

Making sense of strategy in the post-pandemic world

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What comes next?

Seven months into the disruption to business and lockdown, people leaders will be thinking about how and when they will be able to return to more conventional working patterns. They may also be focussing on developing strategies for the post-COVID world. Many leaders, like everyone else, will be focussed on immediate challenges, such as keeping their organisations as effective as possible now but remain uncertain about what the future holds. Whilst there seems to be a general acceptance that the situation won't quickly, if ever, return to the 'normal' we left behind in early 2020, it's hard to make reliable predictions about future events with any confidence, so there isn't much consensus about how things will play out. This article addresses some of the thought processes we recommend leaders adopt to develop strategies for the post-COVID era.

Revisit strategic goals

Many leaders will be tempted to refer back to pre-COVID strategy as their start point. They shouldn't. Economists, politicians and business strategists broadly concur that we face a period of significant economic fallout and many companies will be highly vulnerable during this period. Business strategy in the post-COVID world must be coherent; put simply it must be realistic and achievable given the opportunities that exist and the capabilities your business has (or can acquire). Your next set of strategic goals must relate to where your business is now and reflect uncertainties about the near-term future, at least until economies start to return to pre-pandemic levels. When people are dispersed and fearful, they don't necessarily feel part of a connected whole, or indeed believe that a now more remote organisation has their best interests at heart. This is a period where leaders should build people's connection to the current situation and the organisation's intent, focussing beyond the maintenance or restoration of operations.

Planning for uncertainty

Uncertainty exists in many forms. We're uncertain how government policy will play out; we may still be uncertain about changes to customer demand, how and when our supply chains will respond; when we should re-open facilities and return to the workplace; and uncertain about the business, operational and personal risks involved. This level of uncertainty can and does, paralyse decision-making. It may seem easier to stand still or 'wait and see'. The basic problem with uncertainty is that it's hard to make good predictions, yet traditional strategy development relies on your ability to recognise patterns and predict outcomes in stable environments.

When data are unreliable and you're facing unfamiliar and fast cycles of change in the business environment, your experience, training, culture and available information may interfere with your ability to process the available information in an unbiased manner. A different approach is required. Under the circumstances we've described, strategies should set a general direction rather than attempt to describe the destination. To do this effectively, you will first need to make explicit the assumptions you are making, together with any supporting data and your degree of confidence in those assumptions. These techniques help us to validate beliefs and assumptions based on observations we have made. When explicit, they provide a set of hypotheses that can be monitored and tested as a basis for decision-making.

Revisit strategic goals

Despite multi-layered levels of uncertainty, we urge business to kick-start forward planning. Faced with uncertainty, people leaders need to make the best decisions they can, adapting them as the situation changes. Firstly, determine a relevant strategic timeframe to fit your specific business context. As a default, we suggest using multiple time horizons including now, next month, up to two quarters ahead and one to two years ahead. This near-term planning is designed to bridge the gap between today and the next period of 'normal', whatever that looks like. Effective strategic planning requires a six-step approach that will need to be re-iterated as the situation develops, so it's a good idea to keep it concise and repeatable from the outset

1. Describe the situation

You need to capture a realistic view of the current situation in terms that will be easily understood. Information is available from multiple sources. Some are reliable and some less so. The forward planner's job is to look for the best sources of information then determine their level of confidence in the assumptions made. Keep it high-level and focus on what matters most, not the detail. Up-to-date situational awareness enables effective decision-making.

2. Develop realistic scenarios

Even when you are uncertain about the future, it will be possible to articulate the assumptions you are making and develop scenarios describing a range of possible future outcomes. None of them will be accurate. It doesn't matter how likely or unlikely they are provided they are credible based on your understanding of the situation. They should represent a range of possible outcomes and include the 'worst case' outcome you can realistically imagine. In time, the actual outcome, determined by reality, will probably be a hybrid of some of the scenarios you describe.

3. Determine your intent

The next stage is to determine your intent. This provides a 'compass heading' or broad direction of travel based on your assumptions and beliefs. In typical strategy development processes leaders define and commit to strategic outcomes or end-states. Surrounded by high uncertainty, leaders don't need to be precise but should spell out the new situation, new realities, what they are planning to achieve and, critically, why it is important. Creating a goal that matters to everyone provides a

single unifying purpose for your organisation. But it's only worthwhile if it is realistic given the post-COVID opportunities likely to be available and your organisation's capability.

4. Screen your existing portfolio of strategic initiatives

Many businesses already have a portfolio of strategic initiatives, but these initiatives pre-date COVID, so review them against your new scenarios, deciding whether they should stop, continue or accelerate. Stopping activity is always tough but makes resources available for new priorities.

5. Develop your playbook

A range of scenarios enables you to test where and how the business is most at risk and identify strategic actions most important for your long-term survival. Based on the assumptions you've made and your intent, the next step is to develop and validate some strategic courses of action (COA) relevant to a range of scenarios. Each will have advantages and disadvantages, different impact and levels of difficulty associated with implementation. These need a rigorous examination to evaluate them, rule out any that are unrealistic and identify those able to be initiated irrespective of the scenario. If your organisation has time and resources, COA should be stress-tested in a 'socially distanced' desktop operational rehearsal to assess their effectiveness.

6. Support effective decision-making

Decisions about which COA (or combination of COA) should be followed is generally vested in senior executive teams; they are briefed by forward planners. To drive effective and timely decision-making the team should identify the critical information required to confirm which scenario is playing out. When these indicators are observed they trigger executive decision points.

Who does forward planning in your organisation?

Forward planning teams should be executive-led, accountable to the CEO and supported by a cross-functional team of the best people your business can muster. They need to be creative, forward-thinking experts, with deep experience of business strategy, operations, customer segments and the supply chain. Don't give the job to the executive committee: they should be focused on other things including strategic financing and a return to the workplace.

Resource allocation

The danger in any strategic planning cycle is that budgets can constrain your options. Your existing budget was designed for a different set of circumstances. Your forward planning effort will be wasted if it doesn't result in a close alignment of resources to plans. Resources now need to be preserved to maintain resilience and provide headroom for investing in new strategic priorities. A more agile approach in uncertain conditions will identify what is required in the post-COVID world. We suggest using basic 'zero-basing' principles that force the organisation to redefine what is needed from a clean sheet (the zero base) rather than last year's plan. With finite resources this approach supports more dynamic resource

allocation, enabling investment to be shifted to strategic opportunities as new scenarios emerge.

There is a compelling need for speed

We expect people leaders, driven by well-placed consideration for staff health and well-being, to take slow tentative steps towards restarting the workplace. Although tempting to 'wait and see', there is a compelling reason to move fast. In uncertain times, speed matters more than perfection. It's unlikely your plan will be perfect, and it will rapidly outdate. This implies an iterative approach, revisiting stages as the situation changes and checking assumptions remain relevant. A structured forward planning approach helps people leaders create an advantage by moving fast but retaining the agility to learn and adapt as the situation changes.

References:

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About Leading Change

Leading Change is a specialised consulting practice devoted to organisational effectiveness. We help organisations to succeed in uncertain and dynamic business environments. Mark Bouch, Managing Director, has been a strategy execution consultant since 2001 and an early career in military logistics planning and implementing operations.

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