



Covid-19 and Firm Leadership

The emergence of the Covid-19 pandemic has resulted in many countries forcing non-essential business to close, or if not, operate in a significantly restricted context, to help contain the spread of the virus and its implications on the healthcare system. Leaders of firms need to respond to a very dynamic environment with very different considerations for each stakeholder group. This article explores a simple model to help the leader effectively lead the firm and its response to the various stakeholders during this crisis, leveraging opportunities that may be presented and mitigating risks to the operating model as well as the brand.

Keywords: Covid-19; Pandemic; Leadership; Crisis; Management; VUCA;

Leading in the Face of a Global Pandemic

The advent of Covid-19 and the simultaneous fall in oil prices are causing - for most sectors - a crash in demand alongside an increase in upstream prices. These result in a very challenging (if not catastrophic) business environment, and the concerns echoed at government and commerce-chambers' quarters are valid and evident - businesses that depend on cash-flow to fund operating expenses, and with the sudden fall in demand or limits to the number of people allowed in the facility at any given point in time, the businesses suffer, their workers have been or may have to be sent home, experience pay cuts and staggered hours, while others have seen it fit - if not forced - to close outright.

Companies have to also grapple with a more discerning and noisier customer, and they have not been faring well, gauging from the tone and temperature of customer feedback and social media narratives. Accusations of price gouging (which may or may not be justified); improper sanitization amenities; unavailability of essential products; inadequate communication alongside the uncertainty and instability of operating environments day by day, all add to the dismal market environment. Impose on this

the devastation of persons becoming infected, others left agitated by quarantine or any sign of symptoms (exacerbated by the competing triggers of Sahara Dust and seasonal flu outbreaks) paints a bleak picture indeed.

But this encapsulates **the new order of business** and market environments in the world today and tomorrow.

First Response in a VUCA Environment

That we are operating in an increasingly interconnected, globalized marketplace is given. The advent of a viral infection in Wuhan, China has had global effects on not only commodity supply (China being the hub of global manufacturing) but also in terms of viral transmission rate (both emanating from China and the spread within countries), all within months.

"Everyone is sailing this ship while trying to build the boat."

More interconnectivity means more exposure to effects from elsewhere on the planet - we are more at risk to sudden changes in markets as a result of causes seemingly a world away and completely outside of the norm. Steim



and Townsend (2002) recognized this new globalised operating reality as a **VUCA environment - Volatile, Uncertain, Chaotic and Ambiguous** - we cannot think in terms of business as usual, since we are continuously forced to innovate, maneuver and respond to environmental conditions to not only perform well, but even remain viable.

How then must a business leader treat with this VUCA reality? Some responses may be familiar - how to scale down in depressed economic conditions; where to cut costs and reduce operating expenses, ways to adjust staff schedules of hours and what areas / service lines can be suspended - have all been responses that we wrestled with in previous economic downturns. Others have an eye on products in demand, and have added stocks of face-masks, sanitizers, gloves etc. in an attempt to capture some of this demand and get some cash in.

But this scenario is not a mere operating challenge or difficulty. This is a full-blown crisis. The routine challenges of commodity supply are amplified by the scarcity in global markets and the disruption of the supply chain at almost every point. The crash in sales are accompanied by fear and uncertainty in the customer and staff psyches. Everyone is sailing this ship while trying to build the boat.

Recognizing this operating context gives you a basis to craft a plan of action, and highlights specific aspects to isolate, target and plan for. As an example, scarcity at the vendor end allows for identifying alternative sources of supply, or even substitute products, so that you can not only expand your vendor base but demonstrate to the customer you are concerned for their utility. And although the customers may not show it, they will

understand. Remember, every competitor is struggling with the same reality as well.

Leadership Needed

Almost everyone at every level from government, medical quarters and trade associations have emphasized the need to **not panic**, and while this has primarily been directed to the society in general, it is also equally applicable to businesses. Customers, staff and vendors (and your competitors) are all affected, uncertain and trying to come to terms with this new context.

A leadership focus can help you to confront and address many of these issues. With an engaged leader at the front of the ranks, you can better identify the symptoms of concern by your stakeholders, engage individuals to understand the root causes/sources of that concern, and if not alleviate them, at least reassure them in terms from the position of your firm.

We have seen companies install hand-washing stations at the entrance to their facilities; others have adopted a rigorous sanitization schedule; others have changed the configuration of their product or service (or both) to offer curbside / delivery services, although it was not part of the service previously. All these helps to reinforce a recognition of the concerns shared, and show a willingness to respond.

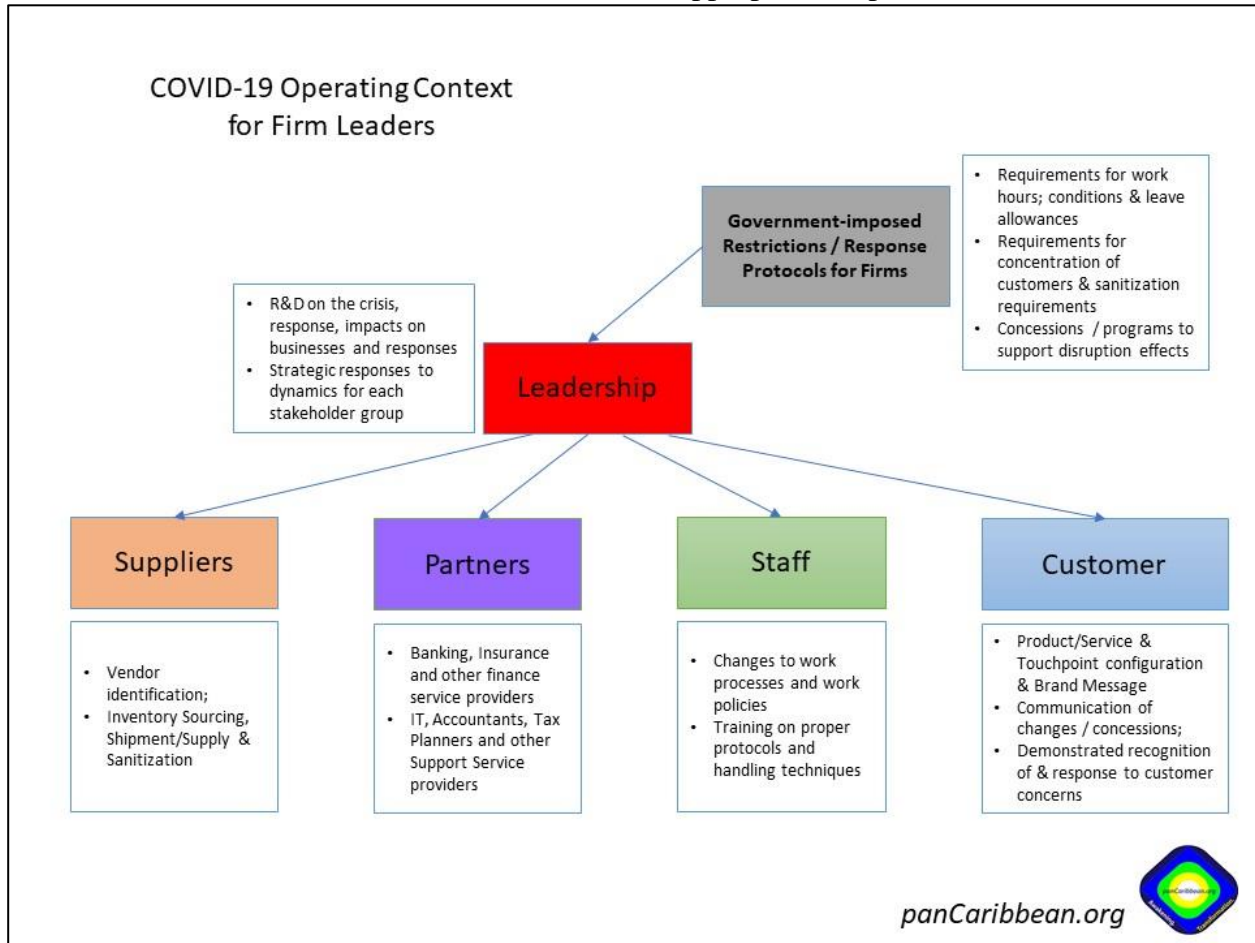
Operating Model

Facing the range of dilemmas across all stakeholder groups - the imposition of restrictions alongside austerity and stimulus measures by national governments; the concerns and agitation by customers and



staff;
the instability on the supplier front; and the disruption effects on business partners

For customers, your R&D insight on approaches - and the signal they send - present a good transient benchmark for appropriate response.



means that **leaders have to not only respond to each dimension individually, but ensure consistency across all areas**, or at least ensure coherence to avoid inconsistencies.

Modelling this overall dynamic can help to ensure you stay on top of all the issues as they unfold - **nothing slips through the cracks** and **proactive policy positions can help to enhance management performance**, helping to assess overlaps, contradictions and other relationships of note.

panCaribbean: Covid-19 Operating Context for Firm Leaders

- One company put out direct notices to their customers (and ads) highlighting the changes to their operating locations and hours, customer queueing policy and other provisions to keep customers in the loop. Contrast this with a customer that is engaging a firm, and trying to reconcile the changes as they go along.
- Another - sensitive to customer concerns of possible infection - instituted a pre-ordering policy (using WhatsApp) to minimize customer time in store, and limit their interaction. This pre-ordering was



accompanied by their in-store sanitization policy for goods-handling - reinforcing recognition of typical concerns.

- One organisation with an older (more at-risk) clientele instituted a service home-delivery program to ensure the customers, and their families, are reassured of not just commitment but concern.
- A school moved staff and students to a hastily-pulled-together online service delivery model, and although there are additional requirements and steps for parents and children to take (to ensure cyber security for e.g.), at the core there is the understanding that the institution is responding.

Staff issues would have been equally as ambiguous, if not outright traumatic. Should stores remain open or should they close? What does that mean for salaries and the associated credit commitments, or even the ability to put food on the table. Showing staff that these concerns are recognised, **open conversations with staff** on what the current revenue performance and its implications are on everyone, a range of possible responses that can ensure income (even if it is minimal), security of tenure, support initiatives that can be put in place for even more significant developments - all serve to acknowledge, engage and include persons as the team that the organisation represents.

- In one organisation, initial meetings retained the best-practice at the time - well-ventilated spaces with appropriate distancing and individually pre-packed kits sent the signal of care for the staff even before the pandemic restrictions were pronounced.

- One employer in the food and beverage sector - having to scale back all operations and staff hours, preserved jobs by redeploying front-of-house-staff to kitchen duties, with sufficient training to support the shift.
- The need for work-from-home concessions, done either out of necessity or to accommodate staff isolation, and the use of technology to support same can be the trigger to reengineering process and performance metrics towards a more sustainable platform in the future.
- This open conversation applies equally to partner-organisations - and the general tone that we don't know what happens next or how long this would continue, recognizing that all entities are affected, gives an opportunity to build even stronger bridges which can deliver stronger associations can be forged and common areas of impact can be provisioned for - even collectively.

For any leader, at any level, the implications of the current operating context is difficult to straddle. A 'deliberate calm' in your leadership disposition, a holistic view of the challenges, along with up-to-date data on the phenomena and its evolution and open communication with your stakeholders, should help to inform appropriate and consistent strategic responses that can translate this pandemic into increased staff morale and confidence, customer loyalty and brand value. And this can be the basis for a new wave of success after this pandemic is over. We only wish there were an easier way to do this.

This post was written by Faheem Mohammed - Managing Director of panCaribbean Ltd. He can be reached at fmohammed@pancaribbean.org