

Leadership | Strategy | People

Leading Out of Lockdown

White paper

By Rob Pyne
With contributions from 70 Leaders
May 2020

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About the author and contributors

Rob Pyne is a director of Realizer, which helps Leadership Teams harness their collective intelligence and realize their potential.

Rob's background includes 17 years in Marketing & Media, working in a number of Leadership roles, including National Head of Strategy and Chief Strategy Officer. He holds a First-Class Honours degree in psychology from University College London, where he specialised in how humans make decisions.

We also have included the comments of 70 leaders who attended our *Leading Out of Lockdown* event on 1st May 2020.

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Navigating the white paper

Introduction	04
The Corona Rollercoaster	05
Strategy: Re-shaping our businesses	08
Productivity: Reinventing how we work	11
People: Re-skilling our people for the next decade	13
The Leader's Roadmap	15
Realizer's Leading Out of Lockdown programme	16

Introduction

“It is not the strongest of the species that survive, nor the most intelligent. It is the one that is most adaptable to change.”

Charles Darwin, 1809-1882

For me it was March 17th when the wheels came off.

We'd had a few weeks of steadily creeping news about coronavirus. And then suddenly, we made the decision to take the kids out of school. Overnight, my capacity to lead a business was halved as I pivoted to teaching 3 young kids in the mornings, while my wife worked.

It's been a rollercoaster since then. One day you're #lovinglockdown and the next you're struggling to even think straight.

We know that 6 out of every 7 leaders feel like they are still on an unpredictable rollercoaster ride¹.

We know that 8 out of 9 leaders are struggling to see beyond the next 12 months and factor in the long-term effects of the health & economic crisis¹.

This whitepaper aims to help leaders find a way into the opportunities that this “structural break” presents.

Structural breaks - sudden, dramatic shifts in the economy and society - create massive changes in revenue, market share, consumer sentiment, employee engagement.

As leaders, we need to find a way to get some time and headspace to work with our leadership teams on the longer-term opportunities to reshape our markets, reinvent our business models and re-skill our people.

¹ Leaders survey & chatbox analysis during Leading Out of Lockdown event, 1.5.20

The Corona Rollercoaster* *or 'ronacoaster'

On May 1st, we hosted 70 leaders at our Leading Out of Lockdown event. Here are some of our findings.

We asked 46 leaders where they are at on the "ronacoaster"

- 18 (39%) said "Steady, but could plunge over the edge any moment"
- 11 (24%) said "Feels like a slow uphill battle"
- 8 (17%) said "My learning curve has been steeper than ever"
- 6 (13%) said "I've stepped off the rollercoaster. (I think)."
- 3 (6%) said "Don't know which way is up"



Only 13% of leaders feel like they've stepped off the rollercoaster

Photo Will Myers, unsplash

◀ VUCA world

Most leaders feel like they're on a rollercoaster ride. Welcome to the VUCA world.

- Volatility - think of the stock market.
- Uncertainty - the shape of the recession, will it be V shaped or W shaped or U shaped?
- Complexity - how do we re-open our businesses when our suppliers, partners or clients might still be shut?
- Ambiguity - how will the rules of engagement change when we return to working in offices?

The 3 horizons ►

Most leaders can't get come up for air to think beyond the next 3-12 months.

When you're on a rollercoaster, you're living in the moment, not thinking about next year. And yet, beyond "survival", the biggest opportunities are for those who make longer term bets on how the market will change, and which business models will win.

We asked 38 leaders "how far ahead can they think right now?"

Only 11% of leaders feel like they can think beyond the next 12 months

Horizon 3: 11% are thinking about the next 1-3 years

Horizon 2: 65% are thinking about the next 3-12 months

Horizon 1: 24% are only able to think about the next month

Photo ConstantLoubier, unsplash

The 4 big issues for leaders

On 1st May, we asked leaders, "what crossroads are you at right now?" and had them discuss in small groups. Four key themes emerged, which we illustrate below with real quotes from the chatbox in our Leading Out of Lockdown event.

(1) Human connection

"We miss physical interaction" - John

"The power of connecting and sharing energy with teams, agencies etc. is more important than ever - all missing the people contact" - Natalie

Leaders we've spoken to are deeply affected by not being able to 'walk the floor' or connect with their teams and peers.

They appreciate the positives of virtual collaboration but have noted that endless video meetings take a toll on their energy too.

(2) Leadership challenges

"We're all trying to juggle pivoting to the now while also setting up for success in the future" - Andrea

"This is a catalyst for change with some urgency" - Nathan

There's a growing question around what we are taking away from this situation for our business, for our leadership teams? What are the positives that can we bottle? What did we learn from lockdown so far, and how much change can we handle next?

(3) Business strategy

"What cost savings that we were forced to make can we take forward?" - Monique

"Always in times like these there are opportunities" - Mike

Leaders who have steadied their ship want to look for the next opportunities, the new products to launch, the new business models to invent. There are opportunities for the entrepreneurial.

(4) Productivity

"Starting to look at how we keep teams connected when we have a mix of physical and virtual teams" - Manon

"Human behaviour is hard to change - people will fall back into habits unless we consciously agree the new ways of working." - Ben

People like to think about not going back to work, but going forward to work. How do we open up the conversation beyond working from home into unleashing ourselves from all that wasn't working before?

And what about me?

Leaders face increased demands on their skills of critical thinking, of communication, of collaboration. It's not an easy time to be a leader. But it might be the biggest leadership opportunity of their lifetime. Hence a sense of optimism and possibility is common.

The opportunity

There are 5 levels that Leaders and Leadership Teams can operate at as we Lead out of lockdown, and those levels relate to how reactive or proactive it's possible for you to be.

Reactive leaders are either sinking (level 1) or shrinking (level 2) and doing their absolute best to rescue their business, reduce costs and defend revenue.

Those who have struggled to the surface for air, and been able to look further ahead, can get more proactive.

At level 3, they can focus on adapting: what can we learn, what can we do differently to keep our market share stable? How quickly can we adapt?

At level 4 the opportunities start to get bigger. How can we proactively

reinvent our business model to create more value for different customers at less cost? If done well, this presents the opportunity to increase market share in the long term.

At level 5, there is the opportunity to create whole new markets, inventing business models from the ground up to deal with the world post-Covid.

As Alice Almeida, founder of Almeida Insights said,

"One of the most exciting things that I've noticed during the COVID-19 lockdown, have been all the incredible ideas that have come across my desk for concept testing. In 12 months time there are going to be some amazing success stories from brands that are being built right now. Some of these concepts threaten the very traditional way we do certain things, and I love it."

Level	Performance	Focus	Progress	Mkt share %
5	Leading	Re-shaping the market	Creating a step change	+++
4	Innovating	Re-inventing your business model	Ahead of the curve	+
3	Adapting	Re-acting to changes	Stay on the curve	0
2	Shrinking	Reducing costs, revenue defense	Behind the curve	-
1	Sinking	Rescuing & salvaging assets	Off the curve	---

Strategy: Re-shaping our businesses

“A real strategy is neither a document nor a forecast but rather an overall approach based on a diagnosis of a challenge. The most important element of a strategy is a coherent viewpoint about the forces at work, not a plan.”

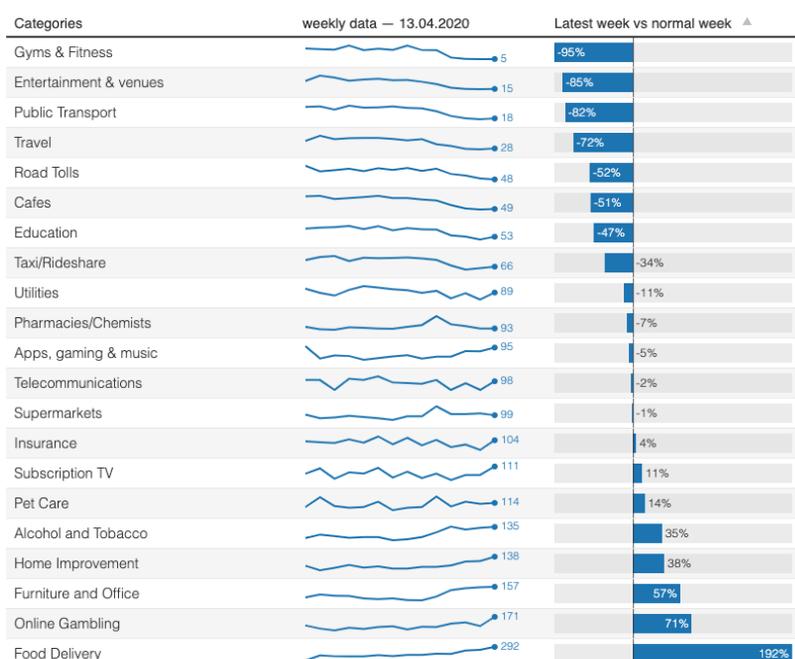
-McKinsey, *Strategy in a Structural Break*

In my experience, many corporate strategies start from a simple ask: “We’ve been asked to get 10% growth on this year.” And they work backwards from that goal to identify a hefty slice of business as usual along with a light dusting of innovation and new product development.

The COVID crisis of 2020 will shake us out of the comfort of annual strategic incrementalism. It is open season for strategy, and if you aren’t the hunter, you may well become the hunted.

Shutdown-affected categories have fallen sharply, but stimulus drives strong growth in many others

Weekly index of consumption per person, Normal weekly average = 100



Based on a weekly sample of the transactions of c.250,000 Australian consumers
Table: Source to: Iilion & AlphaBeta (part of Accenture) - Created with Datawrapper

While consumption is a useful indicator of category changes, they don’t tell the whole story. Take Subscription TV at +11%. This market has seen huge upheaval in sporting content, the talk of a new streaming service from Foxtel, the recent launch of Disney Plus. Foxtel also had to put on more staff to deal with increasing numbers of cancellations and suspensions².

² Adnews, April 14, 2020

Strategy in a VUCA world

Since the end of the Cold War, organisations (starting with the US Army) have been trying to adapt their decisions and strategies to a world which is more volatile, uncertain, complex and ambiguous. Or a VUCA world for short.

In that time, new approaches to strategic thinking have emerged. They share a few key characteristics.

1. Acknowledging the unknowns – being aware of what we don't know and factoring into the strategy
2. Planning for different scenarios – it is unwise to write strategy to one predictable scenario
3. Planning for different horizons – typically 3 horizons, short, medium and long term
4. Using systems thinking – how do all the parts of my business and my industry change when one thing changes?

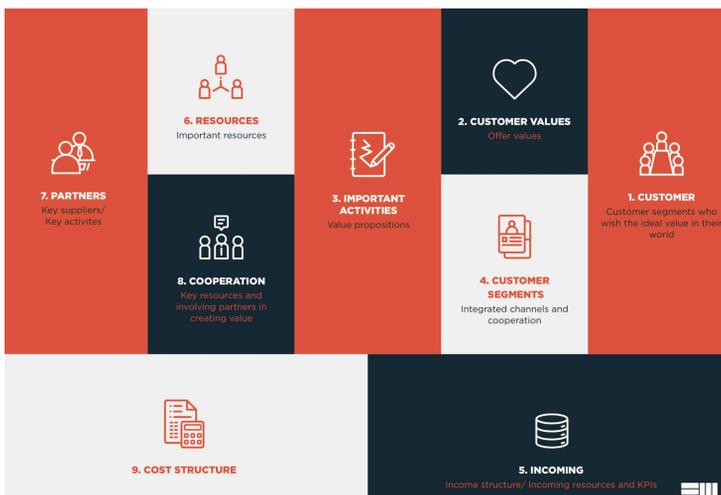
There's one strategic thinking tool which we see helping leaders and leadership teams develop game-changing strategies: the Business Model Canvas (BMC)³. This can allow you to visualize the system and play out the impacts of different scenarios and different horizons.

The BMC is a brilliantly simple way to capture future scenarios and turn them into a cohesive re-invention of your business. For example, you could change any element and see how it affects the other 8 elements.

If you change your customer base, what is the impact on the resources you need?

If you change your value proposition, can you eliminate certain costly activities?

If one revenue stream declines, can you introduce new ones which sit within the same business model?



The Business Model Canvas shows 9 interconnected elements that summarize how your business makes a sustainable profit.

³ From Strategyzer



If you are aware of the future market forces, for example by ticking off *Porter's 5 forces*, or doing a *PESTLE* analysis, you can see how you could re-invent your business model to survive and grow market share.

And there is still one bigger opportunity. At times of a structural break, like the dotcom bust or the GFC, there are opportunities for new leaders to emerge and shape the market in their favour. Think about what Netflix did to Blockbuster.

Therein lies true innovation, creating a totally new business model and investing the resources to get it up and running alongside your current business model. This is horizon 3 thinking.

Productivity: reinventing how we work

“Two Core Abilities for Thriving in the New Economy 1. The ability to quickly master hard things. 2. The ability to produce at an elite level, in terms of both quality and speed.”

Cal Newport, Deep Work: Rules for Focused Success in a Distracted World

We’ve just executed the biggest, fastest, most in-your-face experiment to change how billions of people work in just a few weeks.

But what if we’re missing the point?

If you’d asked me a few weeks ago to name the key issues with the way we work in offices, being tied to the office 5 days a week would have featured in the top 5, but it sure wouldn’t be the only one.

Top 5 things that are wrong with the way we work

1. No clear understanding of what work creates the most value
2. Not enough deep work
3. Too much multi-tasking
4. Too much email
5. Too many meetings
6. Lack of creative thinking day-to-day

I wonder how many of these issues WFH is actually helping?

We know that people are pleasantly surprised that it’s not a disaster. In our employee surveys, they rate working from home between 7.5 and 8 out of 10⁴. The technology has generally worked, the internet hasn’t broken. We can still get our work done as a team.

⁴ Two employee surveys conducted late April and early May 2020



But people are still having just as many meetings; they are still getting distracted, still spending too much time on email. And still not doing enough deep work.

So we think leaders need to take the opportunity to say, “everything is up for grabs, let’s try a series of experiments around how we work”.

Let’s make some experiments collective – things that apply to all of us, like how we run meetings.

And let’s make some experiments individual – like having a flexi work from home policy, or helping people find uninterrupted time to do deep work.

We work with companies to train their teams on the psychology of productivity – how to understand your brain and how to work with your brain and your style of work to create a more productive workday.

Results from previous case studies indicate people can find an hour more every day to spend on their high value work by reducing meetings, reducing multi-tasking, and having a better understanding of what your highest value work is.

We believe these findings are even more valuable right now.

People: Re-skilling for the next decade

Creative Thinking
Critical Thinking
Communication
Collaboration

-The top 4 skills we need for the next 10 years according to the Partnership for 21st Century Learning

The Covid crisis will likely accelerate the adoption of automation and artificial intelligence. In turn that will accelerate the need for humans to develop their uniquely human skills. Skills which computers can't yet out-perform us on.

The Partnership for 21st Century learning and others name 4 key skills, the 4Cs.

It's all very well reinventing the way we work to allow your team more "deep work" time and reducing the number of low-quality meetings. But we still need to help them maximize their skills in these 4 areas.

So far in the Covid crisis, we have focused on helping our teams get used to working remotely, keep projects running, keep a sense of team collaboration – and maybe even find ways to innovate.

This process has been reactive by necessity.

Now, leaders are starting to look at the more subtle challenges with remote working.

Do clients really see the value in our team when we just look like a group of unrelated freelancers on Zoom?

What is the right cadence of communication? How do we communicate and sell on video calls?

How do we capture the collective intelligence of our people better?

These are the same challenges we need to crack to help our people thrive in an increasingly automated world. They are also the same capabilities you need to improve to drive your horizon 2 and 3 strategies.

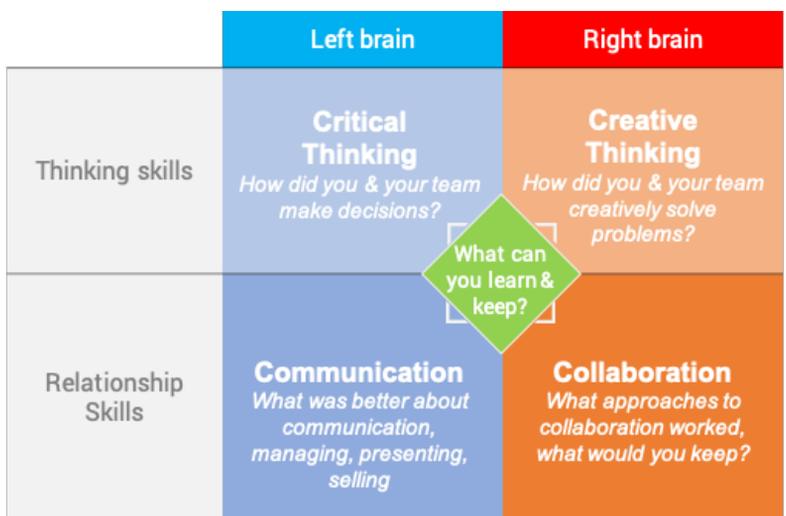
What to do

A learning needs analysis for your people would include an incremental or bottom-up approach to ask them what they need and want to learn right now. And it would also include a strategic approach to ask what skills do we need to invest in, in order to realize our strategic long-term goals.

It is a reasonable bet that communication and collaboration may feature on both the incremental and strategic lists. But leaders need to also consider the need for development of creative thinking and critical thinking skills as part of their culture and ‘how we do things round here’.

Right now, employees have mostly enjoyed learning new tools and techniques, and we see HR leaders wanting to move to a more proactive footing. That means putting programs in place which help your team now, help them in the longer-term, and deliver your business strategy.

The 4C Skills combine thinking and relationship skills, and encompass both the right and left sides of the brain



The Leader's Roadmap

Leaders have always risked being lonely at the top, unable to fully confide in anyone internally. Right now leaders need connection and support in order to be the best leader they can be. This crisis presents challenges and opportunities in equal measure, and yet most of our waking hours are spent solely on the challenges.

We suggest to you a way to capture some of the opportunities without doing it all yourself.

Gather 3 groups, a People team, a Strategy team and a Productivity team.

Give them 4 weeks to work on a "3 horizon" strategy for people, the business model, and the way we work.

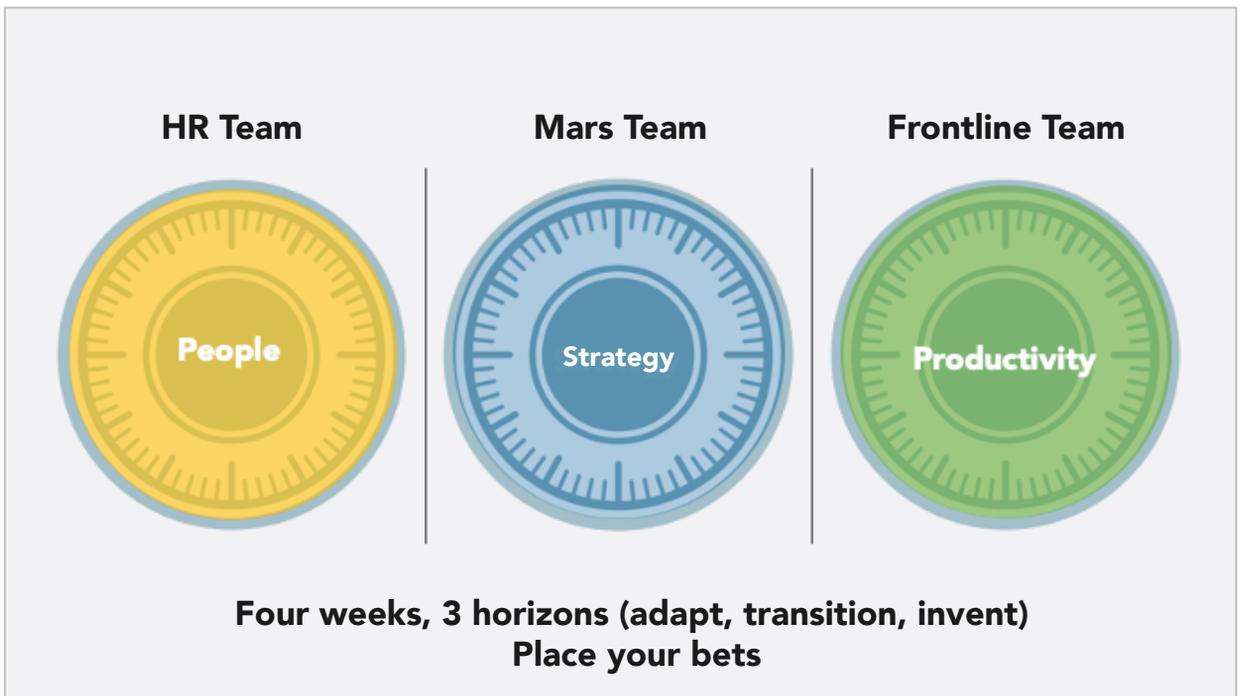
Get them back together and be open to what they have to say. Lay some bets, some small, some bigger, on their best ideas.

Start to think about reshaping your market and becoming market leader.

Start to hear about opportunities to reinvent your business model.

Start to see what your people want to do to reinvent the way they work, and the skills they want for the future.

As Winston Churchill said, "Never waste a good crisis".



Our Leading Out of Lockdown program

We have developed and launched a Leading Out of Lockdown program for leaders who see the opportunities for the longer term. It has 3 parts, which can be tailored to your organisation.

Part 1: Learn

We survey your team about their experience of lockdown, at 2-week intervals for 6-12 weeks. We need to understand individual differences, and changes over time. Topics: technology, personal experience, team, client service. The survey findings can be used in Part 2, as data to inform changing the way we work when we go *forward* to work.

Part 2: Leverage

We'll help you set up some experiments with new ways of working, prioritising area such as deep work, meetings, collaboration, project management. We can test and measure and roll out what works, helping guide a project for your frontline leaders to own.

Part 3: Lead

The most ambitious element: the opportunity to have a team of your best thinkers turn your business model upside down and back to front and see what happens. A facilitated workshop to apply creative problem solving to your business model for the next 3 months to 3 years.

Step	Focus	Method
 1. Learn	Maximize learning from lockdown	Surveying your team on their experience of WFH and the new skills they are learning
 2. Leverage	Design new ways of working	We work with you to redesign how you work to set up for the next 3+ years, focusing on a work culture that supports collaboration, communication, critical thinking and creative thinking
 3. Lead	Reinventing business models	We facilitate a strategic thinking and planning process to develop potential new business models, and adaptations of your current business model to redesign the fundamental building blocks of your business

Get in touch

For enquiries about working with Rob Pyne & Realizer, or for media enquiries, please get in touch.

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Appendix: Sources

Strategy under uncertainty

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Business Model Canvas – Strategyzer

Productivity

A quickly evolving guide to making remote teamwork productive – Mentally Friendly

Getting Things Done - David Allen

Cal Newport, Deep Work: Rules for Focused Success in a Distracted World

Tony Schwartz: The Way we're working isn't working

People

The 4Cs: see P21.org

The top 5 skills for the next 10 years, see weforum.org.

Atlassian Skills report: The path to job security in the 21st Century:
<https://www.atlassian.com/blog/technology/job-security-21st-century>