

Transformation in



Times of Crisis

Eight Principles for Creating Opportunities
and Value in the Post-Pandemic World

Nitin Rakesh and Jerry Wind

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IMPLEMENT NOW

Introduction

It is one of the best-known scenes in William Shakespeare's *Julius Caesar*. The emperor, on his way to the Theatre of Pompey, encounters a soothsayer who cautions him to “beware the Ides of March.” Caesar shrugs off the fortune teller's warning about dire events that lie ahead. Soon — as everyone who is familiar with the tragedy knows — the outcome is fatal. A band of conspirators, including Caesar's friend Brutus, assassinates the emperor. As Brutus plunges in the knife, Caesar cries out, “Et tu, Brute? Then fall, Caesar.” Little wonder that the Ides of March have long been associated with calamitous misfortune. And seldom has the tragedy been as deep, dark and deadly as in March this year.

The coronavirus crisis, which began in China in late 2019 but emerged as a full-blown pandemic in March 2020, has plunged the world into a health

crisis and an economic downturn combined with a shutdown of normal life. Because it affects every country, the pandemic is far

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more pervasive than any other crisis we have experienced in our lifetimes. According to the World Health Organization

(WHO), by mid-April people in more than 200 countries, areas and territories had tested positive for COVID-19. The only comparable tragedy in terms of magnitude, possibly, is the Black Death plague pandemic of 1346, which led to the death of an estimated 100 million people in Europe and Asia.

At times like this, it is easy to overlook what John D. Rockefeller said about every disaster containing the seeds of an opportunity.¹ Winston Churchill is believed to have said that one should “never let a good crisis go to waste” (*See Exhibit 1*).

EXHIBIT 1

COVID -19 HAS ACCELERATED THE PACE OF DISRUPTION AND THE NEED FOR DIGITAL TRANSFORMATION



¹Al Gore Nobel lecture, <https://www.nobelprize.org/prizes/peace/2007/gore/26118-al-gore-nobel-lecture-2007/>

The COVID-19 crisis magnifies deep disruptions that were already underway: The changing relationship between empowered, skeptical customers and enterprises; the dramatic transformation due to technology (rise of the world wide web, mobile and social networks, cloud and cognitive computing, the growth of AI); new business models (by disruptors such as Uber, Airbnb); the growth of globalization (the rise of China, India and other so-called emerging markets); deepening social divisions (the

ideological and income divide in the U.S., U.K. and other countries; racial discrimination as

The COVID-19 crisis magnifies deep disruptions that were already underway.

highlighted by the killing of African-American George Floyd by a white police officer in the U.S. in May 2020, the subsequent massive social unrest and the resurgence of the Black Lives Matters movement); the redefinition of major industries such as retailing (the explosive impact of Amazon, the shift of nearly every retailer to omnichannel marketing), automobiles (the shift to electric cars embodied by Tesla, the emergence of autonomous driving) and several others. The interplay of all these forces has led to mighty upheavals in the way the world — and business — works. The global business landscape was going through changes that had been building for more than 20 years. As consumers pivoted away from brands, relationships between major brands and their customers were slowly but steadily being shredded and customers redefined their connection to these enterprises. Consider, for example, giant financial institutions such as Citibank or Bank of America. These banks had

moved money for their customers for decades. But often, most of their customers were older people who are now gradually fading from the scene. Ask the children or grandchildren of these customers – the rising Millennial or Gen X generations – how they prefer to move money. They hardly ever think about banks when they

want to share costs after a meal or a drink; they simply “Venmo” the cash or send it via PayPal over their cell

The global business landscape was going through changes that had been building for more than 20 years.

phones. In the process, their relationship with big banks is not just non-existent; for many of them, it is almost irrelevant.

Empowered by technology, these customers are loyal not to an institution's brand but rather to their own experience. If a newborn startup makes life easier – whether it is for transferring money, ordering food, or getting a ride – these customers will move swiftly from one brand to the next. It is immaterial how long an established enterprise may have dominated its industry. If it fails to engage with this emerging customer base, it topples from its perch. These disruptions help explain why just half the companies that were on the Fortune 500 list in 2000 are still part of the rankings today.

The coronavirus contagion arrived even as these changes were disrupting global enterprises. What the crisis has done is to accelerate the pace of disruption– and dramatically so. It is pushing companies and industries – where change has long

been overdue – to transform themselves. For anyone who has grown dependent on the predictable patterns of the past, the choice is simple: Transform yourself or be destroyed.

Fortunately, destruction is hardly the only option. The truth is that every crisis, while deeply unsettling, contains the seeds of opportunity. When we face the kind of dramatic crisis we do today, we need to consider three questions:

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1. How do we cope with this crisis now? This question is uppermost in people's minds – as it should be – and it also tends to dominate the news.
2. What opportunities does this crisis create?
3. What can be done to anticipate crises in the future and prepare for them? Even if it isn't possible to pre-empt a future crisis, what can be done to respond rapidly and effectively?

How a New Reality Impacts Ongoing Disruption

Most people focus just on the first question, which has to do with immediate survival. In this book, we will discuss how to create opportunities in times of disruption by offering eight principles to help organizations and individuals do that effectively. Keep in mind that a crisis is the ultimate disruptor and

The coronavirus pandemic has not just created a new normal; It has brought into being a new reality.

everything we suggest that can help identify opportunities in times of crisis can also help defend against disruptors or help become a disruptor.

Before we do that, though, recognize that the coronavirus pandemic has not just created a new normal; it has brought into being a new reality. Let us explore some of its dimensions:

- As several countries went into lockdown or instituted shelter-in-place rules, companies asked most employees to work from home. According to The New York Times, in early April some 4 billion people had been asked to stay home². Hard as it may be to imagine, that is more than half the population of the planet.

²“Coronavirus in America: A Highlight Reel,” The New York Times, April 4, 2020

- Universities discontinued traditional classroom instruction and switched to online learning. In April, classrooms for 90% of the world's students were closed, noted The New York Times³.
- Retail establishments other than supermarkets, pharmacies and gas stations were closed.
- Social distancing was the norm, limiting most human contact to digital communications and relationships. While digital communications were already on the rise, forced lockdowns have made them mandatory rather than optional in several countries. This was hardly conceivable even six months before the crisis struck. Social communication among family and friends also moved online, with virtual dinner parties being organized over Zoom, Skype, WebEx, FaceTime and other platforms.
- Air travel was largely suspended and restrictions were placed on land travel. Businesses had to switch to audio, video and web conferencing as dominant modes of communication.
- Global supply chains have been disrupted.
- Massive unemployment replaced a tight labor market in a matter of weeks. In the U.S. alone, jobless workers filed more than 3 million claims in a single week in March, the highest in the country's history. This was followed by more

^{3a}Coronavirus in America: A Highlight Reel," The New York Times, April 4, 2020

than 6 million people applying for unemployment benefits in the beginning of April. By the middle of the month, the total number applying for benefits since March rose to more than 22 million, according to the Financial Times⁴. By the end of May, this number went up to more than 40 million⁵.

- Cultural institutions such as museums and theaters have closed. Public gatherings and even weddings have either been postponed or moved online.

While pondering the unprecedented impact of these effects of the coronavirus

pandemic, make no mistake. This might be a new reality but that does not mean we should surrender to it. We can transform any crisis into opportunities if we apply these eight principles and an analytical framework to our own unique situation.

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To help you do that is the primary purpose of this book.

For an example of a company whose fortunes have soared despite – or, perhaps, because of – the pandemic, consider

⁴Financial Times, "Another 5.2 million Americans file jobless claims as virus' toll spreads," April 16, 2020
⁵"Still Catching Up': Jobless Numbers May Not Tell Full Story," The New York Times, June 9, 2020.
<https://www.nytimes.com/2020/05/28/business/economy/coronavirus-unemployment-claims.html>

Zoom, the videoconferencing platform. As millions of workers are forced to work remotely, usage of Zoom's teleconferencing software has exploded. An estimate by J.P. Morgan reckons that daily usage increased more than 300% after the onset of the crisis. The company offers a free basic service, but several experts believe that demand for its premium offerings is rising as well. Some users now design custom background screens⁶ for use during work sessions to conceal the clutter of their homes. As Zoom's popularity has increased, so has its stock price – which went up some 50% in March — though later the stock fell after users raised concerns about privacy and security. The company's market capitalization that month exceeded \$44 billion, higher than the combined value of airlines such as Delta, United and American. Even before the crisis, videoconferencing was growing in popularity. Platforms such as WebEx, Skype, Teams, Google Meet and Slack have also seen steady increases in usage. For all these platforms, the crisis significantly stepped up the pace of adoption and change.

Netflix, the media streaming company, is another case in point. Before the pandemic, as increasing numbers of users consumed media over streaming services, the company's customer base had grown to more than 167 million. This happened despite growing competition from rival platforms including Amazon Prime, Apple TV, and Google's YouTube. Industry observers estimate that Netflix has a 65% share of video streaming customers. After the start of the pandemic, as more and more people were forced into social distancing and movie theaters shut down, demand

⁶"How to Hide Your Messy Room for a Zoom video conference," The Verge, March 11, 2020. <https://www.theverge.com/2020/3/11/21173608/zoom-video-conference-how-to-virtual-background-greenscreen>

for streaming media went up by more than 60% at Netflix and other services, according to Nielsen⁷. Again, the trend towards streaming was already disrupting other forms of media consumption. The crisis significantly amplified it.

Zoom and Netflix are not isolated cases of companies that are thriving during the COVID-19 crisis. As the Financial Times recently wrote in a feature titled, “Prospering in the Pandemic: The Top 100 Companies⁸,” companies around the world have found silver linings amid the thunder clouds of the downturn and changed the way they work to seize these opportunities. At the forefront, notes the report, are companies in the pharmaceutical sector such as AbbVie and Roche, whose fortunes have improved as the race for a vaccine to beat the virus heats up. The technology giant Amazon, which demonstrated its e-commerce prowess during the lockdown, has seen its stock soar and added more than \$400 billion to its market capitalization, as of July 31st. Other winners include Microsoft, whose technology helped remote workers connect with one another more easily during the months of social distancing.

In addition to the Financial Times ranking, Advertising Age published a list of America’s Hottest Brands for 2020. It highlights companies whose performance and image have improved during the pandemic. Among them are some expected names such as Clorox, whose cleaning products were in much higher demand. The ranking also included surprising names such as Chewy, an online retailer of pet food, whose sales went

⁷“Nielsen explains how COVID-19 could impact media usage across the U.S.” TechCrunch, March 17, 2020 <https://techcrunch.com/2020/03/17/nielsen-explains-how-covid-19-could-impact-media-usage-across-the-u-s/>

⁸“Prospering in the Pandemic: the top 100 companies,” Financial Times, June 19, 2020. <https://www.ft.com/content/844ed28c-8074-4856-bde0-20f3bf4cd8f0>

up in response to a marketing campaign showing that pets could help prevent loneliness during the lockdown.

Large companies are hardly the only ones that have been able to grab new opportunities. The U.S. Chamber of Commerce has reported⁹ that small firms in sectors such as cleaning services, delivery services, and grocery stores also made huge strides forward. And we do not mean to suggest that the ability to thrive during a crisis is limited to the present pandemic. A 2014 report¹⁰ in Forbes highlighted “amazing companies” that were launched during the financial crisis of 2008. The report noted that of the 100 companies named in the magazine’s annual list of America’s most promising firms, “around a third were forged in the doom and gloom years of the global financial crisis.” In other words, many companies and their leadership teams, large and small, have been able to create opportunities in times of crisis - and so can you.

⁹“15 Small Businesses Thriving During Coronavirus,” <https://www.uschamber.com/co/start/strategy/coronavirus-successful-businesses>

¹⁰“20 Amazing Companies Founded During the Financial Crisis,” Forbes, January 22, 2014. <https://www.forbes.com/sites/hollieslade/2014/01/22/20-amazing-companies-founded-during-the-financial-crisis/#3224d3fb7377>

Eight Principles to Create Opportunities in Times of Crisis and Disruption

The coronavirus pandemic is the kind of unpredictable, global catastrophe of staggering proportions that comes along not just every few years but perhaps once in a hundred years, if not every few centuries. It has brought about unparalleled disruption in almost every aspect of the social and business lives of millions of

people around the planet. And yet, despite the widespread distress, the picture

For some companies, the crisis has – and continues to – provide opportunities for new growth.

is more complex than it might seem. For some companies, the crisis has – and continues to – provide opportunities for new growth. In the pages that follow, we will show you what needs to be done to create opportunities for digital transformation and value creation during and after the crisis. Just as important, we will discuss how you can do it.

What we have for you in this book includes:

- Eight principles to create opportunities in a crisis, and to defend against disruptors or become one.
- A framework to develop your implementation strategy.

- An app that provides you with a strategy worksheet. You can work on it as an individual or with your team and use it as a collaborative platform that can help you reflect the eight principles as they can be applied to your strategy.
- To help you utilize the principles, we offer 10 tools that can help you with the implementation process. The tools will help you decide what to do as well as how to implement your strategy.
- As yet another part of the package, we provide a dashboard that will allow you to monitor in real-time the progress you and your organization are making in implementing your strategy.

The principles are discussed in separate chapters. The framework and tools are discussed in the final chapter. These, along with the app and the dashboard, will allow us to continue our interaction through a community website. These will empower you to join a support network of peers and other readers. We hope that together we can build a thriving community where we can share experiences and challenges with one another.

These eight principles reflect the best practices of numerous companies and are also consistent with the recommendations of many top consulting firms. (A few are listed in the notes at the end of this book.) They are best-in-class and well-established. However, what makes our approach different — even unique — is the combination of the principles and their interdependence

with the framework and tools we have developed to help you implement them. Keep in mind that these are not standalone principles. In order to defend yourself against any crisis and disruption and

become a disruptor yourself, you must work on all eight.

While customizing and prioritizing the principles and the experiments to implement them

should reflect the

unique conditions and aspirations of your organization, it is imperative that you address all of them. Further, prioritization is not only for closing the gap between where you are at present and the ideal, but for leveraging areas of strength to capture opportunities at the earliest. These principles apply to all organizations- large and small, B2B and B2C, U.S. and non- U.S., for profit and non-profit (*See Exhibit 2*).

What makes our approach different—even unique—is the combination of the principles and their interdependence with the framework and tools we have developed to help you implement them.

Every chapter discussing a principle includes examples of companies that illustrate that principle. These examples are for you to understand what others are doing and what you can do. You don't necessarily have to do the same things. (As companies like Uber, Airbnb and others have discovered, disrupting existing industries and taking on incumbents can be a hazardous game, rife with legal and regulatory challenges.)

EXHIBIT 2**EIGHT PRINCIPLES TO CREATE OPPORTUNITIES IN TIMES OF CRISIS AND DISRUPTION**

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- Principle 1:** Challenge Your Mental Models and Always Stay Ahead
- Principle 2:** Reimagine and Reinvent Your Approach to Customers and Stakeholders
- Principle 3:** Speed up Digital Transformation and Design for Personalization at Scale
- Principle 4:** Reinvent Your Talent Strategy and Embrace Open Innovation and Open Talent
- Principle 5:** Seize the Need for Speed and Design for Agility, Adjacencies and Adaptability
- Principle 6:** Innovate Then Experiment, Experiment, Experiment
- Principle 7:** Redraw Your Timelines and Build a Portfolio of Initiatives Across all Innovation Horizons
- Principle 8:** Deploy Idealized Design, Recreate Your Organizational Architecture and Network Orchestration
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Ask yourself what you can learn from the various examples. See what applies to you and what does not. Also, several companies have undergone significant changes; some have grown exponentially, others have been acquired and a few have shut down. All this goes to show how dynamic the business environment is. Further, given the new reality being created by the magnitude of the impact of the current crisis on whole industries and on all our lives, there is no assurance that what worked before the crisis will work during or after the

crisis. We are confident, however, that our eight principles offer sound guidelines for developing creative strategies and experimenting with them. We will begin by previewing the eight principles. As you go through each of them, you will see that these can help

prepare you for any kind of turbulence, whether it is the COVID-19 systemic racial discrimination raising its ugly head, the impending climate change, the 9/11 terrorist attack in 2001, the

SARS coronavirus in 2002, the financial crisis of 2008 or the ongoing tech disruptions. More importantly, they can help you discover new opportunities and ways to build long-term value beyond the crisis.

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PRINCIPLE 1

Challenge Your Mental Models and Always Stay Ahead

Your mental models represent the way you view and interpret the world. While they help you function steadily during normal times, in a crisis they can hold you back unless you challenge your ideas and change the way you think. Instead of viewing the present situation as a short-term necessary evil that we should try to leave behind as soon as possible and return to a comfortable pre-crisis past, we should ask how to use the current situation to speed up long overdue changes. Let us examine two examples of industries where digital transformation was overdue – and which are being forced to change their mental models because of the crisis.

First, consider universities. Many institutions have been tinkering around the edges for years with online learning initiatives. While some progress was made in recent years with massive open online courses (or MOOCs), the universities' dominant pedagogical model remained unchanged. Movement towards online learning was not only very slow, it was also detached from the institutions' mainstream efforts. Educators knew that traditional teaching methods were ineffective, but it was almost impossible to get them to change. Elite universities, especially, were complacent because of the perceived strength

of their brands, which kept attracting profitable streams of overseas students. When your old ways keep generating cash, that reinforces the resistance to change. Breaking down those barriers requires a powerful force.

Then the coronavirus crisis struck. Almost overnight, universities were forced to close, students were sent home, and faculty were asked to conduct classes online. At one stroke, almost in a baptism by fire, universities were pushed into offering all their programs via online

learning platforms. What a jolt to their entrenched mental models! Hopefully these changes will

We should ask how to use the current situation to speed up long overdue changes.

continue after the crisis has passed and lead to long-term transformation. Institutions that view the crisis as an opportunity to innovate around online learning will be well positioned to succeed in the post-pandemic world.

Universities will need to focus on three types of innovations. The most immediate changes – which can and must be done now – involve improvements in online instruction and engagement. Second, after the crisis, faculty will need to change their pedagogical approach and offer students a creative blend of online and in-class instruction. This will involve dynamic versions of the so-called flipped classroom, in which lectures are viewed online at home while classroom exercises focus on deliberation and

discussion and implementation of the material studied online. And third, universities will have to rethink their business and revenue models. In the U.S., this factor has been highlighted by Democratic presidential candidates who have been drawing attention to the country's massive burden of student loans. According to the Federal Reserve of New York, in 2019 student debt stood at \$1.48 trillion.¹¹ As calls to relieve this debt burden and provide affordable or free education grow louder, this presents educational institutions with opportunities to design innovative business and revenue models to deal with this issue.

Next, consider art museums. Like universities, they have long been aware that they needed to move away from traditional ways of engaging with their audiences. They know all too well that they needed to shed their singular focus on galleries and augment their offerings with digital material. Yet, traditional curators feel much more comfortable focusing only on the galleries and printed catalogue of exhibitions. The closing of museums to the public because of COVID-19 is now compelling curators to expand their role. They have no choice but to curate both physical and digital exhibitions for the gallery spaces in the museums. They have an enormous opportunity to offer digital displays of their exhibitions for millions of people around the world and not just limit their services to a few local visitors who can visit the museums in person.

Consider two examples of museums that already were moving towards improving their digital offerings. In New York City, the Metropolitan Museum of Art created an open access network

¹¹"Quarterly Report on Household Debt and Credit," Federal Reserve Bank of New York, August 2019. https://www.newyorkfed.org/medialibrary/interactives/householdcredit/data/pdf/hhdc_2019q2.pdf

of more than 400,000 images of public-domain works from its collection – which are available to anyone with an Internet connection. In Philadelphia, the Barnes Foundation offers free talks and tours of its famed collection on its website. In addition, those who are interested can sign up for online classes on topics ranging from the art of French impressionist Edouard Manet to the paintings of Florentine artist Giotto di Bondone. Such changes open up the museums to a broader audience base in addition to tourists in these cities, and in the process, these expand the museums' audience and generate more revenue opportunities. While these museums were already expanding their online offerings, the coronavirus pandemic and the shutdown of their physical locations compelled them to focus on their online offerings with greater urgency.

Every company in every industry can find its opportunity in this crisis if its executives view these times as an opportunity to reexamine, and if

needed change, their mental models.

Ask yourself, which mental models have kept you for too long in your comfort zone? How can you rethink your mental

models to see opportunities you may have missed in the past and position yourself for growth in the future?

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PRINCIPLE 2

Reimagine and Reinvent Your Approach to Customers and Stakeholders

While being customer-centric is always important, never does it matter more than during and after a crisis. How you relate to and meaningfully engage your customers during a crisis will define your role in their lives long after the crisis. While there is a lull in business activities, you can map out and push towards a customer-centric

digital transformation of your organization. You can adopt a customer-first digital architecture. Create an “intelligent”

intermediary layer that connects the front-end of your organization with the back-end systems and processes, thereby insulating the customer experience from past legacy. Some of these terms might seem confusing, but bear with us, we will explain as we go along.

How you relate to and meaningfully engage your customers during a crisis will define your role in their lives long after the crisis.

Companies have been speaking for a long time about the importance of focusing on their customers. While this trend

has been visible long before the coronavirus crisis arrived, it will intensify and become a necessity as a result of the crisis. Companies are becoming proactive about communicating with their customers, but they must do this in a sensitive fashion.

As companies slim down and shed staff, paradoxically they will have to become even more highly focused on the employees that remain. They

will need to deal with their employees as people, and not only in their narrow role as employees but as human beings.

Companies will also

have to shift their attention from serving just their shareholders to other stakeholders and society.

Companies will also have to shift their attention from serving just their shareholders to other stakeholders and society.

Millennials and Gen Z want to work for companies that are changing the world. They prefer to buy products and services from companies that have a positive social impact. That is why switching to a stakeholder focus is increasingly important. At the end of March, in an unprecedented move, the U.S. government approved a \$2.2 trillion coronavirus rescue plan. We will see a rethinking of the relationship between the private and public sectors. Companies will have to learn to interact more effectively with the public sector and the not-for-profit sector as part of the broader stakeholder orientation.

To build long-term value after the crisis, it is critical to understand the changing business environment, and reimagine and reinvent our approach to customers and stakeholders. Ask yourself, are we paying attention to our consumers' frustrations, needs and aspirations, even those of which they themselves are not aware?

Do we view our consumers as human beings in their broader roles as consumers, customers, employees, vendors, partners, spouses, parents, and citizens? Do we keep

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in mind how technology is empowering them? Have we aligned the objectives and strategies of our company with those of all stakeholders including society? Have we begun to co-create with them? Do we have a 'win-win' strategy for all stakeholders?

PRINCIPLE 3

Speed Up Digital Transformation and Design for Personalization at Scale

The shut-down of the physical world and the shift to the digital world is transforming not just universities and museums but also organizations in other fields. Think about what is happening at retail stores, orchestras and theaters. All these require a strong digital infrastructure. The fact that brick-and-mortar channels are closed is forcing organizations to speed up their digital transformation. For

example, the National Theatre in London, unable to perform plays in an auditorium during the lockdown,

The fact that brick-and-mortar channels are closed is forcing organizations to speed up their digital transformation.

announced that it would stream its performances for free on YouTube¹². The extension of its digital capabilities – along with the goodwill generated among a global rather than local audience – should continue to serve it well long after the crisis has passed. Every play is unlikely to interest every member of the audience. Drama fans will choose which plays to watch, and that self-selection process can allow the development of

¹²"National Theatre to Broadcast Shows Online on Thursdays," The Guardian, March 26, 2020. <https://www.theguardian.com/stage/2020/mar/26/national-theatre-to-broadcast-shows-online-on-thursdays>

individual data profiles, much as Amazon does for books or Netflix for movies and TV shows. While many theaters that cater to local markets may not have needed to use recommendation engines in the past, with a global audience they could begin to do so. Organizations that use the lockdown to enhance their digital capabilities and capitalize on existing trends will be able to get closer to offering real-time, personalized experiences.

As a case in point from a different field, consider how the crisis is expanding the role of telemedicine in health care organizations. The remote delivery of health services, enabled by technology, was already growing in different parts of the world and disrupting the age-old relationship of in-person consultations between patients and doctors. Given the speed at which the pandemic spread, several health providers introduced video visits. In part, this was to protect doctors from patients who might be infected by COVID-19 virus – and it was also aimed at curbing the virus’s spread. Doctors point out that while telemedicine is not necessarily “a solution to the current crisis, it will be one of its lasting consequences.”

Customers expect high levels of personalization. They have started to drive not just what they want, but also when they want it, where they want it and how they want it delivered. As providers of products and services, one central point to keep in mind is that understanding and predicting your customer’s desires and needs, and offering relevant products, services

and experiences is non-negotiable. You need to be able to offer this at scale. You can achieve this by having an integrated data strategy and using big data and cognitive technologies and leveraging technologies such as geo-fencing, facial, voice and emotional recognition, virtual reality, augmented reality and social media.

Understanding and predicting your customer's desires and needs, and offering relevant products, services and experiences is non-negotiable.

Ask yourself, have we sped up our digital transformation and do we have an integrated data strategy, and are we using big and smart data, predictive AI and cognitive technologies as the foundation of our firm's strategy to design for personalization at scale? Does our data strategy empower the entire company to have the same holistic view of our customers? Are we leveraging technologies such as geo-fencing, facial, voice and emotional recognition, virtual reality, augmented reality and social media to deliver personalization in real-time? Have we been able to coordinate among and bridge the silos within our firm?

PRINCIPLE 4

Reinvent Your Talent Strategy and Embrace Open Innovation and Open Talent

In a crisis, it is more critical than ever to have the best possible talent. A good team comprising the right internal and external talent can steer the firm successfully through the turbulence. Many companies have on their staff

non-productive employees who do not have the competencies needed to succeed in the 21st century.

During a crisis, when organizations

During a crisis, when organizations have no choice but to become leaner, companies can restructure their employee pool with more relevant and productive talent.

have no choice but to become leaner, companies can restructure their employee pool with more relevant and productive talent. Often companies find it difficult to let go of people, but in the long run it is best for everyone including for the remaining employees who resent having non-productive employees around. We do not mean to suggest that companies should heartlessly lay people off or blame them for being unproductive. The approach we advocate is that companies should provide all employees with an environment in which they can keep learning and adding to their skills and to own their careers.

It is possible to build a new talent strategy around a small core of full-time employees (mostly designers, integrators and leaders) and augment it with the talent of open innovation. Such a fluid organizational

structure, which combines the talent, capabilities and agility of employees with networks of independent contractors, can help navigate even the toughest of times and reap rich

dividends. Research across more than 1,000 cases shows that open innovation can be more than four times faster and eight times less expensive than relying on internal talent alone. Internal talent must be used for critical and core in-house functions like implementing strategies and leading the change.

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Open innovation is always the right solution for companies that want to adopt a smart talent strategy. Ask yourself, do we have the right mix of internal and external talent? Have we opened our innovation process and strategies and harnessed the wisdom and power of the crowd? Have we tapped global markets to gain access to the talent we need? Are we paying for efforts or for results? Are we leveraging our internal talent to implement strategies and lead change? Are we doing all we can to innovate better, faster and cheaper to fulfil our customers' expectations?

PRINCIPLE 5

Seize the Need for Speed and Design for Agility, Adjacencies and Adaptability

During a crisis, your regular business may slow down or even come to a complete halt. You need to be able to quickly respond to the changing situation, adapt to the new reality, and spot and create new opportunities for survival and growth. Put on the thinking cap of a startup: most successful startups have gone through a number of pivots from their original concept.

Incorporating open innovation is always the right solution for companies that want to adopt a smart talent strategy. For example, as demand has overwhelmed supply, enormous shortages of hospital beds, especially in intensive care units or ICUs, for COVID-19 treatment have emerged worldwide.

In response, Italian

architects Carlo Ratti and Italo Rota have designed “an intensive care pod within a shipping container” for hospitals.

Named CURA, which stands for Connected Units for Respiratory Ailments, these pods are meant to help hospitals

Incorporating open innovation is always the right solution for companies that want to adopt a smart talent strategy.

add to their ICU capacity. The first prototypes were tested in Milan, a city in Italy that the coronavirus has devastated. In India, food delivery platforms like Swiggy and Zomato expanded their services to deliver groceries during the pandemic-related national lockdown. This enabled these firms to not only utilize their delivery fleet effectively and keep their business running, but also to cater to the essential needs of their customers and build a strong relationship with them.

Prepare yourself to introduce new and better products, services, solutions and experiences; continuously analyze results and evaluate strategy; promptly identify and understand new developments; and swiftly change tracks as required. At the same time, be stable and consistent. Alongside, look for

adjacencies. An adjacency could mean introducing a new offering to your current market, expanding your current offering to a new segment, using your current

In a dynamically changing environment, ensure you can adapt fast. Build the capability to quickly mold yourself to flourish in any environment.

distribution to reach new segments or make new offerings, or reaching either your current or new segments via new distribution systems. More importantly, along with products, markets, and distribution areas that are new to you, look at areas that have not yet been discovered. In a dynamically changing

environment, ensure you can adapt fast. Build the capability to quickly mold yourself to flourish in any environment.

Ask yourself, do we promptly identify and understand new developments and swiftly change tracks as required? As we prepare to introduce new and better products, services, solutions and experiences, are we continuously analyzing and re-evaluating our strategy? More importantly, along with products, markets,

and distribution areas that are new to us, have we looked at areas that have not yet been discovered? In a dynamically

In a dynamically changing environment, have we seized the need for speed, and designed for agility, adjacencies and adaptability?

changing environment, have we seized the need for speed, and designed for agility, adjacencies and adaptability?

PRINCIPLE 6

Innovate Then Experiment, Experiment, Experiment

A crisis is a great opportunity to learn from natural experiments. There are numerous new opportunities that come up for us to explore. Further, given the magnitude of changes a crisis brings, we cannot assume that strategies that worked before the crisis will continue to work during or

A crisis is a great opportunity to learn from natural experiments.

after it has passed. We cannot, therefore, plan to go back to the same strategies we had before the crisis. Experimentation and innovation are a must in today's environment. We must innovate in everything we do, not only in our products but also with respect to areas such organizational architecture. Still, you cannot do everything at once. Given the uncertainties during a crisis, the only way to learn is to continuously improve what you are doing. This can be achieved through continuous experimentation.

Our recommendation is to speed up the innovation process and make sure that innovation is done by everyone and not just by a separate unit. Everyone should be thinking about how things can be done better. Experiments should be designed to deal with short-term challenges as well as longer-term issues. Also think about where the next crisis could come from, what

you can do to prevent it from happening or to protect yourself if it occurs. Given the turbulent times we live in, we need to learn from the natural experiments that occur around us.

One way to make innovation cost-effective and continuous is by using adaptive experimentation. Most agile companies use this approach to test ideas about everything from budget allocation to advertising campaigns. Adaptive experimentation involves rapid deployment of

variations, learning what works and what does not, and then moving on to a different variation. A critical aspect is a

One way to make innovation cost-effective and continuous is by using adaptive experimentation.

mindset that views failure as an integral and valuable part of the process, since each failure provides information. Companies like Google, Facebook, Amazon and Uber constantly conduct thousands of experiments to test their ideas.

Given the speed and complexity of the changes of the business environment, the way to assess the causal impact of our innovative strategies is through constant experimentation. Ask yourself, have we made adaptive experimentation part of our management philosophy? Have we developed a portfolio of experiments to understand the link between what we do and the outcome? What lessons have we learned from our experiments? How have we applied these lessons to create a sustainable advantage and build long-term value?

PRINCIPLE 7

Redraw Your Timelines and Build a Portfolio of Initiatives Across All Innovation Horizons

In times of crisis, cash is always king. The question is, how can you generate cash? Traditionally, companies have tried to save on costs by firing or laying off people. Based on research over the years, we are convinced that companies must first ask themselves, “Are we doing the right things right?” If they do that, they can save at least 20% of their budgets. If you look across departments and business units, you will find that very often efforts are duplicated. There is a huge opportunity for cost savings by reexamining all aspects of operations, by reexamining business models and by reexamining the revenue models.

Even as you are addressing the current needs during a crisis, you also need to

create opportunities it offers, and prepare for the next crisis. The same holds true in regular times also. We must continuously and

Even as you are addressing the current needs during a crisis, you also need to create opportunities it offers, and prepare for the next crisis.

concurrently plan for the future, even as we manage our current day-to-day business. This means addressing the needs of the

present as well as planning for the medium and the long-term by way of experiments and initiatives that can help you offer new valuable experiences and address new markets. Importantly, we need to proactively allocate resources to enable this. Alongside, we must regularly and systematically review all operations and discard all activities that do not contribute value. Keep in mind that the horizons are dynamic, they are different for different companies and they are unique for you. So, allocate resources for activities across the different horizons based on the unique situation of your company. Whatever is the allocation you are comfortable with, have the courage to quickly do what is untried and untested. That is where the future is. And the future is now.

We can't predict the future but to remain successful in the long term, we need to prepare for it now. Ask yourself, have we evaluated the efficiency and effectiveness of current activities and

resource allocation?

Can we shift resources from ineffective initiatives to new innovative initiatives? Can we plan concurrently across all

horizons—current operations, medium term and long term—for initiatives that can help offer new experiences and address new markets?

Can we plan concurrently across all horizons—current operations, medium term and long term—for initiatives that can help offer new experiences and address new markets?

PRINCIPLE 8

Deploy Idealized Design, Recreate Your Organizational Architecture and Network Orchestration

Crises often offer opportunities to acquire at bargain prices companies that may be in trouble or talent that has been laid off. While such opportunities are often tempting, it is smart to be selective and

have a grand vision and master strategy that guides these acquisitions. When such moves are combined with an idealized design process, they can

The idealized design process is a powerful tool, which involves imagining what the future could be and then working backwards to the present to create that reality.

help move the organization towards mergers and acquisitions and strategic alliances that build long-term value. The idealized design process is a powerful tool, which involves imagining what the future could be and then working backwards to the present to create that reality.

It is critical for companies to ensure that the organization is agile, adaptable and resilient. To do this, we must reexamine the

organizational architecture. This includes organizational culture as well as competencies, performance measures, incentives and reward systems as well as infrastructure, processes, technology and facilities. Only agile and adaptable organizations will be able to survive after the crisis. It is equally important to find creative and effective ways to bridge or eliminate organizational silos. The reason is that consumers increasingly judge organizations based on their own customer experience – and this often requires seamless and consistent delivery of products and services across silos. Companies that succeed in bridging silos will operate more effectively during and after the crisis.

A critical aspect of redesigning the organizational architecture is to expand the boundaries of the organization. Innovative companies don't view themselves as isolated entities but as part of a network – an ecosystem that is geared towards creating value. For instance, one could create a network like the Apple developer network, Facebook network, Uber network of drivers and customers, etc. or design the ideal ecosystem that will enable the firm to achieve its vision and objectives by joining various networks. Companies have been talking for a long time about moving towards a network orchestrator model. It is obvious in today's environment — and this was true before the crisis — that you cannot succeed by competing company-against-company. You must focus on network-against-network competition. A study on the network imperative¹³ found that companies that leveraged their networks had a market value of eight times their revenues.

¹³ Barry Libert, Megan Beck and Yoram Wind, *The Network Imperative: How to Survive and Grow in the Age of Digital Business Models*, Harvard Business Review Press, June 2016.

In contrast, manufacturing companies had a multiple of one to two. These data are probably obsolete because of the crisis, but the reality is that the benefit of networks will be more important than ever now.

We must speed up the shift towards network orientation and orchestration. Managing network communications in a thoughtful, respectful manner requires a different kind of leadership model. Many companies these days send messages about COVID-19 to

customers with whom they have done business.

Would it not be better for such

companies to encourage their customers to share experiences, problems and solutions with one another, rather than flooding their customers with coronavirus emails and social media posts?

We must speed up the shift towards network orientation and orchestration.

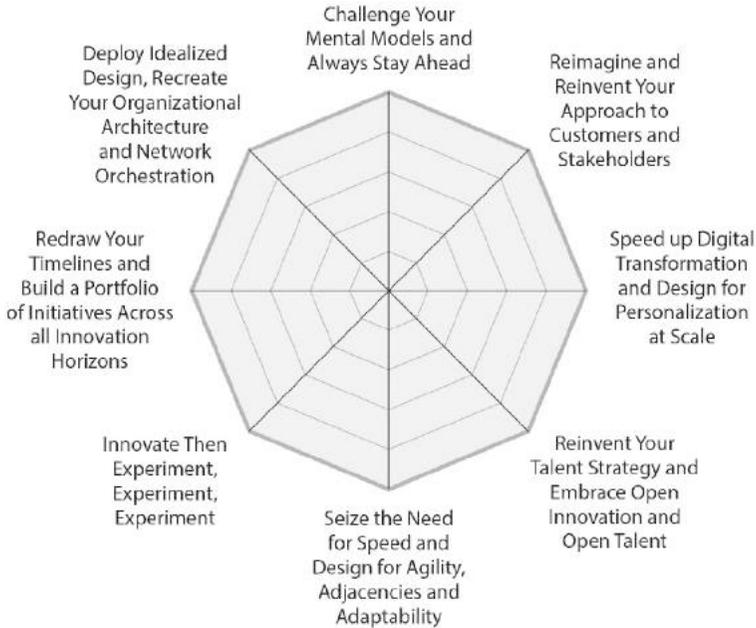
Developing an Implementation Strategy and Framework

To implement the eight principles and their associated strategy, it is critical to have the right talent and organizational architecture and network orchestration. Ask yourself, have we examined every component of our organizational architecture? What changes are required to implement our new strategy and to achieve the objectives? How could we redesign our organizational architecture and network orchestration in a manner that they can support our disruptive strategies?

As mentioned earlier, these eight principles are inter-related. They will be most effective when you work on all of them together (*See Exhibit 3*).

EXHIBIT 3

EIGHT INTER-RELATED PRINCIPLES TO GUIDE YOUR ACTIONS



Use this spider diagram to assess the degree to which you are applying our principles at present. One indicates that you are not applying a principle at all and 10 indicates that you are applying it effectively. The distance between your current rating and 10 indicates the areas that require further action.

We believe you can develop a winning strategy by using the principles we have outlined above. But having a great strategy is not enough; the key is how we implement it. Remember, execution is king (*See Exhibit 4*). Assume the following matrix:

EXHIBIT 4**IMPLEMENTATION STRATEGY**

		STRATEGY	
		Excellent	Poor
EXECUTION	Excellent	1	2
	Poor	3	4

Obviously, we all want to be in cell 1 and avoid cell 4. But who do you think will be more successful — firms in cell 2 or cell 3? The answer is cell 2. Great executors will manage to flip and change and succeed even with poor strategy. So how do we master execution? Well, it takes as much effort as developing the plan. It is critical that we pay as much attention to implementation as we do to developing the strategy.

The first step in developing strategy is to begin with the customer. With customers as the starting point, we explore their current and evolving needs. Based on those, we come up with products and services that will meet those needs, and then we bring together the processes, resources, technologies, talent and incentives that will allow us to create those products and services.

Even the best strategy has no chance of success unless it is implemented well. The starting point in implementation is to

focus on the people and organizational units responsible for implementation. Their needs, objectives and their likely resistance to implementation need to be understood and considered.

Creative ways must be found to address these needs and objectives. The implementation strategy also needs to be iterated - in the

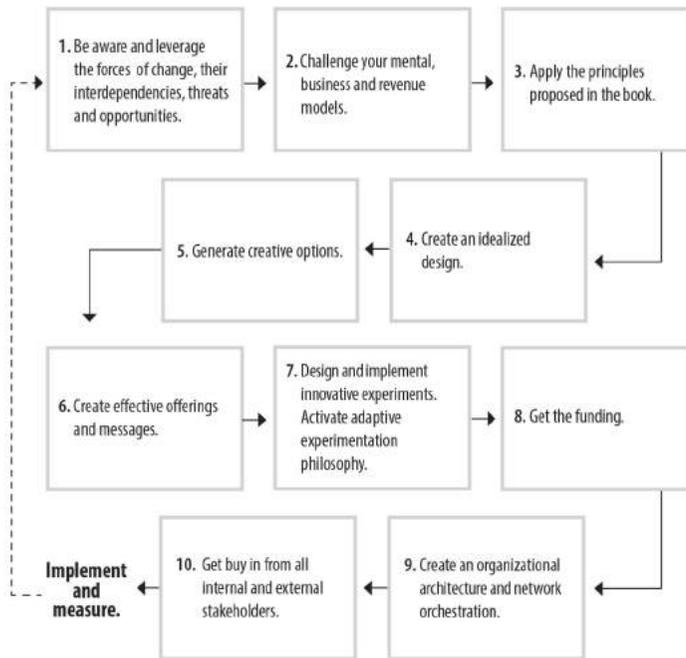
The starting point in implementation is to focus on the people and organizational units responsible for implementation.

sense that effective solutions may evolve over time rather than being put in place all at once. Possible solutions might involve offering people incentives for implementing the strategy, and if these are unlikely to work, to change the people responsible for implementation and bring in fresh talent. While bringing together the processes and resources required for implementation, companies can look within their organizations as well as to the broader network ecosystem.

Here is our 10-step implementation framework: (See Exhibit 5)

EXHIBIT 5

IMPLEMENTATION MODEL



Tools to Deal with Disruption and Build Resilience

In addition to the eight principles and the implementation framework, this book will give you access to 10 tools to translate these principles and framework into action.

There are two self-assessment tools which will help you evaluate:

- Your awareness of the changing forces of change and their interdependencies and how ready and willing you are to address their threats and take advantage of the opportunities they offer
- Whether you are challenging your mental, business and revenue models.

The remaining tools will help you to:

- Apply the principles we have proposed in the book
- Create an idealized design
- Generate creative options
- Create effective offerings and messages
- Design and implement effective and innovative experiments and an adaptive experimentation philosophy
- Get the needed funding
- Create an organizational design and network orchestration that facilitates the implementation of the disruptive strategies

- Get the needed buy in from all relevant internal and external stakeholders

Preparing for Future Crises

So far, we have dealt with eight principles to survive and find opportunities in crises. The next question involves preparing for crises that might arise in the future. How can companies do that?

The answer is first to have an intelligent early warning system (radar) to monitor and forecast the changing business

environment. This often involves the use of data to flag potential problems that might emerge while they are still nascent and before they manifest in full

Have an intelligent early warning system (radar) to monitor and forecast the changing business environment.

force. Once the warning signs are apparent, companies need to be organizationally agile and adaptable so that they can pivot to deal with the changing situation.

If a crisis is on the horizon, ask yourself: Can we pre-empt it? If not, how can we prepare ourselves for a fast and effective response? If we suffer damage because of the crisis, how can we plan for our recovery? What steps should we take today to build organizational resilience so that we can emerge stronger tomorrow?

The Need for Bold Leadership

Discovering new opportunities in a crisis, transforming the way you think and work, building long-term value after the crisis has passed and

preparing for future crises requires bold leadership.

Understanding what needs to be done is of little use unless you have the courage to do it.

Have the courage

to do whatever it takes, as long as it is ethical and legal, to stay ahead. Have the courage to do what has not been done before – the untried and the untested.

Discovering new opportunities in a crisis, transforming the way you think and work, building long-term value after the crisis has passed and preparing for future crises requires bold leadership.

In July 2020, Albert Bourla, CEO of pharmaceutical giant Pfizer, announced that the company would start manufacturing its proposed vaccine for the coronavirus even before it got approval from the Food and Drug Administration (FDA). Bourla said that the company's early-stage trial results of its vaccine were promising, and it was willing to bet big by investing \$2 billion in the venture. Bourla's reasoning was that time is of the essence, given the scale of the COVID-19 crisis. If their vaccine got FDA approval, Pfizer would not have to wait before beginning to produce it. The flip side, of course, is that if the vaccine does not get FDA

approval, the entire investment would have to be written off. This is a first for Pfizer. The company has never before manufactured a drug before the FDA has approved it. But, as Bourla said in his interview to Time magazine¹⁴, these are unusual times. When millions of lives and the world economy are at stake, one has to look beyond conventional thinking about return on investment.

We believe that Bourla's decision is a superb example of courageous leadership. The decision might turn either way, but the issue here is not whether it is right or wrong. It is about having the courage to make a tough, risky and potentially expensive decision when the circumstances demand it. Many executives lack the courage to make difficult decisions and prefer to play it safe. That can hardly be called leadership, let alone bold leadership.

In times of crisis – and even after they have passed — we need leaders who are willing to acknowledge uncertainties. We need leaders who recognize the urgency of the situation and are willing to act swiftly and decisively. Leaders must have the courage to forge ahead in the face of resistance from within and outside their organization. Above all, we need leaders who are compassionate. Compassion is important because as you move towards a network organization, you need much more collaboration. We need leaders who believe in a win-win approach as the model for their activities.

¹⁴Pfizer CEO Bourla Raises Expectations That the Pharma Giant Can Deliver a COVID-19 Vaccine By Fall," Time, July 12, 2020. <https://time.com/5864690/pfizer-vaccine-coronavirus/>

At a time when fear is pervasive, it is tempting either to be in denial or to succumb to panic. At such moments, level-headed leaders, who are compassionate, calm and driven by empathy, often rise to the top. They inspire trust because they view turbulence as a teacher that can help them become better pilots in the future. Several studies have shown that the reputations of leaders as well as organizations are shaped by their actions during crises. Selfish actions are not easily forgotten, and compassionate behavior is remembered long after the crisis. In addition to the eight principles, we believe that a commitment to compassionate leadership will make you more effective during these challenging times.

When we speak about leadership, we don't mean just CEOs; we mean leaders of business units as well. In small companies you have CEOs who lead the companies, but in large companies you have huge business units or brands. Every president of a business unit or a brand is like a mini CEO. They are the ones who are more likely to move quickly. We hope everyone has the courage to become a leader who can leverage these principles to find opportunities in the current crisis.

If that happens, we can move beyond the Ides of March to a brighter, more successful tomorrow. Now it is time to see how to get there and begin our exploration together.



Nitin Rakesh, a distinguished leader in the Technology and Financial Services industries, is CEO of Mphasis, a leading Global Software Services firm. Early in his tenure at Mphasis, Nitin introduced Mphasis' $C=X2C^2=1$ TM formula for success, (hyper-personalization; drive $n=1$ powered by Cloud & Cognitive); driving multi-dimensions of business value with an integrated consumer-centric Front2BackTM (F2B) Digital Transformation, enabling Business Operations, Technology Transformation and Service Transformation, driven by IP assets. Under Nitin's leadership, Mphasis set a remarkable growth turnaround, with a record of highest deal wins in the history of the company, re-defining benchmarks.

His laser focus on quadra dimensional growth – consistent, profitable, competitive, and responsible, led to enhanced shareholder value. Nitin's motto to accelerate value creation for customers, shareholders and employees builds a growth-focused culture within the company. Nitin is passionate about Innovation & Technology, and its impact on everyday lives, and works closely with many Fortune 500 companies in advising them on their transformation roadmap with an "Applied Technology" mindset. He was awarded the Gold Stevie for 'Executive of the Year - Computer Services', under the Management award category. He won the '2019 American Business Awards & International Business Awards – Gold Stevie' under the 'Tech Innovator of the Year – Services' category. He is one of the first 250 CEOs globally across 26 countries who has committed to build an inclusive work environment, end disability inequality through business performance and create social and economic value of people living with disabilities across the world. Nitin is a founding member of Plaksha University in India, a new model of engineering education and research through collective philanthropy to transform higher education in India. He also serves as a founding Trustee of Ashoka University.



Jerry (Yoram) Wind joined Wharton in 1967 with a doctorate from Stanford and took an emeritus status in July 2017. He is currently the Lauder Professor Emeritus and Professor of Marketing. He founded the Wharton Think Tank – The SEI Center for Advanced Studies in Management and ran it for three decades. Among his many innovations at Wharton he led the development of Wharton Executive MBA, the Lauder Institute and Wharton School Publishing. He has edited top marketing journals, published over 300 articles, and 25 books, and received the 4 major marketing awards: Buck Weaver, Parlin, Converse, and AMA/Irwin Distinguished Educator Award. He was inducted to the inaugural

group of AMA Fellows. He was one of the original Legends in Marketing, with an 8-volume anthology published by Sage in 2014. He has consulted with over 100 companies, is a member of the executive committee of SEI, sits on the advisory boards of various companies and nonprofit organizations, and testifies in intellectual property cases. He is a trustee of the Philadelphia Museum of Art, the Curtis Institute of Music and Grounds for Sculpture. He is a co-founder of the first private, non-profit university in Israel, The Interdisciplinary Center (IDC) Herzliya. His current research explores marketing-driven business strategy, the Network Challenge; reinventing advertising; creativity and innovation; and challenging our mental models; He is a 2017 inductee into the Marketing Hall of Fame. He is the Co-founder of the Purple Project for Democracy and of the Reimagine Education global competition and conference.

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