

# Scenario-based wargaming

This white paper describes scenario-based gaming, a contemporary tool in explorative strategy work.

## Traditional wargaming

There is a long tradition of wargaming for military purposes. Players assemble into teams and play opposing teams, exploring what impacts strategies and tactics could have in specific military situations. It can be a complex deployment situation in a specific geography, sudden offensive actions against own territory, or a regional terror incident calling for international military cooperation. Gaming builds insights into the strengths and weaknesses of different players and their actions, and how the game itself can change based on what players do – and what that may mean for the actors.

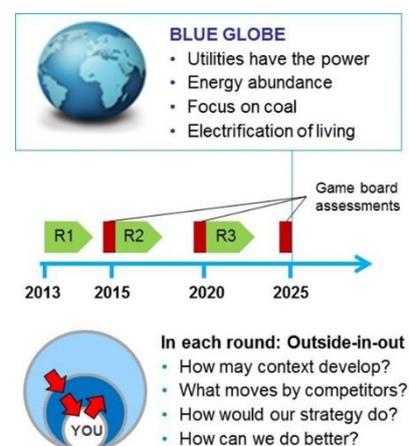
This kind of competitive gaming has been brought into the world of business strategy. Similar to the military world, a company typically explores the effects of its own and other key players' strategies and tactics. Different teams play their own company, key competitors, the market, investors, etc. This kind of wargaming builds an understanding of market dynamics. How may competitors react to some of our strategic moves? What may be the result on the overall market, and on the position of the players? What counter-actions may be expected in the changed market situations? What are winning strategies and what strategic moves are to be avoided?

## Scenario-based gaming

NormannPartners has developed a next generation of gaming, suited for contexts in which the ground moves – and where collaborative as well as competitive strategy may be essential to consider. In business environments where there is a lot of complexity, uncertainty and change, and when one wants to explore mid- to long-term strategies, traditional wargaming is not dynamic enough. Not only does traditional wargaming ignore contextual and macro changes but it may also foster zero-sum game thinking and excessive focus on competitive strategies, with the risk of triggering negative competitive lock-in and “clawing to the bottom races”. Instead, NormannPartners uses *scenario-based* gaming, combining both structural changes and market dynamics.

## Setting the scene

Scenario-based gaming is played along time-lines of scenarios unfolding into the future. These timelines can be 10-20 years in duration. A small set of scenarios are used, and the game is played one round per scenario. Preparations include identifying the strategic concerns that are to be addressed by the game. A scenario set is created, or research is conducted to adapt an existing set of scenarios, with macro-developments and market changes, including many conditions such as potential new invaders and other new strategic threats. Game teams are prepared in advance with strategic information and DNA aspects of the companies whose roles they would play.

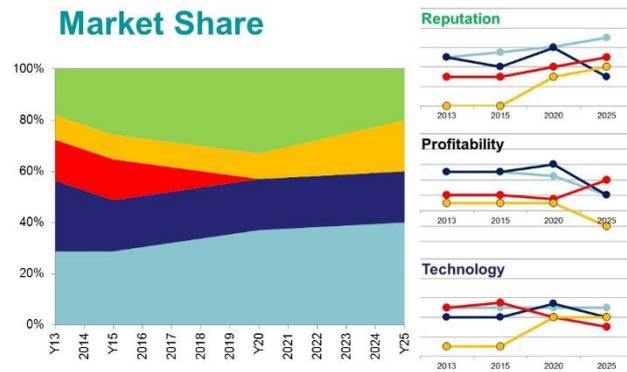


Source of scenarios: Wartsila

## Playing the game

Preparations are followed by the actual gaming workshop. Ideally it takes place over two days at an off-site location where participants can't be distracted by day-to-day business issues. To be effective, gaming requires that participants really embrace the game, and give it their full attention. The game is then played in short-, mid- and long-term stages, with one full round of stages in each scenario.

Teams define strategic moves at each stage, competing on context specific criteria for "winning", in other words, market share, profitability, technology portfolio and reputation, possibly by new collaborative initiatives with new kinds of actors. Performance and team standings are evaluated by a game board at each stage, and new standings are played back before each new stage.



## Playing is not enough; conclusions must be reached

The real value from the game comes from the strategic insights and recommended actions that emerge. These are based on what is learnt about how the business environment may change, what others may do, and what opportunities and threats may present themselves or be created. After the game rounds, all participants shift perspectives back to their "client" company, and "mine" the game experience for strategic "nuggets". How robust was the strategy? What damage could competitors inflict, and under which conditions, and when? Where were the most promising opportunities? What collaborative strategies made sense for exploiting opportunities and mitigating threats? Under what conditions is it feasible to make certain investments and resource deployments?

Well-prepared, and effectively played, scenario-based gaming can help better imagine, anticipate and prepare for changes in the business environment and for changes caused by moves taken by existing and new competitors and other actors who may have a role in shaping the future business.