

# Outside In and Scenario Thinking

A TOOLKIT FOR STRATEGIC CONVERSATIONS



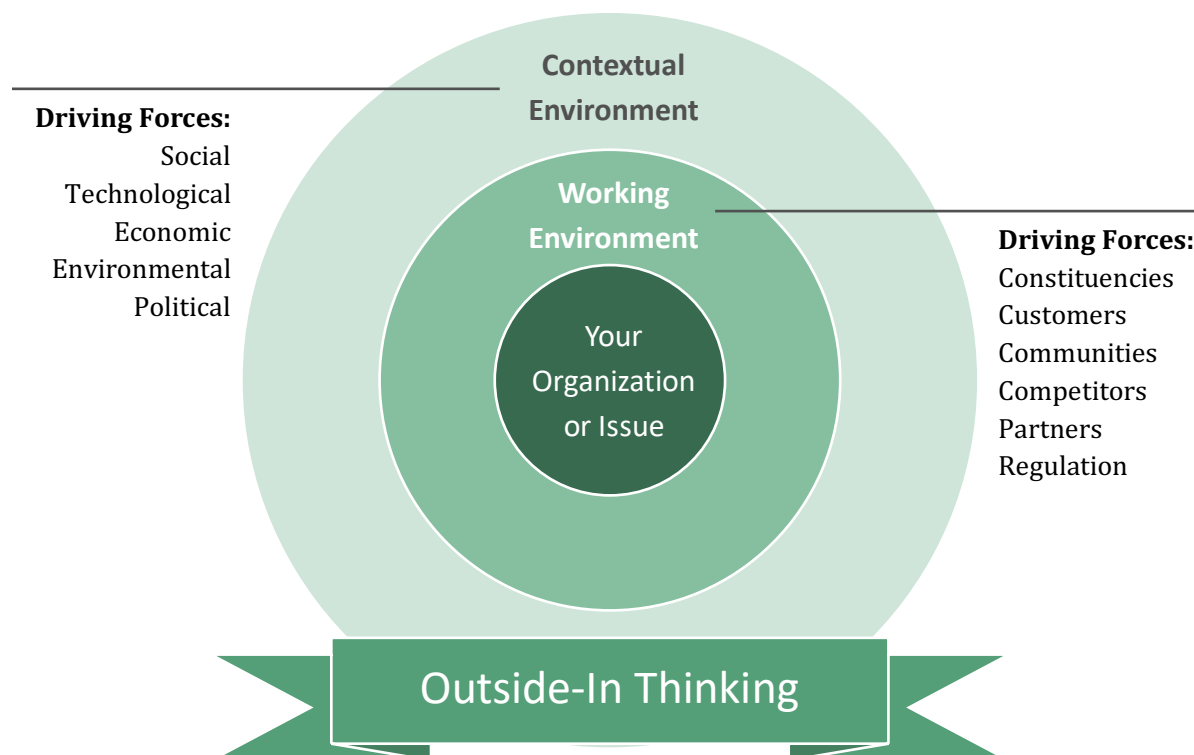
We help leaders make better decisions. / [fiopartners.com](https://fiopartners.com)

## OUTSIDE-IN AND SCENARIO THINKING

Nonprofits do not exist in isolation. They are shaped by their community, stakeholder priorities and motivations, funding landscape, competitors and partners, regulatory requirements, and myriad other contexts and conditions. *These external forces influence an organization's possible futures.*

In “What If: The Art of Scenario Thinking for Nonprofits,” Global Business Network (2004) explains that: “Scenarios are stories about how the future might unfold for our organizations... Importantly, scenarios are not predictions. Rather, they are provocative and plausible stories... designed to stretch our thinking about the opportunities and threats that the future might hold, and to weigh those opportunities and threats carefully when making both short-term and long-term strategic decisions” (p. 7).

Scenario thinking can be very helpful when you are dealing with a strategic issue and the solution is unclear, and/or you are working in a highly uncertain environment. That said, in order for scenario thinking to be an effective exercise, there also must be leadership support for the process and an openness to dialogue and change.



**One of the key principles of scenario thinking is “outside-in thinking,”** which challenges leaders to first identify relevant driving forces in the organization’s contextual and working environments and then use scenarios to consider their implications.

It sounds complicated, but *the simple point is to account for your organization’s environment when developing its strategies.*

**Applying your understanding to this point, use outside-in thinking and ask yourself:**

1. How has your organization's working environment been disrupted? What are the opportunities created by disruption?
2. What are the most relevant forces (helpful and hindering) driving your working and contextual environment, now and in the near future? (3 months, 6 months, 1 year)
3. For each of the forces identified, note it as known/fixed or unknown/unclear.

When brainstorming forces, in addition to referencing the diagram and questions on the previous page, think about the conditions or contexts currently affecting your financial viability (revenue, expenses, cash flow) and programmatic viability (demand, participation, delivery, consumer needs and choice, competition).

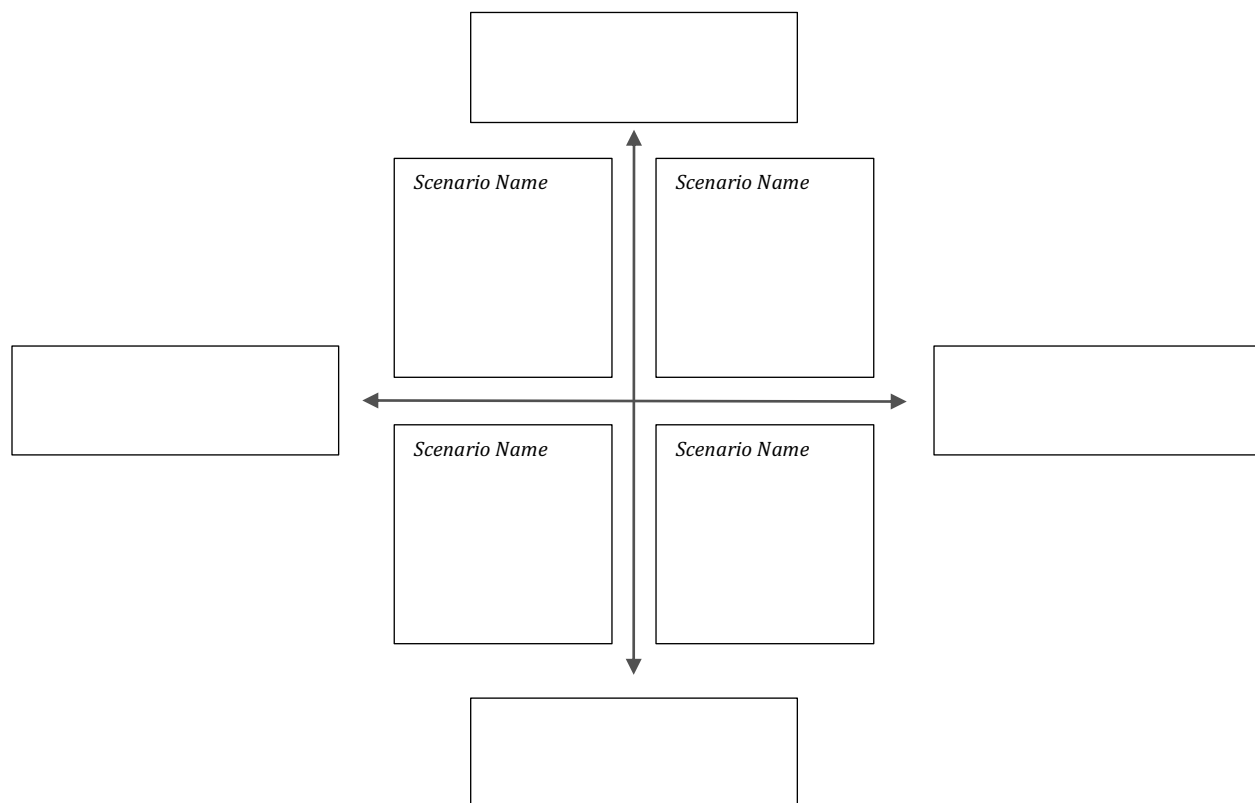
| STATUS QUO                                                                                                                                                                                                                                                                 |                                                                                                                                                                                                                                                                                   |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <br><b>HINDERING FORCES</b><br>(What forces might <i>challenge</i> the direction you want to go in?)<br> | <br><b>HELPFUL FORCES</b><br>(What forces might <i>help</i> you move in the direction you want to go in?)<br> |
|                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                   |

**Next, experiment with how the external forces (helpful and hindering) you identified might converge and what the implications might be for your organization.**

- Ideate and iterate. Start with wider-view forces, then get more specific. Explore different combinations or intersections of forces.
- Place one force on each axis, spanning two ways the force might play out.  
(Examples: Government funding is cut / remains stable; program demand increases / decreases; key legislation passes / fails; willingness to collaborate is high / low)
- Also note the time horizon involved (3 months, 6 months, 1 year).
- Determine which scenarios represent the most uncertainty and risk to the mission and the organization's sustainability. Explore the implications using the table on the next page.

## SCENARIO THINKING WORKSHEET

| Force 1 | Force 2 | Time Horizon                                                                                                                    |
|---------|---------|---------------------------------------------------------------------------------------------------------------------------------|
|         |         | <input type="checkbox"/> 3 months <input type="checkbox"/> 1 year<br><input type="checkbox"/> 6 months <input type="checkbox"/> |



**Remember, this is a thought exercise, not a deciding exercise. Ask yourself:** What is the story that emerges in each scenario quadrant? What does that future look like? How will these conditions affect your organization? Broadly, how would your organization respond to these conditions? (Look for “no matter what” strategies that emerge across the four scenarios.)

|                                                                          |                                                           |                  |                         |
|--------------------------------------------------------------------------|-----------------------------------------------------------|------------------|-------------------------|
| <b>Scenario Name</b>                                                     |                                                           |                  |                         |
| <b>Forces at Play</b>                                                    | (e.g., government funding cut, program demand increasing) |                  |                         |
| <b>Story – What does this future look like?</b>                          |                                                           |                  |                         |
| <b>Implications – How will this scenario affect your organization's:</b> |                                                           |                  |                         |
| Finances                                                                 |                                                           |                  |                         |
| Programs                                                                 |                                                           |                  |                         |
| Operations                                                               |                                                           |                  |                         |
| Relationships                                                            |                                                           |                  |                         |
| <b>Potential Strategies or Actions</b>                                   | <b>Short-Term</b>                                         | <b>Long-Term</b> | <b>Resources Needed</b> |
|                                                                          |                                                           |                  |                         |
| <b>Other Notes</b>                                                       |                                                           |                  |                         |

|                                                                          |                   |                  |                         |
|--------------------------------------------------------------------------|-------------------|------------------|-------------------------|
| <b>Scenario Name</b>                                                     |                   |                  |                         |
| <b>Forces at Play</b>                                                    |                   |                  |                         |
| <b>Story – What does this future look like?</b>                          |                   |                  |                         |
| <b>Implications – How will this scenario affect your organization's:</b> |                   |                  |                         |
| Finances                                                                 |                   |                  |                         |
| Programs                                                                 |                   |                  |                         |
| Operations                                                               |                   |                  |                         |
| Relationships                                                            |                   |                  |                         |
| <b>Potential Strategies or Actions</b>                                   | <b>Short-Term</b> | <b>Long-Term</b> | <b>Resources Needed</b> |
|                                                                          |                   |                  |                         |
| <b>Other Notes</b>                                                       |                   |                  |                         |

|                                                                          |                   |                  |                         |
|--------------------------------------------------------------------------|-------------------|------------------|-------------------------|
| <b>Scenario Name</b>                                                     |                   |                  |                         |
| <b>Forces at Play</b>                                                    |                   |                  |                         |
| <b>Story – What does this future look like?</b>                          |                   |                  |                         |
| <b>Implications – How will this scenario affect your organization's:</b> |                   |                  |                         |
| Finances                                                                 |                   |                  |                         |
| Programs                                                                 |                   |                  |                         |
| Operations                                                               |                   |                  |                         |
| Relationships                                                            |                   |                  |                         |
| <b>Potential Strategies or Actions</b>                                   | <b>Short-Term</b> | <b>Long-Term</b> | <b>Resources Needed</b> |
|                                                                          |                   |                  |                         |
| <b>Other Notes</b>                                                       |                   |                  |                         |

|                                                                          |                   |                  |                         |
|--------------------------------------------------------------------------|-------------------|------------------|-------------------------|
| <b>Scenario Name</b>                                                     |                   |                  |                         |
| <b>Forces at Play</b>                                                    |                   |                  |                         |
| <b>Story – What does this future look like?</b>                          |                   |                  |                         |
| <b>Implications – How will this scenario affect your organization's:</b> |                   |                  |                         |
| Finances                                                                 |                   |                  |                         |
| Programs                                                                 |                   |                  |                         |
| Operations                                                               |                   |                  |                         |
| Relationships                                                            |                   |                  |                         |
| <b>Potential Strategies or Actions</b>                                   | <b>Short-Term</b> | <b>Long-Term</b> | <b>Resources Needed</b> |
|                                                                          |                   |                  |                         |
| <b>Other Notes</b>                                                       |                   |                  |                         |