

# Navigating through disruption

A playbook for the future

WIPFLI



# How have you navigated COVID-19's disruption?

The past year has reshaped our reality around disruption. Before the COVID-19 pandemic, market disruptions were fast, intense and short in duration. They had lasting impacts, but we had time to adjust in between.

COVID-19 changed that game. Suddenly, willingness to adapt to a new world became critical. New ways of thinking became paramount to survival.

Our team at Wipfli decided to investigate our clients' stories and learn how companies fought through the disruption of COVID-19.

The result is a playbook for the future – valuable experiences that teach us how navigating through disruption can be mastered, learned and reapplied. We examine how organizations responded, dissecting both what worked and what didn't. We present our findings as opportunities to do better – to learn, apply and grow beyond our comfort zone.

Leadership is never about having the perfect playbook. It's about approaching disruptions as speed bumps rather than walls.



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A hand holding a pen over a document, with a blue overlay. The background is a blurred image of a person's hand holding a pen over a document, with a blue overlay. The text "Change versus transformation" is written in white, sans-serif font across the center of the image.

# Change versus transformation

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Sometimes we use the same definition for these two words. Our early analysis of the COVID-19 disruption was that transformative strategies were more effective than change-based strategies. Only by forcing a completely different thought process were organizations able to push through to a new state.

Take, for example, organizations that work in the hospitality business. For many of them, the loss of travel, entertainment and food and beverage revenue devastated their business model. Hunkering down for a period and reducing overhead expenses initially seemed like an effective change strategy, but the need for actual transformative thinking and action soon presented itself.

Those that transformed their thinking beyond incremental change not only survived but thrived through the disruption. Here are some examples:

- The hotel that leased rooms for day offices instead of night stays, capturing a portion of lost revenue to help those in need of an out-of-home office
- The caterer that shifted its model to serving at-home professionals who needed precooked meals to lessen the burden of preparing meals every night
- The restaurant that duplicated the in-house eating experience by sending a few extra items in each order, offering a surprise that customers typically experienced only when dining in its establishment

In each of these examples, thinking beyond change into transformation was crucial to both survival and growth. Transformative thinking is difficult but necessary in executive leadership. It relies on letting go of what we're comfortable with and being willing to work beyond the boundaries of the current system to find a new state that can be achieved.

Part of the joy and passion we get to bring our clients every day is helping them explore the unknown. The willingness of a confident leadership team to work outside the business system allows transformative thinking to take place. Is it easy? Absolutely not.



## Change

Evolution

Keep most of what we do and add some new

Control the pace

Gain acceptance/alignment

Prepare the culture

Slow build of progress is acceptable

Thinking in the system

## Transformation

Revolution

Keep the best of what we do, throw out the rest

Immediately align to a new direction

Create a sense of urgency/need

Instill passion, incite a movement

Immediate need to revise and reinvent

Thinking outside the system

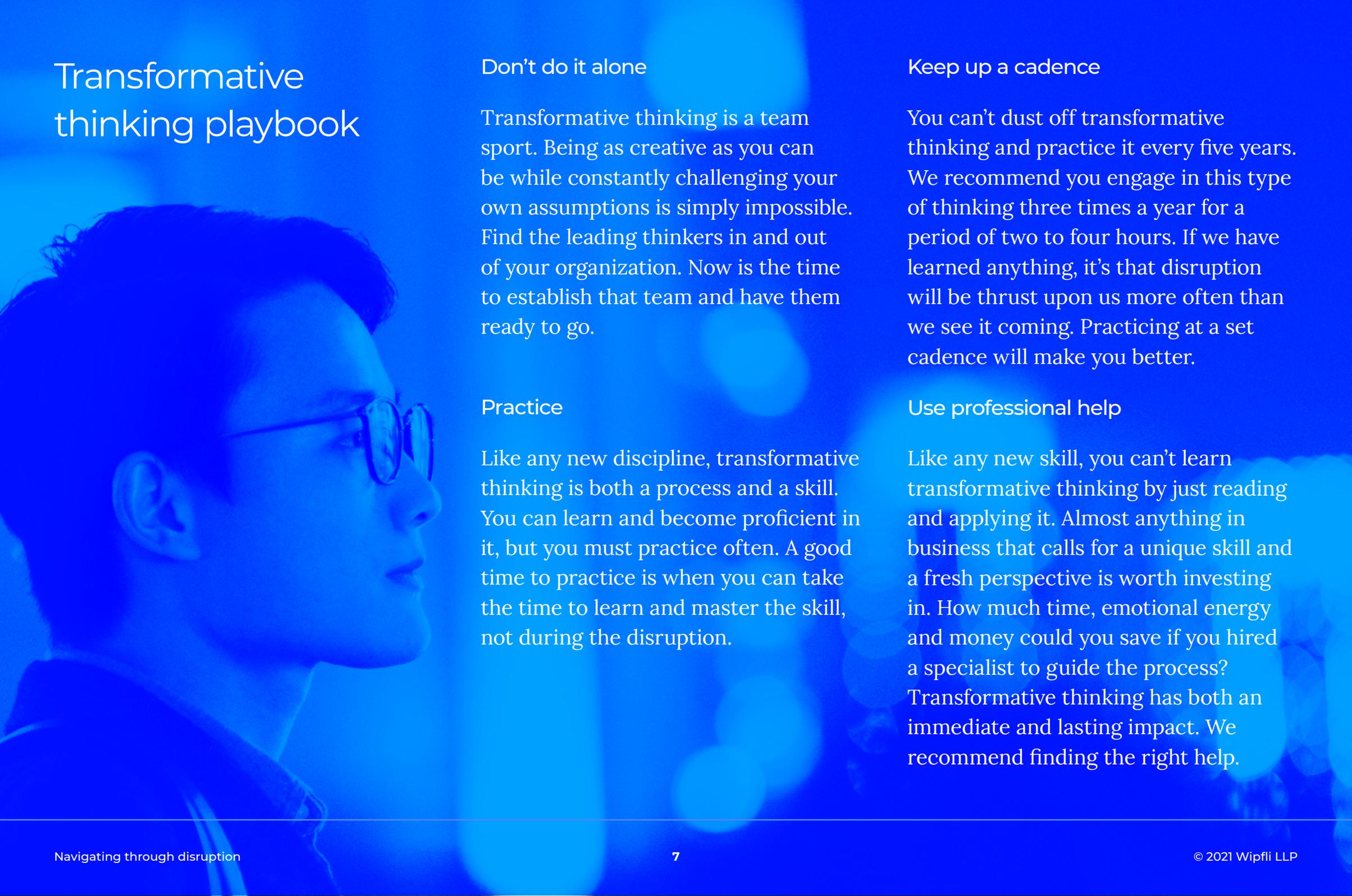
Working “in the business” while being transformative about what needs to take place “on the business” is almost impossible. For most of us, this is uncomfortable, requiring skill and patience.

The graphic above illustrates the mindsets of change versus transformation.

Sometimes success is defined by how you play the game, rather than the final score. Transformative thinking takes courage and boldness — playing out of our natural comfort zone.

As we look toward the future, we’re convinced leadership teams that engage in transformative thinking will be the ones leading successful organizations. Change management was the past, and transformative thinking is the future.

# Transformative thinking playbook



## Don't do it alone

Transformative thinking is a team sport. Being as creative as you can be while constantly challenging your own assumptions is simply impossible. Find the leading thinkers in and out of your organization. Now is the time to establish that team and have them ready to go.

## Practice

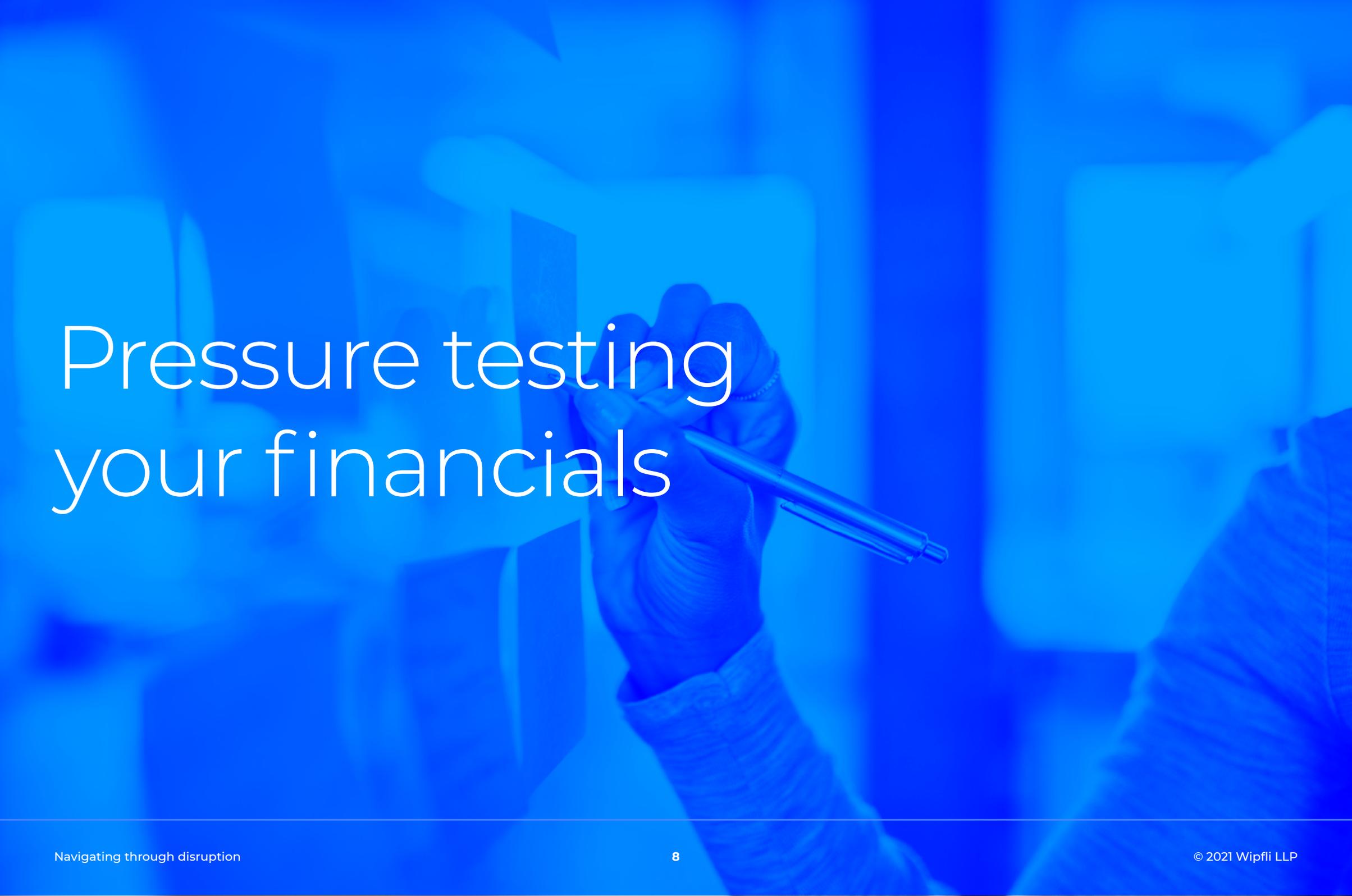
Like any new discipline, transformative thinking is both a process and a skill. You can learn and become proficient in it, but you must practice often. A good time to practice is when you can take the time to learn and master the skill, not during the disruption.

## Keep up a cadence

You can't dust off transformative thinking and practice it every five years. We recommend you engage in this type of thinking three times a year for a period of two to four hours. If we have learned anything, it's that disruption will be thrust upon us more often than we see it coming. Practicing at a set cadence will make you better.

## Use professional help

Like any new skill, you can't learn transformative thinking by just reading and applying it. Almost anything in business that calls for a unique skill and a fresh perspective is worth investing in. How much time, emotional energy and money could you save if you hired a specialist to guide the process? Transformative thinking has both an immediate and lasting impact. We recommend finding the right help.

A hand holding a pen over a document, with a blue overlay. The background is a blurred image of a person's hand holding a pen over a document, with a blue overlay. The text is white and centered on the page.

# Pressure testing your financials

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In today's era of rapid payment and receipt cycles, we often forget how important liquidity is because our funds are always in motion. In fact, one of the most interesting things that happened during the COVID-19 crisis was watching analysts on CNBC and Bloomberg talk about the second- and third-order effects from various federal, state and local shutdowns.

Our world is in continual motion, and we easily forget how we have all come to rely on that motion – whether it's goods being delivered to us via Amazon or our money moving from our account to a utility company's to pay a monthly bill. The movement of funds, goods and people is such that, when the merry-go-round stops, we all fall over.

So what should you do in a crisis? How can you be certain you will have the funds required so your business can survive during such an event?

The following are a few steps to follow as you explore your options and make the key decisions that may affect the future of your business:

1. **Take time to evaluate and focus on the metrics that matter most:** Identify and build into your planning the most effective leading indicators, such as new orders, new customers and new product lines.

2. **Understand the difference between leading and lagging indicators:** Leading indicators are those events which cause a customer to purchase your products. Lagging indicators tell you results that have been achieved. To align your metrics with your future-focused planning efforts, it's important to identify the most relevant indicators for your organization to measure and track.
3. **Analyze your data:** Does your [financial planning and analysis](#) (FP&A) system allow for good data collection and analytics? How rapidly can this be done? In a crisis, time will be of the essence. Having systems in place that allow for the timely and accurate collection and analysis of data could make a difference.



4. **Evaluate your staff:** Technology is only as good as the people who use it. Look within your current finance team for candidates with strong FP&A acumen and the interest to strengthen their skills and knowledge in this area. Growing talent in-house versus buying it takes time, so keep in mind that using this approach may take longer to achieve your goals.

5. **Look into outside help:** If you can't source the FP&A talent internally, consider outside specialists. If hiring isn't an option, consider outsourcing an FP&A resource to supplement your existing team. An outsourced resource can provide immediate support and help you identify or train a longer-term in-house solution.

6. **Craft a crisis financial plan:** Once you have a good understanding of the data, the tools and the talent, it's time to craft a plan.

## Crafting a crisis financial plan

President Eisenhower was famous for saying that plans are useless, but planning is essential. There is no time like a crisis to prove his point. By crafting a crisis financial plan, you'll gain a deep understanding of how your business functions. At its core, what does it do well, and what does it absolutely need to function?

The following are proactive steps you can take to better prepare for a financial crisis:

1. **Review your accounts receivable terms:** The standard payment terms may no longer be sufficient and should potentially be revised. In a crisis, should you offer discounts? If so, to whom and for how much?
2. **Review accounts receivable per customer:** What customers make up the majority of your current accounts receivable?
3. **Review your accounts payable:** To whom do you owe money? What are the terms of the payables? How flexible is the supplier?
4. **Evaluate your inventory levels:** What products or SKUs are core to your operation? Do you have ample inventory on hand and a path to get more to continue operations?
5. **Evaluate staffing levels:** In the event of a financial crisis, how will you reduce the size of your staff? Work with your human resources department to understand what happens if you need to lay off staff. Develop a staffing plan to minimize operational disruptions.
6. **Review key costs:** Determine which costs you might eliminate, reduce or renegotiate.
7. **Review all agreements:** Look at current and upcoming commitments and determine whether you could restructure, delay or cancel some of them.

## 8. Review plans for capital

**investments:** A crisis is often when many companies choose to “cut the fat” from their organization. This is a healthy decision and can set the company up for later success as resources are channeled to growing parts of the business. However, make sure you aren’t cutting too deeply. Evaluate your capital investment decisions to eliminate or modify as needed.

## 9. Establish a deeper relationship with

**your financial institutions:** Discuss your planning with them. Learn what options may be available to you. Be sure to clearly understand your existing debt covenants.

## 10. Prepare a cash flow forecast and

**update it constantly:** We typically call this a “sources and uses” document. Start with a quarterly projection covering major cash inflows and outflows each week. Begin each week with a starting cash balance, and end with an ending balance. This will allow you to understand periods of cash difficulty and provide you with time to maneuver.



A hand holding a pen, writing on a whiteboard, with a blue overlay. The background is a blurred image of a person writing on a whiteboard, overlaid with a solid blue color. The text "Becoming better at predicting" is written in white, sans-serif font across the center of the image.

# Becoming better at predicting

# Becoming better at predicting

As a leader, you understand that one of your key responsibilities is to help guide your organization. That includes setting a clear vision in line with the organization's mission and values while trying to predict the future. Last year shook the foundation of many in leadership positions. The pandemic disrupted — perhaps even fundamentally changed — many business models in ways that few could have predicted.

Many leaders ascended to their position because they did their job well. Some find the transition from doing to leading difficult. After all, if your daily tasks and responsibilities did not include keeping a watchful eye on the changing world like a futurist, you have some unlearning to do.

Discipline, rigor and cadence are three words that apply to developing a new habit or strengthening a new skill. How does this apply to predicting and leading? Leaders often don't schedule time for strategic thinking because they have too many other things to do. But, in the words of Yogi Berra, "If you don't know where you're going, you might not get there."

What if your organization could perform better by having a schedule for strategic thinking, planning and acting? What if not just leadership but the entire organization adopted a culture of innovation? One example of the possibilities comes from a large and successful insurance company.

That company assigns representatives from all areas of the organization to a group whose only mission is to be curious about the world. The representatives gather ideas that intrigue them from articles, podcasts, books, YouTube and so forth. The group meets monthly to discuss those ideas and how they may affect their business model or clients. The group then chooses the top three topics and presents them to leadership. Through this process, the company researched and invested in blockchain, becoming a thought leader in the industry.



## Borrow models that work and learn from what came before

How else can you adopt a better discipline for strategic success? Borrow other models that work. For instance, a model adopted from software design and development is the agile methodology, or dynamic planning.

Dynamic planning embraces change. It implements cross-functional teams working in smaller planning cycles in an iterative model. Dynamic planning assumes that market conditions and the plan itself will change. It sets the expectation that our understanding of a problem will evolve as we learn, and our plan has to reflect that. As Kent Beck wrote, “The only way it’s all going to go according to plan is if you don’t learn anything.”

How does this all tie together? Every successful leader has learned at least one thing – unlearning is as important as learning. As Alvin Toffler said, “The future belongs to those that can learn, unlearn, and relearn.”

Scientific, medical and technological knowledge is doubling approximately every five years. This implies that everything we know today – which is a lot – will represent only the tip of the iceberg in the near future. In his book *Business as Unusual*, renowned futurist Jack Uldrich warns that we must be aware of unseen knowledge. Much of this yet-to-be-created knowledge will require us to unlearn some of the things we know today.

Another terrific book that helps leaders with strategic execution is Traction by Gino Wickman. It focuses on having the discipline to face and solve your organization's issues as they arise. Putting off things that are difficult is human nature. Your ability to succeed is in direct proportion to your ability to solve your problems. Successful companies face and solve their issues. They don't let them fester.

Simply put:

1. **Identify the real issue,** which is usually not the stated problem.
2. **Discuss in an open environment.**
3. **Solve and assign action steps.** Even without complete agreement, most can live with a solution that is reached through healthy discussion.

Good leaders work *on* the business, not just *in* the business. They make time to think and act strategically. They involve others. They address issues head on. And they do all this frequently and regularly.

# Having the right people

A hand holding a pen, writing on a document, with a blue overlay. The background is a blurred image of a person writing on a document, overlaid with a solid blue color. The text 'Having the right people' is written in white, sans-serif font on the left side of the image.

# Having the right people

Jim Collins called it having “the right people on the bus” in his book *Good to Great*. Gino Wickman called it having “the right people in the right seats” in his book *Traction*. No matter how you describe it, having the right people is critical to ongoing success.

You can't reach your vision if your people strategy is out of alignment with your proposed future state. Market disruption amplifies people issues. Like it or not, you can't achieve your goals without a team of highly motivated, uniquely skilled and passionate individuals who have the right mindset. You need all those pieces together to have a thriving culture of “get it done” people dedicated to the good of the organization.

This all sounds intriguing, but what's the playbook for today?

It's simultaneously simple and profound. To create a culture that enables your organization to thrive, you need to constantly learn, refine and adapt your people approach.

Perhaps the following nuggets can stir your mental pot and help you cultivate the right people strategy for your organization.

## 1. Have the right people in the right seats doing the right things

We could not agree more with the thoughts outlined by Wickman in *Traction*, but we added the idea of doing the right things. The right people are the those who fit your culture like a glove, living and breathing your values. The right seat is the role those people play,

including the skills, talents and maybe even gifts they bring to that role. Doing the right things means they focus on the activities that are most important for the business to succeed.

Tell your team that you evaluate against values, performance and productivity. These three elements create the right team and culture for your organization to thrive. Several tools are available to help you measure these three elements. We recommend you simply ask your associates about them frequently and reinforce all three elements of performance.

## 2. Measure and align often

Mini reviews, or alignment meetings, are critical in today's business environment. Gone are the days of the singular performance review that unloaded a full year of joy or frustration in a single meeting. Today, you need a cadence of alignment meetings to clearly communicate and dial in the behavior and performance you need and expect.

Use these meetings to talk about three things:

1. Behavior toward the values
2. Performance of roles
3. Individual productivity

Scheduled on a regular cadence, alignment meetings keep you and your team members focused on your priorities. We suggest these meetings run less than an hour and have a balanced agenda of dialogue.

We highly recommend a formatted agenda. It's easier and more productive for all involved to have the same agenda every time you meet, weaving

in your points of discussion within the established framework.

Here's a sample agenda:

### Alignment meeting agenda

- **Check-in**

How are they doing, both personally and professionally?

- **Values and behaviors**

Are they behaving according to the values established in the organization?

- **Performance**

How are they performing?  
This provides a snapshot of performance and a chance to discuss gaps and opportunities.

- **Productivity**

Are they focusing on the right things? Hold a brief discussion on priorities and the need to focus on the significant versus the urgent.

- **Help they need**

What barriers are they facing? Leaders eliminate barriers and help team members succeed in their roles. Asking what help they need can be a powerful testament to you practicing compassion.

### 3. Check in more and stay connected

During the pandemic, we've all learned that the magnitude of concern and the gravity of the unknown takes their toll on the people we lead. Even our most courageous team members have had moments of despair over the lack of meaningful connection. We are meant to socialize and connect with one another.

Two of the hallmark characteristics of trusted leaders are listening and compassion. As a leader, the more you embrace this strategy, the more you build trust. Even though we intuitively know this, it rarely happens without some intentionality.

When disruption occurs, lean into building meaningful relationships of trust by checking in frequently. Can you give two hours each week for quick check-in calls? Build 15-minute meetings into your schedule and hold yourself accountable. If you can, you'll see the benefits of added connection with your team, including improved morale.

### 4. Accelerate your talent development strategy

You can't expect performance if you don't train and emphasize development. Today more than ever, having a comprehensive talent development strategy within your right people plan is imperative. The right plan has several layers but should include both professional skill development and self-learning opportunities.

Organizations often focus on individual performance (performance management) but not talent development. These two are intrinsically linked. A comprehensive talent plan can lead to enhanced individual performance, greater retention and, ultimately, more engaged team members.

Just as you set your organization's vision for the future, giving your team members the same vision for their personal development will pay dividends. Paint a picture for them about their development, and then put the right processes in place to make it happen.

A person's hand holding a pen, writing on a whiteboard, with a blue overlay.

# Building a cultural foundation through disruption

# Building a cultural foundation through disruption

In this discussion, we are not attempting to rewrite all the rules on building a great culture. Nor are we covering every aspect of a topic about which volumes of material have been written.

We are, however, attempting to outline the basics of growing and building culture when times of disruption cause us to rethink and potentially reevaluate the pieces we have in place.

In interviewing leaders, we learned that perhaps the answer to help us better navigate disruption was not what we did or didn't do during the pandemic. Instead, it was what we could have already had in place prior to the crisis.

The ideas that follow are some that resonated from our discussions. They all circle around the fact that maintaining and building a powerful life-giving community in our respective workplaces is one of the greatest responsibilities of leadership. COVID-19 amplified that need, causing us to rethink our future direction and perhaps even modify it to sustain our culture.

## 1. Build community over culture

Who owns culture? The answer is the community and its members. Community building is a powerful concept. When functioning properly, communities meet the needs of individuals and self-sustain in times of crisis. Communities are rich with elements that allow members in good standing to represent the culture and ensure it remains healthy and vibrant.

A focus on community building changes the way you approach culture. Old culture committees are now community impact teams, and members represent all the layers and levels of associates that exist in the organization. They are charged with keeping the organization healthy and ensuring leadership is dialed in to the issues that need to be addressed.

This is not another committee that lays out the problems to leadership. It's a sustainable entity that charges each member with the responsibility of giving back to the community. It's about keeping the community strong, not just building a strong culture.

## 2. Connect values to behaviors

When values and behaviors are linked, they make a formidable combination. Years ago, in business, we developed values around powerful words that represented how we wanted to be seen. Words like integrity, trust, excellence, quality and customer service are still in many of our current value statements. By no means are these bad words, but they can be hard to measure.

Value-based behaviors clearly spell out the behavior you expect from the value. Because of this, you can measure value-based behavior, and this clarity helps your values come alive in the organization. We tend to like value statements versus value words because statements sometimes help define the behavior you expect.

Don't feel like you can't change your values. Revisit them often and make sure they still resonate. They don't have to be on a plaque in the lobby. That's the old thinking that rendered values less effective.

Values are alive, organic and measurable. They should never be stagnant. Frequently measured value-based behavior sends a consistent message that those values are as important to leadership and as crucial to the organization as individual performance.

## 3. Overcommunicate

Great cultures have a transparent ongoing communication strategy that flows throughout the organization. The strategy is embedded, with multiple delivery methods all connecting like a fine ensemble. Communication takes time, energy and effort, and leadership needs to own it.

If maximized, communication creates alignment. And through alignment, you can gain understanding and advocacy. In other words, be prepared to say the same thing often and cascade it throughout the organization through different communication strategies (e.g., town halls, monthly meetings, roundtables). By doing so, your ability to clearly communicate through disruption is simply a part of your ongoing strategy and not anything out of the normal.

Why is this important? Sometimes mixed messages or communicating so intensively during a crisis can cause panic. A well-thought-out communication plan manages future speed bumps and allows leadership to maintain the robust cadence they established during times of content. It takes perceived panic out of play and smooths through the inconvenience of disruption.

#### 4. Study the motivators

You can't paint a culture canvas with a single brush. The old philosophy of developing cultural programs and activities leaned toward trying to please everyone with one set of strategies. One way to avoid this is to evaluate the motivators at every defined level within your organization. Leaders need something different than associates, and laborers need something uniquely structured to them.

Discover the motivators, and that will allow you to structure your cultural strategy around what resonates for each level in the organization. A great way to ask the right questions is to go through your community impact team. If the motivators become the strategy, your culture will be healthier at all levels.

#### 5. Outline the four Ps

Most of the culture books available today point to the practice of communicating your passion, mission or cause and how doing so often motivates your organization around purpose. In times of disruption, the future may seem blurry. The obvious question from people within the organization is, "Has anything changed?"

We subscribe to the practice of keeping current with your direction, even if the future horizon needs to be shorter than

in the past because of uncertainty. One way to do this is to use the four Ps as you communicate your purpose:

1. **Picture:** What does the big picture look like? Be as descriptive as possible (e.g., 5–15 points three to five years out).
2. **Part:** What part do team members play in the picture? The more specific you can be, the better. Team members at all levels want to know how you count their contribution to the bigger picture.
3. **Plan:** What is the simple plan to get there? Outlining annual goals to reach the big picture helps connect the activities of today to the vision of tomorrow.
4. **Progress:** What progress is being made toward achieving the picture? Report progress often to keep alignment and transparency with goals.

A hand holding a pen, writing on a whiteboard, with a blue overlay.

# 5 leadership abilities to navigate disruption

# 5 leadership abilities to navigate disruption

Through the years, leading through crisis is the one business topic that leaders consistently express interest in. If we're honest, it's the single biggest fear leaders have. Most of our experience has been during times of less turbulence.

As outlined earlier, disruption is happening more frequently. For some, it's changing our prevailing leadership style. Adopting a disruption leadership style may be easier than continuing on with the style we're used to, which focused on preparing us for that eventual time of crisis.

This section presents the predominate leadership style and related abilities you should adopt going forward. It assumes that you will manage and lead your organization through times that are more turbulent than calm.

Becoming good at this shift is paramount to your ability to effectively lead.

What does it look like? Our research shows that five abilities are critical to a leader's ongoing success during times of disruption.

## 1. Dial up emotional intelligence

Emotional intelligence (EQ) is the ability to recognize emotion and use it to create positive energy. EQ is a blind spot for many leaders, especially those of us who ascended the ranks during the command-and-control leadership style of the '80s and '90s.

In times of disruption, people need to process their emotions. As a leader, you need to understand the depth of those emotions to be emotionally aware and connected. Ignoring emotion breaks down trust and commitment faster than any good strategy can address on its own.

You can learn basic EQ skills, and mastering them will help you lead in difficult times. [EQ leaders are simply more dialed in, more connected and not afraid to use listening skills over verbal skills.](#) They value building relationships of trust that encourage people to be open, honest and transparent.

Want to learn more? We have several great resources on EQ. Let us know — we're here to help.

## 2. Adopt a collaborative mindset

Command-and-control leaders are declarative in style. They determine the solution they believe to be right on their own, with fierce conviction to see it through. Today, this style is likely to leave you standing alone on the bow of the ship during a hurricane.

Collaboration and inclusion are powerful leadership abilities, especially during times of disruption. [Leading with a collaboration mindset means your style shifts from having the answer to discovering it.](#) It means you listen to the people you work with before you decide on a solution. It's the firm belief and conviction that more feedback is better than less.

Mastering a collaborative mindset takes intention and patience, but it gives you better perspective and insight. A collaborative mindset takes the framework of an idea and makes it better by adding the key component of hearing from others before you act.

## 3. Learn to call audibles

Great NFL quarterbacks hold two distinctive characteristics. One is the ability to play the position with proficiency. The other is the courage to change the play at the line of scrimmage when needed — in other words, to call an audible.

Calling audibles is both instinctive and a learned skill. [From a strategic perspective, calling audibles is the ability to explore multiple alternatives to the same problem.](#) Learning to lead based on thinking through multiple scenarios can help you call an audible when needed.

Leaders often get in the habit of driving to one solution, disregarding all alternatives. That one solution doesn't always work. Think of the time you could save if you could pull out and execute the next likely scenario instead of starting over.

The time to think through scenarios is before launching your initial plan. Doing so takes discipline. We fondly call this audible planning, and it's what we frequently see good leaders do.

#### 4. Solve issues quickly

When we start an engagement, we often ask our clients about the issues that exist in their organization and how quickly they are solving them. In many cases, two scary truths emerge. The first is that they do not document issues. The second is that they rarely spend time solving issues.

Unsolved issues obstruct leadership's ability to break down barriers for the people they lead and often halt or stall progress. **In times of disruption, issues mount like an overflowing glass of water. If you are not skilled, disciplined and focused on solving them, they eat away at your crisis plan, rendering it ineffective.**

Become an adept issue solver. First, keep an ongoing list of long- and short-term issues. Second, adopt a system that your leadership team can use weekly to solve those issues. We recommend root-cause solutions, which require that you first agree on the root cause of an issue and then gather evidence to find patterns. Once you have that information, you can find the right solution.

#### 5. Prepare for the pendulum swing

In the midst of disruption, you are in crisis relief mode. Many times, the temptation is to get past the disruption before planning forward. For instance, during COVID-19, many leaders were hesitant about looking beyond the pandemic.

Great leaders plan forward, reenergizing their cultures with new direction as fast as they can. **Planning forward in disruption creates confidence that leadership has its eye on the future.** As soon as you've addressed the disruption, revamp, revisit and restate your direction.

We recommend looking out 36 months and creating your ideal picture of the future. One year is too short of a period to instill confidence. Being wrong is not the issue when planning forward – not taking a swing is. Can you name 15 things that will be true about your organization three short years from now? If so, I feel better already.



# Mapping your technology for optimization

# Mapping your technology for optimization

The pace of change within all industries was already fast, and now it's increasing. The current pace of change is the slowest it will be at any time in the future — let that sink in.

COVID-19 plunged everyone into crisis management mode. Now we're looking at settling into a new norm without really knowing what that will be.

Technology has been front and center as the key disruptor or lever for change throughout the global economy. What we've seen since COVID-19 has not changed that narrative. In fact, it has accelerated it. We must make connections between what we do, our key business drivers, the technologies we use and many external uncertainties that will continue to loom beyond COVID-19.

How should you assess where you are currently during this time of rapid change? A good old-fashioned SWOT (strengths, weaknesses, opportunities and threats) analysis just won't cut it anymore. How about a situational assessment that each business line or unit performs now and repeats at least quarterly?

A situational assessment will tell you:

- What is working well.
- What is failing.
- What risks are in your actions or inactions.
- What trends could affect your business, both positively and negatively.

Don't just ask the technology department at your organization. Find out from your internal and external end users. Doing this frequently by adopting an agile mentality enables fail-fast-forward capabilities with quick adjustments to the business landscape while minimizing investments in endeavors that just are not making the grade.

More importantly, expand your reviews from just the technology itself to other systems that may prevent you from using the technology to its fullest potential. How does your organization manage change? Do you have a culture that supports adoption of new technology? What policies and procedures may prevent technological innovation?

A technology plan is not complete without digital, digital, digital.

People toss around the term digital transformation. The mantra that “we need to digitally transform or die” is loud and clear. But what is it?

Digital transformation is the process of using digital technologies to create new — or modify existing — business processes, culture and customer experiences to meet changing requirements. It is reimagining business in the digital age (which we are in). To break it down:

- **Digitization** is the move from analog to digital, from paper to computers.
- **Digitalization** is using digital data to simplify how you work.
- **Digital transformation** is understanding the potential of your technology. It means asking, “What is our technology really capable of, and how can we adapt our business and processes to make the most of our technology investments?”

Digital transformation transcends traditional roles like sales, marketing and customer service. Instead, it begins and ends with how you think about and engage with customers. As we move from paper to spreadsheets to smart applications for managing our business, we have the chance to reimagine how we do business — how we engage our customers — with digital technology on our side.

Moving forward into this great unknown, where the only certainty is change, has caused many leaders to think that traditional planning just isn’t enough. According to futurist and author of Megatrends, John Naisbitt, “The most reliable way to anticipate the future is to understand the present.” Beyond today’s technology needs, thinking like a “futurist” is required to anticipate what the next systems-level disruption will be.

If you don’t have the energy or ability to spend all your time thinking 10 years in the future, here are some futurists you should follow:

- **Amy Webb:** The Future Today Institute
- **Jack Uldrich:** Author of several books, including Business as Unusual
- **Rohit Bhargava:** Founder and chief trend curator of the Non-Obvious Company

Bill Gates made this prophetic statement back in the 90s: “Banking is necessary, banks are not.” What he recognized was that the banking industry was based on a required function. This function is now enabled by artificial intelligence, blockchain, mobile applications and many other technologies that were not anticipated 10 years ago. These have enabled nonbank entities to become disruptors to traditional banking. Many other industries have been similarly disrupted, such as taxis by Uber and movie rentals by Netflix.

You’ve assessed where you were and where you are. Now it’s time to plan for the future. The difficult part that few manage is to think simultaneously about the short and long terms.

When planning for the future, looking at trends is important. However, asking yourself the following is more important:

- What is our current business model, and how will technology advances or trends change it?
- What are the most innovative organizations both inside and outside our industry doing?
- How will the wants, needs and expectations of our internal and external clients drive our technology decisions and investments?
- Are we anticipating trends, or are we more comfortable reacting? In other words, what is our innovation posture?
- Have we accurately assessed the risk for adoption of new technology?

- Do we have the right infrastructure to support our technology decisions for today and several years into the future?
- Are we looking to evolve, self-disrupt or transform?

We don’t know with any certainty what the future will hold. Now more than ever, your organization should examine both the potential impact of technology trends and the greater driver of consumer behavior and its effects on your planning, operations and business models. As the Future Today Institute recommends, “Think exponentially. Act incrementally. Always remember that the future isn’t yet written. You and your team have the power to build your best possible futures today.”

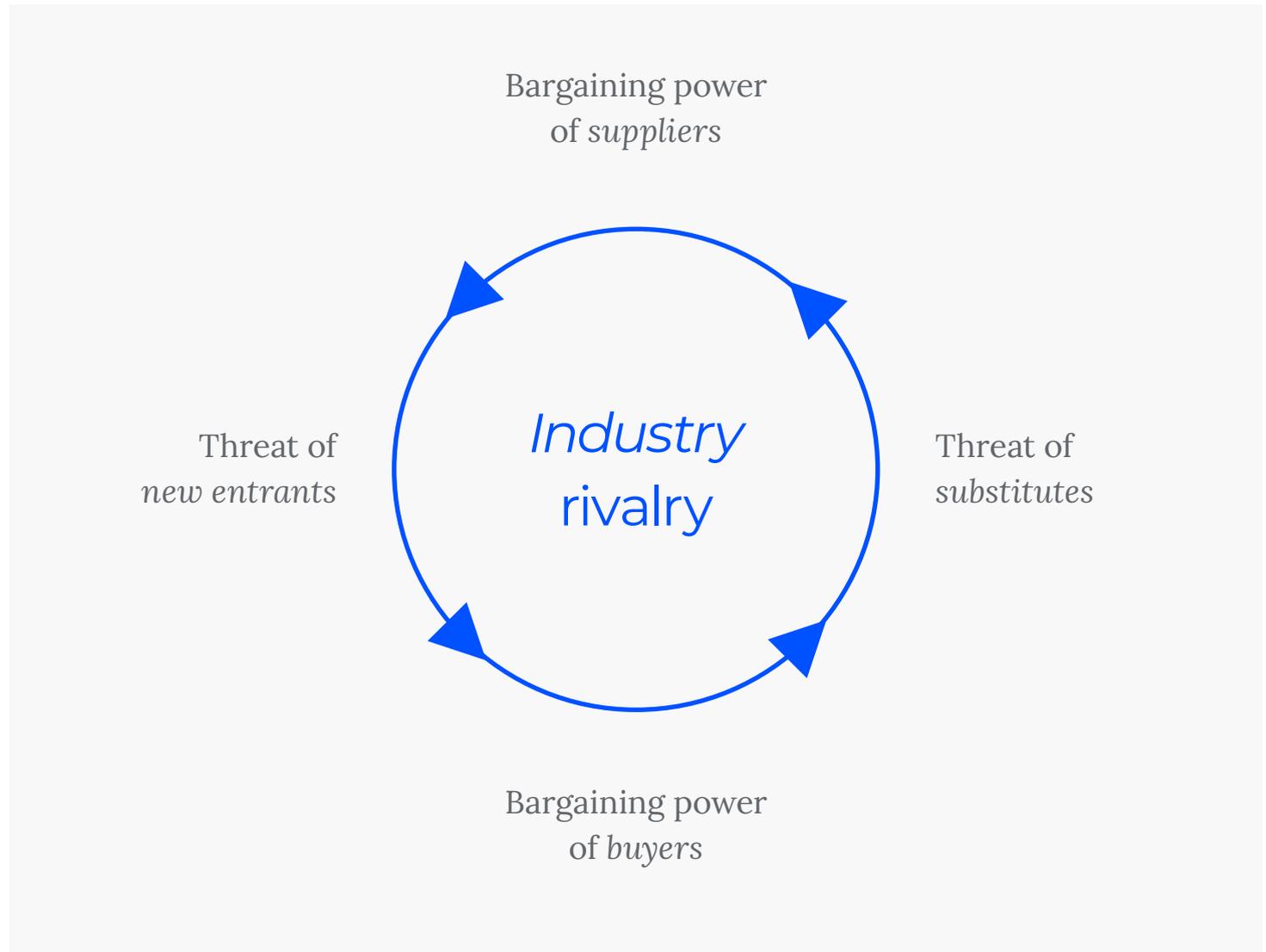


# Understanding your place in the supply/value chain

# Understanding your place in the supply/value chain

In 1979, Michael Porter developed an analytical framework for assessing the competition a company was experiencing. He placed a company at the center of a series of relationships between its suppliers and buyers and between the twin threats of new entrants and substitutes. An illustration of the model looks something like the graphic to the right.

During the pandemic, businesses have discovered that this framework can be useful beyond a competitive analysis as a tool to assess a company's vulnerability to disruption. Companies are used to facing threats; they face them all the time. But COVID-19 has uncovered systemic vulnerabilities for companies that they might not have known about before.



## Suppliers

Porter examined the bargaining power of suppliers and postulated that the more powerful a supplier was in a value chain, the more difficult the competitive environment for the company. We would instead have you examine your suppliers in the context of your vulnerability to a supply shock. Simply put, a supply shock is an unforeseen event that dramatically changes the price or availability of a good or service.

To accurately assess your risk based on the unique factors surrounding each of your suppliers, consider the following questions:

- Where are they located? What infrastructure in that geography supports them?
- How many of them are there? Multiple suppliers present logistical challenges, but this distribution may be an asset if disruption occurs.
- Who are their suppliers, and how vulnerable are they to supply shocks?
- What distribution channel do they rely on to provide us the products or services we need?
- How much inventory do they have on hand? At what point will their inventory levels affect our ability to procure what we need?

## Buyers

As with suppliers, Porter examined the bargaining power of buyers to better understand how much power they have. Ask yourself these questions to better understand your vulnerability:

- How many buyers do we have? Having several large buyers has both positive and negative connotations.
- How easy is it for a buyer to switch to one of our competitors? How dependent are our buyers on our products? Generally, it's better for you if switching is difficult and their dependency is high.
- What infrastructure does a buyer rely on to procure our goods or services?
- How long is the purchase process? If it changes dramatically, what would that do to our business?

## New entrants

The threat of new entrants is self-explanatory. All companies are subject to competition from upstart competitors. During the pandemic, some competition has come in varieties we're not quite used to.

For example, restaurants have sold ready-to-cook food and switched to delivery-only models. Prohibition-era laws were pushed aside to allow distillers to sell hand sanitizer. What other opportunities like this exist?

Some good questions to ask yourself include:

- Who could most easily become a competitor?
- How far is that move? What would it take for someone to become a competitor?

- What incentives exist for such a conversion?
- Remember the old Jeff Bezos dictum that “your margin is my opportunity”? How could opportunity or margin in our industry induce new entrants in new ways?

## Substitutes

If anything, the pandemic has been a lesson in substitution. If one thing isn't available, consumers have had to switch to something else. In the beginning of the pandemic, we saw hoarding of things like toilet paper. That quickly expanded to other paper goods, such as paper towels and tissues. Consumers constantly evaluate what good or service can be substituted for another and do more of it when needed.

Questions to ask yourself include:

- What are the most likely substitutes for our products or services?
- How easily could a buyer switch to using one of those substitutes?
- What products or services could our products or services substitute for?
- How easily could buyers switch to us?

## How do you put this into operation?

By examining the ecosystem in which your company operates, you can gain a better understanding of your strengths and weaknesses. You also better understand the strengths and weaknesses of those you depend on. Such analysis can help you shore up your weaknesses and invest in stability and growth going forward.

Here are a few tips that are helpful when discussing these issues with clients:

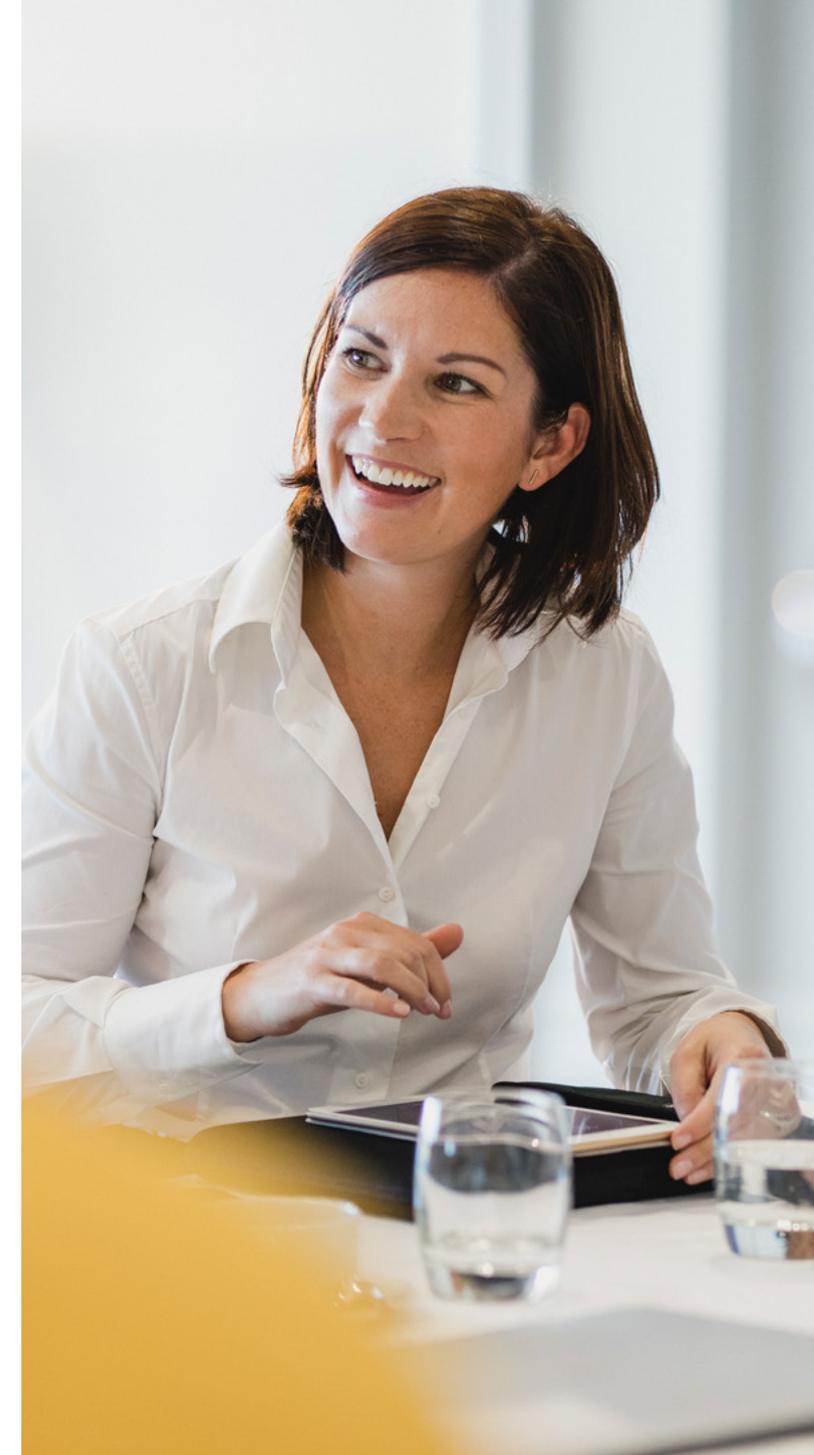
1. **Conduct an assessment using some of the questions provided here:**

Get input from more than just upper management. Ask lower-level management for their insight. How do they view some of these issues? We usually ask several people in an organization to do our assessment so we can understand how aligned people are in their thinking about a topic.

2. **Once you've established a baseline, make this analysis a part of your annual planning process:** Frequently, our clients examine their competitors or reevaluate suppliers, but they don't take a consistent, holistic look at the environment in which they operate and their potential areas of vulnerability.

3. **Set up an internal team to monitor each of these areas:** The purchasing department can do more than just source things at favorable prices. Those individuals should also be evaluating suppliers based on some of the factors we've touched on here. By setting up internal teams, you create a sense of responsibility among your key executives and empower them to affect change before it's needed.

The pandemic, as it currently exists, is unlikely to return. What will return are shocks to your company's ecosystem. Understanding the fragility that exists in that system and taking active steps to reinforce your weaknesses will be hallmarks of stable and successful enterprises going forward.



Now that you've read this playbook for the future, the wheels are turning. You're likely already thinking of ways you can find opportunities to plan, pivot and prepare for the next disruptive change.

Wipfli can help. With proven strategy and change methodologies and deep experience in your industry, our team can help your organization overcome obstacles, navigate disruption and change, and achieve your strategic goals.

[wipfli.com](https://www.wipfli.com)

## Strategy and operations

Change is constant, and your organization's ability to grow and thrive will depend on your adaptability – but there's more to achieving your long-term strategic goals than simply having a plan in place.

Let Wipfli assist you with navigating the change from COVID-19 and thinking strategically to help you come out of the pandemic stronger and better positioned for future disruption and success.

[Learn more about our strategic planning and process improvement.](#)

## Talent and change

Navigating people-centered change and optimizing talent can be the driving forces in your organization's success – or its failure.

Face these challenges and leverage opportunities head-on with Wipfli. Our integrated, consultative approach looks at your talent and change goals and delivers practical but engaging solutions. We share the knowledge and skills you need to realize maximum success through your number one resource: *your team*.

[Learn more about our talent and change management services.](#)

A woman with long dark hair, wearing a patterned dress, stands in a modern office. She is leaning on a white conference chair. The office has large windows and a long white conference table. The entire image is overlaid with a blue tint.

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