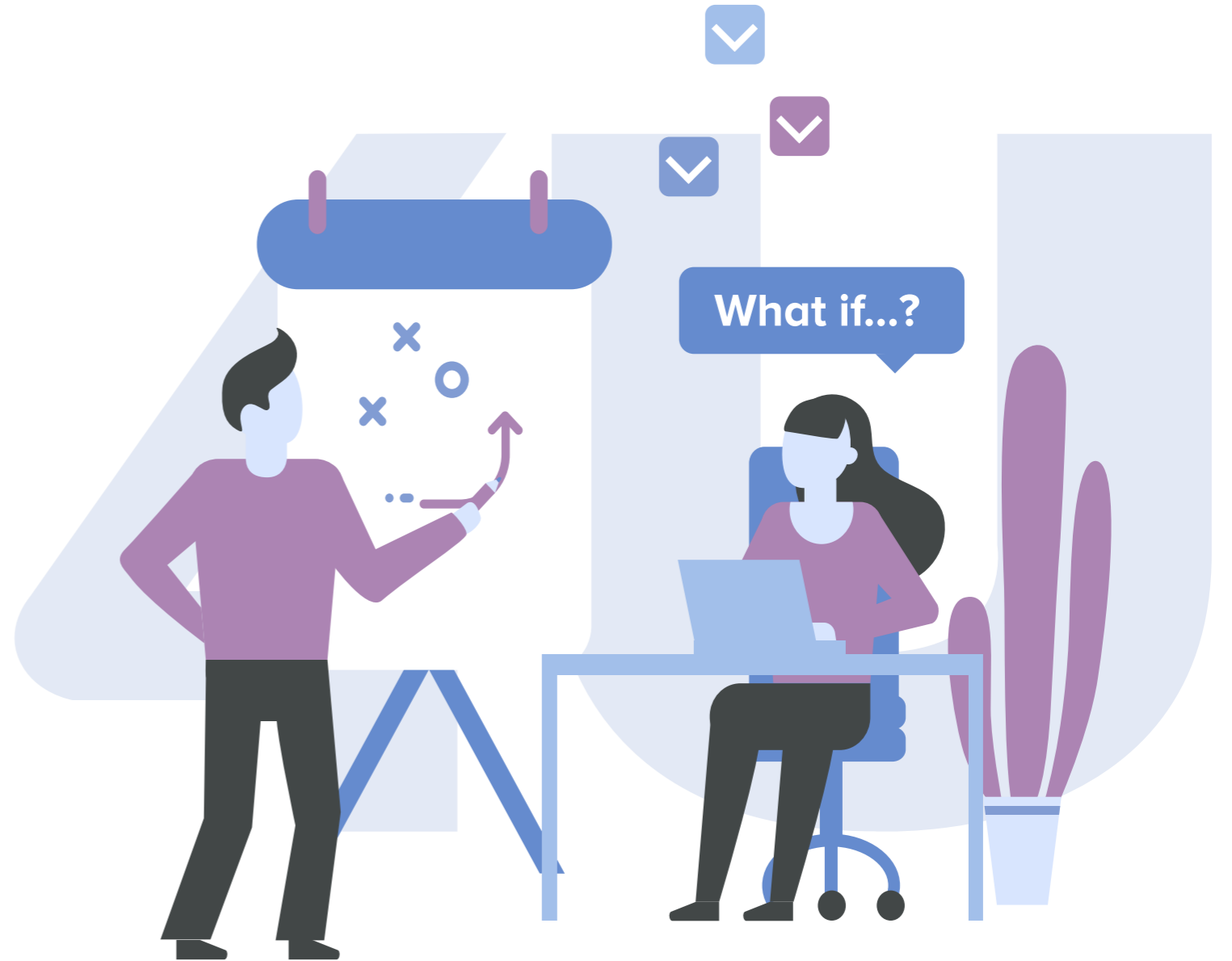


The guide for HR to

# Prepare for change



# Introduction

In January 2020, the entire world faced an unexpected, common threat: a pandemic that put world health and economy in danger.

Being prepared for the unexpected is hard and almost impossible. However, some strategic models can help you think, prepare, evaluate and decide on your next moves when the future is highly uncertain.

Among the different strategic tools, scenario planning stands out for its ability to describe a range of possibilities and highlight competitive perspectives, which are especially important during periods of uncertainty. After creating scenarios you will have a deeper understanding of the near-inevitable future, as well as be more prepared for changes.

There is a significant amount of literature about scenario planning, it would require a book rather than a mini guide to drive you through the full process. However, based on our experience, we summarised it and developed a model that can help HR professionals to make better informed decisions. Our purpose with this mini guide is to help you identify the different possible scenarios you might be facing after a crisis such as COVID-19 and plan the best HR strategy for your organisation.



# Who is involved

As HR professionals, people should always be at the centre of every analysis and decision you make. Every decision affects your workforce, moreover the execution of your strategy depends on people, so it's quite straightforward that before planning and building scenarios you need to identify decision makers and those affected by them. We have identified the 5 most important groups you have to keep in mind before you start planning a strategy:

- Board or C-level
- Managers
- Employees
- Staffing
- Unions

## 1. Scope & timeframe

**The first step** in creating scenarios is to set the scope and time frame. After creating scenarios you will have a deeper understanding of the near-inevitable future, and will also be more prepared

**The time frame** can depend on different factors, political decisions, competitor horizons, technology changes and so forth. Your time frame should cover **at least one year**, for instance you can set a time frame starting from May 2020 until May 2021 to cover the Coronavirus response.

Once you have decided on your scope and time frame, look back on how your organisation has changed and what drove those changes. **You will probably notice that change happens every day, so there is no reason to be afraid.**



## 2. Informed brainstorm

After you have set up your scope you need to gather information and brainstorm on what is happening, what will happen and what can happen during the set time frame. The goal in this step is to understand your context and gather information to back future scenarios.

- **Key factors and certainties:** Think about the **things you know for sure**. They can be very obvious, but it's good to list all factors that may impact your scope and then try to look for the less obvious ones. There are some things you can be certain of, for instance how your employees behave during the lockdown period. For organisations using people analytics the level of accuracy of their certainties is higher than for those who don't have any data to backup their certainties. *For the COVID-19 pandemic a certainty can be: The marketing, product and finance department perform 3 times better remotely than in the office.*

- **Trends:** What is happening or will happen? Think about political decisions, economic responses or social behaviours. *For instance, if the economy enters in a recession period, there will be a massive unemployment rate.* Explain each trend briefly and specify how and why it affects your organisation and especially HR. Find blindspots, and then categorise your trends depending on which one influences your organisation the most. You may find hidden opportunities and challenges.

- **Uncertainties:** What events can take place in the future and affect your organisation? Again take everything into consideration such as political, economical, societal, environmental and even legal factors. *If we take the example of the coronavirus: Will the European Union keep borders closed? What if there is a second lockdown? Will we be forced to reduce our workforce?* Brainstorm and then select the most significant uncertainties for your scope and organisation.



### 3. Constructing scenarios

Once you have brainstormed and done some research you should have a shortlist of the trends, certainties and uncertainties identified. You will then have all the bricks for scenario construction. The question is how do we decide on which possible futures to settle our strategy?

In this step, there are different approaches that you can use. A first and simple approach is to identify extreme worlds, for instance listing all positive elements in one extreme and all negatives in the other. Another method could be selecting the top two uncertainties and cross them to identify possible themes.

Remember, a scenario is a story, think carefully on the title because it should capture the essence and make the story easy to follow and to remember. Let's illustrate with an example: If there is a second lockdown (U1) AND the economy enters a stronger recession (U2), scenario 1 might be: Workforce slump.

### 4. Assessment & decisions

Finally, you have to assess the scenarios you've created by organising the possible outcomes and trends around them. Trends can give more or less weight to different scenarios. For instance, a political trend like support for temporary unemployment can play a bigger role in workforce slump than in an employee happiness scenario. While assessing the scenarios you may have to identify blindspots and consider how your stakeholders will react, for example, do you really understand how unions will behave in case of workforce slump? Do further research and prepare yourself and your team for all possibilities, try to go beyond your industry and discover all kinds of future innovations that can help you to design better strategies.

After assessing your scenarios, we recommend you select three or four scenarios that respond to the following characteristics: the best case, the worst case, the one that continues on the current trajectory, and the most likely case.

Now, sit with your team and discuss the implications for each scenario and the strategic options of those implications. At this point, you should have ended up with a list of possibilities, one that fits all the scenarios and another one for each single scenario. These lists enables you and your team with strategic possibilities that you can use to test your strategies and will make sure you are prepared with ideas that will allow you to respond to change faster.



# Now it's your turn

STEP 1: write down the trends you spot and what impact they have on your scope

TREND: EX. Digital transformation

Impact on your scope: *High impact. Need for new skills and to reskill current employees.*

TREND: \_\_\_\_\_

Impact on your scope: \_\_\_\_\_

TREND: \_\_\_\_\_

Impact on your scope: \_\_\_\_\_

TREND: \_\_\_\_\_

Impact on your scope: \_\_\_\_\_

STEP 2: write down the uncertainties you have

UNCERTAINTY: EX. Will there be a second lockdown?

UNCERTAINTY: EX. Will there be a strong recession?

UNCERTAINTY: \_\_\_\_\_

UNCERTAINTY: \_\_\_\_\_

UNCERTAINTY: \_\_\_\_\_

UNCERTAINTY: \_\_\_\_\_

UNCERTAINTY: \_\_\_\_\_

UNCERTAINTY: \_\_\_\_\_

# Now it's your turn

STEP 3: Create different scenarios (S) by linking uncertainties (U)

|                                  |  |                          |
|----------------------------------|--|--------------------------|
| U: EX. There's a second lockdown | & U: EX. The economy enters a stronger recession | = S: EX. workforce slump |
| U: _____                         | & U: _____                                       | = S: _____               |
| U: _____                         | & U: _____                                       | = S: _____               |
| U: _____                         | & U: _____                                       | = S: _____               |

STEP 4: Identify the 4 different scenarios

Best case: \_\_\_\_\_

Worst case: \_\_\_\_\_

On current trajectory: \_\_\_\_\_

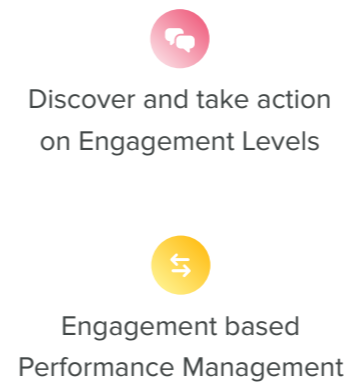
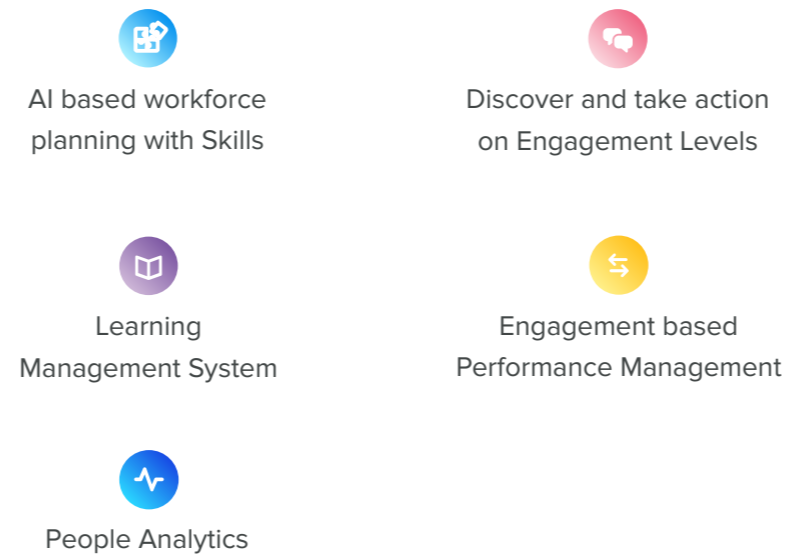
Most likely case: \_\_\_\_\_

## The power of scenarios

Remember, scenarios by themselves don't determine a strategy, but support the decision making process. After following the steps of this mini guide, you should have a better overview of the possible futures your organisation and especially HR will be facing. It's time for you to develop an HR strategy based on the possible scenarios you have just created. Think of the strategy as a boat and scenarios as the extreme conditions which it will navigate. As an HR professional, people should always be at the centre of your strategy and decisions. Don't worry, you may not have all the answers, but you will be prepared for the unexpected. That is a valuable asset to have.

Are you ready to make a decision?

## Discover how Unit4 helps you detect and manage changes in your workforce.



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