



A Guide to ABC Scenario Planning

A Tool to Prepare Your Dealership for the Future in Uncertain Times

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The Rawls Group: A Key Partner in the MRAA Succession Planning Toolkit





Dear MRAA Member,

We know that running a marine dealership amidst all the change and uncertainty isn't easy.

Whether your biggest pain point is attracting and retaining a rock star team; the impact of rising interest rates, gas prices and supply chain disruption; navigating the purchase, sale or transition of your dealership; or something else entirely, to be confident navigating to success right now, you need to prepare for a range of different scenarios.

That's why MRAA has partnered with The Rawls Group, a Key Partner in MRAA's Succession Planning Toolkit, to offer you this Guide to ABC Scenario Planning. We want to be sure you have the information, tools, and processes in place to protect your business, your team and your customers, no matter what's ahead.

We are sincerely grateful to The Rawls Group for their generosity in sharing their expertise with us and with you, our members.

Kind regards,

Liz Walz

Want more education and resources? We would love to learn exactly what you're looking for. Send me your requests by e-mail at liz@mraa.com.

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Prepare for uncertain times with ABC Scenario Planning

Whether you are first generation, next generation, or the future generation, as a business owner, you can develop strategies now to avoid the known and unknown landmines ahead.

We are all learning more every day due to changes and challenges thrown at us, such as supply chain issues, the potential for recession, the threat of competition, and industry consolidation trends.

When you strategize or scenario plan ways to navigate the obstacles in your path, you have the creative problem-solving energy to adapt to the next new challenge.

The limits of strategic plans

A plan is simply a snapshot in time. It considers all assumptions made at the time of developing it have played out exactly as prophesized. But our worlds are action-packed and dynamic. As Robert Burns said: “The best-laid plans of mice and men often go awry.”

A good example of best-laid plans is one of the best Christmas movies ever, Die Hard! John McClane’s evening did not go as planned when he showed up at his wife’s Christmas Party. However, because he was an NYC cop, he had tactical training, which allowed him to use the environment to his advantage. His evening was in constant flux, and he not only



depended upon his training, but he also relied upon the support and insight of Sergeant Al Powell, who earned his way as a key advisor.

So, how does John McClane relate to you and your business environment? When you compare the dusty snapshot in time of a framed picture on your wall to an action-packed movie, it illustrates the fluctuations throughout the day, week, month, year of your complex business and family environment. You recognize environments change, requiring plans to change.

Now, as a business owner, you may not be problem-solving how to save hostages from the hands of Hans Gruber like in *Die Hard*, but you do have tens, even hundreds or thousands of people depending upon the success of your business, including your family, your employees, your customers, your business partners and your community.

As such, your environment is complex and it can sometimes feel like you are going into hand-to-hand combat to retain top talent, fulfill the expectations of vendors, partners, employees, and customers to sustain and grow your business.

As a successful boat dealer, you are an expert in your business. You may or may not be an expert or have the time or capacity to look ahead and see challenges or opportunities as it relates to the inter-related dynamics between family, finances, lifestyle, and business. As such, your environment requires a team. It is time to realize: You have a rapidly changing business and family environment with hazards and countless opportunities.

As you are changing your perspective as a business owner and leader to that of an Action Hero, what are you going to do next? A dusty plan isn't going to get you to where you want to go. Take charge of your future and leverage tools in your environment towards your success!

Strategic plans have limitations. One of the biggest is their documented and confirmed inability to predict the future. Even so, highly respected business consultants, advisors, and succession planners seem to believe every organization should have one. And

that may well be the problem: They have one, and only one.

**“No plan survives contact with the enemy.”
- Napoleon**

The enemy of the strategic plan is not the dealership across town or down the street. The enemy of the strategic plan is reality. No group of strategic thinkers can consistently predict the future. Nor can the planning team even predict if those charged with implementing the plan will believe in it.

What you can predict is that someone will want to play the “devil’s advocate” and challenge the logic behind the plan. And some, perhaps many, will doubt that the goals outlined in the plan can be achieved because the planners have succumbed to positive toxicity in their understanding of the Strengths, Weaknesses, Opportunities, and Threats that lie ahead.

**“Have no fear of perfection, you’ll never reach it.”
- Salvador Dali**

The answer? Scenario Planning

We know the future isn't certain. Experts, scholars, even economists did not predict the dot.com bubble burst, the financial meltdown in 2008, or COVID in 2019. This is where scenario planning comes into the picture.

First used in creating military strategy, this planning tool adds an element of flexibility for dealing with the major uncertainties in a variety of environments by helping decision-makers think strategically and incorporate uncertainty into policymaking, challenge conventional wisdom, and question core assumptions in current thinking.

Scenario planning allows organizations to think about how changes may impact business and determine what is required to succeed and develop a strategy relevant to those changes.

In short, scenario planning helps us avoid two great planning pitfalls: Overprediction and Underprediction. Both can be barriers in moving to the next level of success.

“It always seems impossible until it’s done.”
- Nelson Mandela

Depending upon how granular you want to make the process, scenario planning can have as few as three to as many as eight steps. Let’s focus on a process involving four steps. Here they are.

Step 1: Identify a Key Strategic Goal

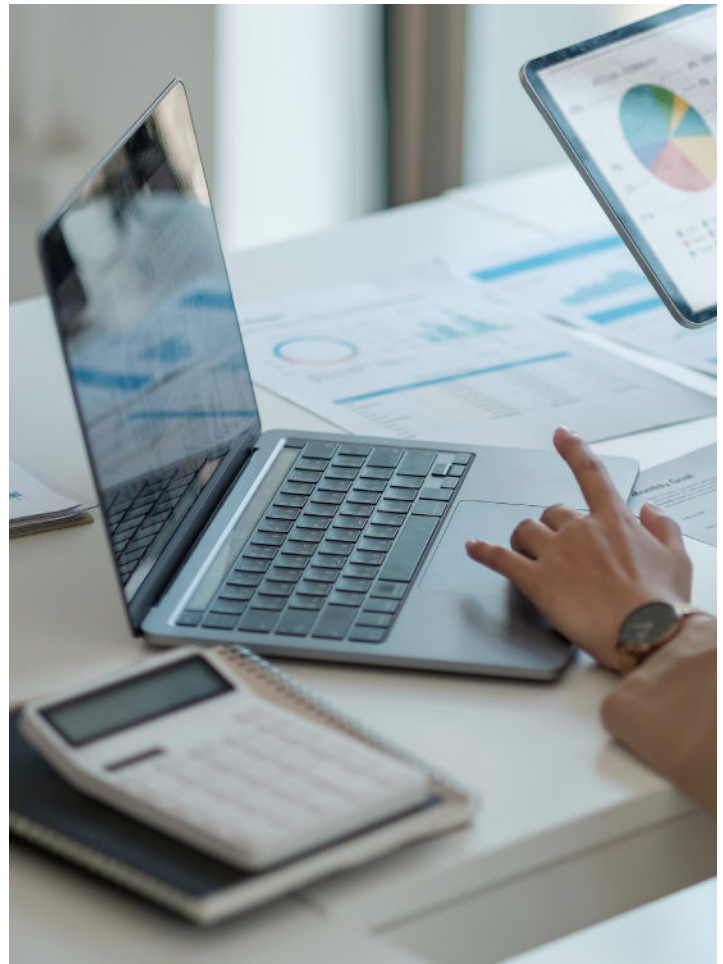
- Over a fixed time, say 18–36 months.
- For example:
 1. Increase in profit by 15 percent
 2. Grow through acquisition
 3. Complete a leadership or ownership transition
 4. Prepare the business for sale

Step 2: Identify Trends and Potentially Disruptive Factors

- Develop three different scenarios: best case, not so great case, and worst case scenarios. These three scenarios are your “A,” “B” and “C.”
- Think in terms of factors such as:
 1. Market demographics
 2. Government regulations and politics
 3. Technology changes
 4. Competitive mergers and acquisitions
 5. Societal disruptions
 6. Supply chain

Step 3: Analyze and Problem Solve

- Analyze: For each scenario developed, analyze the impact to the organization, considering how each “scenario” impacts:
 1. Marketing and sales: messaging & strategy
 2. Sales (revenue) of products and services
 3. Operations: process, procedures, and staffing
 4. Employee morale, motivation, and retention
 5. Customer retention and acquisition
 6. Community you serve
- Problem Solve: For each scenario analysis, develop at least four strategies that would overcome the critical issues and negative impacts each scenario created on your business environment. In total, you should walk



away with at least 12 strategies, four for each scenario.

Step 4: Incorporate the scenario into your overall planning process

- Develop contingency plans to allow you to be proactive when the changes occur.
- Review and create new scenarios each time you visit the master strategic plan.

Scenario planning helps businesses move to the next level. At times it may seem laborious and without much point. However, it can make the difference between watching things happen and making things happen. Now you're at a decision point that will affect the way you plan your business success. I'll leave you with these words from Theodore Roosevelt:

“In a moment of decision, the best thing you can do is the right thing to do, the next best thing is the wrong thing, and the worst thing you can do is nothing.”

To lead you through the first three steps of developing your own ABC Scenario Plan, our team at The Rawls Group has developed the Scenario Planning Worksheet available on the following pages of this guide.

ABOUT THE AUTHOR



Kendall Rawls
The Rawls Group

Kendall is the Director of Development for The Rawls Group, a Key Partner in MRAA's Succession Planning Toolkit. Since officially joining the firm in 2004, she has navigated issues that many business owners face, including working effectively with family, building rapport with key management and outside strategic partners, influencing teamwork, and implementing strategic initiatives to drive growth and increase organizational performance. Kendall knows and understands the challenges that impact entrepreneurial-owned businesses' success and offers a unique perspective derived from her background and experience as a second-generation, family-member-employee of The Rawls Group.

Kendall is a frequent contributor to national industry publications in automotive retail, multi-unit franchise, marine, and energy. In her spare time, Kendall enjoys spending time with her dog, practicing yoga, playing beach volleyball, and volunteering for her local neighborhood association. Learn more about The Rawls Group and its contributions to MRAA's Succession Planning Toolkit at MRAA.com/succession or SeekingSuccession.com.

STEP ONE:

Identify either the main objective from your strategic plan or a key goal critical to the sustainability and growth of your business: Examples include:

- » Growth in revenue by 15 percent by X date
- » Identifying and developing an owner/successor for the business by X date
- » Creating X amount of new revenue sources to diversify by X date
- » Preparing the business for sale in X amount of time

Write Your Goal or Goals Below:

STEP TWO:

Brainstorm, best, not so great, and worst-case scenarios, based upon current events and trends:

- » **What could happen over the next 18-36 months and how it will influence your business environment.**
- » **Focus on 3-5 evolving dynamics that you feel would impact your business the most out of the following:**

Market & Customers

- » **Upward or downward economic trend**
- » **Rate of unemployment and impact to workforce**
- » **Market demand for services**
- » **Increase/decline in interest rates**
- » **Access to credit**
- » **Acts of God**

Industry & Supply Chain

- » **Manufacturer/ Licensor expectations**
- » **Inventory**
- » **Cost of goods**
- » **Bankruptcy of supplier**

Politics & Government

- » **Increase/decrease of regulation(s)**
- » **Taxes**
- » **Public Health restrictions**

Competition

- » **Impact of consolidation**
- » **Emerging competitors**
- » **High Personal turnover due to competition**
- » **Price pressure**

Technology

- » **Cyberattacks**
- » **Upgrades or changes to systems/processes**

Social

- » **Emotional & mental well-being of community**
- » **Social unrest**

» Based upon the 3 to 5 contingencies you chose to focus on from the above list, imagine and bullet out at least 8 to 10 characteristics of the business environment.

Best Case Scenario of Your Business Environment	
1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

Not So Great Scenario of Your Business Environment

1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

Worst Case Scenario of Your Business Environment

1.	
2.	
3.	
4.	
5.	
6.	
7.	
8.	
9.	
10.	

STEP THREE:

Considering the goal identified in STEP 1 go through each scenario created and consider:

How Does Best Case Business Environment Impact?	
Marketing & Sales Strategy	
Sales (revenue) of Products & Services	
Operations: Process, procedures & staffing	
Employee motivation & retention	
Customer retention & acquisition	
Community you serve	

Brainstorm at least 4 strategies to ensure to sustain “success,” into the future

1.	
2.	
3.	
4.	

How Does the Not-So-Great Scenario of Your Business Environment Impact?

Marketing & Sales Strategy	
Sales (revenue) of Products & Services	
Operations: Process, procedures & staffing	
Employee motivation & retention	
Customer retention & acquisition	
Community you serve	

Brainstorm at least 4 strategies to overcome challenges created by the business environment.

1.	
2.	
3.	
4.	

How Does the Worst-Case Scenario of Your Business Environment Impact Your Dealership?

Marketing & Sales Strategy	
Sales (revenue) of Products & Services	
Operations: Process, procedures & staffing	
Employee motivation & retention	
Customer retention & acquisition	
Community you serve	

Brainstorm at least 4 strategies to overcome challenges created by the business environment.

1.	
2.	
3.	
4.	

STEP FOUR:

Review the table completed and identify the strategies that would generate a positive outcome

» **Across all 3 scenarios create**

- » **Plot out next steps to implement as soon as possible**
- » **No matter the scenario, these strategies add value**

» **For Mediocre Scenario create**

- » **A list of indicators that would imply the “Not-So-Great” scenario is becoming a reality**
- » **Contingency plans utilizing the strategies brainstormed**

» **For Worst Scenario create**

- » **A list of indicators that would imply the “Worst Case” scenario is becoming a reality**
- » **Contingency plans utilizing the strategies brainstormed**