Leveraging Expertise to Advance Partners
Combined Jewish Philanthropies

*Innovation ... and Leading Through COVID*

Professor Herman B. “Dutch” Leonard
Harvard Business School
and
Harvard Kennedy School

January 27, 2021
This session is *not* really about

**CRISIS MANAGEMENT**

... it is really about the *application* of crisis management thinking to INNOVATION
LEADERSHIP is all about INNOVATION

... so this session is really about LEADERSHIP
Unified Field Theory of Leadership, Innovation, and Crisis Management
USE our experience of COVID to inform our thinking about INNOVATION
What characteristics of the COVID event make it different from what you have seen in past events?

(chat in a few words)
COVID-19: NOVEL challenges ...
lots of solved problems suddenly come unsolved

... what are some of the things you did to respond?

(chat in)
COVID forced INNOVATION
What are the skills and behaviors of INNOVATION that we used (/are using!) during COVID ... and how are they different?
Crisis Management:

What do we do ... 

... when *no one knows* what to do?
Crisis Management:

What do we do …

… when *no one knows* what to do?

We have to *figure it out*, in *real time, under stress, embedded in fear*
Major emergencies are a VOLCANO

1) Issues
2) Competing priorities
3) Questions
4) Decisions
5) Tasks
6) …
In *routine* events, all of those are *familiar*

In COVID-19 …

… *VIRTUALLY NOTHING WAS KNOWN*
Three Key Elements:

(I) Structure

(II) People

(III) Problem-solving method
(I) Structure:
Critical Incident Management Team

Comprehensive reach
Tracks evolution
Defines questions
Deliberates / Delegates
Communicates
(II) People

Who know the business (operations, suppliers, ...)

Who understand the external situation

Who understand the key values / goals / interests
(III) Problem-solving:

1. Get situational awareness
2. Create options
3. Predict outcomes
4. Choose the best CoA
5. Execute
6. REPEAT
(III) Problem-solving:

(0) Establish goals and values
(1) Get situational awareness
(2) Create options
(3) Predict outcomes
(4) Choose the best CoA
(5) Execute
(6) REPEAT
(III) Problem-solving: Agile, Iterative

(0) Establish goals and values
(1) Get situational awareness
(2) Create options
(3) Predict outcomes
(4) Choose the best CoA
(5) Execute
(6) REPEAT
(III) Problem-solving: Agile, Iterative

(0) Establish goals and values
(1) Get situational awareness
(2) Create options
(3) Predict outcomes
(4) Choose the best CoA
(5) Execute
(6) REPEAT

What is this process? What do you call it?
(III) Problem-solving: Agile, Iterative

0. Establish goals and values
1. Get situational awareness
2. Create options
3. Predict outcomes
4. Choose the best CoA
5. Execute
6. REPEAT

OODA Loop
MDMP
Plan, Do, Check, Act
Incident Action Planning
Rational Action Model

...
(III) Problem-solving: Agile, Iterative

0. Establish goals and values
1. Get situational awareness
2. Create options
3. Predict outcomes
4. Choose the best CoA
5. Execute
6. REPEAT

OODA Loop
MDMP
Plan, Do, Check, Act
Incident Action Planning
Rational Action Model

... THE CASE METHOD (!)
(III) Problem-solving: Agile, Iterative

(0) Establish goals and values
(1) Get situational awareness
(2) Create options
(3) Predict outcomes
(4) Choose the best CoA
(5) Execute
(6) REPEAT

OODA Loop
MDMP
Plan, Do, Check, Act
Incident Action Planning
Rational Action Model

... BASIC COMMON SENSE (!!)
COVID-19 created an **existential** threat – an **imperative** for innovation … which, in turn …

Unified goals
Elevated authority
Distributed authority
Required experiments
Reduced resistance to change
Raised tolerance for trying
Those are *conditions* set by *leaders* in the operating environment of COVID …

… that enabled and resulted in rapid innovation.
What if we didn’t have to wait for a crisis to use those skills and set those conditions?
What if we didn’t have to wait for a crisis to use those skills and set those conditions?

What if we could do it all of the time?
How do we *keep those skills and conditions* going forward?
A Challenge:

Most organizations are biased against doing that.
The Fundamental Classification Problem

Probability of Major Change While Underway

- Known Knowns
- Known Unknowns
- Unknown Unknowns
How do we produce excellence in the “Business as Usual” domain?
How do we produce excellence in the “Business as Usual” domain?

(1) Anticipate

(2) Coordinate

(3) Transact
What are the “tools” we use in the ACT environment to help us produce excellent work?

(chat in a few ideas / thoughts)
The “Left Hand Side” (ACT) Toolkit

Plans/SOPs – detailed, operational, executable
Budgets
Benchmarks
Performance measures / metrics
Targets
Data and analysis → optimization
“Return on Investment”

... Good performance = high precision, efficient execution of what is already known
“Perfectly Exactly Correct”

Reasonable Expectation:
Reliable, efficient success (easy to verify / evaluate!)

...
How do we produce excellence in the “Into the Unknown” domain?

(1) Invent /
(2) Discover
(3) Experiment
(4) Apply
What are the “tools” we use in the IDEA environment to help us produce excellent work?

(chat in a few ideas / thoughts)
The “Right Hand Side (IDEA) Toolkit

Brainstorming
Design Thinking
Agile Processes
Rapid prototyping
Minimum viable product
Rapid testing ("fail fast")
Rapid redesign ("strengthen at the point of weakness")
Inquiry

Reasonable Expectation:

Rapid Learning
(difficult to benchmark/evaluate!)

Good performance = rapid discovery and application of what we do not yet know

“Probably Approximately Correct”
Anticipate, Coordinate, Transact (ACT) becomes the **dominant** business paradigm

Progress → better anticipation, planning, execution
Profits are counted as flowing from ACT
Success is seen as generated by ACT
High performance is “on time, on budget”

Systems are built *to support* ACT
Systems *assume* ACT
OCD people are hired to run these systems
Tolerance for imprecision, ambiguity, and messiness are low

AND ... ALL OF THAT IS **GREAT**!
(... for the ACT part of our world)
What happens if we apply the ACT paradigm/toolkit in the Invent/Discover, Experiment, Apply world?

Plans/SOPs – detailed, operational, executable
Budgets
Benchmarks
Performance measures / metrics
Targets
Data and analysis → optimization
“Return on Investment”

...
What happens if we apply the ACT paradigm/toolkit in the Invent/Discover, Experiment, Apply world?

Plans/SOPs – detailed, operational, executable
Budgets
Benchmarks
Performance measures / metrics
Targets
Data and analysis → optimization
“Return on Investment”

Reasonable Expectation:
Suppression of innovation
What happens if we apply the **ACT** paradigm/toolkit in the **Invent/Discover, Experiment, Apply** world?

Plans/SOPs – detailed, operational, executable  
Budgets  
Benchmarks  
Performance measures / metrics  
Targets  
Data and analysis → optimization  
“Return on Investment”  
...  

Reasonable Expectation: **Suppression of innovation**

**Bringing a carpenter’s toolbox to a baking contest (!)**
What are some of the biases?

What forces push us toward a “left hand side” approach / mindset?

(chat in a few thoughts)
A few of the biases:

Culture / “Brand”
Recruiting
Self-selection
Training
Promotion processes
Terms of Distinction

Exploit
Structured
Transactional
Mechanical system
Routine

Explore
Unstructured
Transformational
Organic system
Novel

Knowns
Unknowns

Probability
of Major
Change
While
Underway

Known
Knowns

Known
Unknowns

Unknown
Unknowns
Terms of Distinction

Exploit
Structured
Transactional
Mechanical system
Routine

Explore
Unstructured
Transformational
Organic system
Novel

Probability
of Major Change
While Underway

Known
Knowns

Unknown
Unknowns

MANAGEMENT

LEADERSHIP
“Most organizations are under-led and over-managed.”

-- John Kotter
NATURE OF THE PROBLEM

ORGANIZATIONAL STRUCTURE

PEOPLE (/SKILLS)

CAPABILITIES

PROCESS

CULTURE
As uncertainty rises ...

• Organizational structure → FLATTER
• Skills → MORE ENTREPRENEURIAL
• Capabilities → MORE GENERAL AND FLEXIBLE
• Processes → PROBLEM-SOLVING APPROACH
What this is all about …

… is LEARNING

- Increasing the *rate* of learning
- Expanding the *scope* of learning

And, for **LEADERS ... this means**

**SETTING THE CONDITIONS FOR RAPID, SUSTAINED LEARNING**
What *are* the conditions for RAPID, SUSTAINED LEARNING?

Think about things like …

-- size of the team         -- kinds of people on the team
-- skills on the team       -- “operating rules / norms”
-- …

WHAT DO YOU SEE AS THE MOST IMPORTANT CONDITIONS THAT YOU NEED TO SET GOING FORWARD?
Let’s not wait for the next crisis to move into the exploration zone!
Five reasons you’ll need to continue innovating:

(1) COVID-19 isn’t over

(2) Many disruptions caused by COVID haven’t been digested yet

(3) There are now many pent-up non-COVID disruptions ready to be unleashed

(4) COVID will accelerate many pre-existing trends

(5) The pace of change was accelerating anyway (technology, communications, ...) even before COVID
COVID-19 is a Watershed Disruption

Will accelerate existing trends
New discoveries we won’t forget
Telecommuting
Transportation
Land use? Housing? Facilities?
...

Agility in an Accelerating World
Watershed Disruptions Generate Permanent Changes

e.g., “Post-war” changes to the physical and business landscape:
  Technology
  Trade
  Land Use
  Real estate
Disruptions also generate enormous opportunities.
The crisis leadership skills you have been acquiring are going to be useful for a long time to come!
Thoughts/ Questions / Comments/ Reactions?
Some Things to Do/Discuss:

(1) Identify, acknowledge, reflect on, and appreciate how you were different during COVID.

(2) Write a case about some of your best responses, emphasizing the key skills and behaviors. (NB: a “case” is a non-judgmental, non-analytical, non-interpretive DESCRIPTION of past events.) Then discuss the case, out loud.

(3) Intentionally practice the application of the skills / behaviors you developed and the conditions you set during COVID.

(4) Formally commit to greater and more decentralized authority in the organization.

(5) Formally commit to more experimentation, rapid testing, and applying what you are learning.

(6) Discuss and work on developing agile problem-solving and opportunity-garnering diverse teams that can and do listen to one another and are open to dissent and new ideas.
A Rational Basis for Hope: Your Leadership Resilience is \textit{adaptability, personified}
We systematically underpredict our adaptive capacity.
This **MUST** be done.

This may be one of the **HARDEST** things that we have ever done.

**YOU** can do it.

**ONLY** you can do it.
GOOD LUCK
and
GODSPEED