

*Scenario Planning*

**Scenario planning** derives from the observation that, given the impossibility of knowing precisely how the future will play out, a good decision or strategy to adopt is one that plays out well across several possible futures.

To find that robust strategy, scenarios are created in plural, such that each scenario diverges markedly from the others.

These sets of scenarios are, essentially, specially constructed stories about the future, each one modelling a distinct, plausible world in which we might someday have to live and work.\*

\* *How to Build Scenarios* – Lawrence Wilkinson 1994-98 Wired Digital Inc.

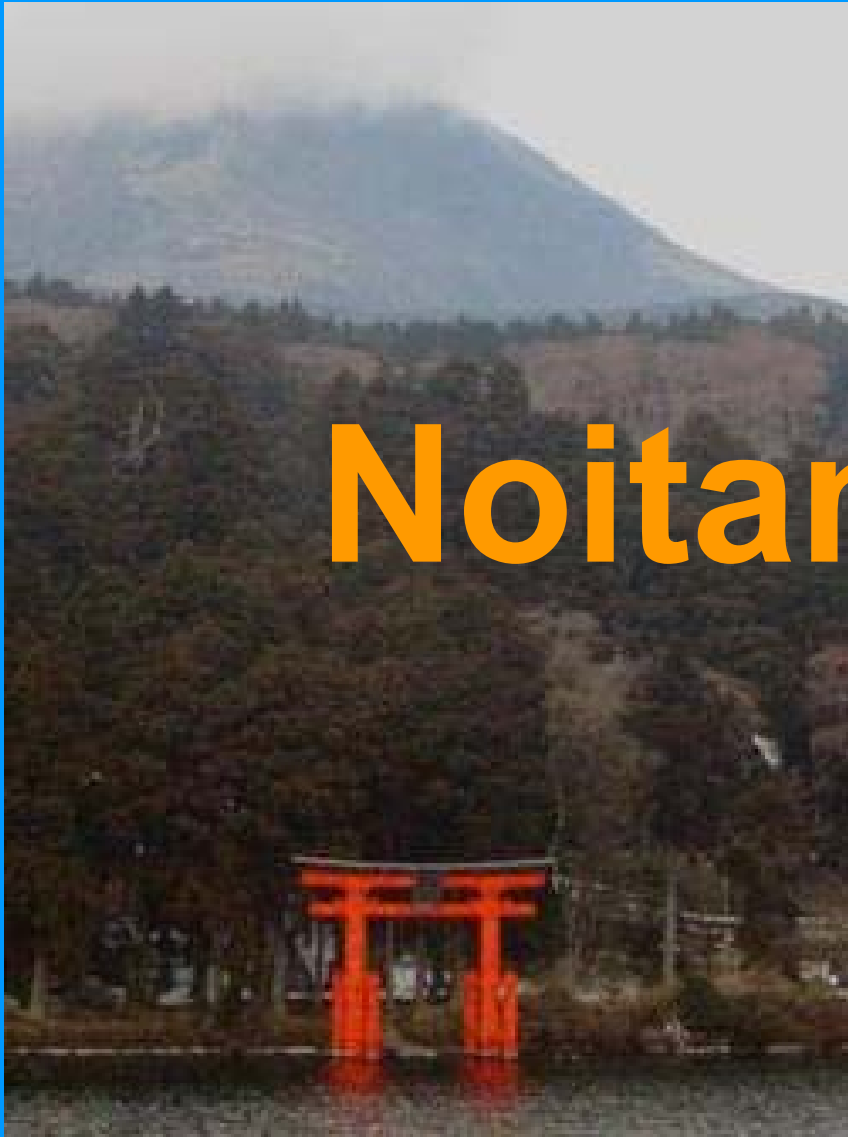
# SCENARIO PLANNING

- Sets of scenarios are, essentially, specially constructed **stories about the future.**
- Each future story models a distinct, **plausible** world in which we might someday have to live and work.

**Scenarios are learning stories ...**  
the process of working through them  
(and) experiencing them, is as  
important as  
the conclusions.



Quotation from *Russia 2010 and what it means for the World*  
by Daniel Yergin & Thane Gustafson © 1993, 1995 Cambridge Energy Research Associates.



# Noitanigami

## CREDIT MANAGEMENT ACTIVITIES

### COMMON TO ALL

- Develop Credit Policy
- Collections
- Credit Analysis
- Setting Credit Terms
- Management Reporting
- Accounts Receivable
- Legal / Bankruptcy
- Cash Application

### SOME COMPANIES

- Customer Visits
- Supplier Analysis
- Banking Relationships
- Analysis Beyond Credit
- Billing / Invoicing
- Credit Scoring Model
- Customer Service
- Global Risk Management

The Credit & Financial Management Review - Volume 3, Number 2, 2Q1997, Page 16. Based on extensive focus groups and a quantitative survey conducted in the USA, during 1996 / 1997.

No way! I love my credit job just the way it is, and I'm really good at it ....



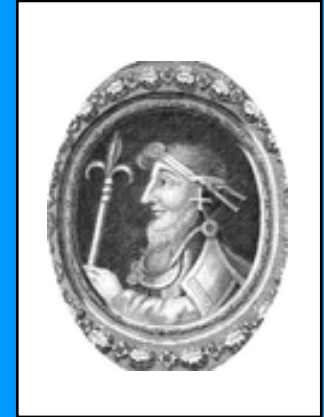
**Too bad !!!!**

# CANUTE THE GREAT

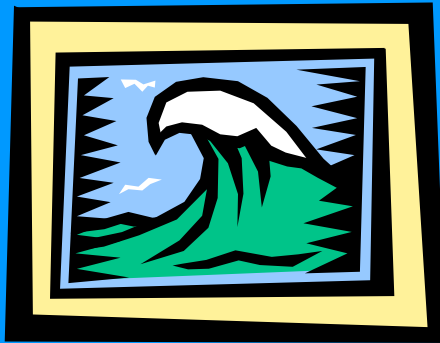


# CANUTE THE WISE

## CANUTE SYNDROME



Let all know how empty and worthless is the power of a credit manager, for there is none able to prevent the “tide of change” from sweeping away the dearly loved “status quo”.



# WHY CHANGE?

## THE 'THIRD WAVE' IS IRRESISTABLE ...

... creating a new culture of how we do business; a new culture which is based on **an anti-business business approach**, a culture of business which is very much twenty-first century, unlike the culture of management which we have today which is often, for many businesses, nineteenth century.

**Richard Scase - Professor of Organisational Behaviour at the University of Kent.**  
See the full text of his speech at: <http://www.barrettwells.co.uk/profscase.html>

# KEY CHANGE DRIVERS

- Competition
  - Cost minimisation
  - Total shareholder return maximisation
  - Competitive advantage creation
- The internet and telecoms revolution
- Globalisation



## WHICH ACTIVITIES WILL BE OUTSOURCED ?

- ~~Develop Credit Policy~~
- Collections
- Credit Analysis
- ~~Setting Credit Terms~~
- Management Reporting
- Accounts Receivable
- Legal / Bankruptcy
- Cash Application
- Customer Visits
- Supplier Analysis
- ~~Banking Relationships~~
- Analysis Beyond Credit
- Billing / Invoicing
- Credit Scoring Model
- Customer Service
- Global Risk Management

## WHICH ACTIVITIES WILL **NOT** BE OUTSOURCED ?

- Develop Credit Policy
- ~~Collections~~
- ~~Credit Analysis~~
- Setting Credit Terms
- ~~Management Reporting~~
- ~~Accounts Receivable~~
- ~~Legal / Bankruptcy~~
- ~~Cash Application~~
- ~~Customer Visits~~
- ~~Supplier Analysis~~
- Banking Relationships
- ~~Analysis Beyond Credit~~
- ~~Billing / Invoicing~~
- ~~Credit Scoring Model~~
- ~~Customer Service~~
- ~~Global Risk Management~~

# FUTURE IN-HOUSE CREDIT RELATED ACTIVITIES

## EMERGING OPPORTUNITIES

- Excess Payment Risk Management
  - Accounts Receivable Portfolio Management

## PREVIOUS SLIDES

- Develop Credit Policy
  - Setting Credit Terms
- Banking Relationships

