

# Scenario Planning for NGOs

## Executive Summary

Nonprofits operate amid ever-shifting social, economic, and political conditions. Scenario planning is a strategic tool that helps NGOs navigate this uncertainty with greater confidence by developing multiple “What if...?” scenarios and response plans <sup>1</sup> <sup>2</sup>. Rather than trying to predict the future, scenario planning prepares an organization to **respond effectively no matter what future unfolds** <sup>3</sup>. In practice, it provides a structured approach for nonprofit leaders to identify key drivers (e.g. funding streams, community needs, policy changes), imagine divergent future situations, and decide in advance how the organization should react <sup>2</sup> <sup>4</sup>. This proactive approach can strengthen mission resilience – for example, enabling faster decisions and resource reallocation when a crisis or opportunity hits <sup>5</sup>.

This research guide offers practical guidance on scenario planning tailored to NGOs. It synthesizes evidence from the field, outlines a step-by-step framework, and provides tools, templates, and case studies to illustrate the process in action. Key insights include:

- **Benefits:** Scenario planning imposes order on chaotic “what-ifs,” helping teams avoid paralysis and make tough decisions guided by mission and data <sup>6</sup> <sup>7</sup>. It pushes organizations to consider not just the most likely future, but *plausible alternative futures* – including negative or disruptive ones – and to develop contingency plans for each <sup>8</sup> <sup>9</sup>. When done regularly, this practice fosters agility; nonprofits can adjust plans earlier and “**begin adjusting plans before a crisis is fully upon them,**” as opposed to reacting late <sup>10</sup>. Studies and practitioner reports have found that organizations using scenario planning were able to make significant decisions more rapidly when unlikely events occurred <sup>5</sup>.
- **Challenges:** Scenario planning is not a panacea. Common pitfalls include cognitive biases (e.g. assuming the future will resemble the past, or discounting low-probability events) and “analysis paralysis” from over-complicated scenarios <sup>11</sup> <sup>12</sup>. Some critics argue that traditional scenario planning can **fail under extreme uncertainty** – it works best for known risks and trends, but might falter when completely unexpected “black swan” events strike <sup>13</sup>. Others note that the process can be resource-intensive and is sometimes seen as a “luxury” in the face of day-to-day pressures <sup>14</sup>. This guide addresses these concerns by highlighting mitigation strategies (e.g. focusing on a few critical uncertainties, using scenarios as living documents to update over time, and maintaining a clear “North Star” vision to guide all scenarios).
- **Alignment with NGO needs:** Importantly, scenario planning for NGOs must integrate mission considerations (impact on constituents, equity, and values) alongside financial and operational factors <sup>15</sup> <sup>16</sup>. Unlike businesses, nonprofits measure success not just in financial terms but in community outcomes and social impact. The frameworks and examples in this guide emphasize **mission-centric scenario planning** – ensuring that in any scenario, the organization can continue to pursue its goals for impact <sup>1</sup>. The guide also includes metrics and KPIs to help nonprofits gauge

their readiness and adaptation capacity, a checklist to implement scenario planning step-by-step, and a glossary of key terms.

In summary, scenario planning is a powerful addition to the NGO strategy toolkit, complementing traditional strategic plans. It does not predict the future; rather, it equips nonprofits to **expect the unexpected** and stay true to their mission through turbulent times <sup>17</sup>. By investing time in imagining *multiple futures* – from best-case to worst-case – NGOs can enter the real future better prepared to make wise, timely decisions and seize opportunities in adversity. The following sections delve into the evidence, methodology, and tools to put scenario planning into action for your organization.

## Evidence Table

The table below summarizes research findings and expert insights on scenario planning for nonprofits, with sources and key takeaways:

| Key Insight from Literature  | Source  |
|--|---|
| NGOs face <i>unprecedented uncertainty</i> , but scenario planning enables them to <b>navigate volatility with confidence</b> by preparing for multiple possible futures <sup>1</sup> .  | Bridgespan Group (2022) <sup>1</sup>  |
| <b>Structured “What if?” planning</b> gives nonprofit leaders a framework to weigh options and make decisions ahead of time, rather than in crisis mode <sup>2</sup> <sup>6</sup> .  | Bridgespan (2016/2020) <sup>2</sup> ; Propel Nonprofits (2020) <sup>6</sup> |
| Regular scenario planning practice helps organizations <b>reallocate resources and act faster</b> when a “plausible but unlikely” event occurs, improving agility <sup>5</sup> .   | Stanford Social Innovation Review (2017) <sup>5</sup>                       |
| In a study of nonprofits, those that engaged in scenario planning during the COVID-19 crisis were able to <b>prioritize high-risk drivers</b> (e.g. in-person program delivery) and focus on critical decisions, avoiding information overload <sup>18</sup> .   | Bridgespan case examples (2020) <sup>18</sup>                               |
| <b>Clarity over complexity:</b> Experts note that effective scenario plans focus on a few key variables; trying to plan for too many factors can cause paralysis. “Clarity is more important than complexity” in scenario planning <sup>12</sup> .   | Bridgespan Group (2022) <sup>12</sup>                                       |
| Many large NGOs (e.g. Amnesty International, Oxfam, Greenpeace, Red Cross) now <b>use scenario planning regularly to improve strategic thinking</b> , indicating its growing adoption in the sector <sup>19</sup> .  | =MC Consulting (Ross, 2020) <sup>19</sup>                                   |
| <b>Cognitive benefits:</b> Research finds scenario planning can reduce biases (like overconfidence or groupthink) by forcing teams to confront <i>unlikely but possible</i> situations <sup>11</sup> . However, the same biases can undermine the process if not managed (e.g. scenarios skewed by optimistic assumptions) <sup>11</sup> . | McKinsey (2015) via Classics (2022) <sup>11</sup>                           |

| Key Insight from Literature   | Source  |
|---|---|
| Some voices urge caution: <i>Scenario planning often “fails spectacularly” when completely unforeseen shocks hit</i> , and may not suit crises with extreme ambiguity <sup>13</sup> . Alternative approaches (e.g. “scenario positioning”) have been proposed to emphasize organizational agility and mission focus over detailed projections <sup>20</sup> <sup>21</sup> . | HBR (Heikkinen et al., 2023) <sup>13</sup> ;<br>Zimmerman, 2025 <sup>20</sup> <sup>21</sup> |

(See References section for full citations)

## Step-by-Step Framework

Implementing scenario planning in an NGO involves a sequence of clear steps. Below is a step-by-step framework adapted from nonprofit scenario planning guides <sup>22</sup> <sup>23</sup> :

### Step 1: Clarify Scope and Guiding Principles

Begin by defining the focus and **objectives** of the scenario planning exercise. What critical decision or time horizon are you planning for (e.g. a 3-year strategic plan, an upcoming policy change, a funding downturn)? Equally important, reaffirm your organization’s **“North Star”** – its core mission, values, and long-term goals – as a compass for all planning <sup>24</sup> <sup>25</sup> . Establish a few guiding principles upfront (e.g. “protect core programs first,” “commit to equity in all scenarios”) to anchor your thinking and inform trade-off decisions <sup>25</sup> . This ensures the process is mission-centered from the start. It’s often useful to involve leadership and board members here to secure buy-in and a shared understanding of goals.

### Step 2: Identify Key Drivers and Uncertainties

Next, identify the **key drivers** that influence your organization’s success and that could change in the future <sup>26</sup> . Drivers typically fall into categories such as programs (e.g. community demand, client demographics), operations (e.g. staffing levels, supply chain), and funding (e.g. donor contributions, government grants) <sup>26</sup> . From a broad list of factors, focus on those that are both highly **important** and highly **uncertain**. For example, a nonprofit might pinpoint factors like “government funding policy,” “economic recession affecting donations,” or “community needs for services” as critical uncertainties. Prioritize 3–5 key drivers – trying to account for every possible variable can overwhelm the process. As one guide advises, to avoid complexity “prioritize the drivers with high importance and high risk” and set the rest aside <sup>18</sup> . At this stage, gather data on these drivers if available (e.g. trends, expert opinions) to inform your assumptions. Engage a diverse team (program, finance, operations staff) to ensure you capture different perspectives on what keeps them up at night.

### Step 3: Develop a Set of Divergent Scenarios

With key uncertainties identified, **craft multiple scenarios** that span a range of futures. A common approach is to create 2–4 scenarios that are **plausible, yet significantly different** from each other. For instance, you might develop a **best-case**, **moderate-case**, and **worst-case** scenario, or use a scenario matrix method (e.g. plotting two critical uncertainties on axes to generate four distinct scenarios). Each scenario should be a **storyline** about how the future might unfold for your NGO: describe the external environment and how those key drivers play out <sup>27</sup> . For example, one scenario might assume an economic

boom with high donations and supportive policies, while another assumes a recession and adverse legislation. Ensure each scenario is **realistic and mission-relevant** – challenge yourselves to include not just rosy outcomes but tough situations that would test your organization. “*Don’t underestimate the worst case,*” warns one nonprofit toolkit <sup>28</sup>, noting that a serious downside scenario helps prompt necessary preparations. Keep scenarios qualitative at first: focus on narrative and conditions before attaching numbers. Give each scenario a memorable name to bring it to life (e.g. “Stormy Seas” for a cut-funding scenario). The aim is to cover **the full spectrum of possible outcomes** for your organization’s environment <sup>29</sup>, while avoiding trivial variations of one theme.

## Step 4: Analyze Impacts and Implications

For each scenario, systematically **assess the implications** for your organization. Ask: *How would our programs, finances, operations, and stakeholders be affected under this scenario?* Quantify where possible. This often involves creating basic financial or operational projections for each scenario (e.g. budget changes, service levels). For example, in a “worst-case” scenario of a 20% funding cut, what programs would be scaled back? How many people would lose services? In a best-case growth scenario, what capacity constraints would emerge? Teams can use simple tables or spreadsheets to map scenario conditions to impacts (for instance, “If X driver increases/decreases, what happens to revenue or demand?”). **Identify challenges and opportunities** in each scenario: maybe one scenario reveals a risk of cash shortfall, while another might open a chance to expand digitally. This analysis ensures the scenarios become concrete and decision-relevant. It might be useful to visualize the outcomes – some NGOs use dashboards or scorecards for each scenario, highlighting key metrics (budget surplus/deficit, # of beneficiaries served, etc.) under that future <sup>30</sup> <sup>31</sup>. At this stage, it becomes clear which scenarios would threaten the mission most and what the **tipping points** are (e.g. at what point funding loss forces program cuts). Involving cross-functional teams here is critical so that implications are well-understood across the organization.

## Step 5: Identify Strategic Options and Actions

With a clear picture of each scenario’s impact, develop a corresponding **action plan or strategic response** for each scenario <sup>32</sup>. Essentially, answer: “*What would we do if this scenario happens?*” For each scenario, brainstorm actions in key areas like financial management, program strategy, operations, and communications. Actions typically fall into categories, as one framework suggests <sup>33</sup>: **universal actions** (moves that make sense under any scenario), **contingent small-scale actions** (quick, flexible steps you’d take if that specific scenario unfolds, like a hiring freeze that can be reversed), and **contingent big moves** (more drastic measures for dire scenarios, like closing a program or merging with another organization). For example, if scenario A is a recession: an action might be “draw on reserves and launch emergency fundraising campaign; pause new hires.” For a growth scenario B: “invest in scaling a high-demand program; increase staff training.” Be as specific as possible – assign rough timelines or triggers (e.g. “if revenue drops 15%, initiate cost-cutting plan”). Estimate the effect of each action (e.g. cost saved, revenue generated, people served) to gauge how well it addresses the scenario. This step essentially creates a **portfolio of strategies** mapped to each scenario <sup>34</sup> <sup>35</sup>. It can be helpful to document these in a matrix: scenarios on one axis, list of potential actions on the other, with checkmarks or notes where an action would be taken <sup>34</sup>. Through this process, you’ll likely find some **no-regrets actions** worth doing now (e.g. building an operating reserve, which is helpful in any future) <sup>33</sup>. These can be implemented immediately. Other actions will be scenario-specific contingencies kept in your back pocket.

## Step 6: Define Trigger Points and Signposts

A robust scenario plan includes clear **trigger points** that tell you when to execute those scenario-specific actions <sup>36</sup>. Triggers are measurable events or thresholds in the external environment or your operations. For instance: *“If government funding drops by 10% next quarter, then enact the budget cut plan.”* Or, *“If [Policy X] is passed into law, then initiate our advocacy response scenario.”* Agree on what indicators you will monitor (financial metrics, policy developments, community need signals, etc.) and assign owners to track them. Document these triggers alongside the action plans: *“Trigger: school reopening is delayed past August → Action: shift all mentoring to virtual format”* <sup>37</sup>. Essentially, you are preloading decisions so that when a signpost appears, the organization isn’t starting from scratch – you already know which plan to roll out. Triggers should be concrete and observable: percentages, dates, yes/no events. It’s okay if they are approximate (the future won’t follow scripts exactly), but having them will **speed up decision-making** when time is of the essence <sup>38</sup>. Also consider leading indicators: what early warning signs will hint that one scenario is becoming more likely? For example, a spike in service waitlists might signal rising community need (one scenario), or economic forecasts could signal a downturn. Identify those signposts in advance. This step transforms your scenarios from theoretical to operational: leadership will have **“guardrails”** for when to pivot the organization’s strategy <sup>39</sup>.

## Step 7: Integrate, Communicate, and Iterate

Finally, **integrate the scenario plans into your organization’s regular planning and governance**. Update your strategic plan or annual budget with references to the scenarios (e.g. include a section on contingency plans or an appendix with scenario assumptions). Ensure that the board and staff are briefed on the scenario plans so everyone knows there’s a Plan B (and C, D...) if things change <sup>40</sup>. Consider conducting tabletop exercises or role plays on what the team would do in each scenario – this builds muscle memory. Equally important, scenario planning is **not a one-time exercise**. Treat the resulting scenario plan as a *“living document”* <sup>3</sup>. Schedule regular checkpoints (perhaps every 6 months or when major events happen) to revisit your scenarios: **drop** scenarios that are no longer relevant, **update** scenarios based on new information (e.g. a driver’s risk level changed), and **add** new scenarios as needed <sup>41</sup>. The world will continue to change – your scenario set should evolve too. Keep scanning the horizon for emerging signals (trends or events) that might warrant adjustments (this ties in with your organization’s horizon scanning or foresight activities from Guide 1). By iterating, you ensure that “you are not trying to predict the future, you are preparing a response for *whatever* future arrives” <sup>42</sup>.

Throughout the process, maintain open communication. Let staff know that scenario planning is *about preparation, not panic*. Share with them the rationale for decisions when a trigger is hit (“We planned for this scenario and here’s what we’re doing”). This transparency can reduce anxiety about uncertainty and increase buy-in. Many nonprofits find that after doing scenario planning, they feel a **sense of control and readiness** that is empowering, even if none of the scenarios plays out exactly. The organization has learned to think flexibly and keep the mission in focus under multiple futures.

## Tools / Templates

Fortunately, NGOs do not have to start from a blank slate in scenario planning. A number of **tools, templates, and resources** are available:

- **Scenario Planning Toolkits:** Several nonprofit support organizations offer ready-made toolkits. For example, the Bridgespan Group provides a **free step-by-step scenario planning toolkit** (developed during COVID-19) tailored for nonprofits <sup>43</sup>. It includes worksheets for identifying drivers, financial scenario templates, and an Excel-based scenario model. Similarly, the Community Action Partnership released a *Scenario Planning Toolkit* for nonprofit coalitions, and the **Nonprofit Finance Fund (NFF)** has a downloadable **Budgeting Scenario Tool** that helps organizations model up to two alternative budget scenarios beyond their base budget <sup>7</sup>. These templates guide users through quantifying “what if” financials and can be adapted to different contexts.
- **2×2 Scenario Matrix Template:** A classic tool from the futures field is the 2×2 matrix. NGOs can use a simple grid: choose two high-impact uncertainties (e.g. funding environment and policy climate) and plot them as axes (e.g. funding high vs. low, policy favorable vs. hostile). This yields four quadrants – four distinct scenarios. Give each a descriptive name and flesh out the conditions in each quadrant. The Global Business Network’s guide *“What If? The Art of Scenario Thinking for Nonprofits”* provides exercises on using such matrices and other imaginative techniques to develop scenario narratives. This method ensures scenarios are **differentiated on key drivers** and helps visualize contrasts. Many facilitators use flip charts or software (like PowerPoint or Miro) to draw the matrix and fill in details collaboratively.
- **PESTLE and Driver Brainstorm Templates:** To identify drivers (Step 2 of the framework), tools like a *PESTLE analysis chart* can be useful. PESTLE stands for Political, Economic, Social, Technological, Legal, Environmental – a framework to brainstorm external factors. NGOs can list factors under each category as a starting point for drivers of change. There are worksheets available for this (for instance, FUTURIST.NGO’s Guide 1 on Trend Scanning likely provided templates for scanning and categorizing signals). Another template is a **Driver Ranking matrix**, where team members score potential drivers on impact and uncertainty to prioritize the top ones.
- **Financial Scenario Model:** At the heart of scenario planning is often a financial model. Many nonprofits use spreadsheet templates that allow input of different assumptions for revenues, expenses, and outputs under each scenario. For example, NFF’s Scenario Planning Excel tool lets you plug in “Scenario A vs Scenario B” figures and shows the resulting surplus/deficit <sup>7</sup>. Likewise, FMA’s (Fiscal Management Associates) toolkit provides a revenue scenario planning spreadsheet <sup>44</sup>. These models need not be overly complex – even a simple table projecting the next 12 months of cash flow under three scenarios can be invaluable. The key is to make assumptions explicit and easy to tweak.
- **Scenario Planning Workshop Agendas:** For facilitating the scenario planning process, there are sample agendas and guides. **SessionLab** and other facilitation resources offer outlines for scenario planning workshops, including icebreakers to spur creative thinking about the future and group exercises to role-play scenarios. A typical workshop might span multiple sessions: one to identify drivers, one to develop scenarios, one to devise responses. Utilizing a structured agenda ensures you cover all steps systematically. Some organizations engage external facilitators or use online

collaboration tools (Zoom whiteboards, Mentimeter, etc.) to gather input from stakeholders during scenario brainstorming.

- **Trigger Monitoring Dashboard:** Once triggers are defined, NGOs can employ simple dashboards or tracking tools to monitor them. For instance, you could set up a Google Sheet or use an existing KPI dashboard to track key metrics (funding levels, client inquiries, etc.) against your trigger thresholds. One example is creating a **“scenario trigger dashboard”**: a table listing each trigger (e.g. “operating reserve falls below 3 months’ expenses”) with a status (green/yellow/red) updated monthly. This visual tool keeps the scenario plan alive in management meetings. There are also software solutions (often used by FP&A teams in businesses) that allow scenario comparisons and integration with financial systems, but many nonprofits find that a manual but frequent check is sufficient.
- **Knowledge Sharing Platforms:** Nonprofits can learn from each other’s scenario work. The **National Council of Nonprofits** and platforms like **SSIR** often publish case studies and articles (some referenced in this guide) that include frameworks or templates used by real organizations. For example, the National Council’s article on *“scenario positioning”* (an alternative approach) outlines four analytical steps and could serve as a template for others facing similar issues <sup>45</sup> <sup>46</sup> . By tapping into sector-specific resources – e.g. scenario guides for humanitarian NGOs, or climate scenario tools for environmental NGOs – practitioners can borrow templates that fit their context.

In summary, NGOs have access to a variety of tools to streamline scenario planning. Whether it’s a budgeting scenario spreadsheet, a workshop facilitation guide, or a pre-designed scenario template, these resources help organizations **avoid reinventing the wheel**. Using established tools also embeds best practices (like focusing on key drivers, linking to financials, etc.) into your process. The Tools section in *Guide 1: Trend Scanning* is a useful complement here, as effective scenario planning builds on scanning insights and often uses similar tools for gathering data on trends and signals of change.

## Case Vignettes

To illustrate how scenario planning works in practice, here are two brief case studies of NGOs that applied these techniques:

### Case Vignette 1: *Planning for Disaster Fundraising – British Red Cross (UK)*

In 2005, just weeks before the London 7/7 bombings, the British Red Cross participated in a scenario planning exercise convened by the Mayor of London and a consulting team. The focus was a chilling question: **“How would the city raise and distribute money if a major disaster struck?”** The scenario team imagined various disaster scenarios – a terrorist attack, a flood, a transit crash – and worked through the implications for emergency fundraising <sup>47</sup> <sup>48</sup> . They analyzed needs for each scenario (e.g. number of victims, scale of public response) and anticipated operational challenges like handling a flood of donations or ensuring fair distribution of funds <sup>49</sup> <sup>50</sup> . One scenario explored a high-casualty terrorist attack at a sports event, predicting huge public sympathy donations along with potential fraud by scammers. As a result, the planning group developed strategies such as setting up adequate call centers and vetting mechanisms in advance <sup>51</sup> <sup>52</sup> .

Tragically, the hypothetical turned real when suicide bombings hit London’s transit system on July 7, 2005. Thanks to the scenario planning done *just weeks prior*, the Red Cross and city officials had a game plan

ready. They rapidly launched a massive fundraising appeal and a coordinated aid distribution program. **The scenario work proved invaluable in speeding up the response** – many of the anticipated issues (like how to allocate funds fairly) had been thought through ahead of time <sup>53</sup>. One organizer noted that what had initially felt like an “interesting theoretical project” became a very real, practical guide during the crisis <sup>53</sup>. The success of this effort underscored the power of scenario planning: even an unlikely, “unthinkable” event can be managed more effectively if you have *imagined it and prepared* in advance. This case prompted the Red Cross and other NGOs to integrate scenario exercises into their disaster preparedness and fundraising strategies going forward <sup>54</sup> <sup>51</sup>.

## Case Vignette 2: *Bracing for Policy Shifts – National Women’s Law Center (USA)*

In 2023–24, the National Women’s Law Center (NWLC), a U.S. nonprofit advocating for gender justice, undertook scenario planning to prepare for a volatile political climate around the 2024 elections. The leadership team first reaffirmed their long-term vision and “north star” outcomes for women’s rights, to ground the process <sup>24</sup>. They then developed a few key scenarios looking at post-election landscapes – for example, one scenario where federal policies become more favorable to gender equity, and another where hostile policies emerge rolling back protections. For each scenario, NWLC identified anticipated challenges (such as legal battles in the hostile scenario) and opportunities (such as new funding streams or allies in the favorable scenario). They mapped out actions like forming rapid-response legal teams and targeted communications campaigns, aligned to each potential outcome.

A notable aspect of NWLC’s approach was engaging both staff and board members. After initial scenario work by the senior leadership in a retreat, NWLC brought scenario plans to their board. Rather than reacting with worry, the board members embraced the proactive thinking. In fact, one board member encouraged *bold action*, saying, **“This is not the time to be saving for the future; it’s go-time right now,”** in light of one challenging election scenario <sup>55</sup>. This explicit board support – prompted by seeing concrete scenario plans – gave management the confidence to invest in critical work immediately (such as scaling up advocacy efforts) rather than holding back. NWLC also collaborated with peer organizations through a facilitated workshop (by a group called Future Currents) to share scenarios and coordinate responses at a *field level* <sup>56</sup> <sup>57</sup>. This collective scenario planning helped nonprofits in the women’s rights movement align on signals to watch and ways to support each other depending on how the election unfolded.

In the end, NWLC’s scenario planning exercise paid off by reducing fear of the unknown and instilling a sense of preparedness. As one NWLC strategist put it, the process **“took the worry we carry in the back of our minds and let us wrestle with it head-on”**, so that whatever the election outcome, the organization had a path forward <sup>58</sup> <sup>59</sup>. This case shows how scenario planning in an NGO can not only yield concrete contingency plans but also rally stakeholders (staff, board, partners) around a shared readiness, turning anxiety into action.

## Metrics / KPIs

How can an NGO know if its scenario planning efforts are strengthening its resilience and strategic readiness? The following table outlines some **metrics and Key Performance Indicators (KPIs)** that organizations can use to evaluate scenario planning effectiveness. These indicators focus on preparedness, agility, and alignment with mission – areas where scenario planning should have a tangible impact:



| Metric / KPI  | Relevance to Scenario Planning   |
|---|--|
| <b>Decision Response Time</b><br><br>(time to make critical decisions or pivot during a crisis) | Measures agility. A decrease in response time (e.g. how quickly the NGO enacted a plan when COVID-19 hit) suggests scenario planning enabled faster decision-making under stress <sup>60</sup> .   |
| <b>Operational Resilience</b><br><br>( % of services or programs sustained during a disruption) | Gauges the organization's ability to continue operations despite scenario conditions. A high percentage indicates effective preparation (e.g. services maintained at 90% capacity during a funding cut scenario) <sup>61</sup> .   |
| <b>Financial Buffer / Cost Savings</b> <br>(\$ saved or losses averted due to early actions)    | Tracks resource stewardship. For example, scenario planning might prompt cost cuts or fundraising <i>before</i> a downturn, reflected in savings. A positive variance (actual better than worst-case budget by X%) can be attributed to timely scenario-triggered moves <sup>62</sup> .            |
| <b>Strategic Alignment Score</b><br><br>(scenario actions aligned with long-term goals)         | Qualitative metric (via leadership or board assessment) of how well the contingency actions uphold the mission and strategy. If scenario responses remain consistent with the NGO's values and intended impact (confirmed by board review), it indicates planning success <sup>63</sup> .          |
| <b>New Initiatives Developed</b><br><br>( # of innovative programs or partnerships initiated)   | Scenario planning often reveals opportunities. Count new initiatives or pilot projects that were born from scenario discussions (e.g. launching a tele-service program in anticipation of digital future). An uptick can show that foresight is driving proactive innovation <sup>64</sup> .       |
| <b>Stakeholder Engagement</b><br><br>(participation and confidence among staff/board)           | Measured via surveys or meetings: e.g. % of staff who feel confident in the organization's preparedness, or board attendance/approval in scenario plan briefings. Higher engagement and confidence levels reflect that scenario planning is building trust and clarity internally <sup>65</sup> .  |
| <b>Trigger Monitoring Frequency</b> <br>(regular review of key indicators)                      | Process metric: how often the team reviews the defined signposts/ triggers (e.g. monthly dashboard updates). Consistent monitoring indicates the scenario plan remains active. An organization might set a KPI to review scenario triggers in every quarterly board meeting (achieved vs. missed). |

Not all of these will have hard numbers, but by selecting a few that matter, NGOs can track whether scenario planning is translating into real-world readiness. For instance, if an NGO has a goal to reduce decision lag, it might record the time between a trigger event (say, a sudden grant loss) and management's execution of response (budget adjustments), and aim to shorten that interval in future incidents. **Operational resilience** could be assessed after a crisis: what percentage of beneficiaries were still served compared to normal? **Stakeholder confidence** can be gauged through annual surveys asking staff/board if they agree with statements like "Our organization is well-prepared for unexpected changes" (improvement year-over-year would indicate scenario planning making a difference).

By monitoring such metrics, leadership can justify the effort spent on scenario planning and continuously improve the process. If an area is lagging – e.g. triggers were missed or an action plan didn't work as

intended – that feedback loops into the next planning cycle. Over time, the goal is that scenario planning becomes part of the organization’s DNA, reflected in quicker responses, steadier performance in turmoil, and sustained mission impact.

## Risks & Mitigations

While scenario planning is a valuable practice, there are risks and common pitfalls to be mindful of. Below we outline several potential issues and how NGOs can mitigate them:

| Risk or Pitfall   | Mitigation Strategy   |
|---|---|
| <i>Groupthink or biased assumptions</i> – The team may unconsciously build scenarios on narrow perspectives, discounting novel ideas (availability bias, “sunflower” effect of deferring to the boss) <sup>11</sup> .   | <b>Diverse inputs:</b> Include staff from different levels, backgrounds, and perhaps an outsider or facilitator to challenge assumptions. Encourage a culture where team members can play devil’s advocate. Deliberately consider contrarian scenarios (ask “what if the opposite of our expectations happens?”) to counteract cognitive bias <sup>11</sup> .   |
| <i>Overwhelming complexity</i> – Trying to account for too many variables or creating too many scenarios can paralyze the process. Teams may get stuck in analysis paralysis.   | <b>Focus on critical few:</b> Limit the number of scenarios (often 2–4 is best). Prioritize the most impactful uncertainties and set others aside. Simplify by using clear criteria (impact and uncertainty) for inclusion. As one expert suggests, don’t attempt more than 3 scenarios at first <sup>66</sup> . Keep the process manageable by using straightforward templates and clearly defined scope.  |
| <i>Treating scenarios as predictions</i> – If staff or funders start viewing one scenario as “the plan,” there’s a risk of false confidence or disappointment. Labeling something “worst-case” or “best-case” might set expectations or complacency <sup>67</sup> . | <b>Emphasize learning over accuracy:</b> Reiterate that scenarios are <i>not</i> forecasts, but explorations. Avoid language that ranks scenarios as success/failure; instead call them “Scenario A, B, C” or use thematic names. In communications, stress that this is about preparedness. Keep scenarios alive – adjust them as new data comes (which reinforces that they’re hypothetical) <sup>3</sup> . Focus on the “if-then” plans rather than the likelihood of any scenario.  |
| <i>Lack of implementation or buy-in</i> – A beautifully crafted scenario plan can gather dust if leadership and staff don’t internalize it. There’s a risk of doing it once and forgetting it, or not having authority to act on it when needed.                    | <b>Integrate and assign ownership:</b> Involve decision-makers (CEO, board, department heads) from the start so they feel ownership. Assign specific people to monitor triggers and lead response teams for each scenario. Incorporate scenario outcomes into official strategic plans or budgets (e.g. a contingency line item). Conduct drills or at least discuss scenarios in management meetings to keep them fresh. When leadership visibly uses the scenario plan in decision-making, it signals its importance. For example, NWLC’s case showed that bringing the board into the scenario dialogue led to strong support for action <sup>40</sup> . |

| Risk or Pitfall  | Mitigation Strategy   |
|--|---|
| <p><i>Resource constraints and skepticism</i> – Some view scenario planning as time-consuming “nice-to-have” work that diverts from immediate needs <sup>14</sup>. In small nonprofits especially, there’s a risk that the effort put in is seen as not worth it if scenarios never occur exactly.</p> | <p><b>Right-size the effort:</b> Tailor the depth of scenario planning to your organization’s capacity. It’s okay to do a lightweight version – perhaps a one-day workshop and a brief memo of actions – rather than an extensive project. Emphasize quick wins: for instance, identify one or two no-regret actions through scenarios that can save money or build resilience, proving the value. Also, link scenario planning to funder requirements or strategic planning cycles to embed it. Over time, as the organization sees benefits (like calmer crisis response or avoiding a pitfall), skepticism will diminish.</p>                                      |
| <p><i>“Black swan” events outside scenarios</i> – No matter how thorough, you might miss an outlier scenario (e.g. a pandemic, or a very specific political twist) that wasn’t considered, leading to a false sense of security <sup>13</sup>.</p>   | <p><b>Build general agility:</b> In addition to scenario-specific plans, strengthen overall crisis management capabilities. Ensure financial reserves, strong networks, and clarity of mission values, as these help in <i>any</i> unforeseen event. The alternative approach of “scenario positioning” suggests focusing on understanding your finances, capacities, and values deeply <sup>68</sup>, so when a surprise comes, you know your levers. In practice, regularly update scenarios and include at least one “wild card” discussion of a low-probability high-impact event each year. This keeps the organization on its toes even for the unexpected.</p> |

By anticipating these pitfalls and actively countering them, NGOs can make their scenario planning efforts more effective and durable. In essence, the mitigation comes down to balance: be structured but not rigid, imaginative but not fanciful, inclusive but with clear leadership, and prepared but not overconfident. Scenario planning itself is about balancing multiple futures – likewise, managing the process requires balancing thoroughness with simplicity and foresight with pragmatism.

## Checklist

For a quick reference, here’s a **checklist of steps and best practices** when implementing scenario planning for an NGO:

- **Define Purpose & Scope:** Clearly articulate why you’re doing scenario planning (e.g. preparing for next 3-year strategy, funding uncertainties, etc.) and the timeframe or decision in focus. Secure leadership buy-in and set guiding principles or criteria for success (mission comes first, avoid layoffs if possible, etc.) <sup>25</sup>.
- **Assemble the Team:** Form a cross-functional planning team. Include senior leaders, financial staff, program managers, and possibly board members or external advisors. Ensure everyone understands the scenario planning process and their role (e.g. providing data, brainstorming, decision-making).

- **Identify Key Drivers:** Brainstorm a list of factors that could significantly impact your organization's future (internal and external). Use frameworks like PESTLE or the futures wheel to think broadly. Then prioritize the top drivers that are *both high-impact and uncertain*. Aim for a shortlist of about 3–5 critical uncertainties <sup>12</sup>.
- **Develop Scenarios:** Create 2–4 scenarios around those drivers. Make sure each scenario is **plausible, distinct, and relevant** to your context. Write a narrative or bullet description for each: What's happening in the world? What changes for your NGO? Give each scenario a name for easy reference. Remember to include a challenging (even dire) scenario, not just optimistic ones <sup>28</sup>.
- **Analyze Impact:** For each scenario, map out potential impacts on your organization. Consider finances (budget, cash flow), operations (staffing, offices, supply chain), programs (demand, outcomes), and stakeholders (clients, donors, partners). Identify where you'd face gaps or have opportunities in that scenario.
- **Brainstorm Responses:** Based on the impacts, list possible actions or strategies you could take *if* that scenario unfolds <sup>33</sup>. Cover different intensities: quick fixes, major strategic shifts, collaborations, communications needed, etc. Also note any “no-regret” actions that you might do now because they help in multiple scenarios.
- **Set Triggers:** Decide on concrete trigger points for activating those responses <sup>39</sup>. For each scenario (or major action), define the indicator and threshold that will signal it's time to act (e.g. “if weekly clients > X, open new site”, “if funding falls by Y%, initiate contingency budget”). Assign who will monitor each trigger.
- **Document the Plan:** Compile the scenario narratives, impact assessments, action plans, and triggers into a document or slide deck. Keep it succinct and focused. Ensure there's an executive summary for quick communication. Include an outline of roles/responsibilities so everyone knows who does what when a trigger hits.
- **Communicate & Train:** Share the scenario plan with key stakeholders. Present it to the board for input and endorsement. Brief staff teams on what the plan means for them. Consider running a simulation or tabletop exercise for a high-risk scenario to practice your response (like a fire drill for your strategy).
- **Monitor & Update:** Treat this plan as living. Regularly (e.g. monthly or quarterly) review the key drivers and triggers in management meetings <sup>70</sup>. If conditions change or new uncertainties emerge (hello, surprise pandemic), update your scenarios accordingly. Retire scenarios that are no longer relevant and add new ones as needed. Continuous scanning of the environment should feed into this process so you're always looking ahead.
- **Integrate into Decision-Making:** Finally, use the scenario insights in real decisions. When discussing budget or strategy, reference the scenarios (“In our moderate scenario, we assumed X, so let's keep that in mind”). Make it habitual to ask “Does this decision hold up in our other scenarios?” By integrating this way, scenario planning becomes embedded in your organizational culture rather than a one-off exercise.

This checklist can serve as a quick guide to ensure you've covered the bases. Before you conclude a scenario planning project, it might help to tick through each item to see if any step was overlooked. If pressed for time, even a simplified run-through of these steps is better than none – the key is to start the conversation about the future and prepare your team mentally for change. As the saying goes, *“Plans are useless, but planning is indispensable.”* The true value is in the planning process itself, which builds understanding and agility that will benefit your NGO no matter what the future brings.

## Glossary

- **Scenario Planning:** A strategic planning method in which an organization develops a set of **diverse, plausible future scenarios** and corresponding plans. Scenario planning is used to **prepare for uncertainty** by asking “What would we do if X or Y happened?” rather than predicting one outcome <sup>8</sup>. It typically involves identifying key uncertainties, imagining future contexts, and testing strategies against those contexts.
- **Scenario:** In this context, a **scenario** is a **descriptive narrative of a possible future** environment. It outlines specific conditions that might unfold (economic, political, social, etc.) and their impact on the organization. Scenarios are not forecasts or preferences; they are *plausible stories* used to explore different outcomes. For example, “Scenario A: Local Government Cuts Funding by 50%” might detail a future where funding is slashed and demand for services spikes.
- **Driving Force / Driver:** A **driver** (or driving force) is a key factor that shapes future outcomes. These can be internal or external. In scenario planning, we focus on drivers that are both *important* to our success and *uncertain* in how they may change <sup>26</sup>. Examples: demographic trends, technology adoption, legislation, economic conditions, etc. Identifying drivers helps frame what each scenario will be about.
- **Critical Uncertainty:** A driver that is both highly impactful and highly uncertain in how it will play out. Critical uncertainties are the **pivot points** of scenarios. For instance, “Will a new law pass or not?” is a critical uncertainty if it drastically alters the NGO's landscape. Scenario planning often centers scenarios around different outcomes of critical uncertainties <sup>4</sup>.
- **Contingency Planning:** A related concept focusing on preparing for specific **negative events or worst-case scenarios**. Contingency plans are the predefined actions an organization will take if a particular adverse event occurs (e.g. loss of a major grant, natural disaster). In the nonprofit context, contingency planning is sometimes considered a subset of scenario planning – often the *downside scenarios*. For example, having a contingency plan for a 20% budget cut is essentially scenario planning for that scenario <sup>9</sup>.
- **Trigger (Trigger Point):** A predefined **event or threshold** that activates a scenario plan or contingency action. Triggers are like tripwires set during scenario planning – e.g. “if metric X hits Y level, then initiate Response Z.” They translate scenario planning into timely action by linking plans to observable indicators <sup>39</sup>. A trigger could be quantitative (financial ratios, client numbers) or qualitative (a law is enacted, a conflict breaks out).

- **Signpost:** Similar to a trigger, a **signpost** is an indicator that a certain scenario is starting to unfold. Signposts tend to be monitored as early warning signals. They help the organization recognize which future is approaching. For instance, an uptick in inflation could be a signpost that the economic downturn scenario is likely, prompting preparatory steps. Signposts may not automatically trigger an action, but they alert you to get ready.
- **Horizon Scanning:** The practice of systematically monitoring the external environment for **emerging trends and weak signals of change** (discussed in Guide 1). It feeds into scenario planning by providing the raw material (trends, data, developments) to identify drivers and imagine scenarios. Effective horizon scanning helps ensure scenarios are based on evidence and not just speculation. For example, scanning might reveal an emerging technology in service delivery, which you then incorporate as a driver in scenarios.
- **Strategic Foresight:** A broader term encompassing various techniques (including scenario planning, trend analysis, visioning, and simulations) used to systematically explore future possibilities and inform long-term decisions. For NGOs, strategic foresight might involve scenario planning workshops, trend reports, and creative exercises to envision future challenges and opportunities. It's essentially the discipline of thinking ahead to make better decisions today.
- **Black Swan:** A metaphor (popularized by writer Nassim Taleb) for an **extremely rare, unexpected event** with massive impact. In scenario terms, a black swan is an outlier scenario that is very hard to predict (e.g. a global pandemic, an unprecedented political upheaval) <sup>71</sup>. By nature, black swans fall outside regular scenario planning, but robust scenario practice encourages an organization to accept that "black swans exist" and build general resilience. Sometimes a wild card scenario is included in planning to stretch thinking (e.g. "what if a sudden revolutionary tech changes everything?").
- **"North Star":** In planning jargon, the "North Star" refers to an organization's **guiding vision or ultimate goal** – the mission and long-term objectives that remain constant. In scenario planning, keeping the North Star in mind is crucial so that in each scenario, you consider how to continue progressing toward that mission despite obstacles <sup>72</sup>. It prevents short-term scenarios from leading the organization astray from its fundamental purpose.
- **Scenario Positioning:** A term coined as an alternative approach to scenario planning (Steve Zimmerman, 2025) <sup>73</sup>. It emphasizes analyzing one's current organizational position – mission, financials, capacities – and understanding various *levers* (strategic options) in advance, rather than developing detailed future narratives. It's meant to prepare leadership to act quickly when clarity comes, focusing more on internal preparedness and decision processes than on external scenario stories. In essence, it's about knowing your organization deeply and maintaining agility, under the assumption that the *exact* future scenario may be too unpredictable to map.

*(Refer to the References for sources used in these definitions.)*

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