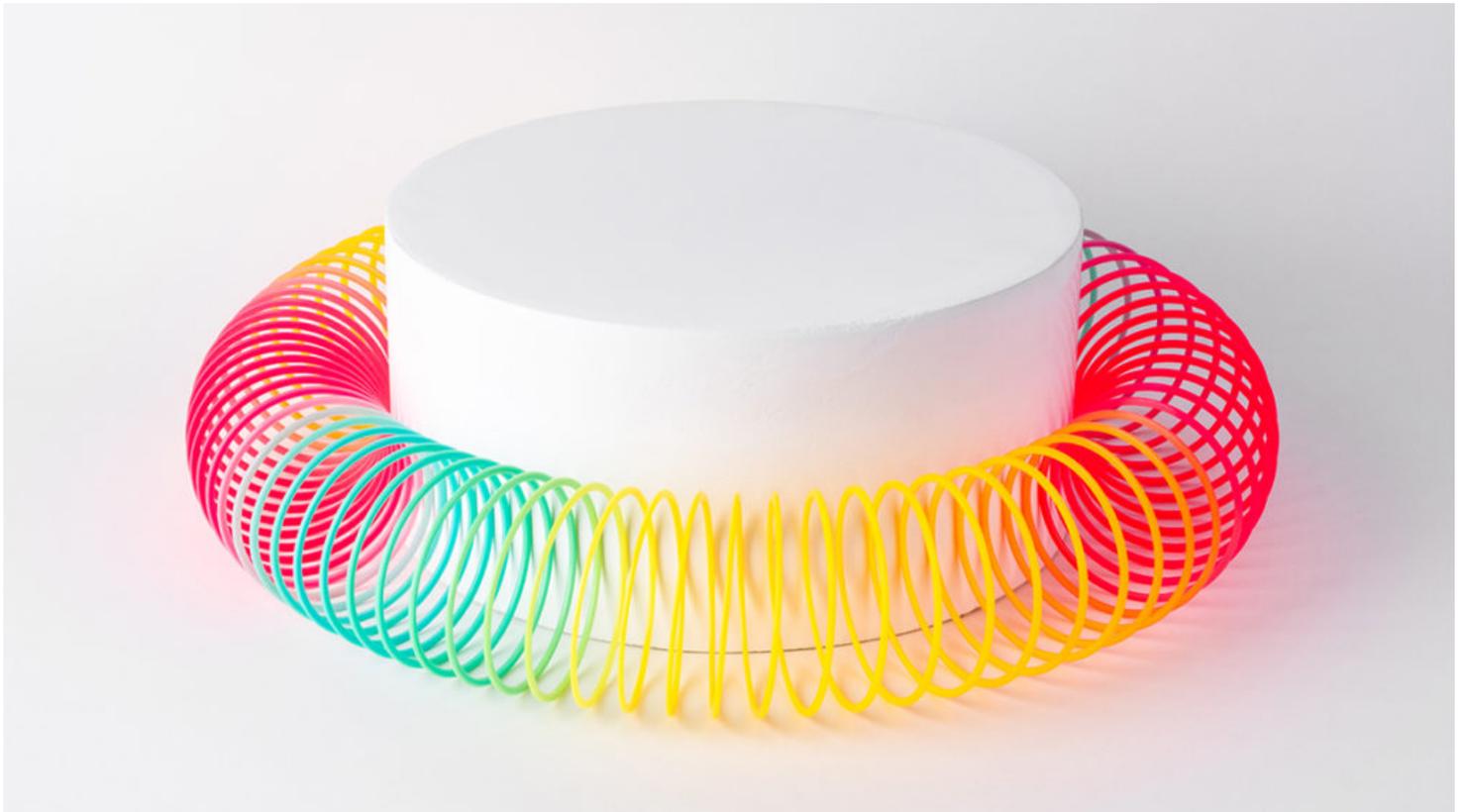


RISK MANAGEMENT

What Organizations Need to Survive a Pandemic

by [Nitin Nohria](#)

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MirageC/Getty Images

We've made our coronavirus coverage free for all readers.

Much of the organizational thinking about disease outbreaks, and about crisis management in general, has focused on preparation. With the sudden emergence of a deadly new coronavirus, organizational preparedness is key. In recent years, many companies, for example, have created risk management teams to develop detailed contingency plans for responding to a pandemic. This is necessary but not sufficient. In the complex and uncertain environment of a sustained, evolving crisis, the most

robust organizations will not be those that simply have plans in place but those that have continuous sensing and response capabilities. As Darwin noted, the most adaptive species are the fittest.

Consider the organizations described below. Which one would fare better in a sustained crisis such as a pandemic?

Which Organization Will Fare Better?

Organization 1	Organization 2
Hierarchical	Networked
Centralized Leadership	Distributed Leadership
Tightly coupled (greater interdependence among parts)	Loosely coupled (less interdependence)
Concentrated workforce	Dispersed workforce
Specialists	Cross-trained generalists
Policy and procedure driven	Guided by simple yet flexible rules

Organization 2 is clearly better positioned to respond to evolving, unpredictable threats. We know from complexity theory that following a few basic crisis-response principles is more effective than having a detailed a priori plan in place. In fires, for instance, it's been shown that a single rule—walk slowly toward the exit—saves more lives than complicated escape plans do.

I'm not saying that companies should not have comprehensive risk mitigation plans. They *should* be asking questions about their supply chains and internal organization like, "What's our response if one component goes down? What's our response if two components go down? Do we have redundant computer systems?" But just as important, companies need to ask, "What real-time sensing and coordinating mechanism will we use to respond to events we can never fully anticipate?"

Companies shouldn't rely solely on a specialized risk management team to see them through a sustained crisis. What if the team gets taken out? Instead, they need to develop the ability to rapidly evaluate ongoing changes in the environment and develop responses based on simple principles. This means that companies need a global network of people drawn from throughout the organization that can coordinate and adapt as events unfold, reacting immediately and appropriately to disruptions such as lapses in communication inside and outside the organization and losses of physical and human resources. (If a main office overseas suddenly drops out of a company's network, who is going to jump in?) This network needs to quickly cycle through a process of sensing threats, coordinating, responding, and then sensing again. It needs to engage in creative and collaborative yet disciplined problem solving on the fly, even as members of the crisis network move around or drop out.

This is exactly what marine expeditionary forces do, to great effect. One reason the marines are so nimble is that they practice. Companies should do likewise. A firm could establish a globally dispersed group with shifting membership that would devote, say, half a day every other month to engaging in crisis simulations. What would the group do, for instance, if 30% of the company's factory workforce in Asia dropped out? What if the United States closed its borders? How would the team respond to an "unthinkable" scenario? The goal is not to create specific rules for responding to specific threats but to practice new ways of problem solving in an unpredictable and fast-changing environment.

As for the two organizations described in the table, advantage in a crisis will go to the one that can leverage its capabilities and cooperate with other members of the community—even competitors. Companies should think about applying an open-source model to crisis response. Just as they invite partners and competitors to codevelop innovative products, they should look at whether codeveloped crisis responses would be better than proprietary ones. If they'd lose certain capabilities in a crisis and competitors would lose others, are there mutually beneficial opportunities for trade and collaboration?

Finally, many leaders think crisis management is not their job. That's why they hired risk mitigation and security experts. **But creating organizations that are strong in the face of uncertainty requires a new mind-set—and that must be driven from the top down. By developing a culture and mechanisms that support superior adaptive capability, companies will inoculate themselves against a range of threats, not just pandemics. They'll become more resilient and competitive in the complex and uncertain business of business.**

(Editor's note: This is an updated version of an article originally published in the May 2006 issue of Harvard Business Review under the title "The Organization: Survival of the Adaptive.")



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Angus Kowalsky 2 months ago

La única forma de contener una pandemia es disminuir el riesgo de contagio. Tenga el ratio que tenga un virus, contagio o mortalidad, por cada paciente contagiado tengo que aislar a unas 20 personas siendo optimista. Ningún país del mundo tiene la infraestructura hospitalaria necesaria para ello de manera que la única herramienta eficaz en la gestión de este tipo de riesgo es la educación social.

Yo enseñé el uso del pensamiento racional en las decisiones individuales y colectivas, entendiendo la razón en su acepción matemática. El tema de la semana ha sido el coronavirus y resolvimos, concretamente, la siguiente falacia de pensamiento planteada por un alumno: " Sí China construye 3 hospitales en 10 días significa que es más grave de lo que nos dicen"

Yo soy el paciente cero. Durante 15 días asintomática he tenido contacto(menos de 1 metro) con unas 40 personas(alumnos, profes, familia...) y habré contagiado a 4. Tendría que aislar a 40 personas quienes a su vez han estado en contacto con una media de 30 o 40 cada uno... Concluimos que en mi ciudad habría que aislar a 1.600 personas pero el ratio camas hospitalarias/población es de 3 por 1.000 habitantes por lo que solo disponemos de 800 camas. Tenemos dos opciones:

- 1) Aumentar el ratio camas/habitantes construyendo más hospitales.
- 2) Pedir a los posibles contagiados que se queden 15 días sin salir de casa.

Y es lo que China ha hecho.

Ningún país del mundo tiene la infraestructura hospitalaria necesaria para la contención de una pandemia de este tipo.

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