

# FOCAL POINT | CRUCIAL SCENARIO PLANNING EXERCISES

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## DEMAND SHOCK SCENARIO

What if demand drops by 30% or spikes by 50% due to market shifts, economic downturns, or competitor actions?

**Applications** | Stress-test supply chain, inventory buffers, alternative sourcing, data-driven demand sensors, and Sales & Operations Planning (S&OP) process. Collaborate with Sales & Marketing on 4 P's (product, price, placement, and promotion).

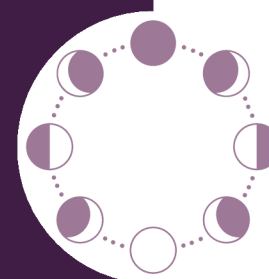
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## SUPPLY CHAIN DISRUPTION SCENARIO

What if a critical supplier shuts down or a key region is hit by a natural disaster or geopolitical event?

**Applications** | Evaluate supply chain constraint visibility, alternative sourcing, supplier diversification, components substitution options, and onshoring-nearshoring potential. Assess transportation, warehousing, and logistics capabilities. Uncover precise, cost-cutting areas.



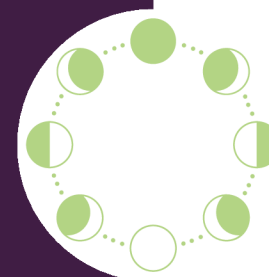
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## CYBERATTACK OR DATA BREACH SCENARIO

What if information systems are compromised or data is stolen?

**Applications** | Assess IT security, incident response plans, crisis communication channels, tech partner service levels, data architecture & analytics capabilities, and business continuity strategies.



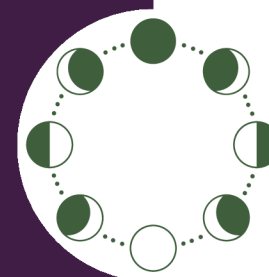
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## REGULATORY OR TRADE POLICY CHANGE SCENARIO

What if tariffs increase, regulations tighten, or cross-border trade is disrupted?

**Applications** | Calculate price elasticity of demand. Review SKU rationalization options. Model cost & margin impacts and logistical concerns to reroute supply chain lines and shift production to alternative factories. Assess what it would take to relocate manufacturing in the long-term.



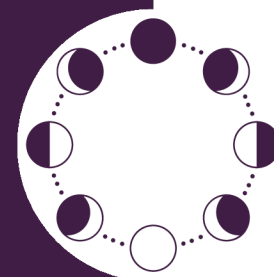
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## RECESSION OR ECONOMIC DOWNTURN SCENARIO

What if there's a prolonged market contraction or interest rate shock?

**Applications** | Uncover precise, cost-cutting areas. Examine working capital structures, discretionary spending, productivity enhancers, capacity utilization optimizers, labor & production flexibility, and Cash Conversion Cycle (CCC) accelerants.



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## UNEXPECTED SURGE IN DEMAND SCENARIO

What if a product or services becomes unexpectedly popular or a key account massively scales up?

**Applications** | Assess current data-driven demand sensors. Calibrate capacity planning models. Stress-test Sales & Operations Planning (S&OP) process. Evaluate flexible manufacturing and capacity ramp-up plans including labor needs, skills training requirements, machine capacity, and layout space.

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## TECHNOLOGICAL DISRUPTION SCENARIO

What if a competitor introduces breakthrough technology that alters the market? What if current product lines are perceived as aging in the market?

**Applications** | Rethink competitive strategy, Research & Development (R&D) priorities, product roadmaps, and SKU rationalization. Assess tech partner and co-venture ecosystems. Review current Design, Engineering, and Testing capabilities, tools, and processes. Collaborate with Sales & Marketing on products & services positioning.



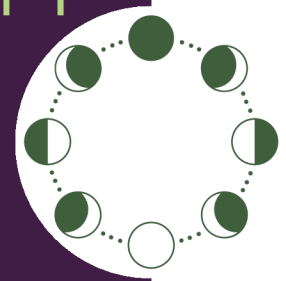
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## CLIMATE CHANGE OR SUSTAINABILITY REGULATION SCENARIO

What if emissions caps, carbon taxes, or Environmental, Sustainability, and Governance (ESG) reporting requirements suddenly tighten? What if stakeholders and customers push back due to lack of environmental or social responsibility?

**Applications** | Review energy sources, energy expenditure costs, exogenous costs, customer backlash & reputation risks, supply chain emissions, and ESG preparedness. Evaluate compliance investment requirements.





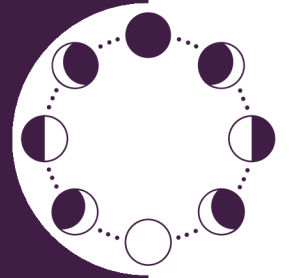
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## MAJOR CURRENCY OR COMMODITY PRICE FLUCTUATION SCENARIO

What if oil prices double, a critical raw material input becomes scarce, or the dollar depreciates more than expected?

**Applications** | Model financial hedging strategies. Assess viable energy sources and potential raw materials substitutions. Understand revenue and cost diversification strategies along with Profit & Loss (P&L) impact across geographies. Test operational adjustments such as re-pricing, supply chain shifts, and production relocation.



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## TALENT SHORTAGE OR WORKFORCE DISRUPTION SCENARIO

What if critical skills become scarce or labor costs rise sharply? What if the firm loses critical employees with decades of tribal knowledge and key customer relationships?

**Applications** | Test talent management and onboarding & exiting processes. Evaluate knowledge management systems. Assess productivity and automation opportunities. Develop workforce flexibility and upskilling programs. Analyze company surveys and current culture. Evaluate employee compensation & retention structures.

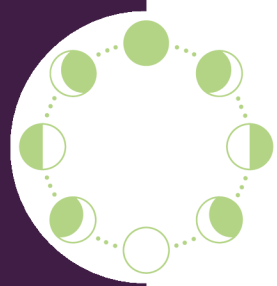
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## MERGERS & ACQUISITIONS (M&A) OR DIVESTITURE SCENARIO

What if the company acquires a new business or spins off a division? What if our company is bought by a Private Equity (PE) firm or a larger corporation?

**Applications** | Understand integration challenges, synergies, and cultural chemistry. Test talent management and employee retention capabilities. Evaluate knowledge management systems. Assess customer and supplier relationship retention risks. Outline new goals. Explore growth options brought by PE teams and capital infusion.



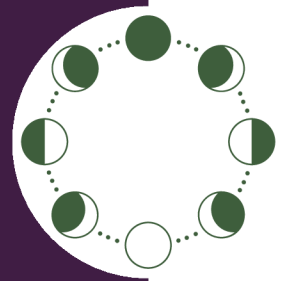
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## CHANNEL DISRUPTION SCENARIO

What if a major retailer drops your product, or e-commerce progress outpaces physical retail faster than expected?

**Applications** | Adapt distribution and marketing strategies. Assess SKU rationalization process and supply chain impacts. Evaluate tech ecosystem and co-venture opportunities. Develop more resilient customer and supplier relationships. Collaborate with Sales & Marketing on customer journey enhancements.



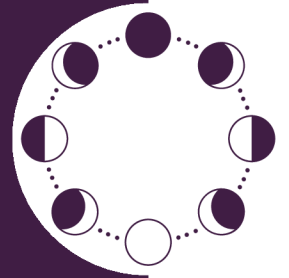
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## CREDIT TIGHTENING OR FUNDING RISK SCENARIO

What if access to capital dries up or interest rates spike?

**Applications** | Uncover precise, cost-cutting areas. Model debt servicing and financial hedging impacts. Assess working capital structure. Test productivity enhancers. Look for ways to speed up the organization's Cash Conversion Cycle (CCC).



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## REPUTATION OR PUBLIC RELATIONS (PR) CRISIS SCENARIO

What if the company faces a social backlash or product recall?

**Applications** | Test brand resilience, crisis communication plans, and quality control processes for products & services. Assess key customer relationship and supplier relationship strengths & weaknesses. Collaborate with Sales & Marketing and Customer Service on products & services repositioning.



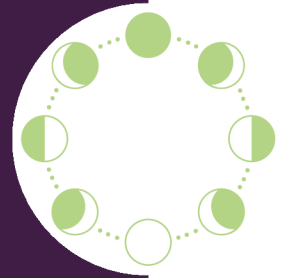
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## HEALTH CRISIS / PANDEMIC RESURGENCE SCENARIO

What if a new global health crisis impacts mobility and workforce availability?

**Applications** | Assess Sales & Operations Planning (S&OP) process and capacity planning models. Calibrate remote work and operational contingency plans. Stress-test tech partner ecosystem. Outline alternative production locations and service models.





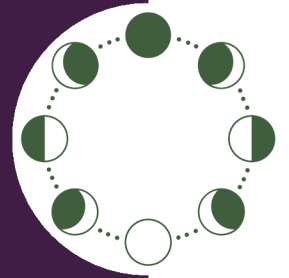
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## CUSTOMER LOSS SCENARIO

What if a Top 5 customer cancels contracts or moves to a competitor?

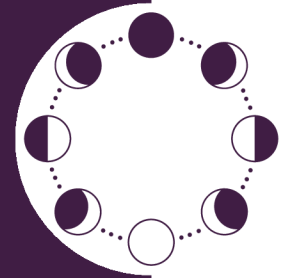
**Applications** | Understand market risks. Simulate revenue gaps and customer diversification strategies. Calibrate Sales & Operations Planning (S&OP) process. Assess Sales & Marketing funnel acceleration options.



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## INVENTORY OBSOLESCENCE SCENARIO



What if demand for a high-value inventory item collapses?

**Applications** | Stress-test demand sensors. Review SKU rationalization procedure, inventory controls, Sales & Operations Planning (S&OP) process, and obsolete inventory reduction mechanisms. Collaborate with Sales & Marketing on the 4 P's (product, price, placement, and promotion).

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## FORECAST ERROR AMPLIFICATION SCENARIO

What if your forecast error increases by 20% across all product lines?

**Applications** | Assess data analytics capabilities, demand sensors, Sales & Operations Planning (S&OP) process robustness, inventory buffer strategies, and current Marketing campaigns. Collaborate with Sales & Marketing on the 4 P's (product, price, placement, and promotion).

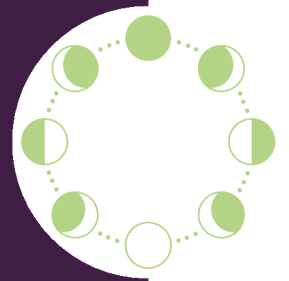
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## NEW COMPETITOR ENTRY SCENARIO

What if a well-funded startup enters your market or a global player expands into your territory?

**Applications** | Simulate market share impacts and pricing pressures. Assess core competencies and competitive advantages. Find ways to enhance customer and supplier relationships. Collaborate with Sales & Marketing on branding and positioning.



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## “MAKE VS. BUY” SCENARIO

What if there are lower cost producers who can provide components, assemblies, etc. at a lower cost than making them in-house?

**Applications** | Analyze product input costs. Uncover precise, cost-cutting areas. Get customer feedback. Evaluate procurement practices. Focus on core competencies. Offer features and services that customers find valuable.

