



# MEGASTRAT

**Making Megatrends Applicable For Individual  
Opportunity Forecasts And Strategic  
Development**

**Scenario Method according to the  
European Foresight Platform**



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## Resources

Links:

- European Foresight Platform Scenario Method: <http://foresight-platform.eu/community/forlearn/how-to-do-foresight/methods/scenario/>

# Scenario Method according to the European Foresight Platform

## Description

### *What is this tool about*

This approach is defined as a “walk through the process” in six steps with two important elements. One element is the “decision focus” of the scenarios, which means that the process does not begin and end with a vision of the future, but with agreement on the strategic decision that the scenarios should illuminate. The second key element is the “scenario logic,” which forms the core of the process.

### *For which purposes is it used in LTOFS*

This technique covers the basic steps to create a scenario and is defined as a qualitative and predictive method. The additional step of ranking the assumptions in relevance and uncertainty can improve the achievement of objectives with the help of the resulting scenarios.

### *Limitations of the tool (if any)*

Ranking the assumptions can reduce the susceptibility to errors, but not eliminate it completely.

## When and how to use this tool

1. **Identify the focal Issue:** Identify the aims of the scenario exercise and define spatial and temporal system boundaries.
2. **Identification and analysis of the drivers:** Identify the drivers that affect the focal questions, both directly and indirectly, and determine the most important and uncertain drivers. The list of the driving factors should include Social, Technological, Economic (macro), Environmental, Political and Values (STEEPV).
3. **Rank by importance and uncertainties:** Ranking of the driving forces on the basis of two criteria: the degree of ‘importance’ of the focal issue identified in Step 1, and the degree of ‘uncertainty’ surrounding those factors and trends.
4. **Selecting scenario logics:** Results of the ranking exercise of the previous step help identify the axes along which the scenarios can be constructed, therefore find out the scenario logics.
5. **Fleshing out the scenarios:** Develop a number of internally consistent story lines which project as much as possible what was learned through the process up to now. A table of comparative descriptions may help.
6. **Implications of scenarios:** Close the loop’ linking back to the decision focus of the first step and starting to turn the scenarios into strategy.



**Identify the focal issue:** Identify the central theme: In general, it is advisable to start “from the inside out” when developing scenarios. This means starting with a specific decision or question and then expanding to the surrounding environment. Scenarios are not an end in themselves; rather, they are tools to help us make better strategic decisions. A narrow focus will prevent scenarios from drifting into broad generalizations about the future of society or the global economy. When determining the focus topic, it is important to consider the appropriate time horizon for the scenarios, as this will affect the range of issues to be considered as part of the scenario development process. In determining the focus topic, it is important to explicitly address the range of uncertainties that could characterise the long-term future. In this step, it is important to think about the key factors that could play a role. As a tip, you can start this step by asking: “What are the key factors we would like to know about the future in order to improve the quality of our decisions?”

**Identification and analysis of the drivers:** The next step is to identify the key influencing factors that affect the listed key forces at the macro and micro levels. Key forces in the microenvironment are those that have a direct impact on the issue you are dealing with. For example, if you are looking at the future of a particular manufacturing sector, the micro drivers may be related to the sector's market trends, specific regulations for manufacturing, new technologies, etc. Macro-environmental key drivers are broader and potentially global. They refer to social, technological, political, economic and environmental forces that could have an impact on the topic under consideration. The aim is to create a conceptual model of the relevant environment that includes critical trends and forces and shows the cause-effect relationship between the forces. It will also be possible to identify the key trends and uncertainties that are most important in determining the key decision factors and that represent the underlying or “driving” forces for significant change in the future.

At this stage, it is possible to sort these forces by grouping them and analyzing that not all identified forces are equally important or equally uncertain. This step may require some secondary research to adequately define the driving forces. The research may relate to markets, understanding of new technologies, political factors, economic forces, etc. The aim is to identify the key elements of the driving forces, including identifying key trends and trend breaks. The list of drivers should include social, technological, economic (macro), environmental, political and values (STEEPV). These driving forces can be identified in an extended scenario workshop with the support of a moderator.

**Rank by importance and uncertainties:** The next step is to rank the driving forces based on two criteria: the degree of “importance” of the priority issue identified in step 1 and the degree of “uncertainty” in relation to these factors and trends.

One suggestion is to use an impact/uncertainty matrix with a simple “high-medium-low” scoring system. The aim is to identify the two or three factors or trends that are most important and most uncertain. As a result of this sorting, it is then possible to focus attention and select scenario logics in the next step. Some examples of scenario development that focus on the following:



- Forces with high importance and low uncertainty. These are the relative certainties in the future for which current planning must be prepared.
- Forces with high importance and high uncertainty. These are the potential shapers of different futures that your longer-term planning should prepare for.

**Selecting scenario logics:** The results of the classification exercise in the previous step help to identify the axes along which the scenarios can be constructed, i.e. to determine the scenario logic. The main focus should be on the “high importance/low uncertainty” and “high importance/high uncertainty” quadrants of the matrix. Determining the axes of the scenarios is the decisive step in the entire scenario creation process. This is also the step where intuition, insight and creativity play the biggest role. The main goal (and challenge) is to end up with only a few scenarios that make a difference to the decision maker. If the scenarios are to be used as useful learning tools, the lessons they teach must be based on the fundamental problems underlying the causes of the focused decision. Basically, the scenario logic can be seen as an organizing dimension around which the scenarios are structured. A trick is also to decide where in the story the different alternative futures should begin. When deciding how many scenarios you want to develop, there is a trick to remember: Develop as many scenarios as necessary to narrow down the “area of uncertainty,” usually just three or four.

**Fleshing out the scenarios:** Develop a series of consistent storylines that reflect as much as possible of what you have learned so far in the process. There are five useful criteria that can help you to develop the scenarios:

1. plausibility: the scenarios selected must be plausible, i.e. they must be within the limits of what is conceivable.
2. differentiation: they should be structurally different, i.e. they should not be so similar that they become mere variations of a base case.
3. consistency: They must be internally consistent. The combination of logics in a scenario must not have any built-in inconsistency that would undermine the credibility of the scenario.
4. usefulness for decision making: each scenario and all scenarios as a whole should provide specific insights into the future that enable the chosen decision focus.

**Implications of scenarios:** This is the phase in which we “close the circle” by returning to the decision focus of the first step and begin to transform the scenarios into a strategy. In this step, the scenarios are analyzed in detail, and we ask the fundamental questions: What are the strategic implications of the scenarios for the decision we selected at the beginning of the process? What options do the scenarios suggest? Bringing together the answers to these questions will help to define some strategy options (not an integrated strategy) that deserve more detailed analysis.