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TRANSFORMING BEYOND THE CRISIS

WHAT ORGANIZATIONS NEED TO DO
NOW TO SEIZE TOMORROW



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TRANSFORMING BEYOND THE CRISIS

What organizations need to do now to seize tomorrow

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Preface

The Covid-19 outbreak reminded us how fragile our societies, businesses, and our lives are. It turned things upside down in a matter of weeks. It required governments to provide dramatic emergency support. It forced people to enter self-isolation to protect themselves and others. It pushed organizations to reimagine how they do business and how they would survive. There are many lessons learned from this global pandemic. Several will require you and your organization to go through significant and, possibly, lasting changes.

The question is what do you need to do now to seize tomorrow? *Transforming Beyond the Crisis* is a compilation of the best thinking from the world's leading business thinkers and practitioners. They share their groundbreaking ideas, global experience and valuable insights. It provides lessons learned, practical tools, and inspiration to guide leaders through the current crisis and carry forward their transformation agenda.

At Brightline, we have made it our mission to help organizations transform the way they transform. To fulfil this mission, we have released three books with Thinkers50: *Strategy@Work*, *The CSO Playbook*, and *The Transformation Playbook*.

We see the world waking up to realize that transforming continuously is more important than ever. So, we hope this book will serve as a catalyst for you to act now. It will help your organization create the right conditions for its transformational efforts and prepare for any future crisis. Seize tomorrow by starting now!

Ricardo Viana Vargas

Executive Director, The Brightline Initiative

SUNIL PRASHARA

Introduction

The last year has proved that there are few certainties in life. Contexts, challenges, and circumstances can change in completely unanticipated ways. But as we survey the first half of 2020 and the lessons from the Covid-19 pandemic, I believe there are three certainties that we need to bear in mind as we build a path to recovery.

Certainty #1: transformation has to be top of any organizational agenda. Every company must dedicate itself to change as an ongoing process, not a one-time event.

It may not happen today. It may not happen tomorrow. But if you are not dedicated to continually evolving your organization, you will encounter problems sooner or later.

Not every organization will need to be in a mode of continual reorganization – but every enterprise must cultivate a culture of commitment to improvement. Staying still is not an option. If you look at companies that have struggled the most when the economies of the world entered lockdown, you will quickly find many of the most change-resistant organizations.

We have all seen the pandemic leave a catastrophic effect on businesses worldwide, but we have also seen incredible resilience, adaptability, and creativity as leaders reimagined their business model for a profoundly transformed world. Some businesses pivoted in an instant and began providing radically different services. These are the models we should look to for inspiration on how we can collectively move forward and face the next great unexpected crisis.

It's no surprise that organizations already focused on constant transformation were far more likely to see the potential opportunities amidst the dire

challenges of the pandemic and economic fallout. In *Transforming Beyond the Crisis*, we feature a number of these stories – like the development of the world’s first swab robot to test patients for Covid-19, or Bram van der Lecq’s inside story of the development of U-Vaccine, an innovative provider of vaccine solutions in China.

Certainty #2: people resist change. This reality is reflected in organizational cultures that are formed around the hopes, fears, and aspirations of many individuals. In difficult times like these, people crave the old certainties, the way things used to be. They want the status quo to be effortlessly re-established.

That never happens.

The status quo is gone. The old certainties no longer exist. Just consider the future of retailing or international travel compared to what we expected just a few short months ago. The organizations that thrive in this uncertain new environment will be those that commit to a vision of the future, rather than looking to the past.

Certainty #3: Enterprises today need to be what I would call “gymnastic” – beyond nimble and able to pivot on a dime very quickly in a strategic way.

In this situation, committing to a process of transformation is the only route forward.

And therefore, we have worked with Thinkers50 to create *Transforming Beyond the Crisis*. Unfortunately, there are no silver bullets to be found in these pages; our aim is not to present the reader with a definitive prescriptive take on how to manage transformation in the months and years ahead. Indeed, many of the problems with how organizations have approached transformation can be traced back to our belief in tidy prescriptions for change and defined frameworks.

That might work on paper but, in reality, we learn that transformation is complex and demanding. It requires a broad range of skills and passions. It demands a wide and inspiring perspective. It is a deeply human process, but one that can utilise the very latest technology.

We have gathered together insights, tools, and frameworks from experts and commentators throughout the world. There is, alas, not one single answer for how to successfully navigate the journey of transformation. But what you will find is a toolkit which we hope will inspire you and, most importantly, enable you to take the first steps in achieving your own personal and organizational transformation.

Sunil Prashara

Project Management Institute CEO

August 2020

What it means to emerge stronger

SCOTT D. ANTHONY

1

It was April 21, 2020. Countries around the globe had successively locked down to stop the spread of Covid-19. The S&P 500 index opened at 2,785, 25 percent above its March trough but 20 percent below its February peak. James Quincey, the CEO of The Coca-Cola Company, got on CNBC to discuss the company's recent earnings report. He shared his view of the future.

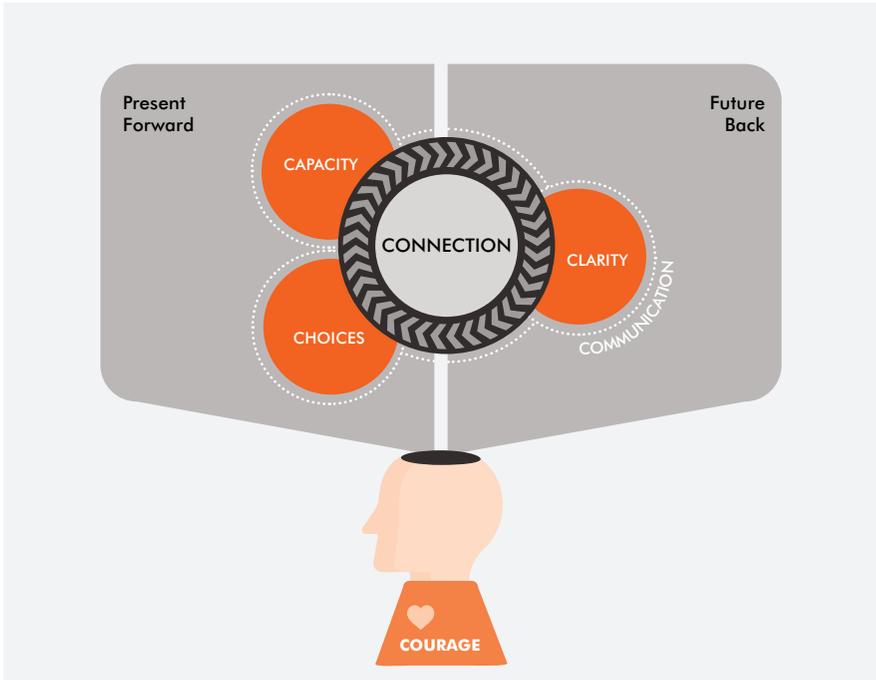
"The Coca-Cola System has a lot of experience in crises over 134 years. We have emerged from every crisis – whether military, economic, or pandemic – and we've always been stronger afterwards because crisis management is in the DNA and we reconsider everything to make sure we not just manage the day-to-day but emerge stronger."¹

It was June 18, 2020. Countries around the globe were slowly, cautiously opening up with new policies and restrictions to limit the transmission of Covid-19. The S&P 500 index opened at 3,113, a 10 percent rise over the past two months and only eight percent off its pre-Covid February 2020 peak. Swan Gin Beh, the Chairman of Singapore's Economic Development Board, posted a LinkedIn update touting a report that named Singapore as the world's most competitive economy. He shared his view of the future:

"According to IMD, robust international trade, the availability of skilled talent, and cutting-edge tech infrastructure were among the key factors for Singapore's ability to compete and sustain long-term economic growth. The report is welcome news amidst the doom and gloom of Covid-19. But we will not rest on our laurels and will strive to emerge stronger as we reopen our economy."²

Both are stirring messages of hope. But what exactly does it mean to "emerge stronger" from shockwaves set off by an event like a global pandemic?

How an educational not-for-profit approached the Covid-19 crisis highlights how emerging stronger requires that leaders **clarify** their future direction, make focused **choices** about where to invest and where to cut, build the **capacity** to execute against those choices, **connect** and integrate their future destination and their present reality, clearly **communicate** to employees and key stakeholders, and have the **courage** to confront the lie that "now is not the time to think about the future."



Transformation at the Settlement Music School³

In 2010, Helen Eaton became Chief Executive Officer of the Settlement Music School. Founded in 1908, Settlement historically provided classes in classical music and jazz through six physical branches in the Philadelphia area. Over the next decade, Eaton and her team worked to diligently transform the organization through two parallel efforts.

First, Settlement repositioned its traditional physical locations to become broader community hubs. It augmented its historical focus on children’s education with innovative new programmes such as “Adult Rock Band,” where a group of adults would come together and practice under the tutelage of an expert instructor. The class ran in ten-week sessions, at the end of which the band would hold a concert in the school’s performance space. The class allowed adults to connect not only to music, but, perhaps more importantly, to other people within the community that they otherwise would never have met. Settlement added other programmes such as monthly community drumming circles and classes that merged arts and physical or mental therapy.

In parallel, it worked with other local providers to provide access to music to broader populations in the Philadelphia area. For example, it designed curricula for local schools coping with slashed arts budgets and helped community centers form choirs for seniors. The shift inspired dramatic growth in partnerships, which quintupled over time, dramatically boosting Settlement's revenue and strengthening its balance sheet. The spirit of collaboration and inventiveness led to a first-of-its-kind collaboration with institutions across the city, catalyzed by a grant from the Andrew W. Mellon Foundation.

These parallel transformations helped Settlement find new ways to deliver against its mission to provide the highest-quality arts education to everyone. And that mission helped Eaton to secure donors and enlist other key stakeholders who were motivated to continue the journey.

"I keep reminding our donors, our board members, and the foundations that, at the end of the day, it's all about the kids. That seems to have really helped," Eaton said. "I tell them, 'This is what Settlement has traditionally done, but we can have an even greater impact and address much bigger issues that are happening in this city. We can really work towards disrupting the cycle of poverty, and here's how we can do it.' And I give them lots of metrics and ensure they we are partners through the process."

When the Covid-19 crisis came, Settlement was ready. Within two days of local lockdowns, it introduced high-quality virtual learning with technology handbooks for families translated into four languages. It trained 170 faculty in distance learning, allowing it to quickly engage with students, and launched free classes to raise its local visibility. In essence, Settlement was able to quickly open its seventh branch: a virtual one.

A couple of months after moving online, Eaton and team formed a clear longer-term plan to develop hybrid education models that would blend in-class and virtual experiences and began to develop a plan to build the capacity to develop and deliver great online education.

In a message to her Board, Eaton shared how Settlement's mission served as a guiding light to its efforts during the pandemic. "In the face of a global health pandemic, some may wonder – why care about community arts? And we say: Care because it is what lifts our souls," Eaton wrote. "Our shared belief is that the best thing anyone can do in a crisis is to be productive, achieve something. We are the people who believe that the act of doing, of practicing, of reaching goals, will be what gets us through this time with our spirits intact."

How to emerge stronger

Eaton has positioned Settlement to emerge from the Covid-19 crisis stronger by blending together six essential ingredients.

Gain clarity about your future vision and purpose

In the face of uncertainty, Eaton repeatedly returned to Settlement's mission around music, community, and children, painting a clear picture of how Settlement could bring hope through a dark time. The clear purpose ensured the organization had a shared view of its future direction. And that's unusual.

Research shows that leaders often have fundamentally different views about the organization's top priorities. For example, one study showed that only about a quarter of leaders can name their organization's top three strategic priorities.⁴ A dislocating event like Covid-19 presents an opportunity for organizations to step back and get the kind of strategic clarity that helped Eaton make decisions through the crisis.

A crisis is an opportune time to form a clear vision for the future that includes specific financial ambition and how tomorrow's organization will differ from today's. It has become borderline cliché to say that part of that vision should include a view of the organization's purpose. But it is critical. For example, research shows that purpose-driven "B Corporations" (a designation earned by meeting strict social and environmental criteria) are better positioned to withstand crises. During the 2008-2009 global financial crisis, B Corporations were 63 percent more likely than similarly sized businesses to survive the downturn. "Those companies were more resilient," said Andrew Kassoy, cofounder of B Lab, which certifies companies as B Corporations. "They had stronger relationships with their workers, or their customers or through their supply chains, that allowed them to make it through."⁵

Make strategic choices to make your future vision a reality

Eaton and her team didn't just talk about bringing hope, they quickly went virtual and decided to invest in developing a hybrid online/offline model. A broad strategy must turn into specific choices, and those choices must be acted upon. As the saying goes, the right strategy is never more than 49 percent of the answer. Consider President John F. Kennedy's iconic call in 1961 to send a man to the moon and bring him back by the end of the decade. That call would never have been answered without investments in specific technologies, such as unmanned exploration vehicles and lunar space crafts.

Similarly, organizations need to choose the specific investments that maximize their chances of bringing their future vision to life. One challenge facing organizations in tough times is that they feel constrained by a lack of resources. However, Innosight's experience suggests that a hard look at most company's growth investments finds that up to 50 percent of investments can be safely cut without impairing future prospects.⁶ The released resources can then be redirected to advance true strategic priorities. Many of the curtailed investments are "zombie projects" – walking undead that shuffle and linger on, sucking the innovation life out of a company. You should already have killed these zombies; you must kill them now.

Build the capacity to create the future

Settlement couldn't succeed with its planned hybrid online/offline model without strengthening teacher training and technology. It also couldn't make those investments without a sufficiently strong balance sheet and trust-based relationships with donors.

The capacity to create the future first requires that organizations have the financial muscle to follow through on their stated commitments. Building that capacity can require careful thinking about the organization's financial structure and big decisions about parts of the portfolio to wind down or spin off. It also requires having human capital that has the right set of skills to create the future, and an enabling culture.

For example, DBS Bank in Singapore has been on a decade-long journey to transform from being a stodgy regulated bank to act like a 28,000-person startup. The sudden shift to work from home in April 2020 energized efforts to rapidly develop tools and approaches to enable virtual connection and collaboration. "Project Lemonade" covered both "hard" issues, such as testing various technological platforms, and soft issues such as defining simple rules for videoconference etiquette and determining how to use the chat function to augment key points and answer simple questions that could otherwise derail a discussion. The effort tied into broader efforts to determine how to create community and spread culture in a digitally dislocated world.

Connect present-forward actions and future-back aspirations

Notice the linkages between the three items above. Clarity about future direction impacts current strategic choices. Those choices only become realized with supporting financial, human, and cultural capacity. It is important not to

think of these decisions individually. Flipping between the present and the future runs the risk of making short-term decisions that impair the ability to achieve long-term aspirations. Instead, present-forward actions and future-back aspirations need to be clearly integrated. In a 2007 Harvard Business Review article, Roger Martin described the value of this kind of integrative thinking:

“Integrative thinking generates options and new solutions. It creates a sense of limitless possibility. Conventional thinking glosses over potential solutions and fosters the illusion that creative solutions don’t actually exist. With integrative thinking, aspirations rise over time. With conventional thinking, they wear away with every apparent reinforcement of the lesson that life is about accepting unattractive trade-offs. Fundamentally, the conventional thinker prefers to accept the world just as it is, whereas the integrative thinker welcomes the challenge of shaping the world for the better.”⁷

Clearly communicate present realities and future possibilities

Getting an organization to move in a new direction requires aligned actions by dispersed groups of people. Clarity about purpose certainly can help to improve the odds of aligned action, but it is also important to have clear, consistent communication. For example, from 2010-2018 Mark Bertolini drove a bold transformation of US health insurer Aetna. In early 2018, Aetna merged with CVS Caremark to create a first-of-its-kind combination of retail pharmacy and insurance capabilities. Later that year, the Harvard Business Review named Bertolini one of the 50 best performing CEOs in the world, and the highest performing CEO in the health insurance industry.⁸ Bertolini believes clear communication is a critical enabler of organizational change.

“It’s easy to underestimate the amount of communication that is needed. You have to be tireless about it, consistent and persistent, and keep battering the core messages home week after week,” he said. “Your leaders have to as well, and they have to tailor the message so it has the appropriate level of fidelity relevant to each part of the organization.”⁹

In the midst of a crisis, it is particularly important for leaders to communicate in a realistically optimistic way. Don’t downplay the current circumstance, and don’t circle a date in the calendar and proclaim that’s when everything will be back to normal. Don’t overly catastrophize the current circumstance either. Remember the story of Admiral James Stockdale from Jim Collins’ blockbuster *Good to Great*.¹⁰ Stockdale said one reason he was able to survive a brutal

experience in a Vietnamese prison camp that broke many soldiers was that he confronted the harsh reality of his current situation and held an unwavering belief that he ultimately would get out. Collins called it the “Stockdale Paradox.”

Realistic optimism holds that yes, today is hard. And, yes, tomorrow will be hard. But, someday will be less hard. This mindset shows empathy for today’s struggle but inspires hope about tomorrow’s opportunities.

Have the courage to seize the future

Innsight was cofounded by the late, great Harvard Business School Professor Clayton Christensen. Thinkers50 twice named Christensen the world’s number one management thinker. His most notable contribution to management was his 1997 book *The Innovator’s Dilemma*, where he noted that great companies often failed in the face of disruptive innovations that created new markets and transformed existing ones by making the complicated simple or the expensive affordable. Over the past two decades scholars and practitioners have painstakingly laid out a playbook to respond to disruptive change. Yet, the dilemmas of disruption persist. Mobile phone manufacturers missed the smartphone; the leading video rental retailer missed the transition to online streaming; hotel operators missed the rise of Airbnb; auto manufacturers were late to the ride sharing and mobility services game.

A March 2020 *Sloan Management Review* article argued that the fundamental problem is that organizations are run by ... humans, that suffer from biases and blind spots that lead them to systematically underestimate the threat of and overestimate the difficulty of responding to disruptive change.¹¹ In polite terms, leaders delude themselves. In less polite terms, they lie to themselves. Perhaps the biggest lie that crept into conversations in the first half of 2020 is that “now isn’t the right time to think about the future.” The argument goes that problems of the present demand such urgent attention that there simply isn’t room to consider the opportunities of the future.

Every present decision has implications for the future. Decisions to exit a market, significantly cut or pause investment in a function, or change channel strategy can be made quickly, but are very difficult to unmake.

You can unconsciously prioritize the past, making short-term choices that could unintentionally impair your ability to respond to the underlying forces at work in your industry. Or you can consciously consider the future when weighing such options and thoughtfully take short-term decisions that both preserve the present and increase your odds of moving in new and bold directions.

The default unconscious choice increases the odds that you wake up one day staring at an insurmountable gulf between where you are and where you ultimately want to be. The courageous conscious choice allows you to connect future-back thinking with present-forward thinking and emerge from the current crisis with increased resilience and adaptability.

Seizing the silver lining

A foundational challenge facing leaders in the midst of a big event is knowing exactly where they are in the event's cycle. Nothing is ever really in limbo. It is always moving somewhere somehow. Everything begins; everything ends. You can see the end of the beginning when it happens, but you don't know the beginning of the end until it is over. For example, the end of the beginning of the Covid-19 pandemic occurred in mid-March, when within a few days the US stopped flights to Europe, major sports leagues put their seasons on hold, Tom Hanks and Rita Wilson got the coronavirus, and offices around the globe suddenly closed. The beginning of the end is going to happen and might, indeed, as of the publishing of this material, have already happened. The inexorable movement towards the beginning of the end is hard to see because human brains are evolutionarily wired to pick up threats and danger signs, and everything looks the same, until it doesn't. But just as the sun rises and sets, just as trees rise and fall, just as creatures are born and die, every event ends.

Research done in the midst of the Global Financial Crisis and published in *The Silver Lining* shows that shocks and downturns create unprecedented opportunities for companies that think and act in the right way. There are once-in-a-lifetime opportunities to double-down on growth strategies while competitors are on their heels, to acquire assets that would otherwise be unaffordable, to build capacity to create tomorrow's business model, and to accelerate moves in new directions. Leaders that follow the right approach will indeed emerge stronger, with a clear sense of their future direction and an improved ability to navigate disruptive change and own the future.

About the author

Scott D. Anthony is a Senior Partner at Innosight and former Managing Partner of the firm. Based in the firm's Singapore offices since 2010, he has led Innosight's expansion into the Asia-Pacific region as well as bounded experiments in venture capital and online platforms. He is the lead author of *Eat, Sleep, Innovate: How to Make Creativity an Everyday Habit Inside Your Organization*. His other books include *Dual Transformation*, *Seeing What's Next* (with Clay Christensen) and *The Little Black Book of Innovation*.

Footnotes

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Transformation takes a team – here's what the best ones have in common

DAVID BURKUS

2

Very few leaders know what the world – much less their organization – is going to look like at the other end of a transformative event. If it wasn't obvious before the Covid-19 crisis, it should be obvious to most leaders now that the world doesn't always comply with their prediction of events. In such situations, it's rare that any one leader will be able to see clearly through the fog and chart a course for everyone. Instead, it's more likely you'll need everyone's help finding the right way.

Transformation is a team sport.

So, it's worth asking what you need to do to get that team ready for the transformation. When we look at the research around teams that can solve problems, pivot fast, and successfully survive a transformative event, there are three elements that they seem to have in common:

- Intellectual diversity
- Psychological safety
- A purpose worth fighting for.

We'll look at each of the three elements of great teams in turn. These elements will help you not only tap into the collective wisdom of the team to solve problems as they arise during transformation, but will help keep everyone motivated to keep moving when the fog gets especially thick.

Intellectual diversity

The first thing that great teams have in common is intellectual diversity. This term is actually used most often on college campus political debates about whether or not there are enough conservative voices, or liberal voices, captured in any given college or department. But that's not the full spectrum that intellectual diversity encompasses. It goes a lot wider than that and includes all aspects of a person's or group's opinions, experiences, and perspectives. And often in the corporate world or in a specific organization, the term "diversity" is used mostly to refer to racial or gender diversity. And again, the full spectrum of intellectual diversity is a lot wider.

Racial and gender diversity are two very important aspects of diversity, but they are a proxy for this broader goal of intellectual diversity. Intellectual diversity is the reason we are seeking out greater diversity. Because people who come from different backgrounds or who have different life experiences, end up with different perspectives and together they are better able to solve problems than people who think alike most of the time.

And ultimately, the job of a team is to solve problems. Creativity is a team sport, but if everybody comes from the same background, or is educated in the same system, or if everybody comes from the same racial experience or gender experience, then the ideas that they will generate will be really similar. But when all of those elements vary widely in the team, the range of possible ideas they generate will be much wider, and finding the right idea becomes much more likely.

One study showed simply and clearly how gender diversity creates more intellectual diversity and hence more value.¹² The researchers looked at lots of different teams and found that the more women that were present on the team, the better decisions that that team made. That goes the same for almost any other measure of diversity so long as it provides intellectual diversity underneath.

Intellectual diversity is a core piece of the recipe that makes great teams. But it's not the only piece.

Psychological safety

The next piece of the recipe is psychological safety. And this is important for a similar reason as the idea of intellectual diversity. Most organizations recognize they need to pursue intellectual diversity, but the struggle that many teams are dealing with is that their diversity of ideas is not accompanied by all members feeling free to share those ideas. They're there, but they don't feel like they can fully contribute.

And this is where psychological safety comes in. Psychological safety is quite simply the measure of how free people on the team are to share their ideas, their experiences, and to share their whole selves with their team. And it applies not just on the diversity side, but also on whether or not people feel willing to take risks and to admit those mistakes. Psychological safety helps team members be more willing to submit crazy ideas that might lead the team in a different direction, but that direction ultimately leads to genius.

The foundational study of psychological safety was led by Amy Edmondson.¹³ Edmondson examined the leadership of charge nurses on different floors of a hospital and very quickly noticed something odd. The charge nurses who were judged by their teams as being better leaders often had higher rates of documented errors than charge nurses who were judged to be worse leaders. But as she began investigating further, she quickly discovered an explanation. It wasn't about the mistakes; it was about the documentation. The better leaders created psychological safety, so that the nurses on that ward felt free to admit to their mistakes, receive correction, and then everybody could benefit from the

learning that happened after the mistake. Whereas poor leaders didn't create enough psychological safety, so the individual nurses felt like they had to hide their mistakes. Beyond the ethical issues, hiding mistakes also meant those teams were deprived of that learning.

It's only when we have psychological safety – it's only when we have this feeling that we can contribute our whole selves – that we can take risks and that we can admit mistakes. And that in turns leads a team to actually benefit from intellectual diversity.

So intellectual diversity and psychological safety go together to make teams great. But they're not the only thing that great teams have in common, there's one more.

A purpose worth fighting for

The third and final element that great teams have in common is a purpose worth fighting for. We've known for 20+ years the importance of shared vision, shared mission, and shared purpose on team performance. But in practice, company mission statements or organizational statements of purpose are often too vague for specific teams to internalize and apply to their day-to-day work.

And they don't introduce one of the key aspects for getting a group to bond and work together towards what is often called a superordinate goal. That thing is some level of adversity or some level of stakes. It's not enough to say what you're working for: great teams find an answer to the question "what are you *fighting* for?" In studies of what causes people to join armed revolutions, insurgencies, or even terrorist organizations, research group Artis International found that when a purpose is elevated from something we're working for to a future we're fighting for, two things happen that bond and motivate the team and its members.

The first is that you elevate core values to what they call sacred values. When something is so important that it is worth fighting for, it's also seen as related to a value the group doesn't just find important – they find it sacred. And their work is then seen as either defending those sacred values or spreading them further.

The second is that when purpose rises to something worth fighting for, you create a sense of group identity that isn't otherwise formed by just a shared vision. The fight defines the fighters and bonds them to each other. They're as much working for each other as they are working for the mission.

Purpose, mission, vision, are all hugely important. But when you look at great teams – the teams that consistently create value or the teams that change the world – they would say their purpose was worth fighting for.

The most transformation-ready teams have intellectual diversity, psychological safety, and a purpose, or a cause, worth fighting for. And in looking at these team it becomes clear that leaders still have a role to play. Because all three elements require the act of transformational leadership. They require leaders, whether that's an individual or whether it's a group of people who lead together, to know when greater intellectual diversity is needed. They require someone to build up psychological safety among the team. And they require someone to take the organizational mission and elevate it to a cause worth fighting for.

Transformation-ready teams have intellectual diversity, psychological safety, and a purpose worth fighting for.

And all of that comes through transformational leaders who focus less on the transformation itself and more on the team.

About the author

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Footnotes

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Four lessons for innovating in a crisis

JANE THONING CALLESEN

3

One day in spring, as the Covid-19 pandemic spread across Europe, a robotics professor from the University of Southern Denmark and a doctor from a local hospital came up with what seemed like a wild idea: What if they could develop the world's first swab robot to test patients for Covid-19? The robot would enable large-scale testing, and keep medical staff safe. But they would need to move fast.

Four weeks later, the professor and his team had finished a prototype and secured three patents. Along the way, the university also cofounded a new company, Lifeline Robotics, to take the robot to market in record time, supported by a consortium of private investors.

The setup is simple: after scanning their ID card, the person to be tested approaches the robot and opens their mouth. A robotic arm with an attached cotton swab takes the sample and places it in a container, and the sample is then sent to a lab for analysis. The first swab robots were then put into use in Danish hospitals over the summer.

Going from idea to prototype in just four weeks required agile innovation at unprecedented speed. The research team worked around the clock, while the CEO of the new company held online meetings with investors. The university is in the city of Odense, home to a world-famous robotics cluster, which allowed the team to draw on a large pool of specialists and build on existing research infrastructure and cutting-edge technologies.

Similar examples of crisis-driven innovation are happening all over the world, not just in labs but also in homes and offices. Children have shifted to homeschooling, and adults to remote working. Fashion brands have produced medical clothes, and car companies have built hospital ventilators. These feats of imagination and effort show us what we are capable of in times of hardship. But they also inspire us to do better once our lives return to normal and provide valuable insights into what it takes to excel under pressure. Speaking as a member of the swab robot team, here are four lessons the project taught us about how to innovate in a fast and effective way that produces life-saving results:

1. Unite the team around a meaningful mission

Our team was driven by a clear and urgent mission: make coronavirus tests available to as many people as possible. Everyone knew that this would save lives. The sense of a higher purpose brought us together and fueled the process. For the researchers, the project also felt like an opportunity to repay Danish society for their free education at a time when help was needed.

We learned that working towards a common, meaningful goal can motivate people to try and achieve the impossible, and help tackle an unprecedented global problem at record speed. Saving lives became way more important than research publications or profit. Articulating such a clear, compelling purpose can get everyone on board. Our situation was of course exceptional, but all researchers and team leaders could take a moment to consider how their work contributes to the greater good and orient their projects towards a meaningful goal.

2. Trust and diverse skills provide strong foundations in a crisis

To reach our goal as quickly as possible, we built an interdisciplinary team of people from fields as diverse as robotics, vision, mechanical design, and medical device approval. We also called on experts in accounting, healthcare, and microbiology. We learned the importance of nurturing such interdisciplinary networks in ordinary times, in order to be ready when disaster strikes. The robotics cluster is another example of a network that was nourished over time and saved the day when the crisis hit. Years of dedicated work and public investment to attract startups and researchers to Odense paid off when the talent on the ground decided to collectively take on this challenge.

The members of our core research group already knew each other, but the consortium of investors had never met before. They had to learn to trust each other fast, helped by shared feedback on individual personal assessment tests that revealed strengths and weaknesses. Robot scientists, doctors, and impact investors all contributed their expertise to achieve the common goal, which in turn fostered a spirit of collaboration rather than competition. This huge diversity of skill sets played a crucial role in speeding up the development process.

3. Be prepared to repurpose and recycle

Innovating at breakneck speed requires sprints and creativity, but sometimes it's helpful to check what's already in the drawer. Rather than developing the entire robot from scratch, we looked for existing components that could be mixed with new elements for a fast and reliable solution. For example, we used a conventional robotic arm to hold the swab. We also designed a simple head rest for test subjects to lean into. We used well-known robot control schemes, then added our own layer of custom control.

Leaning on tried-and-tested systems and using them as building blocks for something new turned out to have several advantages. It freed up time and resources, allowing us to think about aspects such as accessibility and sustainability while still keeping the finishing line in sight. The initial prototype was not exactly a thing of beauty, but it did an effective and gentle job of swabbing. This was enough to set up a company that could then refine the product design. In a global crisis, function beats fashion.

4. Lead with empathy and gratitude

We reached our goal in time, but the process wasn't flawless. Long days and various design changes placed a strain on the team. Even when working towards an urgent goal, team leaders must be mindful of people's need to rest and recharge and ensure that everyone's efforts are acknowledged. The key is to lead with empathy, calmness, and gratitude, and keep in mind that each imperfect individual contributes to an amazing collective achievement.

This idea of the sum being greater than its parts goes beyond the team itself. One of our lasting insights is that a city, a society, and a sector can all make different contributions to a project. The city of Odense had nurtured a robotics cluster that now turned out to be crucial to the mission; society had invested in research and education; different sectors contributed know-how and materials. Sometimes the true value of an individual system – be it a specialist cluster or an educational system – becomes most obvious as part of a collective effort.

Having a clear mission, a diverse team, a willingness to combine old and new, and a calm, thoughtful leadership style helped us achieve what originally seemed like an outlandish idea. The coronavirus swab robot still has a long journey ahead. We're currently improving the user interface, and there will be more tweaks and modifications along the way. But even as it stands, this robot will make testing huge numbers of people easier and safer. We have an extra tool in this crisis that we did not have a month ago. The robot can also be used to collect samples in other public health crises and can be easily adapted to different needs and circumstances.

This global tragedy has presented many of us with a chance to do good and to develop new capabilities and perspectives. Hopefully, we will take some of these insights back into our normal lives after the crisis. Our swab robot challenge united people who had never met before, motivated them to give their very best under trying circumstances, and changed their expectations of

what they could achieve in such a short space of time. As a commentary in the *Wall Street Journal* so eloquently stated: although in the fight against Covid-19 we might look forward with a sense of doom, one day we will look backward in awe.

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Seizing new value pools in a post- pandemic world

SANGEET PAUL CHOUDARY

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“There is a tide in the affairs of men, Which taken at the flood, leads on to fortune... On such a full sea are we now afloat. And we must take the current when it serves, or lose our ventures.”

William Shakespeare

The economic shock of the coronavirus pandemic has accelerated several preexisting trends while also giving rise to entirely new ones. In the face of such rapid change, executives are piecing together the future landscape of value and the new rules of competitive advantage. New value shifts are being driven by shifting customer needs and behaviours on the demand side, increased value chain uncertainty on the supply side, and a reversal of many of the trends that have defined pre-pandemic globalization. Competitive positions, likewise, are more vulnerable during such shifts, spelling out both promise and peril for executives. Various referred to as “the new normal,” “the big reset,” and with other such elaborate monikers, the emerging landscape will be characterized by the emergence of new value pools and the erosion of existing ones.

There is hope in the midst of such uncertainty. Migration of value to these new value pools can be predicted, prepared for, and harnessed. Indeed, executives who “take the tide at the flood” and anticipate these value shifts will be best positioned to seize tomorrow. This essay provides a framework for executives to identify potential new value pools and realign their business portfolio to these new positions.

New value pools and shifting control points

The keys to transformation beyond a crisis may often lie in new value pools created through the crisis. Times of crisis are accompanied by sudden changes in supply-side and demand-side dynamics. These changes lead to the migration of value from established business positions to new ones, enabling new players to emerge and new business models to be created. Such migration of value is also accompanied by a shift in value network control points. This value migration commoditizes some business positions and empowers others.

To understand this migration of value, we need to start by identifying key trends impacting a value space. These trends may be classified into demand-side and supply-side effects. A combination of demand-side and supply-side effects helps us determine the emergence of new value pools.

Next, we need to determine whether shifts in value will be accompanied by shifts in control points. Control points refer to control of key assets, relationships, and data flows in a value network. Firms that emerge stronger from a crisis are those that can respond swiftly to a shift in control points.

To illustrate this further with an example, consider the food retail industry. Compared to other retail categories, food retail has been a relative laggard in moving to ecommerce. In emerging markets, in particular, the online food retail model never took off pre-pandemic. Grocery deliveries typically involve many more items per order than other ecommerce categories, leading to high costs of fulfilment. These models become profitable only at scale when fulfilment can move from the store to automated fulfilment centers, but the convenience of informal neighbourhood grocery stores, especially in emerging markets, never drove demand scale in online grocery.

However, the pandemic has driven massive value migration, through a combination of supply-side and demand-side effects, which is unlikely to be merely transitory.

Consider demand-side shifts in behaviour. With many countries moving into lockdown during the pandemic, there's been a significant shift towards ecommerce in food retail. In the US, more than 40 percent of grocery deliveries in the week ending March 13 were made to first-time customers. This is further reinforced by the disruption of food supply chains during the pandemic, a supply-side effect.

A combination of these demand-side and supply-side effects is leading to value migration towards online grocery retail.

In emerging markets, the situation is no different. Online grocery has accelerated at an unprecedented pace since the start of the pandemic. Neighbourhood grocers are feeling the squeeze as they struggle with a lack of technology to take online orders and an over-reliance on informal supply chains that have been disrupted because of the pandemic. Many of these stores are going out of business owing to poor cash flow and high rents.

Meanwhile, demand is increasingly getting centralized with a few large online grocery providers who can use centralized demand data to better predict demand patterns, improve stocking of fulfilment centers, and better inform their supply chain. Greater centralization of demand data also creates a machine-learning advantage for large online grocery firms, further moving value away from smaller stores. In addition, a post-Covid-19 world is likely to feature supply chain inspections and quality control requirements that will also

favour larger players. This combination of demand- and supply-side effects will strengthen large grocery players.

As we note with this example, a combination of demand-side and supply-side effects reinforces each to move value away from small stores to large grocery retailers. This value migration is further reinforced through a combination of machine learning on demand-side data and scale advantages in a consolidated food supply chain. Smaller players, meanwhile, are increasingly commoditized.

Control points over demand shift significantly in the midst of a crisis, leading to an aggregation of demand with a few large players. Aggregated demand, when combined with a shift in supply, allows these players to reconfigure the value network around their business. In this new value network, neighbourhood stores may be relegated to serving as logistics providers to the larger players with relatively resilient supply chains. With centralized demand as a control point, large online grocery firms will best orchestrate the entire value network and might even leverage third party warehouses, delivery agents, and fulfilment centers to create strong network effects that further strengthen their position. As we note with further examples below, firms that orchestrate such ecosystems using digital platforms are the ones best positioned to harness value in these new value pools.

But... this time is different?

Value migration has happened during other periods of crisis in the past. The SARS crisis of 2003 forced consumption behaviour to move online across China, enabling Alibaba to move into B2C ecommerce. Alibaba launched the Taobao website in May 2003, in response to a self-imposed quarantine prompted by SARS. Consumers across China were staying home from work out of fear of contracting SARS, not very different from the lockdowns during Covid-19. Chinese consumers, stuck at home, took to ecommerce. Duncan Clark, the author of “Alibaba: The House That Jack Ma Built,” notes that the SARS outbreak “came to represent the turning point when the Internet emerged as a truly mass medium in China.”

Firms like Alibaba benefited from this period of intense change, building demand-side control points by aggregating online consumer demand, and strengthening this with a network effect by opening out the supply side to third party merchants. As more merchants came on board, the demand-side control point became even stronger.

As evidenced by the grocery example above, we're seeing similar shifts in value pools during the coronavirus pandemic. However, these shifts are not specific to pandemics. In fact, they are not even specific only to times of crises. Shifts in control points and the creation of new value pools result from any combination of technological, market, or regulatory shifts.

Transient shifts, permanent effects – lock-in your control points

How much value is created in these new value pools depends on two factors. The first is the duration of value migration – the longer these shifts persist, the greater the value creation. The second, often less visible, factor is the shift of control points. In fact, seemingly transient shifts may result in permanent effects when accompanied by the shift of an important control point.

Since the start of the coronavirus pandemic, we're seeing such a phenomenon play out in the movie distribution industry. Streaming platforms like Netflix and Amazon Prime have witnessed a surge in engagement during lockdown. However, this seemingly transient shift in demand-side behaviour is reinforcing a much more permanent supply-side shift.

The closure of major theatre chains, owing to the pandemic, is driving studios to break what's known in the industry as the "window" – the three-month period between when a movie hits the big screen, and when it's offered for video on demand purchase or rental, and then on streaming devices. This "window" that movie theatres have to launch movies exclusively, is a moat protecting theatre revenues.

Since the start of the pandemic, studios have been launching directly on streaming channels, thereby eroding the "window." Universal was the first studio to take these steps, announcing that it would make movies available at home on the same day as their global theatrical release, starting with "Trolls World Tour," which had been scheduled to open April 10, 2020 in the US. In India, Amazon Prime secured rights to premiere several Bollywood movies on Prime Video. These movies were originally scheduled for a theatrical release.

We're likely going to see new revenue models emerge as well. In China, Huanxi Media has partnered with Douyin, a streaming platform, to launch direct to streaming on a new business model. Under this agreement, Douyin's parent ByteDance would pay Huanxi at least 630 million yuan (US\$90.8 million) for new content to stream first on its streaming video platforms. With this deal, ByteDance gets exclusive access to a portfolio of Huanxi movies and TV shows. Huanxi gets a licensing deal and a share of the advertising

revenues. Within two days of the deal, “Lost in Russia” – one of Huanxi’s movies – was released on ByteDance and gathered 600 million views.

Studios will get to test the success of movie releases on streaming platforms and use that to negotiate post-lockdown. Though theatres won’t go away, their negotiating power may decrease, leading to a shift in value. The longer the lockdown, and the more the hits released away from the theatres, the more likely we are to see this shift.

Within the first three months of the WHO declaring Covid-19 a global pandemic, we have already seen several permanent shifts. For one, AMC Studios blocked off Universal movies from ever launching a movie in their theatres after the studio went direct-to-streaming. With AMC Theaters struggling post-pandemic, Amazon is looking to acquire its assets, further driving the consolidation we see during such periods of value migration. In India, Amazon was already increasing its negotiating power against movie theaters pre-pandemic by getting into online sales of movie tickets. If Amazon gains enough control over ticket sales, it can negotiate windowing with movie theaters, leading to more fresh content launching first on Amazon Prime. With the pandemic, this balance has further tilted in Amazon’s favour.

We note with this example that a relatively transient demand-side shift can reconfigure bargaining power in the value network because of a massive shift in control points. A transient demand-side shift may lead to a permanent supply-side shift by changing bargaining power of players in the value network.

Consolidate your position – rearchitect your value network

In traditional value chains, value migration largely manifests as a shift in bargaining power between the supply side and demand side. In platform-mediated ecosystems, value shifts can rearchitect the entire value network. Migration of a demand-side control point can lead to a reframing of the value network on the supply side. In certain instances, as with the rise of Taobao during the SARS crisis of 2003, this migration may result in a more open value network, mediated by a platform, and allowing for participation of third parties. In other instances, players in an open and distributed ecosystem may get rapidly commoditized leading to greater consolidation of value around a few players.

We’re seeing such consolidation play out in the restaurant and food delivery space in the aftermath of the pandemic. During the first three months of the pandemic, China’s Meituan hit a \$10 billion valuation. In the West, we’re seeing increasing consolidation among players with Amazon buying

Deliveroo and Uber making an offer to GrubHub, which eventually merged with JustEat Takeaway. While these valuation and acquisition plays are important, the pandemic has accelerated deeper value shifts in this industry.

Again, let's start by looking for demand-side and supply-side effects. On the demand side, social distancing regulations and lockdowns have led to falling demand for in-restaurant dining and a corresponding increase in demand for in-home food delivery. A combination of rising delivery fees paid to aggregators, high rents, and falling demand for dine-in is squeezing restaurant profits, leading to important supply-side shifts. As restaurants go out of business, delivery businesses are integrating with cooking and food processing operations, and setting up "dark kitchens" exclusively for delivery, without a restaurant dine-in experience.

Food delivery platforms have the advantage of a demand-side network effect where more consumers attract more restaurants onto the platform and vice versa. This demand-side network effect reinforces supply-side scale in kitchen operations as more dark kitchens are set up.

"Dark kitchens" benefit from a more profitable operating model. They are typically located closer to residential areas, leading to lower real estate costs and lower delivery costs as kitchens and delivery hubs can be located closer to demand, enabling superior route optimization. Using superior demand data from their delivery business, delivery platforms can also apportion cooking and sourcing across different kitchen locations based on demand patterns near those locations. These dark kitchens also leverage market-wide demand patterns to better predict sourcing and preparation, leading to lower food waste costs.

"Dark kitchens" consolidate value away from restaurants towards a few central food delivery platforms. These platforms, now, own the demand-side control point with their delivery business and the supply-side control point with their dark kitchen business.

A blueprint for the future

We've talked extensively about shifts resulting from the pandemic but there are many other equally important macro shifts that present opportunities for new value pools.

Technological shifts continue to accelerate and artificial intelligence is rapidly advancing across sectors. More importantly, traditional industry boundaries are disappearing, often leading to creation of new value pools and

business models where none existed in the past. Geopolitically, the rise of China is reshaping the global economic order and the rise of stakeholder capitalism will further create new value pools as business priorities shift to embrace larger societal and environmental value. Finally, investor activism and regulatory shifts will also play an important role in determining future value pools.

The ability of executives to benefit from such shifts is dependent on three factors: how early they spot the shift, their ability to innovate and reconfigure their business model portfolio to position themselves in the new value pool, and the strength of the control point that consolidates their position in this new value pool.

Firms that develop a strong sense of market shifts and an ability to harness their value network towards these shifts will be best positioned to win. The importance of harnessing your value network makes agility and digitization ever-more important priorities for executives. More importantly, firms that compete through ecosystems will be best positioned to rearchitect their value network. Ecosystems are fluid and dynamic, and the most successful orchestrators govern them through digital platforms. Businesses that orchestrate ecosystems can leverage external assets and benefit from demand-side economies of scale. They may also selectively capture supply-side control points by owning important assets of their own.

The post-pandemic world will witness many important shifts. Executives who “take the tide at the flood” and anticipate these value shifts early, reorganize their business model portfolio, and consolidate their control points will be best positioned to seize tomorrow

About the author

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Planning meets agility

ALESSANDRO DI FIORE

5

Planning has long been one of the cornerstones of management. Early in the twentieth century, Henri Fayol identified the job of managers as to plan, organize, command, coordinate, and control. The capacity and willingness of managers to plan developed throughout the century. Managing by Objectives (MBO) became the height of corporate fashion in the late 1950s. The world appeared predictable. The future could be planned. It seemed sensible, therefore, for executives to identify their objectives. They could then focus on managing in such a way that these objectives were achieved.

This was the capitalist equivalent of the Communist system's five-year plans. MBO provided a framework to express managerial certainty. One management theorist of the 1960s suggested that the best managed organizations in the world were the Standard Oil Company of New Jersey, the Roman Catholic Church, and the Communist Party. The belief was that if the future was mapped out, it would happen. In an era of steady growth and technological maturity, Management by Objectives was an expression of confidence.

Later, MBO evolved into strategic management. Corporations developed large corporate units dedicated to planning. They were deliberately detached from the day-to-day realities of the business and emphasized formal procedures around numbers. The fundamental belief was still that the future could largely be predicted. Henry Mintzberg defined strategic planning as "a formalized system for codifying, elaborating and operationalizing the strategies which companies already have."

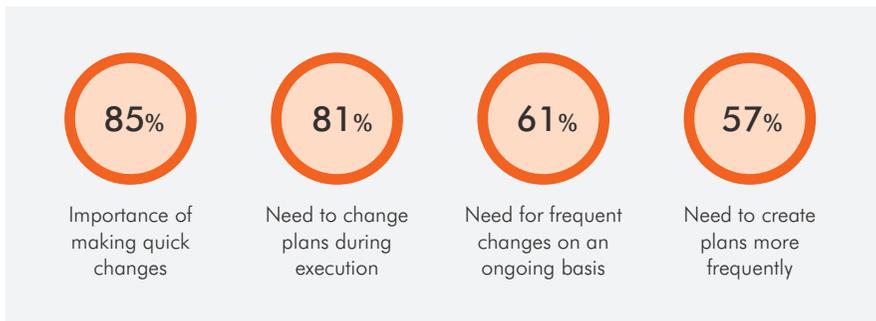
Now, strategic planning has fallen into disrepute. Corporate planning teams have long been dismantled. In the face of relentless technological change, disruptive forces in industry after industry, global competition, and so on, planning seems like pointless wishful thinking. What was once seen as essential is now routinely regarded as a pointless indulgence.

And yet, planning is clearly essential for any company of any size. Look around your own organization. The fact that you have a place to work that is equipped for the job, and you and your colleagues are working on a particular project at a particular time and place, requires some sort of planning. The reality is that plans have to be made about the use of a company's resources all of the time. Some are short-term, others stretch into an imagined future.

Universally necessary, but desperately unfashionable, planning languishes like a character in a Jane Austen novel, waiting to be swept off her feet by Mr. Darcy.

The Covid-19 pandemic has further marginalized planning and, truth be told, planning has been a source of practical frustration for many executives for years. It has been unable to evolve and adapt to the new market dynamics. One clear problem with planning in twenty-first-century corporations is that it is perceived (and often experienced) as rigid, slow, and bureaucratic. The Fayol legacy lingers. Consider the results of a 2016 HBR Analytics survey of 385 managers.

Frustrations and shortfalls of the current planning process



Source: The New Game of Strategic Planning (HBR, 2016)

The frustrations with current planning practices intersect with another fundamental managerial trend: organizational agility. Reorganizing around small self-managing teams – enhanced by agility methods like Scrum and LeSS – is emerging as the route to the organizational agility required to compete in the fast-changing business reality. One of the key principles underpinning team-based agility is that teams autonomously decide their priorities and where to allocate their own resources.

The logic of centralized long-term strategic planning (done once a year at a fixed time) is the antithesis of an organization redesigned around teams that define their own priorities and resources allocation on a weekly basis.

But if planning and agility are both necessary, organizations have to make them work. They have to create a Venn diagram with planning on one side, agility on the other, and a practical and workable sweet spot in the middle. This is why the quest to rethink strategic planning has never been more urgent and critical. Planning twenty-first-century style should be reconceived as *agile planning*. How?

Agile planning has a number of characteristics:

- frameworks and tools able to deal with a future that will be different;
- the ability to cope with more frequent and dynamic changes;
- the need for quality time to be invested for a true strategic conversation rather than it simply being a numbers game;
- it requires that resources and funds are available in a flexible way for emerging opportunities.

The intersection of planning with organizational agility generates two other paramount requirements:

1. A process able to coordinate and align with agile teams

Agile organizations face the challenge of managing the local autonomy of squads (bottom-up input) consistently with a bigger picture represented by the tribe's goals and by cross-tribe interdependencies and the strategic priorities of the organization (top-down view). Governing this tension requires new processes and routines for planning and coordination.

Consider the Dutch financial services firm ING Bank. It restructured its operations in the Netherlands by reorganizing 3,500 employees into agile squads. These are autonomous multidisciplinary teams (of up to nine people) able to define their work and make business decisions quickly and flexibly. Each squad has end-to-end responsibility for a certain output related to a client. Squads are organized into a tribe (of no more than 150 people), a collection of squads working on related areas.

ING Bank revisited its process and introduced routine meetings and formats to create alignment between and within tribes. In practice, this means that each tribe develops a QBR (Quarterly Business Review), a six-page outline of tribe-level priorities, objectives and key results. This is then discussed in a large alignment meeting (labelled the QBR Marketplace) attended by tribe leads and other relevant leaders. One fundamental question is addressed: when we add up everything, does this contribute to our company purpose and the goals we would like to achieve? The QBR process is also when objective key results (OKR) are set. The tribe purpose is translated into tribe goals for a full year, which are discussed and modified every quarter.

The alignment within a tribe happens at what is called a Portfolio Marketplace event: representatives of each squad in the tribe come together to agree on how the set goals are going to be achieved and to address opportunities for synergies.

The ING Bank example shows how the planning process is still necessary and essential to an agile company although in a different fashion with different processes, mechanisms, and routines.

As more and more companies transform into agile organizations, agile planning will likely become the new normal, replacing the traditional centralized planning approach.

2. Utilizing limitless hard data and judgement

Planners have traditionally been obsessed with gathering hard data on their industry, markets, and competitors. Soft data – networks of contacts, talking with customers, suppliers and employees, using intuition and using the grapevine – have all but been ignored.

From the 1960s onwards, planning was built around analysis. Now, thanks to Big Data, the ability to generate data is pretty well limitless. This does not necessarily allow us to create better plans for the future.

Soft data is also vital. Championing the argument that strategy is either an “emergent” pattern or a deliberate “perspective,” Henry Mintzberg has argued that strategy cannot be planned. While planning is concerned with analysis, strategy making is concerned with synthesis. Today’s planners are not redundant but are only valuable as strategy finders, analysts, and catalysts. They are supporters of line managers, forever questioning rather than providing automatic answers. Their most effective role, says Mintzberg, is in unearthing “fledgling strategies in unexpected pockets of the organization so that consideration can be given to (expanding) them.”

“While hard data may inform the intellect, it is largely soft data that generate wisdom. They may be difficult to ‘analyze’, but they are indispensable for synthesis – the key to strategy making,” says Mintzberg.

Business leaders need first to imagine possibilities and second, pick the one for which the most compelling argument can be made. In deciding which is backed by the most compelling argument, they should indeed take into account all data that can be crunched. But in addition, they should use qualitative judgement.

Relying solely on hard data has unquestionably killed many potential great businesses. Take Nespresso, the coffee pod pioneer developed by Nestlé. Nespresso took off when it stopped targeting offices and started marketing itself to households. There was little data on how households would respond to the concept and whatever information was available suggested a perceived consumer value of just 25 Swiss centimes versus a company-wide threshold requirement of 40 centimes. The Nespresso team had to interpret the data skilfully to present a better case to top management. Because it believed strongly in the idea, it forced the company to take a bigger-than-usual risk. If Nestlé had been guided solely by quantitative market research the concept would never have gotten off the ground.

The traditional planning approach needs to be revisited to better serve the purposes of the agile enterprise of the twenty-first century. Agile planning is the future of planning. This new approach will require two fundamental elements. First, replacing the traditional obsessions on hard data and playing the numbers game with a more balanced coexistence of hard and soft data where judgement also plays an important role. Second, introducing new mechanisms and routines to ensure alignment between the hundreds of self-organizing autonomous local teams and the overarching goals and directions of the company.

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Pandemic meets digital transformation

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As an invisible enemy widely referred to as Covid-19 entered the global stage, companies found themselves in the field of fire, torn between the demands of radically new realities imposed by Coronavirus and the deep-rooted necessity (and oftentimes, long-prepared ambition) to digitally transform. The pandemic brought with it a transformational impact on the nature of work, the structure of firms, and the economic realities of people, businesses, and countries – a new normal that gave rise to many questions: What does Coronavirus mean for digital transformation? How can the two be reconciled? Who ends up a (relative) winner, and who ends up losing the most in this nexus of transformations? While there is no crystal ball to answer any of these questions, one thing is undisputed: Coronavirus and digital transformation are intimately linked. Here's what this means.

One, the pandemic is like a stress test to past digital transformation efforts and bears learnings on how well companies have digitally transformed.

The Covid-19 pandemic is not unlike a benchmark for firm's digital transformation to date. Those firms whose digital transformation was well underway before the Covid-19 outbreak are at an advantage now, as are firms that managed to swiftly rally digitization efforts at the onset of the crisis. Organizations that missed their ticket onto MS Digital Transformation are poised to be left behind. This means that companies whose value-add is generated and rendered through digital means (or that have managed to morph into this profile quickly) will, on average, weather the Corona storm better than those whose value generation lies purely offline. Though in a global recession, which despite counterintuitively bullish stock markets economists agree we are headed into, none are real but only relative winners.

So, the question is not so much who ends up a winner but rather who will lose the least?

Naturally, digital pure players are well positioned to reap the benefits of a virtually powered economy, particularly when they don't rely on human involvement to complete transactions. Think, for instance, of ZOOM, which despite privacy concerns has managed to grab a large share of the delicious and oh-so-topical virtual conferencing pie, with share prices more than doubling in a matter of weeks.¹⁴

Foot traffic, unfortunately, is equal to a Corona-infested death bed: when there's no feet, there's no business. Hence, companies that have adamantly focused on non-digital business only are at a disadvantage. They will find themselves cash-strapped after the crisis. Traditional firms relying on in-person

interaction to render services are thus hit the hardest, though if they manage to entertain or quickly set up a digital channel, they may be able to dampen negative effects.

One such example is Domino's, where delivery makes up 55 percent of total orders. Domino's was thus well positioned to thrive during Corona, as proven by its call to hire 10,000 workers due to increased demand.¹⁵ This is in stark contrast to the unprecedented numbers of US citizens who have had to file for unemployment amid the worrying economic downturn.¹⁶ Meanwhile, Domino's is one of the only big chains that refuses to work with outside delivery apps such as DoorDash or Grubhub, which promise to boost restaurant sales but take a cut of that money. Having its own delivery app, drivers, and pick-up infrastructure – and thus full control over value chain and customer service – is a winning strategy for Domino's in times of social distancing. A focus on the Corona-minded customer who cares about contactless delivery paired with increased profits thanks to avoiding DoorDash and Grubhub proves a viable strategy to accelerate digital business.

Even among those entities that are system-critical, the digitally transformed ones will fare best. One example is governments, who are center stage amidst the crisis. Some Asian countries like South Korea are praised as one of the flagship nations to bring the spread of the virus under control, harnessing surveillance-camera footage, smartphone location data, and credit card purchase records to help trace the recent movements of Coronavirus patients and establish virus transmission chains. These countries have long been able to monitor and analyze such data – and Western jurisdictions are considering following suit, though with adaptations to alleviate some of the privacy concerns. Nations that are among the digital frontrunners have remarkable transparency over individual citizens' details, including not only their own whereabouts and movements but relationships to other patients. Logically, this data is of enormous value to these nations, now more so than ever.

Two, while digitally transformed companies will, on average, weather the Corona storm better, some of the digital transformers will fare better than others. Among the digitally transformed organizations, some will take away big chunks of the overall smaller pie that's being generated now, owing to their industry or business model.

Industry-wise, the Corona crisis is summoning a bifurcation of economic sectors, where some are at a disadvantage because demand is eradicated, and others are at an advantage because demand is relatively unaffected or

even boosted. Among the starkest losers is the travel and hospitality industry, with cruise ships and airlines taking the hardest hit and expected to recover only slowly. But even the digitally transformed players in that sector, that enjoy low fixed costs (such as Airbnb, which doesn't pay rent for its property listings) are hit hard because when travel is discouraged or altogether banned, demand and bookings plunge. Among the relative winners are, for instance, grocery retailers, though sales of higher margin products (such as clothing) have declined sharply and been substituted for lower margin shopping (think toilet paper). Grocery retailers have a pivotal role to play and those that are geared to fulfil this responsibility are poised to serve more customers compared to their peers. Walmart is doing particularly well, with investments in its ecommerce infrastructure paying off greatly.¹⁷

But industry affiliation should be seen as fluid in times like these, and leaders are well advised to explore opportunities outside their core industry, leveraging their existing capabilities for new ventures. Consider Bosch and their rapid Coronavirus test: known as one of the largest suppliers in the automotive world – an industry that has been hit particularly hard – Bosch decided to use their technology and healthcare capabilities to bring forth a much needed rapid Coronavirus test.¹⁸ This is an example of the courage, adaptability, decisiveness, and entrepreneurial spirit that leaders need to muster in order to grasp lesser intuitive business opportunities (outside of their core industry) by the forelock.

If venturing outside of a core industry is hard for some leaders to fathom, they should at least take all measures necessary to adjust their business models in line with the new rules of the Corona economy. When possible, they should consider supplementing ads-based revenues with subscription-based revenues or other revenue sources. Subscription-related digital business models are currently better than ads-based ones because when a recession hits, companies reduce ad spending to a significant degree, while individual consumers will likely still splurge on that \$9/month Netflix subscription (especially at a time when most other entertainment options have vanished). Consider the case of Facebook, which relies on businesses advertising on its online real estate to make money. When purchasing power is down, people buy less (plus, when they are sheltering in place, there is naturally less reason to buy stuff), which moves businesses to ramp down their advertising investments. Now Facebook has launched "Shops," a way for businesses to set up an online shop on Facebook and Instagram by converting their business pages into digital storefronts.¹⁹ This is designed to help small businesses easily

tap into the ecommerce pot of gold, while Facebook commands a small fee per purchase made via Shops. This extra revenue source can help make up for the top-line downturn from ads Facebook is currently experiencing.

Leaders of organizations that don't naturally find themselves at an advantage now, owing to their industry, are well advised to diversify away from their core product or service (particularly if that is eliminated in times of Corona). That has proven a winning strategy for Uber. Ride-hailing services aren't exactly experiencing a high right now. That's because when people are staying home, they don't exactly need rides – a painful truth Uber, Lyft, and other ride-hailing companies know all too well. Uber, however, is in the position of being able to hedge some bets more favourable to a Corona-ridden economy. Think Uber Eats for food delivery, Uber Health for scheduling healthcare-related rides, or Uber Freight for shipping. While these were started before the onset of Corona, leaders should still consider which levers for diversification they can pull now to contain the disaster.

Three, the pandemic spurs an increased push toward digital transformation for all firms. Efforts to accelerate both digital business and digital work will become more commonplace, following extended periods of time where all parties involved have gotten used to new practices and offerings.

On the digital business side, even beyond Corona, customers will appreciate the new digital value propositions and channels that are becoming standard. At the same time, organizations are well advised to continue to maintain and extend these digital offerings and sales channels, building on learnings from the Corona crisis and knowing that customers have morphed into digital aficionados. Think gym classes: luxury workout chain Barry's is keeping people engaged with free online gym classes until in-person Barry's workouts return. But would there be a reason to discontinue online gym classes even when gyms have reopened? Probably not, given this turning into everyone's daily routine. Similarly, Walmart e-grocery delivery accounted for only a fraction of the turnover, but it's probably here to stay. Ping An's "Do It At Home" offering launched in February, allowing customers to access a series of financial and non-financial services on the Ping An Pocket Bank app, including lending, credit cards, FX, medical counselling, doctors' appointments, and auto services. There's a good chance consumers will continue to value this well beyond the pandemic.

If there was ever a time to digitize the core business or fast-track the disruptive digital business, then this is it.

On the digital work side, continuing to allow people to work remotely after extended periods of time where they have gotten accustomed to that will make sense. It stands to reason that we are at the onset of new work realities. With leading management consultants now advising their clients remotely, will strategy consulting as a whole become more accommodating to remote work? With schools and universities bringing their curricula online in a matter of days, will remote learning supersede (or be on par with) in-presence classes? With much experience in doing all of this in tow, businesses will likely hold on to these practices post-Corona, catapulting them all several years forward on their digital transformation journey.

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Footnotes

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People strategy for successful strategies

CLAUDIO GARCIA

7

“Difficult to see. Always in motion is the future.” Even before the advent of Covid-19, the words of Master Yoda in Episode V of the Star Wars series were becoming widely adopted by business leaders and management thinkers as they contemplate an uncertain future. In response, many organizations have started adopting practices to make their portfolios and operations more flexible. For example, large corporations have adopted practices originally from hedge funds – such as diversifying their business units to protect themselves from different economic cycles – and venture capitalists – where through corporate ventures they invest in innovative businesses with the hope that a few of them might make the leap to a prosperous reality. But these actions aiming at achieving flexibility and adaptability tend to have limited impact.

Behind them lies a major constraint holding back organizations from becoming more suited to an erratic, unpredictable environment: mainstream management practices. These still carry the legacy of organizations anchored in a mechanistic view of the world. This is supported by financial departments and their associated executives who hold asymmetric power in organizations. And so, for example, corporate ventures become trapped in budget processes, complex decision-making, and time-consuming synergy discussions. The evolution of management within corporate borders has been predominantly focused on improvements to the old machine paradigm that served organizations well in the past. Clearly, it remains challenging to reduce its influence in corporate culture.

Vulnerable, and somehow a victim of this whole context, is the strategy and practice of people management. Even more frequent than speeches about an unpredictable future are those that state that “people are our greatest assets” and so on. They fail in their essence: they accommodate people in the mindset of the organizational machine. If you look to the model of how people management practices are structured, that becomes clearer. As Figure 1 shows, competency frameworks, performance management, talent sourcing, succession planning, and many other human resource processes do not survive without a decision about what the strategy is. But for a future in motion, a strategy cannot be a single static reference that the rest of the business must follow. Neither can it be a changing reference that requires constant, ineffective, and expensive adjustment of structures that require a change of the workforce to allow it to have the skills that are “now” required. It is simply unsustainable. Companies must stop subordinating their *people strategy*

decisions to linear thinking on strategy. They should be more concerned about the diversity of mindsets and worldviews they need to think and act strategically as strategy emerges.



Figure 1: Linear people management

We should stop narrowing our people's capabilities

The influence of the machine paradigm on people management weakens organizations. It exterminates the diversity of people and adaptability in favour of efficiency. Organizational culture, competency frameworks, performance management, recruitment processes, among others, all work as a narrow filter, driven by pursuit of a cultural fit that increases the similarity of people. Less diversity of world views, thinking, feeling, and acting means fewer capabilities to anticipate and interpret the signals coming from the context in motion surrounding the organization.

In an unpredictable environment, increasing probability of success comes not from cultural fit, but from cultural augmentation – the capacity of organizations to absorb, nurture and actively explore diversity for their business purposes. Instead of thinking about strategy and their people's deployment, organizations should first consider if they have enough people diversity to bring unprecedented and innovative inputs to the *strategy making* task. Figure 2 shows how this flow should work.



Figure 2: Integrated people management

1 + 1 = 4 or -4

Despite the romantic conversations about diversity and the common sense that organizations with more diverse teams deliver better results, increasing diversity in organizations is not simple. There is as much research showing that achieving diversity is not effective as there is showing its effectiveness.

The more different people you put together, the more you increase the amount of complexity in a system. More complexity means more possibilities of conflict. Conflict is essential to innovative thinking, but it requires a minimum level of maturity to not turn into an unproductive confrontation. Groups have the power to exponentially increase either their capabilities or their biases. When a diverse group of people are placed together, you increase the potential of an outcome. Still, this potential can either go in the right or wrong direction. One plus one can equal four as much it can equal minus four. Social networks demonstrate this dynamic every day. They have been a source of group innovation as much as group polarization and we have seen this affect politics in many countries.

Just throwing a diverse group of people together does not mean it is going to work. To leverage its potential, organizations need to go to a deeper level and rethink management practices: from how meetings are set, how communications flow, how structures are formed, performance is measured and group maturity is developed. These are essential human dynamics and should be designed as such. Not as a machine.

Taking the relevance of people seriously

Diversity and inclusion programmes are undoubtedly welcome for social-justice reasons but also to broaden the capabilities of organizations. Unfortunately, they are still fragile and not as consolidated as they should be. Their vulnerability is exposed when difficult times emerge. The usual effort to recruit and include diverse people when business is thriving vanishes when layoff decisions happen. When bad times come, diversity in organizations reduces, mostly (and unconsciously) influenced by the old management paradigm. One of the reasons is that organizations are still blind and incompetent in understanding, managing, and capturing the benefits of diversity. One key explanation is that typical management practices are far from acknowledging diversity. They act in the opposite direction, eliminating it.

People are social beings. There is much room for organizations to take advantage of this. Taking the relevance of people seriously means investing more time in understanding them and using this to design a new management practice that augments individuals as much as it augments organizations.

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The Covid-led acceleration of the shift from brawn to brain

**VIJAY GOVINDARAJAN AND
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Since time immemorial, the nature of human work has constantly changed from unpleasant, dangerous, and repetitive tasks, typically powered by human muscle, to the ones requiring higher-order cognitive skills. This shift from reliance on brawn to brain is aided by scientific inventions and breakthroughs from time to time: fire, wheel, tools, domestication of animals, plough, weaving machine, steam engine, gas-powered vehicles, printing press, airplanes, internet, and cell phones, to name a few. These discoveries turned human beings from hunter gatherers to agriculturists to those who eat food largely grown by machines.

Over the last century or so, the number of people employed in agriculture and mining was decimated while those employed in sales, trades, and services dramatically increased. In addition, unpredictable shocks to society have changed how the work force is organized and distributed. The Second World War, for example, required women to come out of their homes and work in factories, when men had gone to fight. Women's role in the workforce changed permanently thereafter. They were no longer confined to work at home and started making equal contributions to organized labour.

We predict that the current Covid-19 crisis will combine the two major sources of change – scientific discoveries and societal shocks – to accelerate the shift in the workforce from brawn to brain. Scientific discoveries because society is being forced to both discover and experiment with new ways of doing things. Societal shock because Covid-19 combines the forces of several major events that have changed society in the past few centuries, such as the world wars, the 1929 Great Depression, the 2008 fiscal crisis, and the 1918 Spanish flu.

In the twenty-first century, artificial intelligence and automation have been principal drivers of the change in the nature of work. The categories of jobs most affected are the ones that require repetition, operate on predetermined rules and algorithms, and are done in predictable environments. Many of us have taken inter-terminal trains at major airports. Most of them now run without human drivers. Jobs such as bank tellers, travel agents, and bookkeepers have been replaced by ATMs, travel websites, and accounting software, respectively. Nevertheless, there are at least three categories of jobs that have remained largely untouched by AI and automation.

First, jobs requiring one-to-one human interaction and individualized problem solving, such as childcare, medical doctors, lawyers, and teachers.

Second, jobs that require little human interaction, but operate in uncertain environments, such as truck drivers, forest loggers, and fire fighters.

A third category, what we refer to as AI resistant, requires extreme human creativity: artists, designers, entertainers, media workers. We believe that Covid-19 will transform, or even disrupt, in significant ways even those three types of occupations.

We use the three-box framework to analyze the acceleration of shifts in human occupations brought in by Covid-19: Box 1 (transform and strengthen the core); Box 2 (selectively, let go of the past); Box 3 (create new). Finally, we will suggest some ways by which the government, private sector, and society must collaborate to facilitate the emerging needs.

Box 1: Transform and strengthen the core

Given the sudden requirement of social distancing, the world has experimented with digital interactions for many jobs that previously required physical interactions and personalized problem solving, such as business meetings, health advice, teaching, banking, and government actions. We are learning that many of those jobs can not only be performed in the convenient setting of homes, but they can also be performed better.

We explain our point with the example of undergraduate, college education.

There is no doubt that the current model of four-year, residential college evolved because it is valuable to society. It not only imparts education and knowledge, but also inculcates emotional intelligence, leadership, compassion, and camaraderie in students, many of whom live away from their families for the first time in their lives. Furthermore, a large portion of education requires experiential learning, interactive problem solving, and cocreation of knowledge in discussion with professors and fellow students. For that reason, the model of residential college education had largely resisted large-scale changes despite the progress of technology and the arrival of alternatives like Massive Open Online Courses (MOOCs).

But Covid-19 has challenged that model of college education.²⁰ We are currently experimenting and learning that a significant portion of college education, that pertains to pure knowledge transfer from a lecturer to a student, can be performed easily, and even better, online. Anything that involves algorithmic learning, and has predetermined answers to a given question, can be better taught digitally, with interactive queries and immersive audiovisual and gaming techniques. Students can learn at their own pace,

repeat as many times as required, do key word searches, link concepts, and rearrange teaching modules based on the own skill levels. If this is indeed the case, at least for the portion of algorithmic teaching, we do not need teachers in our own college towns, they could be located anywhere in the world. In fact, at least a significant part of the educational degree can be delivered using professional speakers and gaming specialists, whose programmes are designed with inputs from a few, best teachers on the subject. Covid-19 has challenged us about our assumptions of our educational business model, forced us to experiment, and has shown that there are new, even better ways. For example, by making college education a hybrid of residential and off-campus learning. In sum, Covid-19 will transform our four-year college business model, affecting many people who are directly or indirectly employed by residential colleges.

The same can be said about many other professions in which experts imparted personalized, expert knowledge. For example, diet, legal, financial, tax, accounting, or even medical advice. We are now experimenting with medical advice being delivered online, through TeleHealth. This idea can be extended further, at least to the parts of professions that pertain to algorithmic advice and can be performed by people located anywhere in the world. In addition, needs of the time have forced certain changes in regulation that would have been difficult to come by in normal times. For example, insurance companies are honouring medicine prescriptions delivered in online sessions. Universities are willing to conduct open book exams and PhD thesis defense online. We are seeing online courts deliver justice – something that would have been considered a science fiction not too long ago.

Stated differently, the transformation of professions that require individualized problem solving, but do not necessitate human touch, will be accelerated by the ongoing forced experimentation. Many professions will be transformed, for the better.

Box 2: Selectively, let go of the past

Warren Buffett famously said: “Only when the tide goes out, do you discover who’s been swimming naked.” The Covid crisis has necessitated two changes, which we believe are likely to have long-lasting effects as happened after the 1918 Spanish flu: social distancing and a realization that an individual’s health is society’s obligation. Covid is transmitted from one human to another. Hence, one person’s sickness affects the whole society. Individuals,

therefore, are forced to follow society's rules, such as social distancing. In return, society is obligated to provide universal healthcare as well as basic sustenance to the individuals. For example, in India, governments delivered medical care and food to families that were forced to stay in quarantine.

The two developments described above will now significantly disrupt many occupations that have resisted automation based on the idea that certain products and services are best consumed or enjoyed in person. For example, people go to a restaurant, not just to eat food, but also to enjoy a social experience. This concept applies to many human activities and environments, such as tourism, entertainment, sports, tournaments, conferences, retail malls, political rallies, museums, island travel, and cruise ships. However, social interaction and human proximity are unlikely to revert to the pre-Covid levels, even after the disease is controlled and a cure is found. The Covid experience will leave a permanent scar, at least for the present generation.

We expect massive layoffs in sectors that require face-to-face interactions, particularly those that support the gathering and movement of crowds. Occupations that occur in busy, crowded places, such as bars and restaurants, or those that require physical contact, such as physiotherapy and haircuts, will see significant disruptions in demand, supply, and work practices because of heightened sensitivity to employee and customer safety. Many of those businesses will become financially unviable with the new requirements of social distancing, especially if they are forced to operate at significantly less than full capacity to accommodate social distancing. Theaters, restaurants, theme parks, airplanes, museums, and conferences can neither provide, nor afford to provide, an enjoyable experience while maintaining the required social distance. For many people, working in these service sectors is often their first job. A high school graduate often earns their first income serving tables at restaurants. For many others, these sectors remain the source of permanent employment, especially for those who are unable to progress by further education. This category, in our opinion, which often employs millions of less-educated workers, will suffer the largest decline in employment numbers during and after Covid.

In addition, there is another category of jobs that does not require human interactions but will see an accelerated restructuring. During the Covid crisis, many items were not getting produced, shipped, or sold despite demand; gloves and masks, for example. This is because of dependence on humans for production, logistics, display, and retail selling. Corporations will now think of

new ways by which the entire chain of activities, from production to delivery at home, is performed by AI and machines. Continuity and assurance of supply will be valued as much as cost and speed to market. This will require reducing reliance on humans for certain routine and critical activities. For example, technology exists for machines to perform unloading at docks and trucking of perishable material. Covid will push society to remove restrictions on automation.

In sum, the Covid crisis will force disruptions in certain occupations, causing massive unemployment of less-educated segments of the population.

Box 3: Create new

We believe that the brawn-to-brain transformation will accelerate as a result of the current crisis, which implies that there will be increased demand for people who can lead or assist society's transformation and disruptions described in Boxes 1 and 2.

We identify a few categories of jobs that will see an increased demand:

Digitization experts: The ongoing Covid experimentation will accelerate the trend towards digitization and communication by the internet, for any product that could have been digitized, but whose digitization was delayed because of habit, inertia, or regulation. For example, college education, telehealth, legal counseling, entertainment, and banking activities. Society, having been forced to experiment with online digital solutions during Covid, will be less resistant to and might even welcome the digitization of products and services. As a result, there will be increased demand for people who can produce, merchandize, store, install, sell, distribute, and maintain digital solutions, in a secure and reliable manner. For example, those who can convert Broadway stage shows to digitized plays, the home loan application process to an online one, and a doctor's visit into a telehealth meeting. This transformation will need people who understand the end-to-end process in those businesses and can convert them into digital solutions. In addition, there will be enhanced demand for data scientists and telecom engineers, those who specialize in capture, retrieval, storage, processing, and transmission of information as well as integration of hardware and software.

Business process restructuring: Firms will have to restructure their business processes, logistics, and material movements to plan for more uncertain supply chains. For example, companies can no longer afford to rely on a single factory in China to obtain their main product, however cheap that

source might be. Companies will develop alternative suppliers from different countries as well as additional buffers and logistics routes. Companies will build backup and safety plans. The demand for management, logistics, and business process restructuring consultants will increase.

Financial restructuring and litigation experts: Numerous businesses and individuals will be unable to meet their financial obligations in a timely manner. Many supply and purchase obligations will go unfulfilled. Many purchase contracts will be contested. Consider an airline that is unable to pay its contractual obligations related to fuel and food supplies, aircraft lease rentals, pilot wages, and takeoff and landing fees. Numerous firms and individuals will declare bankruptcies. Protracted legal acts, negotiations, asset possessions, and recoveries will follow. Many firms will invoke force majeure clauses in their contracts, those that prevent fulfilling of a contracted obligation because of an unforeseeable circumstance. Companies will have to restructure their liability and capital structures and individuals will have to revise their retirement and financial planning. Governments will offer subsidies, bailouts, moratoriums, soft loans, and tax concessions, which will have to be understood, applied for, and obtained. Bailouts and concessions will come with strings attached, that will also need to be interpreted and implemented. For example, firms that obtain government support might be unable to pay dividends and buyback shares for some time. These developments will enhance the demand for those with accounting, tax, finance, and legal degrees.

Biotechnology and pharmaceuticals research: The post-Covid world will remain on guard to prevent any further occurrence and spread of contagious diseases. More resources will be devoted to detection and cure of infectious diseases. Many countries in the world will have to provide universal healthcare, instead of leaving that responsibility solely to charities, religious organizations, NGOs, and private clinics. This heightened caution will increase the demand for medical professionals. For example, we expect a large-scale deployment of medical equipment at almost every human movement point – airports, stadiums, bus stations, schools, colleges, and office and apartment complexes. That change will heighten the need for scientists trained in pharmaceutical research and engineers who can develop and produce equipment, tests, and medicines.

Cybersecurity experts: As more and more work gets done digitally, using web-based connections, the likelihood of fraud, cyber misuse, and data and privacy breaches, will also increase. This will necessitate the requirements for

smart engineers who can anticipate, protect, and cure our systems from cyberattacks.

Engineers who can design intelligent robots: Elon Musk believes that robots and artificial intelligence could one day move and produce all goods. In a post-Covid world, business and society will rely less on human effort and more on intelligent machines. This shift will increase the demand for engineers and technologists who can design, make, train, and operate those robots.

Engineers who can design drones: Progress on the use for point-to-point deliveries was hindered both by technology and restrictive regulations.

Drones have played an important role during the Covid crisis, for surveillance, public announcements, or delivering emergency goods. Therefore, society's aversion to drones must decline post-Covid, leading to innovation-friendly regulations. For example, regulations do not allow drones to operate beyond the visual line of sight, which could soon change.

Business planning experts: In many industries, planning simply required extrapolation of past trends, with seasonal adjustments. Planning will now, however, become choppy with numerous disruptions, supply and demand changes, and disappearance of many key suppliers, customers, and competitors. Firms will have to rely more on real-time data plans to make dynamic changes in the entire supply chain.

Government bureaucrats: The massive dose of subsidies and transfers implies that the role of government in society will increase. Governments around the world have announced several trillion dollars of interventions – cash transfers, part wages, suspension of loan and mortgage payments, interest rate cuts, soft loans, payments for detection and cure, and aid, food, and medical help to the most vulnerable segments of society. No government can make these payments without checks and balances, and without requiring commensurate contribution to society in return. For example, if nonperforming loans require a second bailout, the banking sector could become a regulated utility in some markets. Further, citizens all over the world could face higher taxes.

It is noteworthy that each of the professions described in Box 3 requires an advanced educational degree. In contrast, many of the jobs described in Box 2 typically rely on less educated people. This is what we call an acceleration of shift from brawn to brain. In order to manage this shift in the workforce, and to maintain peace and stability in society, governments will have to consider two major moves. The first is provision of universal basic income and healthcare. Enough has been written on these subjects, so we will not elaborate on them.

We will talk instead about the second one – the need for a massive reeducation and redeployment programme.

This second one will have to be more ambitious in scope and coverage than the Servicemen’s Readjustment Act of 1944, the G.I. Bill, which granted tuition stipends for about 10 million world war veterans to attend colleges and trade schools, almost seven percent of the US population at the time. That number would be equivalent to 23 million people today, and is comparable to 27 million that are at high risk of losing their job, as predicted by Moody’s Analytics.²¹ Universities, colleges, polytechnics, and community education centers, will have to undergo two major changes. First, they must operate in a more digitized environment and offer a hybrid of online and residential programmes, to make their offering more affordable and scalable. Second, and more importantly, they will have to facilitate a major transition – to retrain and reorient the existing workforce, instead of just educating the young minds.

In addition, governments will have to change their immigration policies, to meet the spike in demand for people with advanced educational degrees. More than half of the PhDs employed in scientific and technological research in the US were born in a foreign country, and a significant portion of software engineers and information technology professionals currently working in the US were educated abroad.²² It will require a relaxation of visa policies and encouragement of the immigration of scientifically trained manpower.

Republicans in the US have joined Democrats to formulate a national industrial policy, similar to that which Japan created post-World War II. In fact, we need a new social contract where intelligent government policy not only co-exists with, but also encourages, responsible capitalists to build a great future.

In sum, we expect that Covid will accelerate the brawn-to-brains shift in the labour force. These shifts, while offering numerous opportunities, will impose numerous challenges on society, businesses, policy makers, universities, and governments. The time to act is now. As Winston Churchill said: “Never waste a good crisis,” and he always added: “Let our advance worrying become advance thinking and planning.”

About the author

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**Make sure
your lungs are
working properly**

(and may the Force
be with you!)

ANNA HUMMEL-GUMAEIUS

9

Ask a hundred people in your organization – “What is actually blocking us from realizing our full potential?” – and you would most likely get an extensive list of behaviours. Most organizations know what is keeping them from their desired situation, but few address the need for a behavioural detox until they absolutely must go through it.

The “must” arrived in 2020. Transformation, no matter if your organization was ready for it or not, is now needed. It is a race where the winners will be the organizations willing to behaviourally detox fast.

May the Force be with you

There are many ways of looking at organizational behaviours, but one way is to look at it from a Star Wars perspective of “the Force”, i.e. as collective wisdom, collective knowledge, and a collective set of behaviours.

Whatever organizational growth phase your company is in, you need to be sure that the main components of detox are the building blocks of your Force and your transformation: 1) A high degree of adaptability and 2) A strong ability to unlearn.

Adaptability is the operationalization of an organization’s response to external change. One could argue that the level of adaptability is the measurement of a twenty-first century organization’s lung capacity. How does an organization handle change? Paralysis and no oxygen to the brain? A panic attack with low intake of oxygen, simulating an organizational heart attack? Or hiking up the mountain at a good pace and with a clear head, one foot in front of the other until you reach the top?

Unlearning on the other hand can be viewed as the alveoli, the small bubbles in our lungs, where oxygen and carbon dioxide are exchanged during the process of inhaling and exhaling. The process of unlearning ensures the ability for the organization to “inhale the new” and “exhale the old”.

The idea of unlearning is based on the notion that for new learning and new mental maps to come into place, previous old and outdated learnings must be put aside. Unlearning is a process that precedes, and is independent of, learning. It has also been found to be so critical that the inability to unlearn has been recognized as a prime inhibitor of innovation.

Unlearning has three elements:

- mental model unlearning (beliefs, pride, values, mission, vision)
- procedural unlearning (internal procedures, organizational processes, internal structure, equipment, technology)
- business unlearning (old clients, suppliers, markets, core products and services, business domains).

Of the three, mental model unlearning has the highest impact on us, as it works to guide people in their everyday life by framing the way they understand, interpret and act upon their world.

Company culture = Autopilot behaviours

That organizations hit plateaus when prevailing structures, behaviours and leadership no longer serve their best interest is not in any way a new insight. Larry Greiner presented “the Greiner Model of Organizational Growth” in a *Harvard Business Review* article in 1972. The model defines how organizational practices – (1) focus of management, (2) organizational structures, (3) top management styles, (4) control system, (5) emphasis of management rewards – develop over the life of an organization. And you could argue that consequently, it also outlines which behaviours will be prevalent or “autopiloted” for each phase.

Autopilot behaviours exist in individuals, teams, and organizations. As individuals we build our initial autopilot behaviours in our families of origin, by repeating what our parents did and adapting to what makes us fit into our family. As adults we take these behaviours with us into whatever context we decide to set foot in, for example into the organizations we join.

As repetition makes us humans feel safe, we often search for organizations, roles, and contexts where our autopilot behaviours fit. That way we do not have to change anything, we do not have to make any adaptation. That way we feel we belong, and we already have control and the pre-set of the expectations. As teams are just groups of individuals, teams will also form their autopilot behaviours of how to behave with their own dos and don'ts. This continues onto an organizational level, which can be summarized as a company culture.

The past is so bright we start wearing shades

Digging deeper into the Greiner model each phase begins with a period of evolution, with steady growth and stability, and ends with a crisis period of substantial organizational turmoil and change. The resolution of each crisis period determines whether a company will move forward into its next stage of growth, or not. Core to the challenge is for management to take the organization through the transformation without getting stuck in the old ways, the old behaviours, the old KPIs and rewards, and the old identity.

Getting stuck in the old is a sure route towards organizational “death”. One of Larry Greiner’s own key insights, when assessing the model 26 years later, to why transformation from one phase to the next is so challenging was that the behaviours needed to resolve the crisis, directly contradicted the behaviours that made both the company and the management team successful up until that point. Success in the new phase was blocked by success in the old phase, and managers thus got to experience the irony of that the solutions introduced by them personally become a major block for growth going forward.

Worth noting is that research suggest that long-term success radically weakens an organizations ability to unlearn. “Chronically successful” organizations develop introverted complacency and as they expect success to continue, they stop scanning their environment for signals of the contrary. Organizations, teams, and individuals pretty much function the same – the autopilot behaviours stay until the day it becomes over-evident that they do not serve us anymore. Then there is need to make a choice. And this is where the Force of a company comes in. Dependent on which autopilot behaviours that are embedded in the Force, the management team will choose one of two options: (1) Stay and adapt, unlearn current behaviours to learn the needed behaviours or, (2) Exit and find another organization where they can repeat current behaviours. This is obviously very seldom a conscious process and not always up to the individual, thus the greater importance for the “right” Force to be embedded in the organization.

If management continuously over time chooses option two, both the organizational capacity of unlearning and of adaptability become low. This repeated choice also forms a collective memory that signals danger and “stay away” to the organization. Why would the rest of the organization unlearn and adapt if that is clearly not an option for management?

What will you offer the young Luke Skywalker from now on?

Let us go back to the initial list of responses to the question “What is actually blocking us from realizing our full potential?” What do you think is on that list? And what Force would you like to have? What collective wisdom, knowledge and behaviours do you want to offer your young Jedis from now on?

Once you have decided it is time to act. How do you hack organizational behaviours? The answer is simple – you start with yourself and the rest of the management team. Organizational development can only come through individual development, and the same thing applies to learning. Organizations do not develop; organizations do not learn. Individuals in the organization learn and change and this in turn forms new collective behaviours and patterns. What used to “be right” is exchanged for “a new right” and “a new thinking” on a collective level. If unlearning and adaptability is something your management team shy away from, the organization will follow that lead. If you consider it as part of the Force, it will become an autopilot behaviour embedded in your DNA.

Wherever you find yourself on the scale today just go for it. Wave a thankful goodbye without nostalgia to what has been and start the process.

The sequence of unlearn-to-learn is described in the figure below, divided into three stages (1) Attention – what needs to be Unlearned and Learned (2) Intention – commitment to behavioral transformation (3) Action – the repetition loop.

The eMergere Unlearned-to-Learn Sequence (Collective and Individual Work)



Source: The eMergere Unlearned-to-Learn Sequence, eMergere international, 2020

Larry Greiner made some predictions in his model that were quite visionary. Among other aspects, he foresaw that organizations that have reached Phase 5 growth will have to get creative into their future. One suggestion was by building dual organizational structures: one “habit structure” for getting the daily work done and one “reflective structure” for stimulating new perspectives and personal enrichment. Employees could move back and forth between these structures over time, allowing them to periodically rest, reflect and revitalize themselves. Maybe that is too far out for you but still a mental model to consider and adopt for your needs, a Force-building structure, where collective and individual unlearn-to-learn work can be done. No matter how you set it up make sure to support each other and view failing as a sure sign of that you have the courage to practice something new.

When you feel that your lungs are filled with fresh oxygen and you feel the new Force to be in you, go find young Luke Skywalker and share your wisdom.

Remember: Darth Vader sounds as if he has a constant cold, but really his lungs are not fully functioning. He just needs to unlearn evil and become more adaptable but he chooses option 2, over and over again.

May the Force be with you!

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Winning the fight and winning the future by leading with purpose and meaning

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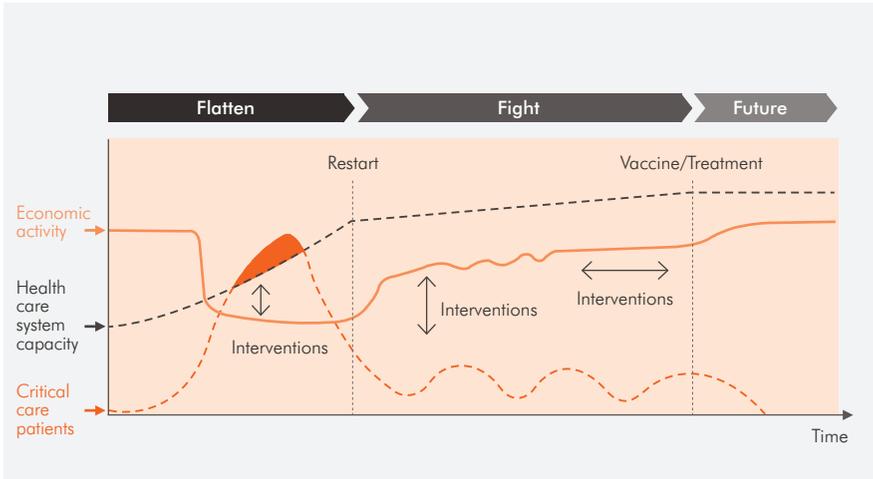
So much has changed in such a short time. As we write today about responding to the transformational challenges of Covid-19, no one can know what further disruptive changes and shifts lie ahead. Leaders started 2020 knowing that there were a significant number of big challenges to tackle – global climate change, declining long-term growth rates, and the rise of technology-fueled change were certainly top of mind. Now, leaders are recognizing that whatever else comes their way, they will need to build a capacity for adaptiveness, resilience, and, ultimately, transformation in their organizations.

For many people, the impact of recent events will be more enduring than anything they have ever known. What organizations are experiencing today will, for most, fundamentally change business operations and have profound strategic and workforce implications. The requirement for purpose-driven leadership has never been more important.

So, what are the most critical actions necessary for leaders to effectively manage the realities of today and navigate tomorrow? There are two areas of focus required, each of equal importance: 1) stabilizing and strengthening business operations with an eye towards long-term resilience, a clear strategy, and a viable economic pathway, AND 2) bringing people back to the workplace and empathetically reengaging them by instilling meaning and confidence for the critical roles they will need to play.

Winning the fight and winning the future

The Covid-19 crisis has evolved and will continue to evolve over three distinct phases: Flatten, Fight, and Future. The Flatten phase, from which many geographies have already emerged, is characterized by the widespread imposition of physical and social distancing measures to “flatten” the growth of the epidemic to reduce peak caseload and avoid overwhelming the healthcare system. While these strict public health and safety measures seem to have worked in many geographies, the cost in most instances has been a profound disruption to the economy and everyday life.



Source: BCG Analysis

The “lockdowns” that most of us have experienced were a shock to normal business operations, regardless of whether or not the business remained operational during the lockdown. Leaders had to scramble and adapt quickly to offset the shock’s intensity on both their people and operations. This initial emergency response and resilience is just the first step.

Going forward, leaders will need to address three, interconnected and completely new challenges to their business in order to succeed in the Fight and win the Future. First, they will need to ramp up or restart their business and their teams in the midst of the continuing pandemic. Second, they will need to simultaneously work on winning the Fight, making changes to their business and their teams to adapt to a volatile and uncertain landscape that will last until we reach the Future phase somewhere in the next 12 to 36 months. Third, they will in parallel need to make changes to prepare to win the Future because, while the exact environment and exact timing at which we will experience the Future state are uncertain, it is certain that it will be a new environment at some point in that time window and not a return to the pre-Covid world. This combination of multiple time horizons and the need to address them organizationally, operationally, and strategically will test all leaders. Success depends on leaders building critical capabilities within their organization: adaptiveness, resiliency, a strategic perspective, and leading with purpose and meaning.

Leaders will need to act quickly to reconfigure their teams to provide clarity and accountability during the Fight phase. Agile principles and teaming can help eliminate silos, enable faster response times, and provide people with the decision rights and power to rapidly prioritize and adapt. These ways of working result in stronger employee engagement and show commitment to the organization, which is increasingly critical during this time. This model can also help accelerate data and technology transformations that are in many ways necessary because the historic data and accompanying demand and supply planning models are suddenly obsolete. It can also help the organization better address new opportunities presented by the crisis and fluctuating consumer demands.

Even in the absence of reliable forecasts, leaders must set an agenda for the Fight phase and beyond, into the post-pandemic Future. There will be no-regret moves, such as rapidly eliminating unnecessary costs in operations or administrative functions. But other significant decisions, such as changes in the product portfolio or the closure of production facilities, will have to be made despite uncertainty around future developments. For these decisions, timing is crucial – leaders and their teams must stay abreast of the evolving situation and quickly adjust action plans using an agile working model. Developing and analyzing multiple scenarios together with their team will help to prepare them to significantly increase reaction speed as events unfold.

The agenda will vary by organization, but there are some critical questions that leaders need to ask of themselves, their teams, and their plans in order to shape their agenda. They include:

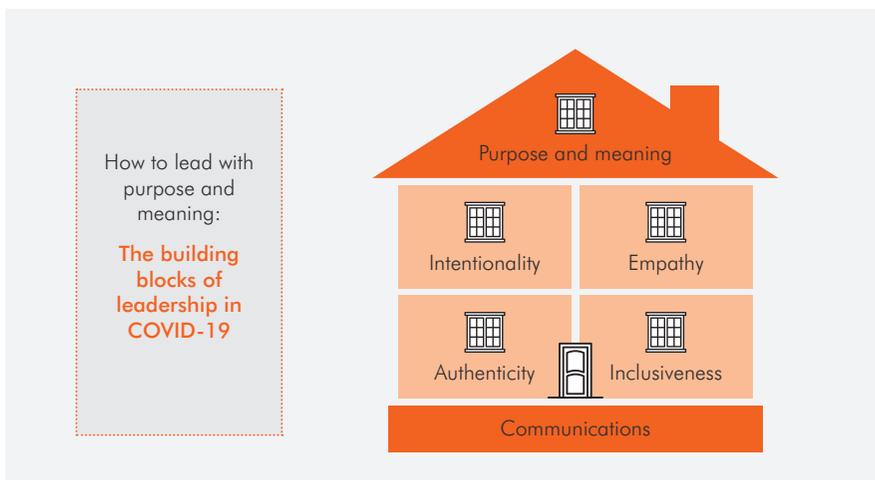
- Does our current operating model and financial performance allow us to weather what could be a 36-month Fight? What changes do we need to make?
- How will our supply environment change during the Fight because of the virus, public health restrictions, or the de-globalization of supply chains or trading? What changes do we need to make?
- How is customer behaviour changing in ways that will force us to defend our business and that create opportunities for new business? What changes do we need to make?
- How are our partners and competitors going to change in this environment and what challenges or opportunities does that create for us? What changes do we need to make?

- How can we harness this disruption to help accelerate transformative changes in our business, some of which are already under way? For example, how can we accelerate our adoption of AI and digital technology? What changes do we need to make?
- How do I need to change the way I lead because of this crisis?

We would like to further explore that last question regarding leadership.

Leading with purpose and meaning to rebuild confidence

For organizations to survive during these turbulent times, it is imperative to lead with purpose and meaning. As employees have become used to working from home and physically separating from the office, as they have witnessed profound changes in their lives and societies, as they have experienced the human, economic, and social loss of the pandemic, they have more clearly recognized what is truly important in their lives. The crisis has served to further shift the frame of reference away from the four walls of their office, cubicle or open-plan design, shifting it further to their families, friends, communities, and societies. In order to lead through the subsequent phases of the crisis, leaders need to be able to rebuild confidence in employees and give them more reasons to return to the workplace and engage fully in their work. More than ever, leaders will need to lead with and impart purpose and meaning. We believe there are five building blocks to leading with purpose and meaning: Intentionality, empathy, authenticity, inclusiveness, and communication. These are not new behaviours, but rather, in the current pandemic context, require a lot more emphasis from leaders.



Intentionality

While leadership and the associated actions come naturally to many, this is a time to be deliberate and to think through what signals (intended and unintended) the actions of a leader might send. For example, as companies return to the workplace, it is important to think through whether or not the full leadership team should return. While this may send positive signals to the essential workers who have been working in factories or on campus throughout the crisis, it may imply that ALL other employees need to come back to the office. This may not be desired, and worse, it may stifle the gains in flexibility that have been realized during the crisis. This and many other decisions in this context need to be made very intentionally versus by default or knee-jerk reaction.

The core of intentionality is effective decision-making, follow through and learning. As we now move into the Fight phase, the speed and nature of decision-making will differ from what it was in the Flatten phase. But, it will be no less critical. The rapid decision-making required during the Flatten phase was frequently quite daunting. In the Fight phase, while still managing issues continuing from the Flatten phase, organizations will also need to address a range of complex business decisions and adjustments in a new and evolving reality.

Recognizing we are going into “unchartered waters” in the Fight phase, intentionality is about clearly aligning upfront amongst the leadership team on how to move forward even if the way isn’t yet fully clear. Despite best efforts, not everything will go right, in fact quite the opposite – it won’t! So, the premium is on identifying early anything that is not working and course-correcting it. This requires intentionally constituting teams to have the right mix of people and operational insight on board to help both prevent things going wrong in the first place, and to best course-correct in the face of future unknowns.

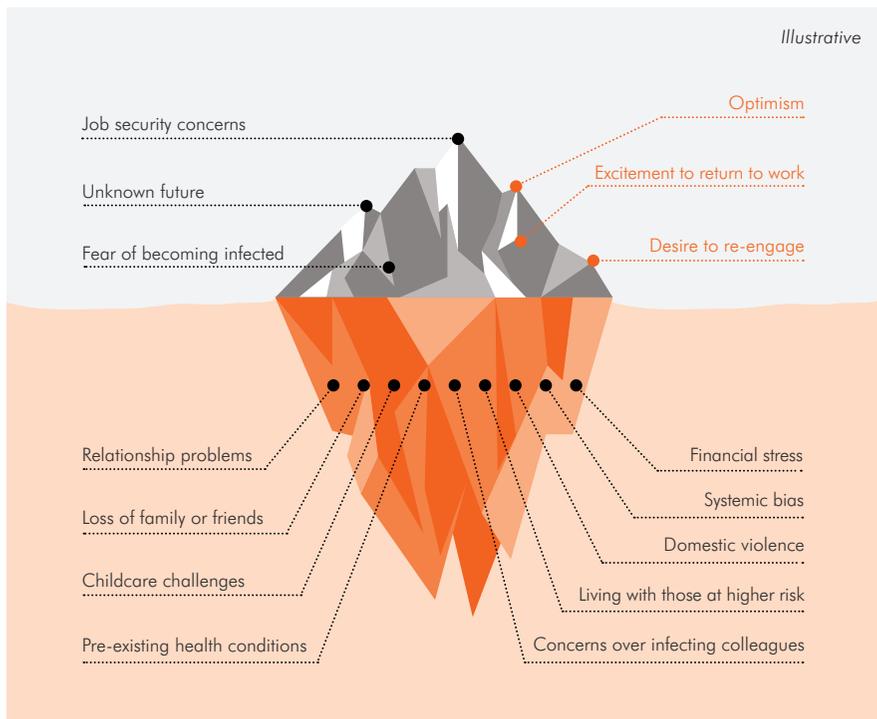
Empathy

As leaders reintegrate their people into changing business operations, it will be critical to do so with empathy as well as efficiency. Employees will be “returning to work” having experienced a widely varying range of impacts from Covid-19. The past several months have been difficult, and leaders need to understand how to accommodate the resulting near- and long-term stresses on their people. For some, Covid-19 may have led to serious illness, deaths, and financial consequences for loved ones, or it may have exacerbated previous mental health conditions. For others, prior to Covid-19, the physical distance

that the workplace provided enabled them to avoid underlying personal issues that may now be more sharply defined. Leaders must be empathetic of the stressors that some employees may be carrying below the surface as a result of the protracted lockdown.

The Stress Iceberg is a model we recently developed with critical inputs from Ariadne Labs for use with organizations, which can be used to help visualize and surface discussions on these stressors. The Iceberg depicts how at the surface level some people may very naturally be signaling a combination of both positive and negative emotions around returning to the workplace and reconnecting with colleagues. However, leaders should be cognizant of the stressors that may be beneath the surface for some people that could impact their performance – for example, in areas such as effectiveness in decision-making, teaming, or timeliness – and, in the most extreme cases, their wellbeing. Leaders should ensure a close dialog with their HR experts to prepare ahead of time to have access to the right resources and develop effective messaging, support and engagement for anyone needing help.

The COVID-19 Stress Iceberg



Source: BCG Analysis

Of course, there will also be people who come through the Covid-19 lockdown relatively unscathed. They will have experienced it as constructively as possible, learning and adapting to a new reality, while gaining new perspectives on what really matters to them. They will have ideas about how things can be more effective in the future at work: how to better collaborate; how processes can be simplified; how to work remotely and more efficiently; how to better leverage expertise; how platforms and technology can unleash even more exciting possibilities; how physical workplaces need to change; etc. Leaders need to take advantage of this energy and creativity.

As we move from the Flatten into the Fight phase, leaders will need to bring both sets of people together to develop new ways of working, launch initiatives and align individual interests with those of the larger organization. Some will embrace and quickly accept the need for change; others will take a while; and a few may never accept it – and that’s okay. Leaders should be encouraging them to talk about what they’re feeling, not just those coming up with the ideas for change, making sure to draw people out. Successful leaders will share their own personal experiences and also ask others about theirs. They will listen with empathy, seek to understand others’ motivations as well as areas of concern or stress. Empathy will strengthen the connection between leaders and those they lead at a critical time.

Authenticity

Employee trust and confidence will be critically important attributes going forward in the Fight phase. Authentic leaders play an important role in helping generate trust and building individuals’ confidence in their own abilities. However, while it is one thing to aspire to be authentic, it is another thing to deliver it, day in and day out, in these very challenging times.

Given the importance of leadership authenticity, there are quite a number of important articles and books written on it. We are not going to attempt to summarize them. Rather, having had the privilege of working with some great leaders, let us share a “Checklist for authentic leadership” of eight things that can hopefully make each leader’s style even more authentic and, thereby, more effective.

A checklist to support authentic leadership

<p>1 Look after yourself in order to look after others</p> <p>Make sure you get enough water, sleep and exercise. It sounds obvious but it is far too easy to neglect, if so you will pay the price and your people will as well.</p> <hr style="border-top: 1px dotted #ccc;"/>	<p>2 You are “always on” as a leader</p> <p>People are listening for what you have to say, even when you don’t think they are. For the big events, prepare well, be sure you have a clear narrative and have thought about likely questions. Then speak plainly and be yourself.</p> <hr style="border-top: 1px dotted #ccc;"/>
<p>3 You only have finite energy</p> <p>Pick your battles wisely. Fight the right fights, focus on strategic and values issues. Understand who the critical stakeholders are, what the history is and then fight to win.</p> <hr style="border-top: 1px dotted #ccc;"/>	<p>4 Be a “time cop”</p> <p>Be highly disciplined in time management. Ensure your calendar is tightly managed several weeks out and then re-examine at the start of each day for any fine tuning.</p> <hr style="border-top: 1px dotted #ccc;"/>
<p>5 Be human - be real</p> <p>People want to know that their leaders have heart. They will rarely go the extra mile for someone who is all logic and no emotion. Be prepared to share with your team what the changes mean for you personally and who you are as a person.</p> <hr style="border-top: 1px dotted #ccc;"/>	<p>6 Strike a balance</p> <p>You need to be empathetic, but also clearly reinforce purpose, achieving target metrics, and adopting new behaviours. Celebrate people and achievements, but stress that we must not return to old ways of working, and why.</p> <hr style="border-top: 1px dotted #ccc;"/>
<p>7 Always treat people fairly and with respect</p> <p>This especially means that if difficult messages have to be given then you are the one who gives them. Leaders who are seen to delegate this responsibility are generally viewed as lacking courage, which will significantly erode trust.</p> <hr style="border-top: 1px dotted #ccc;"/>	<p>8 Don’t be too tough on yourself</p> <p>You will inevitably have some off days and some stumbles. When this happens, own it. Work out what went wrong and why, think about the other points on the check list, course correct, and then Push on!</p> <hr style="border-top: 1px dotted #ccc;"/>

Inclusiveness

While empathy and authenticity can help greatly in building connections to individuals, it is more important than ever to be inclusive. These are not just the traditional elements of inclusion, which are critical to supporting workforce diversity, but are fundamentally about ensuring that people are not left behind or left out.

Why is inclusiveness so important in this context? Organizations will be challenged like never before. The speed with which things will change during the Fight, and the geographic variability are unprecedented. A knee-jerk response to that challenge is to centralize decision-making and leadership, but that reflex will lead to worse outcomes. Decision-making, leadership, and action will need to be more distributed than perhaps ever before to provide the speed and resilience that organizations will need. Therefore, engaging with all leaders and people in the organization to make them feel included, respected,

and heard is more important now than ever, to ensure that they are engaged and that their work and ideas are reflected in the work of the organization.

Organizations' success during the Fight will require leaders to make rapid and good decisions at the local level together with those they lead. A site manager, a store manager, a front-line leader, or a team leader may manage work and employees critical to business continuity, workplace safety, or resilience. They all need to be heard by their more senior leaders and they, in turn, need to hear their own people on their teams.

As we discussed at the start of this article, there will be many challenging decisions to be made about the business as we move towards the new reality – financial decisions, product portfolio decisions, personnel decisions, to name a few. It is imperative that leaders get the best information from their teams to make these decisions under so much uncertainty. More diverse and distributed systems are more robust and resilient systems, and inclusive leadership behaviours enable this.

Communication

All of these elements of intentionality, empathy, authenticity, and inclusiveness come together through robust and effective communication. The Covid-19 crisis has taught us how quickly things can change and how organizations must increase their ability to respond to different scenarios. As a result, leaders need to deploy rapid and effective communications to mobilize and align their teams to new actions, changed actions, and full-scale transformation.

In the Flatten phase, one such mechanism that has been successfully deployed is a “command center” to coordinate frequent and robust communications. Such a center can play a significant role in helping ease administrative and content development burdens. Underpinning the work of the center of expertise is a concerted effort from the leadership team to establish a robust communications strategy. The content of the communication strategy needs to be tailored to the unique circumstances of each company, but there are four elements that are essential in the Covid-19 crisis:

- The content of the communication, at its highest level, needs to focus on answering three simple questions: Where are we? Where are we going? How will we get there?

- The content and delivery of the communication cannot be isolated from the three “top of mind” questions that employees will have: What does this mean for me? What does it mean for my team? What does it mean for my customer?
- The style of the communication needs to be fact-based, empathetic, pragmatic, optimistic, and authentic;
- The target audiences need to be inclusive and comprehensive.

These elements address the nature of the crisis and the challenge for leaders and organizations.

In particular, there are two communications traps to avoid: “We haven’t got anything new to say yet so it’s not worth wasting people’s time or worrying them” and, “There is so much ambiguity at this stage we are better off saying nothing until things become clearer.” Falling into either of these traps will inevitably give rise to rumours and require far more leadership effort to address the resulting problems than to avoid them in the first place. One tip on communicating when dealing with important unresolved issues is to frame them within the context of recently resolved issues. For example, a leader communicating, “These are the things we now know, the decisions made, and this is what it means” and, “These are the things that we are still unable to resolve, but this is when we believe we will be able to make a decision by,” helps create more comfort through honest transparency.

Consideration needs to be given to the specific channels and platforms that are being utilized. Communications must be frequent, evolve over time, and, very importantly, be presented in plain language with a bias towards two-way communication – however it is structured. The traditional tactics of email communication are unlikely to be enough to properly engage employees, and leaders need to identify culturally unique ways to engage the hearts and minds of their people. Ideally, communications of this nature should be in small groups, face-to-face and conversational. However, in today’s environment, leaders will need to work with teams and pragmatically adapt solutions to best deliver messaging and facilitate engagement. There is no optionality for anything other than a serious commitment to communications and frequent communications to facilitate change management, as many organizations are now facing the fight of their lives.

In conclusion, there is not one cookie cutter approach that will ensure the long-term survival of an organization. Making and remaking smart strategic choices, having a resilient and aligned purpose, and rapidly rebuilding near-term confidence are essential. Leaders will need to be vigilant and continually re-evaluate the scenarios in which their teams operate, and tune strategy and operations accordingly. At the same time, they must also hold the wellbeing of their people paramount through these turbulent times. This requires leading with purpose and meaning, increasing intentionality, empathy, authenticity, and inclusiveness supported through communications with employees to build their confidence and a desire to be part of helping the organization win the Fight and the Future. The question now is what will you do differently to motivate your organization to make the transformative changes needed to thrive in this new reality?

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Why transformation is a team sport

THOMAS KEIL AND MARIANNA ZANGRILLO

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No matter what team sport they enjoy, most sports fans tend to have a hero they look up to. It's no different for companies. When they appoint a new leader, the spotlight is on the individual and expectations often run unrealistically high. We still have an image of the new leader as the lone hero who should have the capabilities and the charisma to single-handedly turn everything they touch into gold. Our minds run to Steve Jobs turning around Apple, Howard Schultz revitalizing Starbucks, Jamie Dimon transforming J.P. Morgan, or Lou Gerstner rescuing IBM.

Our research into external CEOs hired to transform their organization paints a very different picture. Transformation and success tend to follow only if the CEO and those around them are aware that successful transformation is a team sport. Sports teams rarely benefit from the inclusion of a prima donna, and no transformation can be successful if the CEOs try to do it alone and do not surround themselves with a solid and trustworthy team. Jürgen Klopp turned around the Liverpool soccer team to lead them to UEFA Champions League victory and the first English Premier League Championship in 30 years by building an all-powerful team not dominated by a single individual. A team of stars. Similarly, Andy Reid brought the Kansas City Chiefs back in the National Football League culminating in the 2020 Super Bowl win by building a true team rather than relying on a few individuals.

While CEOs need to be charismatic figures to get the attention needed during transformations, they need to acknowledge that, despite their formal position, alone they lack the organizational mechanisms to transform the organization. Despite the CEO's authority, successful transformation needs the work and dedication of many. Even the best thought-out plans can crash into a corporate wall if middle and frontline managers throughout the organization do not buy into and implement them.

To successfully transform a company, CEOs need to build company-wide movements engaging managers beyond the top management team to become agents of change. In the words of one of the CEOs we interviewed: "You cannot change a company with only a handful of people at the top. You need to win people throughout all the company." To do so, CEOs need to identify internal allies and possible sponsors to gather wide consensus and a trust base and build networks to access unfiltered information beyond their top management team. Reaching beyond their direct reports, however, needs to be done with care as it always carries the risk of undermining their direct reports' responsibility and accountability.

To create and empower a team that can transform an organization, our research suggests new CEOs must follow some basic principles:

Putting the right people in the right place: Transformation almost always requires different skills and strong individuals. Strong CEOs avoid the temptation to build their team for comfort and safety. They aim for performance. Take the example of Greg Poux-Guillaume, from the Swiss engineering firm Sulzer. Shortly after his appointment Poux-Guillaume realized that the existing management team would not be suitable to implement the transformation he envisioned. He then replaced several executives leading key business and support functions, carefully balancing internal promotions and external hires, to build the needed competences.

Once the right individual is put in the right place, it is important to **leave the executive team room to maneuver.** Executives need to be able to drive their areas of responsibility. Strong CEOs do not have the urge to over-control and micromanage.

Emphasizing accountability and performance: Responsibility and space for maneuvering need to be balanced with performance orientation and accountability for actions. Strong CEOs accept no excuses. When Jan Jenisch joined LafargeHolcim as CEO, decision-making had been paralyzed through corporate bureaucracy and political infighting. To break the logjam, Jenisch decentralized decision-making but at the same time installed a performance management system with simple and clear performance indicators.

Allowing and encouraging dissent: A strong decision culture demands dissent and constructive debate rather than a team of yes men. In the word of Mohsen Sohi, CEO of German engineering giant Freudenberg: “If you want to do restructuring and transformation, you have to have people that are also willing to say, ‘No, you’re not seeing that right’.”

Transformations need highly capable leaders surrounded by highly capable teams and support throughout the corporation. Leaders like Vas Narasimhan at Novartis have learned the lesson well in time and have been able to engage the organization rather than seeking the spotlight through heroic acts. When the organization shines, so does the CEO.

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Changing how we change – a practical guide to leading virtual transformation beyond the crisis

SUSIE KENNEDY AND ANDREW BRAY

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Transformation in normal times was difficult enough. For the last three decades research by Harvard's John Kotter and McKinsey has consistently shown that only a third of major transformations are successful, even less in the public sector.²³ For transformation during and beyond the Covid-19 pandemic, success still depends on effective leadership to change mindsets and engage people coupled with a structured approach to drive change, such as our 3D approach to transformation that integrates Kotter's model with the discipline of project management (PMI) and the psychology of change.

Approaches such as our 3D methodology typically involve bringing together leaders and change teams to engage in planning, decision-making, and project management mainly focused on changing behaviour and culture. Change teams physically get together in workshops and meetings to create and drive their change strategy and at local sites to engage stakeholders and build capability. Covid-19 has changed all that. While the approach to leading transformation beyond the crisis is the same, the way in which it is exercised has changed. In some respects, leading transformation is even more difficult as lockdowns and travel restrictions prevent teams from physically getting together. Yet in other respects, it has become easier and quicker.

Arguably the greatest driver for change in a generation, Covid-19 has had a sudden and dramatic impact, positive and negative. For example, organizations that before the pandemic were frustrated by the slow pace of adoption of flexible working practices to support agile transformation, were handed the ultimate "burning platform." Lockdown has meant most people must work from home, which has turned out to be very popular, so much so that a return to full-time office working is unlikely. In May 2020, Twitter announced its employees could work from home "forever" if they wished. The crisis has revealed that much corporate travel is unnecessary since remote working is proving to be so effective. Some global organizations are not encouraging a return to pre-Covid travel levels and consequently have cut travel budgets, realising efficiency gains and cost savings as well as reducing their carbon footprint.

The crisis has necessitated rapid change. Take the search to find a vaccine for Covid-19, described by the World Economic Forum as the "world's exit strategy."²⁴ Clinical trials usually take around ten years, however, just months after the pandemic started 10 vaccines are already being tested with another 114 currently in development.²⁵ Johnson and Johnson's Chief Science Officer said the collaboration is unprecedented. Paper processes, which can take

weeks to get feedback from regulators, are happening within a day. Similarly, the urgent need to free up acute care beds in UK hospitals saw social care teams in UK local authorities working round the clock to create new protocols within a few weeks that would normally take up to a year. Technology has helped enormously and people have embraced it. A rapid shift to online video conferencing has seen Zoom revenues increase by 169 percent in the three months to April 2020.²⁶ More than 100,000 schools worldwide are now using Zoom for online classes. In general, organizations that were already technology-enabled made a much smoother transition to home working than those not.

However, the scale of upheaval caused by Covid-19 is immense. It has wreaked a devastating domino effect across many sectors with aviation being one of the hardest hit. Heathrow airport, Europe's busiest airport, saw passenger numbers drop to an all-time low in May 2020, down 97 percent.²⁷ As airlines remain grounded, desperately struggling to survive, aircraft makers Airbus and Boeing slashed production while aero-engine maker Rolls-Royce cut its workforce by 15 percent, losing 8,000 jobs.²⁸ The global airline industry is forecast to lose a record \$84 billion in 2020, which is 3.2 times higher than in the global financial crisis of 2007-08.²⁹

The pandemic is not just a health crisis but an economic one of global proportion. So as the world starts to move beyond this initial phase of Covid-19, organizations must reimagine their futures. According to a recent McKinsey report, this involves four key activities: recover revenues, rebuild operations, rethink the organization, and accelerate digital adoption.³⁰ For many, this not only means large scale transformation but also adapting how we lead transformation using virtual teams. Here we share nine practical lessons we have learned, through our transformation consulting work and discussions with organizations, to help change leaders and teams adapt the way they lead transformation beyond the pandemic.

Find your meaningful purpose

Covid-19 gave many teams, especially those directly involved in responding to the crisis, the most powerful *raison d'être* that triggered high performance. Going forwards, as organizations rebuild operations and rethink the organization, many teams are being restructured to fulfil a new purpose, perhaps one less compelling. Nevertheless, clarity of purpose is essential. A change team unable to succinctly articulate its purpose in a way that is

meaningful to stakeholders and congruent within the wider organizational and societal context will not change anything. Not only does a clear purpose give the credibility needed to engage with stakeholders, especially so when communicating virtually, it also binds the change team in a common powerful mission.

In practice, a new team can: clarify its purpose by working together to analyze the strategic landscape using tools such as PESTLE and Scenario Analysis so they understand the future challenges they face; assess their core capability, so they understand their common strengths to confidently meet these challenges and; analyze their stakeholders needs, which describe the purpose the team must serve. When working virtually it is important to build in reflection time to challenge and verify early versions of the purpose statement. Creating word-clouds from phrases the team has developed to describe stakeholder needs is a quick way to verify that the language of the purpose statement is appropriate.

Use a structured approach and tools

A major benefit of using a structured approach to plan and develop the change is that the change team can focus on content rather than designing the change process. A well-structured proven approach with tools gives change teams the confidence to plan as they can look ahead at the tasks they need to tackle. It reduces uncertainty, creates visibility in decision-making and provides a clear road map for stakeholders. When introducing our 3D Approach to transformation teams, we hold an introductory session so that everyone can explore and understand the structured approach including the rationale for using it rather than assuming team members will automatically adopt it. Practical tools, such as an online stakeholder analysis and status assessments to monitor progress through the stages of change and team reviews, help the team move forward quickly in building and reviewing the change strategy and simultaneously developing as a virtual team.

Prepare for online working not just meeting

Virtual transformation teams must decide how best to replicate traditional methods such as flipcharts and post-it notes in order to work in real-time. This is quite different to attending a meeting online as producing real work together requires more preparation and planning. At the start of our transformation work with APM Terminals, one of the world's largest port and terminal

operators, part of Maersk shipping group, the transformation team were used to meetings on Microsoft Teams but had not yet experienced doing real transformation work together online, involving developing thinking and decision-making. After exploring various apps for collaborative working, including whiteboards, Miro and Stormboards, we used pre-prepared templates on PowerPoint slides that everyone could simply use immediately, work on simultaneously, and share.

Transformation planning workshops are intensive. To maintain concentration and energy we find a series of facilitated workshops lasting about three hours are effective, with stretch breaks every 30 minutes and five-minute rest breaks every 90 minutes or if the team hits a block and needs to refresh. Effective facilitation is vital to keep energy levels high and the team on track, focusing everyone on achieving specific outputs at each session and allocating tasks to be completed between sessions. This speeds up progress and increases productivity when the change team is together.

Build the virtual team

There are plenty of examples of great teamwork during the Covid-19 emergency, for example, global petrochemicals manufacturer INEOS, which produces two key raw materials for making hand sanitiser, set up new sites to produce hand sanitiser themselves. Each site was built within ten days and was quickly producing one million bottles of sanitiser a month, provided free to hospitals during the crisis. This innovation was achieved through a huge team effort with support from INEOS's professional cycling team.³¹

When putting together transformation teams to lead change beyond the crisis, it is important to design and build teams that will succeed virtually. The transformation sponsor should set the mandate of the team and clarify his/her expectations and involvement. Keep the team size as small as possible given the amount of work to be done and ensure everyone has a meaningful role and contribution to make. Have one-to-one meetings with team members to get to know them. Create space at the start of an initiative for the team to get to know each other and also for each team member to express why the transformation initiative is important for them and what they personally want to achieve. Help individuals become aware of their own mindsets.

As the change strategy develops, responsibility for each workstream should be allocated equally to members. Help the team to self-manage by agreeing their ways of working virtually, including frequency of meetings, decision-

making, methods of communication, and performance monitoring. Members should prepare in advance and share their preferences with the team so that every voice is heard before reaching a collective agreement.

Focus on achieving quick wins as soon as possible to build momentum and for the team to experience success early on. Conduct regular team reviews to assess team development progress. We find two particularly important yet simple factors help when working virtually: everyone having their camera turned on so that everyone can read body language, and using appropriate humour and laughter to lighten the intensity of the work.

Over communicate, build trust

Effective communication underpins successful transformation and during the pandemic and beyond it is essential to ramp up communication efforts to help build relationships and trust. During the crisis, the CEO of Ansell, a global leader in safety solutions and manufacturer of Personal Protective Equipment, has been updating the organization with a weekly message. This has been translated into local languages where relevant. The company is actively listening to what is important to employees and in a recent feedback survey on ways of working beyond Covid-19 employees said they appreciated the direct contact and wanted this open, transparent, and frequent communication to continue.

Being genuine builds trust. A senior executive of a major FMCG wrote personal notes of gratitude to individuals and communicated directly with manufacturing teams rather than through the region director. The teams had worked flat out maintaining production during peaks of absenteeism due to the virus and their selfless efforts were genuinely appreciated.

Transformation teams can build relationships with stakeholders they wish to influence by truly understanding their needs. Using stakeholder segmentation and analysis they can test how well they understand what is important to specific stakeholder groups and tailor communication plans. As mentioned earlier, this process also verifies that the team's purpose is meeting the needs of stakeholders. Having one-to-one conversations with stakeholders can help gain good quality feedback about their concerns, feelings, motivations, and aspirations. Involving stakeholders in decision-making is a highly effective way to engage them. McKinsey research shows people are five times more likely to commit to an outcome when they have been involved in the decision.

Online relationship building is certainly easier when relationships already exist but, where they do not, transformation teams need to think of new ways to

engage those they seek to influence through using advocacy and focusing on reputation building.

Use technology

Technology has played a major role in enabling capability across organizations during Covid-19 and this will accelerate beyond the crisis with significant benefits. For example, augmented reality technology used with wearable tech Microsoft HoloLens helped ramp up ventilator production during the Ventilator Challenge UK. The manufacturing company Smiths Medical used AR to capture crucial assembly steps and processes and create a virtual assembly guide that was shared with consortium members at other factories with no experience of making ventilators.³²

In manufacturing plants experts can solve problems remotely by seeing the physical world through video. Virtual and augmented reality technologies mean people can work safely without having to travel to site, which reduces delay, saves cost, and reduces carbon emissions.³³ The APM Terminals' Corporate Health, Safety, Security and Environment (HSSE) team built a tool to help change safety culture in terminals. The tool facilitates a conversation at the frontline with the frontline workforce. It supports leaders in having open and probing conversations to learn about the work being completed and the HSSE controls that keep colleagues safe.

The Leader-Led app, accessible on smartphone in seven languages, requires no training and facilitates conversations during Gemba Walks and Learning Team activities. It allows leaders and frontline workers to capture what they saw, learned, and discussed, and where the activity took place. Data is then available through a global dashboard.

Within the first four months of rollout, some 6,500 activities were logged with many immediate improvements to ways of working and reduction of risk. Significantly, signs of the desired new culture are increasingly apparent as frontline employees are taking greater responsibility. In one terminal, a Reefer Foreman asked the Managing Director to join him in a site walk. Other sites have designed new practical tools to prevent accidents.

Build capability virtually

In pre-pandemic times, global change teams would travel to sites around the world to help engage employees, communicate the vision, provide wellbeing support, and build capability. Local teams are now having to step up

and take on this role. This will involve building leadership and transformation capability at multiple levels including the front line. APM Terminals is building high performing teams with technical and leadership capability in all terminals to embed a new health and safety culture. Empowering action in these ways involves identifying new skills and capability required, as well as encouraging creativity and new ways of working. This means finding different approaches to develop knowledge, skills, and behaviours online when face-to-face learning is not possible.

Transformation teams can help change mindsets first by addressing each of the following, which will make their task easier: help learners understand the reasons, benefits, and implications of acquiring new skills, behaviours, and ways of working; help them believe they can do so in an effective way and have some control over the process; help them see their peers succeeding. They should involve stakeholders in training design and create a tailored training approach that supports self-managing online learning communities.

Listen and lead

Leading transformation is demanding. It is a long-haul activity requiring relentless attention to detail, management of relationships, and repetition of key messages. Change leaders must be one step ahead, working out the next move to achieve the change strategy. The pandemic exacerbates this challenge because of the potential scale of transformation, so it is a priority for leaders to look after themselves by listening to their body in order to be fit to lead their teams through and beyond the crisis. Three simple but essential habits help maintain physical and mental health: get good sleep, aiming for seven hours a night; get some exercise, recognising a brisk walk uphill is as good as a run; get offline, to give the brain a total break (an hour before bed).

As we move beyond the initial crisis to lead agile transformation change, leaders should listen to their own mindsets before attempting to change others. This means challenging how creative and curious they are; how do they foster innovation, collaboration, and value creation? This honest reflection enables leaders to make personal adjustments and help others do the same.

Listening to others is a critical leadership skill that is even more essential when working virtually and leading through and beyond the crisis. Leaders who genuinely care, are inclusive, compassionate, and welcome challenges from everyone, especially from those with less power, will promote diversity of thinking and psychological safety necessary for innovation.

What's your story?

“Crises make reputations” is the headline of the *Financial Times*’ campaign to challenge business leaders to protect the future of free enterprise. As already mentioned, organizations and leaders will be remembered for how they behave during this crisis. Procter & Gamble has publicly stepped up to fulfil their mission as a “force for good” by the way they are protecting their employees, serving and meeting unprecedented demands of consumers, and supporting communities through donations of PPE. By contrast, some businesses have sought to profiteer from the crisis. Shortly after the UK lockdown started, unscrupulous online vendors were attempting to sell hand sanitizer at 3000 percent more than high street prices.

New Zealand Prime Minister Jacinda Ardern has been described as “the most effective leader on the planet” during the crisis.³⁴ Her empathetic open communication style has led her people to believe she is standing with them and not preaching at them. By contrast, Dominic Cummings, senior adviser to the UK Prime Minister, was heavily criticized by the media and clergy for failing to act as a role model during the crisis by flouting the Government lockdown rules he had helped design.

Thinking about reputation is a great way to galvanize a change team. Asking “What do we want people to say of us when this pandemic is over?” is a powerful way of clarifying the principles that the team can use to underpin decisions and actions. Remind the team that how they act now and treat their stakeholders will define them in the future. Acts of compassion, tolerance, and kindness will be remembered long after this pandemic crisis is over.

These nine lessons reflect what we have learned so far during the Covid-19 emergency. There is much more to learn as we move beyond this phase of the pandemic. We can say with confidence at this stage that the classic approach to transformation using effective leadership to change mindsets and engage people, coupled with a structured approach to drive change, is appropriate. However, organizations must adapt how they lead transformation through virtual teams. They must change how they change.

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Saving lives by transforming health systems in the time of Covid-19

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The global pandemic kicked off by the spread of Covid-19 has changed the world forever. Millions of people have been infected around the world and, tragically, many thousands of them have lost their lives. The worst hit areas – especially inside the US – were those where bureaucracies and hierarchies inside governmental agencies and hospital systems were unprepared to react at the same speed at which the virus raged across the globe.

At the same time, there were examples where local governments and medical systems sprang into action immediately – even before the nationwide shutdowns began – which undoubtedly saved countless lives.

A prime example of a local government that acted fast was Santa Clara County in California, which led the rollout of the nation's first shelter-in-place order – saving tens of thousands of lives and paving the way for other communities inside the state to follow suit – even as there were those in Washington still denying that the virus posed a threat.

Unlike many health systems, which are often plagued by silos and bureaucracies, Santa Clara relies on rapid agile cross-boundary teams to empower its employees to act proactively with local government and community members even in the face of an extreme crisis like the outbreak of the coronavirus. These various teams are comprised of executives and frontline employees from different departments across three hospitals and public and primary health facilities. (The public health department had also been integrated with the hospital and the primary care departments through additional transformation efforts.) Using an emergency response command center as a platform for communication, teams began meeting on a daily basis to disseminate and relay the latest information available. Primary care clinics and hospitals across the county, having gone through rapid agile transformation efforts, also coordinated frontline testing efforts and patient data to get in front of the outbreak. By focusing on individuals who showed flu-like symptoms in early March, for example, they found that about 11 percent tested positive for Covid-19, a clear indicator of community spread – which helped fuel the decision to shut down the county by the public health director, Sara Cody.

With testing limited at the outset of Covid-19, agile cross-boundary teams also worked together to develop a scoring system to prioritize the rapid testing of patients with the highest risk from contracting the disease based on factors like body mass index, heart disease, diabetes and other preexisting conditions.³⁵ Physicians, nurses, and operations personnel also worked together to identify

the number of ventilators available while also deploying their limited supplies of personal protective equipment (PPE) to those areas at highest risk and rapidly adopted universal masking in the hospital. To bolster the limited PPE supplies, the hospital partnered with Silicon Valley entrepreneurs to use 3D printing to make much needed face shields.

These same cross-boundary teams also worked together with public health experts in the county to develop the protocols to ensure that patients were safely and seamlessly sent home – or to nursing facilities when needed – while minimizing the chances for further spread. County nurses were also deployed to private nursing homes and homeless shelters to help mitigate staffing shortages and prevent outbreaks at some of the most vulnerable facilities. Rather than waiting for someone to work top-down, they had learned to take rapid action by working together from the bottom-up – and they saved lives as a result. This was a huge life-saving step as nursing homes account for over 40 percent of US coronavirus deaths.³⁶

Santa Clara was ready to respond to the challenges brought by Covid-19 thanks to transformative efforts undertaken by the county over the prior few years. These changes were spearheaded by Dr. Jeffrey Smith, the chief executive for Santa Clara County. Under his leadership, while borrowing lessons from some of the most dynamic companies in the world to help engage and empower their workforces, the team has collaboratively reshaped how the county's healthcare bureaucracy collaborates and innovates together – while inadvertently helping it prepare for the onset of a pandemic. In short, the county's efforts could serve as a blueprint for transforming medical bureaucracies in the time of Covid-19.

A journey begins

In times of difficulty, organizations often turn to armies of consultants to get an outside perspective on their practices. Santa Clara Valley Medical Center (SCVMC), the public hospital in Silicon Valley, was no different. Between 2007 and 2010, SCVMC hired a large expensive US consulting firm to address the problem of patient flow – a ubiquitous and critical problem affecting most hospitals; however, they did not achieve the desired effects.

Patient flow can be defined as the patient's journey through the hospital, from admission to discharge. Good patient flow is considered to be a quick admission to the hospital, a smooth transition to the inpatient unit, swift and effective treatment, and discharge as soon as medically ready. Critical to patient

flow is the availability of hospital beds. Without enough hospital beds, it is obvious patients cannot be admitted and cared for. Additionally, smooth patient flow is critical to improving safety, quality of care, access to care, and the patients' overall experience. Unfortunately, the small improvements achieved by the consultants departed with them when their time at the hospital ended.

In 2014, SCVMC was still struggling with patient flow, while at the same time they were seeing an increase in the number of insured patients with the implementation of the Affordable Care Act. As a result, SCVMC was frequently forced to divert ambulances to other hospitals because the Emergency Room was full. The Emergency Room was at capacity because there were no staffed hospital beds to admit patients. And there were no hospital beds available because there were inefficiencies in multiple areas beyond just the lag in discharging patients. Since SCVMC is the public hospital and trauma center for Silicon Valley, shutting the doors due to the hospital being full could be catastrophic. The physicians were overwhelmed with the volume of patients and other hospital staff members were burning out. There was little communication between departments and the staff was disengaged.

Internal empowerment

Under the leadership of Santa Clara County CEO, Dr. Smith, Rene Santiago, Director of Health & Hospitals, and SCVMC CEO Paul Lorenz, SCVMC decided to look inward for solutions, instead of outsourcing the problem-solving as was done in the past. Working with Stanford University Transformation expert, Dr. Behnam Tabrizi, they sought to bring about change in the medical center from the inside out by investing in developing inside armies of change leaders. Instead of bringing in external consultants, they used an approach based on Tabrizi's books, *Rapid Transformation* and *The Inside Out Effect*, an approach designed to engage the employees and to harness the collective intelligence of the people who do the work. The books' methodologies have notably been adopted by leading Silicon Valley and global companies, such as Apple, Google, HP, Verisign, etc. This approach is firmly rooted in the belief that the best innovation comes from the employees with the most intimate knowledge of the organization. For the latest evolution of the methodology, please see the Brightline Transformation Compass.³⁷

Build trust across the organization

To create and maintain a culture of innovation, diverse cross-boundary teams were established with over 80 participants from many departments. These teams, made up of physicians, nurses, social workers, and others drew expertise from all across SCVMC and allowed for integrated problem-solving. Much like the private companies of Silicon Valley, this SCVMC transformation team established a flat hierarchy where all participants are equally accountable and have an equal voice.

Through the team's efforts, it was revealed that past patient flow challenges had created a survivalist culture with minimal communication between departments. It became apparent that in order to make this effort different from those in the past, the departmental silos and biases had to be set aside. By using multidisciplinary teams, SCVMC was able to establish trust across disciplines and focus on innovation. The first task for these teams was to determine which problems should be tackled to improve patient flow. They created process maps, found opportunities for improvement, and identified necessary cultural shifts. Data mining was used to prioritize issues and to drive design making, as well as to maintain objectivity. Using such statistics to guide process improvement allowed change to be overall more impactful and further prevented subconscious bias from interfering.

Engage the community

The second step for the teams was to create a roadmap for the future. Teams brought on new staff members whose expertise complemented their project and identified which kinds of data could mark their progress. The teams were empowered by the executive management to experiment and make changes along the way, instead of waiting to have a perfect long-term plan. One of the first successes was speeding up discharges by simply awarding a small prize to the resident physician teams with the best times each week. This change wouldn't solve all of patient flow, but it represented progress and gave the hospital community the momentum and motivation to keep working. To maintain the culture of innovation, the teams met every three to four months to discuss their progress and learn from each other. As it turned out, different teams would often need the same things, such as more IT support, and thus "tiger teams" were developed for these projects to support all of the cross-boundary teams.

It was discerned that the engagement of the hospital community was crucial to address a major roadblock to discharges that prevented successful patient flow. In order for a patient to be discharged, they must be deemed healthy enough by doctors (“non-acute”) and have a safe destination they could be discharged to. As the public hospital, SCVMC sees a number of patients who are homeless, who suffer from substance abuse issues, or have other behavioural issues. These patients are very difficult to discharge, even when healthy enough, because it is hard to assure they have a safe place to go. At one point, these non-acute patients who were healthy enough to be discharged but had nowhere to go were taking up almost 30 percent of the beds at SCVMC. To address this problem, a variety of departments had to come together to create a new care management process.

In an effort to reduce the non-acute rate below their goal of 7.5 percent, physicians, nurses, social workers, and others contributed. Importantly, they achieved this goal by reaching out to and strengthening ties with community partners, external facilities, and health plans. A notable success of the new process was for a homeless patient who had been alternating stays at SCVMC and shelters in the area. By applying the new process, the staff at SCVMC were able to rehabilitate the patient, locate and reconnect him with his family in another state, as well as obtain insurance for him. This achievement showed the power of the transformation process to the hospital community and motivated more collaboration and innovation to improve patient care. As Jen Eng, MD, one of the flow leaders at SCVMC said, “Before being a part of this effort, I thought that doctors were the most important part of patient care. But now I realize the impact Therapy Services has too.” Victories, such as this one, enforced the message that the success of the hospital was dependent on the contribution and collaboration of all employees. This success encouraged SCVMC to continue work on the transformation.

Centralize information

All of the efforts to improve patient flow culminated in the creation of a central Logistics Center in the hospital. The Logistics Center is comprised of multiple dashboards and programmes including the Flow Accelerator developed by the flow team. The Flow Accelerator is a digital platform where each patient is coded as green (ready for discharge), yellow (waiting on 1–2 tests/consults etc. for discharge), or red (not well enough for discharge). The Flow Accelerator prioritizes the tasks needed to discharge the yellow patients,

which has increased bed turnover by decreasing the number of avoidable days in the hospital by 15 percent and increasing the percentage of discharge orders before noon from 15 percent to 40 percent.

By incorporating the Flow Accelerator, along with bed-tracking software and a real-time estimate of bed capacity, the Logistics Center is able to keep a high-level view of patient flow in the hospital at any given time. The Logistics Center is staffed by nursing supervisors, bed managers, transfer coordinators, and an assigned physician 24 hours a day, every day of the year. The implementation of the Logistics Center decreased the time from a bed request in the Emergency Room to bed assignment by 30 percent – which proved invaluable when the pandemic hit. Using a similar method with the Flow Accelerator Program for rapid transformation, cross-boundary teams were quickly formed to track Covid-19 patients.

The creation of the Logistics Center was cited as the top reason that SCVMC was awarded the status of HIMSS Stage 7 – a healthcare industry designation recognized nationwide for excellence in the use of electronic medical record keeping to improve patient safety and outcomes. HIMSS Stage 7 is the highest level of achievement possible in the HIMSS model for hospitals, and only 5 percent of healthcare organizations in the nation had attained this status. Even more impressive is that SCVMC was the first public hospital in California and the second public hospital in the nation to achieve this status. In addition, the Flow Program was recognized with a 2019 top honour award for quality by the California Association of Public Hospitals and Health Systems.

Lasting changes

While the rapid transformation and inside-out effect process improved patient flow and quality of care in a variety of quantifiable ways, the effect of the transformation on the hospital culture cannot be neglected – especially in how it was able to react to the Covid-19 pandemic. Because the public system has limited resources and is heavily unionized, the transformation relied on the engagement and empowerment of the hospital community. Without the excitement, willingness to work outside of normal hours, and commitment to providing a high level of care from so many participants, the improvements to patient care and flow would not have been possible.

Before Covid-19, medicine felt like it moved at a glacial pace. Now, we have an example of how a healthcare bureaucracy can rapidly transform and change processes in ways that are similar to how a Silicon Valley disruptor

operates. Santa Clara Valley Medical Center is proud of their accomplishments and hopes that their story can serve as an inspiration and roadmap to other teams striving to improve themselves and the services they provide.

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Footnotes

- 35 Alex Kacik, "Silicon Valley Hospital Mines Data to Create COVID-19 Risk Score", *Modern Healthcare*, May 9, 2020, <https://www.modernhealthcare.com/providers/silicon-valley-hospital-mines-data-create-covid-19-risk-score>
- 36 Jemima McEvoy, "Nursing homes account for over 40 percent of US coronavirus deaths," *Forbes*, 16 June 2020; <https://www.forbes.com/sites/jemimamcevoy/2020/06/16/nursing-homes-account-for-over-40-of-us-coronavirus-deaths/#58ce0ecb300b>
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The story of Haier's Chinese U-Vaccine

BRAM VAN DER LECQ, CORPORATE REBELS

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The Covid-19 pandemic provided the stage for some organizations to display their adaptability and agility to deliver what the world needed at that point. One such organization was Chinese U-Vaccine, one of thousands of Micro Enterprises (MEs) created by the Chinese white goods manufacturer Haier. During our research to better understand Haier, we had the chance to interview this ME and learn how they managed to thrive when the world around it came to an ominous halt.

The story begins in 2018 when Yi Gong became leader of U-Vaccine, a company that provides complete solutions for “Points of Vaccination.” U-Vaccine employed Haier’s “Scenario Thinking,” in which the ME looks holistically at the user’s problem. In this case it was important to find a solution that created trust. Think smart logistics to ensure vaccines are correct and valid, improved transparency, sensitive patient information systems, and locations where children feel comfortable (as if walking through cotton candy with cartoon characters all around). The approach worked and U-Vaccine has rapidly expanded.

Covid-19 outbreak

The lockdown in China, just weeks after I had visited Haier headquarters in Qingdao, brought the country to a standstill. In February and March 2020 companies closed, production plummeted, and employees had to stay home.

“When Covid-19 broke out, we were hit quite hard,” reports Gong. “Our production and logistics stopped, and the vaccination points had to close. Hospital nurses performing vital tasks could stay, but the others had to go, and families were not allowed to leave their homes. Non-essential healthcare came to a stop. Nobody went to the vaccination points anymore.”

Opportunities

After the restrictions were eased, Gong realized that user pain points had changed. Earlier solutions were not sufficient. Now parents needed reassurance that the clinics were safe, and if not convinced, they would keep their children at home. Nurses were concerned about having contact with so many people, and the hospital directors needed to guarantee safety.

“There was an opportunity here,” Gong continued, “but without the RenDanHeYi model we wouldn’t have coped.” RenDanHeYi is Haier’s management philosophy, which fuses together employee and customer value.

Haier’s way of working allowed them to react quickly and new solutions

were developed in no time. Improved reservation systems via WeChat eased pressure on facilities, temperatures were tracked via infrared cameras, IoT solutions confirmed handwashing prior to appointments, and smart refrigerators made it easier to locate and use vaccines about to expire (because of inactivity during the previous months).

How a management model enabled them

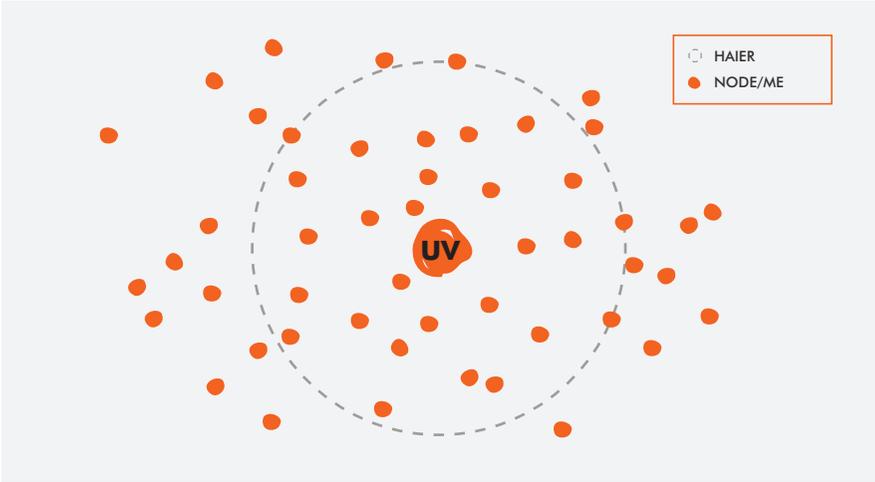
By applying Scenario Thinking, U-Vaccine understood that solving all these problems by themselves would not be possible. As Yi Gong explains, “For each new scenario we initiate an Ecosystem Micro Community (EMC), in which different ‘nodes’ (MEs or other companies) form a network that is centered around solving all user problems.”³⁸

U-Vaccine became the initiator of a new EMC. It was now responsible for attracting the necessary resources to bring solutions that would take away the “pain.” Resources come in all shapes and sizes, and include time, funding, knowledge, special techniques, access to networks and more. Haier’s network structure allows resources to flow freely throughout the organization without blockages being caused by managers, silos, or job descriptions. Each ME can collaborate with any of the other nodes in the network and exchange resources in the process.

The EMC model stimulates the sharing of resources even further – by making sure all nodes are aligned and working towards the same goal: finding solutions to user pain points. The process goes something like this:

Step 1: Sharing the pain points

The EMC leader describes the user pain point, outlines the resources required to address it, lays out the potential rewards and shares all this on a platform. Thereby MEs – and sometimes companies outside Haier – can see what is needed.

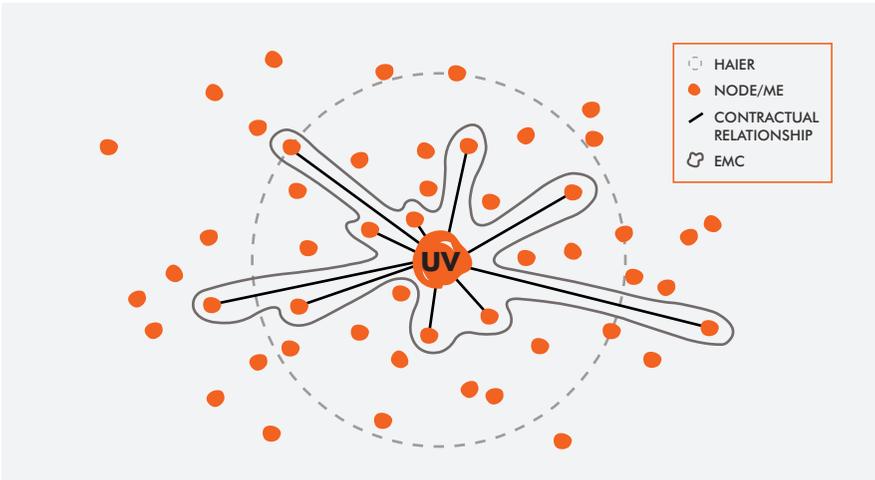


Source: Corporate Rebels

In the image above, you see the U-Vaccine node being surrounded by other nodes, inside and also outside the boundaries of Haier.

Step 2: Placing a bid

Just like individuals are able to bid on certain tasks or goals within Haier in order to join an ME, any ME or company that feels that it can add value to the EMC can “bid” by developing a proposal that shows in detail how they propose to solve the problem, listing the resources needed to achieve the goal, and stating the share of profits they would require.



Source: Corporate Rebels

Step 3: Selecting the EMC

The bid is reviewed by the EMC leader (or their deputies), the winners are identified, and contracts negotiated. In these contracts, the role and goals of the node are clearly formulated, and the percentage of total EMC profits to be distributed is stipulated. All contracts are based on blockchain technology, making everything fully transparent with automated payments. When a product created by the EMC is purchased, the proceeds are automatically disbursed amongst the nodes.

In the image, contractual relationships are indicated with a **black line**. Together, all those nodes that have a contractual relationship form an EMC, the grey outline.

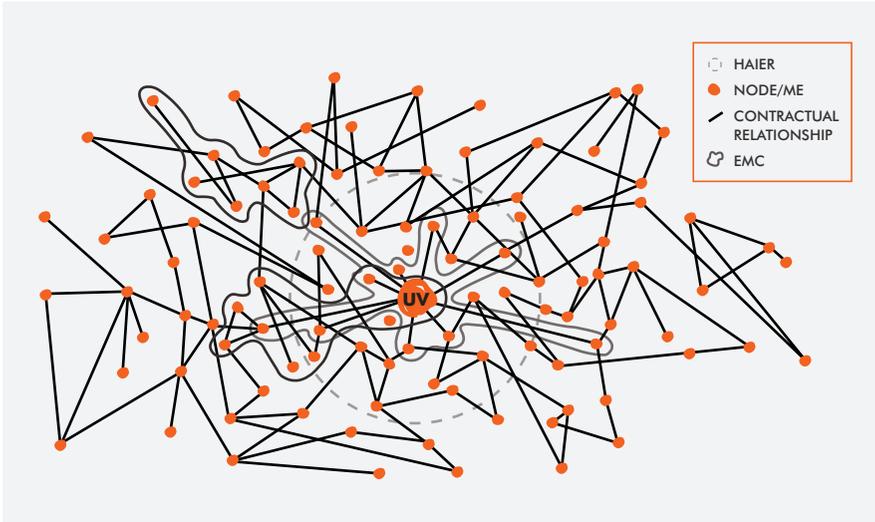
Step 4: EMC in action

Now that all nodes are bound by “smart-contracts,” solutions can be combined so that all user pain points are relieved. The nodes benefit from the profits generated by the EMC, so all have a stake in the outcomes. This motivates collaboration and encourages nodes to help one another whenever possible. If the ME responsible for infrared temperature measurement fails, and sick people infect others at a vaccination center, the trust in the entire EMC drops, affecting overall income. Seeing another node in your EMC fail and not doing anything about it will always backfire.

Step 5: Dynamically adjusted contracts

The value that nodes bring to the network varies over time. Each month nodes meet to discuss and sometimes renegotiate profit-sharing to get the balance right.

As Yi Gong indicates, “Usually, the EMC leader will propose a new balance where the goal is to reach consensus. For example, after the Covid-19 outbreak, we lowered the percentage of profit attributable to the Marketing ME, because it cannot organize events or conduct any offline marketing (which is usually a big part of the work). It can only do online marketing which is cheaper but adds less value. And the Research and Development ME now receives a bigger share of profits because they are more important to the enterprise.”



Source: Corporate Rebels

EMC-inception

Just like at the innovative Dutch organization Buurtzorg, Haier uses the relatively simple to create something extremely complex. It creates an EMC around a specific user problem by attracting resources and aligning incentives for each of the nodes, and this is repeated many times. Some EMCs join another because of a specialisation in solving pain points such as logistics, for example. The result: an EMC in an EMC in an EMC...

U-Vaccine's success has not gone unnoticed by the Chinese government. They have been asked to build mobile centers that can reach remote villages of China so that the vaccines can go direct to the people. You can imagine how helpful this will be.

Such a complex project requires high levels of collaboration. By using the same model, a network of companies and EMCs will work together to develop solutions that respond to government needs. If they succeed, all nodes will benefit. If some fail, all will need to think of improvements so that user needs are properly addressed.

Not for everyone

Haier's latest iteration of their Rendanheyi management model includes the EMC initiative. Yi Gong sees this development as of critical importance: "As a regular employee during the health crisis, I would have stayed home, enjoyed

a holiday, and had nothing to worry about. But I am an entrepreneur and knew that to survive we had to find new solutions for our users, so we all worked hard and now are benefiting.”

The EMC model has had a positive impact on U-Vaccine’s success, but their industry activity is highly valued right now, so this was probably not the only reason that things worked out so well. During our visits to Haier we have seen many EMCs – across all industry sectors – that work in the same way and achieve great things too. And based on several reports it seems that Haier has managed better than others during the Covid-19 outbreak.³⁹ During a webinar about applying RenDanHeYi outside China, Kevin Nolan (CEO of GE Appliances) and Yannick Fierling (CEO Haier Europe) took it a step further and stated that the Covid-19 crisis effectively reveals the advantages of their management model.

Hierarchical organizations are not for everyone, and neither is the Haier model. It’s merely an alternative. And even if this solution is not for you, there is a lot to learn from the way they have enabled resources to flow freely through an extremely complex organization. Upon closer inspection, it seems that the complexity is not as extreme as first suspected. A simple pattern repeated many times allows MEs to respond in a speedy and dynamic way to sudden changes in the world around them. Even if that change is a global pandemic.

About the author

Bram van der Lecq is a researcher and writer at Corporate Rebels (corporate-rebels.com). He is currently the lead researcher on a Corporate Rebels book about the Haier management model, which will be published in 2021.

Footnotes

38 I explain this in my article “Why Haier introduced ecosystems and how they work,”

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**A citizen revolution
will help accelerate
the transformation
of businesses in
the post-crisis era**

ALWIN MAGIMAY

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We are in the age of disruption and transformation. Every sector and every type of industry is being disrupted by a digital revolution. Almost \$1 trillion of economic value is either being created or destroyed in the process as organizations struggle to adapt to changing customer needs and remain competitive in a world now dominated by digital and data.

No one fully foresaw the extent of the Covid-19 crisis. Many businesses are now coming to terms with the fact that they are unlikely to ever return to normal. The disruption has changed and continues to change the business landscape as we know it. The crisis has accelerated the need for businesses to transform or reimagine their core operating model to adapt to a different, post-crisis world. This involves taking a holistic end-to-end approach to looking at how their business can continue to thrive where, for example, social distancing may be here to stay for a long time. The Covid-19 situation has resulted in many new and innovative changes to how businesses deliver value – some hotels now offer day-rates for work-from-home employees, while others are using existing retail space as dark fulfilment centres. Innovation is rife with businesses trying to adapt and survive.

As such, the need for businesses to fundamentally reimagine how they operate takes on a critical imperative and a new revolution, powered by the democratization of technology and new ways of working, is poised to help them accelerate this transformation.

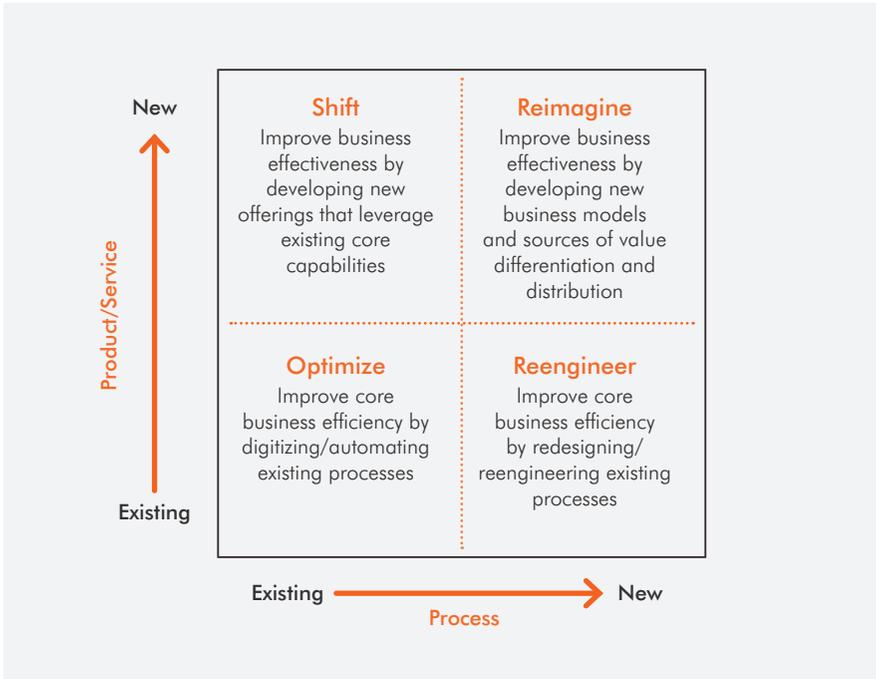
In addition, many business leaders now recognize the value of crowdsourcing, or devolving decision-making to the person or team within their organizations with the knowledge and experience to make the most informed decision. Hierarchical and centralized decision-making is being replaced by a new paradigm; the Project Economy concept pioneered by Roger Martin and the Project Management Institute (PMI). The Project Economy (<https://www.pmi.org/the-project-economy>) is one in which people have the skills and capabilities they need to turn ideas into reality. It is where organizations deliver value to stakeholders through successful completion of projects, delivery of products, and alignment to value streams.

The Project Economy will fundamentally redesign how work gets done, a distinct shift away from functional specializations towards temporary project structures comprised of cross-functional teams focused on short- and medium-term goals.

Transforming in a post-crisis environment

Transformation in a post-crisis environment can take one of four dimensions depending on the specific situation and context. The framework below can be used to anchor and organize a series of value-creating opportunities.

Transformation Imperatives Post-crisis



To illustrate recent examples leveraging the above framework, we can apply all four quadrants to a single example. Assuming there was an aircraft engine manufacturer that undertook a transformation initiative post-crisis in a world with reduced air-travel:

Under **Optimize** it would look to automate specific tasks and activities. For example, to use robotics to automate manual tasks such as compiling performance data for engine performance evaluations.

Reengineer would involve employing new technologies to dramatically improve the efficiency or productivity of an outcome. A good example is the use of digital workflow to reduce the time it takes for certification approvals for its engines.

Shift involves creating new products and services that build value from existing products and services. From primarily earning revenue selling engines to airlines, it could monetise data by providing new insights about fuel efficiencies to help airlines save money.

Reimagine involves radically changing the business value to drive new sources of income – for example, it could sell its engines by the hour, a lease model that includes end-to-end support and maintenance.

The key enabler in each of the dimensions of Optimize, Shift, Reengineer and Reimagine is to anchor the transformation initiatives to value creation. In addition, reimagining the operating model will be critical to survivability and success.

There are four key value enablers and drivers to take into consideration:

Value proposition – the reimagination of the core must address the value the company provides to its existing or new customers through its products and/or services. Given the constraints, can the value exchange continue to take place in this reimagined way? One such example is the London restaurant Hakkasan. Its pan-Asian fare served up in an exclusive Mayfair basement won the restaurant a Michelin star within a year of its opening. When its doors were temporarily shut, Hakkasan began offering a delivery service across London. The shift was based on a clear strategy that articulates where value is being created, shifted, or destroyed. Meeting customers' unmet needs, in this case a Michelin star food delivery service, is critical to getting the value proposition right.

Journeys & Processes – the core engine for how a company works needs to be looked at in any transformation journey. Digitizing or automating supply chains and information intensive processes, as well as building new capabilities like robotic process automation or advanced analytics, for example, can rapidly increase the business' internal clock speed and cut costs. One pitfall is to optimize or transform existing processes without rethinking them within the context of the new normal and the constraints it poses.

Technology & Infrastructure – there was a scramble as the lockdown was announced to update and upgrade key collaboration and communication infrastructure as remote working had the steepest growth in take-up. Zoom went from two to 10 million users in less than two months. During the peak of

people being locked indoors, Zoom said it had more than 300 million daily participants taking part in virtual meetings on their platform. There is in addition a clear need to identify how best to work within an ecosystem of partners and vendors and assess which systems to keep, which to mothball and, critically, determine how to best leverage legacy technology to work in a digital world.

People & Culture – the new normal requires a new culture and mindset. Transforming in a social distancing environment puts many challenges that would not otherwise exist. Talent priorities should be based on a clear understanding of the skills needed at all levels of the business. This requires investing in building relevant new capabilities that fit with the strategy. Use of AI and e-learning is becoming mainstream as these technologies are used to help enable the workforce when face-to-face training is no longer an option. As a result of the Covid-19 induced lockdown, the UK's University of Sussex decided to fast-forward a five-year transformation strategy. In just one week they introduced new cloud-based applications, networking and conferencing technologies, enabling 22,000 people to continue learning and to work remotely.

A new revolution can help business survive and adapt post-crisis. We call this new revolution the "Citizen Revolution" where technological advances, for example in automation and artificial intelligence, are rapidly abstracting the tedium and complexity of technology away from the end-user, resulting in a world where we can do many things without ever needing to understand how it all works. A good example is Apple's Siri assistant, where the average user can get answers to complicated questions without having to spend time on complex research, in a simple and intuitive way.

Creating and mobilizing the Citizen Revolution requires a considered approach to help accelerate a transformation programme. The Citizen Revolution has several key advantages when incorporated as part of an overall transformation programme, business agility and speed to value outcomes being two key ones. In addition, the Citizen Revolution can help overcome key skill shortages that are predicted in the future, for example, according to leading global research and advisory firm Forrester, in the US alone there will be a deficit of 500,000 software developers by 2024 and currently there is a shortage of 250,000 data scientists globally.

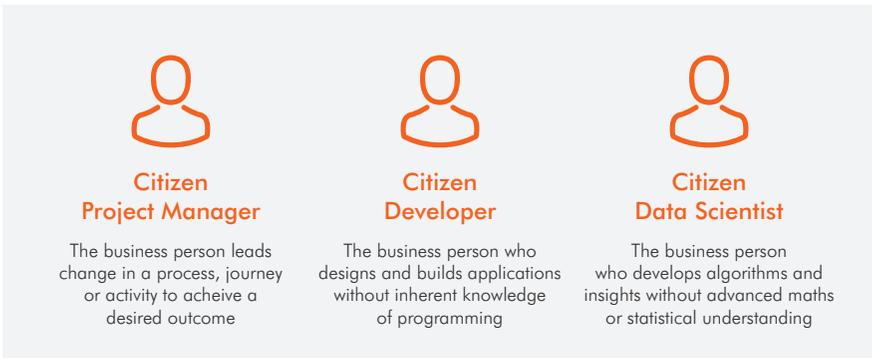
A Citizen Revolution will help accelerate business transformation.

Adapting to the new normal will require a mindset change in the way businesses transform. We will see a shift away from the traditional means of undertaking a transformation programme via external consultants or in-house project teams.

Key to the concept of a Citizen Revolution is the mobilization of Volunteer Champions, a concept pioneered by the PMI *Brightline Transformation Compass* by Professor Benham Tabrizi and the Project Management Institute (PMI). The ability to weaponize these Champions to accelerate transformation outcomes can be achieved via the Citizen Revolution.

Within the Citizen Revolution there are three citizen archetypes who will become the change makers and catalysts for transformation in the new post-crisis world:

The new change makers in Transformation “The volunteer champions”



Citizen Project Manager

Work is becoming projectized as AI engines and an increasingly robotic workforce takes over repeatable and repetitious tasks. The shift away from task and activity-based work to a series of projects is inevitable in a world where perpetual change is the new constant. People in the business are the driving force behind this change. Therefore, everyone in the business needs to understand the fundamentals of project management; they are the change makers and, essentially Citizen Project Managers. Having an army of Citizen Project Managers will enable a company to competitively adapt and transform in a post-Covid environment.

Citizen Developer

In the world of application development, a new revolution is emerging where software engines are now sophisticated enough to write code based on visual diagrams put together by a business user. Traditionally, called “no-code” or “low-code”, these new platforms are continuing to evolve, making the experience of creating applications ever more intuitive to non-coders and developers such that a \$20 billion market has been created as enterprises try to leverage this new technology to gain competitive advantage.

Gartner has developed a term for this industry, calling this new capability “Citizen Developer,” which puts forward the view that technology advances have led to the democratization of the skill required to create applications, such that every citizen should be able to do it.

The technology that enables non-technical individuals to create enterprise applications, we call Citizen Development Application Platforms (CDAP). They are characterized by highly intuitive interfaces that are quick to learn and use and give citizen developers the tools to solve problems that they see around them. One of the key drivers is the sophistication of an AI engine that can effectively write code given a set of simple, often visual, specifications. Advances in AI will effectively disaggregate the technical knowledge required from the business knowledge, enabling Citizen Development to power wide-scale digital transformation activities.

They provide capacity to IT teams because Citizen Developers can take on requirements that might ordinarily end up with a low priority, at the bottom of IT teams’ backlogs. Second, Citizen Developers, as domain experts, have the potential to solve some of an organization’s challenge fast and effectively. The CEO of Edge Technologies, a global telecommunications equipment manufacturer, single-handedly replaced seven software applications with a single tool he built himself using a no-code CDAP. The speed at which you can take an idea, design, build, test a solution, and deploy it enables organizations to bring products and services to market in unprecedented timeframes.

Citizen Data Scientist

The development of big data, AI and the use of predictive analytics is now table stakes in any transformation initiative. The use of data can competitively drive value creation and accelerate the transformation of a company. Big data and advanced analytics are the products of data science. What keeps companies from putting them to effective use is an acute shortage of data

scientists. The US alone is facing a projected shortage of 200k data scientists by 2020. Nor are there enough managers or analysts with the professional training in mathematics or analytics to make sense of big data or put these tools to practical business use.

However, a solution to the shortage of data science talent is emerging. Companies are identifying capable employees who are not specifically trained in maths or statistics but have insightful perspectives on the business problems for which they hope to apply big data solutions.

They are enabling these individuals to develop and administer models based on predictive or prescriptive analytics and giving them tools and templates developed for specific kinds of business analyses, and to interpret the results for the benefit of other lines of business users. These people are being developed into specialists whose expertise sits between that of the data scientists and the business users. These are our Citizen Data Scientists.

The combination of the Citizen Project Manager, Developer, and Data Scientist can form the backbone of the new Volunteer Champions. Mobilized and weaponized in the right way, they can accelerate any transformation programme.

Creating a Citizen Revolution as part of a transformation programme

The key to creating a successful change maker is anchored around four steps:

Identify – The key characteristic of a successful citizen in the revolution is a clear commitment to continuous learning and thriving in change. They are proactive and curious and not afraid to try out new ways of doing things. Catering to these needs should lead to a higher level of engagement. These engaged employees are, in turn, more likely to be productive on a consistent basis – which leads to more revenue. Companies with a high level of engagement report 22 percent higher productivity according to Gallup data. There are Citizen Project Managers, Developers, and Scientists in your organization. Find them.

Recruit – Recruiting these individuals relies on two key components – the inspirational capability of your transformation programme, which will have employees interested in the value of shaping the future; and your commitment to their personal growth, which will allow you to convince potential volunteers on the benefits to their careers and personal growth.

Motivate – Motivating your new Volunteer Champion is a critical cornerstone to ensuring success in your transformation initiative.

Empower – As the transformation moves into execution, the Volunteer Champions return to the organization. Shifting them into key influencing points within the change will provide them the opportunity to make sure the transformation takes hold. In addition, use formal and informal mechanisms to place them into a position where they can evangelize the transformation.

Getting the right support environment from a technology and governance perspective is in addition, critical. Technology underpins the ability for Citizens to abstract the complexity of the underlying knowledge to achieve a business outcome. Governance puts in place the right support foundation to guide these new champions to ensure everyone is aligned to the overall transformation objectives. The table below illustrates the foundations required for a successful team of Volunteer Champions:

	Training	Support Tools	Technology Platform
 Citizen Project Manager	<ul style="list-style-type: none"> • Project management fundamentals 	<ul style="list-style-type: none"> • Knowledge base • Learning tool 	<ul style="list-style-type: none"> • Collaboration • Value tracking
 Citizen Developer	<ul style="list-style-type: none"> • Development fundamentals • Use of a no-code platform • Certification 	<ul style="list-style-type: none"> • Knowledge base • Learning tool 	<ul style="list-style-type: none"> • No-code technology platform
 Citizen Data Scientist	<ul style="list-style-type: none"> • Data and analytics fundamentals • Visualisation fundamentals • Use of platform • Certification 	<ul style="list-style-type: none"> • Knowledge base • Learning tool 	<ul style="list-style-type: none"> • Datalake • No-code technology platform

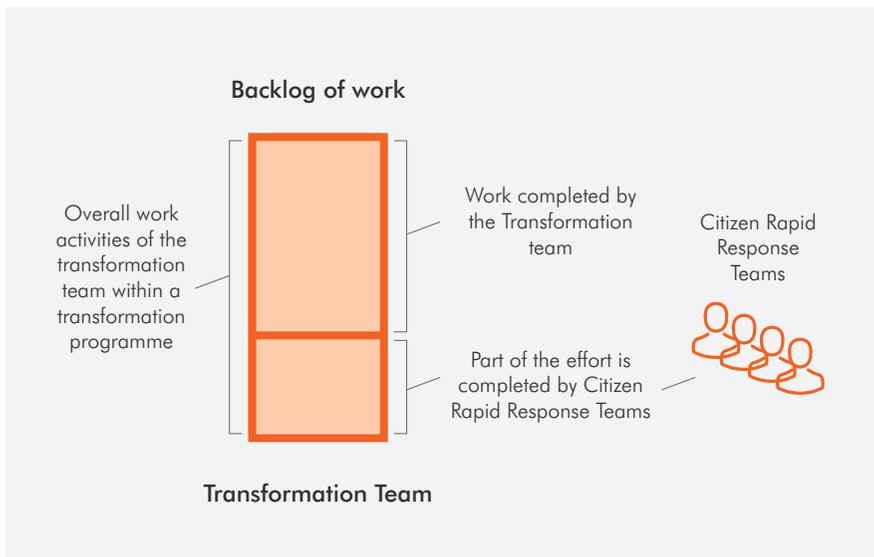
From a governance perspective, creating cross-functional teams of Citizens, where a Citizen Project manager can be paired with a Citizen Developer and Citizen Data Scientist into a series of Rapid Response Teams within the context of a transformation programme, has proven to be successful.

Embedding the new Citizens in a transformation operating system

If the objective is to accelerate the transformation outcomes, the weapon is the new Citizen Volunteers. These are the steps to making this happen:

Establish flat, cross-functional Citizen “Rapid Response Teams.”

These teams are seeded throughout your transformation initiative and there is a flat structure for ideation, discussion, and (ideally) bold decision-making; encouraging the recent digital-native graduate to contribute on level-terms with an experienced employee. A typical small team could be made up of one Citizen Project Manager, one Citizen Data Scientist, and one Citizen Developer – all three are working together in an agile way to design and implement a solution to a problem contributing to the overall transformation programme, lightening the load on the wider transformation team.



Lightweight governance & strong programme management

Well executed governance is critical in any project setting, however, too often governance ends up as a burden rather than a supporting mechanism. The leaders should be focused on two tasks: inspiring the Rapid Response Teams, challenging them to be as visionary as possible in search of a transformation end-state; and removing organizational impediments that are blocking teams from making changes.

Minimal reporting

Rapid Response Teams should not be focused on producing mountains of paper and should devote resources to designing and executing the transformation, rather than on managing the process.

A collaborative and appropriate risk appetite

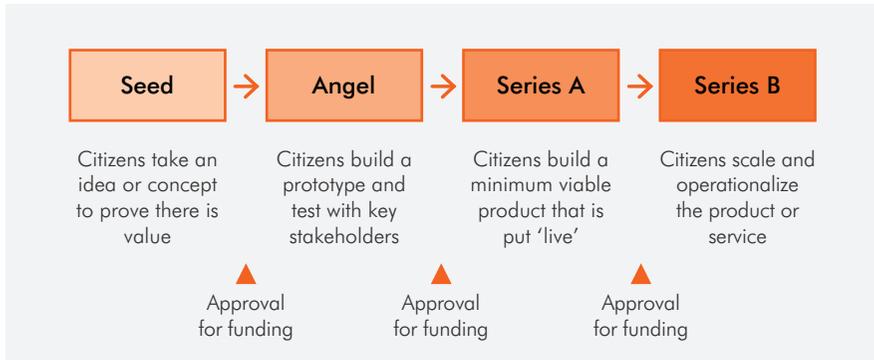
Transformation requires a different risk tolerance than business-as-usual. The new champions must be prepared to take controlled risks, make bold decisions, be adaptable and flexible to drive the effort forward when making design and execution changes. Risk processes must be streamlined and focus on the real risks involved in any transformation initiative. In many organizations, they have devolved into checkbox exercises that generate masses of paper with no real value. Risk management capabilities (including groups such as risk, legal, compliance, and vendor management) must be embedded in the governance to be safe and effective. It is critical that these team members recognize and make a commitment to supporting these Rapid Response Teams, rather than acting as gatekeepers.

Without **clear outcome-based metrics**, it is impossible to judge the success of any transformation effort. This requires accurate baselines – every Rapid Response Team and each initiative they launch must operate on accurate, current baselines agreed with the central transformation team – and achievable targets – they must have quantifiable, measurable targets that are achievable but not easy to attain.

Adopting a VC-like investment approach to funding the Volunteer Champions will avoid the pitfalls of typical large transformation programmes where there may have been massive investments up-front resulting in disappointing and delayed payoffs. Justifying investments via a traditional

business case usually results in inflated or unrealistic business cases that rarely deliver. A VC-style approach to investment makes more sense, where initiatives are given a small amount of money to meet their next milestone and capture validating proof-points along the transformation journey.

Funding mechanism for the Citizen Revolution



Those initiatives that are successful at proving their impact (for example using the Prototype-Test-Refine approach) using their “seed” money will be granted a more significant “Series A” level of funding. Those that cannot, will be stopped and the RRT can move onto their next initiative – while learning from what has failed. This will ensure that scarce transformation funding is effectively used to generate a return on investment.

Not all transformation programmes may be suited to the concept of Volunteer Champions, however, the concept is one that should be taken into consideration when developing ideas and approaches on how best to accelerate a transformation outcome. The transformation imperative for companies is more critical in the post-crisis environment. The Citizen Revolution can be used effectively to accelerate transformation outcomes. Motivating and inspiring this new capability, and effective governance and support anchored around clear value drivers, is key to success.

About the author

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A new catalyst for digital transformation

FRANK PALERMO

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While the world dealt with the effects of the Covid-19 virus, technology was put to an ultimate test in supporting the global efforts of governments, medical professionals, researchers, and businesses around the globe.

History has proven that with any crisis there are always opportunities and new ways of doing things emerge. As the dust settles from the Covid-19 virus, the changes in the behaviours and new working models that resulted from dealing with the pandemic have now become the new norm. A lot of the digital technology that has been waiting in the wings, struggling to go mainstream, may finally reach a tipping point of adoption.

Even before Covid-19 hit, 92 percent of organizations expected they would have to change their business model to remain relevant. Covid-19 accelerated this journey and became a huge catalyst for pushing digital transformation programmes ahead, frequently making more progress in a matter of weeks and months than the executives were able to accomplish over several years.

The global pandemic suddenly accelerated the need for organizations to transform and respond to an unprecedented change in their business and customer behaviours. Many businesses had to be completely rewired to enable employees to work from home and largely support online-only channels for their customers. This new wave of change required even further digitalization of supply chains, business processes, workforce collaboration, and customer service.

At the onset of Covid-19, organizations were forced to quickly assess the maturity and capacity of their digital capabilities. Frequently, it was customers who were pushing the envelope of what was possible making it very visible where the gaps existed. For many businesses, this became a very public, large-scale audit of the current state of their digital capabilities. This also created tremendous transparency of redundant systems and other inefficiencies as it became very evident that different divisions within a large corporation might be using different platforms and systems for doing the same thing, or have other redundant processes and inefficiencies that were driving up operating costs.

Using cost takeout to fund digital transformation

Prior to Covid-19, digital transformation was already a main vehicle for enterprises to reduce operating costs, boost productivity, and identify efficiencies. The challenging economic outlook and continued uncertainty brought on by the Covid-19 pandemic forced CEOs to contemplate how to take significant costs out of the business while meeting the demands of digital transformation.

When crisis hits, most organizations retreat and enter a protectionist phase to ensure they can ride out the storm. This typically results in organizations controlling spending, limiting investments, and becoming ultra-conservative in their go-to-market strategy. But there are many examples of companies that have focused and doubled down during turbulent and uncertain times to ensure they come out stronger than before.

Identifying new areas of cost optimization can help bridge the gap to continue the funding of critical digital programmes while providing immediate cost benefits to the business. There are several areas that enterprises can explore to reduce costs.

Post-Covid, working remotely has become the norm. Workforce optimization through non-linear models that leverage people and assets can significantly reduce costs and increase productivity. Exploring workforce optimization techniques such as shoring, and pyramid optimization, and burstable capacity can lead to significant labour cost reductions.

Vendor consolidation is another opportunity to reduce costs as maintaining numerous supplier relationships increases overheads, provides inconsistent results, and has higher costs. Consolidation reduces purchase prices, process costs, and risk while improving productivity and supplier relationships.

Licensing and cloud operating costs (OPEX) continue to increase. Identifying areas where license costs can be reduced through open source or cloud migration can have a significant impact.

Legacy applications consume a significant amount of resources, are complex, and hard to change. Simplify and modernize your application portfolio by removing redundancies and building modern cloud native applications. Conducting a portfolio and obsolescence analysis will allow you to reassess business value and make proper end of life decisions for the portfolio.

Legacy infrastructures and data centers are very costly to maintain. Eliminate hardware and software costs through replatforming, cloud migration, and the application of CI/CD continuous deployment methodologies.

Digital channels become the primary growth driver

The Covid-19 crisis has forced customers to interact with all brands primarily through their digital channels. The crisis accelerated the importance of digital and changing people's spending habits and preferences for good. These shifting behaviours are likely to result in less frequent shopping in physical stores other than for essential needs like groceries.

This creates even more of an opportunity to leverage these channels to engage your customers and build deep, loyal relationships. Brands that are equipped with the best online capabilities will be best positioned to pivot to meet customer demands.

How brands behave now will have a major impact on future revenues. Nearly three-quarters of consumers have indicated that the experience currently delivered would change who they bought from, and how much they spend in the future. Those that do provide a personalized experience now will benefit long-term.

So now is the time to take bold actions to capture more market share. It's no longer good enough to conduct digital pilots and invest in initiatives that aren't coherent and integrated across the enterprise to drive the business forward. Transformation programmes need to move faster through the organization and can no longer be multiyear experiments that deliver mediocre results.

Brands need to completely rethink their customer journeys. Instead of being product-centric they need to orchestrate the user journey to drive customer engagement, loyalty, and advocacy. To accomplish this the experiences must be highly relevant, context specific, and frictionless at all moments of the journey. Experiences must embrace the desires, preferences, frustrations, and objectives of the customer.

Customer journeys must also be intelligent and make use of AI-powered voice assistants, AR/VR, wearables, and be integrated with connected experiences in the home, office, and car.

According to research from IDC, post-pandemic, two-thirds of the CEOs of Global 2,000 companies will shift their focus from traditional, offline strategies to more modern digital strategies to improve the customer experience before the end of 2020 – with 34 percent of companies believing they'll fully adopt digital transformation within 12 months or less.⁴⁰

Turning data and advanced analytics into strategic advantage

At the heart of many digital transformations is the need for data transformation. In the information age, the volume of data continues to increase from online platforms, mobile phones, wireless sensors, video applications, 5G applications, and many others. At the same time, data storage capacity and density continue to increase while costs have plummeted. Additionally, the cloud has made it readily accessible and cost efficient to store volumes of data never before imagined. AI and machine learning techniques have enabled an entire new class of applications all powered by the mountains of data now at their disposal. Data scientists are now like kids in a candy shop with unprecedented computing power at their disposal to create ever more sophisticated algorithms to unleash new insights every day.

The ability to harness the value and insights that exist in a company's data assets is not only critical for delivering successful transformation programmes, but is also a competitive advantage and a tremendous market opportunity.

Therefore, data and analytics need to become the centerpiece of corporate strategy, focus, and investment. Gartner predicts that by 2022, 90 percent of corporate strategies will explicitly mention information as a critical enterprise asset and analytics as an essential competency.

Data integration through the cloud

Many organizations still have many disparate data platforms across marketing automation, customer relationship management (CRM), sales automation (SFA), enterprise resource planning (ERP), operational and supply chain applications, and many other systems. Data is now produced across a variety of devices and ends up frequently stored across a diverse set of platforms such as servers, desktops, phones, tablets, and the cloud. Much of this data can be unstructured resulting in further challenges in integration. The complexity and cost to integrate all this enterprise data has significantly increased making it even harder to get to the valuable insights locked deep inside these data silos.

Leveraging the cloud as a data integration platform has significant advantages by creating an open and flexible data architecture and interchange capability. Cloud data integration provides better management, cleansing, profiling, tagging, and transformation across disparate data silos and applications. The cloud also makes it easier to operate across multiple cloud-based applications and online data sources.

Using cloud integration improves data synchronization and improves applications' ability to operate effectively and nimbly. This enables increased flexibility and scalability for faster time-to-market. When integrated properly, data can accelerate many business strategies by improving the processes and empowering the people needed to execute them.

Building a solid foundation of democratized data

Data democratization is a critical underlying principle for digital transformation. Providing unfettered, enterprise-wide access to data allows everyone in the organization to benefit from accelerated access to data. The ability to instantly access and understand data will translate into faster decision-making, creating competitive advantage over slower, less agile businesses.

The first step is to break down the information silos that exist across the organization. This will require specialized analytics tools and platforms to connect siloed data and make it manageable from a central location. Companies will need to gain a deeper understanding of data science, analytics, and tools throughout the organization, which may require retraining of personnel or hiring of specialized skills. Building this requires several key components to be in place such as properly structured databases, a proper data model, and a comprehensive data dictionary. A robust data governance and automation pipeline will also be crucial for operationalizing this.

Partnering with outside firms familiar with the latest analytics and AI platforms can provide access to best practices and help jumpstart your data programmes. By enabling business analysts to build basic machine-learning models without being a programmer, companies can begin to unleash the power of data and automation across their business without being dependent on a group of experts.

Real time decisioning during Covid-19

During Covid-19, data and analytics became extremely high profile as companies needed deep insights to make the right real-time decisions in a fast-changing environment. But analytics work is changing in the post-pandemic world. New types of questions are now being asked based on the economic impact. Analytical models need to be significantly updated based on changing customer behaviours. This affects propensity models, customer segmentations, retention models, and a variety of other forecasting and prediction models.

Additionally, the integration of new data sources to augment current datasets will need to be implemented to enrich the ability to correlate various trends. Organizations may also begin to cooperate and share their data in a way that is not necessarily commercially oriented.

Accelerating digital programmes through design thinking and agile

Velocity is the new currency of business. The main barriers to speed in most organizations are the people and the processes. Too frequently digital programmes are executed as disjointed experiments or pilots that tend to iterate with no end or value in sight. But too much process can stifle creativity and innovation. So how can an organization strike a balance between speed and creativity?

Organizations must embrace more modern analytical thinking models such as design thinking, which uses a systematic process to explore numerous divergent solutions up-front instead of immediately considering a target solution. The benefit of this approach is that it examines both present and future conditions of the problem to understand the complexity of the situation, core drivers, and business goals.

Design thinking is a powerful methodology, but it isn't a magic wand that makes enterprise-wide transformations succeed. Design thinking needs to be deployed by experienced practitioners to ensure the proper process is followed. It's critical that the user perspective is considered from the very beginning. The design thinking framework encourages a fully human-centered approach in which users are the subjects of observation and intensive questioning. To be successful, the problem must be clearly articulated through the eyes of the user and the solutions must explore the full range of possibilities to provide meaningful solutions.

Ultimately, for design thinking to be successful, leaders must embrace a more unfamiliar mindset that starts with empathy for the user and combines those insights with what's technologically feasible and economically viable.

Creating an agile organization

Successful digital transformations occur through continuous innovation and iteration by radically changing business models and capabilities over time. This empowers organizations to swiftly react to changing market conditions and customer needs.

Applying agile is much more than a development execution methodology. Agile is a mindset that needs to permeate all aspects of your business if you intend to remain relevant and viable. Agile organizations are designed to be fast, resilient, and adaptable.

To enable the shift to a fully agile organization, companies must first transform their organizational structure from traditional top-down hierarchies, where process and bureaucracies tend to accumulate at the middle management level, to flatter, more nimble teams that move quickly through changing business priorities. These networks of empowered teams have clear accountability, are self-governing, conduct rapid experimentation and execution, create cohesive communities, and maintain an entrepreneurial drive.

This will enable rapid decision and learning cycles throughout the organization.

Agile in action

Covid-19 was a great catalyst for propelling many companies to quickly become agile across all aspects of their business. As the crisis unfolded, every business function was immediately disrupted, creating many questions across the organization such as: How will our employees work remotely? How will we service our customers? How will our supply chains be affected? Are we able to handle increased online volume? How will this affect our top line growth? etc. In the initial days of the pandemic, changes were happening in real time, decisions needed to be swift and fast execution was critically important. Daily reprioritization was the agenda for many Covid-19 task forces.

Companies that had already fully embraced agile were the ones that responded the fastest and were able to quickly reorient their business for the storm ahead. Reprioritization comes naturally to agile companies. It is accomplished by embedding customer-centricity in their processes, flattening the team and empowering the organization, and bringing business, IT, and customers together. Understanding how companies leveraged agile during the crisis provides insights around how these elements come together to quickly align an organization and enable speed of execution to accelerate outcomes.

Leveraging collaboration tools to maximize productivity

Covid-19 forced companies to quickly mobilize entire workforces to work from home (WFH). Over the past decade, the number of people who work from home has increased by 140 percent.⁴¹ With significant advances in

technology, working remotely has become more practical for many workers. Over 52 percent of workers globally have been working at home at least once a week. And 16 percent of companies now exclusively hire remote workers.

Post-pandemic, the WFH percentages will significantly rise so companies need to prepare now for the new normal of this workplace optimization. Recreating key elements of the in-office environment while augmenting them with the advantages of remote working virtually has the potential to actually increase productivity.

Becoming proficient in advanced collaboration features

The collaboration platforms and tools have played a critical role in enabling WFH. Silently, platforms like Microsoft Teams, Google Hangouts, Zoom, Blue Jeans, WebEx, and Slack have all matured from basic video conferencing (think early versions of Skype) to robust collaboration platforms. These video tools now integrate screen sharing, notetaking, virtual whiteboard, chat, and scheduling that makes working in a distributed environment feel more integrated and efficient.

Companies will need to continue to invest in training and enabling their employees to leverage the full power of these collaboration platforms to recreate an in-office environment and ensure productivity.

One of the simplest things to encourage is the use of video meetings over traditional conference calls. Turn the camera on! This ensures there are visual cues to ascertain the context of the discussions

Whiteboarding is a critical practice leveraged during in-office meetings and is one of the first things remote workers miss when working from home. Recreating a remote whiteboard capability is one of the most important practices to implement in your team meetings, especially if the meeting agenda is focused on brainstorming or ideation. The whiteboarding capabilities of all of the major collaboration platforms have significantly matured and include automatic formatting tools, sticky notes, rich template libraries, digital capture, drag and drop, and many other features. These digital canvases have also become very intelligent, offering revision history, voice recognition, image recognition, touch interaction, and integrated commenting. If used to their full potential, these new whiteboarding features can make teams even more productive.

Changing managerial styles

Companies need to embrace this WFH shift and change their managerial styles and practices. Managers need to establish trust that remote employees are focused and productive and shouldn't establish extreme monitoring and workload distribution routines. Managers should adopt a mindset that the work is more about the outcomes and not the location.

Looking forward

Organizations that acted quickly during the onset of Covid-19 were forced to build new organizational processes and procedures, establish new remote working protocols, and provide daily triage and risk assessment as they navigated the uncertainty of the market. These actions not only accelerated digital transformation capabilities but helped drive better prioritization and force more agile execution to deliver at unprecedented velocity. This may be Covid-19's ultimate legacy – the driving catalyst behind true digital transformation.

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Six questions to ask before starting a transformation

**ANTONIO NIETO-RODRIGUEZ
AND WHITNEY JOHNSON**

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A transformation is a project. Often a very big project. Knowing when to start a project is a key factor to its success. And yet it's a strategic talent very few companies have developed. If you begin a project too soon, chances are high that the project will miss its deadline – *if it doesn't fail outright.*

A great example of this is Google Glass, which was launched on April 15, 2013, and discontinued in 2015. Google Glass had made very little progress two years after its release. This led to the confusion of whether it was an actual finished product or still just a prototype. And despite bold attempts to market the product (skydivers, fashion shows, etc.), it never really brought anything truly practical or revolutionary to the table.

Apple's iPhone is a counter example. Creating the iPhone was first suggested to Steve Jobs in 2001. He loved the idea, especially the possibility of disrupting the telecom sector, one of the most profitable and fastest growing industries at that time. But despite the attractive vision, he refused to launch a project to realize it.

Jobs made it clear to his executive team that the focus, energy, and key resources of Apple had to be devoted to their two strategic priorities: growing iTunes and consolidating the iPod as the new gadget for listening to music. He assigned a few engineers to further explore the smartphone concept, build some prototypes, and partner with other telecom players. Not until 2004, three years after the initial proposal, was an official project established. Amazing, right?

As we can see in these two examples, deciding when to invest your company's scarce resources in a project is of strategic importance. Yet, there is currently no management framework available to help executives or individuals with the vital decision of when the *right time* has arrived.

Applying the S-curve model to transformation projects

The S-curve framework was originally popularized by Everett Rogers to gauge how rapidly new innovations would penetrate the market, be adopted, and become widely diffused. Whitney uses it to help model individual learning and development. The S-curve can also help decision makers envision when it's the right time to initiate a project and thereafter model its progress. The base of the S-curve is a phase of slow, low growth. Slow is a relative term; in our environment of rapid innovation and change, no one can afford to be too slow. But for an enterprise that is exploring an idea, and the possibility of a project to bring that idea to fruition, the base of the curve represents a period of investigation where relatively few resources have been committed. The

purpose of this phase is to ascertain whether there is really an opportunity in an idea – or not. During this phase is when you should seek answers to six important, foundational questions:

1. Has the project been done before?

It's important to determine, to the degree possible, if there is a market for a proposed product or service. To do this, explore what problem it will solve for target customers, and whether the need for a solution exists, or whether you will be going head-to-head against already established competitors. If so, is there a distinguishing feature to your idea that can give it a competitive edge? Define the unique niche you anticipate filling in the marketplace. The newer the idea, the more time required at the low end of the S-curve to explore it – avoid starting the project right away.

2. Is the project part of your core business and will it leverage your strengths? Or, will you be venturing into a completely new arena/technology/industry?

The further from the core business, the more time you will need to spend at the lower end of the S-curve. Also, consider the number of projects you already have outside your core business. Too many will jeopardize the project to the point of putting your company at risk. A good distribution of projects used by some leading organizations is 60 percent in the core business, 30 percent in the adjacent business area, and 10 percent far from the core.

3. Can you clearly define the scope? Do you know what the project will produce and look like when completed?

How many of the ultimate requirements do you know (1-100 percent)? If you have less than 50 percent clarity of what the project will deliver, keep exploring and iterating to better define the project. Traditional project management theory teaches us to have 100 percent of the requirements defined at the beginning of the project, but we know this is hardly the case. Aim at having 80-90 percent of the requirements defined before moving to the full-blown project stage.

4. What is the investment cost?

This can include determining what resources will be required – financial, human, expertise, management time – and determining whether they are available in-house or will have to be sourced externally. Is this something we can and want to commit to? Remember that projects are costly, and have a high probability of costing more than originally planned. And this is not only financially – they often take up more resources and management time as well. Therefore, it is important to clarify before starting the project who is going to pay for it, as well as ensuring the commitment of the resources, including time dedicated by executives. These are all important decisions to be considered at the lower end of the S-curve.

5. Do you have buy-in from key leaders and the wider organization?

Excellent ideas and brilliant projects have become monumental failures due to lack of buy-in from key stakeholders. The exploration phase should coalesce critical mass around the project, enhancing its viability. Are you getting buy-in from crucial stakeholders? Is there movement or inertia around the idea within the organization? If the institutional will is there, the other necessary resources are likely to be in the pipeline.

6. What is the timeline?

Projects that languish when they should be charging ahead are costly and unlikely to produce satisfactory results. Establish a timeline and a schedule for the achievement of necessary benchmarks. Tight milestones focus organizations and teams, so use them wisely. Be doubtful about timelines of projects that don't spend time in the exploration phase.

Eventually there is an inflection point when it's time to pull the plug on the idea or actively develop it. This knee of the S-curve is the place to officially create a project, if you're going to forge ahead. Resources should have been assembled, personnel emplaced, objectives articulated, and a timeframe established. The project begins after critical needs have been identified and addressed, not before. The steep back of the S-curve models a period of explosive growth. When a project launches, it should be ready to go, rapidly ascending this part of the curve.

We all want to create well-grounded projects that have a higher likelihood of success. The low end of the S-curve exploration is the opportunity to determine the viability of an idea, assemble the puzzle pieces required to carry out the idea, or to determine that it's an idea whose time has not come – and maybe never will. The best time to terminate a project is before it's been initiated. Starting a project only when ready to execute as expeditiously and efficiently as possible maximizes the opportunity for success and the return on the resources invested in it.

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Covid-19 is shining a light on leadership: here's how it needs to evolve

DR. MARY-CLARE RACE

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The Covid-19 pandemic has turned the world on its head. It's clear that leaders need to step up and act quickly to find new ways of doing business. There is much we don't know about what happens next; but what we do know is that outdated leadership approaches won't work in this new world.

There is no escaping the painful truth that going into this pandemic, leadership was not where it should be. We're still stuck in outmoded mindsets, reinforced by outdated development models. Our leaders are not resilient enough, not creative enough, and not inspiring enough. The consequences of bad leadership are starkly evident.

A 2016 Gallup survey found that 82 percent of managers are ineffective at leading people. This pairs well with another often-cited Gallup survey that found half of all people who voluntarily left a job did so to get away from a bad manager.

Leaders are not unaware of their shortcomings. A 2019 Gartner survey of 2,800 business leaders found that only half believe they are "well-equipped to lead their organization into the future."

The arrival of the pandemic is now shining a harsh light on leadership shortfalls and where leaders need to improve.

Increasingly, research in leadership development suggests that crises like the Covid-19 pandemic make it much easier to identify bad leaders. In normal times, when there are less urgent threats to navigate, poor leaders can sneak by under the radar. However, when times get tough, most organizations expect leaders to step up and provide a level of effort above and beyond what they were doing before. If they cannot do that, then organizations must re-evaluate the way they are developing their leaders.

Let's look at the outdated theories and approaches to leadership and how they need to evolve to address current and future challenges.

Outdated mindsets

Change ready: Previously, we tried to develop leaders who were ready for change and gave them best practices in how to deal with it. This approach is exemplified by the multitude of models outlining change as a linear process to be managed through.

Leads through the hierarchy: In the past, we taught our leaders to lead from the front. They learned that they needed to present themselves like a crusading knight on a horse, leading an army into battle. This leadership approach also relies heavily on chains of command, cutting off leaders at higher levels from those on the front lines. This erodes engagement and suffocates creativity.

Has all the answers: Many of us still think that leaders must always be the smartest people in the room. Some embrace this idea, believing that unless leaders demonstrate their skill and knowledge, all the time, they cannot earn the confidence of the people they are leading. They ignore the fact that good ideas can and should be coming from all levels of an organization.

Emerging non-traditional behaviours

Embraces radical candour: In her book *Radical Candor*, Kim Scott outlines the dividends that come from balancing difficult conversations with genuine empathy. Leaders must always demonstrate that they care about their employees. But they must also confront mistakes and poor performance in a focused and purposeful way.

Taps into the social movement: Smart leaders know that communication in organizations rarely flows through formal channels. They avoid top-down messaging and adopt a more grass-roots approach where leaders at all levels in the organization are empowered to share messages. This allows leaders to create a two-way conversation where information is exchanged in equal measure with feedback, unleashing the collective power of your team or organization.

Regular and dynamic performance conversations: Performance is not something you only think about twice a year. Performance conversations need to be more fluid and frequent. When you share observations about how people are doing in real time the people you lead can learn and improve themselves on a regular basis.

The best leaders know how to thrive: Leaders want to build a culture of wellbeing that drives engagement and productivity and balances effective prioritization of workload with looking after their own intellectual, emotional, and physical health. Leaders who tend to all of these elements are much better placed to thrive and be successful.

Unfortunately, the current state of leadership in many organizations is not what is needed to survive this crisis. Will this crisis be the turning point that forces companies to jumpstart more effective leadership development? We have an opportunity to objectively assess the current state of our leadership and apply new behaviours that we already know work better.

A crisis can expose weak leaders. It can also inspire us to be better leaders.

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Reimagining businesses for the post-Covid era

MARTIN REEVES AND KEVIN WHITAKER

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The Covid-19 outbreak, and the policies aimed at controlling it, significantly disrupted how we work and what we consume. History shows that such changes brought about by crises are not always temporary. Instead, major disruptions can cause fundamental shifts in social attitudes and beliefs, which pave the way for new policies, ways of working, and consumer needs and behaviours, some of which persist in the long run.

For example, the Black Death, which killed 25–30 million people in fourteenth-century Europe, is credited by some historians with ending feudalism and serfdom and ushering in the Enlightenment by shifting power to increasingly scarce labour resources. We can say without exaggeration that the plague shaped the path of European history.

Consider also the impact of World War II on women's participation in the workforce. With a large share of the working age population deployed in the war effort, women were encouraged to fill jobs on the domestic front, through efforts to reduce social (and sometimes legal) barriers. After the war, the effects of these shifts persisted, driving an acceleration of female workforce participation.

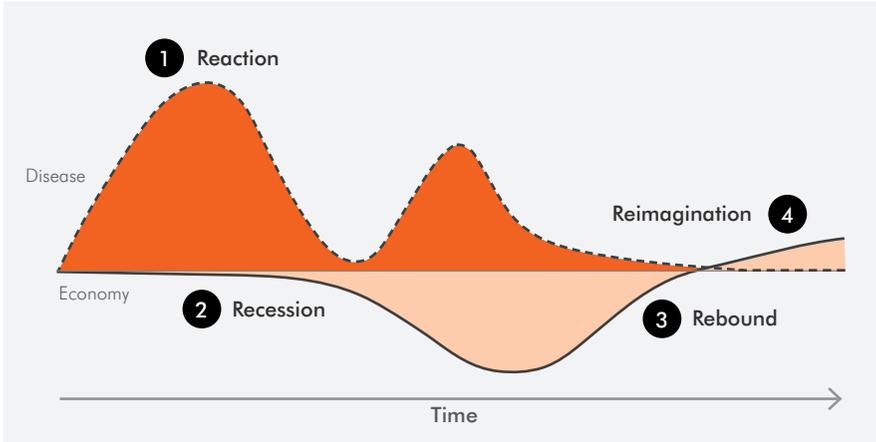
And the 2003 SARS outbreak in China changed attitudes toward shopping: because many people were afraid to go outside, they turned to online retail. Though the crisis was short-lived, many consumers continued to use e-commerce channels afterward, paving the way for the rise of Alibaba and other digital giants.

Similarly, when the Covid-19 crisis is resolved, we will not return to a 2019 reality. How then can companies prepare for a post-crisis world?

Stages of crisis response

As the Covid-19 outbreak spread across the globe, organizations were initially focused on reacting to the immediate issues posed by the epidemic. However, as the crisis unfolded, several other challenges rapidly emerged: preparing for a potential recession in the near term; anticipating an eventual rebound in demand (initially when social distancing restrictions are relaxed, and later when consumer and business confidence returns); and ultimately reimagining operations, products, and business models for the post-crisis world.

Four stages of crisis response



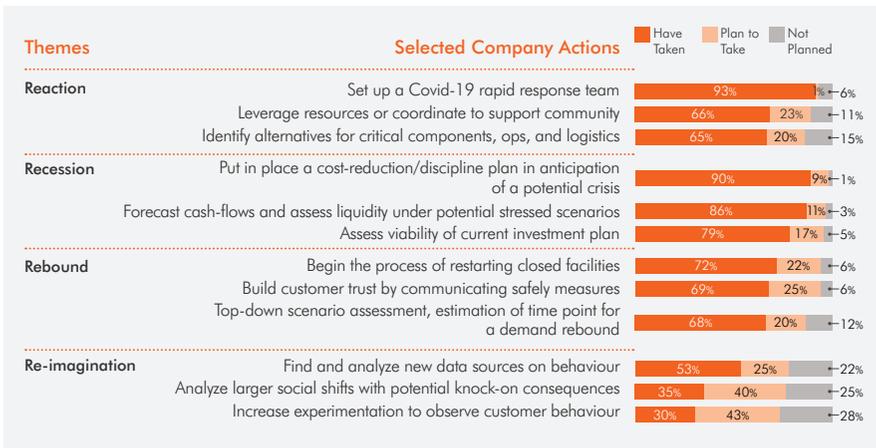
Source: BCG

We surveyed hundreds of businesses across countries and industries to understand how they structured their response to the Covid-19 crisis. Not surprisingly, most companies responded to the near-term threats – setting up rapid response and business continuity measures, cutting costs in anticipation of a recession, and assessing rebound scenarios. However, even several months into the crisis, fewer companies had taken actions to assess permanent shifts in beliefs and customer behaviour, and analyze the resulting opportunities.

For the average company, the first causality of a crisis is imagination. But those who shape and benefit from the future will be those who can imagine it.

Fewer companies focused on imagination

1st to 21st May



Source: BCG COVID-19 Company Survey; BCG Henderson Institute Analysts

How to think through persistent shifts

The Covid-19 crisis brought about immediate changes in behaviour on different dimensions. Lockdown policies and health concerns changed our ways of working, including greater emphasis on remote working, digital collaboration, workplace hygiene, and protections for temporary workers, for example. And consumer priorities also changed significantly, as spending increased on groceries and online channels, whereas apparel purchases and travel spending declined.

Not all such shifts turn out to be permanent, however. For example, there was a marked reduction in air travel after the 9/11 attacks, but it returned to its previous trend line within 15 months. We must distinguish between temporarily postponed, accelerated or disturbed consumption, and new, more permanent patterns of consumption.

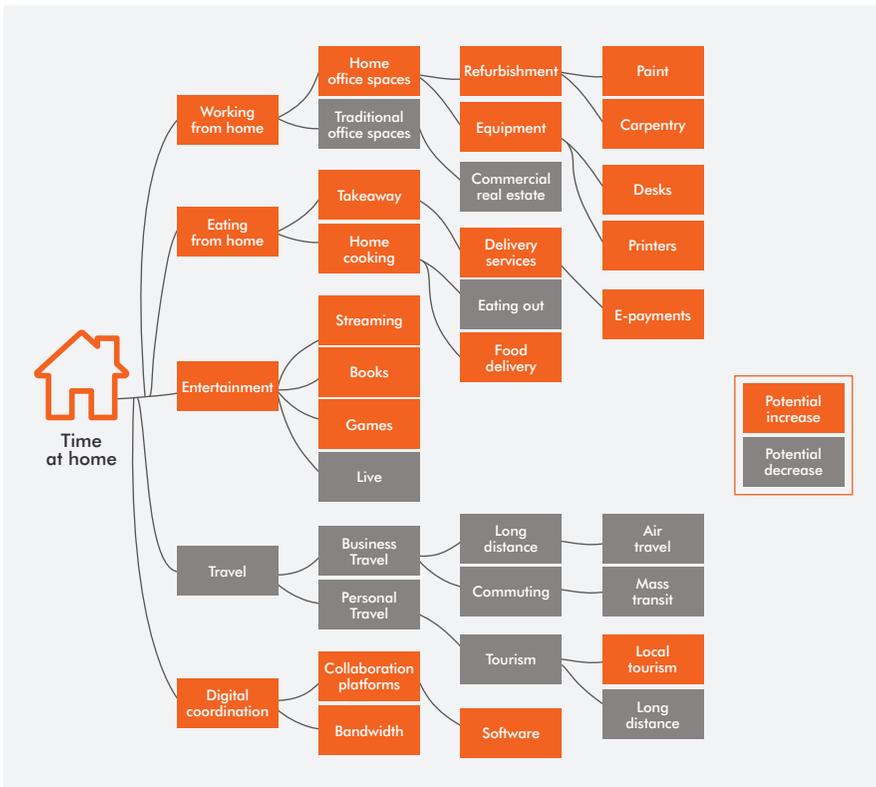
One tool for doing so is to use granular-high-frequency data on consumer behaviour. In the early stages of the Covid-19 outbreak, this might have included footfall data on where consumers were visiting and when.⁴² Such data revealed that whereas some types of activity, such as attendance at live sporting events, slowed only when official shutdowns were announced, other activity such as cinema attendance declined well in advance – which may point toward a shift that is perhaps more likely to persist after the crisis (especially in light of the long-term trend toward streaming video).

Furthermore, we should not expect consumption to shift only between existing product categories. New ideas often emerge or are developed in response to extreme needs arising during social crises. World War II, for example, forced innovation or accelerated development and commercialization of the jet engine, pressurized aircraft cabins, helicopters, atomic technology, computers, synthetic rubber, rocketry, radar, and penicillin, with lasting effects. New needs born in our current crisis will likely drive lasting innovation in other areas, such as mass disease testing technologies, digital collaboration tools, or affordable home office set-ups.

These opportunities may not be easily discernible through observation and analysis alone. We cannot know for sure what new needs will persist until after the crisis is over, by which time some companies will have already established leading positions. Pioneers will not only adapt to shifting needs, they will also proactively shape perceived needs and outcomes through innovation, education, and promotional activities.

We can visualize the field of possibilities by observing fundamental attitudinal and behavioural shifts and creating branching trees of potential ramifications. Fundamental shifts among consumers could include more time at home, more emphasis on hygiene and health, or greater emphasis on family security. Producer shifts could include embracing remote working, streamlining operations, decentralization of supply chains, and emphasizing crisis preparedness and systems resilience. Each of these basic shifts has manifold potential consequences. For example, the potential implications of increased time at home are shown below.

Visualizing potential implications



Source: BCG

With this type of exercise, leaders can go beyond looking at patterns that exist in the world today and practice counterfactual thinking – things that don’t yet exist but could happen. This level of thinking is at the heart of imagination, which is more important than ever as new opportunities emerge.⁴³

Eight steps for sensing and shaping the new reality

What practical measures can companies take to divine and exploit the post-Covid-19 reality? We suggest eight steps:

1. Expect change and look ahead

Organizations tend to become myopic and insular when under threat. But crises often mark strategic inflection points, and a necessary focus on the present should not crowd out consideration of the future.⁴⁴ The key questions become: what next, and with what consequences and opportunities?

2. Understand broader social shifts

Addressable opportunities are often born out of new customer needs and frustrations, so listening to customers is vital. However, traditional surveys only tell you about existing product and category needs and uses; consumers may not be explicitly aware of their emerging needs. Companies need to look more broadly at how social attitudes are shifting, to understand which observed changes in behaviour and consumption could be lasting. For example, if leaders' and workers' attitudes toward remote working shift after a few months of experiencing it, that could have significant consequences for office equipment, office real estate, home remodeling, transportation, and other sectors and segments.

3. Scrutinize granular, high-frequency data

Aggregates, averages, and episodic statistical data will not reveal the weak signals of change. Companies need to access and analyze high-frequency data, such as data on footfall or credit card transactions at a very granular level in order to spot emerging trends.

4. Identify your own revealed weaknesses

The crisis will undoubtedly expose needs for greater preparedness, resilience, agility, or leanness in different parts of your company. Those weaknesses also signal opportunities to renew your products and business model and serve customers better. They may also help you to understand broader customer needs, since others are likely to be experiencing similar stresses.

5. Study regions further ahead in the crisis

As the Covid-19 outbreak unfolded, some countries like China and South Korea were many weeks ahead of Western countries in their experience of crisis and recovery. By studying what happened in these markets, leaders could better predict which changes are likely to stick or could be shaped. A geographical fast follower strategy may be available to agile players.

6. Scan for maverick activity

Some companies, often smaller players on the edges of your industry, will be making bets predicated on new customer needs or behavioural patterns. Ask yourself, who are these mavericks, and which potential branches and leaves on the tree of possible shifts are they betting on? Are those bets gaining traction? What are you missing? From there, you can decide on the appropriate response to each opportunity or threat: “ignore,” “investigate further,” “create an option to play,” “replicate and exceed,” “buy the maverick,” or “act with high priority.”

7. Look at which new patterns reduce friction

Frictions are unnecessary delays, costs, complexities, mismatches with needs or other inconveniences that a customer experiences in using a particular offering. Forced habits that entail more friction than the traditional alternative are likely to be temporary: we may be forced to eat only canned food from our pantries in a crisis, but many are likely to return promptly to consuming fresh food when it is over. On the other hand, forced habits that reduce friction are more likely to stick: how many of us relish the thought of carving out a couple of hours each day to reach our workplaces? High friction areas are also ones where it is logical for mavericks to innovate and where they are more likely to succeed.

8. Maintain hope and a growth orientation

A crisis is not a reason to postpone innovation and investment. Counterintuitively, 14 percent of companies grew both their top and bottom lines during recent economic downturns, and our analysis shows they create value mainly through differential growth.⁴⁵ This is true across all industries. The evidence is clear: the best time to grow differentially, is when aggregate growth is low. “Flourishers” in a downturn do reduce costs to maintain viability, but

they also innovate around new opportunities, and they reinvest in future growth pillars in order to capture opportunity in adversity and shape the post-crisis future.

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A new equation

JIM HAGEMANN SNABE AND
LARS THINGGAARD

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We believe passionately that the development and commercialization of technology must have a purpose that goes beyond simply moneymaking. Now, to be clear, we are commercial beings. We work in organizations that need to make profits. But profit-making in itself is not enough. There is, always was, and always will be, more to organizations than that.

We believe:

- Technology must make a positive contribution to society
- Technology must enhance the lives of its users
- Technology must create opportunities for all
- Technology must respect and enhance human rights
- Technology must be human-centered at all times.

We believe every organization needs to aspire to do more; to solve problems that are relevant to people in their daily lives; to change the world; to make a positive and sustainable difference.

One of the clearest messages from the dark time of the Covid-19 pandemic was the enormous community and life sustaining power of technology. As never before, technology brought people together and kept people alive. Its centrality to modern life was abundantly and thankfully clear.

We know that change, when it comes, often comes in small incremental steps rather than through grand gestures. “The world is fundamentally transforming technologically, economically, socially and politically,” says Klaus Schwab, founder and executive chairman of the World Economic Forum (WEF), as well as one of the most persuasive voices on the leadership required for what he labels the Fourth Industrial Revolution. “The ongoing transformation needs to be shaped by appropriate policies and institutions. There are no simple, ready-made solutions. What we urgently need are pragmatic and future-oriented actions, even in the form of small steps, to provide positive narratives.”

To achieve this we need a new understanding of technology and a new relationship with technology. We call this *Tech for Life*.

Making new sense

During the 1970s, three American scientists – Barry Commoner, Paul Ehrlich and John Holdren – developed an equation that attempted to measure the impact of human activity.

The equation was:

$$I=P \times A \times T$$

Where “I” stands for the impact of human activity on the environment; “P” is population; “A” is affluence; and “T” is technology. The impact on our planet equals the size of the population multiplied by consumption per capita multiplied by the use of technology.

Since then the equation has been debated extensively and remains a source of some controversy, but as a shorthand explanation of the forces at work it remains useful. In the years since the 1970s the issues have become more pressing. The disastrous environmental impacts of the industrial age are fast becoming crystal clear.

The variable “I” in the “I=PAT” equation represents environmental impact. The environment may be viewed as a self-regenerating system that can endure a certain level of impact. The maximum endurable impact is called the carrying capacity.

The carrying capacity of a biological species in an environment is the maximum population size of the species that the environment can sustain indefinitely, given the food, habitat, water, and other necessities available in the environment. Carrying capacity was originally used to determine the number of animals that could graze on a segment of land without destroying it.

As long as “I” is less than the carrying capacity the associated population, affluence, and technology that make up “I” can be perpetually endured. If “I” exceeds the carrying capacity, then the system is said to be in overshoot, which may only be a temporary state. Overshoot may degrade the ability of the environment to endure impact, therefore reducing the carrying capacity.

The population of the planet has grown to its current 7.7 billion. According to the United Nations, it is expected to grow still further to 9.8 billion by 2050 and about 11.2 billion in 2100.⁴⁶ The positive story is that affluence by pretty much every measure has increased over this period. Whether they live in Qingdao, Lagos, Delhi, or Genoa, generally people are better off in terms of health, life expectancy, and quality of life than they were fifty years ago.

And then there is technology. Back in the 1970s, technological progress was a gradual thing. It moved on a steady upward trajectory much like life expectancy in developing countries. As we have borne witness to, in the last twenty years it has accelerated in an unprecedented way. Technology is now the driving force shaping the modern world.

We believe that tech is and can be a force for good. Indeed, it needs to be a force for good if we are to continue to develop affluence throughout the world, and if we are to minimize the impact on the environment and solve huge issues such as climate change.

To do so, we think that the technology term in the equation needs to be redefined:

$$I = P \times A \times \frac{T_n}{T_p}$$

In the original form of the equation tech is increasing the impact of human activity on the environment. Today, we have the opportunity to use technology in two ways:

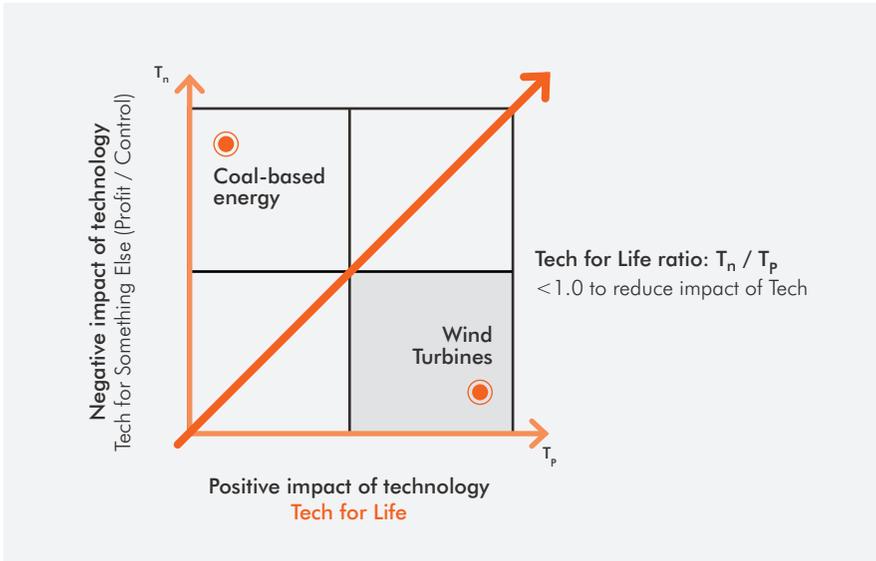
- with a negative impact, for example coal-based energy – we will call this T_n
- with a positive impact, for example wind turbines – we call this T_p .

Instead of just “T”, in the revised version of the technology term in the equation we have a ratio of the negative impact of traditional technology to the positive impact of modern technology – we call this the Tech for Life ratio. To reduce the consequences of the Ehrlich equation, we must increase our use of modern technology so that the Tech for Life ratio is less than 1.0. Using modern technology this way, over time we can mitigate the impact of human activity on the environment.

Tech needs to be an enabler of increasing affluence. Tech needs to mitigate against the growing world population. In doing so, it can help reduce the impact of these things on our planet. There can be no serious doubts, no ifs or buts about it, tech cannot remain a major contributor to the problem, it has to become part of the solution.

Understanding the new world

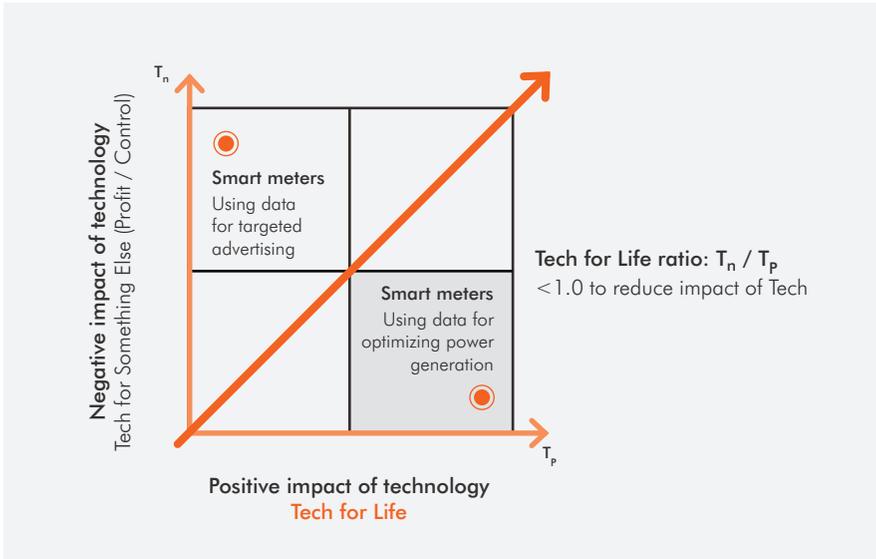
To visualize the Tech for Life ratio, consider “ T_n ” and “ T_p ” as the axes of a two-by-two matrix. Using our examples, the negative impact of coal-based energy places this technology in the top-left quadrant. The positive impact of wind turbines places this technology in the bottom-right quadrant.



It is not only a question of developing technology. How we use technology is equally important. For example, a technology such as smart meters can be used in both a positive way and a negative way:

- Positive: using data from smart meters to optimize power generation
- Negative: using data from smart meters for targeted advertising.

On the two-by-two matrix, smart meter technology appears on both the top-left and bottom-right quadrants.



The challenge for Tech for Life is to both develop and use technologies in a way that places them in the bottom-right quadrant. The more technologies we can place in this quadrant, the more we can reduce the value of the Tech for Life ratio and therefore start to mitigate the impact of human activity on the environment.

Beyond scale

The first practical realization must be that we are in a new age with new rules, expectations, and aspirations. The first industrial revolution in the late eighteenth century was brought about by steam power and the advent of mechanical production. Then came the second industrial revolution, with electricity, the division of labour, and mass production. In the late twentieth century we experienced the third industrial revolution, characterized by the rise of IT and automation. And now we are in the throes of the fourth industrial revolution, which includes the rise of cyber-physical systems and cognitive networks.

We are still solving the legacy of the industrial age in the shape of climate change and in seeking to change long-established ways of structuring and thinking about organizations and those who work within them.

The industrial era was about size and scale. Small, expensive and slow handcrafted production methods transitioned into standard products produced in large numbers in factories with the lowest marginal costs, often in countries with low wages. It pitted the local carpenter against IKEA; the local shipyard

against an industrial facility like South Korean DSME, where three giant Maersk Triple-E ships can be built in parallel.

Throughout the industrial revolutions, the supporting logic was economies of scale. This logic has created global giants with size and scale as their competitive advantage. It has been an advantage to be big, and the winning strategy has been to maximize the size and the scalability of the company and its market while minimizing costs. The twentieth-century mantra was all about efficiency and scale.

The introduction of global standards has particularly contributed to boosting productivity. It has made it possible to sell to consumers globally, ship goods at almost zero (financial) cost and it has created a global market competing on price. Most of us have learned to lead based on the assumption that competitive advantage is created by producing goods on a mass scale as efficiently as possible. It is a continual balance between price and quality, where all aspects of the supply chain, from raw materials to the final product, including labour and logistics, must be optimized.

Looking at the Fortune 500 companies from the beginning of the 1960s to 1989, when the Berlin Wall fell and the World Wide Web was born, seven out of the top ten stayed the same: General Motors, Exxon Mobil, Ford Motor Company, General Electric, Chrysler, Texaco, and IBM. This tells us that companies structured around economies of scale had a sustainable competitive advantage for 40 years. If we look at the list of companies with the highest value from 1989 to today, it has changed radically. Now, more than 60 percent of the most valuable companies are relatively young, with business models based on digital platforms rather than mass-produced products.

It is perhaps more accurate to label this new age as the first digital revolution rather than the fourth industrial revolution. The digital revolution is fuelled by creativity with a focus on agility.

We don't want the digital era to come back and haunt us in the way the industrial age has done. So now is the time to explore the new models of organization and nations that are likely to thrive in the future economy.

Flexibility and speed are now more important than pure efficiency and scale. This applies to both companies and countries. The ones that will thrive will be those that can pivot to take advantage of new opportunities faster than others and to avoid potential threats.

In their book *Pivot to the Future*, Omar Abbosh, Paul Nunes, and Larry Downes, consultants at Accenture, argue that the future economy requires companies to continually reinvent themselves to remain relevant. To do so they must be able to change direction – or pivot – at any time.

According to Abbosh et al there are seven winning strategies for living with digital disruption. Firms need to be:

1. Technology propelled
2. Hyper relevant
3. Data driven
4. Asset smart
5. Inclusive
6. Talent rich
7. Network powered

Their prescription is for companies to embrace tech but with flexibility, adaptability, and humanity. The central argument is that the ability to pivot, rather than efficiency and economies of scale, will be the key differentiator and competitive advantage in the fourth industrial revolution.

It is happening. As Silicon Valley's future is questioned and China speeds relentlessly forward in its quest for tech dominance, other models are quietly evolving. The challenge of our times is to create new organizations, leadership models, and structures, which sense and respond fast to maximize the benefits of the digital revolution.

About the authors

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Responding to the crisis by building perpetual capabilities

RICARDO VIANA VARGAS, EDIVANDRO
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“Life will never be the same after Covid-19.” You hear that a lot these days. For many organizations, life will indeed be different after the outbreak as it had a severe and long-lasting impact on their ecosystems. For some organizations, there were even more immediate, pressing concerns. For them it was a question of survival.

Virtually all organizations have been forced to rethink their business and operating model – its purpose, its strategy, its employees, its customers, its processes, and its technologies. Whatever the answers are to these questions, the ability to quickly learn and adapt to crises is critical.

Let’s consider airlines as an example. Within just a few weeks, airline travel dropped by as much as 96 percent.⁴⁷ This forced all airlines into crisis mode where they needed to find ways to survive, or even prepare for the worst. Since there were very few passengers and baggage to be transported, there was more capacity for cargo, which goes hand in hand with the increased demand for ordering goods online. Virgin Atlantic, followed by many other airlines, shifted its focus to operating cargo-only flights.⁴⁸ This way airlines could, to a limited extent, repurpose their core operations to meet this new demand and thus mitigate the impact of the pandemic.

Mode of operation: crisis

In previous research in 2018 we looked more generally at how best to deal with and respond to crises.⁴⁹ We surveyed more than 1,200 senior global leaders and executives from the governmental, non-profit, and private sectors about management decisions and organizational strengths during and after crisis events. After all, the experience of crisis is a common one: 68 percent of our respondents agreed with the inevitability of their organizations facing a crisis in the future – though few could have anticipated something as global and dramatic as the Covid-19 outbreak. The circumstances of an organization’s next major crisis vary, but its appearance is inevitable. A hack that exposes millions of customers’ data. A major holiday product launch pushed into next year. A chairman’s immediate dismissal for misconduct. An employee’s misstep gone viral. While crises differ in character, scale and scope, the following three aspects are true no matter the organization, industry, or geography.

First, learning from a crisis requires moving into *crisis mode*. When facing a crisis, organizations must make a deliberate break from their traditional ways of working. Operating in business as usual mode prevents organizations from isolating their in-crisis learnings and applying them to post-crisis improvements.

Second, organizations need to shift focus to two key areas: people and process. Organizations with increased flexibility in internal processes, as well as those with non-leadership-level employees who are closer to the crisis and empowered to make decisions, tend to emerge stronger post-crisis than those that don't.

And finally, *crisis mode* forces organizations to examine four key areas, regardless of whether they're post-crisis or enjoying business as usual: prioritization of strategic initiatives, speed in decision-making and execution of processes, empowerment of teams, and commitment to internal communication. Information must flow and communication needs to be transparent and consistent.

Turning the tide with strategic transformation

While of course no leader would ever wish for a crisis to happen, it doesn't need to spell disaster. On the contrary: it is possible for certain opportunities to emerge from a crisis and have a lasting positive influence on a business. Organizations can find a powerful momentum and take advantage of the energy, mindset, capabilities, and processes formed in *crisis mode* to boost their chances to successfully undergo a significant strategic transformation.

Take the Dutch technology company, ASML Holding, which makes lithography machines – the equipment that semiconductor manufacturers use to produce microchips. With over 24,500 employees and a strong market position among large and small chip manufacturers, ASML was negatively impacted by the financial crisis in 2008.⁵⁰ While other players in the industry were planning on riding out the crisis, ASML reinforced its strong market position by outsourcing most manufacturing to cut costs and investing instead in internal R&D to deliver better products, which was also synergized with an innovative customer co-investment programme. In addition, ASML started a cost savings programme, reducing its workforce by 12 percent – mainly contract employees – and focusing instead on getting the right talent. ASML shows us that organizations can capitalize on the momentum of a crisis and strategically and swiftly transform in times of uncertainty.

In 2020, Brightline conducted another extensive study with more than 1,000 global C-level executives to examine the correlation between success in strategy implementation and effectiveness and speed in transformation.⁵¹ The results confirmed our hypothesis that organizations that master strategic transformation are skilled at both developing and implementing strategic

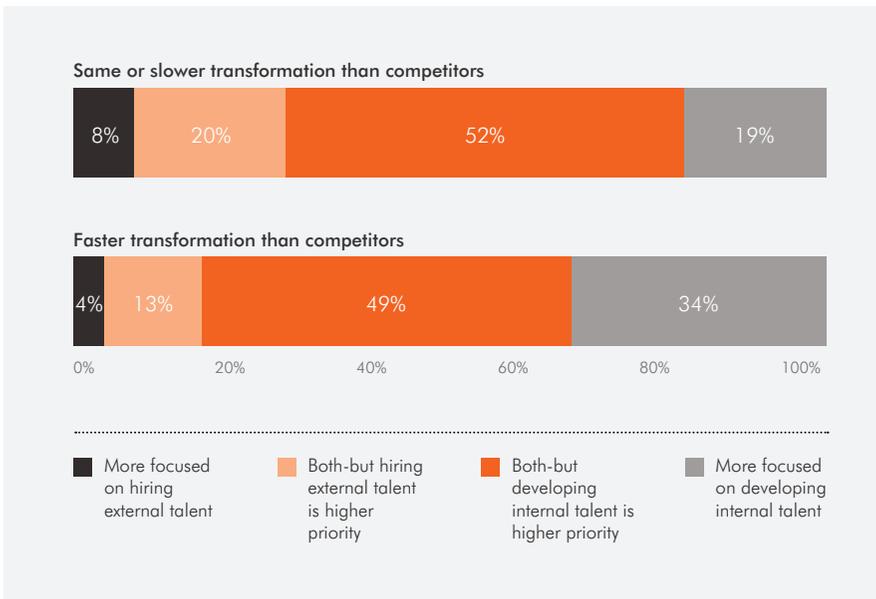
initiatives, as well as at transforming quickly and effectively. The research shows that high-performing organizations are about twice as likely to report effective organizational change. Transformation capabilities are core competencies linked to successful strategic initiatives. So, what can we learn from these high-performing organizations? We found three perpetual capabilities that lead to higher success rates for strategic transformation:

1. Focus on internal talent

As your business evolves, overcoming the skills gap may be one of the biggest challenges you face. Going through a crisis, this challenge may become even more apparent for organizations. Hiring new talent may be part of the solution, but we found that faster-transforming organizations are nearly twice as likely as slower-transforming peers (34 percent versus 19 percent) to report a greater focus on developing internal talent.

Organizations that are fast at transformation prioritize developing talent that can quickly make decisions and delegate and empower teams, as the employees, for obvious reasons, have higher skills and better understanding of their responsibilities and how to meet goals.

Transformation speed vs method of developing talent or hiring



The more subtle value in focusing on internal talent versus hiring external talent has to do with personal growth, mindset, and behaviour. It's a process of matchmaking and mutual bonding between the individual and the organization. Change must start from within, and focusing on individual transformation of the employees is (at least) as important as transforming more business-oriented activities.

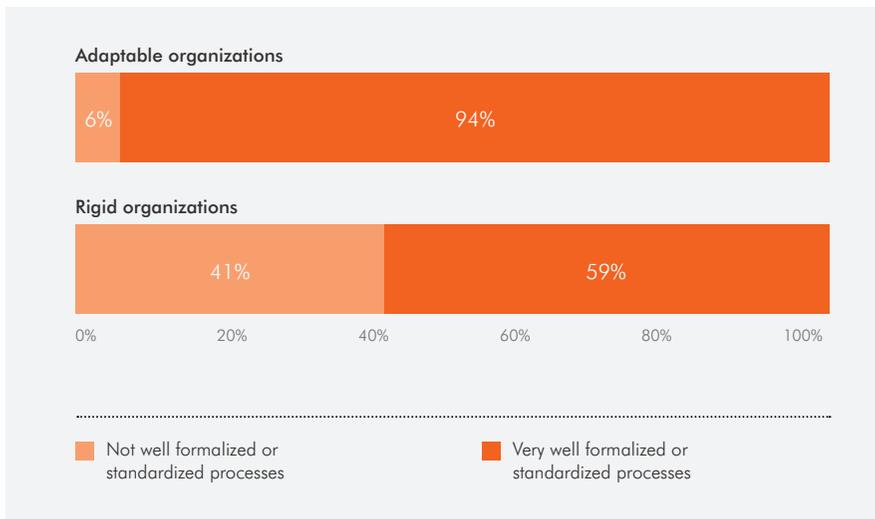
Without a focus on internal talent and the personal growth of the employees, the chances of an organization continuing to evolve and respond to new changes are almost non-existent.

2. Formalize to adapt

Paradoxically, formalized processes are critical for organizations who wish to become more adaptive. They're also a key part of the equation for fast and effective transformation.

More specifically, we found that high-performing organizations are 21 percent more likely to have well-formalized processes in place than low performers. What is more interesting is how formalized processes impact organizations' ability to change. Organizations with very well-formalized processes also report being "often or consistently adaptable" in the face of unforeseen strategic challenges. A full 94 percent of adaptable organizations have formalized processes in place, compared to just 59 percent of rigid organizations.

Use of frameworks by adaptable and rigid organizations



In the same way we can see the correlation between adaptability and speed. Organizations with the capability of balancing ongoing business with their transformation efforts are also more likely to do it at a faster rate. This swift footedness is key in strategic transformations when challenges arise and it's necessary to course correct. And that means reviewing lessons learned from past failures, speaking with customers or end users, or reevaluating milestones and timelines.

Leaders can provide a foundation for strategic transformation that balances formalized processes with methods for course correction. This type of discipline affords an organization a greater degree of adaptability and lets it take full advantage of the technology and frameworks at its disposal.

3. Leadership

The third key variable for successful transformations has to do with leadership, suggesting there is a strong need for a central figure who can inspire and orchestrate organization-wide transformation efforts. Without effective leadership and accountability in place, transformation efforts slow down. Now, as organizations undertake the difficult task of rebuilding in the wake of Covid-19, we think that the role of a Chief Transformation Officer (CTO) has never been more relevant.⁵²

As suggested in our research, a CTO can take the top management's vision of the transformation and make sure it's properly disseminated throughout the organization. He or she can translate that vision into concrete goals. Even more important, the CTO can devise and deliver the master plan for achieving these goals – overseeing the multitude of projects that will be needed to turn the organization's transformation strategies into reality in the post-Covid world.

The CTO will make sure that internal talent and capabilities are leveraged and developed, just like the employees are inspired and allowed to personally transform with the organization. The CTO will serve as a catalyst for formalizing the processes used, as well as actively adhere to methods of course correction.

Having a CTO leads to greater accountability. Investing in one person with the responsibility for overseeing a transformation eliminates any potential leadership gaps. It ensures that there will always be one person – the CTO – whose sole priority is the success of the transformation initiative.

Sometimes a black swan event can disrupt a trend that has been gaining momentum. In the case of the CTO role, however, the Covid-19 pandemic should accelerate that momentum. In the post-Covid world, we need to bring on more CTOs to manage the arduous task of rebuilding our organizations, our economies, and our society.

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Emil Andersson is a Project Manager at Brightline Initiative.

Footnotes

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**Little fires
everywhere: how
leaders can ensure
their transformation
programmes are
creating value**

TENDAYI VIKI

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The Covid-19 crisis has revealed which companies have the right capabilities to use innovation to respond quickly to crises, versus those that do not have these capabilities. Prior to the crisis, most leaders in established organizations had moved beyond debating whether innovation is necessary for sustained success. The conversation had already shifted to finding the right ways for their companies to innovate. The Covid-19 crisis has now accelerated these conversations.

Prior to the crisis, one thing that was becoming clear to leaders was that they could not keep managing innovation as a series of one-off projects, whose success was hard to predict. There was a need to drive a transformation to turn their companies into innovation engines that could turn ideas into profitable business models in a repeatable way.

As a result of this, companies have been launching various transformation programmes to drive innovation. I am consistently finding that whatever programme I am brought in to advise on is not the only programme that is happening inside the company. It seems that companies are now spawning loads of random transformation programmes – all claiming to do the same things and all with different or even competing objectives.

In 2019, I was working with a large European airline. They had just appointed a new Chief Innovation Officer. When she took over the role, she discovered that she had inherited teams that were running disjointed activities and programmes. Although the overall goal was to make the company more innovative, her teams were working on transformation programmes that were constantly running into each other, asking for the same resources, building similar products, and even talking to the same customers. There was a lot of internal competition and duplication of effort, which was a great waste of time, resources and talent.

This proliferation of transformation activity is typical of most organizations I work with. It has become a real problem since digital innovation became a cool thing to do within companies. Now everyone wants to be recognized as a digital corporate rock star. So they will start with an innovation lab, then someone else suggests an idea competition, then another team launches a digital hub and before they know it, leaders have got little transformation fires everywhere. This is something that companies can no longer afford to do, if they want to transform beyond the crisis.

Value creation

According to Nitin Nohria and Michael Beer, over 70 percent of all change initiatives fail.⁵³ The main reason they point out for this failure is that managers often end up immersing themselves in “an alphabet soup of initiatives.” The same challenge is currently faced by leaders trying to drive innovation within their companies. Their employees are dying to get started and are willing to do anything to get their piece of the pie. So they will design and launch different programmes to drive change within the company. The question for leaders is; how do they make sure that these programmes are creating real value for the company? How do they decide what to keep investing in and what to stop doing?

Nohria and Beer distinguish between two main archetypes or theories of change. Theory E refers to change that is aimed at creating economic value for the company. In contrast, Theory O refers to change that is aimed at creating new capabilities for the organization. The same applies to transformations that are aimed at driving innovation. Leaders can evaluate the transformation programmes that their employees are proposing in two ways:

Create economic value: These innovation programmes are designed to work on launching new products, services, and business models that generate net new revenue for the company. They avoid innovation theater and are deliberately focused on testing business ideas to find value propositions that resonate with customers and business models that are profitable and scalable. Different programmes can focus on improving the core business, while others explore new opportunities for growth.

Transform company culture: These innovation programmes are designed to transform the company into an innovation engine that can repeatedly launch new value propositions and business models. Such programmes typically work with finance to develop an investment framework for innovation. They also work with other key functions such as brand, legal, compliance, technology, sales, marketing, and human resources. The goal is to remove the organizational blockers of innovation and enhance the enablers.

As you can see, these two types of transformation programmes create value for the organization. The first type generates economic returns, while the second type improves the company culture for the better. The job of leaders is to make clear what the goals are for each programme they are driving. The disciplined leaders avoid programmes that generate innovation theater such as

idea competitions that have no follow-on funding for the winning ideas or cultural events that result in no change in organizational capabilities.

What's going on?

When I worked with the Chief Innovation Officer at the large European airline I described earlier, we collaborated to apply Nohria and Beer's theory of change. We invited all innovation heads to a workshop where we mapped out exactly what was going on with innovation within the company. Who is doing what and where? We discovered that there were transformation activities sitting at different layers within the company from top to bottom. Leaders within various divisions and departments were launching their own programmes without paying much attention to what else was happening in the company.

After mapping out all the activity, we then spent time talking to the people running these innovation programmes to learn:

- Why the programmes were set up. What were they trying to achieve?
- Were these programmes focused on creating economic value, building organizational capabilities, or both?
- How much impact were they actually having on either creating economic value or building organizational capabilities?
- What challenges were they facing? What were the main enablers and blockers to transformation with the company?

Gathering this information was really helpful in understanding the lay of the land. It allowed us to make more informed decisions about which transformation programmes to stop, which transformation programmes to improve, and which transformation programmes to invest more resources in scaling. It also made clear the neglected parts of the company's innovation capabilities that needed new programmes to be designed and launched.

To move beyond the Covid-19 crisis, corporate leaders must ensure that every transformation programme within their company is delivering value in a manner that is aligned with their overall strategic goals. Using the two dimensions of economic value versus organizational capabilities allows leaders to evaluate the potential impact of any change programmes. They can then make informed decisions about what to do next.

About the author

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The SECURE Framework for crisis leadership: how to Survive, Stabilize, and then Surge

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AND SAMEER HASIJA**

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"Never let a good crisis go to waste." You will probably hear this remark elsewhere and with good reason. Certainly, every leader who has encountered the business challenges of Covid-19 is looking for a silver lining, a ray of hope that some good may come of this crisis.

We sympathize. Over the past five years, we have coached executive leadership teams through all kinds of business disruptions in our programmes at INSEAD, and this pandemic is the worst crisis we've seen or even imagined. While Covid-19 began as a health crisis, its subsequent infection of economic systems across the globe has resulted in supply and demand shocks, disrupted value chains, caused grave liquidity problems for consumers and businesses, and overleveraged governments. The immediate risk is that Covid-19 could spawn a deadly contagion of banking, currency, and debt crises across the world, a firestorm of disruption that could make the 2008 financial crisis seem like a brushfire in comparison.

Certainly, this crisis is not over. Repercussions from Covid-19 will be with us for several years, and in that time new crises may arise. This means business leaders can expect to be on high alert for some time. Crisis teams will need to remain in place, and many legacy operations will have to be reimaged or cut loose. Companies that have survived so far are coming to understand that they will not be returning to "business as usual" any time soon – or maybe ever. If major disruption is the new normal, then, can you turn a crisis – this or any other – to your advantage? How do you not let it go to waste?

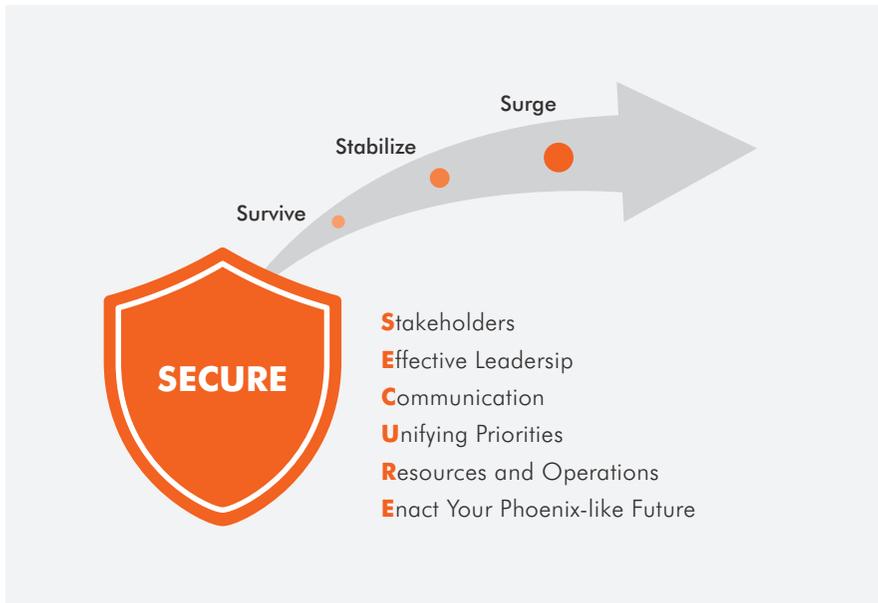
In a crisis, opportunities come to companies that practice effective crisis leadership. This means two things: aggressively managing the crisis and creatively imagining the future. From our multidisciplinary research, we have developed a framework for doing just that. The framework, called SECURE, is presented below; it identifies six touchpoints around which leaders must organize their crisis response. Many of these touchpoints – the safety of your people, securing cash and liquidity, customer engagement, effective communications, careful resource management, and so on – are familiar to leaders who have faced disruption before. They bear repeating and reinvention.

But if you want to do more than limp through a crisis and stabilize your boat, you must also do something else. You must adopt what we call a "Phoenix Attitude." The Phoenix Attitude is a willingness to burn down your company – if only in your imagination – in order to see it arise again from the ashes. It is an attitude that questions the past, looks into the future, displays curiosity and courage, and has an instinct for transformational change. The

Phoenix Attitude is central to a new approach to strategic leadership we outline in our book, *The Phoenix Encounter Method: Lead Like Your Business Is on Fire!*⁵⁴ In it we counsel leaders facing what we call “firestorm disruption” to embrace their inner Phoenix. Only then will you live to survive the fire next time.

The SECURE framework for crisis leadership

Our SECURE framework walks leaders through six touchpoints of crisis leadership which will enable organizations to traverse the crisis pathway from Survival, on to Stability, and then to the post-crisis Surge. A summary of the framework, including the key elements of each touchpoint, appears at the end of the chapter.



Source: I.C. Woodward, S. Hasija, V. Padmanabhan 2020

We'll drill into the touchpoints one at a time, although in a crisis they will need to be addressed simultaneously. Together they serve as a working brief for the crisis leadership team.

1. Stakeholders

You must do an immediate review of your current stakeholder portfolio (e.g., investors, employees, partners, customers), identifying all the ways the crisis can and will affect their needs, pain points, behaviours, and engagement with your company. Ensure that all these stakeholders are “heard” at every crisis meeting – assign a spokesperson for each, perhaps – and make sure that they hear from you throughout the crisis in ways that address their needs. Most importantly, begin to imagine how your stakeholder portfolio may be different after the crisis has passed.⁵⁵

2. Effective leadership

The very first order of business is to establish Mission Control. This entails creating a crisis mission statement, establishing the crisis leadership team, setting expectations, assigning decision rights, and spelling out the chain of command. The leadership team should certainly include the CEO, the CFO, key division heads, a dedicated Mission Coordinator, a Communications Leader, a legal expert, and a couple of special-purpose roles that we discuss below. All members of the team, and especially the CEO, must model “urgent calm” through such behaviours as realistic hopefulness (no pipe dreaming) and factual precision (no guesswork). As they navigate the crisis, effective leaders will travel seamlessly through three “leadership altitudes” – big-picture strategic thinking; short to mid-term tactical thinking; and personal introspection. Getting stuck at any one level will doom the operation.⁵⁶

3. Communication

Classic crisis messaging follows three golden rules: acknowledge the problem, express empathy, explain your actions. The rules apply to both internal and external communications, and to all formats and media. Strive for clarity, credibility, and consistency but immediately admit mistakes and clearly explain any changes in direction. Target communications to the identified needs of your stakeholder audiences and, whenever possible, open a two-way channel for conversation. Deliberately over-communicate. Make it credible and meaningful. This is especially true for communications with customers and employees. Short, frequent and to the point, is better than infrequent and too long. And – this is the hard part for some leaders – really listen to what you hear back. Never overpromise. Stakeholder trust is extremely fragile in crisis situations, and bombast, boasting, self-absorption, mixed messages, and empty promises will almost certainly sink your ship.⁵⁷

4. Unifying priorities

Of all the things that need to be communicated clearly and often, your crisis mission and goals are most important. These are your unifying priorities, your "crisis compass." Set short-term goals and expectations for every unit of the organization and broadcast them to all. When setting these goals, balance efficiency and risk management (such as cost-cutting measures and supply-chain diversification) with effectiveness (such as new products and enhanced services), always keeping the long-term survival of the company in sight. You must regularly reassess all imminent risks and correspondingly update the short-term goals. Having done this, turn over the execution of the goals to the Mission Execution Teams; make sure they share all their information across the organization, but otherwise do not interfere with them. If you have set goals carefully and chosen your people wisely, there is no need for micro-management.⁵⁸

5. Resources and operations

The work at this touchpoint is designed to secure the organization's cash and business activities. Without access to working capital, your business will collapse. You must protect cash and liquidity: limit purchases, renegotiate terms of supply, reduce finished goods inventories, create new income streams, secure lines of credit, seek government relief, find outside sources of funds – whatever it takes, wherever possible. Identify critical resources and customers early on and monitor bottlenecks like a hawk. At the same time, optimize key business processes and seek new partners if you need help navigating supply, logistics, and workforce demands during the crisis.⁵⁹

6. Enact your Phoenix-like rebirth

Keeping the transformational example of the Phoenix in yours as well as your team's mindset is important. Actions matter more than words but engaging in a strategic dialog proactively is essential to set the platform for such radical transformation. Creating an organizational culture that embraces such thinking will go a long way in ensuring future business success; and develop capabilities to respond to future crises. Assign portions of our book on the Phoenix Encounter Method as required reading to facilitate such dialogs and the moulding of the organizational culture. You should work consciously to travel seamlessly across the leadership altitudes. You must avoid legacy traps, hone your insightfulness, and practice Phoenix leadership habits like proactive

scanning and radical ideation. Your Phoenix Attitude must model courage and realistic hopefulness, and you must anticipate the rebirth of your organization – the surge – by boldly planning for it over short-, middle-, and long-term horizons and by setting new leadership priorities.⁶⁰

In the next three sections we take a closer look at the work of crisis leadership under the SECURE framework, this time through three imperatives drawn from our Phoenix Encounter method.

Practice proactive scanning

In a crisis, you must look farther and wider than you can see, and this can be difficult when you are busy putting out fires. Damage control is important, of course, but it is the long, wide view of the changing landscape that will give you insights for managing the crisis and building the next iteration of your organization.

The best way to safeguard the long view in a crisis is to install one habit of Phoenix Attitude leadership in Mission Control. The habit is Proactive Scanning, a kind of long-range monitoring system that first scans the future and then scans the perimeter of the organization, using panoramic vision. Proactive scanning helps you gather information from outside your industry, market, and geography (and sometimes from outside your comfort zone) to help identify ideas and trends that might serve you. Is there new technology out there you can use to communicate with stakeholders? Can your suppliers or logistics providers help you find new customers or build a new ecosystem? Is there regulatory relief you can lobby for? Is there a new product/patent/service in development that might be fast-tracked to help you? Can you repurpose your existing capabilities and resources to fulfil unmet demand in markets distinct from your current businesses?

Every member of Mission Control should be asking such questions as a necessary element of high-altitude strategic thinking for leaders. Still, we recommend that every crisis response team also include both a dedicated Intelligence Monitor and a dedicated Future Insights Leader. The Intelligence Monitor is responsible for collecting data from stakeholders and external environments, connecting those dots, and then sending the finished intelligence on to the appropriate Mission Execution Teams. The Future Insights Leader documents lessons learned during the crisis and focuses on new directions for the company. These two leaders are on the lookout for unforeseen vulnerabilities, misaligned efforts, and potential collateral damage during the

crisis; they also hold the brief for innovation and new value propositions. They work directly with the CEO to keep the organization outward-looking, future-focused, and innovation-attuned.

At the Stakeholders touchpoint, this might mean seeking new ways to serve old customers, or even cultivating a whole new set of customers, as restaurants did in the Covid-19 crisis when they marketed takeout and delivery options to harried home-schooling parents and at-risk elders. At the Unifying Priorities touchpoint, it might mean surveying employees throughout the organization to assess their willingness to go with you in a new direction. At the Resources touchpoint, it might mean conducting a 360-degree scan to identify new distribution and fulfilment partners, as Chinese retailers did when they tapped Alibaba's digital network to get their goods in the hands of buyers during the pandemic lockdown. In all cases, it means keeping your head up and eyes forward.

As we say to all our business executives operating in disruptive environments, "The rear-view mirror is of little use to you in a crisis."

Encourage deep listening, diverse viewpoints, and radical ideation

Fast action can secure an organization in crisis, but only radical thinking can propel its surge past the crisis. Doubling down on your old ways of thinking and doing things is unlikely to help you in either the near term or the long run. You must seek new ideas.

One way to do this is to listen deeply to all your stakeholders – especially your customers and employees – and give them a voice in all key decisions. Their opinions matter because their interests may be changing and their loyalty may be headed out the door. Open two-way channels of communication to each segment, explicitly asking for feedback, advice, ideas, and help. Recognize their contributions. Be visible whenever possible, for example by video link in a town-hall format. Stifle the urge to rush in with answers; instead, listen actively, solicit solutions and take notes.

At the same time, leaders should mine their own organizations for diverse viewpoints on where to set priorities and how to manage the crisis. The goal is to uncover as much "out-of-the-C-suite" thinking as possible in your organization

so you can avoid legacy traps and dismantle the “echo chamber” at the top. Speaking fearlessly to leadership about diverse viewpoints is an essential task for the Communications Leader. Solicit ideas from people representing different ages, genders, races and ethnicities, job descriptions, upbringing, education, and work experience. Open multiple channels for transmission: private communication, anonymous suggestions, and open forums will all work, though purposeful debates of opposite viewpoints are particularly effective. Honour all suggestions, while making it clear who has decision rights.

Another way to generate a wide option set for crisis leadership is a technique we call “radical ideation.” Radical ideation is like brainstorming on steroids. Conducted in a structured setting with a team deliberately chosen for its diverse viewpoints, radical ideation is a guided thought exercise that imaginatively removes all real-world constraints on the organization while searching for a wider range of new options. It asks questions like: How would we solve this problem if we had all the money in the world? What if our historical market segment collapsed, how would we proceed? Which of our competitors would make our best partners?

Radical ideation lies at the centre of our Phoenix Encounter Method. But one happy consequence of a crisis is that wild and crazy ideas often bubble up on their own, either from within the ranks of the organization or from the outside world. They will likely be half-baked, the product of the chaotic moment and inexperienced strategic thinking, but they will come from the folks closest to the business action, and that is a critical perspective. It is the CEO’s task to capture those ideas and deploy them to bust the organization loose.

As with proactive scanning, the insights you gain from deep listening, diverse viewpoints, and radical ideation should be logged, mapped, and revisited throughout the crisis by Mission Control. Above all, all new ideas must be taken seriously, if not literally. Every wild thought will need pruning. But the results can become deep-rooted and transformational to the organization. Consider these examples. The hugely popular “LEGO Ideas” line of building block sets emerged not from the R&D team, but from ideas submitted by more than a million customers. It was the Hubei-based team of the giant British multinational Reckitt Benckiser, makers of Dettol and Lysol, that worked out how to increase supply of sanitization products tenfold during the worst of the 2020 pandemic. For new ideas you must always look far and wide and deep inside, and this is especially true in a crisis.

Imagineer and safeguard the future organization

The firestorm of the crisis demands all your attention, but you must keep your eye on the prize. Survival first, stability second, but the goal should be a post-crisis surge.

We spoke earlier of the role of the CEO, Intelligence Monitor, and Future Insights Leader in identifying untapped resources beyond the perimeter of the organization and keeping watch on trends from the future. These leaders are also the champions of the surge. In this role they are imagineers, meeting regularly to share insights and ideas for future directions, then getting those ideas to the Mission Execution Group leaders for development as action plans.

The crisis responses that emerge from this process can serve as tryouts for new goods and services or even future versions of the company. Airbnb is a case in point. With its vacation rental business decimated by stay-at-home orders during Covid-19, the company partnered with the Red Cross, other relief organizations, and willing Airbnb hosts to provide free or subsidized housing (waiving fees) for frontline workers who could not safely go home. It is an innovation and adaptation that can be mobilized for any resurgence of the virus (e.g. for crisis responders or displaced students) or for other short-term special needs, such as housing mobile disaster-relief teams and refugees.

A different kind of future-safeguarding takes place at the Unifying Priorities touchpoint every time the team sets goals and metrics for the crisis response. Here the task is to balance efficiency and effectiveness. While cost-cutting and other austerity measures are almost always necessary at the start of a crisis, they are often counterproductive to recovery and long-term stakeholder relations; to maintain the long view, Mission Control must revisit its crisis mission and goals often, shifting the priority from efficiency to effectiveness as quickly as possible.

That effort will go more smoothly if the guardians of the Resources & Operations touchpoint were paying attention during the financial crisis of 2008. What people forget is that demand for many businesses recovered from that crisis quite fast, but companies were hamstrung by a lack of working capital. The challenge was illiquidity, not insolvency. You will have no future unless you protect cash and liquidity from the very start of the crisis. Capital at the start buys you time; in the long run, it buys opportunity.

While safeguarding the money, you must also take a hard look at the viability of your current partners (suppliers, distributors, services providers, etc.); either help shore up the shaky ones or replace them. Some businesses will want to diversify their supplier base to release crisis-related bottlenecks and protect against future shortages. This is a good idea, but care should be taken because diversified supply chains can be difficult to coordinate; platformizing your shared work might help, and it can bring big rewards in the form of future efficiencies and effectiveness.

Farsighted teams will also want to look at unbundling or modularizing some goods and services, creating LEGO-like components that can be combined and customized as needed. Some health clubs did this during the Covid-19 crisis, suspending full-access membership to the clubs (because the physical clubs were closed) and offering a roster of pay-as-you go online video classes instead.⁶¹ This kind of on-demand, mix-and-match capability is useful in a crisis and also helpful for transitioning to a new business model in the post-crisis surge.

Horizon planning for opportunity and the fire next time

A final reminder for CEOs. The Chinese word for crisis, Wei-Ji, has two characters (危机) representing Danger + Opportunity. In crisis there can be a future reward.

This means you must have the courage to do horizon planning. Even when the flames are licking at your feet, look confidently and optimistically toward the future. Envision the new version of your company and map out a concrete, actionable plan to achieve it. Identify the resources you will need and the steps you will take right now; then plot out what you will need to do in three time-horizons: near term, middle term, and long term. Make a 10-year plan. Write it down. Tell other people about it. Get some feedback. Then start marching, SECURE in the knowledge that your leadership will carry you into that future and your company will surge.

Legacy companies like DBS and Disney, and new age startups like Discord and Byju's, have shown that they can make adaptations in the crisis; and set themselves up to surge post crisis with enhanced products, services, and systems.

But make no mistake. You have not seen the last of the crisis and firestorm disruption, far from it. The Covid-19 crisis will pass, but there are other crises lined up right behind it: new viruses, climate change, a rising tide of authoritarianism, changing consumer behaviours and workplace demands, a

widespread outcry against racism, and countless other disruptions we cannot yet see. You must maintain your Phoenix-mindedness and also cultivate an enthusiasm for Phoenix transformation throughout your organization. Only then will you be ready for the fire next time.

SECURE – Crisis Leadership Framework Summary

<p>Stakeholders Secure a deep relationship with your stakeholders.</p> <p>Engage your Stakeholder Portfolio. Evaluate Stakeholder Impacts. Heighten Your Stakeholder Interaction. Give Stakeholders a Voice. Monitor Stakeholder Connection.</p>	<p>Unifying Priorities Secure your mission, purpose and goals.</p> <p>Commit to Urgent and Clear Short-Term Goals. Priorities for Effectiveness. Deploy Mission Execution Teams. Annunciate Decision Rights, Expectations and Incentives. Share Information Transparently.</p>
<p>Effective Leadership Secure your mission leaders, teams and people.</p> <p>Establish Mission Control. Unleash the Mission Control Leadership Team. Employ Different Leadership Altitudes. Role Model "Urgent Calm" Leadership Behaviours. Sustain Leadership as a Dialogue.</p>	<p>Resources and Operations Secure your mission's cash and business activities.</p> <p>Protect Liquidity and Cash. Corralling Bottlenecks. Reoptimize Product/Service Flows. Seek New Partners. Embrace External Assistance.</p>
<p>Communication Secure your lines of effective engagement.</p> <p>Golden Rules for Crisis Messaging. Over-communicate with Credibility. Stakeholder-Centered Communication. Make it Meaningful. Coordinate all Communication.</p>	<p>Enact your Phoenix-like Rebirth Secure your post-crisis surge.</p> <p>Become a "Phoenix-like" Leader. Hone your Insightfulness. Practice Phoenix-like Leadership Habits. Plan for Rebirth in Horizons. Put your Rebirth into Overdrive.</p>

Source: I.C. Woodward, S. Hasijsa, V. Padmanabhan 2020

About the authors

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Footnotes

- 54 Ian C. Woodward, V. “Paddy” Padmanabhan, Sameer Hasija and Ram Charan, *The Phoenix Encounter Method: Lead Like Your Business is on Fire!*, McGraw Hill, 2020. See www.phoenixencountermethod.com
- 55 For example, consider Discord, a messaging app that enables chat texting, video, and voice communication. Before Covid-19, Discord had modest success with tens of millions of daily users, mostly gamers looking to energize the gaming experience. Come Covid-19, it found new life with a completely different stakeholder segment: teachers looking to improve the remote learning experience. In the first four months of 2020, it was amongst the top 10 most downloaded non-gaming apps in France, Germany, UK, and U.S. <https://www.ft.com/content/7795c725-d5c1-4640-80c2-79fa83cca901>
- 56 For a full discussion of leadership altitudes, with examples, see: <https://knowledge.insead.edu/blog/insead-blog/the-three-altitudes-of-leadership-7541>, and <https://knowledge.insead.edu/blog/insead-blog/leadership-is-a-journey-not-a-destination-7581>
- 57 For more on crisis messaging and virtual leadership presence in effective communication, see: <https://knowledge.insead.edu/blog/insead-blog/jacinda-ardern-and-andrew-cuomo-are-crisis-comms-champions-14006> and <https://www.linkedin.com/pulse/leadership-presence-your-laptop-ian-woodward/>
- 58 These Mission Execution Teams are critical to the crisis response. Operating in a network and reporting to Mission Control, these teams include domain-specific experts specially trained to work cross-functionally across an organization or in a joint-organization environment united in common cause. The Singapore government’s Covid-19 crisis management team is a classic

example of such a mission control center. After experiencing 33 deaths in the 2003 SARS epidemic, Singapore ensured that if another such crisis arose, the government would be ready with a trained multi-ministry response team. Consequently, its Covid-19 Mission Control leadership team had representatives from the Ministry of Health, Ministry of National Development, Ministry of Communications and Information, Ministry of Trade and Industry, Ministry of Environment and Water Resources, National Trade Union Congress, Ministry of Education, Ministry of Manpower, Ministry of Social and Family Development, Ministry of Transport, and Ministry of Home Affairs. The Mission Execution team had members from the Home Team Medical Services Division (HTMSD), Singapore Police Force (SPF), Singapore Civil Defence Force (SCDF), Immigration and Checkpoints Authority (ICA), Central Narcotics Bureau (CNB), Home Team Science and Technology Agency (HTX), and the Joint Operations Group (JOG). This team was mandated to direct the unified government response to the coronavirus outbreak, coordinate the community response to protect Singaporeans, stay vigilant against the spread of the disease, and work with the international community to respond to the outbreak. <https://www.moh.gov.sg/docs/librariesprovider5/default-document-library/multi-ministry-taskforce-on-wuhan-coronavirus-and-tor---final.pdf>
[https://www.mha.gov.sg/hometeamnews/our-community/ViewArticle/one-home-team-responding-to-Covid-19-\(part-1\)](https://www.mha.gov.sg/hometeamnews/our-community/ViewArticle/one-home-team-responding-to-Covid-19-(part-1))

- 59 For example, governments of many countries sought the help of alcohol distilleries and cosmetics manufacturers to produce sanitization products, which were critically needed to fight the Covid-19 contagion. <https://www.linkedin.com/pulse/make-sure-your-business-lives-see-post-covid-sameer-hasija/>
- 60 See: www.phoenixcountermethod.com
- 61 For example, see: <https://www.channelnewsasia.com/news/singapore/circuit-breaker-classes-yoga-tuition-and-gyms-move-online-as-12630944>



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TRANSFORMING BEYOND THE CRISIS

WHAT ORGANIZATIONS NEED TO DO NOW TO
SEIZE TOMORROW

The Covid-19 pandemic reminded us how fragile our societies, businesses, and our lives are. It turned things upside down in a matter of weeks. It required governments to provide dramatic emergency support. It forced people to enter self-isolation to protect themselves and others. It pushed organizations to reimagine how they do business and how they would survive.

Today, the question is what do you need to do now to seize tomorrow? *Transforming Beyond the Crisis* is a unique compilation of the best thinking from the world's leading business thinkers and practitioners. They share their groundbreaking ideas, global experience and valuable insights. It provides lessons learned, practical tools, and inspiration to guide leaders through the current crisis and carry forward their transformation agenda.

Contributors include Scott Anthony of Innosight, Whitney Johnson, Martin Reeves and other thought leaders from Boston Consulting Group, Behnam Tabrizi of Stanford and Vijay Govindarajan of Tuck Business School.

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