

An innovative tool for managing risk while positioning for future growth

Capability: The Recession/Recovery Decision Matrix – R/RDM – is a unique strategy and decision-support capability for organizations experiencing unprecedented adversity and change in the current unpredictable marketplace. The Matrix is an adaptation of FSG’s highly successful scenario-based strategic planning to the needs of nearer-term operational decision-making under conditions of historic economic uncertainty. It employs a set of proprietary “recession scenarios” to evaluate opportunities and manage risk from the present through 2011. R/RDM is a powerful – and practical – planning tool for placing short- to medium-term decisions in a workable perspective and strategic context.

Process: The R/RDM employs a set of four 18-to-30 month “foundation scenarios” to guide clients through a process of evaluating alternative opportunities and risks. We work with clients, typically in a team setting, to customize the scenarios to the client’s business conditions and strategic priorities. The result is a powerful decision-support tool that can be used to stress-test current direction; identify new “robust” actions that promise to work no matter how the future unfolds; inform existing business or risk management models; consider alternative competitor actions; and heighten enterprise readiness for new shocks and surprises. We identify opportunities that the crisis may bring, while improving the resiliency of clients’ business or operating models against the more obvious challenges. The process helps build executive alignment around a common understanding of recession/recovery risks and possibilities, and

fosters strategic agility in the face of unalterable uncertainty and inevitable change.

Indicative R/RDM Scenario Challenges: The four R/RDM foundation scenarios have been expertly crafted to cover a range of business environments that executives can plausibly expect to encounter over the next 30 months. Each presents users with a distinct set of challenges and upside possibilities. For example:

The scenario called *Miracle* describes a surprising, broad-based recovery, and may challenge companies to move decisively to acquire discounted assets before competitive forces bid prices back up.

Grinding It Out describes a long and difficult recession that promises eventual recovery for firms equipped to tough out hard times and chronically weak markets.

False Dawn depicts fiscal over-stimulation leading to an unexpectedly robust recovery—but followed by escalating inflation and new financial instability.

Mere survival in *Global Nightmare* requires radically changed business models to cope with a world besieged by conflicts and global economic instability.

Types of Engagements: The R/RDM lends itself to a range of potential applications, from brief, focused exercises to more extensive projects involving significant scenario customization and development of wholly new strategies. Three broad engagement categories are summarized in the following table.

RRDM Engagement Options*

**Note: These are broad options that may be augmented or modified in accordance with client needs and requirements.*

Type of RRDM Offering	Express Version	Intermediate Version	Extended Version
Features	<ul style="list-style-type: none"> Scenario evaluation of existing strategies and plans Insights into future market conditions, not examined previously Small client project team (3-4) One day workshop with larger client group (10-15) Half-day workshop analysis 	<ul style="list-style-type: none"> Scenario evaluation/validation of existing plans High-level consideration of competitor plans and actions in alternative scenario environments Stress testing of new concepts, initiatives, etc. Identification of action items Modest client project team (3-7) Two-day workshop with larger client group (10-15) One-day workshop analysis 	<ul style="list-style-type: none"> Modest client project team (3-7); in-depth workshops (with larger client group (20 +) of up to three days to evaluate existing plans, strategies and to explore new concepts that promise to work across a range of business environments Develop new strategies; evaluate in relation to existing strategies; identification of strategic conflicts, robust strategies and contingent actions Multi-day workshop analysis
Elapsed Time	One week, with consultants on-site for three to four days	Two to three weeks, depending on scheduling requirements	Approximately 5-8 weeks elapsed project time in all, depending on scenario and workshop requirements
Scenario Customization	Minimal – add a few drivers (scenario characteristics)	Moderate customization – client adds 5-10 additional drivers	Extensive customization – 10+ drivers added
Interviews	None	Four to six executive interviews	10-15 internal (and possibly external) interviews
Core Team Prep/Training	Limited – “Scenario Planning 101” presentation, with some background reading	Larger Core Team, “Express” version plus more hands-on training and interaction in customization and workshops	Intermediate Version plus regular scenario workshop experience, with some facilitation training and materials provided
Scenario Contingent Plans	None	None	Yes, contingent strategies identified, along with related “trigger” events and conditions
Contingent Forecasts	None	None	Option to do scenario-contingent market forecasts
Post-Workshop Analysis	Approximately one-half day	Full day	Several days (3-5) needed for larger volume of output
Number of FSG Consultants	Two consultants	Two consultants	Two primary consultants, doing approximately 70% of the work; 2 additional FSG consultants for workshop
Deliverables	<ul style="list-style-type: none"> Customized scenarios Workbook Workshop raw results Report summarizing results 	<ul style="list-style-type: none"> Customized scenarios Workbook Workshop raw results Longer report, reflecting more extensive coverage of new initiatives 	<ul style="list-style-type: none"> Same as Intermediate Version, plus: Executive briefing presentation Any optional add-ons, such as contingent forecasts, facilitated competitor analysis, etc.

Our Qualifications: R/RDM is a product of the Futures Strategy Group LLC. FSG is a world leader in the application of scenario-based approaches to strategy development, risk management, and corporate innovation. FSG has applied its expertise across domains such as manufacturing, transportation, consumer products, financial services, utilities, foreign affairs and military, among other fields. FSG principals have served clients as diverse as IBM, Pfizer, 3M, Monsanto, Ford Motor Company, the Public Service Enterprise Group, the Options Clearing Corporation,

Deloitte, NASA and the U.S. Coast Guard. The principals of the Futures Strategy Group welcome inquiries about the Recession/Recovery Decision Matrix. For additional information, please contact:

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