



Leadership – The Ultimate Survival Factor

Bevington Group Resilience Series

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www.bevingtongroup.com

Business Model Design • Process Improvement • Change Management

US, Australia and NZ patents apply to XeP3, Canadian patents pending
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The Bevington Resilience series – An overview

- ❑ **Bevington Group** is a specialist productivity services provider with deep expertise in **Operating Model Design** and **Process Reengineering**
- ❑ In response to the **COVID-19 crisis** (or **Global Viral Crisis**) the Bevington Group has prepared an initial series of **webinars** to provide valuable **management and leadership information** on the response
- ❑ All the webinars reference **leading research and practice**
- ❑ The webinars in the series are
 1. Strategies and tactics for turbulent times (introducing the core concept of a “**Balanced Response**”)
 2. Short-term actions that can be taken to get you through the crisis
 3. Restructuring for cost and capacity
 4. Productivity improvement for cost and capacity
 5. Organisational resilience theory and practice
 6. Lessons arising from the Global Virus Crisis
 7. Personal resilience and leadership
 8. Risk and the winding road to recovery
 9. Leadership – The ultimate survival factor
- ❑ Each webinar is supported by materials published at www.bevingtongroup.com under the **Resources** tab

The series should be taken in context of the “Balanced Response” described in the first webinar on “Strategies and tactics for turbulent times”

- ❑ Markets are suffering, the world is in a state of high anxiety, supply chains are being disrupted and many companies are already being driven into deep losses
- ❑ In short, we are in the middle of the most ***extreme economic turbulence or our lifetimes***. At the same time, many of our loved ones are ***at risk***. Yet now, more than ever, we need to take rational and disciplined actions
- ❑ In an earlier article and webinar* we have described a "***Balanced Response***", which considers research on ***learnings from the GFC***, and recommends the best approach for responding to such an extreme scenario
- ❑ Subsequent presentations provided ***practical advice*** on some ***early actions*** you might take, before moving promptly on to structure and productivity improvement methods for both ***cost management*** and ***capacity creation***
- ❑ The latter presentations focus on the critical topic of ***resilience***, at an ***organisational*** and ***personal*** level, looking at how we can prepare our businesses and ourselves for ***known scenarios*** and best adapt to ***unexpected events*** (as we are all dealing with now). The most recent topics have been based on the ***lessons being learned*** from the GVC and understanding how to navigate the ***pathways to recovery***
- ❑ In this presentation, we will consider several of the key roles that leaders play in ***guiding and supporting*** their teams to survive a crisis, including some famous ***historic examples*** that demonstrate the ***strategies and techniques*** that still apply today

* Visit www.bevingtongroup.com/resources or search for “turbulence” from our home page

Leadership and Resilience

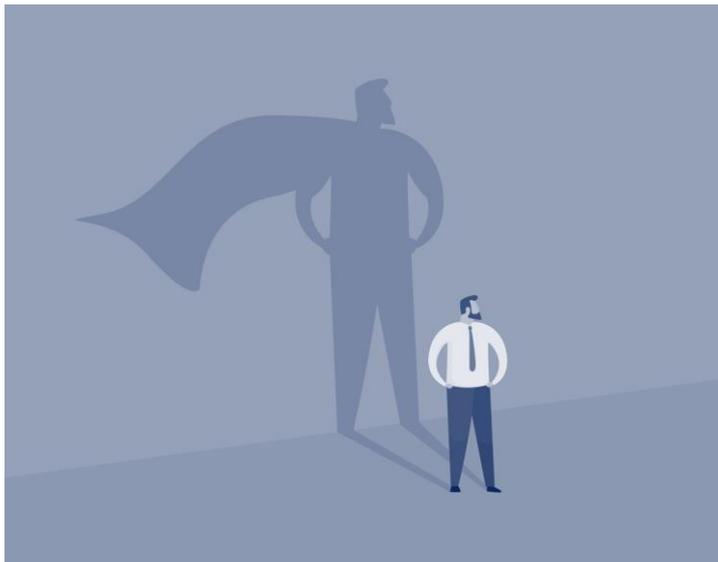
Upgrading the way we think about risk

We need to recognise, without panic, that we continue to live in a high-risk context



- ❑ We don't yet know when (or if) ***an effective vaccine is forthcoming***
- ❑ We don't yet know if the virus will ***mutate into something worse***
- ❑ We don't yet know the ***long-term effects of those who have recovered***
- ❑ We don't really understand the ***economic consequences*** of
 - Massive government fiscal intervention
 - Massive state debt
 - Major industry dislocations
 - Sudden jumps in unemployment
- ❑ ***International cooperation*** has not proven to be as robust as we would have hoped – and it still is not
- ❑ We may have ***major challenges to social cohesion***
- ❑ We have the ***reinvigoration of global tensions***, especially around trade
- ❑ All around the world ***“locked away” citizens may have developed mental illnesses*** that may reduce their ability to cope with a future shock
- ❑ ***OVERALL, the world may be more fragile for a while***

So, there are 4 key roles for leadership we will address today



01

Leading from the front

02

The leader as storyteller

03

Understanding context

04

Setting direction – strategy and execution

Leading from the front

Shackleton provides a great example of how to think of leadership in a crisis

Shackleton's Boat Journey



Ernest Shackleton was leading an Antarctic expedition

The ship was trapped in ice and slowly being crushed

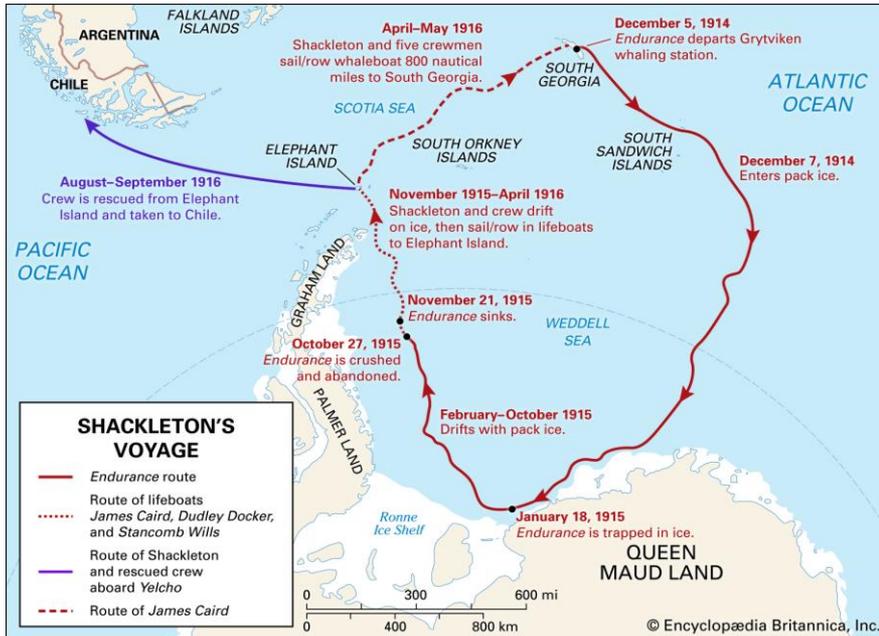


The crew were supported throughout in the most assiduous ways

Source: Frank A. Worsley, (1998). *Shackleton's Boat Journey*

Shackleton personally led the dangerous mission to find help

As it became clear that rescue was unlikely, Shackleton and a hand-picked crew made their way by open boat to an island that was hundreds of kilometres away



The timeline is telling

Sir Ernest Shackleton – Endurance Expedition Time Line

- ❑ **August 1st 1914** – The Endurance sets sail from London.
- ❑ **November 5th 1914** – Arrival at Grytviken whaling station, South Georgia.
- ❑ **December 5th 1914** – Set sail for Antarctica, last contact with the outside world for 18 months, last contact with land for 497 days.
- ❑ **January 18th 1915** – Endurance becomes beset, frozen into heavy pack ice a day's sail from the intended landfall.
- ❑ **October 27th 1915** – The Endurance is badly damaged by the pressure of ice acting upon her and leaking. Shackleton orders her to be abandoned, stores and equipment are taken onto the sea-ice and a camp established.
- ❑ **November 1st 1915** – After an attempt to march with boats and sleds, “Ocean Camp” is established a mile and a half from the Endurance.

It was a very long time in hardship

- ❑ **November 21st 1915** – The broken and splintered Endurance sinks below the ice into the Weddell Sea.
- ❑ **December 22nd 1915** – Kept as Christmas Day, all remaining luxuries were eaten, the last really good meal for 8 months.
- ❑ **December 23rd 1915** – Ocean Camp is abandoned to try to move westwards to Paulet Island and a substantial food depot. Crew and dogs drag sleds and three lifeboats across the sea-ice.
- ❑ **April 9th 1916** – Ice floes breaking up and open water meant it was time to take to the boats and head towards the South Shetland Islands.
- ❑ **April 15th 1916** – Landfall at Elephant Island, the first time in 497 days.
- ❑ **April 24th 1916** – Shackleton and 5 others set off in the James Caird for South Georgia.
- ❑ **May 10th 1916** – James Caird arrives at King Haakon Bay, South Georgia.

Stockdale provides an example in role modelling (under extreme circumstances)

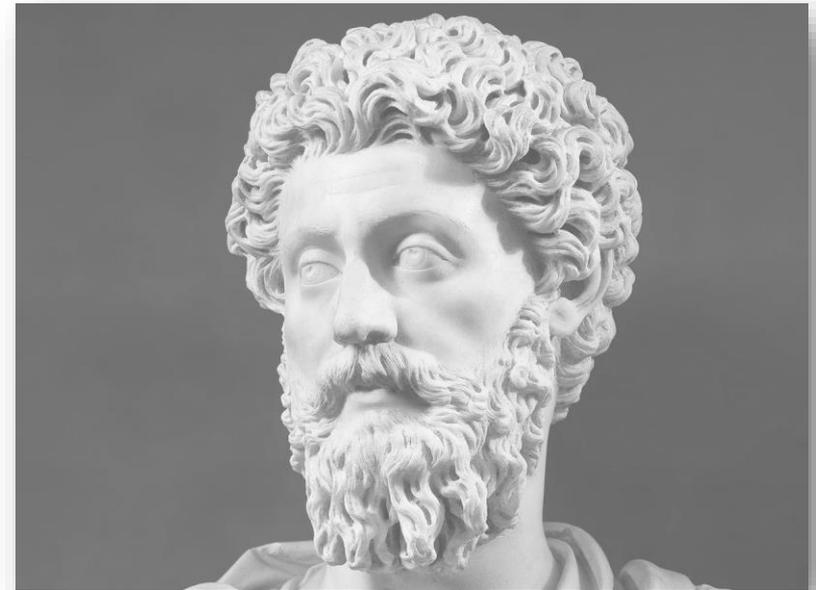
- ❑ In 9 September 1965, while flying from USS Oriskany on a mission over North Vietnam, Stockdale ejected from his Douglas A-4 Skyhawk, which had been struck by enemy fire and completely disabled. He parachuted into a small village, where he was severely beaten and taken prisoner
- ❑ Stockdale spent the next 7 years as a POW of the Vietnamese
- ❑ The treatment Stockdale endured was horrendous – both physically and psychologically
- ❑ However, as the senior officer he proceeded to lead by example
 - ✔ Pragmatism
 - ✔ Resistance
 - ✔ Maintenance of personal dignity
 - ✔ There for each other

James Stockdale



Marcus Aurelius – The “Lockdown Emperor”

- ❑ Marcus Aurelius (121 – 180 AD) is known as the last of the “5 Good Emperors”
- ❑ He was renowned for his patience, rationality, personal resilience, and sense of Justice
- ❑ Importantly for us he ruled during a time of plague – the Antonine Plague (possibly a form of smallpox)
- ❑ He was a vigorous and responsible leader. At his passing (while on campaign against marauding tribes in the north) the Roman people openly wept for the loss of a decent human being
- ❑ His critical lessons to us include
 - ✔ Acceptance of life’s difficulties
 - ✔ Patience with his “staff”
 - ✔ A “sense of duty”



Elizabeth the 1st – Power of interpretation and example

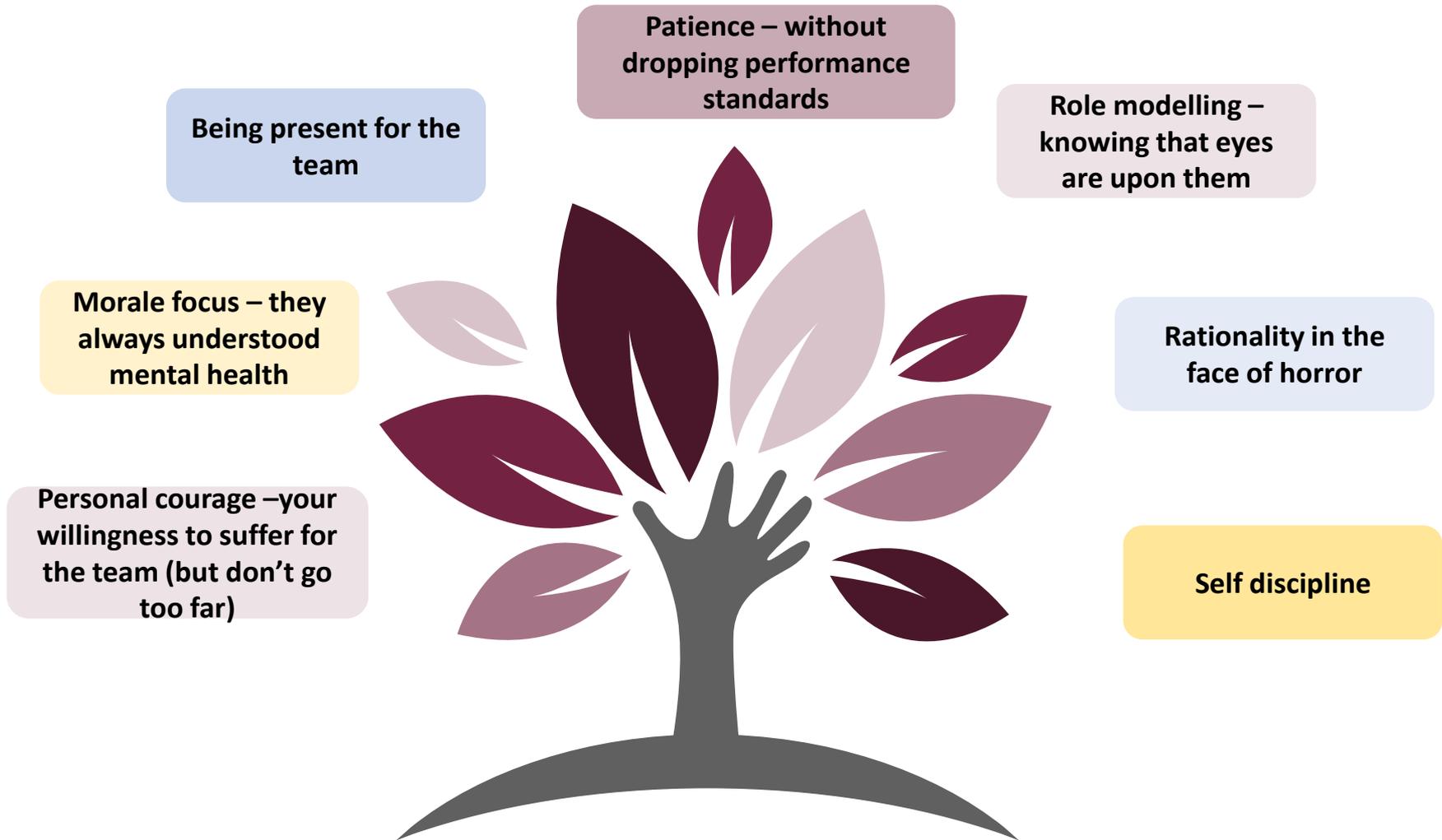
- ❑ During the reign of Elizabeth I, England was actually a relatively small and often challenged middle power
- ❑ On 9th August 1588, the Queen went to lead her troops on the fields of Tilbury in southern England as they expected the arrival of Spanish forces – who were intent on conquering what was perceived as a wayward Protestant state
- ❑ It was exceptionally unusual for a woman to take command, yet she did with the following words

“We have been persuaded by some that are careful of our safety to take heed how we commit ourselves to armed multitudes, for fear of treachery.....Let tyrants fear.....Being resolved, in the midst and heat of the battle, to live and die amongst you all; to lay down formy people....I myself will take up arms, I myself will be your general, judge, and rewarder of every one of your virtues in the field.”

- ❑ In due course, the Spanish armada was defeated at sea – yet this serves as an extraordinary example of great communication... she tells the story of a female fighting side-by-side with the defenders of the realm
- ❑ Needless to say, her position in the hearts of her people was cemented, and England went from strength to strength



So, what did we learn from these leaders?



The leader as storyteller

Realism in the story

- ❑ Winston Churchill was incredibly well regarded for his brilliant and often ***unconventional rhetoric***
 - ❑ In the darkest hours of World War II, Britain and its Commonwealth looked like it stood nearly alone against the AXIS forces
 - ❑ It appeared extremely likely that it would be invaded by German forces within weeks or months
 - ❑ At this point Churchill developed an extraordinary strategy to inspire his people
-
- ✅ He was ***brutally honest about the challenge***
 - ✅ YET he inspired ***confidence*** in the ability of the British people to ***survive and prevail***
 - ✅ ALL the while stressing the ***purpose*** of their ***shared endeavour***



His most famous speeches ran like this....

Purpose

“Hitler knows that he will have to break us in this island or lose the war. If we can stand up to him, all Europe may be freed and the life of the world may move forward into broad, sunlit uplands.....Let us therefore brace ourselves to our duties, and men will still say, "**This was their finest hour**".”

Realism

“I have nothing to offer but blood, toil, tears and sweat". We have before us an ordeal of the most grievous kind. We have before us many, many long months of struggle and of suffering....You ask, what is our policy? I will say: It is to wage war, by sea, land and air, with all our might and with all the strength that God can give us; to wage war against a monstrous tyranny, never surpassed in the dark and lamentable catalogue of human crime. **That is our policy.**”

Resolve

“We shall go on to the end.We shall fight on the beaches, we shall fight on the landing grounds, we shall fight in the fields and in the streets, we shall fight in the hills; **We shall never surrender.**”

Understanding context

Seeing the situation for what it is

Understanding context and options

- ❑ Famously, Stephen Covey (1989) describes the difference between leadership and management.
- ❑ For a team in a jungle
 - The manager is organising the sharpening of the machetes to cut through the bush
 - The leader climbs the tree to understand the context and points out the way
- ❑ Never has an understanding of context been more important
- ❑ This requires a *sophisticated “sense and respond” system*



Yet you cannot know what might happen in it's entirety – hence the value of scenario planning

- ❑ Made famous by Royal Dutch Shell Company when they outperformed their competitors in spite of (or because of) a major oil shock

Scenario planning is a way to synthesise enormous amounts of trend data into a vision of what might be possible – in fact multiple visions

In essence it simplifies “an avalanche of data into a limited number of strategic themes”



By preparing multiple scenarios it is possible to pick the critical strategic themes that might lead to enhanced resilience

It helps manage for both overprediction (e.g. I thought we would have colonised Mars by now!) and underprediction (e.g. Amazon becoming a global retail powerhouse from it's start as a bookseller!)

Essentially

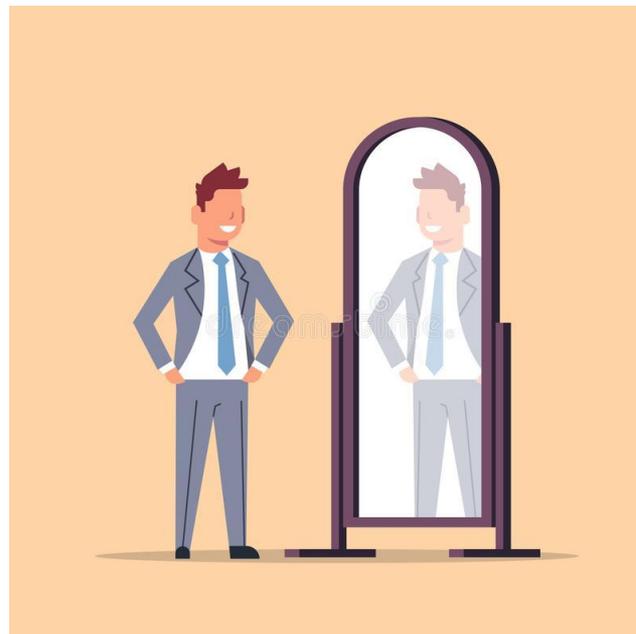
Build the scenarios

Find the themes

Invest for profit or resilience

Being ruthlessly honest with regards to the situation

- ❑ Intellectual honesty starts with honesty with yourself
- ❑ In “Good to Great” (James Collins, 2001) there is a recommendation to face the facts about where you stand in context
- ❑ This can be done using common **strategic tools**



Source: James C. Collins, (2001). Good to Great: Why Some Companies Make the Leap and Others Don't

Looking hard at ourselves means understanding where our organisations are fragile



At Fukushima, a **single location for a back-up power-plant** was a fragility. In modern nuclear powerplants there is no need for a back-up power source, the plant powers down without harm



Highly leveraged companies with low margin environments might be inherently fragile. Any one of a number of disasters could be an “existential risk” for that organisation



Enterprises with **single sources of supply**, over long distances, with low levels of stock, are inherently fragile



Leadership can also make companies fragile, a **narrow leadership talent pool** can introduce fragility into the organisation



Systems can make an organisation fragile. **Aging systems** without backup plans are inherent sources of fragility. Also, if your supplier of the system is weakening over time – you might be weakening with them



Organisations with **mono-line products** might be fragile



Manufacturers **without a distributed footprint** might be subject to a range of geographic risks



Inflexible contracts can also make for a very fragile supply chain



Bureaucracy is often a source of fragility – a costly way to reduce accountability and collaboration

Setting direction – strategy and execution

Frameworks which create options

Do you have the frameworks for strategic thinking?



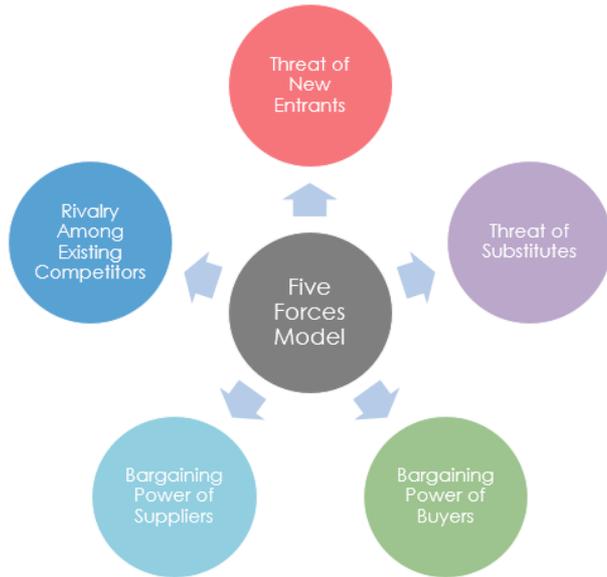
- ? Belief systems are often the limiting factor in strategic thinking – do you know yours? Do you know the belief system of your organisation?
- ? Do you understand your mission with clarity? Does the rest of your organisation?
- ? Do you know where you will apply your mission with clarity (where to play)?
- ? Do you know how to win? Do you have a very conscious strategic position? Does everyone in your organisation know what it is?
- ? In doing so, do you really understand the landscape (e.g. 5 Forces, PESTLE)?
- ? Do you really understand your own strengths and weaknesses?
- ? Are you really measuring the right things to understand your position?



- ? Do you see strategy as “means matching ends”? There is only so much capacity in your organisation so do you know how to use it wisely? (John Lewis Gaddis, 2018)
- ? Do you have a clear plan for your value stream and value chains?
- ? Do you consciously understand how you are innovating?
- ? Do you have a shared understanding of why you have an execution advantage?
- ? Is your culture an accident? Or are the norms in your organisation designed and reinforced?
- ? Do you understand your value disciplines (Treacy and Wiersma, 1997)?

There are plenty of tools to chose from ... for example

PORTER FIVE FORCES



SWOT ANALYSIS



PESTLE ANALYSIS

	P Political	E Economic	S Social/ Cultural	T Technology	L Legal	E Environment
	<ul style="list-style-type: none"> Stability of Government Potential changes to legislation Global influences 	<ul style="list-style-type: none"> Economic growth Employment rates Inflation rates Monetary policy Consumer confidence 	<ul style="list-style-type: none"> Income distribution Demographic influences Lifestyle factors 	<ul style="list-style-type: none"> International influences Changes in information technology Take up rates 	<ul style="list-style-type: none"> Taxation policies Employment laws Industry regulations Health and Safety 	<ul style="list-style-type: none"> Regulation and restriction Attitudes of customers

Belief systems set our strategic thinking boundaries... for example

1

Do we believe we can innovate?

2

Do we believe we can reduce cost and improve quality simultaneously?

3

Do we really believe in developing our people so that they can

- Make independent decisions within bounds?
- Solve complex problems?



4

Do we think that M&A is the only way to grow?

5

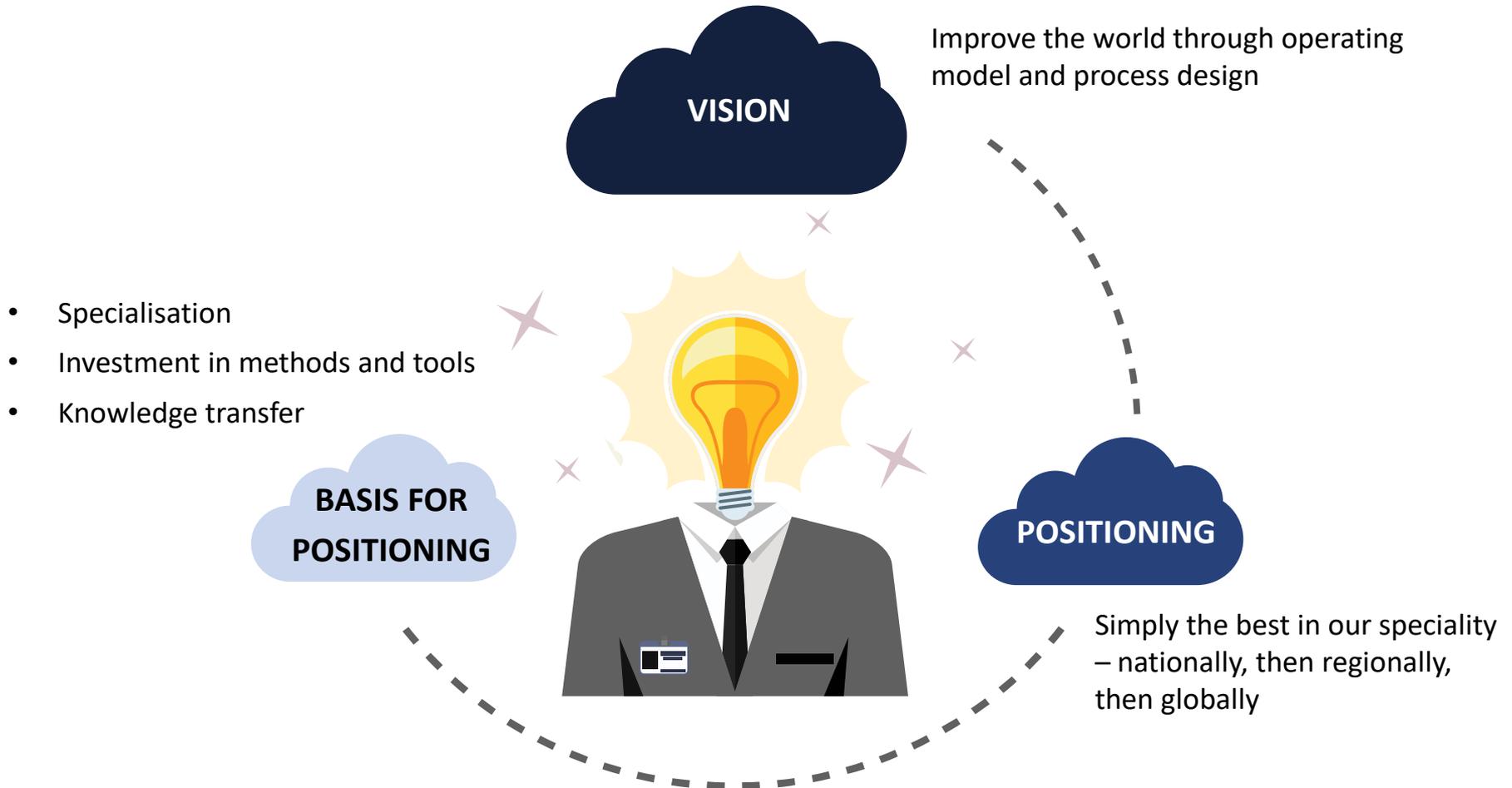
Do we think we can genuinely build collaborative relationships with supply chain partners?

6

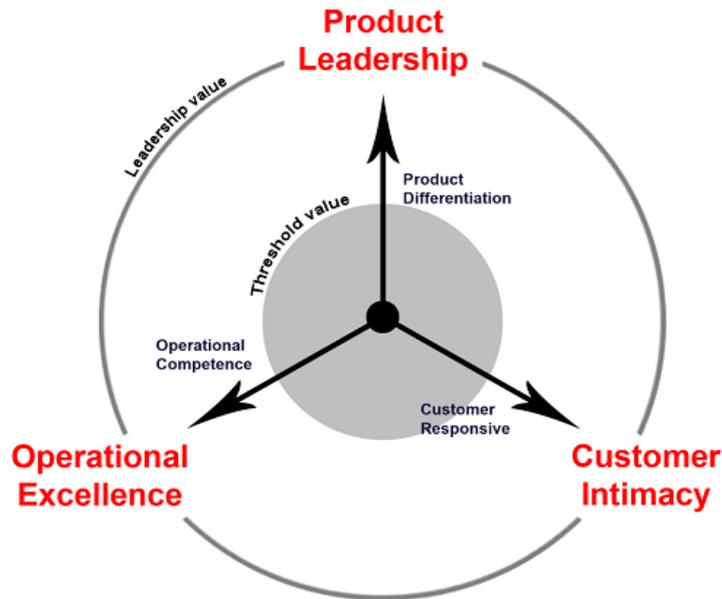
Is customer value something you have in your core value set?

Is your mission and subsequent positioning crystal clear to your team?

Let's take Bevington Group as an example



Are you conscious in setting your value disciplines?



Product Leadership

- Builds a culture that continually brings superior products to market
- Achieve premium market prices thanks to the experience they create for customers
- Often large R&D departments
- Strong talent management
- Excellence in creativity, problem solving and teamwork are critical success factors

Customer Intimacy

- Focus on offering a unique range of customer services or personalised experience
- Often these businesses offer integrated solutions to customers
- Deep customer knowledge and insights into customer's business processes
- Solutions are rarely the cheapest nor the most innovative
- Often more decentralised and spend considerable management and front line effort focused on the customer

Operational Excellence

- Aims to accomplish cost leadership
- Streamline processes to improve operations and reduce cost
- Ideal where customers value cost over choice
- Relevant in mature commoditised markets
- Leaders in operational excellence are strongly centralised and standardised
- Measuring key processes & benchmark costs
- Lean disciplines form the DNA of the business

Source: Michael Treacy and Fred Wiersma (1997).
The Discipline of Market Leaders

Is your culture an accident?



Symbols

Rituals

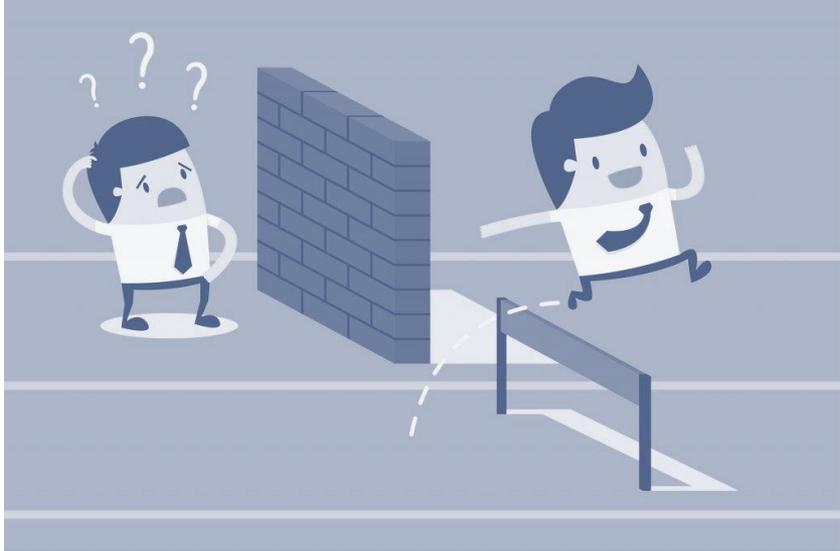
Reward structures

Power structures and decision making rights

Control systems

Do you know what will get in the way? For example...

- 01 Complexity
- 02 Fuzzy thinking
- 03 Unclear structures
- 04 Inconsistent beliefs and communications
- 05 Poor value stream management (execution)



Risk aversion and adaptation are not good bed fellows. However, risk intelligence combined with adaptation are partners in enterprise



Adaptation and risk aversion are NOT good bed-fellows. Risk aversion is different from risk management – in the latter the risks are taken on ***a calculated basis with an understanding of “expected value”*** (think of it as a risk-weighted likely outcome in probability theory)



You cannot adapt if you are not aware of the dangers or market changes – so great organisations invest in first rate ***“sense and respond systems”***



Cross-functional teams, usually working in an ***agile construct***, are generally more able to generate creative conclusions – this is particularly true of teams which blend Product, Technology and Commercial teams



Minimum Viable Product (a la “The Lean Start-up”) is actually a discipline (not a free for all). YET if you can do it right you have an enormous market advantage because testing propositions in real markets is both faster and more effective than a long series of market studies

So, what have we learnt?

In summary....

01

Leading from the front

- Consider examples of leadership in crisis – Shackleton, Stockdale and Marcus Aurelius
- They led from the front
- They were as visible as they could be
- They considered the morale of those around them and led by example

02

The leader as storyteller

- The leader is a storyteller and an interpreter of reality for the enterprise
- Elizabeth I put herself in harm's way and then inspired by telling the story of resolve
- Churchill went further and focused on
 - Purpose
 - Realism with confidence in people's ability to cope
 - Resolve

03

Understanding context

- Understanding reality by various means

04

Setting direction – strategy and execution

- Risk aversion is bad for strategy – instead use risk intelligence

References

1. Frank A. Worsley (1998). *Shackleton's Boat Journey*
2. James C. Collins (2001). *Good to Great: Why Some Companies Make the Leap and Others Don't*
3. Michael Treacy and Fred Wiersma (1997). *The Discipline of Market Leaders*
4. Stephen Covey (1989). *The Seven Habits of Highly Effective People*
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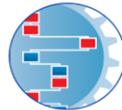
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BUSINESS OPERATING MODEL DESIGN



- 1. Operating Model Design**
 - Create an aspirational view of how the enterprise will deliver against future expectations
- 2. Restructuring and Role Design**
 - Create structures and roles that sustainably deliver value

PROCESS IMPROVEMENT



- 3. Strategic Lean Process Improvement**
 - Concurrently transform end-to-end processes, structures, roles and systems
 - Design radical changes aligned to customer outcomes and business strategy
- 4. Tactical Lean Process Improvement**
 - Deliver incremental lean process improvement
 - Use and teach a proven, client-centric, process improvement methodology

CHANGE MANAGEMENT



- 5. Agile Deployment**
 - Deploy process changes rapidly to address top priority issues
 - Deploy technology solutions with Agile methods
- 6. Change Management**
 - Utilise and teach a structured approach to understanding the impacts of change and transitioning organisations to the future state
- 7. Connect Program**
 - Connect clients to each other
 - Understand and compare solutions from other industries
 - Inspire through knowledge transfer and networking events

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