SEI'S APPROACH TO MANAGING THE COVID-19 CRISIS

MAKING THE MOST OF THE MOST DIFFICULT TIMES

The present moment is among the most difficult moments we have faced in generations. Since the Second World War, few (if any) events have had as profound an effect on every dimension of both American and global life as the COVID-19 pandemic. Among many other things, the pandemic has underscored the importance of crisis management approaches that harness the power of modern technology to enable organizations of all kinds to maintain business continuity and position themselves to hit the ground running once periods of mandated self-quarantining come to a close.

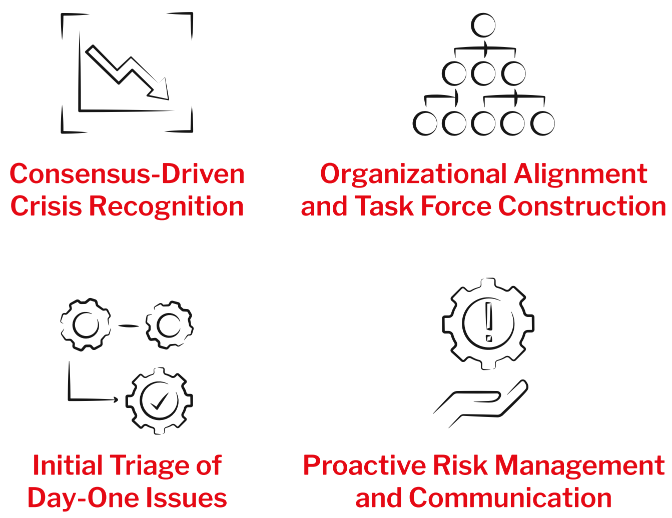
Depending on how they are handled, times of crisis can bring out either the best or the worst in teams of professionals. A motivated, well-organized team can take on the chaos, turn the tide in its own favor, and end up producing innovative solutions that would be unthinkable in ordinary circumstances — necessity is the mother of invention, after all. A poorly prepared team will find itself paralyzed when faced with tough decisions, fail to plan for contingencies, and end up realizing risks both known and previously unknown.

At SEI, we are doing our utmost to ensure each of our clients falls into the former category. We want to be able to look back on these trying times with pride, remembering them as times in which we achieved the impossible when doing so was the only option. But this does not happen by accident — it requires organizations to operate within a proven crisis management framework.

By following the steps outlined below, organizations can increase their odds of achieving outcomes that will end up serving as memorable examples of excellence — think: a team of motivated people from across an organization coming together to accomplish what would typically take a year in just three months.

SEI'S CRISIS MANAGEMENT FRAMEWORK

The four major steps of SEI's crisis management framework are crisis recognition, organizational alignment, initial triage, and proactive risk management. This framework enables organizations to recognize crises early, establish the organizational infrastructure to respond, solve pop-up risks quickly, and set up predictive analytical processes that help them get ahead of future risks — including low-probability/high-impact contingencies.



Deploying this framework in a context in which substantial actions need to be taken on a compressed timeline requires strong communication, robust analytics, Agile project management, and adept risk management. While organizations should consistently foster these capabilities among their employees by promoting them as key corporate best practices, organizations can manifest them quickly in a crisis by leveraging proper program and change management.

Step 1: Consensus-Driven Crisis Recognition

The first step of crisis management is to recognize and define the crisis at hand. Different parts of an organization may perceive a crisis differently or may not even recognize a crisis as it unfolds. Granted, crises may strike different departments of a business at different times and with varying magnitudes, but it is essential to get everyone on the same page as quickly as possible.

In the beginning of a crisis — when clarity is often lacking — setting up a small crisis evaluation team to assess the circumstances with key severity metrics that are tied to the business can be an effective way of initiating a response and building buy-in with executive leadership. While hardly a fully developed crisis response plan, this can be an effective first step in assembling your crisis team and evaluating risks to your business.

If you are part of a cross-functional team like strategy or senior management, it is critical to identify key stakeholders at your organization and communicate to them why a full crisis response is necessary, why it requires a cross-functional approach, and how this approach will affect each business unit. A cross-functional task force simply will not be effective if key participants do not agree on the size, shape, or potential business impact of a crisis.

Step 2: Organizational Alignment and Task Force Construction

Crises necessitate solutions that are irreconcilable with going about business as usual. In typical circumstances, companies set up organizational best practices for many reasons and evolve and improve them over time according to high-priority business goals. For example, especially in highly-regulated industries like pharma, defense, and energy, organizations often adopt a matrix structure to enhance product reliability, maintain staffing fluidity, and ensure regulatory requirements are met effectively.

In normal times, the inefficiencies and stovepipes caused by things like matrix structures are tolerated for the sake of meeting other important business needs. However, in a crisis, efficiency is key and roadblocks are the enemy. To respond to a crisis effectively, an organization must construct a standalone task force that eliminates stovepipes, empowers critical employees to collaborate across the organization, builds connections with the organization's communications infrastructure, and fast-tracks critical approval processes — especially in the legal, contracting, and regulatory arenas. This task force needs to be genuinely cross-functional, and its construction may require the organization to reassign limited high-potential staff from their standard matrices.

In addition to the right members, the task force needs an organizational structure with clearly defined responsibility, accountability, consulting, and informing (RACI) processes in order to minimize organizational churn in the decision-making process. Building this structure involves engaging executive leadership to secure buy-in on empowering the task force with the authority to make major decisions. This will minimize organizational friction if/when these decisions are made. These conversations can be difficult, but are better to have once up front instead of repeatedly throughout a crisis.

In terms of corporate infrastructure, an organization needs to have a command center with clear reporting requirements and templates for all participants. With COVID-19 specifically, this command center needs to be entirely virtual, requiring sufficient IT infrastructure and, if remote work is not already a key part of your business, technology tools and support that will meet employees' needs.

The command center also needs the right data inputs to ensure key decision-makers are able to ingest the information that will allow them to make the best decisions in the most efficient way possible. This usually involves reaching outside the task force and orchestrating a template-driven process to get timely updates from key stakeholders across the organization. It also involves having a project lead organize incoming data into consolidated analytical products that can be shared in appropriate cross-organizational channels. Integrating the task force with the organization's communications infrastructure is critical when managing the organizational changes that will inevitably need to be made in a crisis.

Step 3: Initial Triage of Day-One Issues

Many of the companies that come to SEI for help during a crisis have already identified very high-risk items and begun building project teams to address them. Crises always present day-one issues that need to be dealt with immediately, and the faster they are addressed with cross-functional teams, the less likely it is that they will overwhelm an organization. An initial crisis evaluation team should be the champions of getting responses to day-one issues up and running while a full task force is being set up.

Critical things to keep in mind when addressing day-one issues include staffing, execution processes, and future growth. On the staffing side, selecting an effective project manager is key. A crisis is neither the time to learn Agile methodology on the fly nor the time to throw a commitment to process out the window entirely. It is the time to entrust strong project managers who possess robust leadership skills and extensive experience with multiple delivery processes. It is also important to identify key change agents on the technical execution and regulatory teams that can drive early adoption of crisis response solutions and avoid any early pitfalls these solutions may present.

In times of crisis, delivery processes should include a great deal of built-in agility — and, ideally, should be crafted inside an actual Agile process. The requirements process will need to remain fluid and subject to change, and the delivery team must always be conscious of the minimum viable product required to meet needs on compressed timelines. Somewhat counterintuitively, products developed in crisis environments often end up being fantastic starting points for continued development efforts after the crises conclude.

Step 4: Proactive Risk Management and Communication

To work in a sufficiently proactive fashion, the task force needs to be able to make accurate predictions about what is to come. This typically requires including an analytics expert on the task force, developing baselines for existing workstreams (to measure progress against and generate KPIs), and conducting scenario development analyses to predict likely future occurrences.

Assessing the occurrence probability and impact of each scenario is a critical piece of scenario development. Especially for low-probability/high-impact scenarios, it is critical to construct indicators and warnings (I&Ws) that can notify teams if/when the probabilities of high business-impact events increase or decrease. Business continuity planning and vulnerability analysis are also key components here, as they allow organizations to zero in on the critical supply chain nodes and/or personnel who can help prioritize scenario development analyses.

With this analytical framework implemented, the key parameters driving short-, medium-, and long-term impact studies will fall out and make this process more quantitative and thorough. The I&Ws will serve as KPIs that help organizations draw trendlines that bring clarity to discussions of a crisis' overall business impact. Organizations will be able to say, "Here are the impacts of three potential scenarios and here is where we will stand if each of these three scenarios was to unfold."

Analytical frameworks are also critical to finding the end of a crisis. Post roll-out, this approach will illustrate trends in your risk profile that show risk burndown and build the case for resuming business as usual in a gradual, well-managed way.

TAKING HOLD OF THE SITUATION

Executives around the world are looking for crisis management approaches that will ensure business viability during this unprecedented global crisis. Further, employees are looking for clear communication from leadership teams in an era in which the sheer number of available communications channels can sow as much confusion as clarity.

The framework outlined above provides a foundation for undertaking proactive (and appropriately reactive) responses to crisis-related issues while communicating clear and understandable actions based on informed analytical insights to all relevant stakeholders. If your organization can move decisively to set up a cross-functional team with your highest-potential resources, you will be able to catch up to the crisis, turn the tide in your favor, and end up accomplishing things that would have seemed impossible before COVID-19.

In several years' time, you may even end up finding that some of your best products and services emerged from our current period of great uncertainty.