

NAVIGATING
A
PERFECT
STORM

{ NOTES FROM THE CAPTAINS' LOGS }





“I woke up one weekend morning in early March wondering, “What should we do?” The moment that mattered to me was when I accepted that there is no playbook. You just don’t know. You have a business challenge coupled with a massive human crisis. There were no templates.”

Marc Bitzer, CEO, Whirlpool

A global pandemic. Social unrest. Economic and political upheaval. Add several (un)healthy doses of risk, physical danger and emotional stress to the mix, and that sums up 2020–2021. As a result, organizations continue to experience a prolonged period of what’s known as VUCA (volatility, uncertainty, complexity, and ambiguity). Forced to transform for survival amid a perfect storm of challenges, many organizations triumphed and emerged stronger. What follows is a tale of organizational agility as told to us by the CEOs and top executives who navigated the perfect storm.

As Captains of ships who continue to navigate the perfect storm of 2020-2021, the CEOs we interviewed described what organizational agility really looks like in the real world. Their stories were twofold: In one sense they were proud of their organization's ability to respond under extreme duress and move with unprecedented speed. In yet another sense they felt what we call the weight of conscience – the fear of not knowing where the bottom was, not having the information and answers they needed, and feeling the pressure to do right by their stakeholders, employees, communities, and partners across the globe.

Their stories yield important insights about organizational agility in actual practice. Historically, moving to an “agile model” was a well-planned and thought through strategic initiative. However, the pandemic accelerated the need for agility like never before in the history of work. The year of 2020 began as the ultimate – and pervasive – test of organizational agility, defined here as the ability to simultaneously respond quickly to immediate challenges while setting up a company for long-term success. What follows are the five lessons these Captains learned during their journeys through uncharted waters.



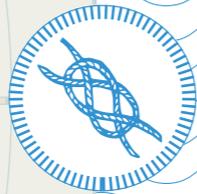
1

The Customer is the Ideal North Star.



2

The Best Navigators are Small, Empowered and Decentralized Teams.



3

(Over) Communication is Your Most Powerful Navigational Tool.



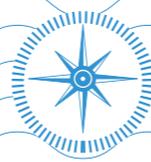
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Unleashing Innovation Requires All Hands On Deck



5

Three Critical Leadership Practices Yield Results: Purposeful Connection, Emotional Balance, and Enlightened Self-Awareness



1

THE
CUSTOMER
IS THE
IDEAL
NORTH
STAR

{ KEY INSIGHTS }

Rapidly reconfigure products and services to what customers need the most.

Keep service going – in whatever way possible – do not stop.

Digital is no longer optional – in any business.

Have a difficult customer decision? Just “do the right thing.”



“We used to plan down to the decimal point of market expectations, then predict to single point accuracy of financial targets. Now we explore a range of outcomes that we anticipate in both the near and longer term and build in operational flexibility to help us deliver.”

Brian Chambers, CEO, Owens Corning

The CEOs’ focus shifted from navigating toward a predetermined destination to adjusting the course based on where markets and customers’ needs were going. Almost all of the CEOs we interviewed invested more personal time in analyzing customer expectations and paying attention to changing patterns of consumption, spending, and service expectations.

CEOs noticed they were more inclined to ensure that every action, decision, and priority was evaluated against direct value to customers. For instance, in 2020, the President of a food products company created a “focus to the core” strategy to leverage fixed manufacturing capacity and reduce SKUs to those highest in demand and lowest in supply. By 2021, they recast it to “Core Plus One” which reintroduced targeted SKUs and supply chain strategies to increase customer access.

The guiding principle was the need to deliver for customers, no matter what. Products and services that contributed to meeting the needs of daily life became “essential.” This was not lost on the CEO of a global appliance manufacturer – they needed to get refrigerators, washers, and dryers to those who depended on the company to deliver.





“We never lost our passion for consumers. Other manufacturers in other industries shut down. We kept our factories running – we did the opposite of other industries. The logic was driven by meeting customer needs and recognizing that we had to quickly learn how to operate in this “new” environment. We went to lowest production levels so that we could learn how to get it right quickly.”

Marc Bitzer, CEO, Whirlpool



“Employees were willing to go all out for the customer more than ever before. They trusted the organization and knew we had their back.”

Rishi Aggarwal, Managing Director, JCBL

Digital is No Longer Optional

According to research from IDC, two-thirds of the CEOs of Global 2,000 companies will shift their focus before the end of the year from traditional, offline strategies to modern, digital strategies to improve the customer experience. Thirty four percent of companies believe they'll fully adopt digital transformation within 12 months or less...which explains an expected marked increase in digital spending. The net global spending on digital transformation in 2018 was approximately \$1 trillion. This number is expected to increase to more than \$2 trillion by 2022. In fact, 79% of companies report that COVID-19 increased their budget for digital transformation.

There were plenty of tough decisions to make about customer service during supply shortages. With no playbook, CEOs relied on their sense of just doing what seemed right. There were no analytics, AI, or big data insights to draw from. What worked was constant communication of straightforward decisions that simply made sense.





2

THE
BEST
NAVIGATORS
ARE
SMALL, EMPOWERED,
& DECENTRALIZED
TEAMS

{ KEY INSIGHTS }

A bias for frequent, focused meetings where
“perfect is the enemy of good.”

Pushing decisions closer to the customer is more
about trust than process and structure.

Creating space for teams to provide collective
wisdom and be open to influence, but then
making the call.





"The power of an individual can surprise you. People will rise to the occasion if given opportunities and if trusted."

C. Vijayakumar, CEO & Managing Director, HCL Technologies



"We expressed the bias for action. Speed and action beat elegance. The window for action and decision used to be open for weeks – suddenly it was hours. Just do it."

Marc Bitzer, CEO, Whirlpool

In the perfect storm, prior decision-making methods were not fit for purpose. Business reviews moved up in frequency and quality. For a global consumer food company, the challenge was adapting to constantly changing business priorities as new information came to light - then sharing that with teams at all levels.

Leaders said they needed to quickly assess constantly changing market conditions. They had to learn and adapt in real time. The pandemic tested their abilities to make viable decisions with imperfect data and be willing to be wrong.

The pandemic forced executives to reflect on how they made decisions before, and there were obvious improvement opportunities. Agility involves inherent trust in the power of collective wisdom, balanced with the need for pointed decision-making. CEOs learned that they had to reevaluate their role and widen the net, allowing people from multiple levels to participate in decisions that are critical for customer intimacy, business sustainability, and operational efficiency.



Owens Corning, a large global building materials company, challenged itself to avoid the need for representation from all parts of the global matrix on every decision. Company leadership left it to local teams to make decisions based on broad strategic direction from corporate functions.



“We wanted to recognize the strength of our local teams. We put into place a more structured regional model with more decision-making, accountability closer to the market and with people who can make decisions. We didn’t need 10 people on a call for everything.”

Brian Chambers, CEO, Owens Corning

Our respondents altered the decision structures within functions to allow people to get things done in hours, rather than weeks or months, enabling them to operate at “customer pace.” These transformations removed common bottlenecks, allowing for faster decision-making.





3

(OVER)
COMMUNICATION
IS YOUR
MOST POWERFUL
NAVIGATIONAL
TOOL

{ KEY INSIGHTS }

Earn trust by being transparent, candid, and honest with people.

Two-way communication is key to building psychological safety.

How often to communicate? Within days and weeks, not months or years.

Use every tool at your disposal and access direct channels.





“We sent a year’s worth of communication out in 90 days. We shared tips for personal wellbeing during COVID and what other states were doing that might of help”

Kurt Darrow, former CEO, La-Z-Boy

The content, direction and speed of communication underwent a significant transformation during 2020. Agile leaders communicated frequently, used informal channels, engaged internal influencers, and leveraged social media in a hyperconnected world to earn trust and commitment.

The first order of business was to communicate transparently, emphasizing what was known, and as importantly, what was not known.



“On March 18th of 2020 we started the first of what is now over 60 leadership calls. I said, “This is huge, and we don’t know what it means.” I just spoke to them for an hour – I spoke only of what we believed about HOW to lead in this crisis, because we didn’t know WHAT the future held.”

Marc Bitzer, CEO, Whirlpool





“We upped our communications significantly. We decided more was more, and transparency was critical. We made a conscious investment in how we communicated and wanted to give people a degree of control and certainty with so much uncertainty.”

Kristof Gleich, President, Harbor
Capital Advisors

The intent was to cut through the noise and provide clarity around a few key areas: How do we protect the business? How do we keep our employees safe? How can we serve our customers? In a suddenly disconnected world, communication needed to be timely, candid, and transparent. While still framed in the context of the organization’s purpose, the messages were simple, to the point and relevant. As one CEO told us, it needed to be factual and based in reality, with no sugarcoating, or drama.

Direct communication from CEOs and other executives to employees became a differentiator. It was important for all leaders to stay very connected with their frontline employees. Executives did not let traditional hierarchical structures interfere with the seamless flow of information and decisions that was central to making innovation happen. The most effective leaders communicated quite personally and engaged directly with their employees.





4

UNLEASHING INNOVATION REQUIRES ALL HANDS ON DECK

{ KEY INSIGHTS }

The CEO is the enabler of innovation, not the sole source.

Never waste a good crisis – encourage disruption and experimentation.

Cross-functional, high-impact teams can drive innovation, removing the need to restructure the entire organization.





“CEOs need to have a constant focus on an innovative culture and expose leaders to innovation. People will offer many reasons why something can’t be done, and you have to encourage and challenge them to see things differently.”

Randy Oostra, CEO, ProMedica

The traditional model of CEO as Chief Innovation Officer (à la Apple’s Steve Jobs and Tesla’s Elon Musk) is likely more the exception than the rule. The leaders we spoke with did not feel the need to create or own the innovation process. The pandemic accelerated a growing trend in innovation where CEOs see themselves as enablers of innovation, creating the conditions for it to be unleashed, yet harnessed to achieve outcomes.¹

Ironically, unleashing innovation was a bit easier during the pandemic, since necessity is the mother of invention. With a greater appetite for risk, there was an increased sense of commitment to make difficult business decisions quickly. The CEOs used experiments to get people to think out of their comfort zone. Challenging the status quo became the new business as usual (BAU), and the crisis helped CEOs leapfrog their implementation of digital strategies.

Kristof Gleich, President of Harbor Capital Advisors, believes the pandemic provided fuel to his organization’s ongoing transformation efforts. It helped them break through traditional barriers to change, seek innovative solutions, and adapt more quickly to new ways of working. They had almost no choice but to introduce e-marketing and product demo webinars to acquire customers. What was once seen as impossible now became necessary, and, in the process, allowed the organization to reach a larger number of customers at reduced costs and improved service levels.

1. Hill, L. A., Brandeau, G., Truelove, E., & Lineback, K. (2014). Collective genius: The art and practice of leading innovation. Harvard Business Review Press.





“CEOs need to be willing to destroy businesses that once might have been core but now no longer meet company standards for growth, sustainability and returns.”

C. Vijayakumar, CEO & Managing
Director, HCL Technologies

Our respondents learned that cross-functional teams are a particularly effective way to stimulate innovation while staying focused on strategic outcomes. Some CEOs augmented existing structures by creating a strategic overlay of cross-functional teams. They didn't dismember the traditional hierarchy but created flexible, collaborative teams for people to navigate in and out of in order to meet strategic business goals. This technique has often been referred to as a “flatarchie,” a more temporary structure that creates isolated pockets of new structures when needed, such as in the case of developing a new product or service.²

During the pandemic, most of our CEO respondents created pandemic task forces that were focused on immediate health and safety concerns. Some, such as Masonite CEO, Howard Heckes, also created “momentum” teams that were focused on future growth opportunities.

Adam Levine, Director of the Toledo Museum of Art, created several cross-functional teams, each focused on a specific defined strategic imperative. These teams were empowered to shed old practices, build new ones, and think out of the box to achieve higher levels of impact. He told them, “If in a few months after you stopped doing something, no one has noticed, it means that work no longer supports our strategic direction. It's okay to do that.”

2. Morgan, J. (2015, July 20). The 5 types of Organizational Structures: Part 4, FLATARCHIES. Forbes. Retrieved September 9, 2021, from <https://www.forbes.com/sites/jacobmorgan/2015/07/15/the-5-types-of-organizational-structures-part-4-flatarchies/?sh=2b0859b6707c>.





“We reviewed marketing, operational efficiencies and organization structures - there was a lot of innovation. Everyone came back to the office with renewed energy and fresh ideas; there was high engagement. In many ways we were on a better footing than before the pandemic.”

Rishi Aggarwal,

Managing Director, JCBL

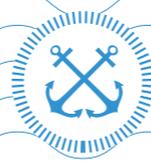
Innovation Management In Action: Examples From Our Clients

A large insurance company’s communications department focused existing teams on delivering 5 outcomes for the organization, including growing the business, facilitating societal change, and enhancing the company’s reputation among stakeholders.

A commodities trading firm created a global platform in their existing businesses by focusing the leadership team on collaborating across the globe on three projects: strategy, integrated data management and talent development.

A museum created a leadership training “bootcamp,” led by the CEO, to further develop skills that are crucial to building effective cross-functional teams. Topics included collaboration skills, giving and receiving feedback, managing performance across organizational boundaries and changing one’s mindset from “my work” to “our work.”





5

THREE CRITICAL
LEADERSHIP
PRACTICES YIELD
RESULTS: PURPOSEFUL
CONNECTION,
EMOTIONAL BALANCE, &
ENLIGHTENED
SELF-AWARENESS

{ *KEY INSIGHTS* }

Connecting with purpose helps create a needed sense of community.

Emotional balance helps people stay focused and have the confidence to make decisions.

Enlightened self-awareness creates psychological safety, facilitates inclusion, and increases trust.



“The most important thing we did was communicate really well what our intentions were, what was acceptable and then give people the open space to figure things out without concern that their jobs were in jeopardy.”

Dan Smith, Chief Growth Officer,
Owens Corning



“Be very clear of your intent. Clearly articulate your intent and your beliefs. Inspire others by being authentic in your words and actions.”

C. Vijayakumar, CEO & Managing
Director, HCL Technologies

While it's well known that turbulent times test a leader's grit and resilience, this perfect storm proved that agile leaders needed to show more than strategic thinking, organizational skills, flexibility, and classic communications capability. Agile leaders had to rely on several specific leadership practices.

First, they needed to create a sense of community during isolation. The communication had to be genuine and reinforce the need for all leaders to take action, not wait for approvals, and trust their sense of doing the right thing. They knew that if they didn't actively communicate, social media and other sources of news would fill in the vacuum. They had to be direct, honest and reinforce that “we are in this together.”

Second, they needed to show emotional balance to make people feel confident and capable of acting when everything around them was changing. They knew people were afraid and that fear could paralyze them. CEOs realized they needed to make decisions based on available data, inherent confidence and being true to themselves.

Third, they needed to create a sense of physical and psychological safety that engendered trust in leadership. This involved what we refer to as an “enlightened self-awareness.” This is a combination of empathy, authenticity, concern for physical and mental well-being and an appreciation of what it takes to engender trust in leadership.





“Our leaders had to learn to deal with highly emotional and divisive topics and situations that are emblematic of our country, and which are now pulled into the workplace.”

President of a Food Products Company.



“Empathy became critical in this environment. Those leaders with natural empathy were able to get it and understand people, knowing where we had to be more sensitive and manage things differently.”

Kristof Gleich, President, Harbor Capital Advisors

The Captains’ Guide to Focusing on Well-Being

CEOs recognized the need to ensure not only physical safety but emotional well-being as the pandemic took its toll. While most CEOs are not licensed mental health professionals, they knew to look for the signs of wear and tear on employee morale.

We’ve encouraged CEOs to consider three effective practices we’ve seen in other clients:

Share research on the effect of the pandemic on mental health (i.e., increased stress levels, burnout and lost productivity), and how leaders of people can be caring colleagues who support their people without becoming amateur psychologists.

Engage leaders in real-time “pulse checks” to discuss cases where they are seeing signs of mental health or stress-related impacts.

Share candidly with others their own self-reflections on the challenges of extended dislocation, isolation and remote work fatigue.





The insights from these Captains' logs have great implications for future action. Many said that the pandemic has brought out the best in their organizations, and the challenge now is to keep up the momentum and not forget the things they did during times of crisis.

What CEOs learned, and then shared with us, are successful agile practices that leaders in all types of organizations can do to weather not only a perfect storm but also its aftermath:



Stay squarely focused on the customer when making decisions.



Use small, empowered, and decentralized teams to achieve great things.



Communicate. Communicate. Communicate. Repeat.



Innovation is truly a team sport, so let the players play.



Leadership practices related to what's called "emotional intelligence" are perhaps the best tools for hard times.

*"Agility is not about organizational structure or strategy
- we didn't change either. It's about leadership."*

- Marc Bitzer, CEO, Whirlpool

The River Group is a boutique consulting firm, created for the singular purpose of helping CEOs achieve transformational change.

We help leaders transform their organizations by helping them to:

Architect and lead change

Create a sustainable and fit-for-purpose culture

Design an organization aligned with the strategy

We help organizations transform their leaders by helping them to identify and develop current and future leaders who excel in:

Change leadership roles

Enterprise-wide leadership roles

Roles of increasing responsibility

At River, we believe that by improving the leadership of companies around the globe, thousands of customers, constituents, and employees will benefit. We leverage our impact on the world through the companies we have the pleasure and honor of working with.



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