

## Challenges for organisations and leaders in a post-Covid world

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As the lockdown eases in different parts of India, industries and organisations are limping back to operations, hoping for normalcy to return during the next three to six months. Irrespective of the “new normal” that organisations are going to encounter as an when the lockdown eases completely, organisations are in for challenging times ahead. In this article, I discuss the various dimensions of challenge that organisations will need to reckon with and negotiate. I divide them into the dimensions of strategy, structure, processes and culture. I

have generalised these challenges even though they will vary between industries and individual organisations to some extent.

The primary strategic challenge for organisations will be to deal with reduced demand and shrinking markets. Given the loss of livelihood, reduction in income and economic depression, consumers will postpone or become very conservative in buying products and services. For organisations, this implies decline in revenues. If they intend to remain profitable, they will have to reduce costs. They will have to cut down activities that may be regarded as non-essential in the short run as well as reduce staff. Investments will have to get postponed, new hiring to be stopped. All of these, while effective for profitability in the short run, are dangerous for the long run. Organisations need to be especially careful about reducing functions and activities such as research and development that often seems non-essential in the short run but are important for the survival in the long run. They should not mistakenly consider what is not urgent as unnecessary. Likewise, when employees are laid off, organisations often lose high quality talent. Moreover, it leaves a permanent scar in the minds of the employees who are retained because of the signal such expedient actions communicate about the long-term values of the organisation. In the face of shrinking revenues and increasing losses, it will only be organisations with deep pockets that will survive, resulting in a spate of acquisitions and industry consolidation. It will therefore be a good opportunity for cash rich and big organisations to shop for talent and smaller organizations who they can buy cheap. If this happens, industries will get concentrated which is often bad news for consumers in the long run unless the regulator steps in to prevent potential monopolies or cartelization. Organizations that survive will do well to seek alliances and partnerships, maybe even with competitors to share resources and undertake joint activities. It is here that one might witness some innovations. Strategy and management consultants, investment bankers and private equity players might see greater demand for their services provided organizations are able to afford them. Providing credit and financing will become essential to sell one's products or services and thus keep the customer committed to the organization.

In a crisis situation, organization structures become centralized and COVID has been a crisis like never before. This happens primarily because of two reasons. Crisis situation demands rapid response from organizations and during such times organizations can ill-afford the time needed for decentralized and consensual decision making. You do not want a lot of debate and discussion regarding the best path to escape when your house is on fire! Moreover, in times of such difficulties, employees who are in various states of discomfort and distress, look up to their leaders to provide direction. This naturally reduces employee discretion and makes the organization dependent on the abilities of a few leaders. We are already witnessing some centralization of decision making in governance on the political and policy front. This is likely to increase as means of responding to immediate challenges and will also result in greater rules and regulations within organization. In sum, organization structures are going to get more centralized and formalized, both of which, even if justifiable for immediate response to the situation can result in loss of flexibility and dampening of creativity in the medium to long run. It also increases the risk of being dependent on a few individual leaders.

Organizations run on routines and processes. Robust processes enable organizations to build long term competencies by repeatedly doing things correctly, as well as improving

them incrementally. It also enables organizations to judiciously allocate attention of senior management, a valuable and scarce resource, to tasks that are unique and strategic in nature rather than worry about tasks that are standardized. Routines and processes get reinforced and embedded in organizations through repetition till a point they become almost an unconditional reflex. However, routines degenerate if they are not practiced. This might have happened to most organizations during the lock down period. While many organizations have been innovative in creating new routines such as meetings over video conferencing, their existing routines and processes, such as those of customer acquisition, maintaining relationship with suppliers or employee socialization may have atrophied or disappeared from organizational memory. These routines and disrupted processes will have to be revived, brought back into the realm of consciousness, even as organizations need to adopt new routines to deal with many of the strategic challenges discussed before. Many of the routines will have to be evaluated to weed out inefficiencies, redundancies and thus reduce costs. If organizations can invest in information technology, some of the routines can be automated to save costs and increase efficiency. It will be a difficult tradeoff, to make investments upfront to get an advantage in the medium to long term. And finally, organizations would have created new routines to deal with the contingent situation of lockdown. They need to consider whether such routines can now be adopted for the long run, even when the crisis abates. Working from home or doing web-based conferences have both advantages and disadvantages. They are efficient, have far lesser environmental footprint but make employees distant from one another. How should organizations blend some of these remote-working practices with existing routines will have to be carefully evaluated with respect to the specific context of the organization and tasks. For example, teamwork that are lot more unstructured in terms of interaction between colleagues are less amenable to being done remotely than teamwork that are sequential and structured.

The final element is organization culture. Organisations achieve their strategic objectives through the seamless working of the trinity of structure, process and culture. These are highly interdependent and therefore they cannot be viewed in isolation. The culture of many organization would have got fractured during the crisis, when organizations almost stopped working or muddled through. Employees, as they get back to working, will be consumed by fear, uncertainty and doubt regarding their profession, career and organization. Many of them would have suffered tragedy on the personal front. And many would discover that some of their colleagues are no longer working for their organizations, all of which will exacerbate their distress. Cost reduction measures and loss of discretion, which we discussed as consequences before, are antithetical to the psychological contract that exists between an employee and the organization, which inspires employees to give their best for the organization. Overall, there will be a trust deficit which can perilously reduce organizations to a bundle of economic transactions focused only on the short term.

What then are the asks before leaders and senior management for resumption and revival of their organizations? Experience of managing change have taught us that any change that is imposed or perceived to be forced upon is resisted even if such change is good for the organization and its employees. As a consequence, such changes are unsustainable. To deal with the crisis, leaders will have to bring about changes in their organizations, both in the short and long term. But such changes in work patterns and organizations, unless

carefully planned, will be viewed as an imposed change, which most of the employees would consciously or unconsciously resist. Keeping that in mind, leaders need to concentrate on three things – focus on organizational purpose, distinguish between short term contingency measures and long-term changes, and to achieve it all, rebuild the organization's culture.

All organizations exist for a purpose, which explains why it spends time and resources to create a particular product or a service. The strategy of the organization is its plan to achieve its purpose while its values guide the organization in making choices along its journey. Very often, during business as usual, the demand of situations and specific objectives relegate the purpose and values to the background. Now, when almost every plan has gone awry and the future is engulfed in uncertainty, it is the task of the leader to bring back the focus of the organization on to its core purpose, mission and values. Whether we are selling credit cards or running a gym, we need to revisit and reaffirm why we exist, what we are good at and how do we create value for our customers and for the society. It is the best way to clear the existential doubts that have crept into our minds during the past few months when many organizations found themselves inadequate and unprepared for the tragedies that were unfolding all around. Some of the organizations might have even dramatically changed their main line of activity to help people in crisis, which is laudable. However, as the crisis abates, leaders need to bring back the organization on to its originally chosen track by collectively revisiting the purpose and values of the organization and then decide on a suitable strategy to go about achieving it. Purpose gives us meaning in what we do, how our efforts contribute to the greater good. Purpose enables us to be gritty and resilient in face of seemingly insurmountable challenges and get inspired despite the losses and failures that we have suffered in the past. When the purpose is meaningful and values appealing, employees will create pathways around most obstacles that are likely to come in their way. There is no doubt that there will be many such obstacles and challenges in the days to come and it will be the task of the leaders to inspire employees by reaffirming the purpose of the organization.

Post COVID organizations will not be the same. Some aspects of functioning would need to change irreversibly while a lot needs to be revived. Therefore, the second responsibility of leaders is to clearly distinguish between changes that are being made as short-term contingencies to tide over the crisis and those that need to be made for creating long term advantages. Focusing on purpose and values will help make these choices, which may get confusing otherwise. Investment for new product development may have to be stopped for the time being but if developing new products is important for the organization, leaders should have a clear idea when they should resume investments and what should be done during the intervening period so that the organization does not lose the advantage in product development that it had built over the years. Distinction between changes for the short term and long term will enable the leaders to develop the right frame of reference for making tradeoffs and taking important decisions.

As mentioned before, fractured organizations are deficit in trust. Trust can be rebuilt through transparency in communication. Most employees would understand that the organization is going through difficult times and leaders will have to take tough decisions. But when there is clear communication about why someone is doing what is being done, employees are likely to accept those decisions. Thus, leaders through honest communications, must set clear

expectations of what is possible and what cannot be done. They must prepare employees for the long haul and be seen as role models who are ready to take up the challenge squarely even while acknowledging their own vulnerabilities and apprehensions. The organization culture may have been fractured, but with proper care and patience, it can be healed. And sometimes, a culture that is healed can emerge a lot more resilient.

The task of leaders is never easy. In periods of crisis they are judged by their decisiveness and risk-taking abilities. When the crisis gradually gives way, leaders are judged by their follow-throughs, how they consolidate and how they bring their embattled army home. Mountaineers would tell you that maximum fatalities occur not when you are climbing up the peak, but when you are coming down after peaking. Post COVID, it needs to be a phase of careful consideration and consolidation for organizations along the four dimensions of strategy, structure, process and culture. Only then will organizations win the war after having survived the battle.

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