



# STRATEGY IN THE NEW NORMAL

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## **INTRODUCTION**

The COVID-19 outbreak has spread fear and uncertainty across the world. No country is exempt from this, and the more advanced countries/economies seem to withstand the worst of the attack. Before the emergence of COVID-19, we were already in a world that is volatile, uncertain, complex, and ambiguous (VUCA), but the spread of the disease has increased all these factors astronomically.

Unfortunately, this virus has no known cure and so most countries, including Nigeria, have reacted by trying to prevent contact with carriers through lockdown (stay at home) and social distancing.

The impact of COVID-19 on the Nigerian business environment is devastating. Companies have shut down operations, customers are at home and worried about their jobs, supply chains have been disrupted with the likelihood of a shortage of products.

How should top management teams handle their strategy at this time?

## **THE NIGERIAN POST COVID-19 BUSINESS ENVIRONMENT**

The concern of business leaders should be the state of the economy post-COVID-19 and how they can navigate the turbulence. The world economy is in turmoil, and the Nigerian economy is expected to decline into a deep recession. The low oil price means lower government revenue and expenditure, lower external reserve and a higher exchange rate of the Naira to the Dollar. Cost of doing business will increase, and consumer purchasing power is not likely to increase commensurately. Possible forex rationing will have adverse effects on companies that depend on imported raw materials and finished products. More people are likely to be out of jobs, and social problems will be on the increase.

Industry structures, consumer behaviour, market positions and sector attractiveness will also change. For example, while e-commerce and food products will still be attractive, hospitality and tourism will be highly challenged.

There will be a push to develop local sources of raw materials for existing and new businesses and exploit local resources that had been neglected in the past.

Working from home could become the norm, thus threatening teamwork and decision-making. Technology will play a significant role in the operations and processes of organisations, coupled with security risks.

## **STRATEGIC IMPERATIVES**

A new approach to strategic planning and management in the Nigerian environment is now required. Scenario planning will enable companies to produce better plans for how they might effectively respond to the new, emerging future. Decision-makers who can expand their imaginations to see a broader range of the possible future will be better positioned to take advantage of the unexpected opportunities that will come along.

Businesses will have to rethink their business model and not just modify it. Resilience, the ability to absorb shock and come out of it better than the competition, will become very important. Becoming more agile – strategic flexibility – will be a great virtue.

Entrepreneurial spirit, design thinking and innovation will become critical for success. Also, top management must develop the ability to manage complexities.

In the current market, cash is a crucial concern for every organisation, so they need to re-evaluate capital expenditures and stick to only very essential spending while adopting a strategic approach to managing operating costs. Operational efficiency and productivity will be the most important tools in managing cost. Ability to cut operating cost without compromising on consumer value will be crucial. Just-in-case and not-just-in-time will be the new normal, as scarcity and volatility will imply building back up and safety plans, such as carrying excess inventory.

Current conditions are likely to increase risks in all areas of the business. Organisations need to understand their current and potential risk exposures and give them a high strategic priority. Risk reporting to the board and senior management should now be a priority. The companies that will stand strongest during the post-COVID-19 era will be those that integrate risk management as part of business strategy.

Most importantly, have a plan that prepares the business for growth through innovation. Have a process that drives innovation, scan for opportunities, invest in the right information and data about customers and the market. Creating new markets with new products that reach new customers will help in winning in this kind of environment.

Now is the time to collaborate with competitors and work with partners for success. Stay loyal to customers and maintain intimacy. As businesses close down or rationalise/downsize, gaps will appear in the market place, and skilled

and capable people will be available in the job market, and such people reduce the risk of uncertainty.

Flawless strategy execution should be the top priority for senior management. The leadership team must bring the strategy to life for everyone through compelling communication and create the right organisational culture and values that support execution. This is the time to build organisational bridges with strategic partners and external allies for effective strategy execution.

Finally, leadership teams in organisations must commit to ethical principles, integrate social dimension to their strategy, implement responsible business practices, and ensure they have the right skill-sets and mindsets.

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