



The Great Retooling: Adapting for Coronavirus and Beyond

Here's how CEOs are finding ways to win the battle
for customer relevance and outrun extinction.

By James Allen

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Last week, I shared five key messages from CEOs and founders who are expertly leading businesses through some of the most uncertain times they have ever faced in their long and storied careers. They understand the sweeping implications of what lies ahead: The coronavirus pandemic is a dress rehearsal for turbulence in the decades to come. In the future, businesses will also face climate change, the evolution of globalization and other major disruptions.

In order to outrun extinction, these leaders must fight a battle for customer relevance. They know that every action will demonstrate whether their products and services are essential or discretionary. To succeed, they must respond to customers' most pressing needs now.

The companies that build the businesses that help customers today—and tomorrow—will emerge from the crisis as winners. Over the past week, many leading companies have started to mobilize their new fit-for-purpose business models. These CEOs have shared five prevalent messages.

Move from retreat to retool

As the crisis rapidly unfolds and lockdown becomes the new normal, we're learning more every day. For most of us, these past two weeks were just the first chapter of a very long book full of new experiences and lessons (Asian markets are already writing later chapters). In "Chapter 1," CEOs found themselves in retreat. They focused on responding quickly and responsibly to government recommendations and restrictions. They scrambled to survive day to day. Most CEOs are still caught in a terrifying place, where measures like lockdowns have swiftly taken their customers, but governing bodies have yet to help them deal with the implications. In the near term, they're worried about the loss of business. As a society, we need to act collectively to help companies survive if we can, so we have a foundation on which to build the next chapter.

As this immensely difficult and painful first chapter starts to reach an end, CEOs can look forward to Chapter 2: The Great Retooling. Leading executives are already addressing how to revamp their customer propositions and organizations for the long haul. They are focused on building a business that can meet employees' and customers' urgent needs.

It starts with figuring out how to operate—and improve—a bifurcated company. In the bifurcated company, some people remain essential to delivering critical products and services—and you must keep them safe, especially if they leave their houses each day. Other people are now part of a virtual organization—and you must keep them safe as well. This new company must find ways to work seamlessly, joining forces to stay relevant to customers and deliver what they need in this difficult time. As David Haines, CEO of Upfield, points out, "It is not enough to retreat to a virtual organization. We need to find new and better ways of working to help our customers through this pandemic. This is a crisis, but let's go on the offensive."

To plan their attack, CEOs must retool their companies. In recent conversations, I've seen many leaders find energy around the idea that we're on a war footing. Covid-19, not the competition, is the enemy. Just as the US auto industry retooled from producing cars to planes during World War II, today's businesses need to find new ways to serve customers. They can't wait for distribution channels to be fixed, so they must solve consumer access problems with ingenuity and entrepreneurship.

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Close to my home, one only needs to look at the extraordinary moves of Leon, a local fast food chain focusing on wellness. Cofounder and CEO John Vincent, who authored the book *Winning Not Fighting*, has opted to avoid war metaphors in favor of more unifying nature comparisons, so he quickly encouraged his people to better serve their ecosystem. In the span of eight days, John and his team completely transformed the company from a restaurant into a distributor of ready-made meals and supplies. They found a way to provide security to a population worried about access to food. They even started feeding the UK's National Health Service employees at a discount. And they're not only focused on getting people food, they also want to alleviate their suppliers' pains.

John recently spoke to BBC Radio 5 Live about the closure of London's restaurants and the cascading implications, noting, "Supermarkets are under strain and can't cope. And, traditionally, every day half of the meals that people eat, they eat out of home. ... We're trying to resurrect the whole side of the industry, from chefs to wholesalers to farmers, that traditionally supply restaurants. We need to not let those collapse. We need to find a way to get that food to people's homes."

By revamping his business to benefit his customer base, John also repaired the distribution channel. "Unlike other crises we've weathered, this isn't a demand issue. It is a logistics problem that is hurting all our customers, and we must be there to solve it. This is not only for our consumers—it will help our suppliers and distribution partners to weather the lockdown and keep food flowing to the right people," John commented.

And John has found that focusing on the full supply chain has resulted in surprising partnerships with local businesses eager to contribute to his mission. We believe the next generation of successful companies will be those that define themselves by partnerships, not just assets. For many companies like Leon, now is the time to embark on the Great Retooling. Build your planes, get them into the air and cultivate mutually beneficial relationships with businesses that can help you fly further.

But it's important to acknowledge that retooling your business doesn't end with the operating model. It should extend to every facet of the organization, including your communications. We all know the phrase "everything communicates." So much is shockingly tone-deaf to the world we now inhabit—and consumers are tuning out brands that prattle on with yesterday's mindset. Their deafness screams.

As part of your retooling, look at your ads, your billboards and your corporate messages. In most cases, you should stop everything, regroup and start again. Many leaders did this on day one. They were attuned to their customers' plight, even if they simply said, "We're thinking of you." But many others still find themselves prisoner to yesterday's marketing cadence. If you can't fix your messages by the end of the day tomorrow, find a way to move faster. Tomorrow will not wait.

Put on your own mask before assisting others

The Great Retooling starts with your people, who are currently isolated and feel overwhelmed. They are dealing with massive family issues. Many are trying to work at home with children running around. If they are lucky, those close to them still have their jobs and their health. But luck isn't evenly distributed. A partner or sibling might be unemployed, a child or parent could be sick. A grandparent might be alone, miles away, without access to healthcare. Their families may be unable to buy what they need.

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During times of stress, it can be difficult for employees to give their limited energy to retooling an entire company. They need to help themselves. John of Leon shared an apt metaphor for this situation: “I’ve told our people that we need to put our own mask on first and then we can help others. We have to remain strong and healthy.”

Many leaders have already taken the first step and sent out messages of support and appreciation to their people. And sure, we can find solace in knowing we are all in this together. But your people want to move from solace to solutions. You can and must help. You have the leaders, the culture and the values to serve as a vital community. You can mobilize your teams as trainers on day-to-day realities—cooking, working from home, caring for children, exercising and more. You can create learning centers to capture best practices. As John notes, “We are networked organisms that thrive through teaming.”

Considering the human need for teaming, it’s equally as important to practice mindfulness: Self-isolation can bring despair. We are not designed to sit alone for eight hours, staring at a computer screen. Socializing with postage-stamp-sized faces only goes so far. We need to move. We need to walk. There is a danger in being trapped in our homes.

Fortunately, when approached with collective support, these at-risk moments can result in reflections, lessons and self-revelations. Leaders can help their people convert anxiety into relationship building. Nand Kishore Chaudhary, social entrepreneur and founder of Jaipur Rugs, shared this sentiment with me: “Covid-19 has given the whole world—not just one person, nor one country, but the whole world together—a chance to stop their outward journey and to know and redefine their purpose. This is the time when we need to rethink our consumption levels, and cultivate habits and thinking to pursue basics—basics which are required for survival so that the world moves toward peace and happiness, and toward sustainability.”

You can guide your people to seize this moment. And remember, if a whole world of customers is experiencing a period of self-revelation, you better be relevant when the new breed of customer emerges.

Think costs fast, but owners last

Of course, costs matter during the pandemic. In a crisis, revenue and cash always disappear far faster than your cost base. But the stock market crash may have a silver lining. In its wake, all owners are essentially communicating to all business leaders in one unified shout: “We get it, your company is not as valuable as it used to be. Your EBITDA growth will probably collapse. Your cash flows will be horrific. We have lowered our expectations.” Perhaps the unseen benefit is that owners have finally put themselves last. They have given leaders a chance to put their talent and customers first. If you’re a board member and haven’t done everything you can to give your CEOs the time and space they need, retool your own agenda and send messages of support now.

It’s critical for businesses to prioritize people where they can, because few are stepping forward. Leaders should protect the needs of their people, because those people are someone else’s customers. Yes, companies should go after costs as extensively as they can. But just as surely, their existence depends on helping their communities as much as possible.

Prioritize private-public partnerships

In my discussions with CEOs over the past few weeks, many have noted that in order to survive, we will need public-private partnerships wherever applicable. The war footing metaphor has opened up companies to the possibility that their best partner in recovery may be a local municipality, a mayor, a town leader, a governor, a regional committee or a country's governing body. Your retooled organization might help a city feed its nursing home residents or a town recover from the crippling economic fallout.

For instance, some digital insurgents are mobilizing teams to figure out how nudge theory—the use of positive reinforcement and indirect suggestions to influence behavior—can help leaders enforce social distancing. These companies are already experts in the field: They've used nudge economics to propel consumption and loyalty for years. Now it's a matter of repurposing their strengths for the better. And by reinventing better businesses alongside public partners today, both sectors can build a better tomorrow.

Evolve with the world and the job—everything is different

With the Great Retooling, some CEOs and founders are taking on a fundamentally different role. The most self-aware are asking themselves, “Am I changing fast enough to the new reality?”

We're all adjusting. But I've heard leading CEOs and founders lend some helpful advice:

- **Don't fly solo.** The best leaders give out missions and let their stars fly. They introduce checkpoints for coordination and learning. Empowerment should not be chaos: A team of teams learns fast and often.
- **Direct and nurture.** We're trying to accomplish extraordinary changes—all while adapting to extraordinary ways of working and navigating extraordinary circumstances in our private lives. Every moment we're a heartbeat away from something amazing and from collapse. These times of heightened anxiety disrupt people's expectations of the future, resulting in panic and a protective state of mind. Leading CEOs are directing their team of teams with IQ, while supporting and nurturing them with “EQ,” or emotional intelligence.
- **Accept support.** Everyone needs a little more support right now, including the best CEOs. Cuddle your cat, throw a ball to your dog, hold your partner's hand just a little tighter, be kinder to those around you and accept virtual hugs with grace.

At times like this, good leaders become great ones. This is your moment.

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