

## INTERNSHIP PROJECT PROPOSAL

<b>Title</b>	Using scenario planning as strategic decision tool – What can the financial sector learn from non-financial corporates?
<b>Research Area</b>	Scenario planning
<b>Dutch language mandatory</b>	No
<b>Type of internship<sup>1</sup></b>	Only as regular internship
<b>Internship period</b>	Flexible
<b>For students in</b>	Finance
<b>Organization and (sub)section</b>	Cardano

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### Description internship project

Scenario planning has been a widely applied strategic management tool in the corporate sector for many decades. The method was originally developed by Herman Kahn to assess the consequences of a nuclear war (Chermack, Lynham, and Ruona, 2001) and is crucially not intended as a prediction tool. Rather, organisations can use the method to organise their thoughts and perceptions about possible futures and scrutinise the assumptions of their mental models (Chermack, 2005).

According to its proponents the tool should be used especially when uncertainty and complexity are high (Schoenmaker, 1991). Arguable, both these conditions should be satisfied in the financial sector, yet ALM and VaR remain the most important tools to assess risks. Since, Phelps, Chan, and Kapsalis (2001) argue scenario planning boosts the financial results of organizations, scenario planning seem to be underused in practice. The goal of this research project is to understand what opportunities scenario planning offers to the financial sector and why it is not more used in this sector..

### Research question

The objective of this research project is to ascertain what financial institutions can learn from applications of scenario planning from the corporate sector. In addition we are interested to understand the motivations why managers in companies such as Shell make use of scenario planning while financial institutions don't.

### Methodology

We propose the intern conducts a literature review and qualitative research, including interviews with people in the financial and non-financial sector.

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<sup>1</sup> TiSEM now also offers the possibility of an extended master. For more information, see the "Infopakket Extended Master." An extended master follows a fixed program: Company traineeship March-October 2017; Company assignment and Master thesis October 2017-January 2018

### **Literature**

Schoemaker, P.J., 1991. When and how to use scenario planning: a heuristic approach with illustration. *Journal of forecasting*, 10(6), pp.549-564.

Phelps, R., Chan, C. and Kapsalis, S.C., 2001. Does scenario planning affect performance? Two exploratory studies. *Journal of Business Research*, 51(3), pp.223-232.

Chermack, T., Lynham, S. and Ruona, W., 2001. A review of scenario planning literature. *Futures Research Quarterly*, 17(2).

Chermack, T.J., 2005. Studying scenario planning: Theory, research suggestions, and hypotheses. *Technological Forecasting and Social Change*, 72(1), pp.59-73.