

Business Continuity Strategies and Tactics in Periods of Major Disruption

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Navigating Your Business Through the COVID-19 Crisis.

**April 16, 2020
Noon to 1PM ET**

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Questions? Type them in the CHAT window and we will answer as time permits.



Follow up questions are welcomed and contact information is provided at the end of the presentation.

Agenda



- A. Recap some Fundamentals from our 7 April Navigate through the Storm Session**
- B. Continuous Improvement, Transformation and Reinvention**
- C. Continuity Planning, Resilience and VUCA**
- D. VUCA 2.0**
- E. Innovative Disruption**
- F. Crisis Disruption**
- G. Pre-COVID-19 Weak and Strong Businesses**
- H. COVID-19 and Post-COVID-19 Have's and Have Not's**
- I. Path Forward**

The Factors to be Managed to Survive and Thrive...

*Enhancing the way
you think and plan*



Strategy

Organizational
Alignment

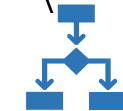
Trust /
Values



People

*Changing the way we exchange
value with our employees and
manage our culture.*

Performance
Excellence



Process

*What we do and how
we do what we do.*



Technology

*Leveraging hyper-connectivity and
the full power of IT Enablement*

Five Words that Change the Results you will Achieve as you build your Strategies for Maintaining Business Continuity

Communication

Creating a shared understanding and the necessary **conditions for alignment**

Alignment

Driving the synergy required to rapidly translate **strategy into reality**

Visibility

Creating a clear link between plans, actions and **results that drives accountability**

Accountability

Taking responsibility for the results I produce

Discipline

Having the perseverance to **always follow through**

65% of organizations have an agreed upon strategy
14% of employees understand their organizations strategy
<10% of organizations successfully execute

ALTERNATIVE TITLE

REINVENTION, VUCA, INNOVATIVE & CRISIS DISRUPTION AND THE BEYOND BELIEF IMPACTS ON BUSINESS

Based on the
December 5th, 2020 Presentation
by
Dr. James A. Tompkins
on
“The Beyond Belief Impacts of VUCA on Supply Chains and Commerce”
for the
“Trends in Supply Chain” Webinar Series

Disclaimer

All the information in this presentation is the result of Tompkins International's research of public information.

There is no information being presented today that comes from any proprietary source.

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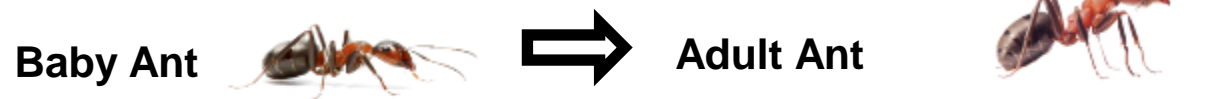
A. Continuous Improvement, Transformation and Reinvention

A BUG STORY

Changing = **Ametaboly**
Transforming = **Hemimetaboly**
Reinventing = **Holometaboly**

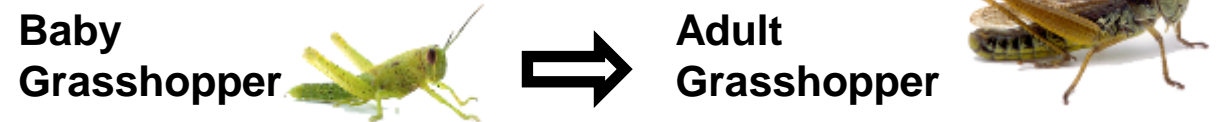
A. Continuous Improvement, Transformation and Reinvention

▪ CONTINUOUS IMPROVEMENT



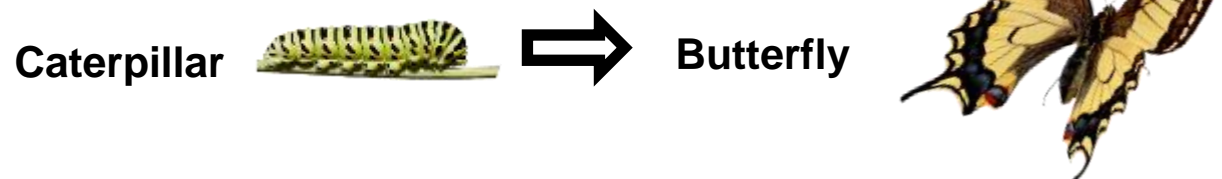
- ...Growth,
- but no Change.

▪ TRANSFORMATION



- ...change in wings and reproductive organs

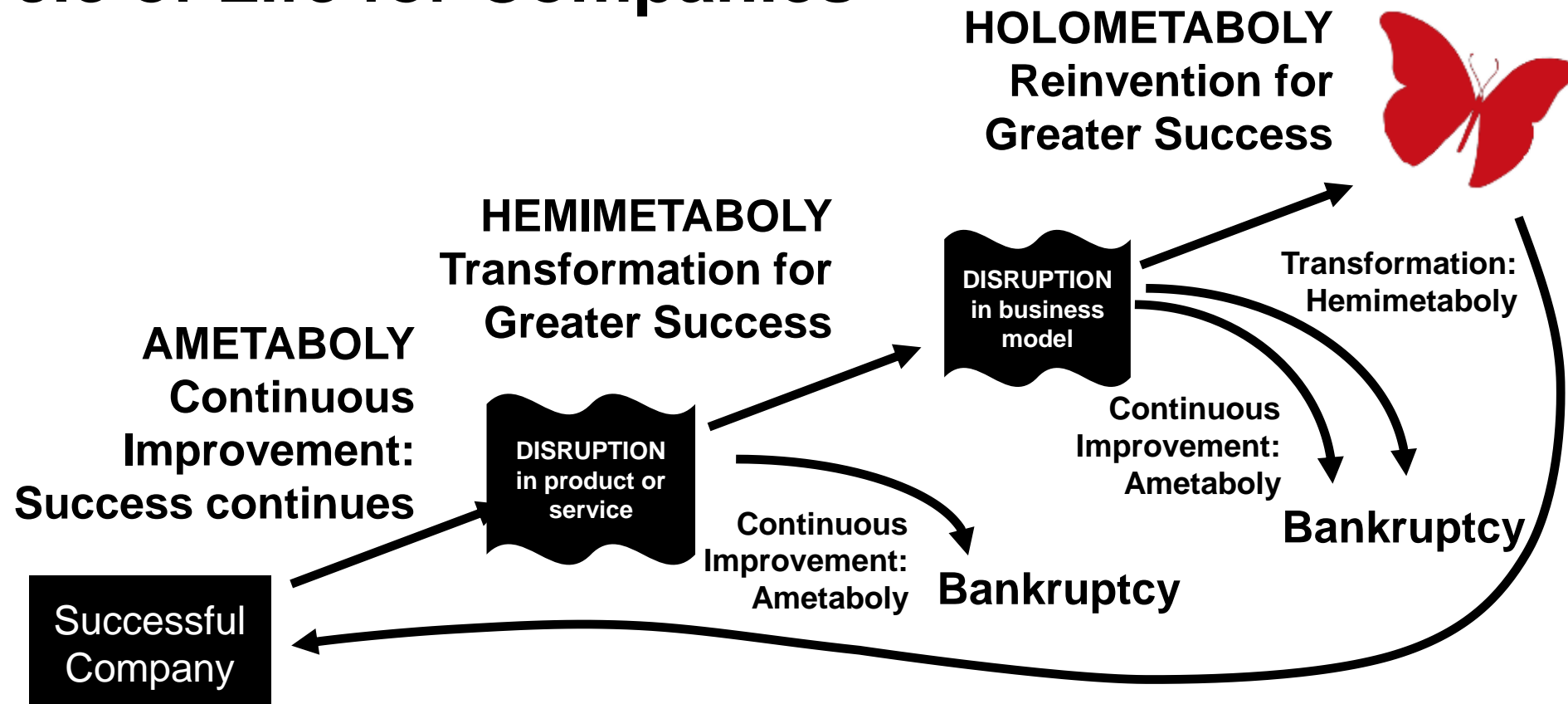
▪ REINVENTION



- Metamorphosis: Reinvention, *Totally Different*

A. Continuous Improvement, Transformation and Reinvention

The Circle of Life for Companies



B. Continuity Planning, Resilience and VUCA

1. Continuity Planning: The process of creating systems of prevention and recovery to deal with potential threats.
2. Resilience: The ability of an organization rapidly adapt and respond to all types of risks.
3. VUCA: An acronym for Volatility, Uncertainty, Complexity and Ambiguity that was first used in 1987 by the U.S. Army War College to describe a new era where our assumptions and our ability to plan, manage risks and make decisions is significantly impaired. An era gone beyond our continuity planning capabilities and the ability to use our organizational resilience to see our way to the future.

C. VUCA

1. **V = Volatility - the nature of change, the speed of change and the frequency of change:**
 - i. Change can be self-induced.
 - ii. Change can be brought about by competitors.
 - iii. Change can be brought about from external factors, e.g. tornado, earthquake, tsunami, global warming, pandemic, recession, depression, etc.

C. VUCA

2. U = Uncertainty - The lack of predictability:

- i. These are the most uncertain times in the history of the world.
- ii. Uncertainty makes it impossible to make accurate predictions or to define operating requirements.
- iii. Instead of developing optimal solutions, we should be developing solutions that offer us a series of optional solutions. Optionality vs. Optimality.

C. VUCA

3. **C = Complexity - The multiplex of forces and confounding issues:**

- i. Lack of cause and effect.
- ii. The blurred definition of roles: in-store retailers, online retailers, manufacturers, wholesalers, etc.
- iii. The increase of complexity of commerce to selling anywhere.

C. VUCA

4. **A = Ambiguity – the haziness of reality, the potential of misreads:**
 - i. Lack of clarity about anything.
 - ii. The evolution of the new era of digital commerce.
 - iii. The speed of the marketplace and of customer expectation vs. the speed at which companies are making decisions.

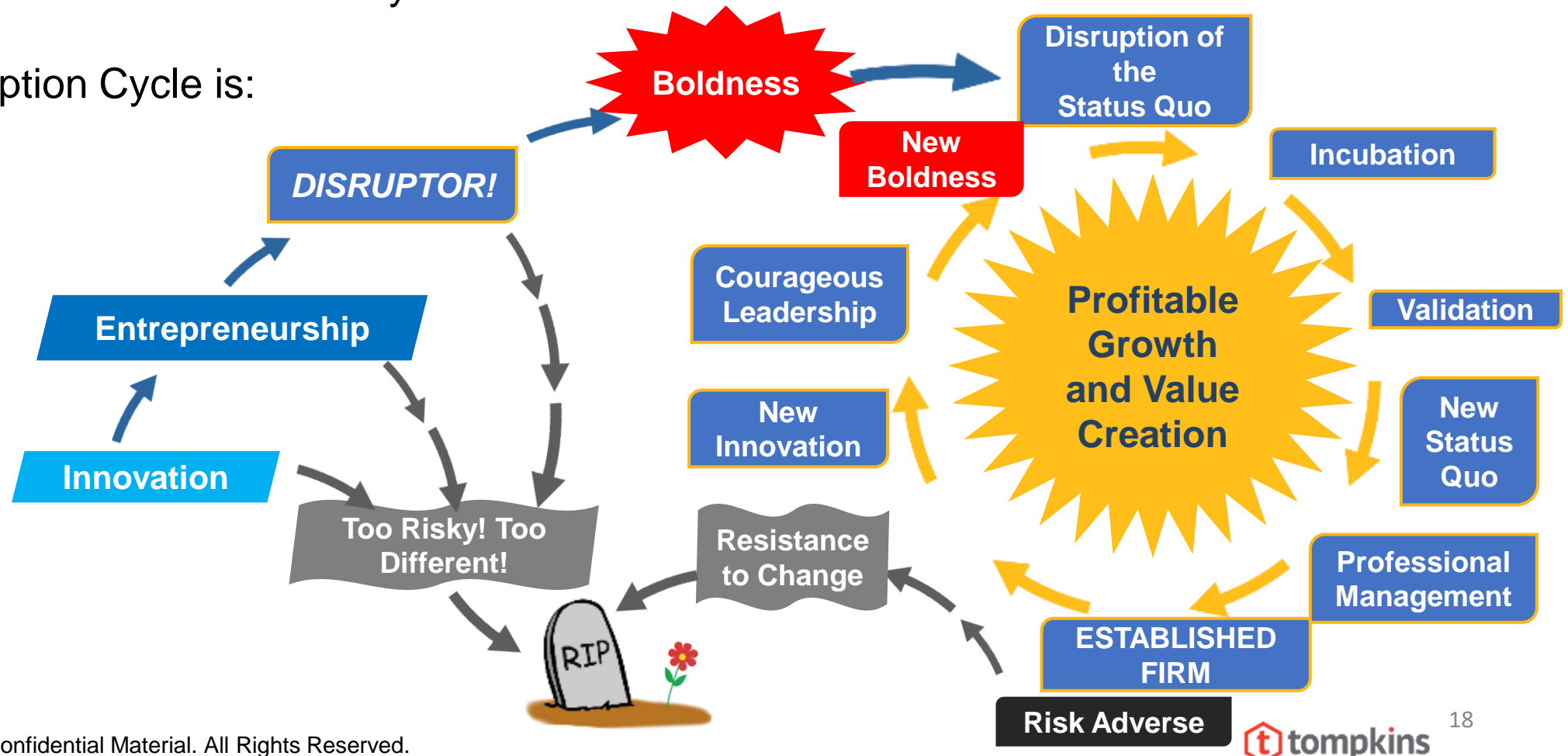
C. VUCA 2.0

Bill George a senior fellow at Harvard Business School argues that VUCA calls for a leadership response which he calls VUCA 2.0:

1. V, instead of Volatility = Vision
2. U, instead of Uncertainty = Understanding
3. C, instead of Complexity = Courage
4. A, instead of Ambiguity = Adaptability

D. Innovative Disruption

1. Either self-induced or caused by others.
2. The Disruption Cycle is:



D. Innovative Disruption

- The Pursuit of the Disruption Cycle with Innovation & Boldness.
- A high stakes game, with high rewards.
- Not a high-risk game; in fact, the certainty of high risk is to NOT traverse the Disruption Cycle, but rather to be Risk Averse and to embrace resistance to change.
- The process of changing the world an innovation, a disruption at a time.



E. Crisis Disruption

The Black Swan Event



A Black Swan Event:

1. It has **never happened before** or **extremely rarely** (highly improbable events)
2. It **takes people by surprise** as they never imagine such an event occurring
3. It carries a massive **transformational impact**
4. After its first occurrence, the event is **rationalized in hindsight**, as if it could have been expected, even if it could not

E. Crisis Disruption

1. Global: Pandemic, recession, depression, supply chain, etc.
2. Local: Tornado, earthquake, tsunami, supply chain, etc.

E. Disruption Beyond Belief

1. Highest level of Innovative Disruption in all of history
2. Highest level of Global Crisis Disruption in the last 50 years
3. VUCA over the top

F. Pre-COVID-19 Weak and Strong Businesses: HOW WERE YOU POSITIONED?

If you have below, strong. Otherwise weak:

1. Financial Stability: Strong P&L statement, Balance sheet, Valuation, Brand equity, Cash Flow, Liquidity, Credit availability, Net profit margin, etc.
2. Customer-Centric: Great customer satisfaction, high repeat business, strong pipeline of new customers and leadership understanding customers expectations.
3. Planning: Robust and well understood Organization Plan, Strategic Plan, Contingency Plan, Marketing Plan, Customer Acquisition Plan, Budget Plan and Succession Plan.
4. Execution: Clear priorities and accountability, strong metrics and feedback, responsiveness, discipline, maintain deadlines, methodical and decisiveness.
5. Unique Value Proposition: Pervasive across the company a focus on applying core competencies to making customers delighted and ambassadors.

F. Pre-COVID-19 Weak and Strong Businesses: HOW WERE YOU POSITIONED?

If you have below, strong. Otherwise weak:

6. Energy: Passion for companies' success, high energy and engagement, collaborative, inspiring, aggressive, optimistic, a sense of urgency and an attitude of "Getting it Done".
7. Innovation: A spirit of openness and eagerness to get better every day, to improve, to slay all sacred cows and to have a digital path forward.
8. Leadership: A high level of integrity and honesty, candid open communications, perseverance, optimism, adaptable and good judge of people.
9. Teamwork: A keen awareness of the tremendous value and importance of true partnerships with customers, suppliers and staff. Not one or two of these three, but all three.
10. Culture: A progressive culture based upon organizational alignment, respect, profitable growth, intolerance for mediocrity, embracing diversity and having fun.

G. COVID-10 and Post COVID-19 Haves and Have Nots

Many resources to track this, but from a high level:

HAVES

Drug stores
Home Furnishings
eCommerce & delivery
Janitorial services
Grocery stores
Pharmaceutical products
Security services
Streaming services: Netflix, Hulu, etc.
Walmart, Target & Costco
Wine & spirits

HAVE NOTS

Airlines, airports & TSA Screening
Churches
Cruise Lines
Engineering services, consulting
Events, conventions & trade shows
Fitness centers, spas, hair & nail salons
Food & Beverage: restaurants & schools
Hospitality, tourism & Airbnb
In-store retail, malls & Luxury
Sporting goods

H. Path Forward

“And once the storm is over, you won’t remember how you made it through, how you managed to survive. You won’t even be sure whether the storm is really over. But one thing is certain: when you come out of the storm, you won’t be the same person who walked in. That’s what this storm is all about”

- Haruki Murakami

H. Path Forward

INNOVATIVE DISRUPTION	CRISIS DISRUPTION	HAVES STRATEGY	HAVE NOTS STRATEGY
Continuous Improvement	Local	Continuity Planning	Resilience
Transformation	Regional	Resilience	VUCA
Reinvention	Global	Weak: Doom to Boom	Weak: Doom to Tomb
		Strong: Boom to Boom	Strong: Boom to Hibernate

Today, we are being disrupted from an innovation perspective by The Digital Era at the Reinvention level and from a crisis perspective due to COVID-19 at the Global Level

1. If you entered COVID-19 as a Weak Business and you are in a Have sector you must pursue Doom to Boom.
2. If you entered COVID-19 as a Weak Business and you are in a Have Not sector you must pursue Doom to Tomb.
3. If you entered COVID-19 as a Strong Business and you are in a Have sector you must pursue Boom to Boom.
4. If you entered COVID-19 as a Strong Business and you are in a Have Not sector you must pursue Boom to Hibernate.

What is Doom to Boom Strategy?

Doom to Boom Strategy only differs from Boom to Boom Strategy in early stages where in Doom to Boom greater care must be exhibited to preserve cash and not to spend ahead of new revenue. Steps to follow:

1. Refine/revise vision to seize new opportunities and communicate to all staff.
2. Check in with all key customers, retain revenue and aggressively pursue new revenue.
3. Hire additional marketing and sales talent and redo messaging consistent with new vision.
4. Protect key staff and suppliers.
5. Confirm financial plan and stability are in place and adequate liquidity is available.
6. Assure accountability, right team, high quality and customer delight.
7. Reorganize as needed and assure compensation/incentives are consistent with path to success.
8. Accelerate and remove all barriers to speed. Be agile and responsive.
9. Develop ramp plan for business and supply chains.

10. GO! GO! GO!

What is Doom to Tomb Strategy? Steps to follow:

1. Meet with co-owners or Board and agree of dissolution.
2. Retain attorney and accountants to support dissolution.
3. Develop dissolution plan and timetable.
4. Share dissolution plan and timetable to employees and customers.
5. Cancel financial commitments, collect AR, pay AP and outstanding debt and sell assets.
6. Close out with bank, State, IRS and local agencies.
7. Distribute remaining cash and assets.

What is Doom to Hibernate Strategy? Steps to follow:

1. Maintain good customer relationships, assure quality and productivity.
2. Maintain revenue and look for opportunities to grow revenue with current clients.
3. Reduce costs to minimum to maintain service.
4. Assure financial stability and liquidity.
5. Develop a hibernation plan, a timeline and a plan to come out of hibernation.
6. Communicate the hibernation plan to employees and assure alignment.
7. Maintain brand, reputation and optimism.
8. Stay alert to happenings to come out of hibernation, be agile and flexible.
9. Refine plan for exit from hibernation.
10. Exit hibernation

Reinvention, VUCA and Innovative and Crisis Disruption Have Produced Beyond Belief Impacts To Us All

1. Be safe.
2. Count your blessings.
3. Realize how you respond to these difficult times will impact the rest of your life.
4. Beyond Belief: BUT REALITY:
 - i. The key to success is playing the hand you were dealt like it was the hand you wanted.
 - ii. Success is a ladder that cannot be climbed with your hands in your pockets.

Five Words that Change the Results you will Achieve as you build your Strategies for Maintaining Business Continuity

Communication

Creating a shared understanding and the necessary **conditions for alignment**

Alignment

Driving the synergy required to rapidly translate **strategy into reality**

Visibility

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Accountability

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Discipline

Having the perseverance to **always follow through**

Some Key Points, Tips, Suggestions to Consider:

- 1 Preserve top line by focusing on with key customers – build trust by reaching out to understand their evolving needs and behaviors – communicate your plans to mitigate risk and ensure continuity
- 2 Adapt current resources to meet changing business needs – Identify significant shifts in customer needs both temporary and long term and prioritize based on criticality of products and services
- 3 Monitor and respond to market and competitive dynamics – leverage lessons learned in the market and in past market disruptions, track customers behaviors and competitors’ reactions
- 4 Prepare for bounce back scenarios – based on company performance, market performance, and customers evolving needs included capacity planning, assess potential acquisitions, supply chains, resourcing, marketing campaigns
- 5 Revise the range of financial plans and perform scenario stress tests – revisit target planning, be transparent on operational, cash and financial positioning to key stakeholders, assess investment viability
- 6 Maintain rigorous cost control – instill disciplined but agile procurement processes, evaluate employee base, focus discretionary spend on the highest priorities
- 7 Emphasize and demonstrate your core values and operating principles in the new “hurry up” mode. Promote integrity and trust in all you do.

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CORONAVIRUS RESOURCE & RESPONSE

"We hope our IISE members and customers are staying safe..."
Participate in the IISE Connect Crisis Resource Community where ISEs can share potential solutions and responses. "IISE is grateful to Industrial and systems engineers everywhere who are using their knowledge and skills to 'solve the critical and complex problems of the world.'" IISE CEO Don Greene

IISE CORONAVIRUS RESOURCE & RESPONSE

WHAT DO YOU WANT TO DO?

- Join IISE
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- Connect with Other Members
- Volunteer
- Donate
- Find a Job/Post a Job
- Advertise
- Nominate
- Contact IISE

NEWS



Retail operations models could streamline COVID-19 logistics

U-M engineer and IISE member has pulled together a cheat sheet of applicable research.

Read more



Scientists, engineers develop ventilator prototype

DOD Hack-a-Vent Innovation Challenge ignites minds and expertise in response to threats overwhelming the medical system.

Read more

EVENTS

MAY
11
Lean Six Sigma Green Belt - Birmingham, AL
Birmingham, AL - 5 Days

MAY
19
Six Sigma Green Belt for Process Improvement - Los Angeles
Los Angeles, CA - 3 Days

JUN
1
Lean Six Sigma Black Belt
Norcross, GA - 20 Days

JUN
1
Lean Six Sigma Black Belt for Healthcare
Norcross, GA - 20 Days

JUN
23
Six Sigma Green Belt for Process Improvement - Los Angeles
Los Angeles, CA - 3 Days

Now More Than Ever, Engineers, You Need The Ring

ISE MAGAZINE



IISE is THE Professional Society for Integrated Systems Engineers.

There are well over 250,000 practicing ISE's.

You can be assured that the vast majority of those are deployed to do exactly the types of things we have shared today.

Principles and Tools to Ensure Optimal Process Performance (even in times of trouble)



Jenna Tishenkel,
Grange Insurance



Aaron Kramer, Sutphen
Corporation/ ISE OSU



Matt Haight, Columbus
City Schools—
Transportation
Division/ISE OSU

Normal Times or in Disruption Periods, Integrated Systems Engineering Principles, Methods and Tools help to ensure success and/or survival.

- 1. Transactional Process Improvement to smooth and improve the flow of fast track claims.*
- 2. Development of Visible Measurement and Management Systems to support Tiered Huddles and drive sustained and improved best in class on-time arrivals for our students.*
- 3. Optimizing Kanbans to ensure significant improvement in flow, waste reduction, and order fulfillment times.*

Register Here

<https://attendee.gotowebinar.com/register/7803847955674824460>

Rapid (AGILE) Deployment and Execution of Integrated Systems Engineering Principles and Methods in times of major Disruption



Steve Savoie, Sr. Mgr
IE Process & Integration
GM

Steve Savoie is the Sr Manager of Industrial Engineering Process and Integration for GM. He is just coming off a Rapid Deployment Agile Project partnering with Ventec Life System to help reengineer the production of critical care ventilators in Kokomo.

"People have moved mountains to help increase production of Ventec's critical care ventilator and we are just weeks away from delivering these lifesaving devices. I have never seen anything like it in my career."

Steve has agreed to follow on from our April Webinars on Navigating through Crises and Business Continuity and Principles and tools of ISE that work in tough times too and share his learnings and experiences.

Steve will focus on: 1--how rapidly get the right people in the right seats on the bus, 2--gain rapid alignment and built R2A2 (clear roles, responsibilities, rules, accountabilities, and authority structure), 3--how to work virtually to support agile requirements and huge sense of urgencies, 4--how to maintain 'health' of individuals and teams under tremendous stresses and strains, 5--what principles and methods of ISE and Lean and Six Sigma translate and how you have to modify/adapt/tweak and tune to meet different requirements.

This webinar will answer many, not all, of the questions that have been coming from our April Webinars.



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UPCOMING WEBINARS

Look for these Webinars in May and June as we continue with our
“ISE’s Engineer Value—Even in Times of Trouble”
Series

Registration URL

<https://attendee.gotowebinar.com/register/7803847955674824460>

**The Role of Data and Information and Engineered Management Systems in
Periods of Disruption—**

Ben Amaba, Global Chief Technology Officer (CTO), Data Analytics and AI Elite Team, Industrial
Manufacturing
Jared Frederici, The Poirier Group

Registration URL

<https://attendee.gotowebinar.com/register/7750037857013457675>

Logistics Planning and Execution: Front, Middle, Back Side of Storm

Tenative: Jim Dobson, Sr. Mgr. IE, The Walt Disney Company

People and Performance Management in Virtual Conditions

TBD

Thank You!



Contact us for More Info:

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