

CEO T O D A Y

Business Reinvention for a World Beyond *COVID*



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As we approach the one-year mark since the pandemic first impacted our lives and businesses, continued ambiguity and volatility are increasing the need for rapid changes and significant crisis management. But with many leaders struggling to contend with changes and predictions on global impact and economic shocks, the strain of the pandemic is taking its toll. Of course, this is not just limited to the virus, as Brexit, global political uncertainty and the long-term impact of the economic cost on government finances all raise major concerns.

What successful leaders are recognising is that in amongst the uncertainty and its impact sits a golden opportunity to prepare for a strong recovery and even business growth. However, the trap that needs to be avoided is to first take a step backwards into a pre-COVID business state. This may seem like the safe or comfortable option, but it is an opportunity wasted.

In order to emerge from the crisis stronger, business leaders must rather go 'back to the future' and make decisions that position them for future success and sustainability in a new world. We are not just talking about a brand-new strategy or a total change in business model. It is also about preparation, alignment and prioritisation. In other words, laying the groundwork now for a period of sustained but uncertain growth and freeing up the focus and energy that is currently consumed by the crisis.

We are already seeing this behaviour. Examples include:

- One of our clients experienced dramatic growth in one part of the business, in this case PPE, to up to 10 times the normal level. Recognising that planning and executing for this demand should receive clear executive focus, but also that there was a risk that it would consume all available time and resources, they introduced separate and clearly defined management streams, meetings and agendas to manage the current and plan for the future. Too often we see short term demand spikes take over all internal processes and discussions, and when things inevitably change, the business is not ready, and often almost surprised. Formalising the unexpected peak from the long term "normal" was a good way to ensure both processes received equal attention.

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- Another client had the opposite, due to government-mandated actions and consumer behaviour change, their demand was severely and negatively impacted. In their case, they made specific provisions in their diaries and meetings for recovery planning. Leaders are consistently challenged to present their plans for future scenarios where there was a rapid recovery and growth curve. This included all areas, from portfolio to capacity to supply risk, and this once again forced a clear focus of that most scarce of leadership resources, time, on what lies beyond.

While no one can predict how the world will change post-COVID, we are seeing some very clear changes in the way we work, and also in the way our businesses are set up to manage unexpected events.

- Employees will work differently and have different expectations both in terms of physical work and how they are managed. With the furlough impact, as well as the futility of trying to predict the exact future, assumptions about productivity and the need for certain functions has changed. A total reset of organisation structure and focus is under consideration.

- Companies know how suppliers and partners dealt with the crisis and are looking at supply chain risk differently. The duress of COVID has exposed structural and performance challenges and this is being addressed into the future.

- Disruptors have emerged and will continue to do so, showing different ways to look at industry and portfolio. In every industry, there are new competitors, new routes to market, new potential partners and challengers targeting traditional business models. And this includes the adaptation speed of new technology by consumers.

So how do we respond as business leaders? As operations start ramping up and re-aligning for this new future, the challenge is often deciding where to start. Most leaders understand the need for change but converting thinking into action is sometimes difficult.

Based on our experience and observations of leaders over a number of industries, below are 10 tips on how to find the right balance between recovery and agility to ensure you focus on the future and the opportunities it will bring:

1. Clean house:

Whether it be chaotic shop floors, obsolete spares and inventory, or information and data that is no longer relevant, take time to clean up and start afresh. With the resource constraints from the pandemic, certain activities might have been de-prioritised. Ensure you recover your maintenance schedules, shop floor discipline and housekeeping cycles where they might have suffered during the crisis.

2. Break out of crisis mode:

No crisis management process is sustainable in the long term, no matter how exciting it might feel. Where you have crisis teams, war rooms, or special actions related to COVID, be careful not to make this business as usual. Successful firefighting often gives off a feeling of accomplishment, but this is a dangerous habit that creates cost and inefficiency in the long term.

3. Learn from the crisis:

COVID challenged our traditional ways of working - and in some cases for the better. Age-old paradigms on how to work, share information, or plan operations fell by the wayside, and some employees surprised as they excelled under pressure. Don't be afraid to adopt this as a new way of working, even if it challenges long-held norms and practices.

4. Manage financial and performance expectations:

Accept the impact of the pandemic on efficiency and cost and get over it - your old targets might not be relevant and could be destructive. Ensure you rebalance your recovery and gross margin models for your new reality and drive realistic targets that incentivise your teams in the right way.

5. Plan to be agile:

Look for improvements and investments that increase agility. Focus on skills and culture that can accept and respond to change. Work with your suppliers and distributors to build a receptive end-to-end response. Covid will not be the last major disruption, and rigid investment and business design models will be challenged again in the future.

6. Ensure you are innovation ready:

Can your teams trial, test, and procure in a way that will positively support the changing needs of the business? Can you make quick portfolio decisions? Innovation is also about having the

right mindset to positively impact business efficiency and output.

7. Lock in your critical requirements:

Get to the front of the queue for key investments, innovation support, and material supplies. Secure the critical skills you need now and in the future. Make sure you are ahead of the game once things start turning and everybody is fighting for the same limited requirements.

8. Relook at your geography:

Over the last few decades, many organisations have looked for cost-efficiency through international and single-sourcing, and rapidly expanded into new markets using assumptions about distribution effectiveness. Many were caught short with their long supply and marketing chains. Whether it be local sourcing, route to market, or risk management, a review of your geographic risk profile might be in order.

9. Train your decision muscle:

You will need to be able to make quick, brave decisions in a rapid recovery cycle. Build trust in your market sensing - there will not be time for major revisions or investigations if a quick decision is needed. And get your RFPs and RFIs ready for potential change - don't start when you need it, especially if these processes are traditionally onerous in your business.

10. Choose your process support/ consulting investments carefully:

Aim for process and business improvements that have the right return on investment, linked to your future growth plans. Select digitisation projects that are fit for purpose, aligned to changing needs and scalable - not overly burdensome with lots of complexity and design rigidity. Ensure the time of your teams is used wisely and that learnings are sustainable.

Everything we have seen shows us that for the businesses that can adapt and be ready, recovery will quickly lead to growth and accelerated performance, but also that winning the COVID crisis battle will by no means guarantee continued future success.

It's time to accept that the world is not going back to where it was before the pandemic. Leaders must ensure they are prepared to adapt to the fast-changing world and plan for a new normal.

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