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In the eye of the crisis – and now what? Ten guidelines for navigating through uncertain times

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In a crisis, the common laws and principles often no longer apply. What was once familiar and regular has become the least likely. How should one act in a crisis such as the current, and what should one pay attention to?

Two dimensions need to be considered: first, our immediate **concerns for our business**, and second, our **leadership behavior**, i.e., how we act, communicate, and decide as managers or leaders. What are the essentials to succeeding in both dimensions? The following list of ten guidelines is intended as a reminder – not because they are new, but because we risk forgetting them during our daily firefighting.

We need to keep an eye on both dimensions: The leadership behavior may not contribute to the P&L directly, but it is a very decisive factor for handling the crisis successfully in the long-term. It determines how you can keep up both **momentum** in your organization and the **endurance** of your employees.

Four guidelines for managing your business in the crisis

Cash is King – Securing liquidity and reducing costs to the essentials

The “blood” in an economy’s circulation system is money. In crises such as the current one, money becomes scarce, and therefore, governments and central banks inject liquidity into the economy.

Renegotiating payment terms, securing and using credit lines at your bank, and receiving federal and provincial funding has become imperative. It also means cutting costs. Which costs are essential, and which ones aren’t? Every cent matters.

This sounds straightforward, but the implementation is often **more intricate the longer the crisis continues**, and the “low hanging fruits” of the first weeks have already been harvested. You will then have to go deeper and

develop more in-depth knowledge regarding how to negotiate with suppliers and banks and how to deal with the bureaucratic intricacies of public funding. Furthermore, cutting costs also requires questioning established behaviors and perspectives.

Depending on the size of your company, it may thus be worthwhile to set up **a dedicated team**



that focuses on further improving your liquidity

and costs, that builds up experience and competencies (especially regarding legal and tax issues), and that develops a creative mindset and approach. **Innovation is now also necessary for managing your liquidity and costs.**

2. The customers: your lifeline - Try to become closer to them, and to deepen your understanding of how you can now generate value for them

Stay close to your key customers, but without becoming a nuisance to them (which may also be a challenge). Ask yourself how you can create value for them. This could concern **small issues** in the daily business, but also more profound changes to the business model if you are able to develop **new forms of collaboration** with your

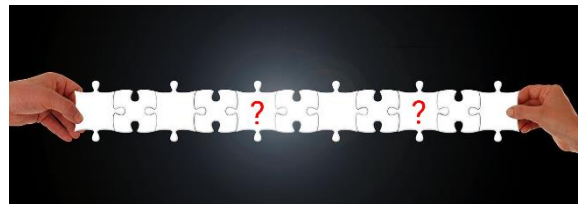


customers.

Have a foot in your customers' doorframe to obtain **critical information** early. Your customers are not only sources for your revenues. They are also sources of relevant intelligence regarding the markets downstream. They are thus vital for your decisions and strategies.

3. Secure your supply chain – your suppliers are your partners and an essential pillar for surviving the crisis

Your market position partially depends on your suppliers. Not every one of them is as well-positioned as you and might, therefore, falter as the crisis continues. Analyze your supply chain, and together with your suppliers identify their **weak points** and possible countermeasures. Don't be too reassured by suppliers who have not signaled a problem yet. The real stress will come two to three months into the crisis.



Not every one of your suppliers will immediately disclose his weaknesses. You need to develop **trust, transparency, and a sense of partnership**. Assure your suppliers that you won't exploit their openness after the crisis.

4. Don't reduce but adjust your innovation pipeline

In crises, one only looks at costs and may thus be tempted to cut innovation budgets. But this can backfire once the crisis is over. Crises change market structures. They intensify competition, but they might also offer opportunities to capture market share. However, your products must address the specific needs of the post-crisis situation, and these needs might have changed due to the crisis.

So, **don't reduce your innovation but tailor it to the post-crisis situation**. What will your customers need most in a post-crisis situation? This should be your reference point, based on which you should reassess your innovation pipeline

Six guidelines for you as a leader

1. Avoid falling victim to tunnel vision

In a crisis, you are being driven rather than being in the driver's seat. Instead of acting, you are reacting. This risks to narrow the radius of your decision-making. You need to actively work against this. Don't decide too hastily. If possible, always take one night to sleep over important decisions. Involve other people and outsiders



into your decision-making. They can help you to consider a problem from a different perspective, to uncover blind spots in your reasoning and to offer you new approaches to a problem. The first impulse is not always the right one.

2. Intensify the communication with your employees – it will help you too

Don't forget your employees and retreat to your office and don't mingle exclusively with colleagues from the same or upper hierarchical levels. You will only master the crisis in cooperation with your employees, and they need **orientation and trust**.



Don't try to master the crisis alone but treat it as a **joint effort with your employees**. You will discover how much energy, support, and ideas your employees can provide to you. Not being alone will give you comfort and a precious **feeling of solidarity** in these times.

3. Think systemically and in scenarios

The exponential curve of Covid 19 exemplifies the complex and systemic character of the crisis. **Linear thinking and focusing on the common factors** do not suffice anymore. The factors that (will) influence your business are now beyond your standard radar screen, e.g., in other industries, countries, or involving other social actors. These factors are not linked to each other in linear and uni-directional cause-and-effect relationships. They influence each other through dynamic and reciprocal feedback mechanisms, as it is characteristic of complex systems.

Thus, **expand your mental map. Start thinking in systems, possible scenarios, and interrelated feedback mechanisms**. These are the most apt methods for these circumstances, not the linear projection of trends and numbers.

4. Increase the scope of available options for your future decisions

One thing is almost certain: whatever we assume about the future, we will be wrong. Currently, we are driving in a thick fog, and the half-life of a decision has sunk to under a few hours. Things will turn out differently than we expect them. For this reason, it is vital to increase your flexibility and be cautious. **Choose the option that increases the room for maneuver** for your future decisions – whatever they might be when taking.



5. Promote creativity and ideas in your company

Humans have faced many seemingly hopeless situations in our history, and very often, we have found a way out. Our biggest talent is our creativity and ideas, especially in difficult times. **Your company is full of ideas**. You can build on this.



Promote the development of ideas and encourage employees to voice them. But you need to choose the right method. Sending out an email asking for ideas is often not very successful. It is more fruitful and stimulating to talk to employees personally and to discuss the options face-to-face (even through a video call).

This also shows your employees that they are important and valuable. Furthermore, it also helps them to overcome their self-isolation in their home office, and it resonates with their need to belong to a community.

6. Develop sources of hope and resilience

Crises cost energy, generate self-doubts, and question your identity and self-esteem. To bolster mental strength is now critical. You are now running a marathon. Positive thinking, celebrating small successes, and remembering past success stories are vital for enduring the crisis.

Try to live healthy, take your time for doing sport, and be close to people who can give you energy and trust in yourself. In all of this, don't expect too much of you. It is good to set ambitious objectives, but expectations that are too high can backfire and cause frustrations: a



“step by step”-approach focusing on continuous improvements will bring you to the finish line. A successful day means that you are already one day closer to the end of the crisis – celebrate it. It will improve your morale and provide you with the energy and confidence to tackle the challenges of the next day.

... and after the crisis?

Once the current storm has subsided, use the crisis to **refocus, clarify, and streamline your organization**. Crises help us to **question** more openly **the obsolete and the unnecessary** in our organizations, to **reorganize or abandon** it altogether, especially in view of the **digitalization**. The courage and willingness to change are greater than they are during ordinary times, and the improvement potential in every organization is significant – you can bet on it. **Avoid falling back to old patterns** of behavior.

Furthermore, readjust your **market strategy**: the crisis might open new opportunities. Get ready to pursue these prospects and **start planning your post-crisis strategy** before the crisis ends. If you wait until it is over, you might have already missed your shot.

What conclusions can we draw for how we need to control our companies in the future general? This crisis will not be the last one. Even if many have discarded the possibility of revenues falling by more than 30%, such crises will return. Seven years of abundance, so the Bible's wisdom goes, are followed by seven years of famine. This means: taking good care and making provisions. Financial leveraging and profit maximization have been highly accepted in past years. This crisis shows us that this kind of "strategy" doesn't prepare us for a non-linear future. Always include a crisis scenario in your planning. **Conservative planning and the building up of redundancy, i.e., buffers and reserves**, have become more critical than ever in a non-linear, complex, and systemic world. At the very least, our responsibility towards our companies, our employees, and our society demand this of us.

Finally: Don't forget to **thank your employees** for their efforts beyond the normal to save your company. During this crisis, something very valuable will have developed in your organization: **a community that goes through thick and thin with you**. This community is perhaps the **most precious asset** in your balance sheet because it has no price and yet is the basis for the performance and future achievements of your company. After the crisis, do everything to protect and nurture this community.

Questions or comments are highly welcome at wolfgang.lassl@puremanagementgroup.com