When your mind is swirling with what-ifs, it's hard to know what questions to start with, let alone what actions to take. This is where scenario budget planning can be your friend. Whether the effects of the coronavirus pandemic have been immediate for your nonprofit or you’re bracing for what's to come, you should be proactively preparing for the possible paths ahead.

Let me state this up front: It's very likely all of your anticipated scenarios will be wrong because there are so many unknowns right now—but so is your old budget. Predicting the future is not actually the goal here. Rather, scenario planning is intended to give you an ordered way of thinking and making decisions. It’s meant to help turn those “what if?” questions into “what we will do if…” plans. To borrow from our keynote speaker, don’t be paralyzed trying to achieve perfection. It is progress, not perfection, that you’re after.

I also want to be clear about what scenario budget planning is not:

- It’s not a fully developed budget or a new strategic plan.
- It’s also not a benchmark for success. In fact, I argue it’s not helpful to use the language of “best case” or “worst case” scenarios, as this starts to set a bar for expectations. Given how much is unknown, it's healthier to think of your scenarios as possible paths that might unfold. To borrow again from Hilda, start with the stories you could tell, not the numbers.
- Last, scenario planning is not a one-time process, but rather an iterative one you’ll do multiple times in the coming months.

Let's touch on where to start, who needs to be involved, and what information to collect. From there, you can begin to think about how to apply and communicate your scenario plans.

Start with Your Unknowns, Center on Your North Star
Start with what you don’t know. What unknowns are weighing on you the most? What will have the biggest impact and require the quickest decisions (i.e., that June conference or September fundraiser)? You can’t address everything right away, and again, doing so would paralyze you. Get clarity on what your North Star is—what’s most foundational to your work, to your mission, to the community you represent?

As a Team, Identify 2–3 Scenarios

Trying to plan for more than three scenarios is hard. Start with two or three, based on your most urgent decisions. Remember, frame these as possible stories that could unfold and avoid diving directly into the spreadsheet and numbers. Gather the information you do have with input from those with program, financial, development, human resources, and operational knowledge; those who will implement possible changes; and those with direct connection and communication with the people and communities who would be affected. This may involve board members and/or finance committee members. It will likely include outreach to funders and possibly surveys or insights from peer organizations.

Then, think about what timeframe you want to focus on. If you have cash reserves but more unknowns about longer-term grant prospects, focus on the next year. If you’re considering closing, focus on the short-term options. Be creative but realistic.

Once you’ve collected your unknowns, the information you do know, and started drafting possible paths to follow, use this [free scenario budget planning template](https://nonprofitquarterly.org/proactive-not-perfect-scenario-planning-a-short-guide-for-our-times/?utm_source=NPQ+Newsletters&utm_campaign=8ad3ae2f2d-EMAIL_CAMPAIGN_2018_01_11_COPY_01&utm_medi) to start laying out your different scenarios.

Put Your Scenario Plans to Use

Once you’ve mapped out a few scenarios, start assessing which one feels the most likely or necessary. Start building a more specific plan from there that you can use as an implementation tool. For example, you’ll have decisions to make about using reserves. If you have reserves, do you spend them now to invest in a programmatic pivot, or to cover the gap over the next several months? As you consider using a line of credit, how certain is your payback plan?

Revising and Communicating Your Plan

As more unknowns become known, and more knowns shift into the unknown, you will need to revise your plan. Eliminate those scenarios that are unlikely to be useful. Identify new scenarios to explore. Your leadership team should be clear on who is helping to inform the plan and who is making decisions, especially to the people on your team who will be responsible for activating and implementing the plan. As this process directly impacts your financials, your strategy, your programs, and how you engage with your community, the board should be involved in some capacity while still allowing the staff to revise and make decisions as needed.

The Only Way Out Is Onward

Planning for a future with so many unknowns, especially when people and communities depend on you in some way, is hard and draining work. As our second keynote presenter, Amelia Franck Meyer of Alia, reminded us, we are in the “messy middle” between the old way and the new way. However, onward is the only way out. Hopefully this template can provide you some scaffolding for exploring the many possible paths that lay ahead of us.

---

**ABOUT THE AUTHOR**

Kate Barr is the President & CEO of Propel Nonprofits, a certified Community Development Financial Institution in Minneapolis with the mission of fueling the impact and effectiveness of nonprofits with guidance, expertise, and capital.

Kate Barr