



Lessons Learned from a Pandemic

By

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Introduction

This is not an article about COVID-19, per se. Many “official” entities have—and will—regularly weigh in on risk mitigation and remediation guidance. Rather, COVID-19 provides an example for leaders to examine many aspects of their business model and value-chain for critique. The examination extends to our personal lives. Thus, this article endeavors to pose some critical thinking points and questions as prophylactics and protocols.

Disaster Recovery & Business Continuity

My travels over the past 40 years have included disasters of many varieties. However, a pandemic was a new one. Depending on your locale, the reaction to a disaster recovery and business continuity episode (“DR/BC”) is Pavlovian. On the west coast, earthquakes and wildfires may come to mind. Along the Gulf Coast, residents may think of hurricanes.

Disaster recovery and business continuity should be rescoped to include pandemics

Midwesterners may conjure tornadoes and floods. In the southeast, electrical storms commonly disrupt power and start housefires. In recent years, cybersecurity has added an entirely new dimension of risk. What gets affected by

DR/BC events? The short list includes natural gas, electricity, water, waste disposal, combustion engine fuel, transportation, communications, food, supply chains, etc.

Sometimes this happens in compounded quantities. Indeed, a client experience provides

an example. Our post-close value-creation activities included DR/BC overhaul. As we were looking at a remote back-up facility for the technology platform, a production line mishap resulted in a fire. One of the byproducts of the automatic electrical shutdown exposed a vulnerability to the server sequencing. Data were lost. Ironically, absent the fire, we would not have necessarily known about the programming error.

Scenario Analysis

According to Johns Hopkins University, there are numerous coronaviruses. Coronaviruses are not new. COVID-19 is. The COVID part of the disease designation is actually an abbreviation for “coronavirus disease.” As a novel variation of coronavirus, COVID-19’s uniqueness meant/means that the virus must be thoroughly understood before its spread can be stemmed, curative treatments normalized, and vaccination optimized. This simply means that for an indeterminable interim period the cheese was/is constantly moving.

Business school case studies, some behemoth global companies, and the United States Army War College, by example, utilize scenario analysis to model “What if?” scenarios.

“What if . . . ?” is a good way to brainstorm scenarios relevant to your business ecosystem

Among the underlying principles are avoiding complacency, preventing groupthink, and fostering creativity. The COVID-19 pandemic underscores the merits of the exercise. Whereas many DR/BC models may be myopic, the pandemic revealed the holistic impact of the disease on global value-chains. Some things are within a leader’s control; some are not. Which are what—and how does a leader’s team react?

Start within the company firewall. Was the business deemed essential or non-essential? In worst case, suppose the company was designated as non-essential. How does a company establish itself as the primary source of information with its employees for

status updates to mitigate the anxiety of the unknown? What assistance can the company directly and indirectly provide to lessen the blow of income disruption?

Suppose the business could remain open during the mandated shutdown. How could leaders assure safety and enablement for their workforce? Recall that truckers transporting those essential goods had difficulty finding places to eat and refuel along transportation routes. The media reported volunteers bridging the gap left by the disruptions to commercial options.

On a broader horizon, a company's vendors and customers likely had analogous challenges. Let us begin with vendors. Could their workforce safely mobilize? Could they

*Supply chain risk
assessment should be more
scrutinizing toward vendor
and customer impact*

obtain component materials from their suppliers to make raw materials for their customers? This can include several degrees of separation. Indeed, America awakened to its antibiotics and facemask supply

vulnerabilities tracing to another country which had its own challenges with supply and demand. One of the potential lessons learned is the opportunity cost of outsourcing. Suppliers are not cost-effective if available supplies do not exist or are inaccessible.

Let us flip to the customer base. Can customers received goods—or do they want to receive them? According to a February survey by *MagnifyMoney*, half of the U.S. population lives paycheck to paycheck, and an even higher percentage lacks three months of savings to weather an emergency. Consequently, lockdowns deny consumers purchasing power for necessities. Food lines during the lockdown underscore the point.

The value of communication is self-evident. Do business leaders have the appropriate relational contacts with vendors and customers to get unfiltered data? Despite either party's ability to speak in absolutes, direct lines of communication with decision makers is essential. This may define the extent of information accuracy that a leader could expect to receive by which to make decisions within their respective firewall.

Sources and Quality of Information

The pandemic reminded us that we have unlimited sources of information—and sources may contradict. Moreover, good data may be misrepresented, just as bad data may be hyped. Consider these examples that made the popular press.

- “Operational definitions” of cases varied. Moreover, some data were omitted that other reporting units included.
- Some sources cited possible deaths from COVID-19 infection, but without confirmed diagnoses.
- Confirmed cases vs. mortality rates: A mortality rate cannot be accurately calculated until a patient with a confirmed diagnosis either survives or expires. The denominator for a period is the amount of confirmed cases that recovered or died. Confirmed cases with undetermined outcomes cannot be included in the denominator because their binary outcome remains unknown. The numerator is the number of deaths for the period corresponding to the denominator in the calculation. Incorrectly and unfortunately, diagnosed cases became conflated with mortality rates. In fact, confirmed cases and mortality rates are separate but related statistics. *Ceteris paribus*, accurate mortality rates are a barometer for outcomes of confirmed, open cases.

M3 clients will recognize a thematically similar argument about human resource turnover statistics. The traditional metric includes people in the denominator who dilute the impact of new hire attrition. A better metric for evaluating the hiring and onboarding process is a rolling calculation that critiques new hire terminations.

- Magnitude modeling: Benchmarking other contagious diseases is problematic—especially at the advent of an infectious disease outbreak. “Novel” means unique; thus, assumptions and analogies are risky. Professionals who understand these obstacles include epidemiologist, pathologists, researchers, and statisticians, but that does not necessarily mean that their analyses or prognostications are impervious to error. Absent prominent disclaimers and caveats at the front end of

model presentations, unnecessary and counterproductive anxiety may be induced among stakeholders.

Thankfully, some reputable and high-profile voices of reason weighed in. *Harvard Business Review* published in May an article called “Which Covid-19 Data Can You Trust?” Satchit Balsari, Caroline Buckee and Tarun Khanna noted the following issues:

- Breadth, specificity, and context;
- Limitations of data technology;
- Inexpert modeling; and
- Source integrity.

Relative to COVID-19, the most reliable sources of data include:

- The Centers for Disease Control and Prevention;
- The National Institute of Allergy and Infectious Diseases (National Institutes of Health);
- Mayo Clinic; and
- Universities: Washington, Iowa, Tulane, Stanford, Emory, Texas, and Johns Hopkins.

What are the holistic leadership takeaways?

- Avoid a sample of one; consider several sources of data. Conflicting opinions are common. The follow-up questions are the degree of disagreement and the basis thereof.
- Know the sources of data used for decision making. Are they qualified to render “expert” opinions for the scenario in question?
- Know the funding source that underwrote the data. Does someone harbor an agenda that is not necessarily altruistic?

- Humans are incapable of pure objectivity. Understand the pedigree of the author. Amos Tversky and Daniel Kahneman contributed greatly to our scientific understanding of the psychological baggage that accompanies human decision-making.

The New Normal

Some of us may recall our grandparents waxing nostalgic for the good “ole” days. I thought this odd because those days lacked many of the modern conveniences I enjoyed as a child, such as television. To me, those were “old” days whose limitations I did not

To some, change is the enemy; to others it is the catalyst for competitive differentiation

prefer. Occasionally, succeeding generations catch us Baby Boomers doing an analogous thing. What exactly, then, is the foundation of lamentation? Maybe contentment with familiarity—or comfort in a seemingly less complex time? If so, this is symptomatic of the change-management phenomenon that all change is “bad” unless and until we understand that the future state imparts no worse than neutral impact.

What if we are living in the new normal—or “a” new normal until fate introduces its successor? How does this impact our business model? One of the obvious pandemic phenomena is that social media resisters and late adopters boarded the train to modernity. If physical interaction matters, a video conference is the next best option by providing visual context. We may have learned that not all travel was necessary. When travel restrictions were eased, we found that a face mask and hand sanitizer was a fair trade-off for site work.

Business Wire reported in June that home improvement stores were doing well during the pandemic. Are there other business models that beg attention for insular reengineering? Education may be one of them. COVID-19 fallout compelled parents to

become more familiar with what their kids are taught and how. Is society getting its money's worth? Test scores may indicate "no." Healthcare is another large segment of the economy. COVID-19 catalyzed some M3 clients to reinvent their delivery platform. Better utilization of telemedicine is part of the equation. What else is in the pipeline of possibilities?

Some M3 clients surprisingly backed into an epiphany about their workforce. They changed their measure of productivity to a 24-hour clock from an eight-hour clock in

*Crises sometimes
catalyze solutions whose
sustainability enable
better quality of life*

deference to both lockdowns and parents homeschooling their kids during "business hours." Alas, productivity improved. These clients monitored server traffic and noted that work was done before the kids awoke and after they

went to bed. In some instances, clients delayed office expansions in favor of virtual work upon discovering that they did not need the extra office space. This reduced their relative fixed cost.

One guaranteed delighter to customers is convenience. Not all convenience is a luxury. On any given day, some combination of USPS, UPS, FedEx, and Amazon deliver to our house. Is this expensive? Not really when delivery charges are weighed against lost productivity and expense of the time to shop in multiple places when Amazon might otherwise consolidate deliveries with reasonable speed. Besides, only a root canal ranks lower in satisfaction to me that a shopping mall.

The real question relative to DR/BC is viability if this is the new normal. A corollary thereof is when other cataclysmic events occur, can we quickly be good marines by improvising, adapting, and overcoming? The good news is that such behavior defines the American spirit in general—and entrepreneurship and innovation in particular.

Personal Reflections

Several personally gratifying experiences resulted from the pandemic. First, our family was among those who realized that we were not spending enough time communicating with those we love. In our case, we straddle three time zones. We adopted zoom dinners on Sunday evenings. The windows reminded me of *Hollywood Squares* and *The Brady Bunch*.

I can still put in a long day in virtual land. However, the airport hiatus has given me several more hours to productively allocate—even if they are under floodlights in the yard. I have knocked a serious dent in a ginormous DIY list for which Lowe’s, Home Depot, and Ace Hardware have benefited. I have dusted off old handyman skills and

*Few deathbed
confessions express
regret over not spending
more time at the office*

tackled new ones. This is something that used to approximate a hobby. I absorbed several audio books on my smartphone while engaging in some creatively strenuous exercise. Concurrently, my diet improved by avoiding unhealthy “convenience” choices while traveling. Contrary to the COVID-19 norm, I lost weight. I have not felt this good in years.

Perhaps the punctuation of this period is a family addition. Many of you empathized and sympathized with the loss of our beloved George, our rescue dog who became M3’s office manager and mascot. It was a tough year without George. To our delight, Bertie joined us in June and is doing a great job of filling the void while establishing her version of canine companionship. Bertie, too, is a classic rescue of mixed lineage. Her coat is beautifully brindle. Her personality is perpetually ebullient. We retired the position of office manager in George’s honor. Bertie’s title is a work in process. Perhaps “special assistant for warm welcomes” is a fitting choice.

Conclusion

I encountered a Japanese term in the 80's: karoshi. It means death from overwork. Too bad it took COVID-19 and 40 years to compel me to recalibrate. As we are learning practical measures for conducting business safely, I am quite happy to wear a mask to protect myself and others until a vaccine may inoculate us from infection.

I will sign off this installment from a line borrowed from the character Sargent Phil Esterhaus of the 80's cop show hit from the same era, *Hill Street Blues*: "Let's be careful out there!"

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