



**The Conference
Board of Canada**

Scenario Planning

The Ultimate Business
Confidence Builder



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Who would have thought ...

... someone would hijack airplanes and fly them into the World Trade Centre and the Pentagon?

In 1994, Tom Clancy wrote *Debt of Honor* about a Japanese man who flew a 747 into the US Capitol. It was a favorite novel of George W. Bush.

US military officials later admitted that (in 2000) they considered this scenario but never planned for such an event.



Who would have thought ...

... a Category 1 Hurricane named Katrina would hit New Orleans, create \$125 billion in damages and leave 1870 people dead?

In 2001, Federal Emergency Management Agency ranked the potential damage to New Orleans as “among the three likeliest, most catastrophic disasters that could face this country.”

No plan was ever put in place.

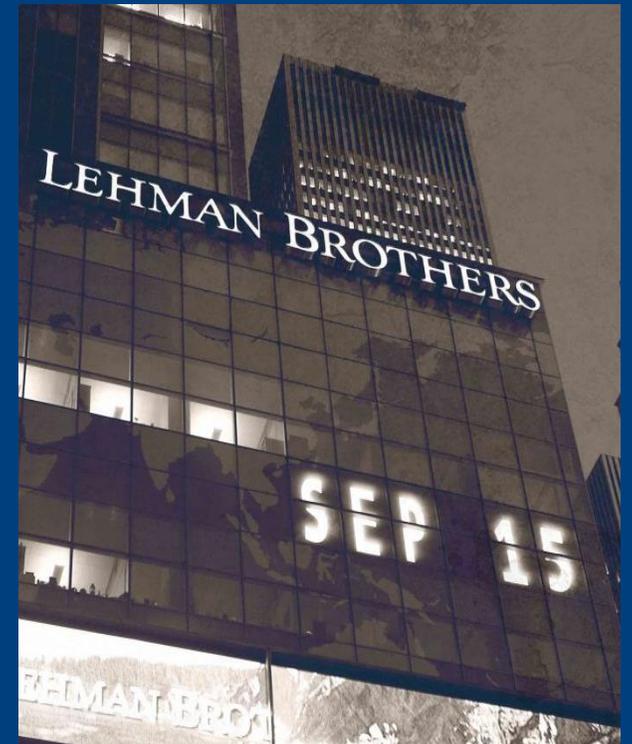


Who would have thought ...

... the US Government would let Lehman Brothers fail on September 15th, 2008?

Royal Bank laid off an >\$2 billion exposure to Lehman Brothers two days before its collapse.

In their scenario planning, they anticipated that US Treasury Secretary Henry Paulson would never throw a lifeline, as he personally despised Lehman Brothers Chairman Richard Fuld Jr.



Who would have thought ...

... a global pandemic would lead to a massive economic collapse, 6.3M deaths, and a global supply chain shut down?

In a 2015 TED Talk, Bill Gates warned the world that we were on the verge of a catastrophic outbreak, likely originating in China, and encouraged governments to build vaccination, PPE, and isolated hospital capacity.

Very few countries had a plan.



Who would have thought ...

... after the world financial markets dedicated \$1.4 Trillion to Sustainable Finance and ESG Funds at COP26, the world would aggressively start voting out governments in favour of populist movements?

In February 2021, the Government of Alberta undertook a scenario planning process that resulted in a narrative and pathway to increase energy production – as energy affordability and security would start dominating the Canadian consumer and geopolitical agenda.



Who would have thought ...

... after four years of economic growth, emissions reductions and unprecedented infrastructure spending, the United States would return Donald Trump to office?

Over the past 24 months, the world has witnessed 64 national elections, of which 78% have overthrown incumbent governments in favour of more populist agendas.

Still, approximately 32% of the US population can't believe he's in charge (48% of Canadians).



Who would have thought ...

... first order of business for Donald Trump was to rip up the NAFTA/CUSMA with Canada and Mexico to firm up US border security and repatriate manufacturing back to America.

10-Year collapse of \$CAD, GDP per Capita, productivity, export market development, major projects approvals, immigration controls and confidence in the federal leadership provided a prime opportunity for divide & conquer negotiation tactics.

Yet Canada struggles to respond to tariffs and basic negotiation tactics.



“SCENARIO PLANNING IS NOT
ABOUT PREDICTING THE FUTURE;

IT'S ABOUT BEING AWARE OF AND
EXPLORING A RANGE OF POSSIBLE
FUTURES ...

AND KNOWING HOW YOU WILL
COMPETE AND WIN IN EACH.”

- Peter Schwartz, Founder
Global Business Network

1

Scenarios are **stories about the future**. They are not attempts to predict the future; rather, they aim to sketch the boundaries of the plausible.

2

Important impact on an organization or country, **difficult to convince** it is even possible, and hard to imagine what can be done in response.

3

Method allows you to explore how the world might look if uncertain and important drivers unfold, and **how you would respond** in each narrative.

Policy Dilemma (February 2021)

Organization: Government of Alberta

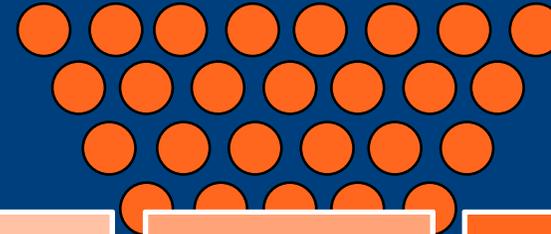
Focal Question: How much and how quickly should the province invest in energy transition?

Key Uncertainties:
Level of divestment occurring in province
Global energy availability & affordability
Geopolitical alignment & cooperation
Speed & intensity of climate change

Process Used:

- 1 Strategic Thinking
- 2 Scenario Planning
- 3 Strategy Development
- 4 Strategic Planning
- 5 Strategic Execution

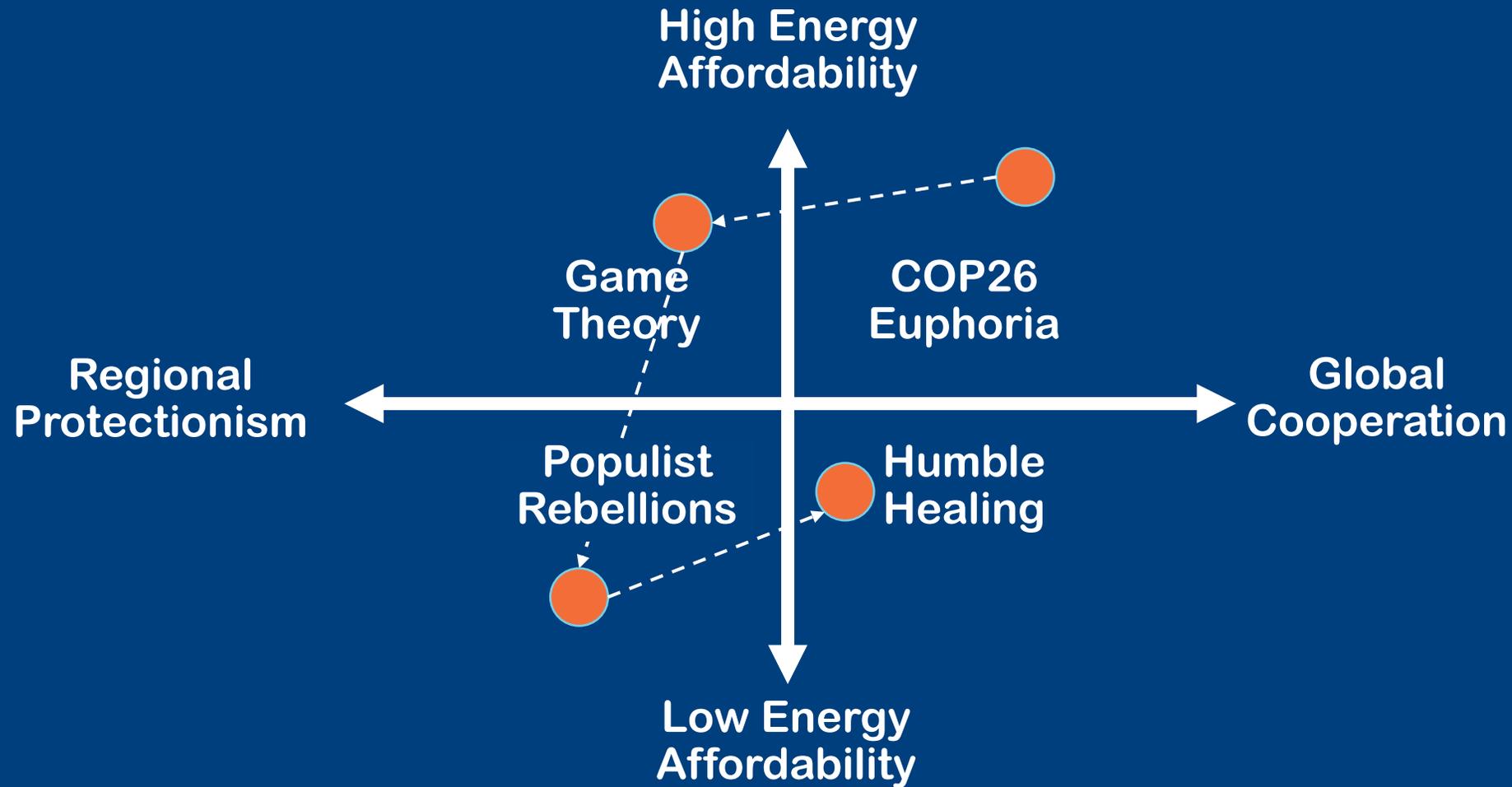
Step #1: Strategic Thinking



Step #2: Critical Uncertainties



Step #3: Scenario Planning (2021)



Step #3: Scenario Planning Process

FOCAL QUESTION

Asking profound questions is powerful thinking. Asking the right questions defines the agenda, and determines the information to seek:

- ✓ What is the strategic dilemma you are trying to answer?
- ✓ Why does it matter?
- ✓ What differences of opinion exist?
- ✓ What drives the uncertainty?

What is your FOCAL QUESTION? A sentence question that immediately triggers both visions and nervousness about uncertainty for your business?

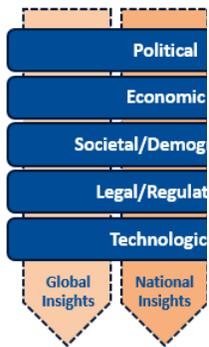
Q: _____

"IT DEPENDS" is usually the



GATHER INSIGHTS

In today's media-consumed world, insights can easily pass you by. Strategy requires insights and trends across 5 themes and 3 levels.



A visual framework allows you to move away in an easy way for your strategic thinking and strategy (this step comes next)



DRIVING FORCES

Driving forces are EXTERNAL factors that have significant consequences for your business. They can range from the price of oil to geopolitical events that shape the country and history. Insights into these factors would greatly enable you to imagine the future.

LIST YOUR TOP 10 BUSINESS DRIVERS

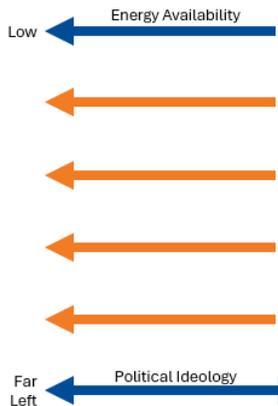
- _____
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UNCERTAINTIES

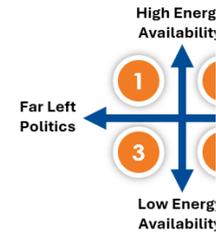
You should be interested in driving HIGH IMPACT and HIGH UNCERTAINTY.

Create an axis of uncertainty for a key business driver, complete with endpoints that extend the continent as wide as possible: Two examples below. Create 3-4 more examples for your business.



FOUR (4) NARRATIVES

Each quadrant of your Scenario Planning Matrix needs its own story – a narrative that is directional as opposed to scientifically accurate, as long as the conversations they spark are more important than their content.



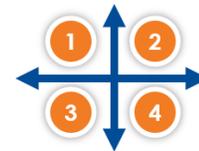
1. **Climate Euphoria:** Energy clean energy; oil & gas
2. **Economic Boom:** High low incentive to invest
3. **Debt Ceiling Cometh:** agenda leads country
4. **Drill Baby Drill:** Afford shifts policies back to



6

QUADRANT #1

Narrative Name: _____
 Horizontal Endpoint: _____
 Vertical Endpoint: _____



To build your narrative for Quadrant #1

- What's happening in the economy?
- What are some potential headlines?
- What are your customers experiencing?
- How are your staff feeling?
- How would you need to respond?
- How would competitors respond?
- What businesses win in this scenario?
- What could you prepare for in advance?



SIGNPOSTS

SIGNPOSTS are identifiers that will serve as an early alert system for you to know when a specific scenario may be emerging, or you are starting to move away from your current scenario quadrant.

What are SIGNPOSTS for each Quadrant?

1. _____

2. _____

3. _____

4. _____



PREPAREDNESS

Now focus on an important TABLE TOPIC with your Board or Management Team:

1. If we start to move into Quadrant #1, what actions will we need to take:

- Minute One: _____
- Hour One: _____
- Day One: _____
- Week One: _____
- Month One: _____
- Quarter One: _____

2. If we start to move into Quadrant #2, what actions will we need to take:

- Minute One: _____
- Hour One: _____
- Day One: _____
- Week One: _____
- Month One: _____
- Quarter One: _____



15

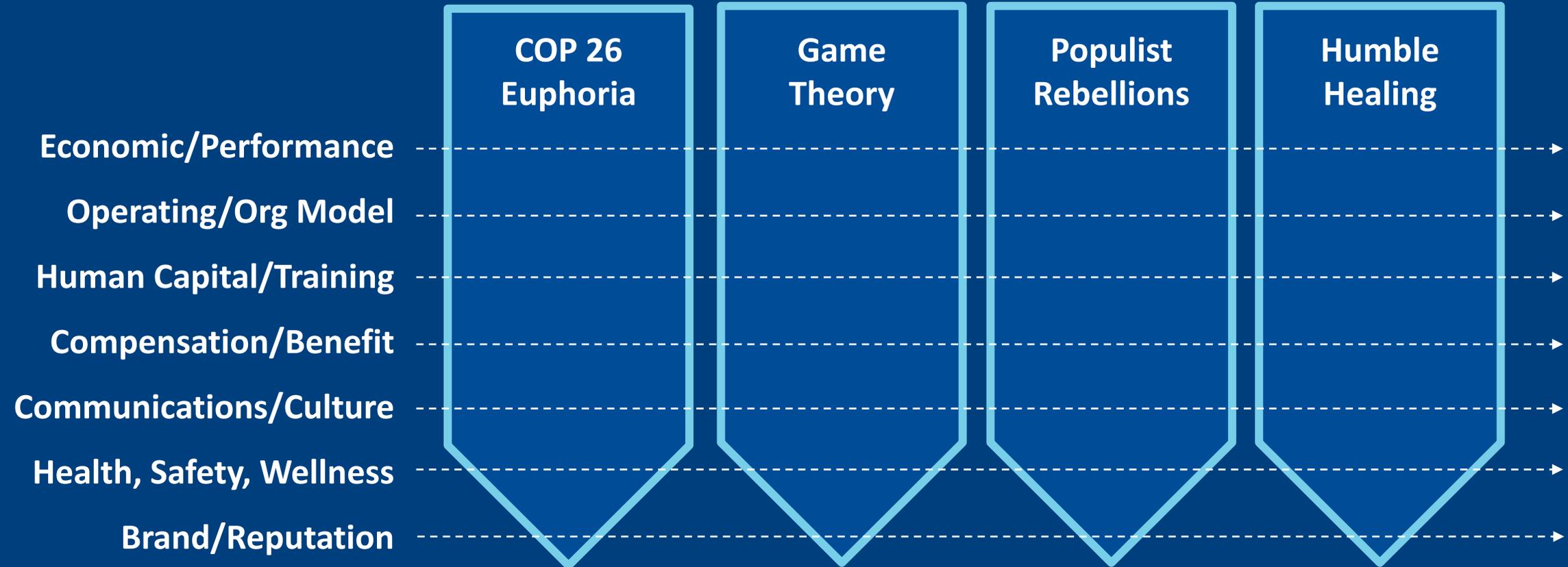
Step #4: No Regrets Strategy Development (2022)



1. Maintain profitable production in conventional energy business to ensure energy security for Canada & USA
2. Support top Oil Sands producers in a realistic pathway to Net-Zero by 2050
3. Use proceeds to invest in Hydrogen and Carbon Capture & Sequestration, with some Solar, Wind, Geothermal
4. Partner with USA on supply of Natural Gas to drive AI/Data and LNG export to Europe/Asia
5. Develop new markets for petrochemicals and non-combustible uses of bitumen

1. Record FCF to strategically invest in CCS infrastructure and emissions reduction technologies
2. Show we are exceeding federal climate goals despite increased price or cap on carbon
3. Broadened mix of cleaner energy exports from Alberta
4. No stranded assets left in the ground – focus of investment
5. Lead nation in GDP growth, affordability, job creation, and in-migration

Step #5: Functional Strategy & Risk Management





**The Conference
Board of Canada**

Scenario Planning Simulation



In preparation for
October 2025

A. Focal Question

What happens if Donald Trump continues to push Canada towards becoming the 51st state?

- ✓ **What is the strategic dilemma you are trying to answer?**
- ✓ **Why does it matter?**
- ✓ **What differences of opinion exist?**
- ✓ **What drives the uncertainty?**

A. Gathering Insights: Survey Results (N=48)

Could this actually become a reality? 27% say they would explore.

... most positively impact Canadians?

1. Currency conversion at par
2. Stronger military defense
3. Zero tariffs
4. Lower personal/corporate taxes
5. Write off housing interest payments
6. Larger employment opportunities
7. Open borders - work from anywhere
8. More VC funding for innovation
9. Greater global significance
10. Guaranteed to win a Stanley Cup

... most negatively impact Canadians?

1. Loss of national/personal identity
2. Loss of independence
3. Cultural and policy erosion (guns)
4. Reduced political power
5. Different political and electoral system
6. Loss of single healthcare system
7. Loss of social programs
8. Loss of natural resource ownership
9. No more hockey rivalries
10. Funny Flag: 50 Stars and 1 Maple Leaf

A. Driving Forces

Driving forces are **EXTERNAL FACTORS** that have significant consequences on your business.

They can range from the price of oil to geopolitical uncertainty – things that shape the course of events and history.

Insights into these external factors would greatly enhance your ability to imagine the future.

YOUR TOP 10 BUSINESS DRIVERS?

1. Timing
2. Labour Laws
3. Currency
4. Bargaining Rights
5. Talent Mobility
6. Payroll & Tax Laws
7. Immigration
8. DEI Legislation
9. Competitive Environment
10. Employee Privacy

B. Critical Uncertainties

Immediate
Transition



10-Year
Plan

Full Labour
Mobility



No Labour
Mobility

All Canada
Agrees



Each Province
Decides

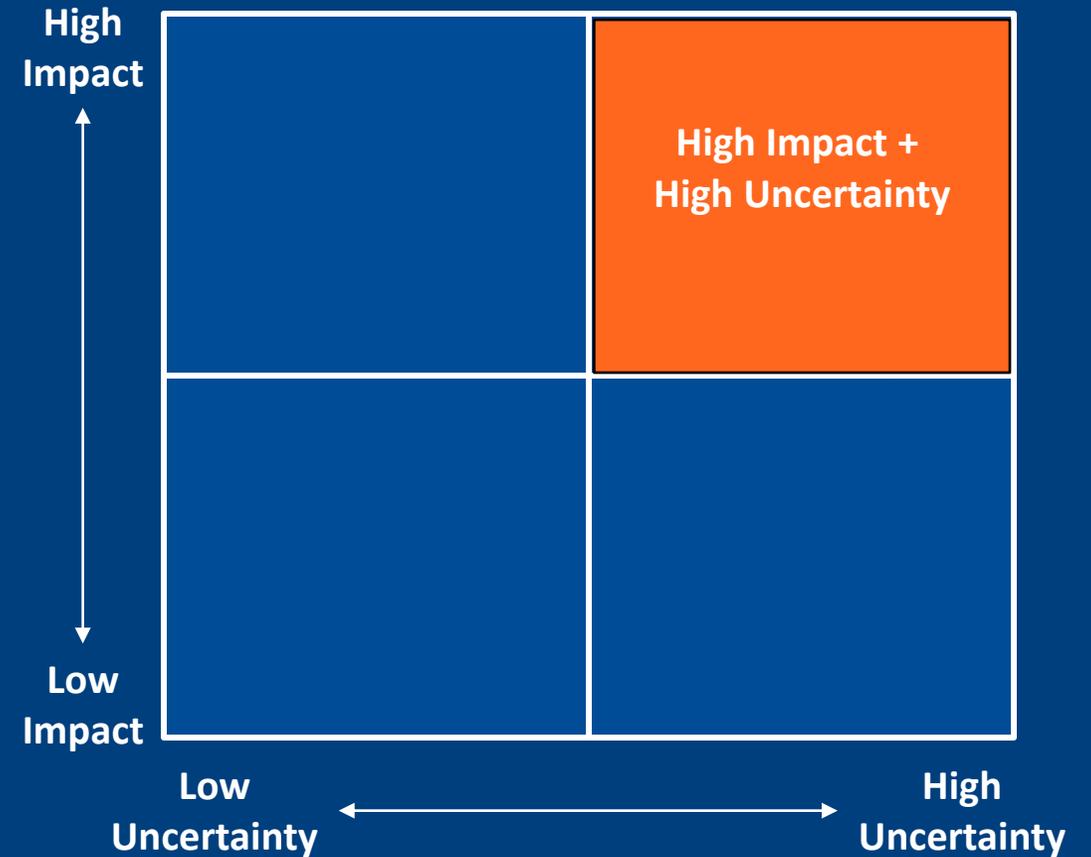
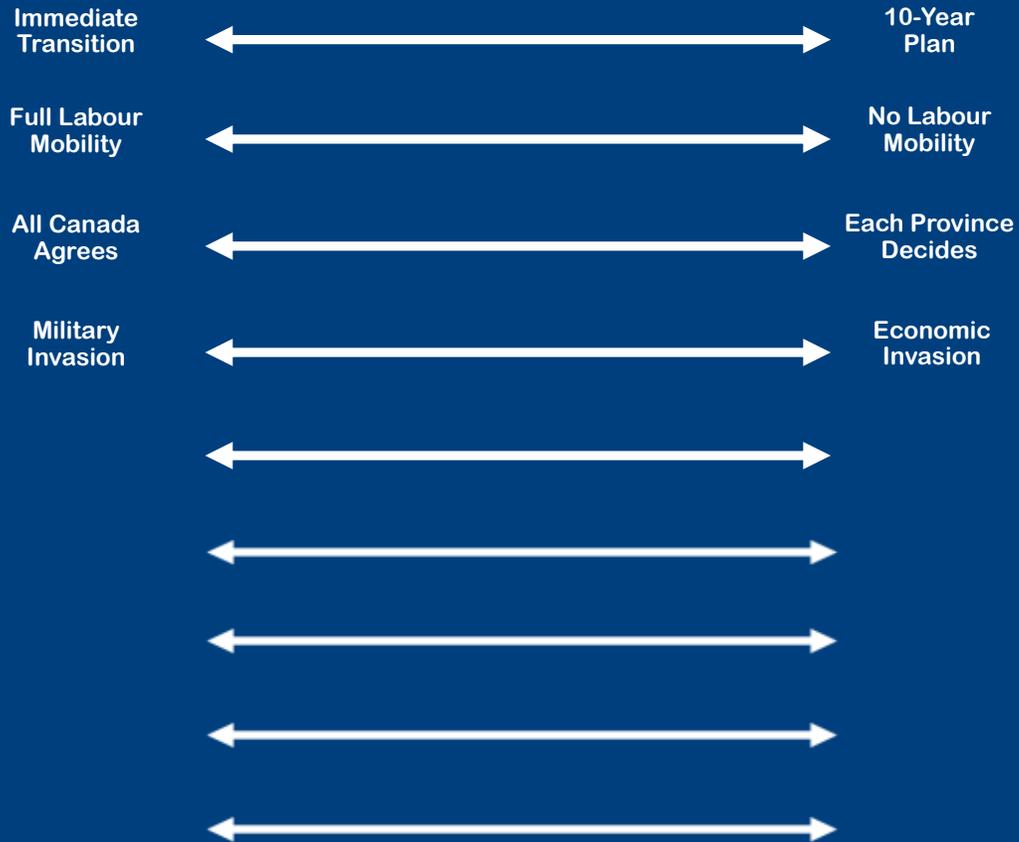
Military
Invasion



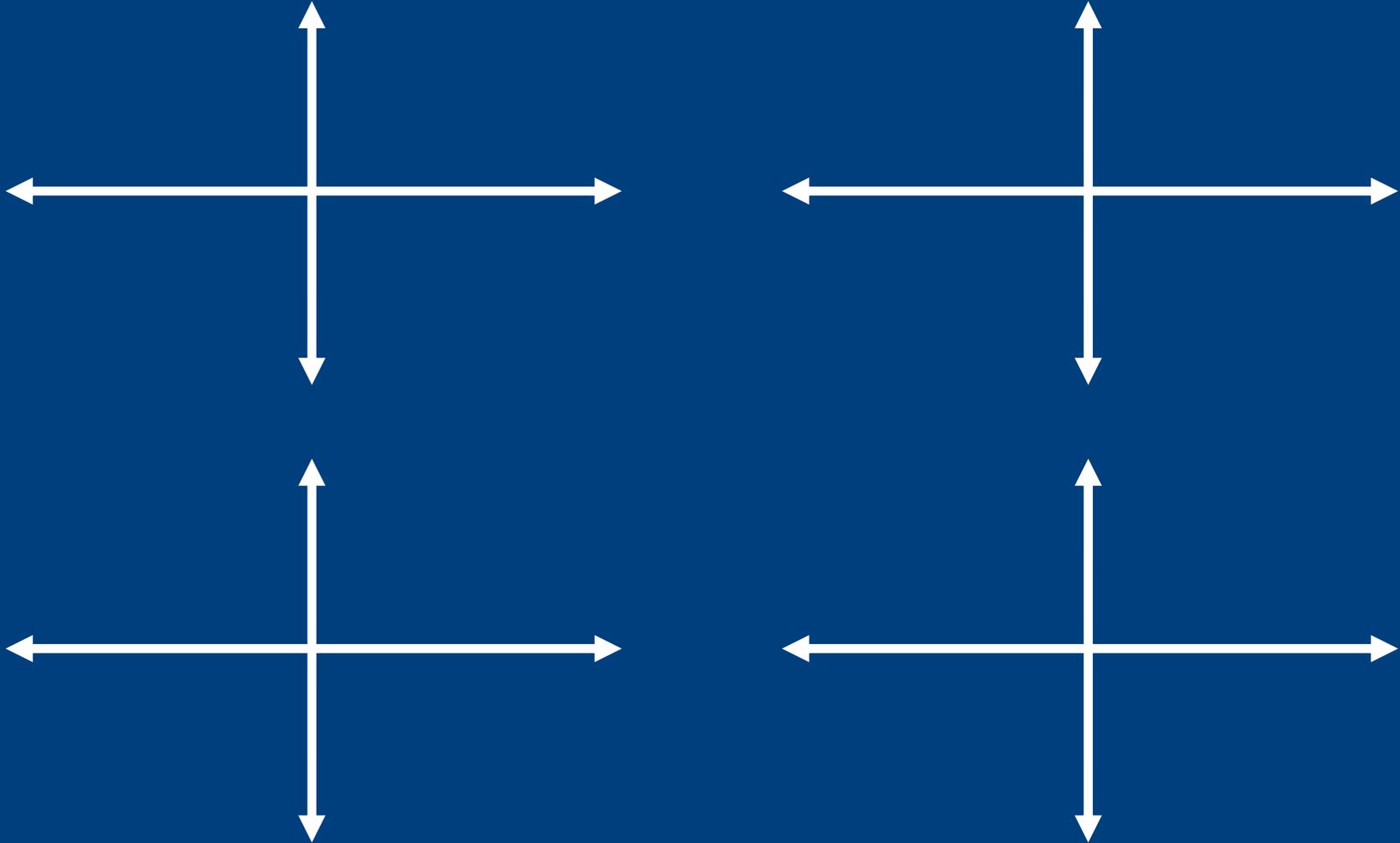
Economic
Invasion



B. Critical Uncertainties



C. Scenario Framework & Narratives



C. Scenario Framework & Narratives



C. Scenario Framework & Narratives



To Build Out Your (4) Narratives:

- What's happening in the economy?
- What are some potential headlines?
- What are your customers experiencing?
- How are your staff feeling?
- How would you need to respond?
- How would competitors respond?
- What businesses win in this scenario?
- What could you prepare for in advance?

D. Signposts & Preparedness

SIGNPOSTS are identifiers that will provide an early alert system for you to know that a specific scenario may be emerging, or that you are starting to move away from the current scenario quadrant.

Quadrant #1: Recruiting Arbitrage

- Increase in cross boarder postings
-
-

Quadrant #2: Focus the Troops

- Increased mental health issues
-
-

Quadrant #3: Here Comes Competition

- Office vacancy in Toronto plummets
-
-

Quadrant #4: Satellite Ops

- Enbridge moves HQ to Chicago
-
-

D. Signposts & Preparedness

If we start to move into Quadrant #4 – Full Mobility x 10-Year Plan, what actions would you take:

Minute One: •

•

Hour One: •

•

Day One: •

•

Week One: •

•

Month One: •

•

Quarter One: •

•

Examples of Table Topics:

- What if we have a minority government?
- What if Alberta negotiates its own deal?
- What if Quebec refuses to participate?
- What if Saudi makes a secondary offer?
- What if head offices start moving regardless?
- What if China retaliates on US?
- What if unions immediately start striking?
- What if Trump triples tariffs?
- What if immigration is closed off?
- What if a major protest occurs?
- What if US congress nullifies the agreement?

The next 12
months will be full
of nerves but
exciting ...

... only for those
who are prepared.

When the going
gets tough ...

... the tough
acquire
market share.

Expect the
unexpected ...

... but let your
preparedness
be your
differentiator.



THANK YOU.