

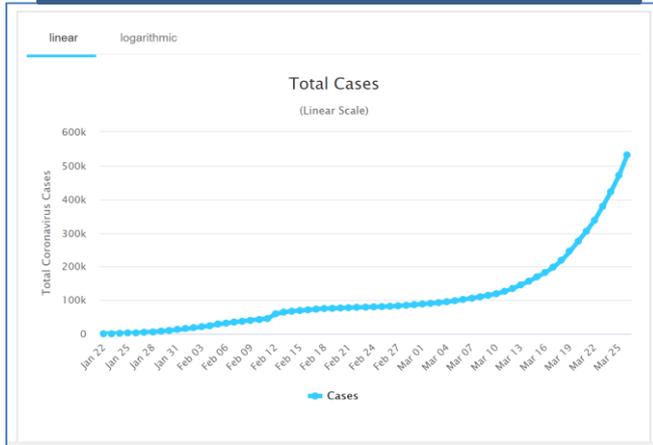
Strategic Distortions in a Time of Crisis

*Business Mindfulness as a Competitive Weapon,
Part 1*

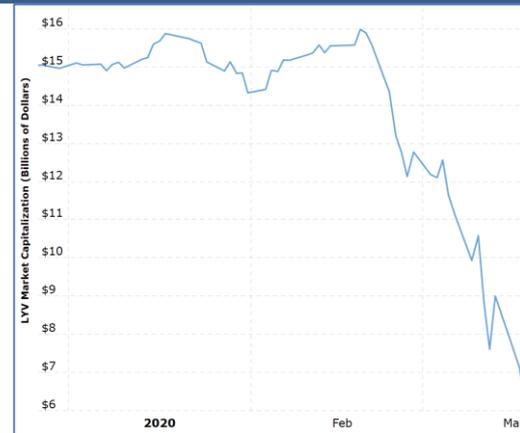
Rowland Chen
March, 2020

Crisis

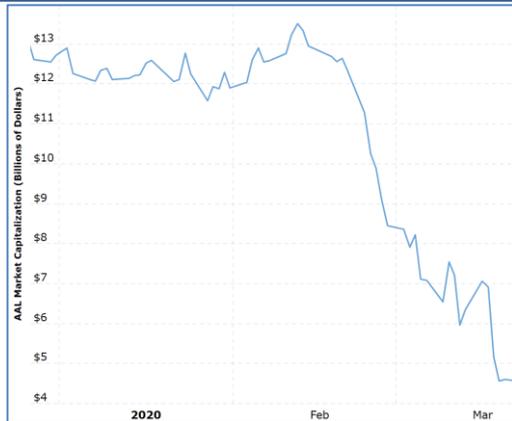
Global Number of COVID-19 Disease Cases



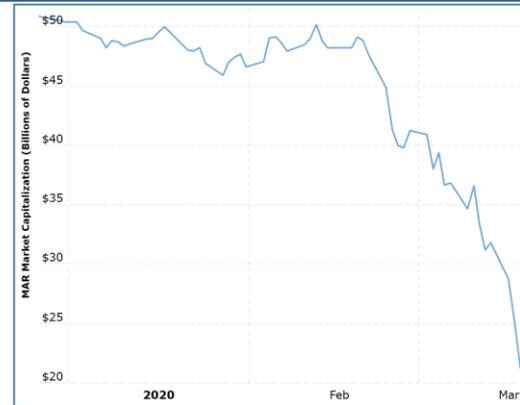
Entertainment Company Market Capitalization



Airline Company Market Capitalization



Hospitality Company Market Capitalization



Sources:

<https://www.worldometers.info/coronavirus/coronavirus-cases/#total-cases>

<https://www.macrotrends.net/stocks/charts>



Premise

- A blend of facts and intuition drives executives' decision-making
- In crises, leaders run the risk of distorted thinking affecting their ability to remain rational in decisions and actions
- This distorted thinking can be decomposed into nine “strategic distortions”
- Once identified by executives, they are able to re-balance thought processes and achieve “business mindfulness”



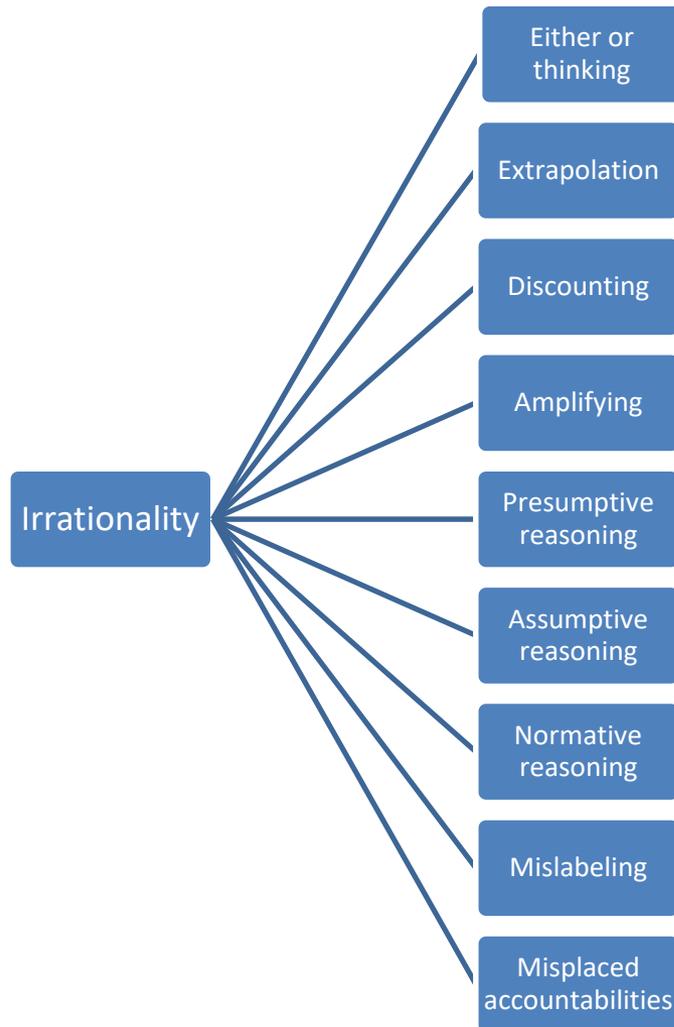
Strategic Distortions

- Intersection of business strategy¹ and cognitive behavioral therapy²
- Mind traps into which you and your organization could fall
- At least nine distortional traps
- Part of competitive weaponry if you so choose

1. Chen, C., "Zen and the Art of CEO Maintenance", 2018.

2. Burns, D. D., "Feeling Good: The New Mood Therapy", 1981, updated, 1999.

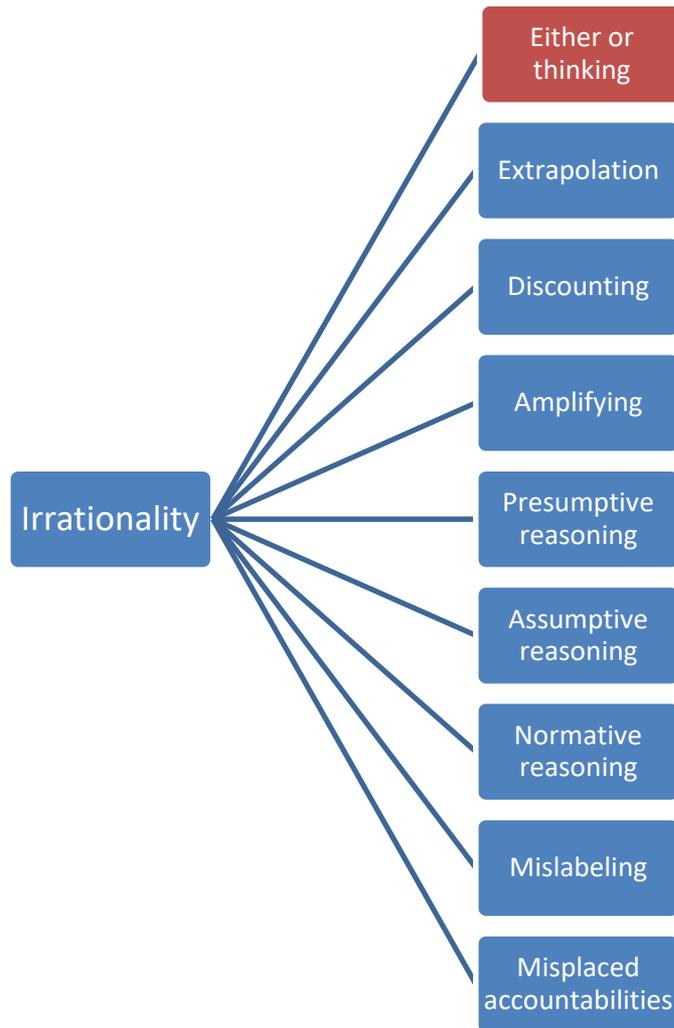
Nine Strategic Distortions Drive Irrational Decisions and Actions



Stop and reflect during crises and other times of major change. Is your thinking distorted and therefore, putting your business at risk?

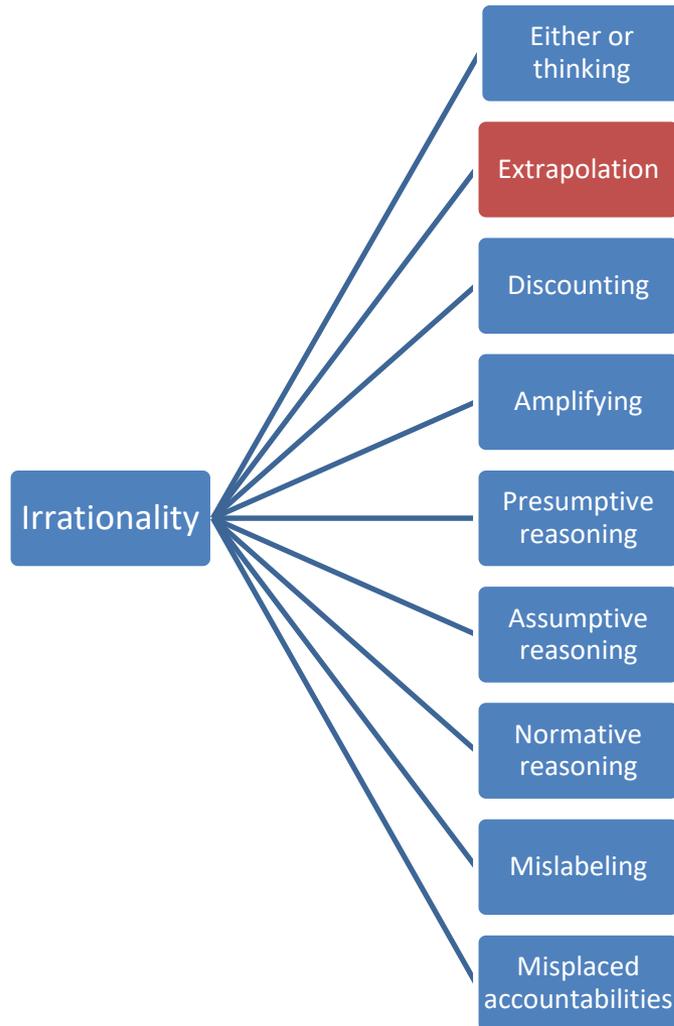
Following are signs of the distortions.

Either or Thinking



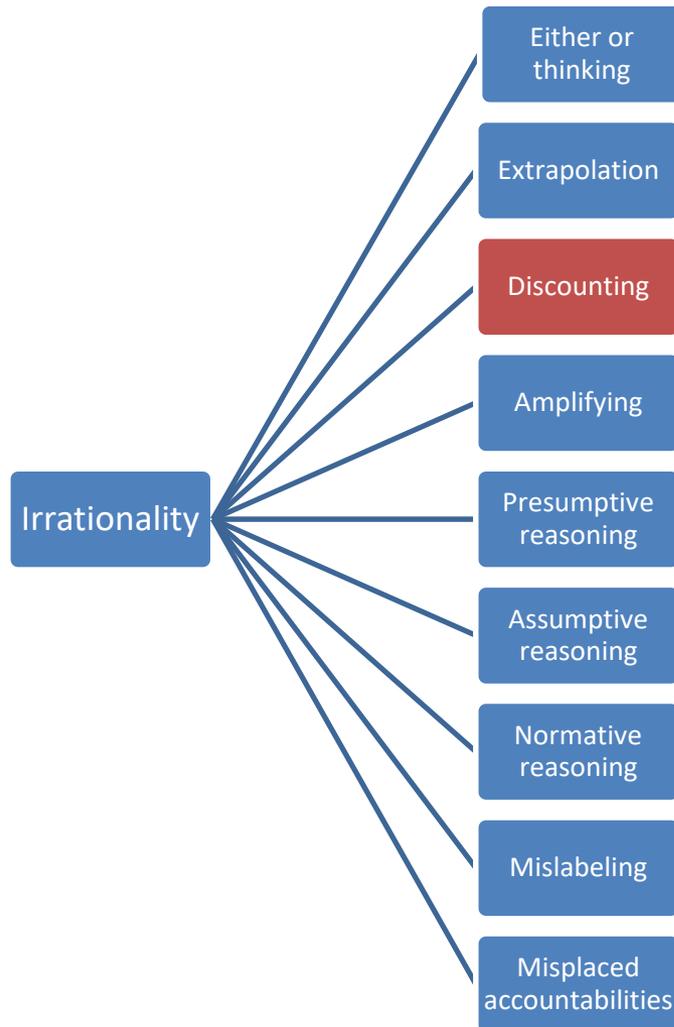
- Black or white
- All or nothing
- A world of polar absolutes
- Either win or lose
- No middle ground

Extrapolation



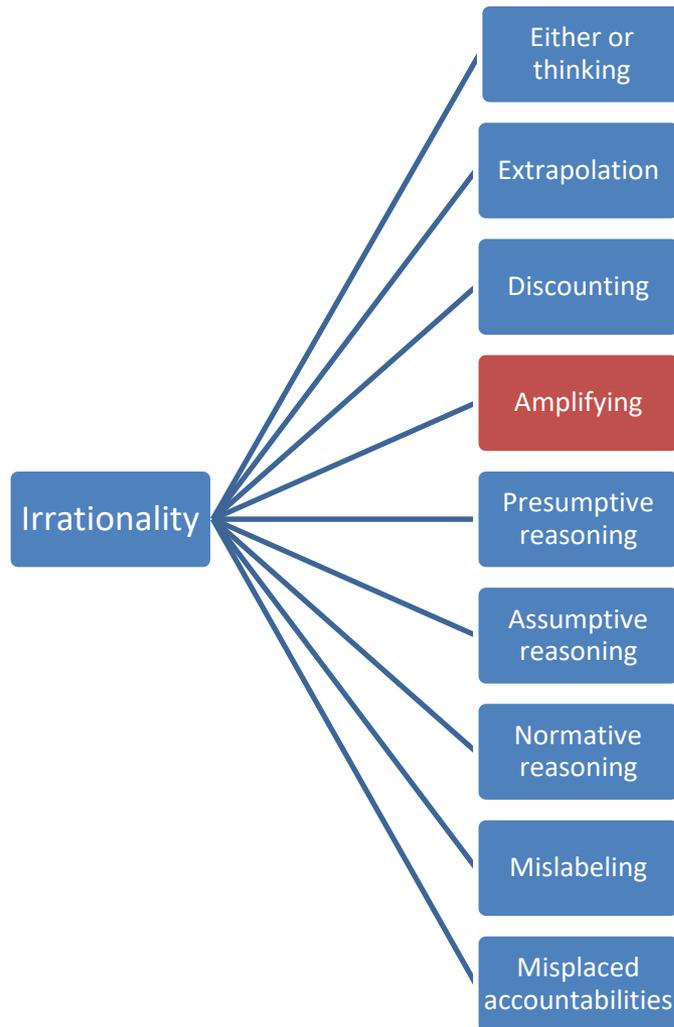
- Future is solely based on the past, good or bad
- Single point strategies
- Competitors' behaviors are predictable based on their pasts

Discounting



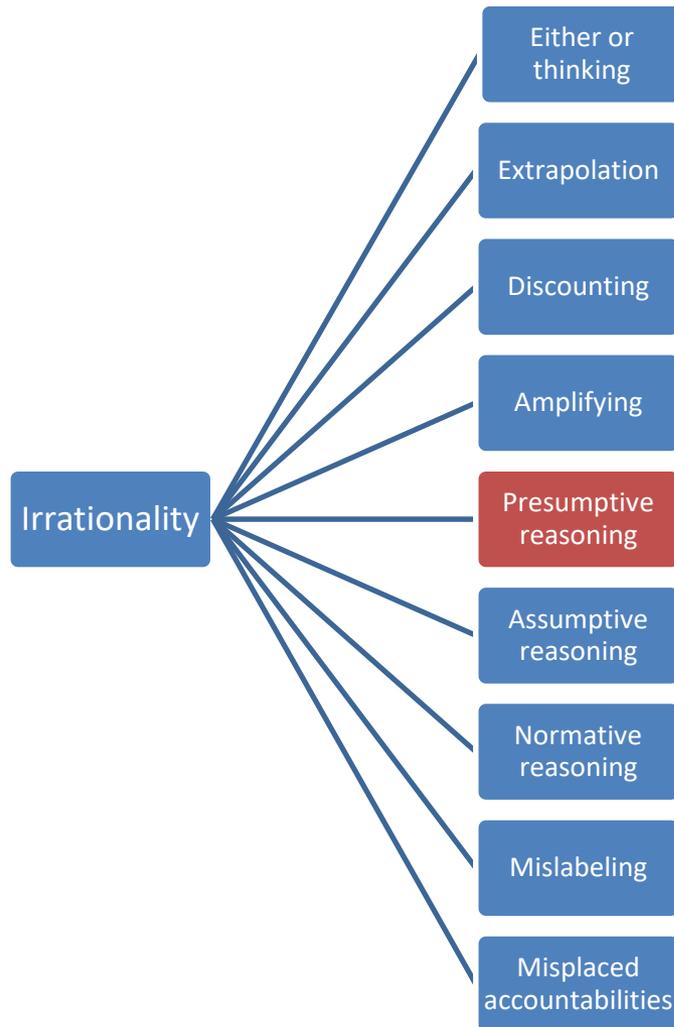
- Minimizing your strengths
- Minimizing your weaknesses
- Minimizing your competitors' strengths and weaknesses
- Minimizing the abilities of your people

Amplifying



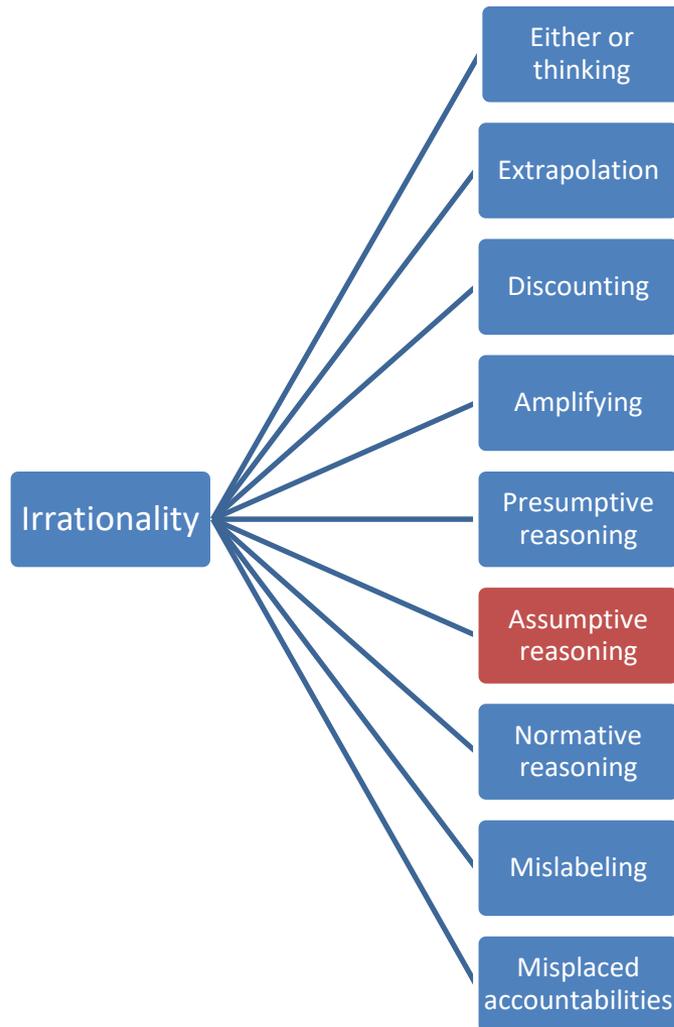
- Hyperbolic thinking
- Blowing out of proportion
- Chicken little syndrome (“the sky is falling”)
- “Worst I have ever seen”

Presumptive Reasoning



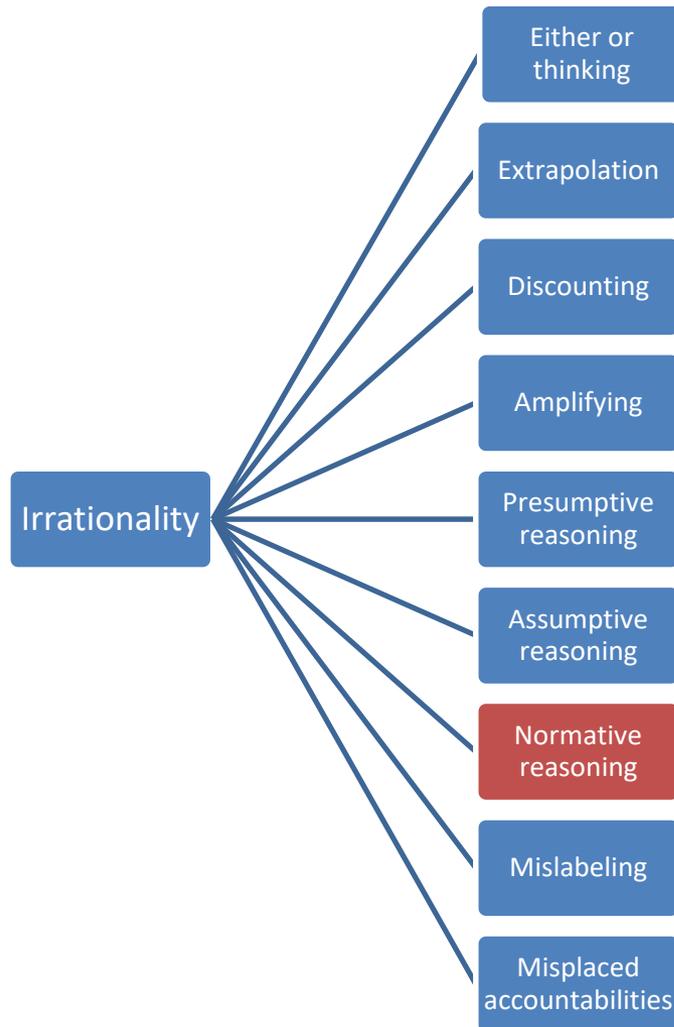
- Jumping to conclusions not supported by facts
- Fortune telling
- Borrowing issues from the future
- Relying on strategic premises from the “old normal”

Assumptive Reasoning



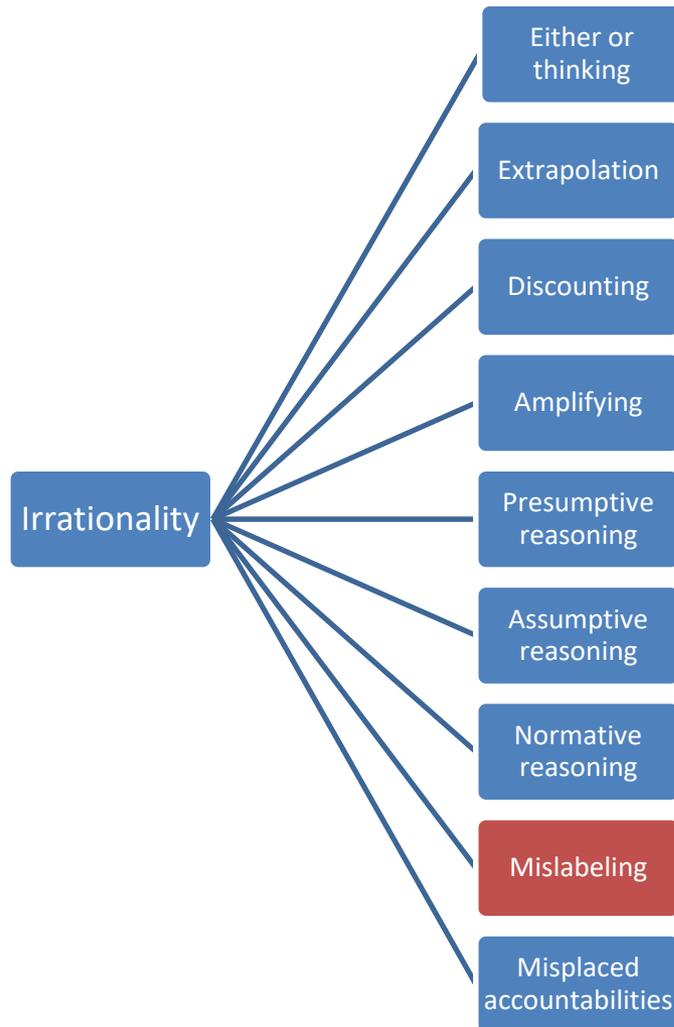
- “Been there, done that” assumptions will work
- Speculations ungrounded in reality
- Overabundance of conflicting news leading to conflicting assumptions within your organization

Normative Reasoning



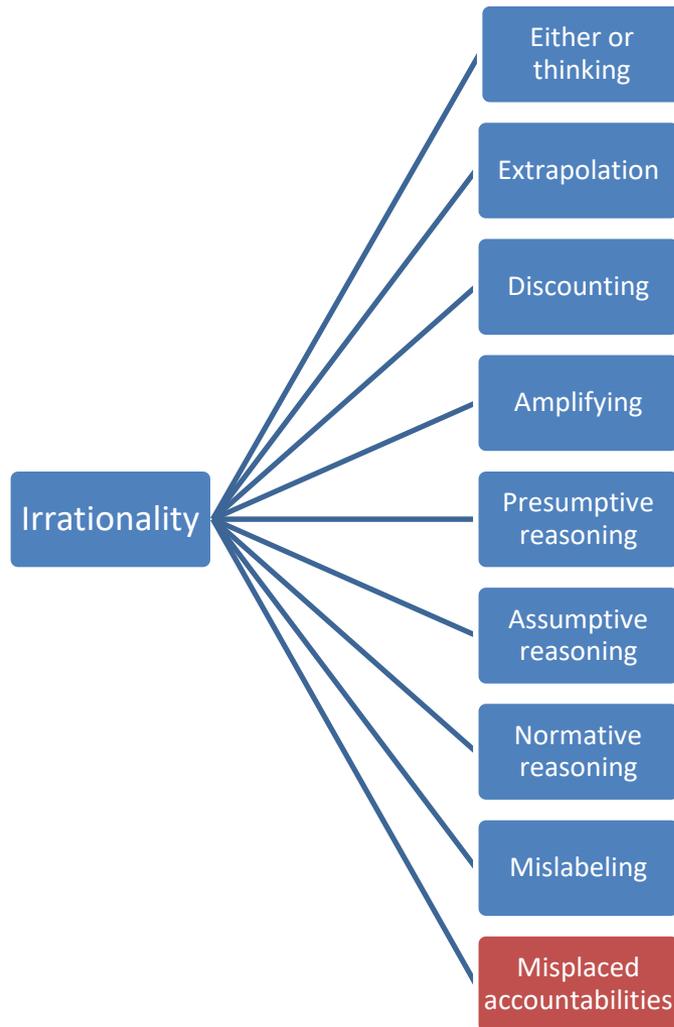
- An ideal world exists
- Guilt for not living in an ideal world
- Feeling of failure is the organization's *status quo*
- 'Coulda', 'woulda', 'shoulda'

Mislabeling

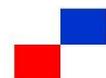


- The “new normal” is business failure
- Label organizations and people instead of behaviors and actions
- Believing your own press releases
- Business is going under as a result of your decisions

Misplaced Accountabilities



- Blaming your organization for externalities
- Not taking personal responsibility for inaction
- Believing you are a victim of circumstance



Business Mindfulness

- Ensure you, your leadership team, and your trusted advisors understand the factors driving distorted strategic decisions
- Perform self-reflection daily to assess your own decision-making process and your followers' actions
- Identify areas of distortion and the risks of allowing them to continue (calculated risks)
- Find and use a coach if you need one
- Help your customers achieve mindfulness so they keep buying
- Analyze your competitors' actions, determine their distorted thinking, and use to your advantage
- Do not be a victim, be a leader
- Communicate frequently (daily) with your people
- Be mindful of your decisions, words, and actions



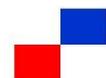
Coming Up ...

Business Mindfulness as a Competitive Weapon, Part 2

Tools for you

Tools for your organization

Tools to beat your competitors



Questions?

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