

Three important lessons I learned about business in Covid-19 times

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René Rohrbeck

Chair for Foresight, Innovation and Transformation at EDHEC Business School

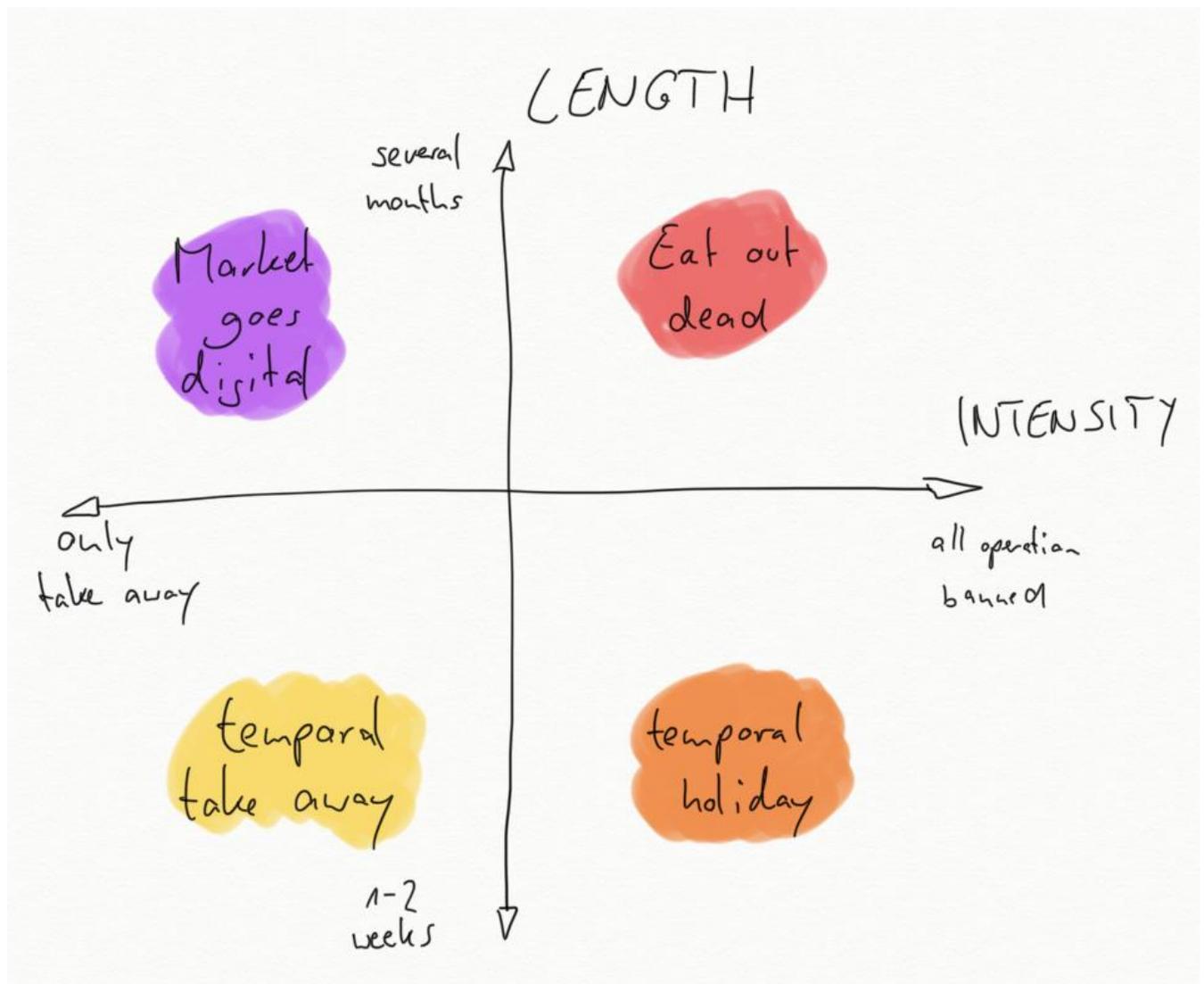
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While sitting here today, in France in partial confinement, my mind is still lingering on a conversation I had two days ago with a remarkable person, a restaurant owner in Paris.

I was grabbing some lunch in the already quite deserted city, when the owner came to my table sat down and asked if I was ready to share a bottle of wine with him, as it might be the last one he will open in his restaurant for some time...

He asked me what I do for a living and I told him: "Well it is difficult to explain, but I help companies to plan with scenarios, when times are uncertain. He said: "My situation with confinement coming up is not only uncertain, but it impossible to survive as a business". To keep the discussion going he asked me to explain, what good a scenario would do in his situation.

So, I asked him about the key uncertainties he is facing today. He said: "That is easy. How long will the Covid-19 crisis last? And How bad will the confinement be, will that shut me down completely or will I be allowed to at least do take away?" I said: "Ok, then let us map it on a scenario cross.



“Now, when you look at this picture what do you see?” He said: “The bottom ones are easy. These would mean that I only need to bridge some time, for which I only need to send my people on holiday or even only part of them on the left as probably 30% of my people could operate the takeaway business”. I said: “Ok, but what about the top?” He answered: “Well, this is kind of interesting. I was thinking that I would be dead in all cases, but of course even in confinement, people still need to eat and don’t want to cook or cannot cook what they want so on the left of your strange picture there would be a market opening up for take away or delivery, if only that would be exempted from confinement rules...”

I said: “While this exercise only took us 5 min, it did something powerful for us, it allows us to see the world with new eyes, opened our mind towards all possible strategic choices and can help us plan our next actions. But tell me, what are the actual choices you need to make?”

He responded: “That’s easy, should I close for good and file for bankruptcy directly. Or should I play for time, keep some of the staff and hope that the crisis is over soon”. I agreed, but said” So

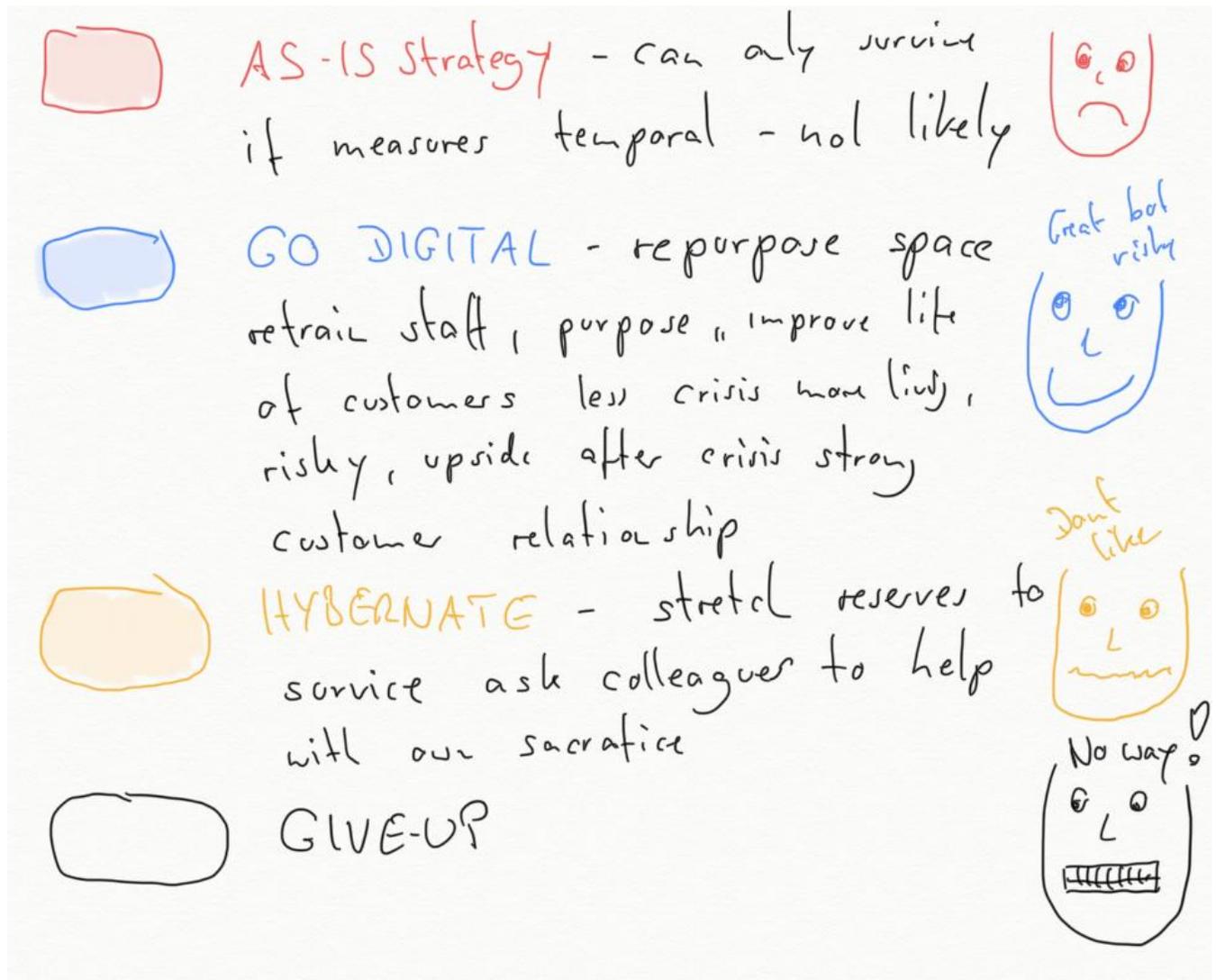
far, you have not considered what to do about the potential take away business. Maybe a little strategy playbox would help and we mapped some additional options along his four key strategic action fields, location, employees, marketing and offering.

<u>LOCATION</u>	<u>EMPLOYEES</u>	<u>MARKETING</u>	<u>OFFER</u>
Keep open	Keep employed 100%	Local Mouth to Mouth	Dine in Take away
Kitchen only	Ask to go to 50%	Flyer + Digital	Take away only
Temporal closing	Keep kitchen staff and train others to deliver	Digital only	closed
Close	Close down	none	

After pouring another glass he said, "Ok I am not sure I am getting this, but it looks as if there are some alternative strategies here, right?" So, I started to circle and color the options that fit together.

LOCATION	EMPLOYEES	MARKETING	OFFER
Keep open	Keep employed 100%	Local Mouth to Mouth	Dine in take away
Kitchen only	Ask to go to 50%	Flyer + Digital	Take away only
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He was a quick thinker and while I was still drawing my circles he said: "Sure the red circles are pretty much what I do today, only that in confinement I am dead with this. What we talked about, triggered by the takeaway idea, has become the blue strategy. That one could however be a way to grow fast if I would be the only open restaurant and my loyal customers are almost certain to be my new first customers and my multipliers. That is clearly worth considering! Yellow is only the playing-for-time-strategy, in which I hibernate. The gray strategy is giving up without a fight. But when I see that now on the map I am feeling: NO WAY."



He took another sip and got up. He told me: "Enjoy the wine and excuse me for a second, I want to call my chef and ask him what he thinks. I send him already home, but I want to check in with him to see what he thinks about the blue strategy, but then I will also show the options to my waiters. I will also call two of my regulars. I am sure that love the idea to be saved from the prospect of cooking by themselves the next weeks..."

While he strolled away and left me with the wine, I had the feeling that I have learned three important lessons from this entrepreneur about how to run a business in uncertain times:

1. **Stay close to your customers' needs.** The joy and emotions attached to a dinner from a restaurant may carry his business and no conferment will change the customer need, it might only need to be fulfilled in different ways.

2. **Emphasize transparency towards your stakeholders.** I was thinking that he will keep his considerations to himself until he settled for a strategy. But he seemed to instinctively assume that the success of any strategy hinges on the readiness of his stakeholders (his chef and his waiters) to follow him.
3. **Keep your spirit.** When he came to my table, he looked like a man who lost his spirits, but it took only a little re-perceiving to revitalize his entrepreneurial drive.

When I left, I could still hear him on the phone and left humbled by the entrepreneurial energy and fast mind, that I am sure will provide him with a great prospect within the crisis or latest in the phase in which we will all have to rebuild.

To all entrepreneurs out there: Thank you for your energy and inspiration that I am sure we can rely on when we rebuild our economy and society, maybe even in more wise and sustainable ways.

If you wonder how to apply this technique you can also read our little **Do-It-Yourself Guide** [here](#)

From Uncertainty to Opportunity

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René Rohrbeck

Chair for Foresight, Innovation and Transformation at EDHEC Business School

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Last week, I shared a [story about a restaurant owner in Paris](#) a day before COVID-19 confinement and how he planned for an uncertain future. I received many questions. How can we apply this way of thinking? How do we identify actions that we have not thought about before? How do we know when to act? In short:

How do we transform uncertainty into opportunity?

So, I thought I would put together a small Do-It-Yourself guide and some worksheets we utilise in our MBA and Executive Education classes. The guide follows a four-step logic that is suitable for sole traders and leadership teams in small and medium sized enterprises.

STEP 1: Broaden your perspective on what is possible

When we want to re-perceive our environment we first need to step out of existing corporate and industry mindsets.

Get started by setting an appropriate timeframe within which to explore what could have the highest impact on your business. A one-year timeframe is likely to be significantly different from a five-year one. For the restaurant owner, length and intensity of confinement measures would have in the short term the highest impact. However, over time, the spending power of customers, reliability of the supply chain and customer attitudes towards eating out may become pertinent uncertainties.

The aim is not 'get it right', but to think outside the box. One way to stimulate this is to think about which factors drive uncertainty in your business. With your team, explore:

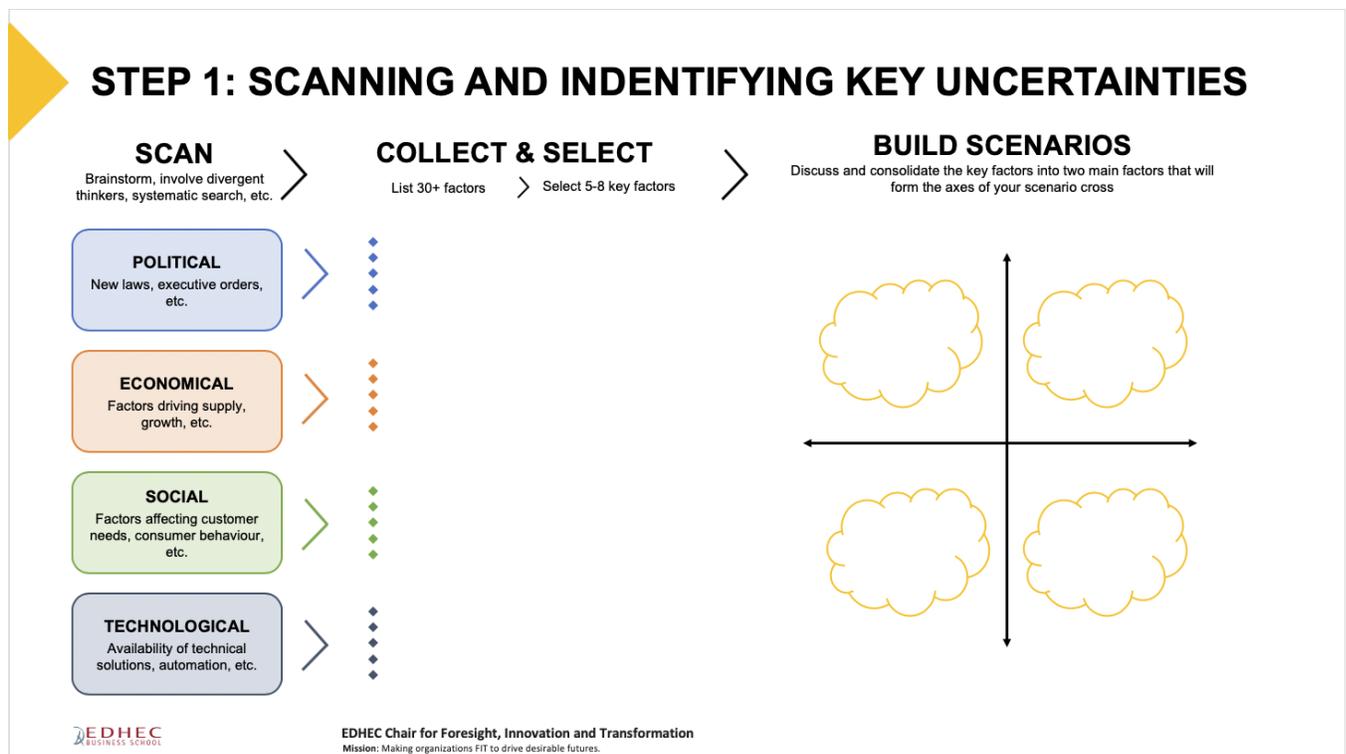
- What might a best-case scenario for my business look like?
- What might a worst-case scenario for my business look like?

Imagine yourself operating in these situations. What factors could have led to these occurring? You might use these [11 sources of disruption](#) as a starting point. Then, prioritize these in terms of strongest impact on your business.

In the restaurant case, there were two factors: intensity of confinement (takeaway only versus all operations banned) and length of confinement (1-2 weeks versus several months). For each of these, the two extreme but plausible outcomes were identified and plotted on a scenario cross as shown in Step 1 below.

It is also fine to take extreme future projections and build a scenario around it which describes how the market works, what it means for customers, and who the most important stakeholders are. In the case of a restaurant, this could include:

- Restaurants not allowed to open
- Cooked meals only available through take away
- Food and vegetable box deliveries allowed
- Digital services such as online tutorials, bespoke meal plans



At this stage, it is important to “walk in the future”. Describe as vividly as you can what this future would look like. You can divide your team into smaller groups to explore:

- How did this scenario develop?
- What were key influencing factors?

- What are key turning points?

This will provide you with a shared picture of the future which is rich in detail, broadens your perspective on what is possible, and highlighted signals about futures you would not have anticipated before.

STEP 2: Map your strategic choices

It is all too easy for your view on strategic choices to be influenced by what has made you successful in the past. This is reliable in a stable environment. In unstable, unpredictable environments, being able to act on options in alternative outcomes is useful.

To explore alternatives we use a Strategy Playbox. Start with defining strategic action fields, which represent key aspects within your control and the range of possible alternatives for your business. In the [restaurant case](#), the action fields and related alternatives were:

- Location: Keep open, kitchen only, temporary close, permanent close
- Employees: Keep 100% of staff employed, Keep 50% of staff employed, Keep kitchen staff and train others to deliver, close
- Marketing: Local mouth-to-mouth, flyer and digital, digital only, none
- Offering: Dine in and take away, dine in only, take away only, close

As a sense check, each action field should contain an alternative that captures a choice you have already made. For example, the restaurant had already chosen to stay open, keep all staff employed, rely on mouth-to-mouth marketing and focus on dine-in customers.

This further helps you to systematically map all the other choices (e.g. close dine-in, add kitchen space, build up online marketing, focus on cooked food delivery, deliver vegetable and meat boxes, etc).

STEP 2: MAP STRATEGIC CHOICES.

ACTION FIELDS

Including, scope of offering, type of customer, channel, pricing, logistics, source of competitive advantage, etc.

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... *Add more field if needed*

ALTERNATIVES

List all alternative choices you have in each action field.

For example your offering may include only to produce a product or to produce the product and offer a range of value added services.

Or your competitive advantage might be base on price or on quality.

Your logistics could leverage own your own fleet of trucks or on

STRATEGIES

After constructing the grid of alternatives you will be able to identify alternative strategies, which are choices that fit together and feel consistent and feasible.

Use colours to circle the choices that fit together and form a strategy

-  Strategy A
-  Strategy B
-  Strategy C

STEP 3: Craft alternative strategies

Using the same grid that you have developed in step 2, you can identify alternative strategies that are consistent. In this step you often discover strategies from known rivals, that are similar to you, and also strategies of new rivals, that might be digital companies, that enter your industry with very different approaches, leveraging on network effects and platform with which they seek to control the market. You can use colors to visualize the alternative choices.

STEP 3: CRAFT ALTERNATIVE STRATEGIES.

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Including, scope of offering, type of customer, channel, pricing, logistics, source of competitive advantage, etc.

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B	B	B
A		C
	A	A
C	C	

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For example, in the restaurant case, the Go Digital strategy was a combination of Kitchen only (location action field), Keep kitchen staff and train others to deliver (employees action field), Flyer and digital (marketing action field), Close (offering action field).

Step 2-3 have hopefully helped you to radically open your perspective on alternative strategies. It is key that you fight the instinct to check feasibility too early. The mindset is that true strategy is only limited by your imagination. Resource constraints only limit tactics. In strategy, missing resources and capabilities can be accessed through partnerships, built, or acquired!

Step 4: Decide on what to do next

Finding new winning strategies under uncertainty is above all a creative process. In this creative process you should engage also your stakeholders, thought leaders you know, and discuss early ideas with your colleagues across your organization.

Under uncertainty, it is not wise to break down an overall goal into actions, as the goal and associated actions will be subject to change. Instead, you identify three different types of actions:

- **No regret moves:** Yields benefits in all scenarios
- **Options:** Develop a way to play in a market which is interesting but not certain to develop

- **Big bets:** True entrepreneurial decisions, where you trust your insights into future markets, that you are ready to bet your organization on

STEP 4: DECIDE ON WHAT TO DO NEXT.

Congrats you have built awareness of your key uncertainties, you have mapped your strategic choices, now is time to build the entrepreneurial drive.

NO REGRET MOVES
List all actions that will help you in all (or most) scenarios. Those can be implemented directly. For example build a closer relationship to your customer.

BUILD OPTIONS
List all actions that expand you strategic action field. For example find and make preliminary contracts with alternative suppliers.

PLACE BIG BETS
List actions that are risky, but highly interesting. From this list you can choose to make big leaps of faith that shape the future of your company or industry.

CREATE A CONSISTENT STRATEGY
Integrate the list of actions into a consistent strategy. Make it engaging by formulating it as Massive (aspirational) Transformative (cause significant change to industry, community or planet) Purpose (the clear 'why' that can unite your people and stakeholders). Be bold!

Massive transformative purpose (MTP) examples:

- ◆ Tesla: "Accelerate the transition to sustainable transportation."
- ◆ TED: "Ideas worth spreading."
- ◆ X Prize Foundation: "Bring about radical breakthroughs for the benefit of humanity."

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Integrating these actions allows you to formulate a consistent strategy that simultaneously acknowledges the uncertainty in the environment and provides a clear set of options to pursue over time. Ultimately, what is feasible for you will depend on the metrics by which you measure success, which in turn is linked to what your organization values most.

There is no guarantee that following this process will lead to success. The length of the leap that you will be able to make will depend on:

- **Ability to re-perceive:** How well have you managed to integrate your teams and stakeholders in the scanning process
- **Ability to see systemic change:** How well you developed and leverage on the scenarios and alternative strategies, working with your colleagues across the organization and your stakeholders
- **Ability to mobilize:** Creating a purpose that matters for your organization, its members, as well as the community and maybe even the planet.

I hope that this little Do-It-Yourself guide will prove useful for you and would love to hear about your experiences. Maybe you can even share here as comments some tips for all the others who

will in the next weeks have to turn the COVID-19-induced uncertainty into opportunity, for them, their communities, and the planet.

Further reading

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[René Rohrbeck](#)

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Happy to share here a little Do-It-Yourself guide on how to turn **hashtag#Uncertainty** into **hashtag#Opportunity** for your organisation. Let us all leverage on **hashtag#ScenarioThinking** to reimagine and rebuild our economies and societies. The templates originate from our teaching at **EDHEC Business School** and our work with companies at **Rohrbeck Heger - Strategic Foresight + Innovation Consultants** **hashtag#reimagine** **hashtag#futureproof** **hashtag#foresight** **hashtag#scenario** **hashtag#futurism** **hashtag#strategy** **hashtag#crisis**