# Concept Note

# Scenario Planning

> 'Scenario should provide strategies with various possible futures and not forecast the future. The purpose of the scenario is at a meta level, since the scenario usually does not speak for itself in terms of its purpose. Scenarios, as a prime technique for future studies, have long been used by **government planners**, corporate managers and military analysts as powerful tools to aid in decision making in the face of uncertainty. In practice, scenarios resemble a set of stories built around carefully constructed plots. Such stories can express multiple perspectives on complex events, with the scenarios themselves giving meaning to these events.'
>
> (Mietzner and Reger, 2004: 48)

Futures research originated in early system thinking during 1940s. In the beginning, it was applied for mainly security and strategy analysis. Later, it grew up through several research and intellectual traditions including operations research, scenario planning, **la prospective** and strategic management.

Scenarios are normally divided into the classical **PEST** factors (political, economic, society and technology). Commercial companies are mainly interested into to the analysis of interrelations between economic and technological factors while keeping social and political factors in the background. There are many different types of scenarios and ways of classifying them. Different classifications of scenarios in the research process are not investigated at all. The creative and communicative aspects are in use; and different authors refer to the decision and action approaches such as 'mission scenarios', 'issues scenarios' and 'action scenarios'.

Godet and Roubelat (1996) classify scenarios as following:

a) **Exploratory Scenarios:** Exploratory means starting from the past and present trends leading to a realisable future
b) **Anticipatory or Normative Scenarios:** Built up on the basis of different visions of the future; they may be either desired or, on the contrary feared.

Exploratory scenarios are based on four assumptions:

i) The future is not only a continuation of the past relationships and dynamics but can also be shaped by human choices and action.
ii) The future can't be foreseen; however exploration of the future can inform the decisions of the present.

iii) There is not one possible future only, uncertainty calls for a variety of futures mapping a 'possibility space'.

iv) The development of scenarios involves both rational analysis and subjective judgement; it therefore requires **interactive and participative methods**.

The **main Stages** of Scenario Methods are as follows:

- Identify the key variables which is, in particular, the purpose of structural analysis.
- Analyse actor games so as ask key questions for the future.
- Reduce uncertainty on key questions and pick out the most probable environmental scenarios using experts' method.
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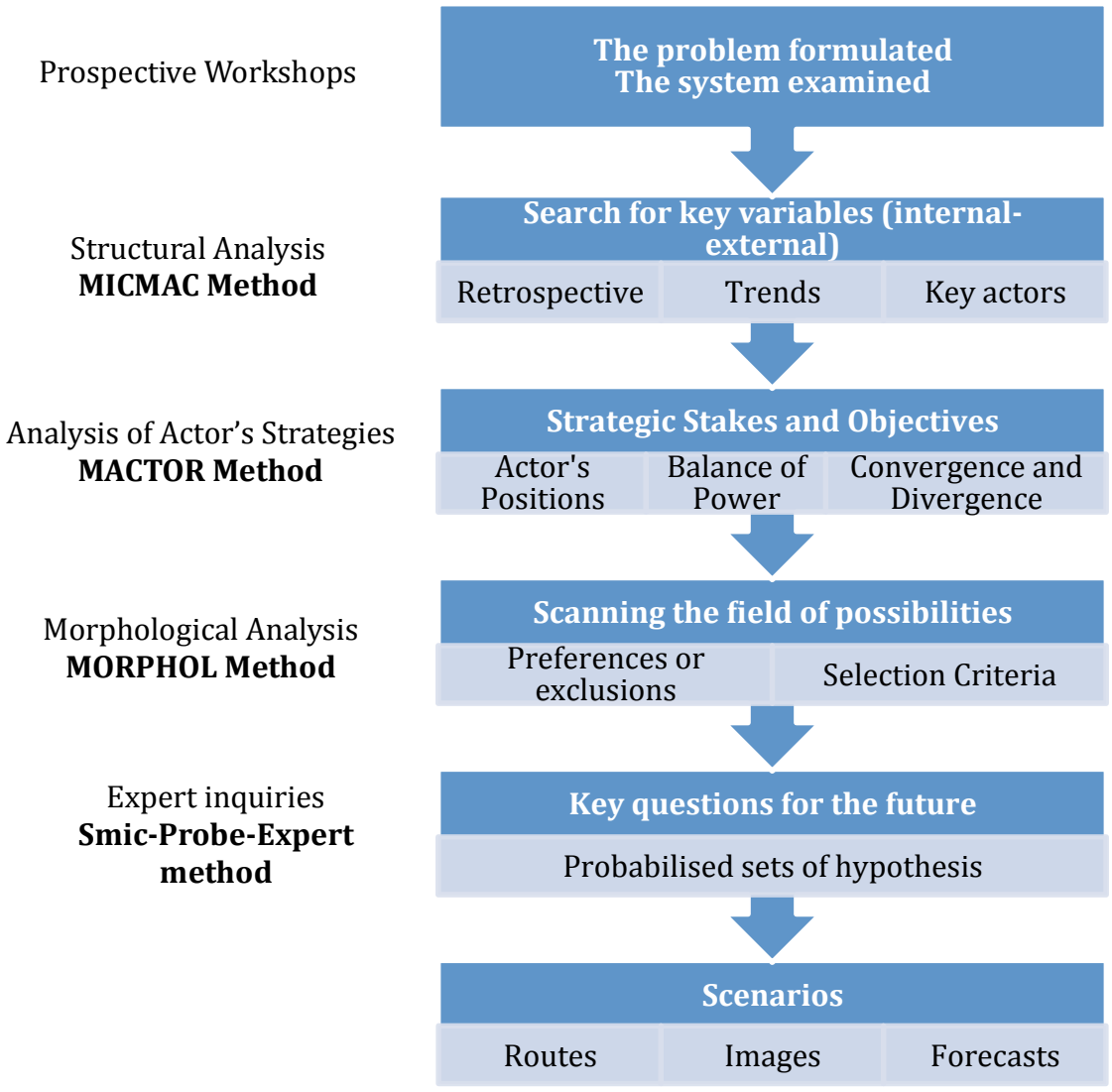
**THE SCENARIO METHOD (Godet, 1996)**



**Structural Analysis (MICMAC Method):**

This methods aims at identifying variables that are both 'influential' and 'dependent' as these are essential to the evolution of the system. The different phases of MICMAC method include listing the variables, describing the relationship between the variables and identifying key variables.

List all variables that characterise the system under study and the environment (external and internal variables). Describe the relationship between variables as in a systemic approach a variable exists only through its relationship with other variables. This relationship is identified by filling up a 'dual-entry' table called as 'structural analysis matrix'. This table is available in the MICMAC software. After filling up the matrix, MICMAC helps in identification of key variables by using direct classification and indirect classification both. Thus, the variables of direct as well as indirect importance are identified.

**Analysing Actor's Strategies (MACTOR Method):**

This method aims at analysing the actors' games, their convergence and divergence. The actors who control the key variables generated from the structural analysis are identified. This method brings to light the interplay of potential alliances and conflicts among actors, and in this way helps in formulating key questions for prospective and strategic recommendations. For ex. Evolution of relationship between actors, the emergence and disappearance of actors, role changes etc.

**Morphological Analysis (MORPHOL Method):**

This method aims at exploring the possible futures in a systematic way by studying all the combinations resulting from the breakdown of a system. The new procedures are highlighted through this exercise that can be the realisable pathways for the future.

In this method, initially the system under study is broken down into subsystems. Now, each subsystem is hypothesised in the form of possible combinations of its variables. These combinations of variables or hypothesis give a large number of scenarios. Later, by using exclusion factors, certain unfeasible combinations are excluded from the analysis.

## References

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