The Virus From Outer Space[1] - Teaching Note
Build Back Better

Topics

Crisis Management
Designing Resilient Business Model
Strategic Transformation
CSR and Sustainability
Risk Management
Business Continuity Planning
Change Management

Target Learning Group

Company Executives
 (SME or MNC)
Graduate Academic Program
Think Tanks

Synopsis

The operations of GoodLife Insurance are brought nearly to a standstill from the health, economic and social impact of the Covid-19 pandemic. The problems they face are seen through the eyes of Roland Menser, a consultant whose team must propose solutions. The impact on GoodLife's client, Gabe Esperanza who owns a restaurant, shows how the crisis affects an entire ecosystem. Events in the case allow participants to discover instances of commercial, financial, human resources, customer satisfaction, reputational, operational and supply chain disruptions from this sudden and virulent pandemic. Short term responses to the crisis within the case should lead participants to understand the limitations of ad hoc solutions and, led by Roland the protagonist, to think about how to build back better.

Objectives

The case helps participants assess how this unusual event has created business and social crises. They consider how to react to and prepare for disruption. The discussion starts by asking participants to explore how to address these issues in the short term. A deeper review of solutions will lead participants to understand the need for strategic changes in how operations and business models are designed, in order for companies to be resilient in the face of disruption.
Discussion develops these strategic changes based on 3 major actions:
- **Design for "Just in Time Transformation"**
- **Pervasive Digital Empowerment**
- **Sustainability is an Investment in Continuity**

These principles are relevant even after resolution of Covid-19, as society and businesses are subject to ever more volatility from new and often **unpredictable exogenous events**, such as pandemics or climate change, in addition to the traditional causes of **competitive, market, economic, political or commercial disruptions.** Organizations, whether large companies, start-ups or free-lance individuals, can apply these Principles to navigate a changing, unpredictable, volatile world.

---

[1] This case and teaching note have been written by Maggie Gorse to illustrate business continuity in a crisis. The situations are based on research and experience with many companies, people and countries. All entities cited in the case are fictional, drawn from an amalgamation of real events or institutions.   This case is intended to be used as the basis for discussion and is neither a critique nor an endorsement of certain business practices. © Verlion 2020   *DragonShip.digital is a Verlion Product*

1

Conclusion of the case **Three Principles to Takeaway**

The case illustrates 3 principles that define resilient business models to face crises:

1 – Design "Just in Time Transformation"

- o <u>Flexibility</u> – in skills deployment, in product offerings, in operating organization and priorities, in supplier relations, and in supply chains in general. Faced with 80% drop in business, Airbnb designed a platform and supported its "owners" to sell a new product - online "Experiences" offering a taste of locations customers could not see first hand, driving future demand and keeping customer loyalty. Conclusion – flexible organizations for fast adaptation of new products, services, skills and ecosystem resources.
- o <u>Multi-usage</u> of staff, of assets, of operations. Restaurant serving staff are redeployed to deliver meals, while in-house revenue is maintained by reservations in 2 seatings with strict time limits using half the tables each, to meet social distancing. Updating employee skills adds flexibility to re-deploy during a crisis or even to face market changes. Online reservations to allocate limited entries by time slots, or spreading shifts can reduce the intensity of usage of assets while meeting hygiene requirements. Some businesses re-deployed their manufacturing, warehouses, vehicles, people, etc, to respond quickly to new usages as demand shifted to health products and other needs.

2- Pervasive Digital Empowerment

- o Always-on interactive digital interface strengthens and integrates relationships with clients, suppliers, employees, key ecosystem enablers. Properly designed, digital interfaces increase productivity, customer satisfaction, and operational efficiency at all levels of the supply chain. It can offer operational continuity during crises that create reduced mobility or physical access. Businesses must explore how digital brings alternative ways to reach customers or work with suppliers, to reduce cost /increase revenue /maintain continuity in spite of distance. Data acquired in these relationships is valuable in itself if properly analyzed and used in the operations and sales.
- o Facebook has rolled out digital empowerment to facilitate employees working from home. Distant relationships may become fully or partially permanent.
- o Digital empowerment entails IT itself, as well as design of distributed workflows, maintaining common common culture & values, and avoiding isolation.
- o Adaptable & Scalable – the architecture must be designed to evolve easily/

3- Sustainability is an Investment in Continuity (Please see <u>Annex A</u> below)

- o <u>Sustainable Development Goals are part of every day business.</u> Realizing how business decisions can be made to integrate the advancement of SDG's is important to progress with the environment and society at large. It may even help to mitigate and predict, if not control, future Black Swans.
- o <u>Reducing poverty, empowering diversity</u>, are goals that reduce the risk of social conflict and disruption, and produces a greater pool of both consumers and talent for instance. Business sustainability saves jobs, remote work offers opportunity to some who are excluded. The benefits are mutual – and sustainable.

Annes A
Sustainable Development Goals and Remote Work

While the case discussion has so far focused on internally controlled issues, it is now time to go back to the exogenous issues that started the crisis. Discuss how wide spread efforts to proactively meet Sustainable Development Goals, can ultimately contribute to some impact over exogenous factors.

An example could be understanding the environmental and social impact of designing and implementing a Remote Work organization. The participants may want to discuss the future of remote work and its implications. The chart below gives a visual that can help imagine how separation in Space and Time will require new ways to organize communication and collaboration. Both the technical needs (ie, equipment, networks, software, etc.) and the organizational behavior (support, motivation, new workflows for cooperation/collaboration/common culture, etc) should be designed for flexibility, modularity and effectiveness.

If properly deployed, the many advantages of remote work with regard to certain Sustainable Development Goals are evident. Among these, as shown below on the right quadrant of the Exhibit, less intensive use of resources, less pollution, increased well-being from better work/life balance, enabling working parents, access to a wider range of jobs, lower cost of living, etc. It can reduce real estate assets and many operating costs, bringing financial advantage to both companies and employees. There are important implications for urban infrastructure design as well as for companies.

Exhibit 1: Redesign of Workflow and Sustainable Development Goals

© Verlion 2020