



What if They'd Had a Better Plan?

A scenario planning story for finance leaders

Established in 2013, Kentucky-based apparel brand, Spun Silver Co.*, was growing. After gaining traction in its local market, the clothing line (sewn with antimicrobial silver strands), was discovered by an influential celebrity—driving consumer demand, reseller partnerships, and a global brick-and-mortar footprint.

Spun Silver Co. without scenario planning

It seemed Spun Silver Co.'s innovative retail concept had taken off—until COVID-19 hit in March 2020.

With shoppers in lockdown, brick-and-mortar locations closed, and web traffic minimal, revenue sunk, erasing years of growth almost overnight. But what if the finance leaders of Spun Silver Co. had planned for disruption? Let's explore what might be different if the team had used a scenario planning solution.



Spun Silver Co. with scenario planning

The CFO knew scenario planning was an important tool to reduce risk and ensure financial solvency. With the right stakeholders in place, the finance team began the company's first scenario planning project.

Focused on the next 12 months, the team identified Spun Silver Co.'s core business drivers: number of stores, sales volume, product price, and silver price. Using a technique called Monte Carlo Simulation, the group determined the probability of 3 scenarios they had modeled that helped them prepare for the pandemic (whether they knew it or not).



SCENARIO #1:



Changing consumer behavior

Spun Silver Co.'s signature products were considered luxury items for the average shopper. With unemployment before the virus low, sales were good. But with recessions notoriously cyclical, the company knew their position couldn't last forever. In preparation for tougher economic times, leaders modeled how they could diversify their product portfolio while maintaining revenue, making the production and promotion of more affordable styles easier and faster.

SCENARIO #2:



Shifting channel mix

Spun Silver Co. enjoyed a boost in in-store purchases thanks to their celebrity influencer, but with increased competition from online-only retailers, leadership knew a rebalancing of brick-and-mortar and online channels was needed. Because they'd modeled how to manage an increased volume of online orders pre-COVID-19, they were prepared for the realities of online fulfillment and the need for more integrated customer service.

SCENARIO #3:

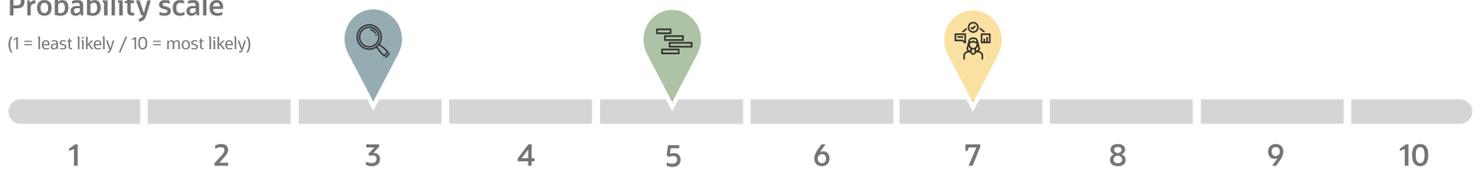


Raw materials sourcing

While analyzing potential scenarios, the finance team noticed that substituting silver imported from Asia for silver produced domestically didn't impact margins as much as they thought it would. Recognizing they were over-reliant on their Asian supply chain, the group began sourcing a portion of their commodities from North America to prevent manufacturing disruptions in the event of trade wars or geopolitical instability.

Probability scale

(1 = least likely / 10 = most likely)



A plan for every possibility

When the global pandemic reared its head, Spun Silver Co. was prepared to protect business continuity by following the steps they'd laid out during scenario planning. Building these hypotheticals with a cloud-based enterprise performance management (EPM) solution, their finance team was able to see how sales, cash flow, and operating expenditures could be impacted—and plan accordingly.

This not only helped them survive the crisis, but emerge from it even stronger.



Drive more accurate short- and long-term plans with Oracle Fusion Cloud Enterprise Performance Management (EPM).

To learn more, check out *Charting a Path to Growth with Scenario Planning*.

[Get the guide](#)

* Spun Silver Co. is a fictional company

