

Bendelta Thought Leadership

The Pandemic Pivot

**Adaptive planning
for the next 90 days,
12 months or 3 years**

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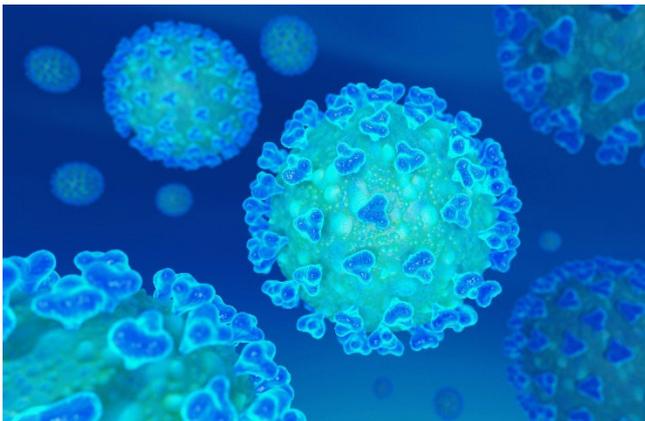
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Adaptive planning for the next 90 days, 12 months or 3 years

In the white water of the COVID-19 societal, health and economic impacts, never has there been a more urgent and, indeed, plain survivalist reason for organisational leaders to upend well-known fourth quarter (Q4) business decision-making processes, long held beliefs and entrenched practices. Whether your business model has taken a head-on hit (airlines), a major reductive change in traditional customer behaviour and buying (professional services) or you're managing unprecedented demand and episodic consumer panic (supermarket retail and live streaming services), we know for certain that senior leaders are going to be under daily, even hourly pressure to rapidly and intelligently pivot their organisations. But there's a second aspect to the fundamental and brisk pivot that needs to accompany these responses: *the need for frequent adjustments*.

While organisations need to be pivoting on a dime for Q4 there's also a need for building a FY21 business plan that is flexible enough to deal with the uncertainty over that period. This will make sure your strategic planning is fit-for-purpose for the eventual post-pandemic world, enabling you to take advantage of the commercial and societal changes that inevitably spring from such disruption.

Immediately though, the fourth quarter environment will be characterised by deep and quick changes in operating environments. Here's how we at Bendelta view the implications and priority actions for organisations over this time.



1 Implications for leaders and organisations

For many organisational leaders of this business epoch, the challenges that are being encountered in Q4, and bridging into Q1, are unprecedented. It's not a classic case of being blind to strategic foresight, or not being future ready. It's more a case of catching up quickly with what is happening here and now. Alertness, vigilance, calm and responsiveness are the keystones here. The following implications exist.

Practicing Radical Acceptance

How quickly can you and your people really grasp the reality of the situation? It's useful here to borrow from the cognitive psychology concept of radical acceptance. Radical acceptance is about accepting a situation on its terms and not resisting what we cannot change. A few weeks ago, you might have been celebrating Q3 results, feeling optimistic about revenue forecasts and bullish about investment in people and resources. The proverbial rug has been pulled from under the well-considered planning process you had psychologically invested in, and your people don't have the luxury of time to process these cold, new facts.

It's imperative that as leaders, you pivot at speed. The steady-state and certainty bias that underpins both planning and thinking needs to swing to language that reflects getting into shape *here and now*. The pace at which you work, with your people, through letting go of all previous assumptions can determine survival. In this context time consuming planning should be replaced by something more akin to the Australian Joint Military Appreciation Process, where people are involved in working through iterative and often repeated steps:

- What's the situation now and today?
- What's our current course of action options (COA)?
- Which actions are likely to succeed now and today?

Then decide, execute and repeat.

Reorientating around transient initiatives

The actions and behaviours leaders get people to do now in order to ensure the safety, sustainability and solvency of the organisation do not need to be permanent. Rita Gunther-McGrath's transient advantage is helpful here in instilling micro investment behaviour, driving up an idea quickly, proving quick gains (or losses) from the scaffolding of an initiative, and then either taking off or ramping down quickly.

In the context of COVID-19, this applies less to strategic initiatives, and more to how your organisation can ideate new products and services to a market experiencing rapid seismic transformations. How can you and your people:

- Be ruthless in accepting the transient nature of work, ideas and initiatives?
- Decide what is viable and what is not, based on emerging data?
- Divest from what is market redundant, based on emerging data?
- Scale up what is viable, and scale down, based on emerging data?

Now you might be thinking, our people have never had to think and work in this way. In times of disorientation, the words of Millard Fuller, founder and former president of Habitat for Humanity International, apply: "It is easier to act yourself into a new way of thinking, than it is to think yourself into a new way of acting". Adaptive capacity gets developed through managing in unstable conditions: your people have the ability to develop this fast. The message from leaders needs to be clear. Embrace adaptive practices (experiment, stay close to the customer, collaborate, take on board feedback and pivot, assess risk in real time) while being intolerant of maladaptive practices (escalation, political plays, self-orientation, focusing on process over outcomes, sticking to BAU approaches, waiting on mandate and strategic permission).

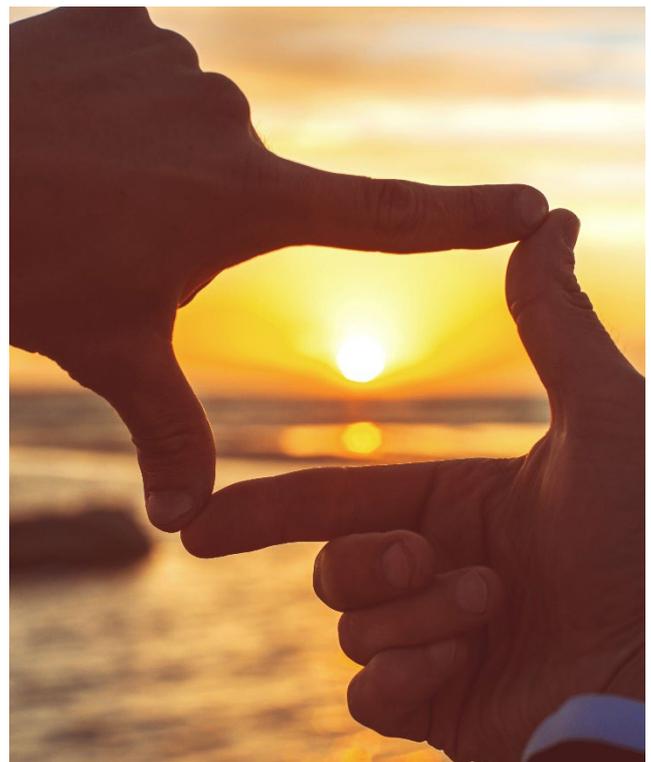
New Offer, Existing Capabilities

The 90-day pivot will mean truly understanding where your business plays in the market in terms of the value that customers currently derive. And by current, during the COVID-19 pandemic this means ensuring real customer care and true data. However, even armed with this knowledge, your organisation, with

some exceptions, is unlikely to reinvent its capabilities overnight. Capabilities take time to develop (skills and knowledge) and money to acquire (tech and data). This is a time for super-realism. Therefore, remodelling and repurposing existing capabilities to create new offers to the market is where energy and effort should be focused. For smaller and more nimble organisations this might be a simpler challenge. If you're a multi-national or a large national player, this requires reforming into pod-like agile units, pooling capabilities and knowledge.

Parallel Planning Horizons

If the 'transient abnormal' is likely to cycle over the short to medium term as you pivot, and a 'new normal' is likely to emerge thereafter, it becomes clear that we need to be thinking in parallel horizons for planning purposes. While the short term should win out when it comes to organisation bandwidth, activity and delivery of value to the market, FY21 is around the corner too. Senior leaders should be concurrently recasting the horizon for 2021 and anchoring to core vision and purpose for the next three to five years. In practical terms, deploying people, technology and resources for the 90-day pivot remains dominant, with the strategic cohort anticipating a range of scenarios for 2021.



Managing Fatigue

Throughout Q4 and into Q1, fatigue will be a factor that needs to be strategically managed. It's applicable to both people and organisation. Leaders will find themselves needing to detach in order to manage. Leaders are often responding to shifting and often near insolvent financial realities. The problem statement, should it become the focus, is unrelenting: 'we are running out of money, customers, and our people are at risk'. There are two approaches that work in managing fatigue here:

1. **Practicing healthy detachment.** Healthy detachment is evident when we let go of our emotional investment in business decisions, and objectivity is given air. Unhealthy detachment occurs when we are aloof and impervious to the impact of business decisions. Healthy detachment is key to avoiding hyper-reactivity of your people to changes in viability of products and services.
2. **Using curiosity to reduce anxiety.** It is specifically in times like these where people are more open to changing conservative and long-established processes. Anxiety is automatically reduced when people get into the work at hand, releasing curiosity, involvement, experimentation and openness.

While optimism plays a key role in building organisational resilience, optimism about the return to previous levels of customer demand is misplaced. It is important that leaders temper expectations here. Cashflow shortages, invested capital and the constant reassessment of resourcing means that the delay in recovery, even under improved market conditions, is likely to be slower than might be hoped. It is critical that leaders help people accept the probability of an elongated downturn. This will help with the adoption of effective business practices in what will eventually emerge as the 'new normal'.

2 Value-creating actions: Pivot Planning through COVID19

For the 90-day pivot planning process then, we suggest the following dual horizon approach:

Step 01 Plan for viability leveraging role and value

Look closely at the present day value that your organisation creates for others – customers, stakeholders, communities, even competitors – and define that shifting value offer clearly for your people. Then ensure that your unique role – and how it positions your organisation to maintain and extend relevance today – is equally crisp in definition.

Step 02 Meet immediate market needs

Use your enhanced understanding of your role / value as the basis for planning around what to invest in week by week, and what to divest from over 90 days. For some this might mean nurturing a different type of relationship with customers, and for others virtualising your business and products. It may mean new ways of marketing products and services to a different segment, while for others it's using existing capabilities to launch new and adjacent products. Shed the psychology of investment and inherent confirmation biases and speak directly with the market. The time frame from concept to launch should be as tight as conceivable depending on the nature of the business, and the focus on changing market needs should bridge into Q1 over the next 8-12 week planning cycle.

Step 03 Focus on collaborative value

Keep your people as engaged, connected and safe as possible. This means shorter form, whole of organisation communication, utilising more agile techniques and sharing of bite sized content. Recognising when people need greater interconnection and prioritising safety through the COVID-19 pandemic is naturally paramount. The benefit for the organisation is two-fold: increased loyalty and 'live' learning as insights are more rapidly shared. Celebrate and share the small successes as, and when, they occur. It's also important that people and teams encourage each other to draw on their memories of previous successful pivots. What were we able to achieve under changed circumstances? How did we do it? What applies now and what doesn't?

Step 04: What does the sector need? What are they feeling?

Now, focusing less on your role/value in the sector, and more on the actual felt experience of your organisation's sector, what is the sector going through? What have been the hits and the changes in demand? What are customers expecting and doing? How has the regulatory environment pivoted? What are competitors saying? Is there an unserved segment in the sector? These questions will lead you and your organisation to the place and space to capture value in the sector.

Step 05: Developing the MVP

In pivot planning, expenditure of unnecessary time and effort can be disastrous for the organisation. Taking a design thinking mindset into the development of a minimum viable product/s (MVP) is the way to go. What version of the ultimate product can we build? How do we test our assumptions with customers and the market quickly? What kind of prototype will be enough to perk curiosity and interest, while also convincing customers that we have the ability to deliver on the quality end product?

Step 06: Developing a flexible approach to FY21

In parallel to the 90-day pivot process described here, the second track of strategic thinking and planning for FY21 should be taking place. This requires a different horizon but the same flexibility and iterative thinking.

Some of the variables that will need to be factored into the next year's plan are:

- The depth of the positive/negative business impact you've sustained
- The duration of the COVID-19 pandemic's effects and disruption
- The speed at which 'normalcy' returns, or the 'new normal' emerges. We recommend erring on the side of caution here.
- The sustained effects of the pandemic on your ecosystem. For example, the emergence or disappearance of elements in the system (stakeholders, partners, competitors, markets), and changes in buyer/seller behaviour.
- How you can protect against new threats while maintaining business continuity:
 - Take a rapid diagnostic to assess the organisation's risk exposure, for example supply chain, frontline staff availability and fatigue
 - Build a stabilisation 30/60/90-day plan
- How you can create the conditions for readiness to recover when the environment changes

Given unprecedented fourth quarter turbulence, the ever-present buffer against threats and the potential to spot opportunities, as always, rests with the efforts and quality of your people. Collectivising this will form the basis for survival, and ultimately, more sustained advantage.

Pivot Planning - Parallel Strategies

