Pointers for Leaders in the Pandemic

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Introduction

The coronavirus pandemic brings with it an arc of uncertainty that stretches far into the horizon. How can leaders take up effective roles in such a dark time? What practical steps can they take to help their employees and subordinates navigate the passage to a hopefully restored world in which the enterprise is psychologically and financially intact? There are four foci that can help leaders provide steady steering in a difficult time: **o**bjectives, **c**apabilities **i**ntactness, and **n**ormalcy. These foci highlight three challenges leaders face in this crisis; how to *steer* the enterprise, how to keep it *cohesive,* and how to provide it with *goals.*

Objectives: The Proximate

In times of uncertainty it is difficult to plan for a future, but leaders can identify what Richard Rumelt calls "proximate objectives" that are on the critical path to any possible future. The proximate objective is the juncture on the railway line that leads to many different destinations. You must pass through it to get anywhere. For example, most small business have roughly between seven and 30 days of working capital. Their most compelling proximate objective is to protect or acquire working capital and thus fend off bankruptcy. This means that they need to borrow money, cut expenses, and protect and enhance any revenue stream that is viable in the current climate. For example, many neighborhood restaurants are applying for small business loans, laying off employees, and expanding their take-out business. Similarly, New York State Governor Andrew Cuomo in his famous press conferences constantly referenced the anticipated moment when the hospital system would serve the "peak" number of patients. He could not predict with any certainty when, and even how, New York State could emerge from the crisis. But he could work to minimize deaths by ensuring that hospitals had the staff and equipment to treat patients at the peak. Peak capacity became that proximate objective that served as the foundation for his plans. The proximate objective converts existential uncertainty—"Will we have a future?"—into a manageable risk—"How do we navigate the immediate?"

The proximate objective for a business with good reserves of working capital can be protecting its supply chain. For example, large retailers can meet daily with their strategic suppliers, shrink the number of products they sell, and identify alternate sources. The proximate objective here— "protect the supply chain"—creates focus, sharpens coordination, and stimulates creative thinking. Similarly, a consulting firm could define its proximate objective as, "be part of our clients' response to their part of the crisis." This framing stimulates its professionals to think creatively about how their *clients' clients* are coping. They can ask, "What do our clients need, and how do we become part of our own client's responses to this crisis, a part of *their* solutions?" This framing extends their vision into the market surround, countering the narrow thinking common in times of crisis.

In considering proximate objectives, a leader should:

1. Identify objectives that are on the critical path to alternative scenarios for success.
2. Identify what missing talent and resource—such as cash, materials, and information—are needed to achieve the objectives.

3. Focus efforts on achieving those objectives.

Capabilities

Crises stress an organization's capabilities by revealing cracks in its performance system. The cracks emerge when the crisis exposes constraints that degrade performance and lead to failures. This is why network administrators purposefully stress their networks by loading it with traffic. They create a controlled crisis in order to prepare for a real one. The pandemic is a real crisis and is stressing organizations in the same way. For example, it is stress-testing the capacity of the federal and 50 state governments to respond in a unified way to a shared crisis. Ideally, the federal government would coordinate state requisitions and purchases of hospital supplies. Instead, states have competed with one another to acquire, for example, ventilators. Similarly, Zoom faces a stress-test as individuals rather than just businesses use its technology to maintain ties to relatives and friends. For example, hackers can guess zoom meeting-IDs easily, while its default setting requires no password at all. Corporations could better protect privacy with their firewalls as long as emails stayed within their system.

Like an X-ray, the pandemic exposes fractures. But in the same way it also points to capabilities not yet acquired. For example, Zoom is currently creating protocols and systems for safeguarding users' privacy. Similarly, in response to the pandemic, the federal government could build a public health pandemic prevention system through which private companies ramp up the production of supplies and equipment, colleges train para-health workers, and states supply stockpiles. Consider educational institutions, now forced to conduct classes online, that may learn how to more effectively integrate in-class and online teaching, for example, by providing instruction online but tutoring in class.

Capabilities are strategic assets that are often difficult to imitate. Apple is famous for the breadth and depth of its ability to design pleasing and intuitive interfaces for devices and software, the result of the fruitful collaboration between Steve Jobs and Jony Ive. This capability was expressed across its products and services, in ways that could not be predicted. While we cannot know with precision how a new capability, developed in the midst of a crisis, will improve an organization's performance after it, we can say with certainty that it can and will.

In considering capabilities, a leader should:

1. Identify how the performance system is stressed and why.

2. If possible, release the constraint to performance or build a plan for its release. For example, Zoom announced a "feature freeze, effectively immediately, and shifting all our engineering resources to focus on our biggest trust, safety, and privacy issues."

3. Create a plan or scenario for how the newly found capability can enhance performance in the future and how it will change the organization's activities. For example, imagine that colleges use the crisis to "flip the classroom" by relegating all direct instruction and lectures to online classes. What is the new role of the teacher in the classroom? Are they tutors on hard problems; orchestrators of class projects; guides on applying learnings, seminar, and discussions leaders; or some or all of the above?

Intactness

The pandemic's upheaval is fragmenting social and economic life. While a war is horrific, it can paradoxically unify the home front as civilians contribute to the war effort. They buy war bonds, grow vegetables in backyard "victory gardens," entertain troops, care for the injured, and work in essential jobs. A war brings cohesion even as it threatens life. This is why suicide rates go down in wars. The pandemic is topsy-turvy; it threatens life while making us a danger to each other. Leaders can counter this through practices that help employees feel that the organization, while stressed, is nonetheless intact. The organization becomes an instrument of cohesion.

Leaders can do this in four ways depending on resources. First, the work itself is a source of cohesion and provides employees with a sense of agency at a time when feeling helpless is commonplace. If possible, an organization should sustain its real work while ensuring that employees are as safe as possible.

Second, leaders can convert the pandemic's upheaval into an interregnum or pause during which the organization focuses on improving its processes or products even as its revenues decline. Professionals in human services can develop plans for helping people cope with a setting where job losses and deaths threaten family stability and cohesion. Professionals in educational settings can build plans and methods for resuming the teaching of students whose skills and capabilities will deteriorate during the period of school suspension or abbreviated learning.

Third, in the face of necessary layoffs, leaders can nonetheless maintain ties to those furloughed employees whom they are likely to re-employ as business conditions improve. For example, then can help them apply for government benefits and they can hold "all hands on deck" virtual meetings that include both the employed and the furloughed.

Fourth, the organization—should it have the wherewithal and resources—can help its employees help the wider community. For example, it can match employee contributions to agencies on the frontline or it can organize and/or support phone banks through which employees contact older people living alone.

In considering intactness, a leader should:

1. Consider how to use the work itself as a continuing source of cohesion.
2. Use capability development as a source of cohesion.
3. Integrate the employed and the furloughed into a psychological community.
4. Help employees feel connected to the larger effort of mitigating the effects of the pandemic.

Normalcy

While leaders should plan for the ways in which the pandemic may both disrupt and transform their business and settings, they should also recognize people's desire to return to normalcy. One cannot overemphasize how deep people's yearnings are for retuning to life as it was. After WWII, women who had worked in high skilled jobs in manufacturing returned to domesticity

with a vengeance. The result was a baby boom and an economic boom as married couples built families, bought homes, and purchased automobiles and consumer durables.

When mayors and governors lift restrictions and people feel safer mingling, they will do their utmost to return to their normal lives. They will expect leader to help them achieve this. This is why, for example, the Danish government is effectively nationalizing the economy's payroll, covering 75 to 90 percent of workers' salaries for three months. The motivating idea behind this plan is that the economy is temporarily paused, rather than in decline—like the runner who, panting in place, gathers up her reserves to renew her run. Is there an element of wishful thinking in this? Perhaps. That is why leaders have to explore new capabilities and acknowledge that proximate objectives are the best substitute for longer-run plans. Leaders have to both plan for the normal and engage in un-normal planning.

Creating the conditions for normalcy means preserving links. The economy is built on relationships between employers and employees, consumers and producers, suppliers and purchasers. The economists visualize this as a great "input-output" table showing how every sector of the economy supplies other sectors and is supplied by them. Leaders should develop a conception of their own, firm-specific input-output table, their organization's local place in the supply chain, whom they depend on and whom they serve. With this vision in mind they can sustain their links to their customers and suppliers whether through actual purchases and sales, through the sharing of plans and ideas, or even through the sustained expressions of good will. Keeping "normal" in mind in this active way prepares the leader to resume "normal" when and if conditions are propitious.

In considering normalcy, a leader should:

1. Plan as if the current moment is an economic pause that, when over, will result in a burst of energy and commitment as employees re-engage with their customary work and rebuild their ties to one another, to customers, and to suppliers. In this way of thinking, the proximate objective provides the continuity necessary to make it through the pause.

2. To that end, sustain practical and personal ties to customers and suppliers.

3. Finally, plan as if the current moment is the start of a discontinuity. Do this by imagining how the current strains, and the new capabilities that they highlight, can rework current business processes and/or offer new ways of creating value for customers.

In Sum

The pandemic creates business conditions never before experienced. We cannot predict its sequalae. Facing fundamental uncertainty, leaders can nonetheless prepare to restore the organization by coordinating initiatives to meet proximate objectives, build capabilities, keep the organization psychologically intact, and plan for normalcy, knowing that disruptions may prove permanent. These foci highlight three challenges leaders face in this crisis: how to *steer* the enterprise, how to keep it *cohesive* and how to provide it with *goals*.

The acronym **COIN**—**c**apabilities, **o**bjectives, **i**ntactness, and **n**ormalcy—can provide a helpful shorthand for prompting and guiding everyday decisions. A leader can ask, "Have I covered the bases on my COIN list for today?"

Coda: 13 Pointers

1. Identify proximate objectives that are on the critical path to alternative scenarios for success.

2. Identify what missing talent and resources—such as cash, materials, and information—are needed to achieve the objectives.

3. Focus efforts on achieving those objectives.

4. Identify how the performance system is stressed and why.

5. If possible release the constraint to performance or build a plan for its release.

6. Create a plan or scenario for how the newly found capability can enhance performance in the future and how it will change the organization's activities.

7. Consider how to use the work itself as a continuing source of cohesion.

8. Use capability development as a source of cohesion.

9. Integrate the employed and the furloughed into a psychological community.

10. Help employees feel connected to the larger effort of mitigating the effects of the pandemic.

11. Plan as if the current moment is an economic pause that, when over, will result in a burst of energy and commitment as employees re-engage with their customary work and rebuild their ties to one another, to customers, and to suppliers.

12. Sustain practical and personal ties to customers and suppliers.

13. Plan as if the current moment is the start of a discontinuity. Do this by imagining how the current strains and the new capabilities they highlight, can rework current business processes and/or offer new ways of creating value for customers.

About Larry Hirshchhorn

Larry Hirschhorn, Principal and one of CFAR's five founders, is a recognized expert on the psychodynamics of organizations, and has consulted to executive teams in a broad range of industries, helping them refine their group process so they can make better decisions. Trained as an economist, Larry's consulting approach is grounded in the realities of the client's business model, their interest in identifying avenues to profitable revenue, and the relationships between behavior, group dynamics and business success. He has developed many of the proprietary tools the firm uses to help clients develop strategy, implement change and improve collaboration. He is a prolific writer, with four books and many articles in scholarly and consumer business publications to his credit. In 2008, he won the Eliot Jaques award from the Society of Consulting Psychology for his article, "The Fall of Howell Raines and the *New York Times*." He is a member, founding member and former president of the International Society for the Psychoanalytic Study of Organizations.

Larry earned a Bachelor of Arts in Economics from Brandeis University and a Ph.D. in Economics from the Massachusetts Institute of Technology. He is an adjunct faculty member in the School of Human and Organization Development at Fielding Graduate University, an adjunct faculty member in the school of Organization Dynamics at the University of Pennsylvania, and a former adjunct professor at the Wharton School. He is the author of *The Workplace Within: The Psychodynamics of Organizational Life* (1988), *Reworking Authority* (1997), *Managing in the New Team Environment* (2002) and *Beyond Mechanization: Work and Technology in a Post-Industrial Age* (1984).

About CFAR

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CFAR has significant experience in strategy, organizational and culture change, leadership and governance. We have worked with numerous institutions to understand the impact of changes in their respective fields and markets as these issues relate to their strategic direction, their business, their leadership teams, and the work they do on a day-to-day basis.

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