Navigating your Business through the COVID Crisis

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Regardless of your business situation in the context of COVID-19, here’s how you can develop rapid, appropriate effective responses that are scalable and sustainable.
Thank You to Our Partners:

IISE Professional and Student Chapters

- Institute of Industrial & Systems Engineers:
  - Michigan Chapter
  - Indiana Chapter
  - Greater Miami Chapter

IISE Professional Affinity Groups

Other Industry Partners

ACG Toronto
A webinar recording will be made available after the session

Download the presentation and request extra handouts after the webinar

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.
1. Unprecedented Disruption, a true ‘Black Swan’;

2. We are where we are, it is what it is, can’t change/control it but can alter how we adjust and respond to it;

3. There are at least 4 unique scenarios/situations that organizations are in and each requires different strategies and tactics;

4. The General Strategy for Success hasn’t changed however the requirements for success have;

5. Some ‘consolidated’, pragmatic/practical tips from us and others...

6. IISE and its Member Organizations are here to help you think this through and execute improved plans through this Crisis.
This timeline of events reflects a shifting of Era’s of “Solutions”

- **OPEC Crisis** 1973
- **Recession** 1990
- **SARS** 2002-2003
- **Ebola** 2014-2016
- **Black Monday** 1987
- **9/11** 2001
- **Mortgage Crisis** 2008
- **COVID-19** 2019-2020

<table>
<thead>
<tr>
<th>Era of Technology</th>
<th>Era of Human Errors</th>
<th>Era of Socio-Technical Interactions</th>
<th>Era of Resilience</th>
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<tbody>
<tr>
<td>The issue is hardware failures</td>
<td>The issue is individual human performance</td>
<td>The issue is improper socio-technical interactions</td>
<td>The issues is vulnerability to unanticipated situations</td>
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The Impact of These Events

- 1973-74 OPEC Oil Embargo
- 1979-82 Fed hiked rates above 10%
- 1987 stock market crash
- 1990 Iraq invasion of Kuwait
- 1997-98 Asian financial crisis
- 2000-02 "Tech wreck"
- 2008-09 global financial crisis
- 2011-12 European debt crisis
- 2014-16 Oil crash
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
1. They happen and we can control how we Study, Plan, Adjust and significantly impact how we ‘perform’ through the disruption;

2. There is a front end, middle and back end to the ‘Storm’ and different strategies, tactics, responses are required in those stages/phases;

3. There are upside and downside risks and opportunities in each phase of Black Swan Situations, figuring those out is important and will make a difference

4. Mix of Threats and Opportunities in front of the storm, in middle of storm and on backside of storm for all organizations (all of us);

5. We’re going to walk you through how to make sense of the phases and to improve how you plan and execute during them.
“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
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Leading Through Disruptions Requires a Lot of Mindset Management Work

CHANCE depends on circumstances, but CHOICE depends on your attitude.

SUCCESS is not an ACCIDENT. It is the RESULT of your attitude, and your attitude is a CHOICE.
Walk the Talk…. Practical Culture and Mindset Management Leadership

At Effect

THOUGHTS, WORDS, DEEDS:
Wait and see, Do Nothing
“Not my job”
Finger-pointing
Tell me what to do
Ignore/deny
At-blame, at-fault
Enroll others
Sabotage

At Cause

THOUGHTS, WORDS, DEEDS:
See it, Own it, Solve it, Do it
Do-nothing only when/because you know some else ‘has it’
Alignment and Accountability
Fixing problems fast and well but focused on fixing processes
Contributing to fixing systems

Strategy and Policy Rapid Deployment

Visible Measurement and Management Systems

Introduce the language and why the concept is important—Pers & Prof Mastery

Model and reinforce—internalize and make it part of culture

Focus on communication, coordination, building trust, feedback—Learning Org.
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Disruption Impacts us Differently

1. Phoenix
“It’s all over, tipping point for us, liquidate, hibernate and ride it out. (Phoenix/Reinvent) we were fragile before this is the killer. What now?”

2. Retrench
“This exposes weaknesses in our business model, operations, etc. that we have to fix fast! (Preserve, Protect)”
• We didn’t see this coming, we’re not prepared for this

3. Adapt
“This exposes weaknesses in our business model, operations but we have strengths and opportunities to capitalize on but have to be nimble, agile, fast about it—rapid innovation.”

4. Thrive
“This is a huge opportunity for us but we don’t have all the right strengths to capitalize on them. (Re-engineer, innovate, repurpose, reposition, collaboration, etc.)”
Regardless of The Condition or Situation, There is a Process That You Can Work Through

We’re going to walk you through what the process can look like situation by situation.

High level, here’s what this looks like and on next slide is how you get started...
The process of getting started
Storyline for Today

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

Enhancing the way you think and plan

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

What we do and how we do what we do.

Leveraging hyper-connectivity and the full power of IT Enablement

Performance Excellence

People

Strategy

Organizational Alignment

Trust / Values

Process

Technology
Don’t Lose Sight of the Fundamentals – Jim Collins

Navigating through the front-side, middle, and back-side of this big storm requires staying focused on foundational principles and practices.
How Can You Do This Really Fast?

Conventional Formula:

\[(\text{Strategy} \times \text{Execution} = \text{Results}).\]

But there is a hidden variable:

\[(\text{Strategy} \times \text{Execution}) \times \text{Trust} = \text{Results}.\]

A company can have an excellent strategy and a strong ability to execute; but the net result can be wrecked by a low-trust tax or multiplied by a high-trust dividend.
How Can You Do This Really Fast?
Sustaining Performance Excellence Requires **Integration**

Regardless of condition/situation, the general new requirements for the four components are these:

- **Strategy**—rapid development of right strategies, communication, alignment building, execution, deployment of front-middle-backside strategies/tactics/actions, Sense of Urgency, War/Fronts mental model.
- **Process**—Continuous improvement won’t work, back burner, need reinvention and reengineering and agile/sprinting
- **Technology**—build off capabilities of existing infrastructure, improve robustness, bolster it, connectivity is the key, innovation on steroids
- **People**—communicate to stay coordinated, build off culture base, speed of trust, clarity & conviction, innovative ways to manage right costing with people.
Applying the Principles

Leading your team through this process will be different depending on which of the 4 Scenarios you are in.

1. Phoenix
2. Retrench
3. Adapt
4. Thrive
Phoenix Scenario – Many Threats/ Weaknesses

**Examples:** marginal retailers prior to, day care providers, restaurants/bars, Universities/Colleges, tourism, rural healthcare

- Minimize your Maximum loss (**MiniMax**)
- **Preserve** as much capital and assets, including people and talent as possible to plan the ‘Phoenix’
- **Live your values**, honor your people
- Learn from the experience, **Triple Loop Learning**

SWOT Analysis:

- **S** (Strengths)
- **W** (Weaknesses)
- **O** (Opportunities)
- **T** (Threats)
Retrench Scenario – Lag in Recovery, Opportunities Limited

**Examples:** many retailers, restaurants/bars, entertainment, sports, business travel, hotels, non-profits, oil and gas, auto

- Triage, Crisis Planning and Action
- Cut Capacity, hibernate if necessary (but be a **Turtle** not a Bear), right size/cost
- Optimize virtual capabilities
- **Sustain service**, quality, productivity
- Scenario planning
- Be more **agile**
- Be **innovative**
- Move resources that aren’t deployed to ‘build for the future’
Adapt Scenario – Some Clear Opportunities

**Examples:** essential retail (home depot), tourism, entertainment, the BEACH industries, non-profits

- Serve, ramp up, protect employees
- **Repurpose** what we do, how we do things, seize opportunities
- Right size/cost
- Increasing Capacity in right areas
- **Responsiveness, flexibility**
- Sustaining Quality
- Growing but in different ways
- Moving faster, more agile
- Worry about what we do when this subsides, back side issues
Thrive Scenario – Uncontrolled Growth

**Examples:** org’s that move things, essential products/services, health care, life science industry

- **Serve**, ramp up, surge, protect employees
- **Repurpose** what we do, how we do things, etc.
- **Increasing Capacity**
- Innovative partnerships
- **Responsiveness**
- Sustaining Quality
- Supply chain
- Moving faster, more agile
- Flexibility/Agility
- Seize opportunities
- Worry about what we do when this subsides, back side issues
Tough Choices are Required in Periods of Major Disruption

Choose a strategic direction based on shifting disruption and options.

Broad direction of travel toward next normal

- Shift your business model
- Shape a new business
- Sustain your business and restore operations
- Restructure your company and/or industry

Depth and length of industry-demand disruption

Hardly anyone
Once Again, the Fundamentals Prevail

“Hedgehog”

What is your organization most passionate about?
Why does it exist?

What can you uniquely contribute to the people you touch?

What can you be the best at?

What drives your resource engine (time, money, brand)?

Preserve the Core

Build up

Breakthrough

Unlock the flywheel

Level 5 Leadership
First Who... Then What
Confront the Hedgehog Concept
Culture of Discipline
Innovation Accelerators

Disciplined People
Disciplined Thought
Disciplined Action
Regardless of your situation, Here’s a Strategy that can help

1. Create a PMO and a “War/Control” Room, Navy Seal caliber team;

2. Create your “Grand Strategy”. Butcher Block Paper, Post-its, real, visual, living, working strategy, tactic, actions room; (Sprint Control Visibility)

3. Work across multiple time horizons as McKinsey suggests (next slide);

4. create multiple IMP’s (Integrated Master Plans) for your critical ‘fronts’ and have owners for each;

5. Apply Agile, Sprint, and OKR (Objective with associated Key Results) principles and methods.

A plan-ahead team is modular, with cells focusing on specific issues across time horizons.

Immediate response to COVID-19 crisis: Safeguard your day-to-day business

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<tr>
<th>COVID-19 crisis team</th>
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<tr>
<td>Work from home</td>
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<tr>
<td>Business continuity</td>
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<tr>
<td>Supply chain</td>
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<tr>
<td>Client support</td>
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Getting ahead of next stage of crisis: Launch your plan-ahead team

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<tr>
<th>COVID-19 plan-ahead team</th>
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<tbody>
<tr>
<td>Working group (WG) for issue</td>
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<tr>
<td>Modular, scalable planning group (PG) for issue</td>
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This is important not new, UPS does this every day!!
# Planning on Multiple Horizons

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<thead>
<tr>
<th></th>
<th>This week</th>
<th>2-4 weeks</th>
<th>1-2 quarters</th>
<th>1-2 years</th>
<th>Next Normal</th>
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<tr>
<td><strong>Initial State and context</strong></td>
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<td><strong>Scenarios &amp; Assumptions Analysis</strong></td>
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<td><strong>Strategy and Migration Path Development</strong></td>
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<td><strong>OKR’s &amp; Control Points: War Room, Huddles</strong></td>
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No Time to Muddle....it’s a Time for “Triple-Loop Learning”
Go from DOOM to BOOM

Any organization that was marginal before the disruption AND can’t or won’t reinvent is in this category regardless of industry.
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Five Words that Change the Results you will Achieve

- **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 on strategy
14% of employees understand their organizations strategy
<10% of organizations successfully execute
Some Key Points, Tips, Suggestions to Consider:

1. Preserve top line by focusing on building trust with key customers – reach out to customers to best understand their evolving needs – communicate plans to mitigate risk and ensure continuity

2. Adapt current resources to meet business needs – 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 competitors’ reactions, redefine and revisit budgets and planning

4. Prepare for bounce back scenarios – based on company performance, market performance, included capacity planning, assess potential acquisitions, evaluate marketing campaigns

5. Manage cash and liquidity – stress test cash flow scenarios, ensure prudent cash management processes, assess investment viability

6. Instill rigorous cost discipline – instill strict procurement processes, evaluate employee base, limit discretionary spend

7. Revise financial plans and perform scenario stress tests – revisit target planning, be transparent on cash and financial positioning to key stakeholders,
Contact us if you would like:

• Top 10 Tips, To-Do’s and Things-to-Consider
• Tools and Methods to deal with a crisis if you are in the last 2 “scenarios”

For additional resources:

https://www.thepoiriergroup.com/adapting-your-business-after-a-crisis/
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Thank you IISE for Hosting

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.
Don’t Miss our Upcoming Webinars:

UPCOMING WEBINAR:

Business Continuity Strategies and Tactics in Periods of Major Disruption

THU, APR 16, 2020 12:00 PM - 1:00 PM EDT
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.
Thank You!

Contact us for More Info:

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  • https://www.linkedin.com/in/poirierdavid/
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  • ssink@jumpcurves.com