

Editorial: Refining the Emotional intelligence, Resilience Thinking, Ingredients of Success, a New Innovation Process, and Crisis as a Learning Experience



In our last RDCM Issue we remembered that a great team consists of great people, proving individual commitment to this team effort of translating to great performance which is so necessary in today's general environment (every corner of the PESTEL analysis being seriously impacted by COVID-19), at the intersection of digital transformation (caused by the evolving digital technology) and digital entrepreneurship (challenged to work better across time and space, its growth strategy being sustained by customer obsession enabling customer needs' anticipation and satisfaction, and by prioritization of investments and capabilities helping accelerate this sustainable growth), within the adopted defined, designed and built ecosystem based on clear principles concerning the physical and digital space reflected by the chosen design supporting, one hand, innovation and growth, and on the other hand tangible outcomes in accordance with the shaped value proposition (Purcarea, 2021).

It often happens to find yourself in the situation to present analysis findings (after interpreting the data gathered through the use of analytical and logical reasoning) by sharing undesirable insights, it is important to refine the emotional intelligence (EQ, defined as the ability to understand both, your own emotions, and those of the people around you), considering (as recently recommended by Brenda Ellington Booth, a Clinical Professor of Leadership at the Kellogg School of Management at Northwestern University, and an Executive Coach or EQ) the four components of EQ: (Stone, 2021) *self-awareness* (the self-check-in, according to Booth); *self-management* (doing now what is recommendable after the self-check-in); *social awareness* (trying to better understand people around you, by reading their emotions); *relational management* (valorizing the above-mentioned assessed social awareness, and making them feel

motivated and appreciated doesn't matter the answers received, encouraging the alignment with organizational values).

And as we are always feeling great talking with our experienced, knowledgeable, and well-informed Readers, allow us to move on to the next (but connected) items for today's discussion (starting from looking before and beyond the COVID-19 crisis), namely:

- How companies' growth can be driven by marketing, the CMOs (supported by CEOs) transforming other leaders (by unifying the C-suite) into champions of their marketing agenda within a company's operating model supporting cross functional collaboration, as underlined by McKinsey's representatives (Boudet et al., 2019). The question here is if marketing executives are Unifiers (who report meaningfully more support for and willingness to actively participate in marketing's agenda from CEOs than Loners, and have the analytics resources they need), Loners, or Friends, as shown in the figure below.

Today's CMOs break into three different archetypes.

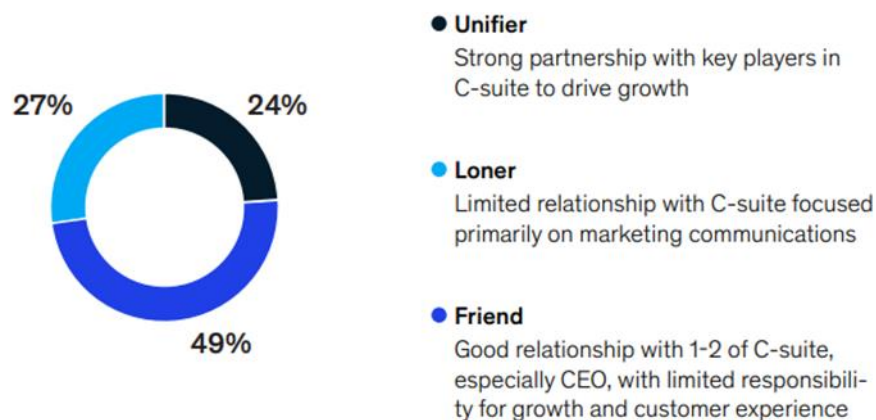


Figure no. 1: Today's CMOs break into three different archetypes

Source: Boudet, J., Cvetanovski, B., Gregg, B., Heller, J. and Perrey, J., 2021. *Marketing's moment is now: The C-suite partnership to deliver on growth*. [pdf] McKinsey Marketing & Sales Practice, June 2019, p. 3 (work cited)

- How the relation of growth, inclusion, and sustainability at the level of an economy growth model is functioning, these three elements together, according to rigorous research by McKinsey (Padhi et al., 2021) being seen as opening the way to create a new era of sustainable and inclusive growth (see the figure below) in which all stakeholders (governments, businesses, local communities, and individuals) have a reserved role to play.

Sustainable and inclusive growth can be a dynamic, self-reinforcing combination, but achieving it will require addressing counteracting forces.

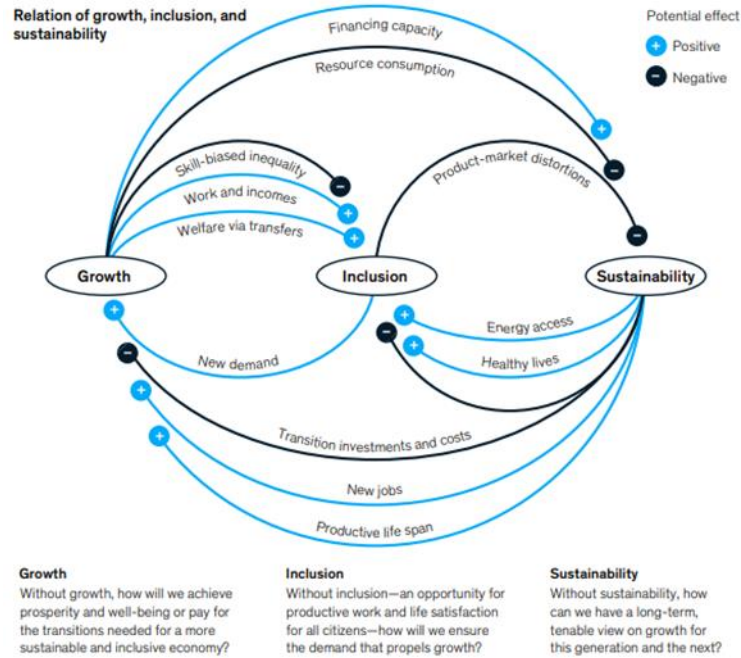


Figure no. 2: Sustainable and inclusive growth can be a dynamic, self-reinforcing combination, but achieving it will require addressing counteracting forces

Source: Padhi, A., Manyika, J., Madgavkar, A. and Chewning, E., 2021. A sustainable, inclusive, and growing future for the United States. [pdf] McKinsey & Company, November 2021, p. 2 (work cited)

- How resilience (defined by the BCG Henderson Institute, Boston Consulting Group's strategy think tank, as "a company's capacity to absorb stress, recover critical functionality, and thrive in altered circumstances") creates value which increases with crisis frequency, four types of advantage (anticipation, cushioning, adaptation, shaping) being created by the resilient companies (which are deploying specific measures to operationalize the six principles shown in the figure below) so as to help them achieve superior performance in crises (Reeves et al., 2020). Within this framework, it was underlined the need to avoid the confusion around resilience by educating managers so as to made distinction between resilience thinking (focused on building this critical capability to deliver long-term outperformance, by "coping with and benefiting from the unexpected", and "modeling and quantifying knowable risks") and efficiency thinking.

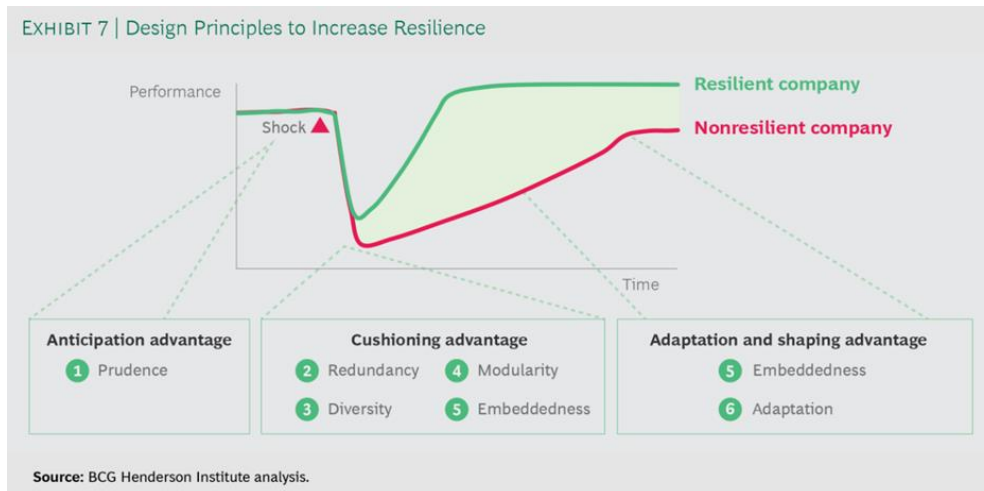


Figure no. 3: Design Principles to Increase Resilience

Source: Reeves, M., Nanda, S., Whitaker, K. and Wesselink, E., 2020. *Becoming an All-Weather Company*, BCG, September 09 (work cited)

- How to dissect the business resilience ante and post-pandemic, taking into account the conclusions logically supported highlighted recently (in an article published in the European Business Review) by the by the well-known Professor Jacques Bughin (and former Director of the McKinsey Global Institute) and Francis Hintermann, Global Managing Director of Accenture Research, who stated: “*What those crises (A/N, the 2000 internet bubble burst and the 2008 financial sub-prime collapse) have also taught us, is that the most complex challenge is recovering from the missed growth opportunities during the collapse ... And the key issue is how covid-19 has built a profit bifurcation between the 30% recovered and the other 70% of firms ... Evidently, the distribution of recovery is likely to span over the three scenarios, and the main message is the likely important bifurcation between the have (rebounded) and the have not. How can then one firm avoid to be on the wrong side of the bifurcation? ... Given the four ingredients (innovation, ecosystem play, twin transformation, and agility), they might also be different ways to combine and manage for resilience ... Clearly, the first thing a manager must recognize is that the effect of sudden crises can be such that every company may have to develop enough organizational ability to ensure they can quickly reallocate resources... Finally, in general, the synergies among all those ingredients are the little secret for outsized success: digitization has facilitated the emergence of platform-based ecosystem; innovative products have made sustainability a profitable path, and agility has been boosted by digital protocols such as DevOps and others. The play is as much about excellence in capabilities as in excellence in the best capability portfolio play.*” (Bughin and Hintermann, 2021).

- How to navigate the innovation landscape – within the digital transformation, Artificial Intelligence (AI), Machine Learning (ML), and other technology programs (in many companies) accelerated by the crisis – according to Tony Ulwick, the pioneer of Jobs-to-be-Done Theory (the inventor of the Outcome-Driven Innovation®/ODI process, and the founder of Strategyn, called “the Deming of innovation” by Professor Philip Kotler, The Father of Modern Marketing,

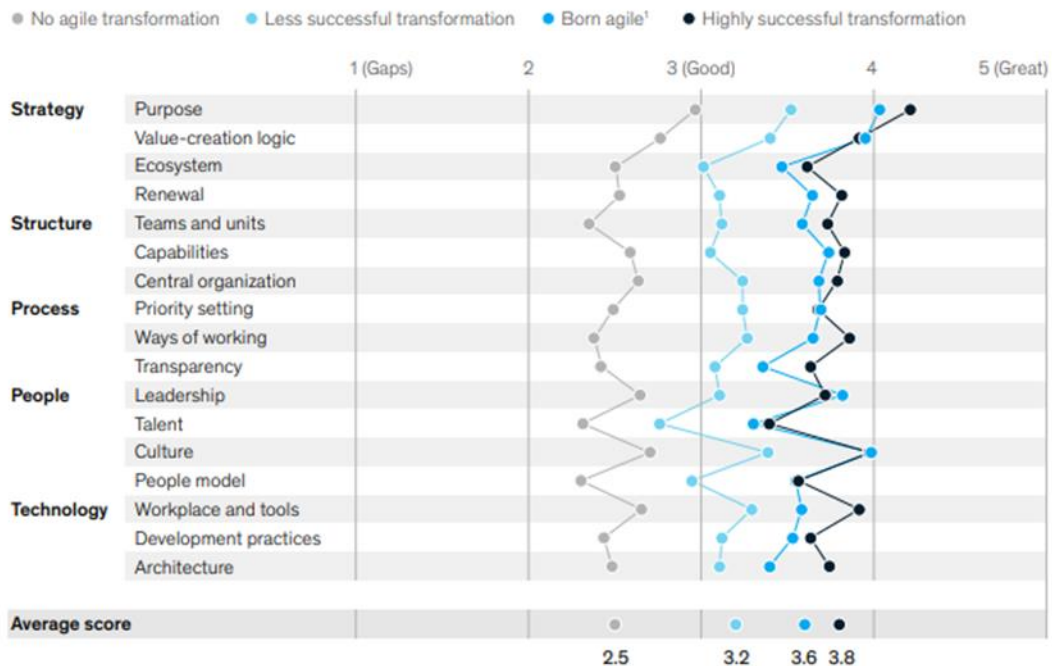
and credited with “bringing predictability to innovation” by Harvard Business School Professor Clayton Christensen, The Architect of Disruptive Innovation): *“Innovating during COVID-19 is all about customer needs discovery. Companies naturally react to crises by preparing for the worst and hoping for the best... The companies who win in a time of crisis are those who are first to effectively understand and address their customer’s changing needs... Where do you begin? With a new innovation process... Adopt an outcome-driven mindset when it comes to understanding customer needs... Apply this mindset to your markets of interest. Businesses can obtain deep customer insights in days through virtual customer interviews... Act on the insights”* (Ulwick, 2021).

- How essential is to remember key details of lessons learned but forgotten while continuing on a growth path (so as to avoid underestimating the importance of organizational factors in translating a growth strategy into reality), going beyond the strategic side of growth (Dewhurst, Heywood and Rieckhoff, 2011): *“Growth naturally creates new interactions and processes, expected and unexpected, and often at a fast pace. To manage them, the employees who face the greatest complexity—for example, those in functions or businesses that will see increased activity—must have “ambidextrous” capabilities. These enable people to take initiative beyond the confines of their jobs, to cooperate and build linkages across the organization, and to complete many tasks in parallel. Companies sometimes forget to think about these capabilities in the units immediately involved in growth and very often don’t do so beyond them”*.

- How to build connective tissue in the transformation work to be performed (going beyond agile teams), by driving change across all five elements of the companies’ operating model (strategy, structure, process, people, and technology), new McKinsey research (Aghina et al., 2021) revealing that a highly successful transformation allows an organization to overtake born-agile organizations by measures such as operating-model maturity (as shown in the figure below), and considering both company-specific unique factors (such as context and quality of execution), and a by McKinsey identified four-step recipe to boost chances of success.

Agile operating-model maturity is measured across 17 elements, and a successful transformation significantly increases an organization's score.

Operating-model maturity score out of 5, by state of change



¹Organizations in which agile practices and concepts have always been core to how they work.

Figure no. 4: Agile operating-model maturity is measured across 17 elements, and a successful transformation significantly increases an organization's score. Operating-model maturity score out of 5, by state of change
Source: Aghina, W., Handscomb, C., Salo, O. and Thake, T., 2021. *The impact of agility: How to shape your organization to compete*. [pdf] McKinsey & Company, Organization Practice, p. 9 (work cited)

- How in adversity during COVID-19 a resilient company can combine, according to BCG (Reeves, Shmul and Zuluaga Martínez, 2021), three components of performance (lower shock impact, faster recovery speed, and greater recovery extent, as shown in the figure below) driven by the above-mentioned four competitive advantages, turning COVID-19 impact into opportunities for growth (not focusing only on reducing this impact), by valorizing dynamic capabilities and influencing customers' and partners' ecosystems to redefine industry standards to their long-term advantage.

Exhibit 1 - The Three Components of Performance for Resilient Companies

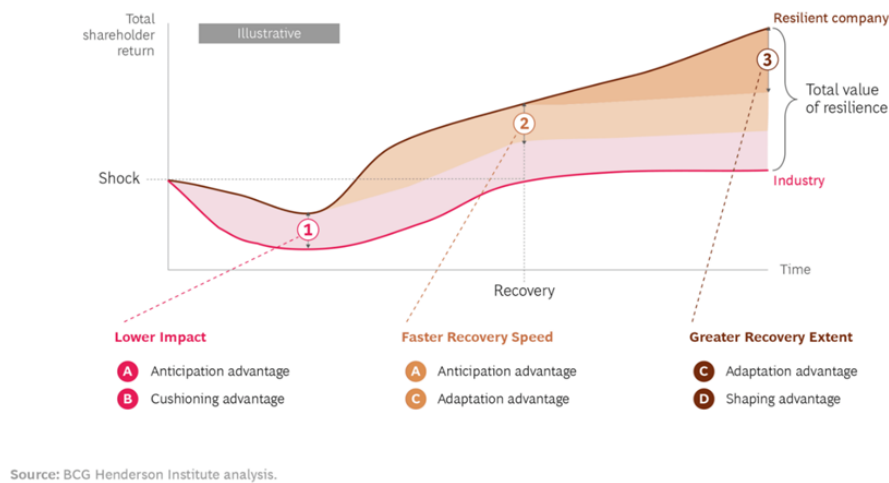


Figure no. 5: Design Principles to Increase Resilience

Source: Reeves, M., Nanda, S., Whitaker, K. and Wesselink, E., 2020. *Becoming an All-Weather Company*, BCG, September 09 (work cited)

Finally, we would also like to bring to our experienced, knowledgeable, and well-informed Readers' attention the fact that in a very recent article published in *European Financial Review* by the renowned Professor, Global Thought Leader, Consultant, and bestselling author, David De Cremer (2021), underlined how important is for a company and its employees to use crisis as a learning experience in dealing with a changing environment based on employees' new behavior of adapting and bringing new perspectives accordingly: *"In times of crisis, companies have no choice other than to face themselves in the mirror and ask what is needed to survive... Crisis situations have in common that once the crisis is over, the business environment will have undergone changes and most likely adopted new ways of working. If one then failed to adopt a mindset to move forward and adapt, companies will find themselves falling behind."*

Theodor Valentin Purcărea

Editor-in-Chief

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