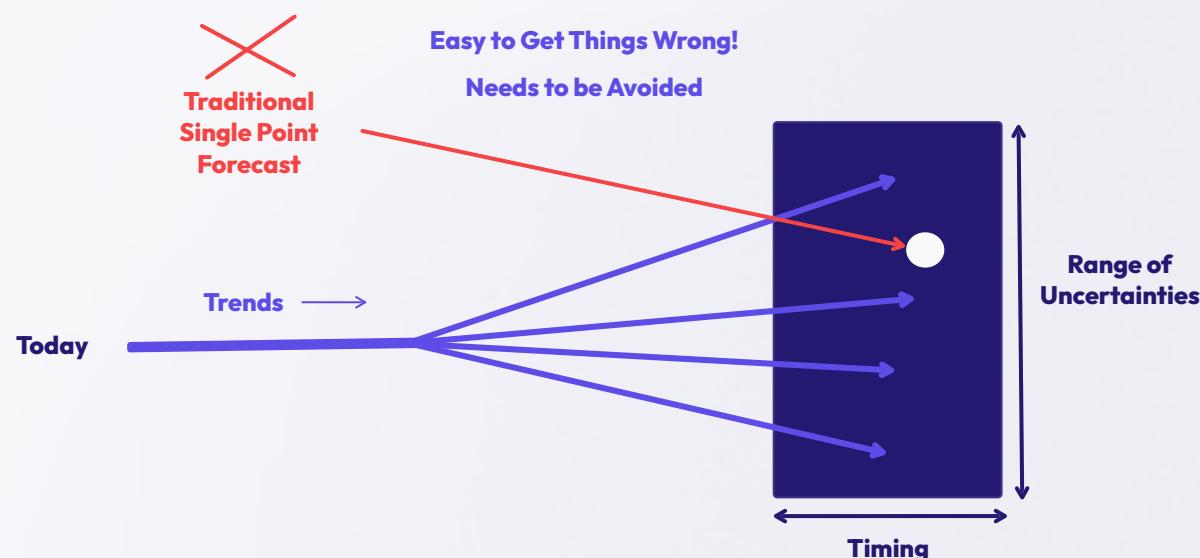
We must actively **challenge our own assumptions** and **embrace multiple, distinct possibilities** to uncover hidden **risks and opportunities**.

3

From Spreadsheets to Strategic Narratives

It balances rigorous, **data-driven analysis** with **disciplined imagination** to create **compelling narratives** that change how leaders see the world and the choices they make.

The Danger of the Traditional Single Point Forecast



Executive Strategy Board – Strategy in Practice

The \$40 Billion Metaverse Bet: A Gambit for the Next Reality



Context and Reality

(October 28, 2021): Mark Zuckerberg rebrands Facebook to **Meta**, betting the company's future on building the Metaverse, calling it "the successor to the mobile internet."

(Late 2025): Four years and over \$40 billion later, mass adoption has not materialized, and competitors like Apple have entered the space with a different strategic approach (AR vs. VR).

As you watch the video, please consider:

The Strategist's Lens:

As a member of Meta's board, you must analyse **the strategic logic**. What is the **story** Zuckerberg is trying to tell about the future? How does he **justify** such a massive bet on an uncertain outcome?

Specific Questions

1. What is the **single most powerful 'linchpin' uncertainty** that will determine the success or failure of their entire vision?
2. What is the strongest argument that this multi-billion dollar "loss" is actually a **strategically sound investment**?

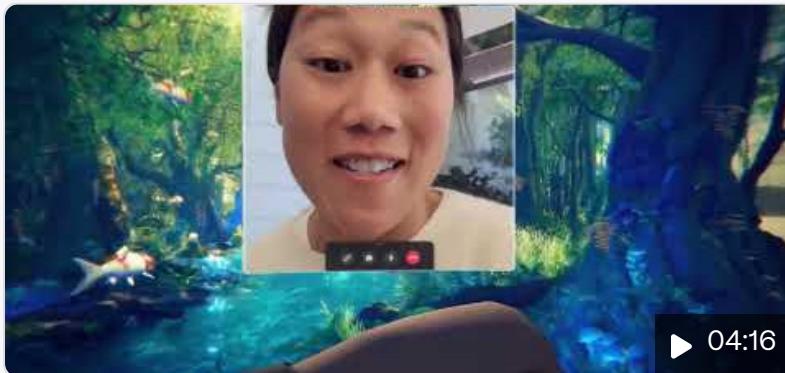
The Kahoot Challenge

Following your discussion, we will **launch a Kahoot Challenge**. This quiz will **put you in the shoes of an executive**, testing your ability to apply foresight principles to diagnose flawed assumptions, assess strategic bets, and make decisions under uncertainty.



Metaverse Case

1. What is the **story Zuckerberg is trying to tell** about the future? How does he **justify such a massive bet** on an uncertain outcome?
2. What is the **single most powerful 'linchpin' uncertainty** that will determine the success or failure of their entire vision?
3. What is the strongest argument that this multi-billion dollar "loss" is actually a **strategically sound investment**?

A YouTube video thumbnail featuring a woman's face in a video call interface, overlaid on a vibrant, futuristic forest scene. The video has a duration of 04:16.

YouTube

Topic 3 – The \$40 Billion Metaverse Bet: A Gambit for the Next Reality

Strategist's Pulse Check

Metaverse Case KAHOOT



Debrief: The Metaverse Gambit & The Need for Scenarios

- ☐ **Key Insight:** Meta's strategy is not a single bet *on* the Metaverse. It is a sophisticated, **ambidextrous strategy** to build the foundational capabilities required to win across **multiple plausible futures** for immersive computing.

The Strategic Bet: Owning the Next Platform

- Meta's initial strategy was a classic '**single-point forecast**' approach.
- They **bet billions (and the company name)** on a single, specific vision of the future (immersive VR worlds) becoming dominant, leaving them exposed when **other plausible futures** (e.g Generative AI) emerged rapidly.

The Strategic Blindspot - The Single Point Forecast Trap

- They **bet billions (and the company name)** on a single, specific vision of the future becoming dominant, but left a **strategic blind spot** for the explosive, near-term rise of Generative AI.
- They were **so focused on the 10-year vision for spatial computing** that they were, like much of the industry, **caught off guard by the immediate disruption** from AI large language models.

The 'Real Options' Justification

- The strongest argument that the investment is sound is **Real Options Theory**.
- The \$40B+ is not a "loss." It is the price Meta paid to **buy an option to lead** in the **next computing paradigm**. The **capabilities they are building** are the real prize, even if the initial product (Horizon Worlds) has struggled.

The Ambidextrous Execution

- Meta is not just betting on VR. They are intelligently pursuing two parallel pathways, building a single, powerful **core competence in 'Spatial Computing'** that will be valuable in either an AR-dominant or a VR-dominant future.



Topic 3: Preparing for Uncertainty

Part 1: Mapping the Fog

**Identifying the
Critical Uncertainties
that Define the
Future**



Step 1: Defining the Focal Issue and Time Horizon

Focal Issue Defined for Your Project

How should our business evolve to be better prepared for the uncertain future?

1

SBU Focus but Keep Corporate Level in Mind

Concentrate on the business unit you chose, but **keep corporate-level strategies in mind**, especially for scenarios that could have broader impacts on the entire organisation

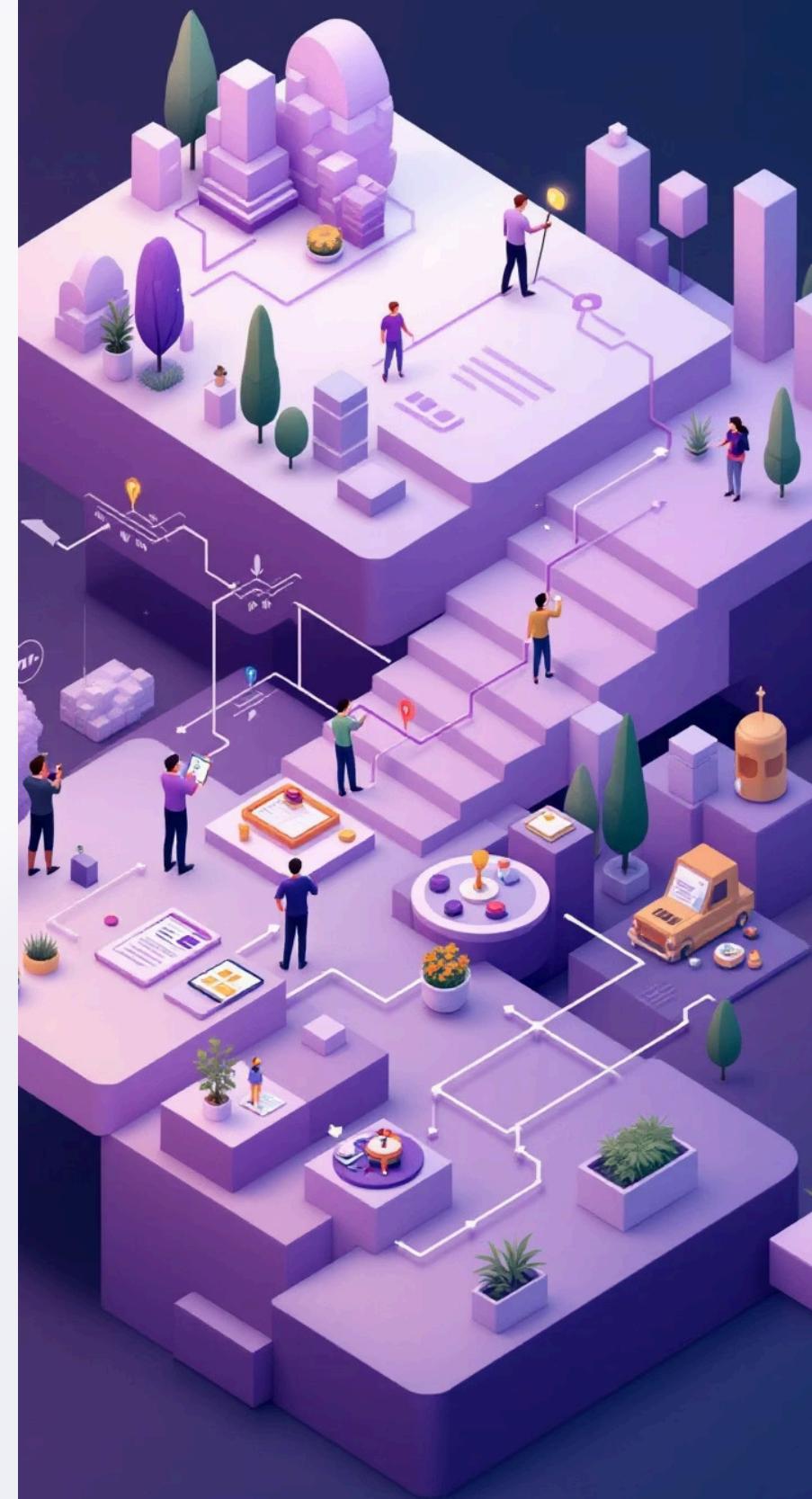
2

Choose and Justify Horizon year

Set your horizon within a 5-10 year range (maximum end year: 2035)

Justify your choice of horizon year based on factors such:

- Speed of change in the industry
- Strategic planning cycles or investment timelines
- Anticipated technological advancements and adoption curves
- Regulatory changes or policy cycles
- Economic or demographic trends



Step 2: Scanning for Signals

① Key Line of Inquiry

What are the key driving forces of change and deep uncertainties?

1

The Mission & The Principles of Framing

Your mission is to **hunt for genuine uncertainties**, not known trends. To do this effectively, your thinking must be **guided by two principles**:

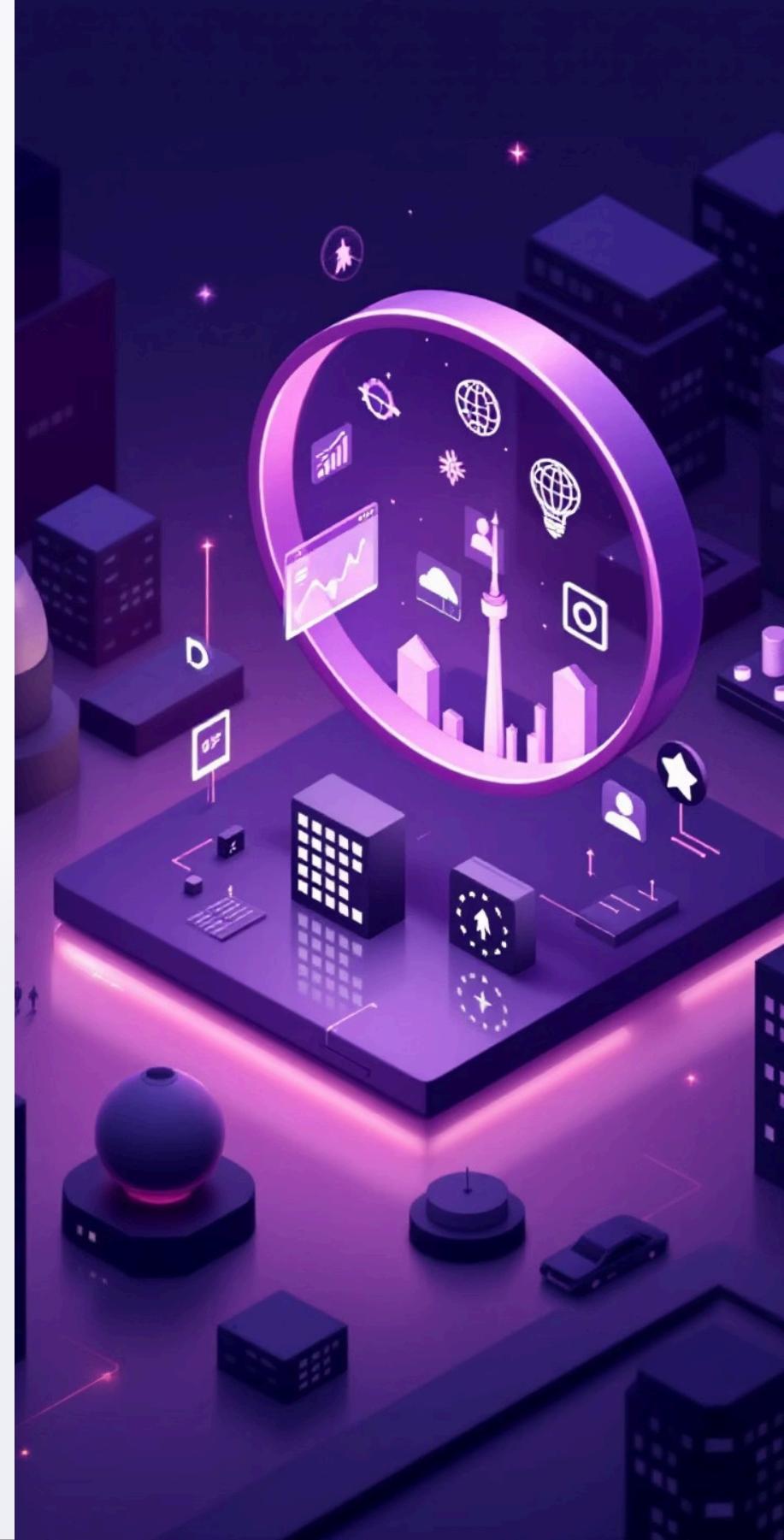
- **Be Specific:** Focus on measurable factors (e.g., '*The pace of solid-state battery development*'), not vague concepts ('Technology').
- **Be Neutral:** Frame factors as an axis with a range of outcomes (e.g., '*The future of global data regulation*'), not a pre-determined direction ('Stricter privacy laws').

2

The Method & Analytical Lens

Your process for generating a list of uncertainties must be **rigorous** and evidence-based.

- **First, Define Your Measures:** Before you brainstorm, **Impact** (e.g., on performance, competitive position) and **Uncertainty** (e.g., unpredictability, speed of change).
- **Then, Brainstorm Widely:** With your measures defined, generate a broad list of **at least 40 potential uncertainties** across the PESTLE dimensions to ensure no critical uncertainty is missed.



Step 3: Prioritising the Drivers

① Key Line of Inquiry

How do we separate the noise from the critical signals?

1

The Core Tool: The Impact-Uncertainty Matrix

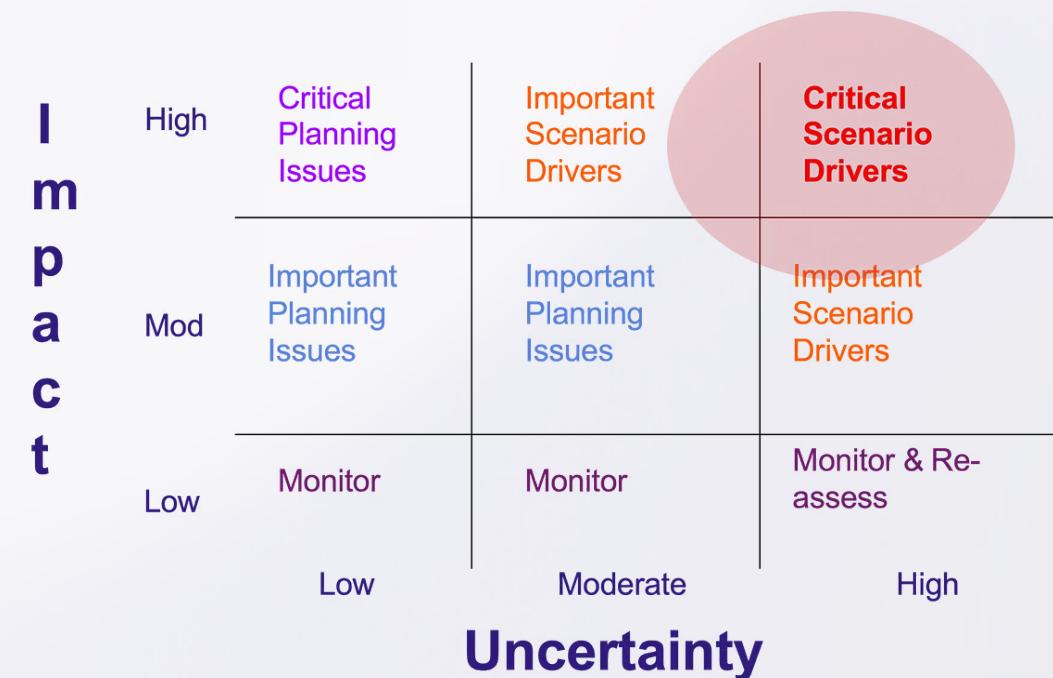
This matrix visually distinguish between background noise and the forces that will shape your future.

2

The Outcome: Isolating the Critical Scenario Drivers

Goal is to isolate the **critical scenario drivers** that have the highest impact and uncertainty.

A top-tier analysis will **focus on 8-12 of these drivers**.



Step 4: Mapping Connections

① Key Line of Inquiry

How do the critical drivers interact and influence each other?

1

The Rationale: Moving Beyond the List

The critical drivers do not exist in isolation. Mapping these relationships **reveals the deeper dynamics at play**.

2

The Method: Visualise the Network

Visually **map the connections** between your 8-12 critical drivers. Which factors are causes? Which are effects? Which ones create feedback loops? This process transforms your list into a **dynamic network of influence**.

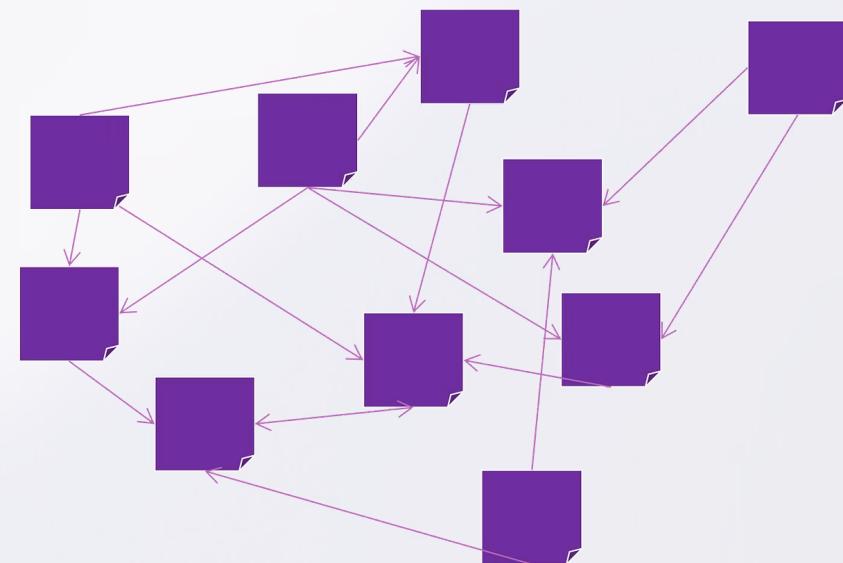
Cause-Effect Example: 'Advancements in Generative AI' (A) and 'White-Collar Job Displacement' (B)

Feedback Loop Examples: Adoption of Electric Vehicles' (A) and 'Build-out of Fast-Charging Infrastructure' (B)

3

The Strategic Payoff: Identifying the 'Linchpin' Factors

The factors with the **most connections** are often the most powerful 'linchpin' drivers. These are the forces that, if they change, will **cause the greatest ripple effects** across the entire system. They are the **strongest candidates for the axes of your scenario matrix**.



From Theory to Practice: A Live Scenario Planning Dashboard Demonstration

Bridging Theory and Practice

We have just covered the first four theoretical stages of scenario planning. To show you how this process works in the real world, we will now apply it live.

Our Running Case: The Brain-Computer-Interfaces Frontier

We will use our running case—"The Future of Brain-Computer Interfaces"—to demonstrate how to move from a broad focal question to a set of prioritized, 'linchpin' uncertainties.

The Advanced Scenario Planning Dashboard

I will now switch to a **live, interactive demonstration**, showing you how these analytical steps are used to map the fog of uncertainty and **identify the forces that will shape the future**.



Topic 3: Preparing for Uncertainty

Part 2: Building Plausible Worlds

Crafting Vivid Scenario Narratives



Step 5: Creating the Scenario Matrix

① Key Line of Inquiry

Which two 'linchpin' drivers will form the foundation of our scenarios?

1

The Foundation of the Matrix: Choosing Your TWO Axes

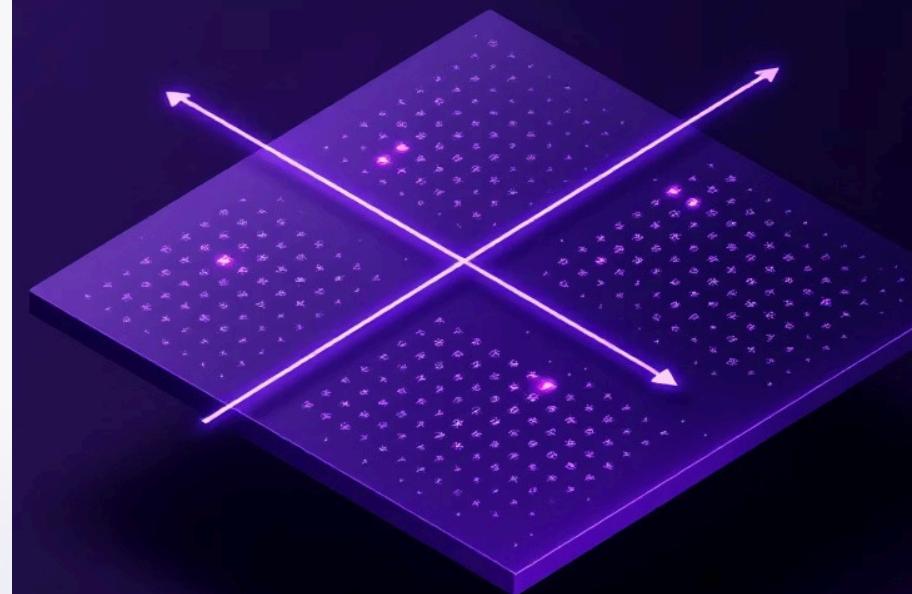
- Highly Uncertain & High Impact: They must represent true, game-changing uncertainties.
- Independent: The axes should **not be causally linked** (i.e., one axis should not directly cause the other). This ensures four genuinely different quadrants.
- Diverse in Theme: Ideally, axes from **different PESTLE dimensions** to create the richest and most challenging set of future worlds.

2

Defining your Extremes: Critical for 4 Distinct Worlds

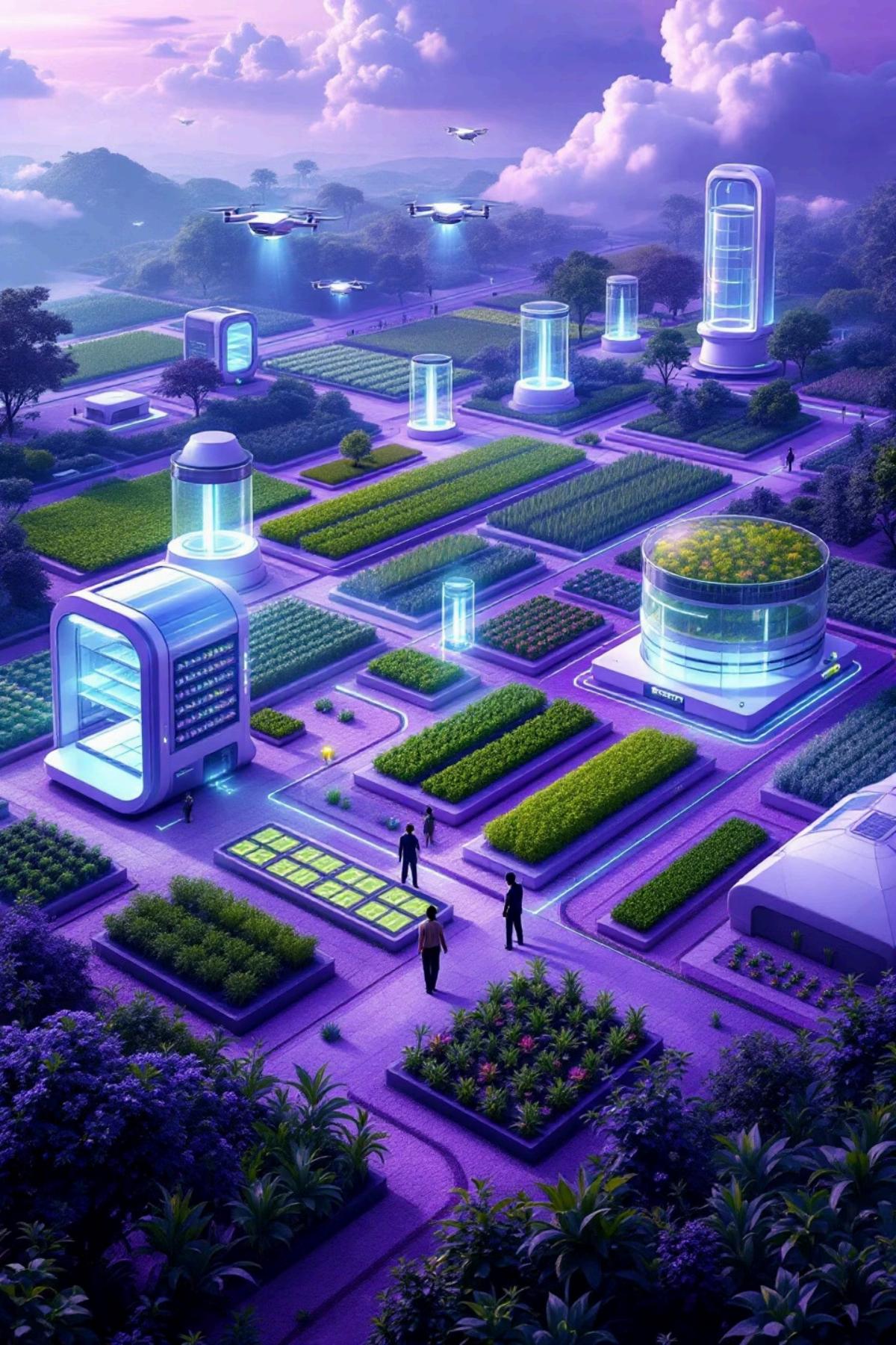
Your final matrix will have two axes, each with clearly defined extremes (e.g., 'Highly Regulated vs. Unregulated Data Economy'). This creates four unique worlds.

Note: Scenarios do not have to be limited to the extremes; they can also represent **intermediate outcomes**, reflecting a range of **plausible futures**.



Example: Building the Scenario Matrix

Future of Agriculture in India



Building the Scenario Matrix: Example – Future of Agriculture in India

Choose **two drivers** that are most **uncertain** and most **critical** in terms of impact on your organisation.

Social Fabric of Indian Society



Government Handling of the Economy



Building the Scenario Matrix: Brief Example – Future of Agriculture in India



Deconstructing the Four Worlds: A Closer Look at Each Scenario



Step 6: Crafting the Scenario Narratives

(i) Key Line of Inquiry

What is it like to live, work, and compete in this future?

Part A: The Ingredients of a Vivid and Plausible World

1. Name Each Scenario to Bring it Alive
2. Identify Clearly the Key Primary and Secondary Factors
3. Describe the ‘World’ in Each Scenario Vividly using Storytelling
4. Incorporate Key Figures and Statistics
5. Include Impactful But Expected Trends (Not Key Uncertainties)
6. Exclude Organisational Impact from Scenario Narratives



Step 6: Crafting the Scenario Narratives

Part B: Techniques to Bringing Your Future Worlds to Life

- **Newspaper Headlines:** *Capture the defining events of your future.*
- **A 'Day in the Life' Narrative:** *Show how your future impacts real people.*
- **A Future CEO's Memo:** *Provide an insider's perspective on the new strategic landscape.*
- **Social Media Threads:** *Illustrate how public opinion and trends have shifted.*
- **Podcast Transcript:** *Debate the key issues and dynamics of the new world.*
- **Your Own Approach:** Innovate with any format that tells a powerful, visual story.

Choosing Your Style

You can use the same technique for all four scenarios or vary the style for each. The goal is to communicate the distinctive aspects of each world as clearly as possible.

A Note on Format:

To maintain consistency and focus on analytical communication, **please do not use videos** in your final report.

Executive Strategy Board

Mobility 2040 Scenarios Case: Assessing Impact on a Traditional Automaker

Your Role

You are the executive strategy board of a major traditional automaker like **Volkswagen**. You are about to see a confidential briefing from your strategy team outlining four plausible, challenging, and distinct futures for the mobility industry in 2040.

Your task is not to predict which future will happen, but to assess your company's **preparedness** for all of them.

As you watch the video, you must use two lenses:

1. The Communicator's Lens

Focus on the *style*. Notice *how* the scenarios are described and narrated.

The Strategist's Lens:

As the board of Volkswagen, you must analyse the strategic implications of each future.

Immediately after the video, you will have **3 minutes** to discuss your initial diagnosis with your team.

The Kahoot Challenge

Following your discussion, we will **launch a Kahoot Challenge**. This quiz will **put you in the shoes of an executive**, testing your ability to **apply the principles of scenario planning** to assess threats, identify strategic gaps, and **make decisions under uncertainty**.



Mobility 2040 Scenarios Case

As the board of Volkswagen, you must **analyse the strategic implications of each future**. We will put your assessment to the test in our **Mobility Case Kahoot**.



YouTube

What will mobility look like in 2040?

Shifting consumer demands, breakthrough technologies and new regulations – mobility in 2040 will look dramatically different than today. Our four scenarios ca...

► 03:07

Strategist's Pulse Check

Mobility 2040 Scenarios Case



Topic 3: Preparing for Uncertainty

Part 3: The Wind Tunnel

**Assessing Impact &
Readiness**



Stage 7: Assess the Impact of Scenarios

(i) Key Line of Inquiry

How would each future world change the game and affect our ability to win?

1

External Impact: Reshaping the Battleground

- Show how the 'rules of the game' would shift at the **Industry Level**.
- **Use Tools and Frameworks of Industry Analysis** in a brief **visual manner** (e.g. Porter 6 Forces Radar Plot Comparison, Changes to Industry Lifecycle, Changes to Competitors Positioning, Strategy Canva, etc)
- Summarise **Key Opportunities** and **Threats** for Each Scenario (4 to 8 overall)

2

Internal Impact: Stress-Testing Your Engine

- **Re-evaluate Capabilities:** How would the value and rarity of your key resources and capabilities change? Could a **Core Competence become a Core Rigidity?**
- **Use Tools & Frameworks of Internal Analysis** in a brief **visual manner** (e.g. Show Impact on Benchmarking of Resources and Capabilities, Impact on Core Competences, etc.)
- Summarise **Main Changes to Current Strengths and Weaknesses** under each Scenario.

A Note on Focus & Brevity

You are analysing four distinct worlds, so your analysis must be succinct. Use visuals to show impact quickly and clearly. Your primary focus is the SBU, but remember to **consider major implications at the corporate level**.



Step 8: Delivering a Verdict on Preparedness

ⓘ Key Line of Inquiry

How ready is our business, today, to face this range of futures?

The Goal: A Holistic Assessment

Your final task is to synthesise your impact analysis into a single, compelling verdict on the company's overall preparedness.

The Method: Visualise Your Verdict

Use a powerful visual format like a **Radar Chart**, **Heatmap**, or **Comparative Scorecard** to represent your assessment across several critical dimensions.

You must **define your criteria**. For example:

- **Industry Factors:** 'Supply Chain Resilience', 'Regulatory Alignment'
- **Internal Capabilities:** 'Adaptability of R&D Pipeline', 'Strength of Brand in New Markets'

The Outcome: Identifying the Strategic Gaps

Your verdict must clearly highlight the company's strengths, vulnerabilities, and most importantly, the critical **strategic gaps** where the company is poorly positioned.

This is the direct analytical foundation for the **recommendations you will build in Section 4**.



From Theory to Practice Part 2: A Live Scenario Planning Dashboard Demonstration

From Analysis to Verdict

We have now covered the final stages of the scenario process—from building worlds to stress-testing our business. Let's see this in action.

Our Running Case: The Brain-Computer-Interfaces Frontier

We will continue with our BCI case, demonstrating how to use our 'linchpin' uncertainties to build four plausible future worlds and assess our company's readiness.

The Advanced Scenario Planning Dashboard

I will now return to our live demonstration to show you how scenarios are used as a 'wind tunnel' to stress-test a business and deliver a final, compelling verdict on its strategic preparedness.



The Final Ascent: From Analysis to Integrated Strategy

In Topic 4, we will synthesise our entire analytical journey.

From **Section 1**, we bring our verdict on the company's internal engine: its 'Crown Jewels' and 'Achilles' Heels'.

From **Section 2**, we bring our understanding of the battleground: the critical Opportunities and Threats shaping the industry today.

From **Section 3**, we bring our foresight: a clear view of four plausible futures and a verdict on the company's preparedness to face them.

- Our final task is to forge these insights into the ultimate deliverable: a single, powerful, and actionable Integrated Strategic Map.

