

Case Example: Strategic Planning Using Scenarios

1. Situation

- Specialty insurance carrier with dominant market share and brand recognition
- CEO anticipated market changes that would have a material impact on company's portfolio of policyholders
- CEO desired to sustain profitability by anticipating market timing with proper structure and organizational capabilities

3. Deliverables

- Constructed four unique scenario narratives in a collaborative forum
- Constructed multi-year financial models that emulated each of the scenario narratives
- Developed organizational structures and staffing forecasts that anticipated both level and timing of capability requirements
- Developed change management and communications plans to support the implementation of any of the scenarios

**Financial
Services
Industry**

2. Key Issues

- Historically, planning exercises had been off site "events" with limited planning sophistication
- Financial modeling and forecasting had traditionally been isolated to the office of the CFO
- CEO believed leaders needed to be prepared to respond to any number of forms of marketplace changes
- Company was at risk due to lack of contingency plans for potential business scenarios

4. Results

- Established empirically based financial models to underpin the annual planning process
- Identified \$40M operating expense savings
- Preserved service levels by forecasting staffing requirements over time vs. having a right-sizing "event"
- Identified and staged outsourcing options for rapid implementation

"In the history of our company this has been the most thorough planning season we have ever had."

CEO, Insurance Company