

Recovery challenges

With how fast the world economy collapsed, there are those who hope that the recovery can be just as fast. However, the recovery will be slow and different from anything we have seen before. Those organizations that thrive in this new environment will be those that are constantly experimenting, the loosely coupled, or those that can survive on just the basics. Instead of comparing the situation to a speed bump on the highway, this is more like what happens with a major hurricane.

There are those who consider this situation to be a “slight blip” in the economy. They hope that it is like a toll booth on the highway where we have to stop, pay a bit, and then rev right back up to high speed. Unfortunately, because this slowdown is hitting the whole world economy at the same time, the other slowdowns will complicate our recovery. This is far more like a major hurricane which wipes out a whole area.

The recovery will happen in bursts and reverses. As the pandemic comes back in a second or even third wave, shutdowns will be mandated again (until we have quick and abundant testing to isolate only those that need to be). This means that we need to factor shutdowns into business planning. Another major problem is in how supply chains are disrupted. A lot of suppliers and shippers won't be back.

Every recovery has invalidated prior business models and economic expectations and this one will also. For example, Dallas TX has been a hot bed

of restaurant experimentation and has a high percentage of restaurants per population. They are all shut down now. Many will not reopen. Many will not have the customers again to be able to reopen. The big unknown is: will many people decide that cooking at home is far better than eating out? We might see a big increase in places that offer “ready to cook” meals for far less money but with all the convenience of eating out. Remember that most bankruptcies

happen when the economy is restarting, not during the crash.

Many businesses will need to rethink and experiment to find what customers will want in this new environment.

This situation has made a number of businesses operate from people's

homes. A large number of these businesses will consider that a new normal. That will impact how many business towers and office spaces needed going forward. Organizations that can operate with a “looser” management style will thrive in that environment. These organizations are held together by shared goals and ideas rather than by command. (Think of how churches, associations, and self-help groups operate.)

The other business type that will survive well are those that can survive on doing just the basics. Think of “self-sufficient farms” as one type. A business that can easily cover its operating costs and then can have a high marginal rate of return on few sales will survive any downturn.

Every crisis changes the business environment and naturally changes what business models will work. Take time to rethink what you are doing.

Slow and Different Recovery

Resilient Organizations

When the world is falling apart, the organizations that survive draw on their resiliency, not any of their other strengths. So, what is resiliency in a business sense? It is built on the trust that the people have in the business. It is based on a deep acceptance of reality, a belief that the organization has enduring values, and the ability to improvise and change on the fly. All of these are needed in the current situation.

Under extreme stress, an organization is held together by its people. That means that the bonds between individuals is most important to the survival of the organization. We see this in the elite military forces. The tests to get into the Navy Seals are not to find who is the best individual person, but who is able to bond with the others under this intense of stress and who can the others rely upon.

Resiliency is based on reality. People want to hope. Under extreme conditions, people actively seek hope and will listen to nearly anyone who offers it. Thus, some Lakota put their trust in Ghost Shirts in the battle at Wounded Knee and many died. Reality is seeing just how bad the disaster is.

Resiliency is based on the belief that what we do together has real value to others. This is the foundation of true hope. No matter how bad things can get, we can daily offer some value and hope to others. We can get through the difficulties.

Resiliency is based on change. Every major disruption requires everyone to change. All prior experience is no longer valid. Everyone is a novice in this new situation. That means that we have to experiment and find out what works. When things are very fluid, that means changing every day. But that is the way to find out what might work when things are more stable.

Risky World

Nearly every complex system has parts that were not well designed or are badly built. A number of aircraft have to be rebooted after so many days because of problems with the electronics. The current stay at home is exposing how many internet systems are not built for a lot of people trying to tele-commute.

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