



SCENARIO PLANNING WORKSHOP GUIDE

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Scenario Planning

Introduction

What Scenario Planning *Is* (and *Isn't*)

Before we dive in, let's ground ourselves in what this session is really about. **Scenario Planning** is a structured process for imagining a range of plausible futures—and then using those scenarios to test and strengthen your strategy. It's not about predicting what will happen. It's about preparing for what *could* happen.

✔ **What Scenario Planning *Is*:**

- A way to explore *uncertainty* without getting stuck in fear or indecision
- A creative, collaborative tool for imagining different futures
- A method for stress-testing your plans against real-world volatility
- A way to identify signals, vulnerabilities, and opportunities in advance
- A tool for building *resilient strategy* and confident decision-making

✗ **What Scenario Planning *Isn't*:**

- It's not forecasting (we're not trying to be fortune tellers)
- It's not strategic planning (though it complements it beautifully)
- It's not just a risk management exercise—it includes upside potential
- It's not a one-time activity—it's a mindset you can revisit regularly

Scenario Planning vs. Strategic Planning

Think of **strategic planning** as the **roadmap**—and **scenario planning** as the **terrain scanner**. One helps you define your destination and route. The other helps you anticipate detours, storms, and shortcuts.

	Strategic Planning	Scenario Planning
Focus	Setting long-term goals and clear priorities	Exploring uncertainties and future disruptions
Mindset	Decide → Plan → Implement	Ask “What if?” → Imagine → Adapt
Time Horizon	Typically 3–5 years	Short to long term (months to years)
Assumptions	Assumes a relatively stable future	Assumes volatility and disruption are likely
Key Outcome	A roadmap with goals, tactics, metrics	Multiple scenarios + strategies for resilience
Useful For	Setting direction and aligning stakeholders	Strengthening flexibility and decision readiness

Used together, these tools are powerful. Scenario planning doesn't replace your strategy—it makes it more robust, adaptable, and responsive to change.

Scenario Planning

The 5-Step Process



1. **Explore Drivers**

What's happening outside or inside my organization that could significantly impact us?

2. **Identify Impacts**

How could those drivers affect our internal reality across programs, operations, or people?

3. **Consider Levers**

What actions could we take in response—small, large, or in between?

4. **Create Plans**

How can we organize these actions into a response plan across best, moderate, and worst-case scenarios?

5. **Determine Signals**

What signs or indicators would tell us that a scenario is beginning to unfold?

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Drivers to Explore

What's happening outside or inside my organization that could significantly impact us?

EXTERNAL DRIVERS

1. Policy & Regulatory Shifts

- Changes in federal, state, or local laws
- New compliance or reporting requirements
- Reimbursement or funding rule changes (e.g., Medicaid, SNAP)
- Local zoning, permitting, or licensing shifts

2. Philanthropic & Funding Trends

- Shifts in foundation priorities or funding cycles
- Emergence of new major donors or donor-advised funds
- Decrease in general operating support
- Increase in restricted/project-specific funding

3. Economic & Market Conditions

- Inflation or recession pressures
- Fluctuations in interest rates or borrowing costs
- Unemployment or wage pressure in your region
- Housing market trends affecting client or donor behavior

4. Demographic or Community Changes

- Population growth or decline
- Migration, gentrification, or rural flight
- Language and cultural shifts
- Increasing need for culturally responsive services

5. Climate & Environmental Realities

- Wildfires, flooding, snowstorms, drought
- Seasonal access issues (especially in rural areas)
- Environmental justice concerns

6. Technological Changes

- New tools or platforms shaping service delivery
- Cybersecurity requirements or risks
- Increased demand for digital access or hybrid services

7. Sector-Specific Trends

- Changes in service delivery models (e.g., behavioral health, housing-first)
- Emergence of new competitors or partners in your space
- Consolidation of nonprofits or funding intermediaries

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Drivers to Explore

What's happening outside or inside my organization that could significantly impact us?

INTERNAL DRIVERS

1. Leadership & Governance

- ED/CEO transition
- Board chair or key board member departure
- Governance restructure (size, committees, roles)

2. Staffing & Workforce

- High turnover or burnout
- Difficulty hiring or retaining talent
- Changes in staff diversity or lived experience
- Unionization or workplace culture shifts

3. Financial Structure

- Overdependence on a single funder or revenue stream
- Limited reserves or low liquidity
- Recent audit findings or deficits

4. Facilities & Infrastructure

- Lease ending or facility constraints
- Need for capital improvements or ADA upgrades
- Tech systems that are outdated or siloed

5. Strategic Shifts

- New or evolving mission, vision, or values
- Recent merger, acquisition, or partnership
- Strategic plan expiring or being rewritten

6. Programmatic Changes

- Ending or launching a major program
- Evaluation or accreditation requirements
- Increase in client need or service complexity

7. Culture & Internal Communication

- Staff morale and psychological safety
- Internal equity or inclusion concerns
- Transparency or alignment issues among departments

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Impacts to Identify

What's happening outside or inside my organization that could significantly impact us?

Financial

- Sudden revenue loss (e.g., 30% cut in funding)
- Delay in grant disbursements
- Increased program costs (e.g., inflation, labor, rent)
- Shift from unrestricted to restricted dollars
- Depletion of reserves
- Loss of major donor(s) or corporate sponsor(s)
- Increased demand for emergency fundraising

Staffing & Leadership

- Executive or key leader departure
- Board turnover or disengagement
- Staff burnout, turnover, or morale drops
- Hiring freeze or role consolidation
- Decreased staff capacity to deliver programs
- Internal conflict or misalignment among departments
- Union activity or labor disputes

Strategic/Organizational

- Inability to meet current strategic goals or KPIs
- Need to pause or cancel programs
- Shifts in board or staff priorities
- Programmatic mission drift or misalignment
- Organizational restructuring or downsizing
- Acceleration or delay of planned initiatives (e.g., tech upgrades, capital improvements)
- Increased urgency to partner, merge, or collaborate

Programmatic

- Surge or drop in client demand
- Waitlists expand or contract
- Changes in program delivery model (e.g., hybrid/virtual vs. in-person)
- Reduced geographic or population reach
- Decline in program quality or consistency
- Increased reporting or compliance burdens

Operational & Infrastructure

- Technology system failure or gaps
- Physical facility needs become urgent (e.g., HVAC, ADA compliance)
- Increased cybersecurity threats or breaches
- Inability to maintain service delivery due to lack of tools/resources
- Reduced availability of key vendors or contractors

Reputation & Trust

- Public backlash or crisis communications need
- Loss of stakeholder trust (clients, donors, community)
- Media coverage that challenges public perception
- Staff or board scandal requiring intervention
- Decrease in volunteerism or ambassador engagement

Equity & Community Engagement

- Services no longer reflect evolving community demographics
- Gaps in accessibility (language, cultural, tech)
- Perceived or actual inequities in service delivery
- Increased tension around organizational inclusion and justice goals
- Marginalized populations left behind as conditions shift

Timing & Planning

- Strategic plan becomes outdated or irrelevant
- Missed opportunities due to delayed decision-making
- Misalignment between short-term pressures and long-term goals
- Paralysis or indecision in the face of uncertainty

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Levers to Consider

What actions could you take in response?

Financial

- Draw from reserves (e.g., 25%, 50%, 75%+)
- Freeze discretionary spending
- Reduce or defer capital expenses or improvements
- Delay payments (vendors, contractors, consultants)
- Reforecast development pipeline or revise fundraising targets
- Pursue bridge financing (e.g., line of credit, short-term loan)
- Re-budget toward more restricted or project-based funding
- Shift toward lower-cost fundraising strategies (e.g., peer-to-peer vs. gala)

Staffing & Workforce

- Freeze hiring for open positions
- Reduce executive compensation
- Implement across-the-board salary reductions (e.g., 5–15%)
- Furlough staff temporarily (full or part-time)
- Lay off nonessential staff
- Lay off program or administrative staff aligned to reduced or ended services
- Reorganize teams or consolidate roles
- Reduce hours or offer voluntary reduced schedules
- Modify employee benefits (e.g., reduce or pause employer IRA/401k contributions, adjust insurance coverage, change PTO accrual policies)
- Offer opt-in benefit buy-downs (e.g., lower-cost insurance plan alternatives or waive benefits for additional pay)
- Pause or reduce staff professional development budgets
- Shift more roles to part-time or contract-based

Operations & Infrastructure

- Close or sublease office locations (temporarily or permanently)
- Shift to hybrid or remote operations to reduce overhead
- Reduce vendor or contractor usage
- Outsource certain functions (e.g., finance, HR, IT)
- Automate low-complexity or high-volume processes
- Eliminate underused technology platforms or subscriptions
- Co-locate with partners or sublet unused space

Programmatic

- Sunset or pause lower-impact programs
- Reduce service frequency or geographic reach
- Introduce waitlists or eligibility criteria to manage demand
- Shift delivery model (e.g., virtual vs. in-person)
- Consolidate overlapping programs or services
- Focus only on core/mission-critical services
- Pilot fee-for-service models (if appropriate)

Partnership & Strategy

- Initiate or accelerate merger/consolidation talks
- Formalize collaborations with other orgs for shared delivery
- Launch joint fundraising or shared grant applications
- Explore shared staffing or infrastructure with peer orgs
- Adjust or simplify strategic goals or timelines
- Revisit org theory of change to clarify focus
- Engage board and community in co-creating next steps

Investment (Proactive Growth Moves)

- Invest in LMS or digital infrastructure for future delivery
- Launch or expand planned giving / monthly donor programs
- Apply for government relief funds or capacity-building grants
- Implement new earned income strategies
- Build new revenue forecasting tools or donor engagement systems

Culture & Engagement

- Increase staff check-ins or feedback loops during uncertainty
- Create rapid communication systems for internal alignment
- Offer mental health or wellness supports
- Engage staff in scenario planning or decision modeling
- Use values-based decision screens to prioritize tradeoffs
- Communicate transparently with stakeholders (internal & external)

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Example Response Plan

	Best Case	Moderate Case	Worst Case
Actions for Any Scenario	1. Postpone non-essential travel and events 2. Pause 401(k) employer match for 6 months 3. Host donor town halls to build transparency 4. Freeze hiring for vacant roles		
Small & Flexible	5. Reduce executive team salaries by 10% 6. Renegotiate short-term vendor contracts 7. Reduce or pause professional development budgets	8. Shift part-time roles to hourly contracts 9. Reassign staff to fill vacant operational roles 10. Reduce executive team salaries by 20%	11. Reduce all staff salaries by 10% 12. Limit program delivery to core zip codes only 13. Reduce executive team salaries by 30%
Large & Long-Term	14. Use 20% of reserves to smooth budget 15. Adjust grant deliverables with funders 16. Consolidate backend operations (e.g., HR + finance)	17. Use 50% of reserves over 12 months 18. End lowest-performing program 19. Shift entire organization to hybrid delivery	20. Use 75% of reserves 21. Lay off 25% of program and admin staff 22. Exit leased facility and go fully remote

#	Action	Best	Mod.	Worst	Signals to Monitor
1	Postpone non-essential travel and events	☒	☒	☒	Signal 1: Monthly unrestricted revenue drops >15% below forecast for 2+ months
2	Pause 401(k) employer match for 6 months	☒	☒	☒	Signal 1
3	Freeze hiring for vacant roles	☒	☒	☒	Signal 1
4	Host donor town halls to build transparency	☒	☒	☒	Signal 1
5	Reduce executive salaries by 10–20%	☒	☒	☐	Signal 2: Major donor reduces or defers commitment of \$50K+
6	Shift part-time roles to hourly/flexible contracts	☐	☒	☒	Signal 3: At least 2 open positions remain unfilled for 45+ days
7	Reduce or pause professional development budgets	☒	☒	☐	Signal 3
8	Use 50–75% of reserves to cover anticipated shortfall	☐	☒	☒	Signal 4: Projected year-end deficit exceeds 20% of budget
9	End lowest-performing program	☐	☒	☒	Signal 5: Program shows <60% outcome achievement + highest cost per participant
10	Lay off 25% of program/admin staff	☐	☐	☒	Signal 5

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Signals to Monitor

What signs or indicators would tell us that a scenario is beginning to unfold?

Signals are early indicators that a scenario may be unfolding. These can be **quantitative** (data, benchmarks) or **qualitative** (behaviors, conversations, sentiment). Aim to identify 3–5 that are specific and observable.

Financial & Revenue Signals

- Monthly unrestricted revenue drops >10% below forecast
- Individual giving decreases for 2+ consecutive months
- Major donor delays or cancels a gift commitment (\$25K+)
- Grant renewal notices come in late or not at all
- Expense-to-revenue ratio increases beyond budgeted threshold
- Monthly reserves drop below 3 months of operating cash
- Emergency fundraising or short-term borrowing becomes necessary

Staffing & Leadership Signals

- 2+ key positions remain unfilled for 45+ days
- 15%+ staff turnover within a 3-month period
- Staff report high levels of burnout or morale decline in surveys or 1:1s
- Increased absenteeism or reduction in team productivity
- Key leader announces upcoming departure
- Board meeting attendance or engagement significantly declines

Programmatic & Demand Signals

- Waitlist increases by 20% or more over 3 months
- Sharp rise or fall in client or participant intake volume
- Core program outcomes fall below 60% of target goals
- Feedback from clients indicates unmet or shifting needs
- External partners or referral sources flag a change in volume or demographics

Operational & Infrastructure Signals

- Facility costs (rent, utilities, maintenance) exceed budget by 15%+
- Tech system disruptions or gaps create delivery delays
- Multiple compliance deadlines missed or at risk
- New equipment or building maintenance needs identified without funds available

Reputation, Policy & Community Signals

- Media coverage or community sentiment turns negative
- Policy changes are proposed that would affect your funding or eligibility
- Strategic partner org undergoes major disruption (e.g., closure, merger)
- Social media or public forums reflect confusion or frustration with your services

Planning & Decision-Making Signals

- Strategic goals delayed due to limited capacity or funding
- Major decisions repeatedly deferred or avoided at the leadership level
- Board or staff express uncertainty about organizational direction
- Internal misalignment increases around budget or resource allocation

TIP: Good signals are:

- Specific
- Measurable or observable
- Relevant to the scenario you're exploring

Build these into regular dashboards, check-ins, or retreat discussions to monitor which direction you might be headed.

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Breakout Group Scenario

Sunshine Food Pantry

Sunshine Food Pantry is a mid-sized, community-based nonprofit that serves 1,200 households per month through a choice-based model. They operate out of a leased facility with a modest warehouse, offer culturally responsive food options, and rely on a mix of grants, individual donations, and in-kind partnerships with grocers and farms.

Recently, the organization experienced a **25% drop in unrestricted funding** when a multi-year grant wasn't renewed. At the same time, **client demand has surged by 35%**, driven by rising housing instability, inflation, and increased migration into the area.

The staff team is small but committed. They're already stretched thin, and the board is urging the Executive Director to build a long-term sustainability plan. The facility is nearing capacity, and a second location has been discussed—but no funds or staffing plans are in place yet.

Scenario Planning

Create Your Response Plan

STEP 1: EXPLORE DRIVERS

What's happening outside or inside my organization that could significantly impact us?

EXTERNAL DRIVERS	INTERNAL DRIVERS

STEP 2: IDENTIFY IMPACTS

How could those drivers impact my organization’s internal reality? (Consider Financial, Staffing & Leadership, Strategic & Organizational, Programmatic, Operational & Infrastructure, Reputation & Trust Equity & Community Engagement, and Timing & Planning.)

Consider the intersection of two impacts to identify unique scenarios (if desired).

IMPACT 2 LOW	IMPACT 1 HIGH		IMPACT 2 HIGH
IMPACT 1 LOW			IMPACT 2 HIGH

STEP 3: CONSIDER LEVERS

What actions could you take in response? (Brainstorm all potential levers without too much judgment or decision-making first, then use this comprehensive list to build a response plan in Step 4.)

STEP 4: CREATE RESPONSE PLANS

	Best Case	Moderate Case	Worst Case
Actions for Any Scenario			
Small & Flexible			
Large & Long-Term			

STEP 5: DETERMINE ACTIONS & SIGNALS

What would tell you a scenario is beginning to unfold? What data or feedback do you need to track?

Action	Best	Mod.	Worst	Signals to Monitor