

Scenario planning as a vital tool

The scale of the national Covid-19 lockdown is unprecedented. The repercussions - personal, professional, national and international - will reverberate for years to come.

 By [Allon Raiz](#) 8 Apr 2020



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As entrepreneurs, we need to be making the right decisions for right now to ensure that our businesses and our people's livelihoods do not become another casualty of the virus.

In previous articles, I spoke about the importance of reaching a [state of rationality quickly](#) and [building out an opportunity matrix](#), the next step is to build out four or five scenarios that are possible for your business.

The scenarios you should be planning for should be fairly generic in their construct.

Firstly, try to list the direct factors that are likely to occur and that will have a significant effect on your business – both in a positive and a negative manner. Do not just list the negative factors.

Map out positive factors

Take your time to tease out at least two or three positive factors, ideally more, that will impact your business. Don't stop until you find these and are able to list them. Build up at least fifteen impact factors and write one factor per single small sheet of paper.

Once you have your impact factors, then arrange them in combinations that could possibly occur. Like domino tiles, drag four or five of these factors out in a row and try to imagine what impact that particular combination will have on your business. Do this for at least one hour until you settle on four or five scenarios that you think are the four or five that are most likely to happen. Always include at least one positive impact tile in each scenario.

Play out scenarios

Name each scenario and then begin to anticipate the impact that particular scenario will have on your business, both positive and negative. Then, based on that impact, decide what defensive and offensive moves you need to make in order to mitigate against the risk and take advantage of the opportunities it might present. What would be the cost of those moves? What would be the timing of those moves? What would be the sequence of those moves? What would be the cost of not making those moves?

Once you have played out all four or five scenarios and understood the moves for each one, look for commonalities across the scenarios in terms of required moves. If you have at least three of the scenarios requiring a common move, defensive or offensive, then that is the move you should begin to take. Some of the moves can and should be pre-emptive and some should be prepared for a trigger event. Decide on the type of moves you need to take per those two categories.

In a system shock, there is much not understood, there is much information that is not revealed, and so you must keep running these scenarios daily or more often as more information becomes available to you.

Prepare for the aftershock

In a system shock, there is almost always an aftershock that behaves differently to the shock, and this aftershock needs to be anticipated as well in the scenario planning. Ideally, the moves you make are sufficient for the shock and the aftershock but, if not, then you will need a different strategy for both. This will require more resources and sufficient time to think.

In an ideal situation, you would have a team to think through each but, in these times, both are scarce. I implore you to think through the aftershock as much as the initial system shock, as it is as lethal and harder to anticipate. Any head-start will give you a higher probability of surviving and hopefully thriving.

ABOUT ALLON RAIZ

Allon Raiz is the CEO of Raizcorp. In 2008, Raiz was selected as a Young Global Leader by the World Economic Forum, and in 2011 he was appointed for the first time as a member of the Global Agenda Council on Fostering Entrepreneurship. Following a series of entrepreneurship master classes delivered at Oxford University in 2014, 2015 and 2016, Raiz has been recognised as the Entrepreneur-in-Residence at the University of Oxford's Saïd Business School.
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