



# THE INTERREGNUM: MANAGING A BUSINESS IN UNCERTAIN TIMES

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# THE INTERREGNUM: MANAGING IN UNCERTAINTY

The Latin word “Interregnum” describes a period in between when the old ways are dying but the new cannot- quite yet be born.

It is a difficult period because we know we need to let go of the past but are not quite comfortable with taking a leap into the as-yet unformed future.

During an Interregnum, the requirements of leadership are complicated because we seek guidance through uncharted territory. If leaders simply stand for the old rules, with declarations of returning to “normal”, we know they are simply holding us back. There was a lot that was wrong with the old normal. But if they jump forward too “willy-nilly” into the unclear future, we know we are being led blindly into chaos and even possibly death. There are no clear right answers, only difficult trade-offs.

Leadership, therefore, is required to engender trust; encourage team members to rise to their better selves; freely admit that we are travelling in new territory, trying to find sure footing on unstable ground and learning as we grow.

The very questions are changing, and leaders will be obliged to grapple with architecting a balance between what we thought were irreconcilable opposites. Capital and labour need to have a new conversation.

It's is not idealism or pragmatism, it's both. We know who we were, but who do we wish to be? How does inspiration and aspiration find common ground with our realities.

It's not technology or nature, it's both. The tools of civilization have been given great pause; a chance for us to choose differently and more carefully. Will we be the masters of technology instead of its slave.

We are threading a tight needle where the decisions we make now will have far reaching consequences for generations to come.

Make no mistake, we are at a unique moment in business history. Caught between that which was and that which will be, we seek leadership that has both competence and empathy. Welcome to our Interregnum!



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## The Shape of the Recovery

It is now quite clear that globally we are sinking into a deep recession. What is less clear is how we will come out of it and when. Economists have posited that there are 4 possibilities to the recovery.

**1) The U-shaped recovery** is that after spending some time at the bottom, we will slowly rise to where we were before. In this vision, by the end of 2020 we are back to where we started the year with COVID-19, a forgettable nightmare.

**2) The V-shaped recovery** is a precipitous fall to the bottom, spending very little time there and we shoot back up perhaps because we find a vaccine and are able to re-open all our economies very quickly.

**3) The L-shaped recovery** suggests we stay at the bottom for some time with no clarity around when we will rise again. This can happen if we stay waiting for things to come back to normal. We move out of this dire state of affairs when we figure out how to aggressively invest in infrastructure and people training and pivot the entire economy into something new.

**4) J-shaped** suggests while at the bottom, we waste no time simply hoping for the norm to return but invest heavily in new infrastructure and technologies and then rapidly shoot past where we were originally.

The Jamaican economy is heavily dependent on Tourism and Remittances. Whatever shape Tourism and Remittances take is likely to be the shape of Jamaica's recovery as a whole unless we are able to pivot the economy to some new underinvested industries. The central economic challenge will be that if Tourism and Remittances are L shaped recoveries, where should we invest now for more rapid growth?

## Moving Out of Denial

We began this pandemic in a state of uncertainty under a cloud of fear and decision paralysis. The magnitude of the coming dislocation was not fully understood. There was widespread belief that all we needed to do was just hold on for 3 months until normal returned. Increasingly, it is clear, that this is not the case. The first step of the new leadership is moving out of denial even while the path forward remains unclear.



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## **“Wheel and Come Again”: Scenario Planning**

When the path before you is uncertain, then you need to plan for multiple contingencies.

- Firstly be clear about what you actually control, and what is outside your control?
- You may sanitize every nook and cranny of your hotel, but will tourists be ready to get on a plane?
- You may spruce up every aisle of your brick and mortar retail operation, but will economically strapped consumers be ready to shop?

## **What are the signs which will drive your business decisions?**

- Flexible planning becomes the bedrock of Interregnum decision making.
- Leaders must contemplate their business options widely. What if it is not a U-shaped recovery but an L-shaped one? What would I do differently?
- Engage the perspective of trusted associates in order to develop a path that is entirely “If-Then”.
- Bound the problem by planning for best case and worst-case scenarios; and everything in between.
- Identify the signs for folding up and walking away. There is deliberation even in honourable defeat. Remember this is only one inning in a multi-part game. Resurrection and rebirth are always in the cards.
- Commit enough resources to stay in the game while being ready to dramatically shift direction if conditions on the ground change.
- Just “wheel and come again”.



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## Re-Connect to Core Values

We often lose our way when we are afraid or uncertain. In desperate times we may rush to cut corners in our own moral code and find ourselves doing things that we would not normally do.

Stop!

Take the time to connect with what is important to you. COVID does not have to change who you are and indeed can even strengthen your core values.

As you reflect on your inner journey, what values do you hold dear?

What lines won't you cross?

When you think of words like: Courage; Compassion; Openness; Appreciation; Integrity; Self-Discipline; Commitment; Community; Calm in the face of Adversity; Leaning In. What do these attributes mean for you?

What stories will you tell about your time in the pandemic?

What stories will people share about you?

How will your business decisions reflect your personal values?

Will you rise to your best self or shrink into your worst?

This historic moment fuses the personal and professional.



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## Learning as you Grow

In stable long term environments, good leaders focus on building out 3-5 year strategic plans while operationalizing the strategy each quarter. In the middle of the Interregnum, the strategic and operational converge. The leadership time horizon shrinks with a greater focus on deliberate trial and error. There is need for a tight feedback loop around what is or is not working with respect to sales, operational efficiency and cost management. There is constant optimizing and re-optimizing. The leadership therefore must commit to ongoing active learning both in theory and practice while on the job.

The good news is that there are so many local and international options for training now available. It is worth investing in developing new skills. Time to fill in all the missing business training modules.

## Seek Opportunities for Competitive Disruption

While you may feel unsure about your own position, recognize that your competitors are also likely to be on shaky ground. There might be an opportunity to lock into a more powerful market position.

Perhaps you can seize valuable territory from a less agile competitor.

How might you increase market share?

If competitors shutter their doors, their clients still need to be served.

Are there high quality staff members at competitors that you might want to bring onboard?

Can you offer greater stability to high quality talent?

Can you offer greater assurances to the competitors biggest clients?

Can you offer better terms and gain customers?

Do not just focus inwards but look out to see where you might gain strategic advantage.



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## **What about People?**

Where do Workers, Suppliers, and Customers fit into the revised strategic and operational plans. What can these various stakeholders expect from you at this time?

**Workers:** How is the Company thinking about job security and pay at various levels of company performance?

What is likely to happen in 6 months or a year?

What is expected of worker performance that might be different from before?

How might responsibilities evolve?

Lean on the people who diligently get things done. There are often team members who juggle too many projects without completing any. The indispensable worker in this environment is the one who takes assignments over the finish line.

**Dependability and Attitude are now at a premium.**

**Customers:** Will you still be delivering the same products and services that they have come to depend on?

Where might you fall off on the brand promise? Variety? Quality? Delivery time?

Will your pricing going forward be the same?

Are you rethinking your credit terms?

What are the business shifts that might impact your customers?

**Suppliers:** How have your supply needs changed?

Will you be renegotiating your payment schedules?

Ask about any potential supply disruptions. They may not be as forthcoming unless they are asked explicitly.

**Connect the company strategic and operational plan to the overall discussion about the shape of the recovery. By being open about where the company is and the tough choices being made, leaders can rally the team and other stakeholders to extraordinary heights. Honesty, empathy and compassion are crucial to building trust. Stay on top of the crucial stakeholder relationships.**



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## Cash Management

Preserve your war chest. Watch carefully how you manage cash inflows and outflows as this determines how long the business can survive if the recovery is more protracted than you hope. Do not spend today what you can delay until tomorrow. Reduce company and personal expenses beyond where you think you can. Go after new sales and outstanding receivables with vigour. Renegotiate your payables.

## The Art of Pivoting

When you look at your business model and do not see a pathway to profitability in the next 1-2 years, it may be time to pivot.

- New customers.
- New platforms for sales and delivery.
- New product lines.
- New partnerships and collaborations.
- New payment arrangements.
- New ways of monetizing business assets.
- What can you be selling which has greater demand at this time?



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## **Mental Agility and Fortitude**

Never underestimate the importance of Self Care.

- Nutrition
- Sleep
- Exercise
- Keeping Personal Connections
- Letting Go
- Connecting with your Spiritual Path
- Recharging and getting ready to go again.

The mental focus required to navigate the times will take its toll if you do not schedule regular time outs. Pausing and breathing does a mind and body well.

## **The Kung Fu Master**

In the middle of the Interregnum, you will notice that everything has slowed down. The mental mode of the time is the “Kung Fu Master”.

- Do not rush into actions that you may later regret;
- Keep a watchful eye and a positive disposition;
- Study your options;
- Get the input you need;
- Map out your flexi-path and contingency plan;

**Gather the team and begin anew. Be deliberate. Set a course for survival. Lay the foundations for future success.**

# What Will the Jamaican Recovery Look Like?

Economists see several possibilities

These are the possible shapes of a recovery:



**V-Shaped:** a sharp decline followed by a sharp rise back to its pre COVID peak

**U-Shaped:** a gradual decline followed by a gradual rise back to its pre COVID peak

**L-Shaped:** a steep decline in economic growth followed by a very slow recovery

**J-Shaped:** a short sharp decline followed by a dramatic rise above the pre COVID peak

The final shape will depend on how long the outbreak lasts, how long we lockdown the economy, the severity of the impact and how we respond in the near and long term to periodic viral outbursts.

Will we make deep infrastructure investments like widespread broadband, expanded healthcare facilities and ecommerce platforms etc.

Different industries will also recover in different ways. Consumer behaviours will change. Supply chains interruptions will continue. New opportunities will emerge.

## QUESTIONS FOR DISCUSSION & SELF REFLECTION

**How do you see the shape of the economic recovery for Jamaica? What about your own Industry? U or V or L or J-Shaped? What is the timing?**

**What will you do differently if the recovery is very quick e.g.6 months vs 2 years? What is Plan A? Plan B? Plan C? Identify what you can control and what is outside your control and plan accordingly.**

**What indicators will you use to determine what is happening? What triggers Plan A vs. Plan B?**

**What are your core values? How do these values manifest in your business life? What lines will you not cross? What are your acts of kindness? How do you see yourself when you think of spiritual values like Courage, Commitment, Compassion, Integrity, Self Discipline, Community.. Others? What is very important to you?**

**Seek opportunities to challenge your competitors' market position. Hire away high quality talent who may feel vulnerable. Take advantage of competitors' shaky customer service or supply disruptions and lock in new customers and suppliers.**

**What business skills do you want to ensure you have developed during this time? Why are these skills necessary? How will you develop them?**

**What do you owe to your workers? Your customers? Your suppliers? How will you be perceived by your various constituents after the pandemic is over? Post Pandemic premiums will accrue to those who showed loyalty or delivered high quality products and service.**

**Which team members are you leaning on now to see you through? Who is indispensable? Dependable? Capable? Great attitude? Gets things done? Are you recognizing and acknowledging them?**

**How are you managing cash? What savings have you identified? What are you doing to get more cash inflows? Are you aggressively following up on potential sales and receivables? Have you renegotiated the size or schedule of the major payables? How long can you survive on current reserves?**

**Is there a pivoting opportunity for you? Where are you investing? How are you improving your competitive position in the market?**

**What are you doing to recharge? For self care? Nutrition, Exercise, Socializing, Meditation, Sleep, Music & Letting go... Other?**



# THE ART OF PIVOTING

BUSINESS PIVOT	ENTAILS
<b>Operational Pivot</b>	Same line of business but everyone working from home
<b>Platform Pivot</b>	New way of delivering sales or service; for example, a physical store moves into e-commerce.
<b>Customer Pivot</b>	Entirely new customer focus; for example, a wholesaler goes direct to consumers or a tutor sells services abroad using an online platform.
<b>Collaborative Pivot</b>	Working with another business to jointly deliver a new offering; for example, a liquor store works with a social media company to do online cocktail classes or videos.
<b>Complete Business Pivot</b>	Starting completely anew in a business in no way related to the original one because there is simply an emerging opportunity.
<b>Asset Pivot</b>	Renting out the assets of the business directly; for example subletting cold storage facility; utilizing company website or sales force to sell other SMEs products.