
It's Someday

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This week I received a note from an Irish friend who had just ordered a copy of *The Alchemist*, by Paulo Coelho. More than 65 million people have read this book, about a man who kept following his dream through thick and thin. When asked why so many from all over the world have responded to his work, Coelho said it's because the story is about the ups and downs of life—he describes it as “falling down seven times and getting up eight.” The question I'll examine in this essay is this: when is it the right time to get up, explore, and seize transformational opportunities? The current Covid-19 pandemic can be an opportunity to find the earliest right time to move “up” during a “down.”

I am a big believer in cycle theory. There have been seven major economic downturn cycles over the last hundred years. Most of them followed a pattern: a rapid expansion of markets and then a series of events leading to a swift decline, as in the financial crisis of 2008. Pandemics are different. Since ancient Egyptian times there have been more than a dozen significant pandemics, some of which wiped out half the world's population when they occurred. In the last 100 years there have been four: the Spanish Flu of 1918, the Asian Flu of 1957, the Hong Kong Flu of 1968, and SARS in 2002. Researchers Philip Carlsson-Szlezak and Martin Reeves explore the economic impacts of these historical outbreaks, comparing and contrasting them with Covid-19 in their article “What the Coronavirus Could Mean for the Global Economy.” They refer to Covid-19 as an “exogenous shock” that hit the world at a time of vulnerability.

Other researchers are also looking deeply at this current economic cliff to better understand and predict what recovery might look like. This includes analysis of behavioral economics. How will consumers, as well as work patterns, shift? Will people bypass shopping malls for home delivery, for instance? Will working remotely become the norm rather than the exception, and what will that mean for the dynamics of running a company? What has emerged for me is an encouraging truth that most economists agree with: after a lot of adjustments, there will be another high to follow this profound low. There always is.

In the last fifty years economists have used letters to illustrate differing patterns of recovery from downturns: a **V** (down and up relatively quickly), a **U** (a down and a multi-year recovery as in the 2007-08 crisis), an **L** (a down fast and hard and not recovering for a very long time, as in Greece), and a **W** (down, recover, down, recover again.) Italy has been in the midst of a **W** since 2008. What is clear from this research is that after a deep low, recovery depends on making the right move at the right point in the cycle. Being the smart mover at the right moment has proven time and time again to be the surest way to fix what is not working, seize opportunities, and create new or expanded value.

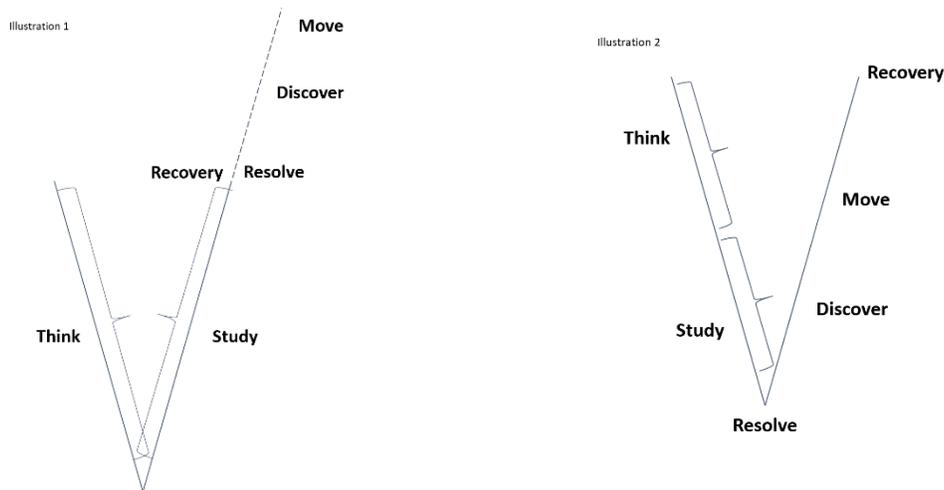
In order to do this with confidence, those who lead businesses, governments, and non-profits need to consider proactively what are the best advantages that will emerge out of the down cycle. Another certainty that becomes apparent from my research is that it is a bad idea to wait until the recovery is well underway. If leaders and organizations get frozen by the worst-case scenario for too long, the nightmare of possibly making a wrong decision leads too many to sit back and simply say, “Let's wait and see what happens.” However, the best chance for value creation during the Covid-19 crisis is for organizations to shake off the shackles of fear.

The point of this essay



Most experts, including Carlsson-Szlezak and Reeves, believe that the current rapid economic shift will be a **V** with maybe a little **U** at the bottom. They point out that the Spanish Flu, the Asian Flu, the Hong Kong Flu, and SARS were all variations of **Vs**. Considering the possibility of a speedy recovery (meaning less than a year), it is my conclusion that the time to act is now.

I have identified five specific downturn behavioral stages: *a time to think*, *a time to study*, *a time to find resolve*, *a time to discover*, and *a time to move*. Here are two variations of those stages in a **V**-downturn. Illustration 1 shows *a time to think*, *a time to study*, and *the time to find resolve* all happening slowly, with action steps taken only after a recovery is already underway. That is when most organizations feel it's safe to start daring to make moves. The second illustration describes how fast movers create value during a **V**. In this model, *a time to think* and *a time to study* are on the way down; *resolve* happens when leaders with foresight drive new energy into the organization at the bottom of the **V**. Most importantly, illustration 2 shows that *the time to discover* is very quickly followed by *moving*, halfway up the **V** curve, and just ahead of the recovery.



Going through the five stages of a **V** economic cycle, it's natural to take necessary time for thinking and studying. Yet too many organizations get stuck coming up with a resolution to do anything because they are not sure the cycle is at its bottom. After all, no one can predict exactly how, where, or when the low point on the **V** will start to turn upward. With constant worry of the unknown and maybe a feeling that "the worst is yet to come" in this pandemic, organizations can become overly risk averse. The low point on the **V** might be missed because organizations are still studying what's happening.

My experience is that winners in **V** economic downturns ignite the full energy of the organization early, empowering passionate champions who build transformation teams to go after opportunities and come up with new efficiencies and effectiveness. This only happens when executive leadership pulls together and opens the door to new achievabilities. They must give the teams full responsibility and support to *discover* new pathways and put in place concrete plans to *move*.

Almost 20 years ago I led a research study to determine how companies withstand recessionary times. We wanted to know if there was a formula for getting through **Us** and **Vs** as fast as possible. We came up with five case studies. One surprised us. They were a classic value creation company. Throughout their history, even in recessions, they had avoided blips in their growth path. They seemed to be impervious to cycles. It was the story of RE/MAX.



As a young company they got caught in a downturn. Instead of falling in line with other real estate companies, they put teams together to be the first to catch the wind. They came up with a disruptive innovation, fundamentally restructuring the way individual agents got compensated within the franchises, resulting in agents potentially earning more than twice what they were making before. That one transformative step led them on a 25-year journey conquering the real estate industry. They emerged with the most agents worldwide and their agents sold three times the average of their strongest competitors. Speed in recovering from bad economic circumstances became their mantra. In 2008, when the real estate market was sinking faster than a torpedoed battleship, RE/MAX opened up China and the Middle East—pulling a rabbit out of a hat. Their story teaches that getting to *resolve* as quickly as possible in a downturn opens up avenues for *discovery* and fast *movement*.

Seven steps for creating transformation in a V cycle:

1. Gather the executive team to plan a *resolve* session. Ask every member of the team to bring in their best hunches on how to solve a problem or seize an opportunity. As prework have them watch Stephen Johnson's Slow Hunch <https://www.youtube.com/watch?v=NugRZGDbPFU>. His proven thesis is that breakthroughs come from iterations of working hunches. It is a worthy watch.
2. At the meeting divide up the hunches into four categories: *things we can do better*; *what we should be doing less of*; *what we need to do more of*; and *what are new opportunities we can attack*.
3. Select the top eight opportunities and rank them in order of importance.
4. Identify eight passionate champions—people who are capable team leaders, are believable inside the organization, have true grit, and will spark *resolve* in others. Passionate champions are not afraid to *discover* and *move*. They are GSD (get stuff done) types.
5. Have each passionate champion identify 3-4 additional GSD types willing to attack the opportunity they are assigned.
6. Have them build a Team Charter within 30 days and come back with a *Play to Win/Refuse to Lose* strategy, a roadmap, and a plan of attack.
7. Conduct a green/yellow/red light meeting after the 30 days with the executive team and the eight teams. Each team presents their plan and receives a green light to go forward, a yellow to go back and study further, or a red light, which moves their ideas to the back burner.

Summary

The conclusion of this essay is that now is the right time to look for transformational opportunities.

- Most economists agree that this cycle is most likely a **V**. What is not known is how people will change during this period of time. That will emerge.
- Most people (2/3) in organizations simply want a roadmap—a plan to follow with specific actions needed from them. They want to move, and they want to be led. They will embrace transformation as it provides new hope.
- Getting the right passionate champions and the right teams completely focused on a 30-day delivery deadline is an absolute must. Passionate champion teams need the right combination of innovators, improvers, producers, and efficiency types.
- Team leaders need a clear runway. They need to triangulate best practices, research, and expert advice. They should also look not only inside the organization, but outside for successful models to emulate.



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- The seven steps above must stick to the schedule. Notice in Illustration 1, where most organizations only *move* after the economy is back. The sense of urgency for them is lost. Teams must have permission to break through orthodoxies like “this is the way we have always done things around here.”
 - Advise teams to think of their assignment as the chance of a lifetime—they will be known always as TRANSFORMERS. Stories will be told about how they discovered new and better pathways.

Warren Bennis, who started the leadership movement and was a personal advisor to Howard Schultz, founder of Starbucks, had a favorite expression that he passed on to leaders in downturns: “When Cicero spoke, men listened. When Caesar spoke, men marched.” He would follow it with: “It’s time to move out.”

The expression “Don’t waste a good crisis” can be translated to “Do the courageous.” Honor those who step up and take on lead roles. Appointing senior leaders to be mentors to the passionate champions is where legends are created. Should you have time after reading this take a look at the movie “The Founder.” It is the story of Ray Crock and how he won over Mac and Dick McDonald to create a world brand.

Alchemy is a good metaphor for the magical possibilities of transformation. This is a chance to come up with new solutions and solve long standing problems that have been left with “someday we’ll get to them.” It’s someday.

