



**SUFFOLK UNIVERSITY**  
SAWYER BUSINESS SCHOOL

*The Suffolk MBA. Built in Boston. Built for Business.*

## Developing a Strategy in a Crisis...Before it Even Happens

*Mark Lehrer, Ph.D - Strategy and International Business*

*May 7, 2020*

Strategy View of Crises - Three Perspectives:

1. Monday Morning: Strategy **After** Crisis
2. Sunday Afternoon: Strategy **During** Crisis
3. Saturday Evening: Strategy **Before** Crisis

### **Monday Morning: Strategy After Crisis**

Ask These Questions:

- *Was it predictable?*
- *Who predicted the pandemic?*
- *How prepared were we?*
- *Excuses?*
  - *Typically, we think that since there is a 1% probability for a crisis to hit, then we don't need to worry about it.*

→ Sam Walker, Wall Street Journal

*"Global response to this pandemic will never be anything more than a case study in crisis management. It has already failed the fundamental tests of leadership."*

→ Dan Heath

*"We usually define heroes as people who save the day...But what about all the people who keep the day from being saved?"*

Leaders Must:

- Continue to work relentlessly and resist complacency.
- Anticipate the next challenge; good and bad.
- Push teams to prepare for these extreme scenarios.

## Sunday Afternoon: Strategy During Crisis

### Perspective:

- Global crises - There is a low probability, but they are always lurking.
- Regular - They occur every 7-10 years (typically a financial crisis).
- Bigger Crisis - Not just a health crisis, a globalization crisis.

### Decisions:

- When communicating during a crisis, it is better to **over communicate**.
  - *Explain what you know and what you don't know - cover all bases.*
- When restructuring during a crisis, it is better to **act fast**.
  - *Generally when a crisis hits, things will get worse before they get better. Act fast!*
- When making financial decisions during a crisis, it is better to focus on **liquidity**.
  - *The balance sheet matters more than the income statement. Have cash or liquid assets that you can turn into cash.*
- During a crisis you should look for **new opportunities**.
  - *Hold off on dedicating all resources into a new opportunity, but don't be sedentary when seeking options.*

### Motivating:

- Plan the future - Determine the certainty in situations.
- Trends - Crises tend to accelerate pre-existing trends.
- Tailor - Let workers know about the permanent changes in organization or industry that are likely to emerge because of the crisis.
  - *New global supply chains*
  - *Less absolute efficiency*
  - *But more efficiency*

## Saturday Evening: Strategy Before Crisis

Anticipate the Future Before it Even Arrives:

- Futurists
  - *Futurists **do not** predict the future. They facilitate the work of groups in a highly structured and visioning process. They get people to imagine a variety of futures and then implement contingency plans based on those possible futures.*
- Forecasts vs. Scenarios
  - *Forecasts = The Present -> The Path -> The Future*
  - *Scenarios = Current Realities -> Multiple Paths -> Alternative Future Images*

Scenario Analysis - Start with Key Uncertainties:

- *Example: What will the key uncertainties be for the future of co-working?*
    - *Will tenants be able to pay rent? (Liquidity Issue)*
    - *Do people feel safe going to a workplace?*
    - *Organizations now must compete with people who want to work from home; Their fears are deterring the future of in-person collaboration.*
- \*All of these uncertainties are independent and unrelated from one another\**

## Q&A Recap:

**Q:** I have a notion that there is a lot of denial related to crises, even if they may see it coming. Why do you think that is?

**A:** Uncertainty. You need to practice decision-making during times of uncertainty. Humans typically make really lousy decisions during uncertain times; we can really only deal with calculable things and our mental biases take over and deter us to make the right decision. To put it simply, our DNA fails us. Also, we rely too much on Artificial Intelligence (AI) to make decisions for us and save us. AI cannot teach us how to know what to do in situations like this.

From a government's perspective, it is not only a feeling of uncertainty, but also a need to protect. This translates as a lack of response, but it's more of a pause in an effort to avoid underreaction and overreaction.

**Q:** Can you explain what **organizational resilience** means during a crisis?

**A:** Much of what stifles people and feeds into the idea of denial during a crisis is that people are not always adaptable and agile during crises. We need to learn more about how an organization can prepare for these types of ongoing adaptations. This means knowing how to adjust during both shocking and minimal shifts in the environment.

We need to implement a culture and expectation of organizational resilience by introducing coping strategies and guidelines to use during uncertain times. In the long run this will only serve the organization.

**Q:** Historically, when we **Act Fast** during a crisis, we tend to make some mistakes. Although it may be important in the moment, it could have a negative impact in the long run.

**A:** Unfortunately, sometimes there is no other choice. When you act fast and save the day to prevent a crisis, there is no record of that. There are some cases in history where acting fast paid off, but overall, these cases are not recorded because the crisis was avoided.