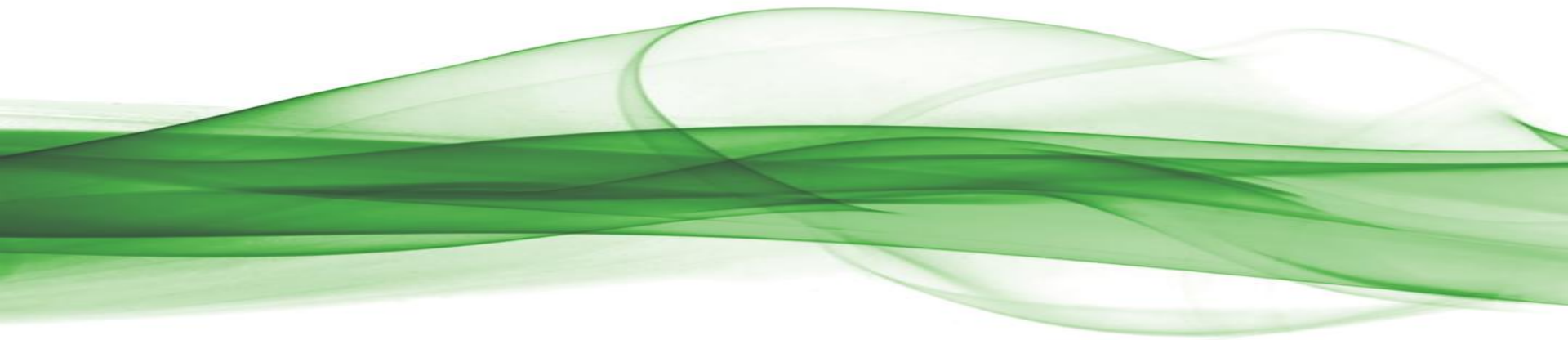




The Law Society

Scenario planning for the legal services industry in England and Wales, 2025 : Using scenarios

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Scenario planning is an approach used by businesses and government departments to enhance strategic thinking and planning

Benefits of the approach include:

- In-built recognition of the unpredictable nature of the future
- Making uncertainty integral to planning and plans
- Providing stimulus for changing perceptions with an organisation

Scenarios and their use in brief

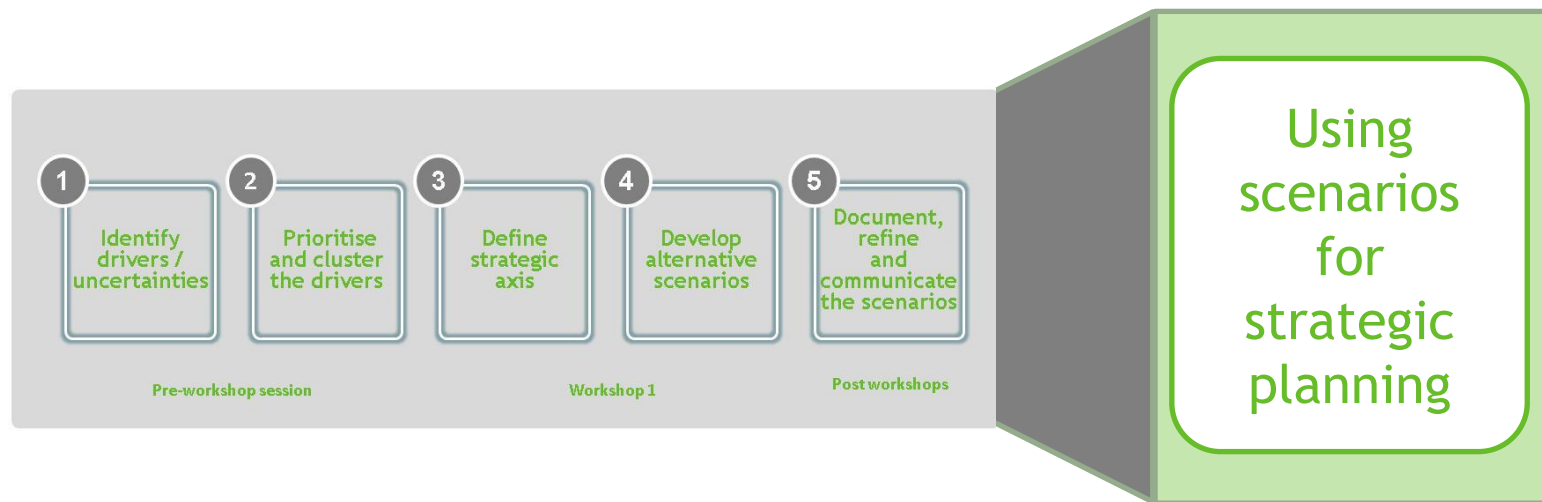
- Scenarios are generally developed in response to a particular purpose, problem or question relating to an organisation. Ideally, the scenario planning process begins with identification of the focal question or problem for an organisation which is then followed by analysis of evidence and scenario generation, based on that evidence and geared towards that focus - culminating in ongoing application of the developed scenarios.
- The stimulus for the Law Society's scenarios was the need for the organisation to consider the longer term future of the wider market and its members' place therein. We think the stories, while not designed in response to the specific issues of each member firm, can serve as a starting point for firms wanting to consider longer term strategy and those interested in trying a different approach, because the scenarios and underpinning evidence take a wide view of the environment that both members and the Law Society operate in.
- Decision makers in firms can use the scenarios to examine their strategy, goals, personnel capacity, specific decisions and outcomes and their business model. The scenarios serve as a testing facility by providing four different plausible operating conditions that could possibly pertain in 2025 (or beyond).

Purpose of this document

- This pack provides a very brief introduction to the use of scenarios in organisations. A range of sources of further reading on the tools, techniques and approaches is listed at the end of the pack.

The Law Society's scenarios for the legal services market in 2025 were developed using standard scenario planning processes

A wide-ranging review of evidence relating to the market for legal services, and drivers of future change within it, provided the foundation for the development of four very different stories about the legal services environment in England and Wales in 2025. The scenarios are designed for practical application in developing and testing organisations' strategies and strategic thinking, and are meant to be challenging and thought provoking.

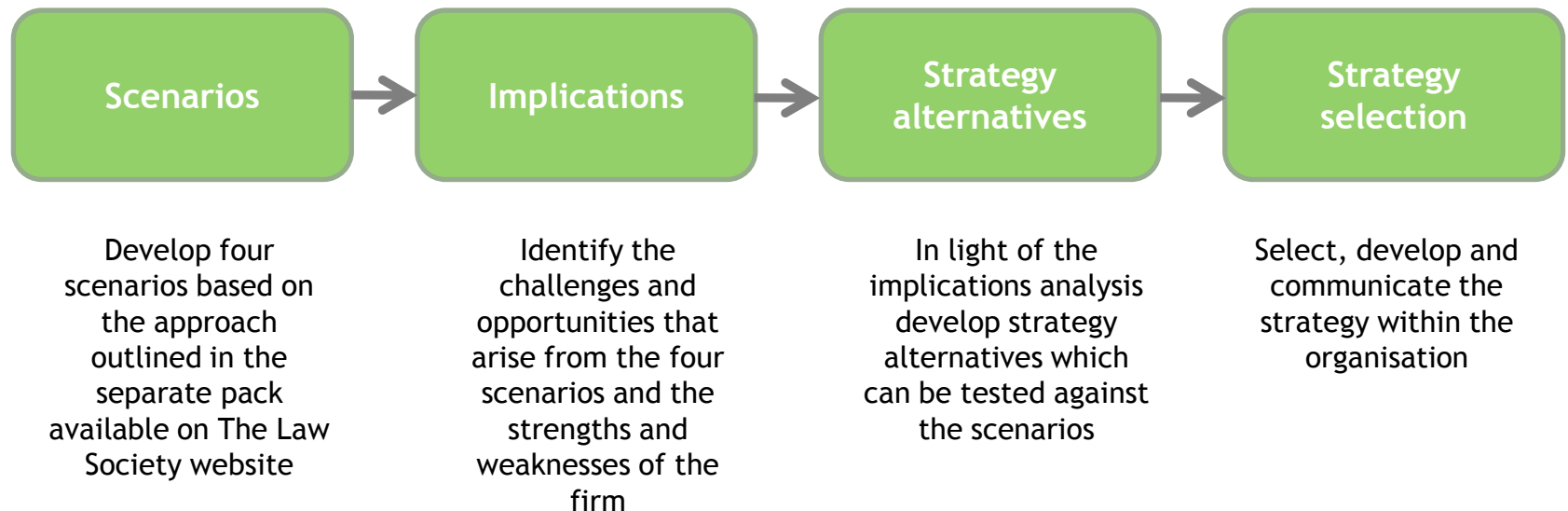


The scenarios provide the means for testing ideas under different conditions and to stretch thinking. They can be used by firms to:

- test the business idea
- develop vision and objectives
- review strategic options and plans
- develop contingency plans
- monitor progress

Scenarios should be used in workshops to maximise their benefit

The flow chart below outlines the process involved when using scenarios as a strategic planning tool. The aim is to use the four scenarios which have been created to test internal thinking by considering the implications that the scenarios present for the market or the organisation. Using workshops, a set of strategy alternatives can be captured and then developed, refined and selected to be taken forward.



A range of useful materials is available from the Foresight Horizon Scanning Centre (HSC) - set up by the Department for Business Innovation and Skills to encourage longer term thinking and evidence-based analysis throughout Government - to guide the process from approach and methodologies, to helpful hints and case studies. Some of the common workshop formats for testing, or teasing out, direction and strategy design, outlined in those materials are summarised in the following slides along with some ideas geared more towards businesses.

The fundamental principle in each case is to use workshops either to stimulate ideas or test strategies, plans, questions and projects by positing them in the scenarios, asking questions and seeking out what more can be learned.

Your business model and your assumptions about your business can be tested using scenarios

Using scenarios to test a firm's business model and assumptions about the business

- The theory of your business is the set of assumptions about the environment, purpose or mission and core competencies.
- The business model shows how your firm has understood needs for legal services, created a response about how to address that need, developed expertise in addressing that need and created a viable business based on the perceived value of that need.
- Your assumptions about your business or the business idea can be tested in each scenario but this involves two workshops. The first workshop should provide a forum for developing your theory of your business or the business idea, or making understandings about those explicit.

First workshop

- The first workshop provides a forum for describing the business model and decision makers' assumptions about the environment, purpose/mission and core competencies; whether the assumptions fit reality; the extent to which the assumptions are understood throughout the organisation; and the extent to the set of assumptions has been tested.

Second workshop

- In the second workshop these ideas and assumptions are tested by exploring the same issues in the context of each scenario. The purpose is to initiate dialogue about how the business model might need to change in order to be viable in a given scenario.

Source: Chermack, J., (2011) *Scenario Planning in Organisations: How to create, use and assess scenarios*. San Francisco, Berrett-Koehler.

The HSC toolkit sets out a number of tried and tested approaches for using scenarios to develop policy and strategy

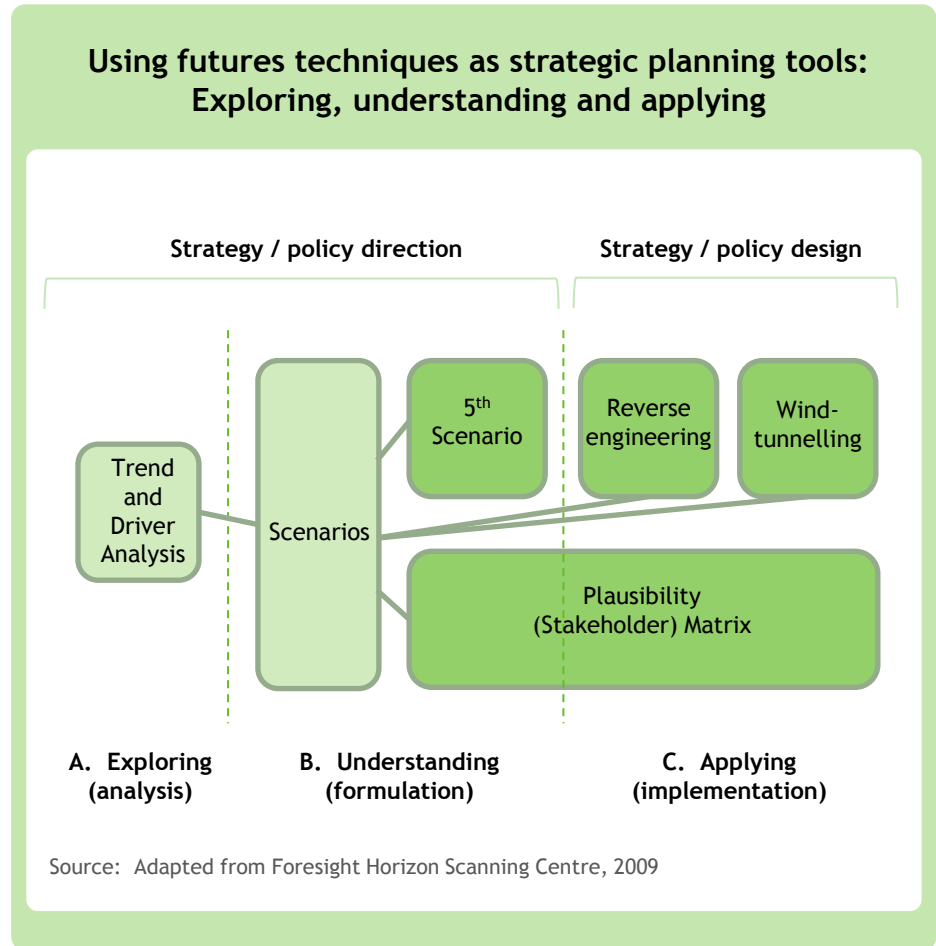
Using scenarios as a basis for strategic planning

The HSC toolkit focuses less on fundamental issues of organisation purposes and models and more on developing policy and strategy.

Futures techniques for policy and strategy: The HSC toolkit

Foresight Horizon Scanning Centre (HSC), *Exploring the future: Tools for strategic thinking* (<http://hsctoolkit.bis.gov.uk/The-tools.html>).

The diagram on the right highlights a number of the tools outlined in the HSC toolkit, how they link to scenario development and those which should be used in strategic planning. Four common methodologies are summarised overleaf and more detail can be found on the HSC website on the link above.



The HSC toolkit draws extensively (but not exclusively) on the approach that HSC takes in its own futures work

Four common approaches are outlined at a high level below. In essence, the workshops are based on positing ideas, strategies, plans, questions or projects in the scenarios, asking questions and seeking out what more can be learned.

Plausibility matrix

The plausibility matrix allows a group to test the extent to which they agree about the future. Differences in opinion can then be explored. The matrix is also used after the scenario development workshop to inform the next stage of strategy development.

Stages:

- The scenarios are shared with the group and discussed
- Participants vote on a number of questions which are designed to bring out their views of the future.

Windtunneling

Scenarios are used to test how future changes in the external environment might affect the ability to deliver a particular project or set objectives.

Stages:

- Clarify the project, plan, strategy or desired outcome to be tested
- Examine how the environment described in each scenario is likely to affect delivery of the desired outcome
- Identify the implications this presents for strategy implementation.

Reverse engineering

Reverse engineering can be used to identify events that are certain to occur and that will have a high impact. The approach uses scenarios as a basis for discussion. The aim is to document a series of short, medium and long term threats, opportunities and issues.

Stages:

- Part 1 - Identify and map events against their level of certainty and impact
- Part 2 - Identify opportunities, threats and issues

The fifth scenario

The fifth scenario uses elements from an existing set of scenarios to develop a final preferred future and the steps that will be taken to achieve it.

Stages:

- Use the plausibility matrix approach to identify the scenario which is most aspirational
- Outline a 5th scenario that builds on the strengths of this scenario and positive elements of others
- Identify the steps needed to achieve it

A wide range of sources is available to guide using scenarios. A selection of key links to useful further reading can be found below

- Foresight Horizon Scanning Centre , Exploring the future: Tools for strategic thinking - <http://hsctoolkit.bis.gov.uk/Helpful-hints-15.html>
- Waverley, A. DfT Scenario Planning Toolkit - <http://webarchive.nationalarchives.gov.uk/20111005181740/http://www.dft.gov.uk/publications/scenario-planning-toolkit>
- Van der Heijden, K. Scenarios, Strategy, and the Strategy Process - http://www.gbn.com/articles/pdfs/GBN_scenarios,%20strategy.keesvdh.pdf
- The Global Business Network (GBN) - http://www.gbn.com/articles/pdfs/GBN_scenarios,%20strategy.keesvdh.pdf
- Shell Scenarios - http://www.shell.com/home/content/future_energy/scenarios/
- Shell - Scenarios: An explorers guide - http://www-static.shell.com/static/public/downloads/brochures/corporate_pkg/scenarios/explorers_guide.pdf
- Foresight Future Analysts' Network (FAN Club) - <http://www.foresight.gov.uk/Horizon%20Scanning%20Centre>
- Foresight Horizon Scanning Centre - <http://www.bis.gov.uk/foresight>
- World Future Society - www.wfs.org/
- Global Futures and Foresight - www.thegff.com/
- Chermack, J.,. (2011) *Scenario Planning in Organisations: How to create, use and assess scenarios*. San Francisco, Berrett-Koehler

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