

### *Strategic Planning in Times of Crisis and Uncertainty*



It's not about avoidance; it's about recovery. No I'm not talking about COVID-19. At least, I'm not talking about the disease itself. I'm talking about the economic effects of the disease, and more specifically, the impact on your business.

Of course, leaders must first look at how the disease itself will affect your people – your employees, your management team, your customers, and your other stakeholders. In this case, avoidance is absolutely the best strategy. And so, it's imperative to take and to encourage your people to take all the steps that have already been so widely promulgated to help people avoid this disease. And even in the worst case scenarios, most of us will avoid it.

Obviously, for those people who are unable to avoid the disease, working for a full recovery is the only viable option. Fortunately, in most cases what constitutes full recovery is well defined and well understood. And while treatments will vary depending on the exact circumstances, in general they will be similar, and in general they will be successful – albeit, sadly, with far too many exceptions even in the best-case scenarios.

#### **The Impact on Business**

But while most of us, personally, can and will avoid getting the disease, very few businesses will avoid the economic impact of the disease on our global economy and society.

Understandably, the first few days and weeks of responding to COVID-19 will be focused on the impact of the disease itself on your people and the short-term impact of the economic fallout on your business. First, you'll need to determine your initial response to these issues. Basically, how will we get through the next 30, 60, 90 days? You'll need to set up flexible systems to execute that response and continuously monitor the situation.

But it's imperative that leaders also consider the medium-term and long-term economic impact of the disease on your business. As I write this in mid-April 2020, it is still unclear whether we will be back to “normal” in three months, six months, or even as long as 18 months or more. Regardless, you'll need a well-thought through plan for how your business is going to continue to survive, and even thrive, in what will likely be a very new “normal”.

#### **The “New Normal”**

There's no way to know exactly how this “new normal” will shape up. We'll have many new constraints. But we'll also have many new opportunities.

Some opportunities will be driven directly by the Coronavirus pandemic. For example, in Atlanta, the Old Fourth Distillery opened in 2014 making bourbon, vodka, and gin for bars and restaurants in the southeastern market. Obviously, this market has collapsed since the onset of Coronavirus. So, they switched to making (high alcohol) hand sanitizer to help meet the skyrocketing demand.



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Other opportunities may be driven by technologies. The Coronavirus is already forcing many institutions to go virtual. Teleconferencing and video conferencing are quickly going mainstream. Through necessity of course, organizations who have been dragging their feet in the past are now rapidly adopting these tools. Very large percentages of people are working from home – and finding out that it works!

But we also want to make certain we are implementing strategies that take full advantage of other emerging technologies. These include AI, 5G/IoT (Internet of Things), Blockchain, 3D Printing, and XR, (eXtended Reality, i.e., Augmented and Virtual Reality). We hardly want to find ourselves a year or two down the road knowing that we now understand what steps to take if there's another viral pandemic only to discover that we're no longer competitive because we've failed to leverage new technologies not directly related to Covid-19.

### Developing your Dynamic Transformational Plan

The world is changing rapidly. And the rate of change itself is accelerating. Major changes will impose themselves on our businesses directly or indirectly with increasing frequency. Some people have suggested that this means the end of planning. They say you can no longer plan, only react. But especially in a fast-changing world, failure to plan constitutes planning to fail.

So how can we plan for a future which can be so uncertain and is rife with unexpected change? It turns out that this is an issue that militaries have dealt with for centuries. There is an old military aphorism that says, "The first casualty of war is the plan."

And that's true if we are thinking of traditional static plans. You know, the kind you may have studied in business classes. The locked-in five-year plans. The ones we update once a year in a short-term spasm of planning over a couple of weeks' time. We make a few minor adjustments, and then go on with business as usual. At least until something like the Coronavirus pandemic comes along!

But there is a better way of planning – Dynamic Transformational Planning or DTP. We've all heard the old saying, "Think Global. Act Local." With Dynamic Transformational Planning we "Think Long-Term. Act Short-Term."

It's beyond the scope of this article to explain exactly how this works in detail, but here's a summary. Dynamic Transformational Planning starts by identifying high-level strategic Goals needed to effectively execute your Plan. Typically, these Goals have to do with leveraging the core competencies, resources and capabilities of the organization (as they could evolve over time) to address the changing needs of your target markets. But they also must include addressing current and potential strategic threats and disruptions.

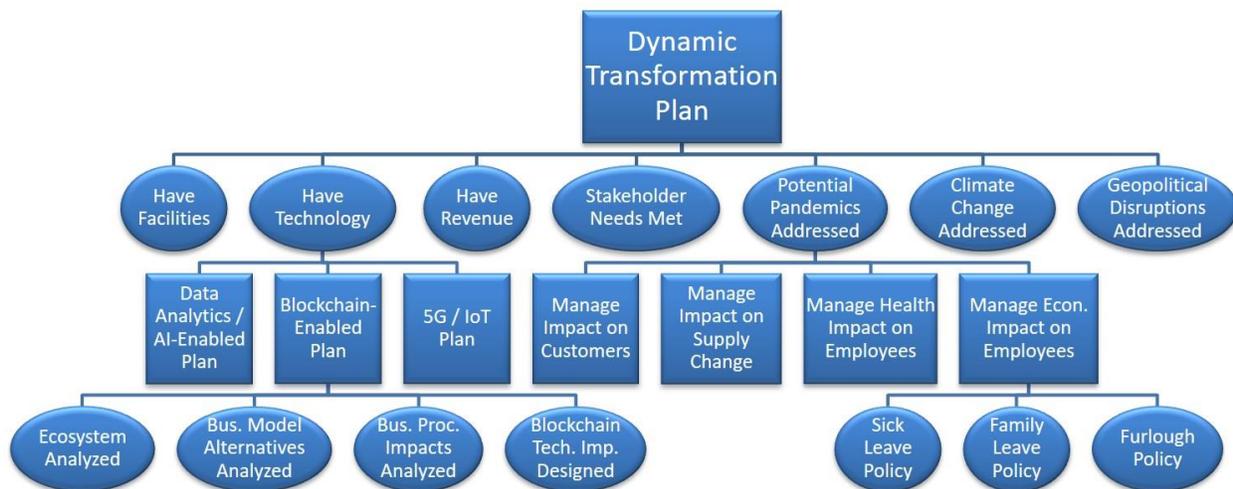
To accomplish any Goal, you must have a Plan. And you can have more than one Plan to accomplish a Goal. For example, if your Goal were to Drive Home from work (assuming you're not already working from home!), you could have one Plan which is to Take the Expressway. You could have a second plan which is to Take Surface Streets. Each plan has advantages and disadvantages. And if circumstances dictate, you may choose to switch plans. If there's an accident on the Expressway, you could switch to Take Surface Streets.

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Of course, to select the best plan, it's important to monitor the circumstances closely. This is why people use tools like Waze to look at the traffic situation and alternatives. It's also why it's important that organizations actively monitor for potential strategic disruptions and threats – even if such strategic disruptions are not currently happening at a specific point in time.

In a real-world business, there will be multiple top-level goals required to execute your overall Dynamic Transformational Plan. Some may be optional. For example, you may or may not choose to Add New Services to your existing portfolio of services.

This may seem confusing when presented textually but it's actually pretty straightforward when you graph it out. A graph depicting all of this is, logically enough, called a Plan-Goal Graph (or PGG). See the accompanying diagram. Plans are shown in rectangles. Goals are shown in ovals.



This is a partial, example Plan. Your business' own Dynamic Transformational Plan would be much more complete, and would likely have some differences. But this is representative of the kinds of Goals and Plans many organizations who go through this process will incorporate into their Dynamic Transformational Plan.

At the very top is the on-going Dynamic Transformational Plan. Below that are Top-level Goals. Here we see such Top-level Goals as "Have Technology," "Have Revenue," "Potential Pandemics Addressed," and "Climate Change Addressed." (And if you think the Coronavirus Pandemic has been fun, wait until the increasing effects of Climate Change start really kicking in!)

Top-level Plans are below these Top-Level Goals. Each Goal must have at least one plan. Some Goals may have more than one Plan. Successfully executing the Plans supporting a given Goal would result in achieving that Goal. Here we see Plans supporting the "Have Technology" Goal which include "Data Analytics / AI," "Blockchain," and "5G / IoT." Similarly, Plans supporting the "Potential Pandemics Addressed" Goal include "Manage Impact on Customers," "Manage Impact on Supply Chain," "Manage Health Impact on Employees," and "Manage Economic Impact on Employees."

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To execute a Plan requires time and resources. So Sub-Goals would include allocating the time and acquiring those resources. All of the Sub-Goals of a Plan must be achieved in order to execute that Plan. And to achieve those Sub-Goals you must have Sub-Plans.

On this PGG we see Sub-Goals required needed to successfully execute the “Blockchain Enabled” Plan including, “Ecosystem Analyzed,” “Business Model Alternatives Analyzed,” “Business Process Impacts Analyzed,” and “Blockchain Technical Implementation Designed.” For the “Manage Economic Impact on Employees” Plan, we see the required Sub-Goals including “Sick Leave Policy,” “Family Leave Policy,” and “Furlough Policy.”

A real-world business’s Dynamic Transformational Plan may have a PGG 5 – 10 layers deep as you address all the facets of your business and the full-range of strategic opportunities, threats and disruptions. But, remarkably enough, if the right people are involved, you can develop such a plan within a couple of days.

A key component of the process is to assign the variables that balance the relative values of the Goals to the organization. Another assigns the values to measure the costs, and likelihood of success of each Plan. An important aspect of these is to invoke what's called Bayesian reasoning. Without getting into the mathematical details, Bayesian reasoning allows you to correctly factor in contingent probabilities. That is, not just, “What is the probability of this happening”, but also, “IF this does happen, then what is the probability of that happening?” and so forth.

The result is that with a Dynamic Transformational Planning, businesses can think long-term, setting strategic goals. And yet, as necessary, they can also have the flexibility to shift dynamically in the short-term and medium-term to address both anticipated and unanticipated strategic contingencies – opportunities, threats, and disruptions. Please feel free to contact me if you’d like to learn more about Dynamic Transformational Planning. [Jack@JackShaw.io](mailto:Jack@JackShaw.io).



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Having a sensible, practical approach to how tomorrow's new technologies will drive change and spur innovation, Jack has advised key decision-makers at such Fortune 500 organizations as Mercedes Benz, GE, Coca-Cola, Bosch, Johnson & Johnson, IBM, Oracle, and SAP.

Jack has delivered over 1,000 keynote discussions and executive forums in 26 countries and every state across the U.S. He is a Yale University graduate, and he holds a Kellogg MBA degree specializing in Finance and Marketing.

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