



RE-SET YOUR ORGANIZATION FOR THE POST COVID FUTURE WITH CREATIVE LEADERSHIP

Research-based advice to Senior Leaders from CCL

Together we are living through a terrible global pandemic that is ripping apart our lives, our organizations and our future all across the world. As of March 25, the Conference Board advises “Businesses should prepare for the worst-case scenarios, which have high probability.” Of their 3 current scenarios the worst, called ‘Fall recovery’, projects a US Economy GDP contraction of 6% for 2020. In this time of Pandemic Economics, the scenarios themselves change on a weekly basis. We can consider this the most significant global change simulation of the century. What is clear now is that many organizations will become extinct, some will be spared due to their positioning as essential organizations, and all will be changed forever by this experience. Many senior leaders are totally occupied with decisions that have to be made now to respond to the threats posed by this crisis. For many, these decisions will shape what kinds of future choices will be available to them.

By William Pasmore & Elisa Mallis

In this article, we offer guidance based on research to help leaders understand some of the most important things they should be doing in the next few weeks and months. Our advice falls into three broad actions: take care of your people, take care of the future, and take care of key stakeholders.

WHAT HISTORY TELLS US



We've been through situations like this before. Starting in 1929 and during the Great Depression, H. Smith Richardson, the CEO of Richardson Vicks, studied the mortality of companies to understand what enabled some to emerge successfully while others failed. Inspired by what he learned, he set a challenging objective for his company: to build an enduring enterprise – one which could maintain payrolls for job holders and dividends for stockholders – throughout future decades and generations, despite wars, depressions and the effects of time. In 1935, he started the Smith Richardson Foundation with the goal of it becoming the premier center for knowledge concerning creative leadership,

which he felt was the essential element in those companies that fared well through the depression. Enduring World War Two and the cold war, the work of the Foundation continued to grow. In January 1971, the Center for Creative Leadership was formed by the Foundation, with a mission of improving the understanding, practice and development of leadership for the benefit of society worldwide.

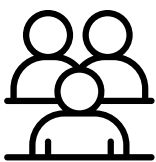
Over the past 50 years, CCL has been researching all facets of leadership, in good times and bad. In this article, we want to share some research-based advice that may help leaders respond creatively and effectively to the Covid-19 crisis.

1.

TAKE CARE OF YOUR PEOPLE

As we know from other major crises over many centuries, the greatest asset the organization has for overcoming the crisis is the people. Organizations will be judged by how they treat their people, their customers and their community during the crisis. The following priorities will need to be considered:

- Supporting the safety, physical and emotional well-being of employees and contractors must come first.
- Organizations that have the resources will be expected to provide regional and global support for the most vulnerable pockets of society, in addition to their own workforce.
- Exhausting all cost containment measures



first and avoiding layoffs will provide some time for organizations to gather additional information and support for post-COVID business scenarios and possibilities.

- At the same time, protecting the longevity of the organization means very quick re-purposing, and for some will involve re-sizing the talent pool to a future-state strategy and business model.

Getting the timing of the above right both to balance the needs of society and protect the organization will be a significant differentiator for organizations that survive COVID.

Our former colleague, David Noer, wrote a book called [“Healing the Wounds”](#) based on his extensive research with companies forced to administer layoffs. His focus was on the actions that more successful companies took to set the stage for a quick recovery while retaining and motivating survivors – those who

continue to have jobs. His conclusions were captured in the form of four recommended interventions:

PROCESS INTERVENTIONS

These interventions include involving employees in decisions as much as possible, over-communicating information, and making certain that leaders are visible so that they are available to help employees process their emotions. While many leaders retreat to their offices during a crisis, successful leaders do just the opposite.

GRIEVING INTERVENTIONS

In the second stage of recovery, leaders need to help employees express their sense of loss rather than hold it in. Less successful leaders think they should retain composure and display a stiff upper lip. More successful leaders share

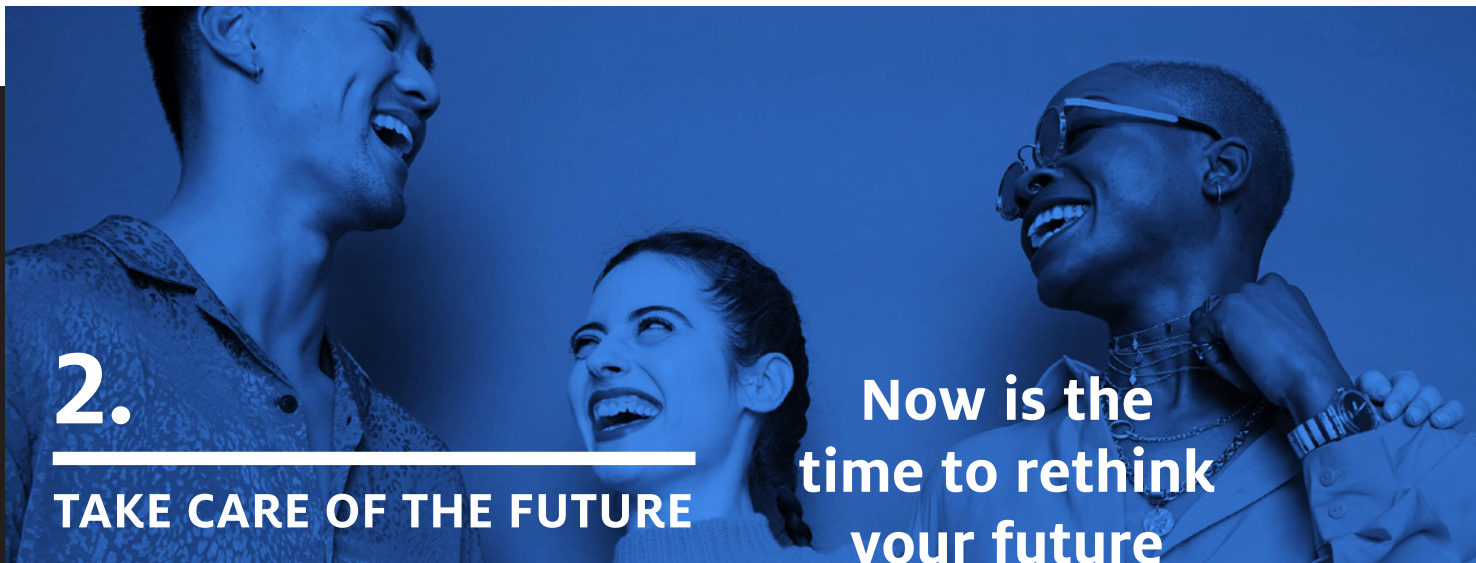
their feelings openly and help their employees do the same.

INTERVENTIONS THAT BREAK THE CHAIN OF ORGANIZATIONAL CODEPENDENCY

When faced with the loss of colleagues and an unwelcome change in their world, many employees assume the role of victim, awaiting salvation by the company instead of springing into action to aid with the turnaround. Leaders need to engage employees in developing strategies for recovery rather than offering solutions that are likely to be met with lukewarm acceptance.

SYSTEMS INTERVENTIONS

Successful leaders don't attempt to maintain existing structural arrangements with fewer people. They redesign the organization to be flatter, provide greater empowerment, and move to a more flexible workforce.



2.

TAKE CARE OF THE FUTURE

**Now is the
time to rethink
your future
and adopt
new business
models, at the
same time as
reducing costs**

A crisis exposes the weaknesses in current strategies, business models, talent, culture, customer relationships, infrastructure, and supply chains. Immediate actions need to be taken, followed by a rethinking of many of these arrangements. For many leaders, that means a deep cut in expenses, including layoffs. "Take action but don't overdo it", as one senior leader advised us. Emergency measures need to be taken with an eye toward the future.

While cuts are required to ensure the business has a future, cuts alone are not sufficient to effect a full recovery. Poorer leaders are paralyzed by the crisis while better leaders are energized. Research from a study published in the MIT Sloan Review, that studied thousands of companies following the 2007-2008 recession, suggests that leaders who fared better rethought their future and adopted new business models and business arrangements at the same time as they were reducing costs. If the old model wasn't working well before the crisis, now is the time to fix it.

Few large companies have been able to pivot their business models completely in the past but the case of Apple is instructive. Apple started as a computer company, became a device company and is now considering becoming an entertainment company. If Apple had relied strictly on the Macintosh, it would be far less influential than it is today.

**IMAGINE MULTIPLE
FUTURE SCENARIOS
AND DEVELOP A
NEW VISION**

Recovery will depend on the capacity of creative leaders to define a compelling new vision for the organization and swiftly implement new business models. CCL's recent research on Board Leadership in Asia

– **BOLD 3.0** – highlights that a sustainability agenda, both human and environmental, is now routinely finding a slot in the board agenda, much more than ever before.

Growing instances of shareholder activism are increasing the pressure on organizations to do the 'right' thing and, as evidenced by numerous studies on rates of shareholder return, this can also be helpful in creating more robust and sustainable business models. As a result of the COVID crisis, we expect the compelling new vision of many future-sensing organizations to be less about growth and more on solutions that address planetary sustainability and the broader well-being of humanity.

Transformation efforts often fail because leaders try to fit new businesses into old organization structures. The higher

levels of prolonged uncertainty that we are going through require multiple future business scenarios and strategies. A focused team, gathering collective wisdom from multiple parts of the organization, will be needed to develop these scenarios and to develop a new vision for future success.

**INVEST IN
INNOVATION**

Companies that recover successfully from a severe downturn invest more highly in

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innovation than they did before the crisis. However, it will be important to focus these investments in a few areas that align with a post-COVID strategy. You need products and services that are easy to sell in the new normal because they are attractive to customers. If you are in the airline industry, for example, you will need to think beyond offering fare discounts to return to profitability. You should be rethinking how to expand cargo services by working more closely with shippers to implement new supply chain capabilities or be



thinking about investments in alternative businesses to insulate against future shocks. When faced with a choice of spending a great deal more on marketing to get people to buy existing products they don't really want, instead put your money into developing products and services that the market does

want. Life is easier when you are on the upside of the S-curve.

CULTURE STILL EATS STRATEGY FOR BREAKFAST

There are aspects of your old culture that may destroy any chance of success with a new business model. As an example, according to our [trends report](#), which includes surveys and interviews with senior leaders across the globe pre-COVID, organizations are counting on the power of data to make faster, smarter decisions; however, they are confronted by the current limits of their people and culture as they try to leverage data analytics. The same report suggests that in order to create an innovative culture, companies should continue

to focus on strengthening relationships across the globe. Quickly take advantage of the fact that geographically dispersed employees are connecting more frequently online to break down silos and strengthen collaboration.

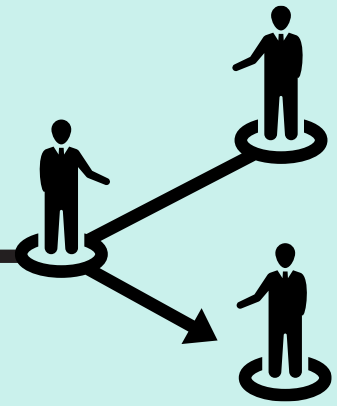
Changing the culture of your organization is not easy, especially if you are responsible for having created it. That is why some researchers have concluded that it is better to bring in an outsider to do a turnaround than to trust an insider with the job. Nevertheless, the case of Xerox is informative. After an outside CEO failed to effect a recovery, the board turned to an insider (Anne Mulchahey) who knew the Xerox culture and was able to inspire her people to take the steps necessary to save the company. It is not just who is leading the way out of the crisis, it is how they are doing it that matters. As long as the leader a) is prepared to take dramatic steps and b) has the confidence of employees behind them, it should not matter whether the leader comes from inside or outside.



Companies that recover successfully from a severe downturn invest more highly in innovation than they did before the crisis. However, it will be important to focus these investments in a few areas that align with a post-COVID strategy.

3.

TAKE CARE OF KEY STAKEHOLDERS



Recovery might also require entering into partnerships or alliances that were not given serious consideration pre-crisis. Given that resources are likely to be limited, it may be time to approach people you would have seen as the enemy previously with a flag of truce. Microsoft and Intel, Pfizer and Merck, Ford and Toyota; these competitors found opportunities to grow through collaboration even before the crisis. The issue now is survival, not pride. If you try to do too much on your own without the necessary resources, your road to recovery may take too long. By the time you finally arrive, the world may have passed by you again. Speed is of the essence.

Since so much change accompanies successful recovery from a downturn, it is essential to keep important stakeholders on your side.

Don't be arrogant. You may think you know more than your board, your investors, the media, your international partners, regulators, government officials in the many countries where you operate and not the least importantly, your customers. Your stakeholders have the power to set limits on what you will eventually be able to do, and you need all the wiggle room you can get. Bring them into the tent early on. Get their advice. Be appreciative and supportive. Demonstrate how their support is crucial to you and therefore to them. Have a plan to approach each stakeholder group with a message and request that is tailored to them. Don't make demands; ask for engagement. Make the conversations with stakeholders a two-way street. Create the most favorable context for recovery you possibly can.

It is clear that we will be facing a new economic reality. Business will operate in a way that we cannot entirely predict. Our benefactor, H. Smith Richardson said, "Minds that do cross-country thinking are rare. Yet, if our findings are true, their presence in an enterprise in positions of sufficient authority means all the difference between survival and ultimate destruction." Ninety years later amidst the greatest global threat we have faced in over eighty years, these words still hold true.

We are now fully entering the next wave or era of globalization, which is digital. Although it was underway, this now accelerated era of digital globalization will rely much less on the cross-border movement of people and products and much more on the movement of information, data and capital. Reactive increases in nationalization will present challenges to organizations in the short to medium term. Leaders are finding themselves in a minefield of national and international interests as they manage and get support from multiple key stakeholders. Leaders who can take the above steps to move forward as quickly and aggressively as possible, with courage, curiosity and truly global perspectives will be essential to successfully lead the organization to survival. **We call that leadership. Leadership that never stops.**

If you're interested in learning more about CCL's Live Online Leadership Development and how we can support you and your leaders to successfully re-set for the Post-COVID Future please contact us at ccl.apac@ccl.org and visit www.ccl.org



ABOUT THE AUTHORS

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Bill is a member of CCL's Executive Team. An international authority in organizational leadership, Bill has published 30 books and numerous articles, including *Braided Organizations: Designing Augmented Human-Centric Processes to Enhance Performance and Innovation*, *Leading Continuous Change*, and *Designing Effective Organizations: The Sociotechnical Systems Perspective*.

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With over 20 years of experience as a business leader with a focus on transformational change and human capital strategy, Elisa leads CCL's efforts in Asia Pacific and is also a member of CCL's Executive Team.

Based in Singapore, Elisa contributes to CCL's unique Asia focused research agenda, presenting highlights at regional conferences and most recently featured on BBC World News, Bloomberg Radio and CNBC.

When done right, leadership development ignites transformational change in individuals, teams, organizations, and communities. That's why, at the Center for Creative Leadership, our sole focus is leadership development, education, and research.

As a top-ranked, global, nonprofit provider of leadership development, we've worked with more than 2/3 of the world's Fortune 500 companies, offering cutting-edge solutions to over a million leaders at all levels. Now in our 5th decade, we continue to innovate and pioneer the industry's best practices, delivering trusted, proven solutions; face-to-face and virtually by CCL experts worldwide.

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