

Leadership in Challenging Times



C-LEVEL Executive Solutions

A presentation to



May 11, 2020

The Perfect Storm

- **Greatest pandemic:**
...since the Spanish Flu (102 years ago)
- **Greatest economic contraction:**
...since the Great Depression
- **Greatest intervention in history**
...by the central bank and government
- **Greatest oil price decline**
...in the OPEC era

...AND ALL AT THE SAME TIME !!!!!

Why is this Downturn Different?

- **Widespread and complete uncertainty**
- **Massive global lockdown & social distancing**
...14-day quarantine
- **Travel halted**
...Travelers through TSA checkpoints – Apr 15, 2019: **2,317,381**
...Travelers through TSA checkpoints – Apr 15, 2020: **90,784**
- **Businesses closed or massively scaled back**
- **Unemployment levels not seen since the Depression**
- **Massive disruptions in both demand and supply chains**
- **Unparalleled government financial injections**

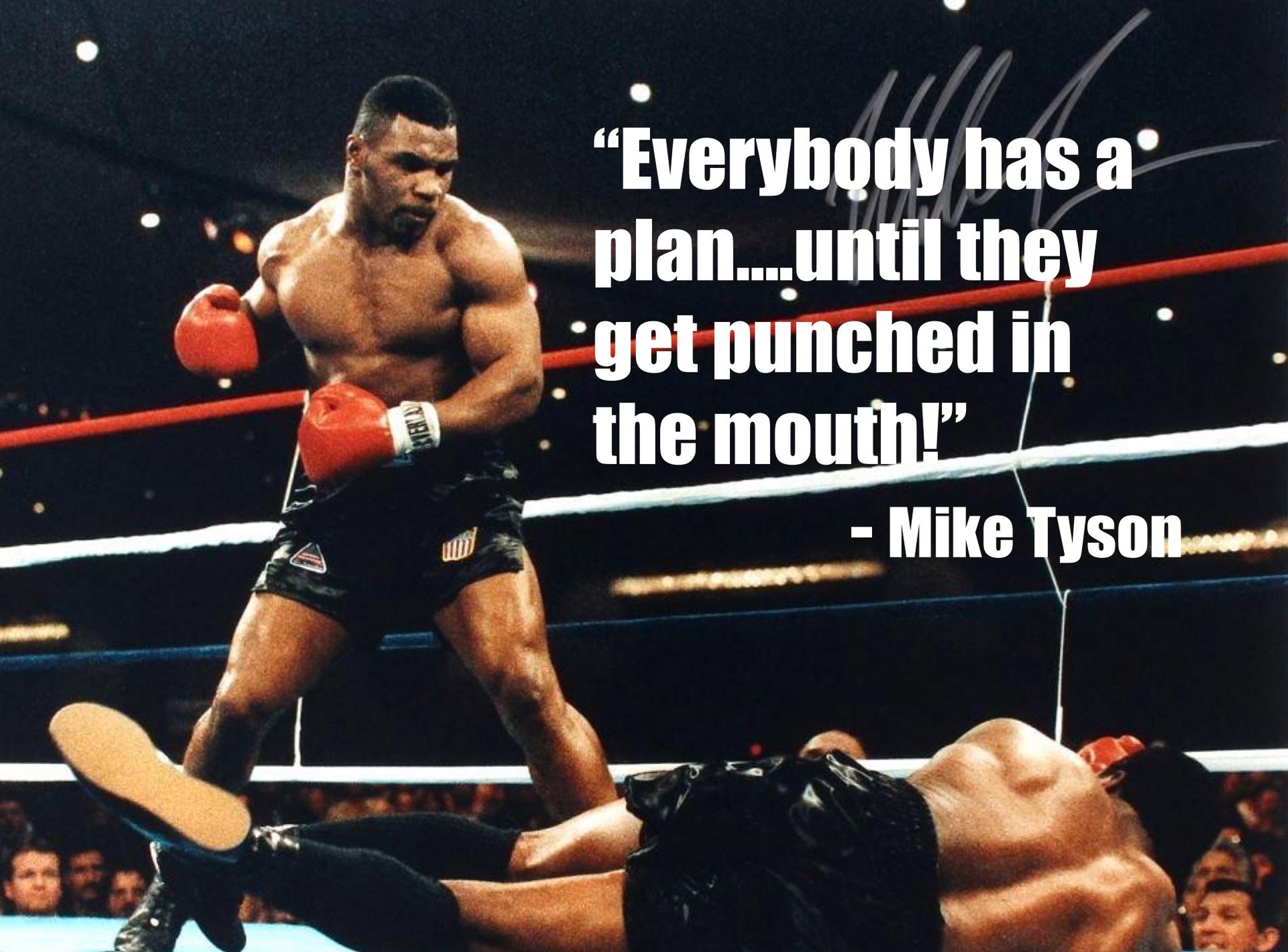
Six Key Areas of Impact

- Supply chain disruption
- Demand drop (consumer disruption)
- Financial impact (business & personal)
- Physical disconnection (travel, work, etc.)
- Health and safety (quarantine, testing, vaccine research)
- Potential influence on future commerce:
 - Backlash on globalization
 - National control of own supplies
 - Buy local & new private/NFP partnerships

Bringing it Home

- SME's will be particularly hard hit
- Nova Scotia economy:
 - 28,874 small companies (1-99 employees)
 - Small companies' workforce is 206,500 people
 - 554 medium companies (100-499 employees)
 - Medium companies' workforce is 50,700 people
 - SMEs provide 93.1% of jobs
 - Private sector is 60% of the workforce
- SMEs are the driver of the economy

So...
We need a plan...
Right?

A photograph of Mike Tyson in a boxing ring. He is standing, shirtless, wearing black boxing trunks with a USA flag patch and red boxing gloves. He is looking down at another boxer who is lying on the canvas in front of him. The background shows the ropes of the ring and a blurred crowd of spectators. The quote is overlaid in white text on the right side of the image.

**“Everybody has a
plan...until they
get punched in
the mouth!”**

- Mike Tyson

FEAR Can Follow a Punch

Temptation to **F**orget **E**verything **A**nd **R**un!

- Not what leaders do
- Not what entrepreneurs do
- Remember, a crisis can mean **opportunity**
 - Get unstuck from legacy thinking or processes
 - Challenge assumptions
- The antidote to fear is **ACTION**
- Reignite your passion and your start-up culture

So...

**How can we
move ahead?**

Know Where to Focus Your Efforts

- Like the liquidity and leverage crisis of 2008/2009, we now should recognize a structural business defect
- Fundamentals we thought were solid are being seen as inadequate
- The main issue lies within the supply chain, yet it is not the supply chain that is the issue
- For several decades, most of us have followed the business approach known as Moore's Law:
 - Faster, better, cheaper
 - Just in-time
 - Globalization

Know Where to Focus Your Efforts (con't)

- These are not bad things at all
- What was missing was...BALANCE!
- Our system was designed to be efficient...but at a price...fragility of the system
- The system must also have RESILIENCE....and resilience comes at a cost
- Our biggest priority, as company owner-managers, is to accept the cost of Resilience...and build it into our organizations
 - While forgetting none of the lessons we previously learned about efficiency, quality, etc.

So How Do I Get More Resilient?

- Think of Resilience as greater flexibility
- Overly efficient companies are fragile and inflexible
- Single points of failure for overly efficient companies:
 - What happens if a key supplier fails, or
 - What happens if a key customer fails, or
 - What happens if key employees leave, or
 - What happens if the plant or office burns down, or
 - etc.

Planning for the Unforeseen?

- **Scenario planning:**
 - What if sales plunge suddenly (by 10%...25%...50%)?
- **Timing and Duration:**
 - What if prolonged (1 month...3 months...6 months)?
- **Factor in change on a regular basis (e.g. weekly)**
 - Government funding
 - Accounts receivable
 - Impact of actions
 - Normalize financial data to get the real P&L
 - How does reality track to your forecasts?

Three Main Areas of Review



Financial



Customers



Internal

Financial

- **Liquidity**
- **Cash Flow**
 - Tightly manage cash
 - Establish & enforce budgets
 - Understand non-payroll expenses
- **Value**
 - Where is value being created or destroyed?
 - What is the true profitability of goods & services?
 - Where are resources wasted on low value-add activity?

Financial (cont'd)

- **Cost**

- **Lean vs Anorexic**

- Are you making or buying the right things?
 - Is the business eliminating waste?
 - Do operations support customer needs?

- **Ostrich, Bull, or Fox?**

- Cut the fat, not the muscle.
 - Do not cut where it protects the downside.
 - Do not cut expenses needed to execute strategy.

Financial (cont'd)

- **Add Resilience**

- Don't be afraid to invest in areas that ensure operations continue, even in tough times
- Your key partners (i.e., clients, suppliers) are going to demand this continuity of operations

Customers

- **Your competition includes all of your customers' suppliers, not just your traditional competitors**
 - They will be evaluating their need (i.e., your value)
 - They will be evaluating your ability to deliver in tough times
 - Paying you should be seen as a necessity, or investment
- **Do you provide:**
 - Painkillers (i.e., what problem do you solve?)
 - Vitamins (i.e., what benefit do you provide?)
- **Provide outstanding service**
 - Are you organized to service the customer at a distance?
 - What overhead creates value (from the customer's perspective)

Customers (cont'd)

- **Distancing forces new ways of connecting**
 - Everyone now accepts digital or remote
 - Hi-tech now requires a new hi-touch
- **Demonstrate empathy and deliver value**
 - Recognize that everyone has problems
 - Find the appropriate way to reach out and help
 - Know that pure cold sales calls will be met with anger
 - Find ways to communicate and serve clients better over the interim crisis, and in the post-pandemic period

Internal – Human Resource

- **Communicate well & often (staff are scared too)**
 - Use digital solutions to your advantage
 - Include having fun. Its not just about work
 - Celebrate milestones (birthdays, anniversaries, etc.)
 - Post all company and staff accomplishments and successes
 - Clarify the reasoning behind your key decisions
- **Show genuine concern for employees**
 - Prioritize employee issues when making decisions
- **Focus on internal positive messaging**
 - Allow flexibility for staff to address their own needs
 - Cross-train, mentor and invest in their education

Internal – Human Resource (cont'd)

- Strive to avoid losing key employees
- Increase your depth in HR capability
 - Cross-train, change & supplement your skills mix
 - Identify and avoid single points of failure
 - Encourage employees to be part of the solution
 - Ask them for help and ideas
 - Acknowledge that immediate, practical and doable ideas will come from your internal resource
 - Address HR challenges swiftly
 - Immediate action is a real catalyst for change

Internal – Leadership

- **Emotional strategy for the owner/leader**
 - You are not the cause of Covid-19
 - So cut yourself some slack
 - But do not use it as an excuse, or a way to pass blame
 - Crises always happen...and they always end
 - Leaders gotta lead!!!...
 - But in a new way...
 - Must now figure out how to effectively do “remote” leadership

Two Options - Pre-Mortem & Crystal Ball

- **Pre-Mortem Planning**

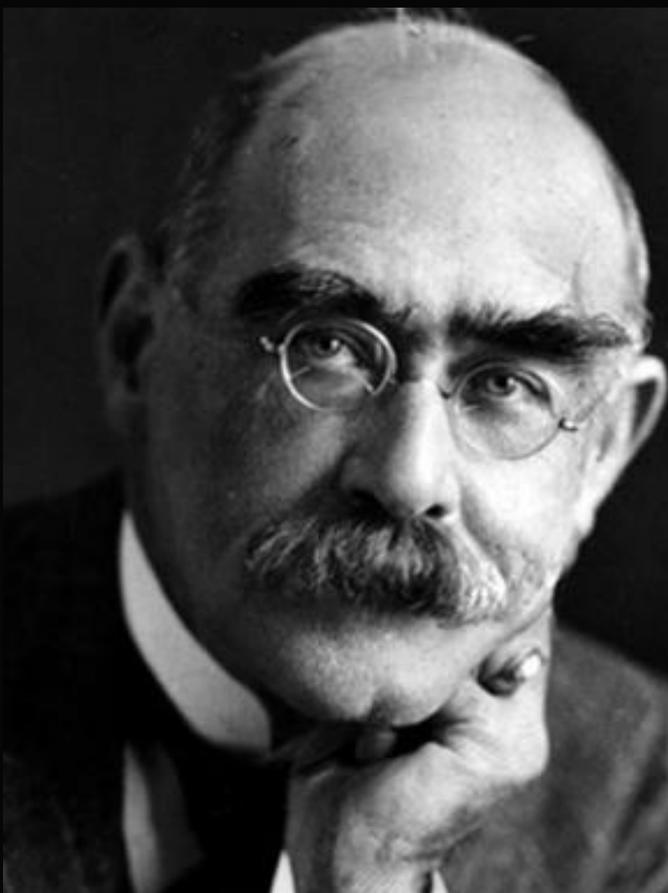
- On major decisions that need to be made:

- What could possibly go wrong?
- What are the reasons it could go wrong?
- What is the list of potential solutions?
- What are the priorities (do first) in that list?

If You Knew Then - What You Know Now

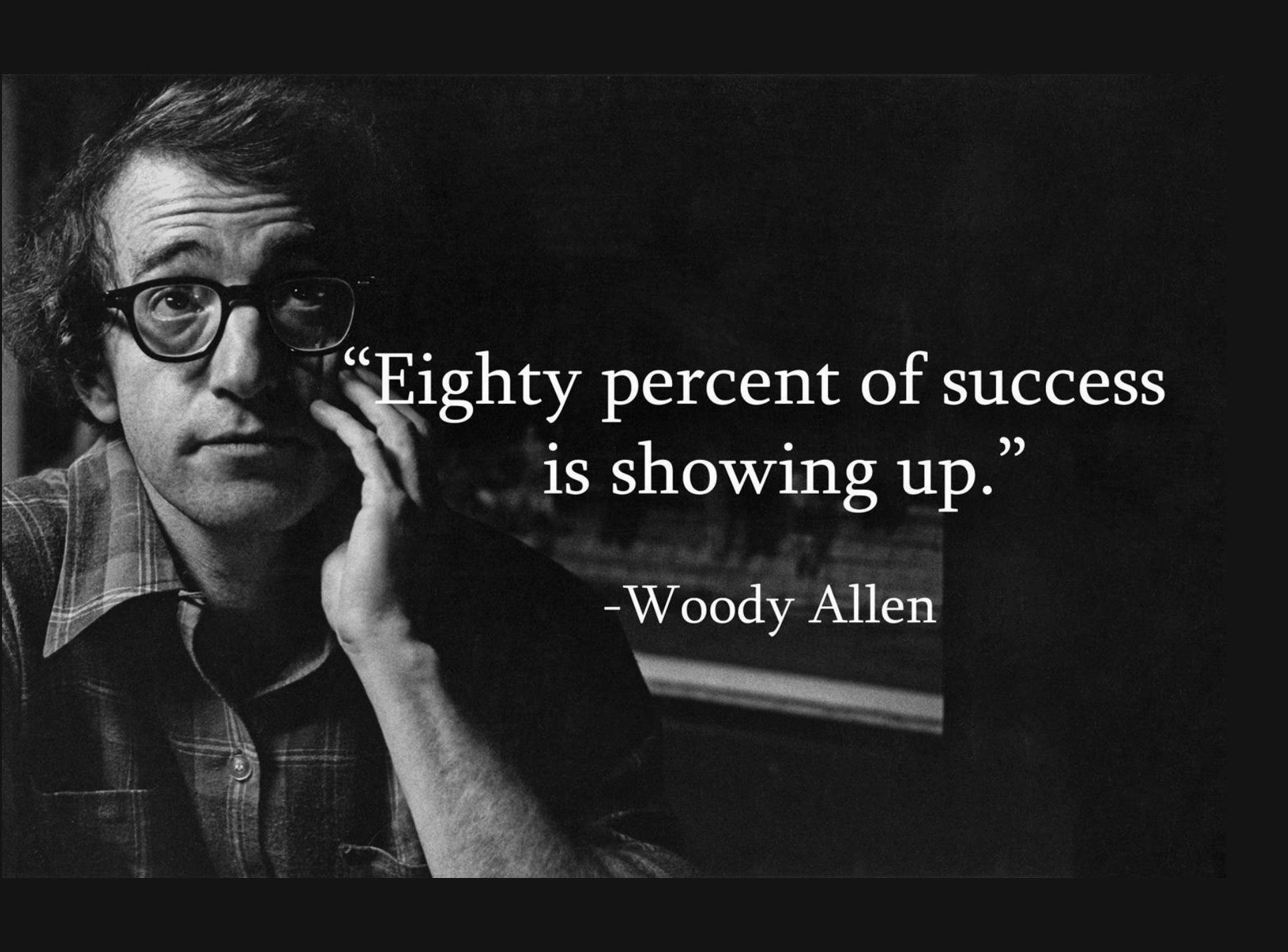
- **Crystal Ball Planning***
 - Face what is happening to your business now and make a list of the most pressing issues
 - If it was six months ago and you knew then what was coming, what would you have done differently to prepare and prevent the above?

**Both of these options challenge assumptions and legacy thinking, and both must involve your team*



If you can keep your head when all
about you Are losing theirs and
blaming it on you, If you can trust
yourself when all men doubt you,
But make allowance for their
doubting too;!

— *Rudyard Kipling* —

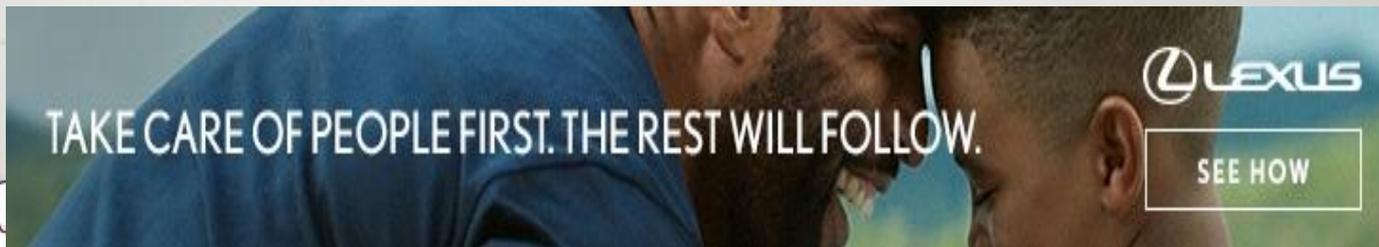


“Eighty percent of success
is showing up.”

-Woody Allen

Be Present and Be Seen

- It's the strongest message (to family, staff, customers, suppliers, and to community)
 - Being MIA may lead to speculation you are gone, or are going
- Demonstrate your own personal resolve
 - May be tough...but just do it!
- Talk about your investment in resilience
 - Take actions that ensure continued operations



ons

Be Present and Be Seen (cont'd)

- **Have a mindset of abundance**
- **Visualize your business' post COVID-19 success**
- **Trust in yourself**
 - You started and nurtured the business
 - You've been through tough times before

Project Confidence

- Confidence is just muscle memory
- Celebrate even the smallest successes
- Take lessons from the past, but also learn as you go
- FEAR prevents action
- Make decisions
 - A no-decision leaves the options on the table
 - A decision shows you are moving on (you can still pivot)
 - Take measured and appropriate risks

The NEW FEAR

- Face Everything And Rise

- R.A. Jodrey and the Great Depression of 1929
- Nautel and the Great Recession of 2008



A Special Offer

to



***A Complimentary Session:
One to two-hour video conference
with members of our
C-Level Advisory Board***



The background features a blue-tinted world map. In the foreground, there are silhouettes of several people pushing large puzzle pieces into place. The puzzle pieces are dark blue/black, and the people are also in silhouette, appearing to be working together to assemble the pieces. The overall scene is set against a light blue background with a grid pattern.

Thank You!

Robert.Patzelt@C-LevelExecs.com
902-789-0037

Peter.Conlon@C-LevelExecs.com
902-402-9955

We're here to help

Questions?

Robert.Patzelt@C-LevelExecs.com
902-789-0037

Peter.Conlon@C-LevelExecs.com
902-402-9955

We're here to help