3.1 The Contingency Situation

It is important not to understand this chapter as a mere discussion of recent economic events. Rather, you should see this part of the book as a necessary step toward Template-based Management. This is because it is to a great extent the economic environment that necessitates a novel, more cost-conscious approach to conducting businesses. COVID-19 has more than ever and anything else turned our world upside down. In April 2020 leading economists attested worldwide recessions of about 2%–3% for 2020. In May 2020 the world looks different:

The Spring 2020 Economic Forecast projects that the euro area economy will contract by a record 7⅓% in 2020 and grow by 6⅙% in 2021. The EU economy is forecast to contract by 7½% in 2020 and grow by around 6% in 2021. Growth projections for the EU and euro area have been revised down by around nine percentage points compared to the Autumn 2019 Economic Forecast.¹

Nothing will be the same again. The “new normality” is no new normality as nothing will be normal ever again because what is normal de facto. For the first time ever, the EU is in the process of raising debts together for being able to put money in the markets and countries, respectively. Companies are putting their employees on short-term work for three or even six months. Schools are being closed down for months and the “Remote Economy” as well as “Remote Thinking” are the new buzz words following the June 2020 edition of the Harvard Business Manager. In the USA President Trump positions the military against its own people after George Floyd² was killed on May 25 during a police control and his predecessors Obama and Bush are tuning in against Trump.

¹https://ec.europa.eu/commission/presscorner/detail/en/ip_20_799. Accessed: June 6, 2020.
²https://de.wikipedia.org/wiki/Todesfall_George_Floyd. Accessed: June 6, 2020.
The completely irrational seems to become the new reality. But where are we coming from? UN Deputy-Secretary-General Amina J. Mohammed stated during a digital meeting of the World Economic Forum on April 8:

We have moved to a recession that will be worse than the one we experienced in 2008.3

Brian Moynihan, CEO of Bank of America and Chair of the World Economic Forum’s International Business Council in the same conference stated that due to measures taken by the central bank across the globe, markets have been

floated with liquidity that has been able to stabilize markets to a certain degree across the board. . . . The number one thing is to focus on is employees . . ., keep them well, keep them employed and keep them mentally healthy.4

Warren Buffet even said in regard to the inevitability and fleeting nature of disruptions to the global economy:

There will be interruptions, and I don’t know when they will occur, and I don’t how deep they will occur, I do know they will occur from time to time, and I also know that we’ll come out better on the other end.5

3.1.1 What a Look in the Rear-View Mirror Shows

In the light of the crisis in 2020, all earlier so-called crisis come into a new light. Already almost 20 years ago, the New Economy bubble burst, destroying with it, first, the hype about promising as well as not-so promising business models evolving around the Internet sector, second, the notion that the conventional business cycle was dead, and, third—among other things—that the stock markets—particularly indexes like the NASDAQ or Germany’s NEMAX, listing New Economy companies—around the world would keep on hitting ever-highs again and again. Few years later in the years 2003 to 2005, we faced another situation in which everything related to the Internet or electronic commerce (E-commerce), it seemed, is damned by both Chief Executive Officers (CEO) and investors. Apparently, we went from a crazy and excessive support of the Cyber Economy to an outright damnation of it—both tendencies to be vehemently criticized. The two developments—that of, in Alan Greenspan’s famous words in one of his testimonies, irrational exuberance during the 1990s, and that of, what I would call, irrational apathy or pessimism at the moment—have taken their toll on us, wiping off some

3https://www.weforum.org/agenda/2020/04/covid-19-action-call-8-apr/. Accessed: June 6, 2020.
4https://www.weforum.org/agenda/2020/04/covid-19-action-call-8-apr/. Accessed: June 6, 2020.
5https://markets.businessinsider.com/news/stocks/warren-buffett-berkshire-hathaway-12-quotes-coronavirus-coke-market-crashes-2020-3-1029019507. Accessed: June 6, 2020.
$7 trillion in share-value on the US stock market alone since its peak in 2000.\textsuperscript{6} The picture was not better for Europe either. London’s FTSE 100 index had lost some 40%, Frankfurt’s DAX and Paris’s CAC 40 around 50%, and Madrid’s SMSI nearly 35% of its value in those 2 years. Stock markets in all of Europe had been declining—with some notable exception like Russia’s RTS or Hungary’s BUX indexes.

But it was not only the decline of stock markets around the world that proved to us how bleak the current situation was during that time by reducing all disposable incomes. Rather, it was the hard-macroeconomic data that had been indicating the storm to come for a long time.

The slowdown both in Europe and across the Atlantic was followed by yet another dip—a so-called double-dip—in output. Even though the Federal Reserve Bank (Fed) in the USA kept its federal funds’ rate at its 40-year low of just 1.75% at its August 15 in 2003 meeting, indicating a readiness to cut the rate once a further weakening of the US economy would have been supported by material facts so as to avoid another slide back into recession. This very much indicated the USA economic policymakers’ awareness of the dire straits of not only the domestic economy but also the world’s, and their willingness to avoid any further damage to be done to both.

The European Central Bank (ECB), however, had maintained its tough stance on keeping the interest rate at 3.25%. By doing so, the ECB wished to keep inflation in the Euro area below its ceiling of 2%. But it neglected the fact, or rather put less emphasis on it that the European Union’s powerhouse, Germany, was also heading toward negative output again.

In theory, Germany—with inflation of just 1%—could have used fiscal policy to circumvent the ECB’s one-size-fits-all policy. Given the already tight fiscal situation and the floods that had plagued the eastern part of Germany, this was not an option anymore. Because otherwise Germany would not have fulfilled one essential Maastricht criterion of keeping its budget deficit equal or below 3% of its gross domestic product (GDP). Therefore, it was quite likely that Germany may have suffered from another slide into recession, further denting business investment, and consumer spending. Moreover, another period of negative GDP would have definitely increased the number of insolvencies in Germany further, already three times higher than in 1992.\textsuperscript{7} The effect of Germany having slid again into recession on Europe would have been very bad, because it would have reduced the confidence of both investors and the general public in, first, the EU’s ability to finally leave long periods of mediocre growth behind and, second, in the ECB. Both effects would have weakened the Euro, with public support already diminishing.

\textsuperscript{6}Source: The Economist Magazine, August 15, 2002.

\textsuperscript{7}Source: Goldman Sachs & Co., 2002.
3.1.2 The Stormy Waters of the New Millennium

One can see how hard it was, even for a powerful country such as Germany, to weather the storm of the global slowdown by applying sophisticated economic instruments.

Given the uncertainty of the Americas (most remarkably Argentina and Brazil, which may finally default on its debt payments) as well as Japan’s still sluggish economy, the outlook was not at all rosy, to say the best, if not even bleak for the following years.

There were indeed other macroeconomic factors that largely influenced the future economic development of the USA and Europe—such as the US account deficit and Europe’s weak exports, for instance at the beginning of the new millennium. Another topic that would have fit at that point certainly was the stock market crashes and the myriad insolvencies following them. I will go into more detail concerning the two last issues. For now, however, how do all these facts and figures appear from a world currently fighting a global COVID-19 pandemic? The New Economy crash hits the IT industry and the new economy. The 2008 crash hits the financial industry and, of course, through collateral damages the people seeing their pension provisions going down the drain with the losses on the stock markets.

But have we ever seen a complete lockdown—a standstill of all industries and businesses except supermarkets and pharmacies? Never ever a crisis had such an impact on our lives as COVID-19. What will the world look like after or maybe still with this virus? From what we know today four scenarios are being discussed by the Future Institute as possible for the future which will definitely also influence the economical rehabilitation.

3.1.3 Mind Game of Future Scenarios

Scenario 1 is called the “total isolation”—the worst case. Traveling is restricted as it has never been before. Crossing a border means to have a permission and all health data must be kept available at any time. An implanted microchip will do this job for us. Against the background of the current re-openings of borders—at least within the European on June 15—in view of the positive infection figures and with my positive attitude, I would state that this scenario will not be our future pathway to take or to go for. But I strongly believe that traveling, and especially business trips, will face a dramatic change in the form of a significant decline. Already now we can observe how the remote economy is starting to function better and better. Or would you have ever thought to see people on TV featured live on air out from their partly funny looking living room or office? The borders have shifted.

The “system crash” is considered as the second scenario. The underlying hypothesis is that the world will not be able to recuperate from the COVID-19 virus either

8https://www.zukunftsinstitut.de. Accessed: June 6, 2020.
because of further infection waves or simply the fact that the virus keeps mutating in a way that even a vaccine would not put us in the position to contain the virus. This meta-catastrophe as a sword of Damocles will have a major impact on the trust and believe in global cooperation and efforts. Politicians will be forced to refocus on national interests. Nations will need to protect their people and will again keep their borders closed meaning to also more and more reactivate national economical independent systems as the transport of goods and people will for years be locked-down similar to the time prior to the European Union with different currencies, borders all over and only limited available products across all sectors. International cooperation can then be considered as a model of the past.

A somehow attenuated form of the latter scenario is the “Neo-Tribes” scenario facing a global economy shifting back to local structures and values. In light of the environmental and sustainability debate, the vegetables and fruits from local farmers are considered the preferred choice. Anyway, goods from the other side of the world will not be that easy to find in supermarkets due to transport and export limitations and difficulties. The return to family, home, and farm will strengthen local communities and foster differentiation from “the others.” Indications for this development can be seen already in many countries with TV spots aiming at making you feel like a holiday in your own country. This change in orientation is already happening now toward a “remocal” economy based on the symbiosis of “remote” but “local” business operations.

The last scenario by the “Future Institute” is called the “adaption” model. The world will regain strength and will learn to adopt more flexibly to occurring changes and happenings. But the economic growth will slow down as a tribute to the greater agility in dealing with change. The question of the purpose of economic activity and new, respectful interaction with one another are the main characteristics of this scenario 4 new world.

### 3.2 The Remocal Economy

With my background in strategic management, I state that—as in most cases—we are looking at three scenarios. A worst-case scenario with more or less closed borders, restricted individual travels, and transports of goods. We can call it the renaissance of the local economies and the nation-states. This scenario would have a significant impact on global players with their omnipresent outlets, logistic centers, and their globally located buyers and clients. What would happen to Amazon and Alibaba? Would they need to close down their business or sell if off into local small business? This seems more than illogical and inconceivable.

The second neutral scenario will be a hybrid model allowing for flexibility to react, referring, and committing to social values, sustainability, and local producers but still aiming at profiting from global economics in regard to import and exports and global supply chains. This means that the “remocal” economy will take all the good from both sides. Smart governments will succeed in advantaging local businesses by not irritating global businesses maybe reacting with punitive duties
and other disadvantageous mechanisms. This scenario will also need to strongly and proactively work on taking advantage of the remote aspect of the economy. Between 20 to 40% of labor costs are caused by travel expenses. Businesses smartly dealing with this new necessity to avoid business trips can therefore realize this quick cost-saving win by adopting their travel policies.

By doing this the smart B2B marketers will also put this “green” aspect in their package of CSR9 assets as part of their content marketing10 and market it to the relevant target groups. A recent study by Harvard Business Manager11 confirms that the remote home office work is considered by 46% as much more effective in comparison to the office work. Even 80% indicated a significant higher employee satisfaction. But we need to learn to deal with the decrease of social and face to face interactions as well as with video conferencing. Forty-one percent of the responding managers expressed to feel more lonely working remotely than working from their offices. More than half (54%) of the interviewees are not at all using video conferencing which means that they cannot see their opposite, which again negatively impacts the mental wellness of the people resulting in declining Corporate Mental Wellness12 in the long run.

The third scenario is normally labeled as the “best case” scenario but I would not want to use this term in the light of the current contingency situation as I deeply believe it not to be the best case. Due to this, I label it as the “old normality” scenario. The third and remaining scenario would be a situation in which we will get back to the old situation prior to COVID-19 with planes being all over the sky and with airfares for less than the Uber13 ride to the airport—and I like Uber! I think we all would buy into the fact that this scenario will not see the light of day and will not come true, which is good.

3.3 Why The Future Will Be Hybrid

Based on what I see and read I assume the second scenario to be the one we will be looking at for the future. It is the one in which it should be possible to learn from the past and make a virtue of necessity. For all of us, this can be a major and long-lasting win-win. Parents and families can better arrange their personal lives by working remotely as the recent Harvard14 study also verifies. Seventy-seven percent confirm that remote work in the home office allows for a better and healthier combination of work and private life. Family must be considered as the so important breeding

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9https://en.wikipedia.org/wiki/Corporate_social_responsibility. Accessed: June 6, 2020.
10Mörk, O.: “Contingency-Centric Content Management” in: Seebacher, U. G.: “B2B Marketing – A Guidebook for the Classroom to the Boardroom”, Springer Heidelberg, 2020.
11Harvard Business Manager, June 2020, p. 11.
12Seebacher, U., Güpner, A., Hillert, A.: “Corporate Mental Wellness”, USP Publishing, 2010.
13https://www.uber.com. Accessed: June 6, 2020.
14Harvard Business Manager, June 2020, p. 11.
ground for future healthy generations and economies. Companies and businesses can significantly not only reduce their costs structures through the minimization of business travels but also reducing expensive office space. On average 8000 Euros businesses must spend for one office working space per year in Germany. Only in Germany, approximately 500 million square meters are currently used for office space summing up to incredible 8.1 billion Euros of annual costs. By applying remote work, experts estimate that 50% of the currently used office space could be eliminated which means approximately 4 billion Euros per year only for German companies. On average, the cost of a workplace represents between 7 and 10% of the annual costs for employees.

### Facts and Figures

Summing up the savings in the area of travel expenses and the saving potentials in the area of office space elimination, we are looking at approximately already between 30 to 40% of cost savings per employee not needing to dismiss people as part of the corporate social responsibility. If we look at a recession for 2020 and 2021 of about 7% decrease in economic performance, there would therefore not be any need to think about huge waves of dismissals as the saving potential can be found within the business themselves. Strategic Workforce Management will be at the core of mastering these turbulent times.

But the removal economy requires the top management to change. Classical forms of work will not work anymore. A change in mindset is required. For enabling organizations to successfully apply new ways and techniques of modern workplaces one thing is key, namely trust. Management must trust in their people that also from home offices they will actively drive and support the business. Management must overcome the inherent mistrust, which can be found especially in old and conservative industries where sometimes the unions are more into new forms of modern workplaces than their colleagues from the HR department. My friend Dan told me, that in his company, the unions were trying to implement a new home office policy some years ago but the Global HR Director voted against it and knew how to stop it, because of not trusting the people also doing a proper job from their homes. Trust will be an essential driver and designing factor for the “Post-COVID-19” era.

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15 [https://www.steelcase.com/eu-de/forschung/artikel/wie-kann-ich-durch-buroraum-optimierung-kosten-senken/](https://www.steelcase.com/eu-de/forschung/artikel/wie-kann-ich-durch-buroraum-optimierung-kosten-senken/). Accessed: June 6, 2020.

16 Approx. 5,400,000,000 square feet.

17 Seebacher, U., Guepner, A.: “Strategic Workforce Management”, USP Publishing, 2018.
3.4 Toward the Triangle of Trust

Based on the model and works of Francis Frei\textsuperscript{18} from Harvard Business School, trust (Fig. 3.1), in general, is based on three aspects:

1. Authenticity
2. Empathy
3. Logic

For many years I wanted to write a book on authenticity but never succeeded in finding an approach and concept for putting together a guidebook on that ever more important topic. The more it pleases me that more and more authors and experts are raising authenticity as a core topic in management and behavioral science. Authenticity can be defined as the quality of being real or true. Authentic can also be described as not being false or copied. Overall my preferred term for being more precise on that term is “representing one’s intrinsic personnel nature or beliefs enabling the individual to be true to oneself.”

This means authenticity is something that cannot be learned. Many things in management behavior can be trained and developed but authenticity needs to grow intrinsically. And this is, what makes this character so special.

3.4.1 Authenticity

Authenticity is closely linked to appearance and perception in a sense of a specific quality of perceptual content. Such content can be linked to things or objects, people, happenings, or even and especially human actions. Authenticity presupposes the

\textsuperscript{18}Frei, F., Morriss, A.: “Unleashed. The Unapologetic Leader’s Guide to Empowering Everyone Around You”. Harvard Business Review. June 2020.
congruence of appearance and reality. In case of conscious or unconscious inconsistency of appeared and real content, this means a possibility for deception and falsification. Content can be considered authentic if both dimensions of perception are anticipated to be in alignment and congruence. The divergence of the “real real” and authentic from the “fake” or “supposedly” real is interpreted in social behavior sciences as a meta-level competence of human beings in regard to contingent- and self-knowledge. Whereby this statement is also a statement to be critically questioned, because it is assumed that animals have a distinct competence to distinguish authentic from simulated behavior very well.\(^\text{19}\) As a passionate equestrian sportsman, I can only confirm such statements and opinions.

Based on my own experience I would confess, that only through my intense time playing polo during 2004 to 2018 and my close contact with my polo ponies I unconsciously developed a totally new level of individual authenticity. I am firmly convinced that my horses were the best trainers. They knew at which days they simply had to just “carry me” because of me being distracted and when to cool me down getting me focused. Authenticity is a complex intrapersonal growth process. One must be ready, prepared, and mature for taking this journey. I strongly believe this also requires the adequate people around you facilitating this growth process.

And only authentic leaders can and will be able to turn an organization or a team into an authentic one. An authentic organization is a structural construct in the sense of what highly recognized Novartis Professor of Leadership and Management at Harvard Business School Amy C. Edmondson describes with her “fearless organization”.\(^\text{20}\) And here again, the big difference between managers and leaders comes into play. Leaders can light fire in people because they are authentic. They understand to fail and let their people fail and take such occasions to let them grow. Managers are technocratic and manage by pressure and fear. Yes, also leaders put pressure on their people as this facilitates growth. Yes, also leaders use KPIs, but the setting of these performance targets is done jointly and in addition the people know the “WHY” they are doing this. After the triangle of trust, I shall refer to this little “WHY” and its big impact on post-COVID-19 organizations (Fig. 3.2).

Can we measure authenticity? Not really, but in order to prove authenticity, very far-reaching techniques have been developed trying to define and establish a set of criteria for authenticity at least for a certain area of the object in a normative way.\(^\text{21}\)

\(^{19}\)Castilho, A., Oliveira R., Seebacher, U.: “A Quechua – The Polo Connection: How to Start Playing Polo without Knowing Anything About Horses”, Bookrix, 2015.

\(^{20}\)Edmondson, A. C.: “The Fearless Organization – Creating Psychological Safety in the Workplace for Learning, Innovation and Growth”. Wiley, 2018.

\(^{21}\)https://en.wikipedia.org/wiki/Normative. Accessed: June 8, 2020.
3.4.2 Empathy

The second pillar of the triangle of trust is empathy, deriving from the Greek word ἐμπάθεια meaning “physical affection or passion.” The main part of the word is “pathos” in the sense of “passion” but also “suffering.” In a virtual remocal world this capacity will face an ever more important role enabling human beings in business environments not only being empathetic but even more so being this remotely and virtually (Fig. 3.3).

22https://en.wikipedia.org/wiki/Empathy. Accessed: June 8, 2020.
Many definitions of empathy are being used with many different emotional states such as cognitive, emotional or affective, and somatic empathy. All have in common that empathy is about the authentic effort and desire to help and care for somebody and to eliminate the difference between the “me” and the “other.” With this capability, one is enabled to experience feelings and emotions that match another individual’s emotions. Martin Hoffmann, an American psychologist, did intense work and research on the development of empathy and according to him, everyone is born with the ability of feeling empathy. Empathy is divided into three categories:

1. **Affective empathy** or emotional empathy in the sense of the ability to respond to another individual’s mental state with adequate and appropriate emotion.
2. **Cognitive empathy** describes the ability to understand the mental state or emotions of any other individual.
3. **Somatic empathy** is used in the sense of physical reactions—where else the latter ones are mental reactions—based on mirroring neuron responses initiated through the somatic nervous system.

Many top managers have great issues with empathy because they are highly analytical and logical people getting bored pretty fast. Realizing that their colleagues or direct reports are not as fast as themselves makes them feel impatient. This again is perceived as ignorant and non-empathetic by their colleagues. But human beings at their core are striving for recognition and if they do not anticipate this kind of mental state from their boss than this causes uncertainty, mental bad-being, and mistrust.

### 3.4.3 Logic

For logic, there exists no commonly agreed and used definition. The word derives from the Greek word λογική, which means “being possessed of reasoning”, intellectual, dialectical, and argumentation. Despite this ongoing research and debates the philosophy of logic conclusively uses the following three criteria as a basis for a common understanding:

- Classification of arguments

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23Rothschild, B. (with Rand, M. L.): “Help for the Helper: The psychophysiology of compassion fatigue and vicarious traumas.” Univ. Press 2006.
24Hoffman, Martin L.: Empathy and Moral Development: Implications for Caring and Justice. Cambridge: Cambridge University Press, 2000.
25Rothschild, B. (with Rand, M. L.): “Help for the Helper: The psychophysiology of compassion fatigue and vicarious traumas.” University Press 2006.
26Quine, Willard Van Orman (1986) [1970]. Philosophy of Logic (2nd ed.). Cambridge, MA.: Harvard University Press, pp. 1–14, 61–75.
• Systemic exposition of logical forms
• Validity and robustness of deductive reasoning

If as a boss logic is an issue, then this is being seen as a leadership weakness. If the boss is not convinced by his or her ideas, why then should the others follow him. Would you want to sit in a plane not trusting the captain? Why should employees accept and leave a person in charge when they doubt his or her judgment?

This means that all three capabilities are essential for establishing a sustainable and successful trust-based leadership environment as part of a fearless organization in which collaboration is an ongoing individual as well as organizational learning process. If employees get the impression that you are hiding something from them, they will not open up, but this is the essential prerequisite for successful leadership.

3.5 The New Green Deal

The American Economist Jeremy Rifkin\(^{27}\) has introduced that term of a new green deal and has had many controversial discussions with international top managers such as the Econ-CEO Johannes Teyssen but also politicians such as German Chancellor Angela Merkel. Rifkin postulates a paradigm shift in regard to business models but also management models. He announces a hydrogen revolution as well as a zero marginal cost society.\(^{28}\) His major criticism is targeted at the managers’ unwillingness to change. Their stoicism leads to the fact that decisive measures are not taken in time and thus the necessary changes are not initiated.

Rifkin sees many new disruptive business models already for the next 2–3 years and managers not being able to bring a new business model themselves to the table will go bankrupt. Such as Teyssen losing billions by not on time getting rid of certain businesses also many other managers will face the same destiny. Even though the new disruptive business models can already be found in the markets such as new energies, new mobility, new ways of efficiency, and even new ways of arranging our lives in a remocal business world.

In 2020 the global information technology industry will hit the 5 trillion US Dollar threshold based on the latest IDC research. The question is how COVID-19 will impact this figure. The entire industry is driven by the omnipresent digitalization not only of economies, jobs but also personal lives. The largest tech market in the world remains the USA with over 30% of the entire IT business. Europe continues to account for approximately 20% of global IT spending. China is picking up in both spending but also global leadership position in the area of emerging segments such as robotics or Cyber Security. All in all, IT is and will be a driver and enabler for the economies with growing figures but changing business models. The entire IT

\(^{27}\)https://en.wikipedia.org/wiki/Jeremy_Rifkin. Accessed: June 8, 2020.
\(^{28}\)Rifkin, J.: “The Green New Deal: Why the Fossil Fuel Civilization Will Collapse by 2028, and the Bold Economic Plan to Save Life on Earth”, St. Martin’s Press 2019.
industry will also try to profit from the Netflix-Industry in the sense of not selling their products and services anymore but renting or leasing them out to their clients. This in the long-term creates a rather foreseeable cashflow development due to monthly license fee payments and also assure their clients to remain trapped in the “lock-in” syndrome as described by Shapiro and Varian.29

What this means for the companies is that they will need more services in order to be able to effectively take advantages of new IT tools. The choice again is then for “make” or “buy.” In order to reduce costs after COVID-19 lockdowns and to enable the rehabilitation of the companies, business must enable their people through Template-based Management (TBM) to deal with all kind of related issues as part of the identification, evaluation, selection, and procurement but also deployment of a new IT solution or tool. Otherwise, external consultants and suppliers will make their business out of this.

And, more and more IT companies outsource the sales, implementation, and after service business to third party suppliers who themselves make and optimize their business by re-using always similar templates for implementation projects. Companies should, therefore, try to take advantage of the TBM model in order to increase the percentage of internal value creation. Closely linked with the IT is the digitalization of the business world, what is commonly called the Internet of Things (IoT)30 or the Internet of People (IoP).31 This means we are fastly heading towards a world in which all kinds of machines will be 24/7 interconnected and linked for exchanging data on products and processes. Big data are being used for gathering data, running cluster analysis based on which then smart and predictive services32 can be delivered. What many years ago was called Just-in-Time (JIT)33 or E-Supply Chain Management34 is now labeled as IoT and IoP, and Predictive Supply Chain Management (PSCM).

3.5.1 The Cybersecurity Industry

Against the background of a remocal economy global supply chains must be managed interactively, predictively, and above all securely. The sector of Cybersecurity is a major growth segment and has to provide solutions for securing business and their data by still allowing for specifically defined “openness” of

29Shapiro, C. & Varian, H. R.: “Information Rules: A Strategic Guide to the Network Economy”. Harvard: Harvard Business Review, 1999.
30https://en.wikipedia.org/wiki/Internet_of_things. Accessed: June 8, 2020.
31https://computerwelt.at/news/casestudy/der-naechste-schritt-ist-das-internet-of-people/. Accessed: June 8, 2020.
32https://en.wikipedia.org/wiki/Predictive_maintenance. Accessed: June 8, 2020.
33https://en.wikipedia.org/wiki/Just-in-time_manufacturing. Accessed: June 8, 2020.
34Wannenwetsch, H.: “E-Supply Chain Management”, Springer 2002.
systems enabling the required data exchange. Because IoT without interconnectivity does not work.

Cybersecurity is also requiring a major cultural change when looking at small and medium sized enterprises (SME) in conservative industries. Of course, these companies are heavily relying on their internal data and need to protect them with all means but on the other hand, they need to catch up with agile disruptive start-ups for ensuring their own business survival. Many times, I was engaged in discussions about digitalization and IoT during which top managers from SMEs told me not being willing to share data with partners down- or upwards in the value chain because of cybersecurity issues.

I told them, that never ever their SME IT-infrastructure can be as safe as the Cloud-based solution of one of the big IT providers and their systems. On the contrary, SMEs can substantially take advantage as part of the remocal economy as they increase their level of cybersecurity, will profit from a better and more efficient machine management based on the gained knowledge through big data and their supplier can proactively help them to protect their equipment against damages through broken machine and spare parts as well as through smart and predictive service avoid costly down times. But all this can only work with IoT and IoP solutions with 24/7 data exchange. As part of this the SMEs—whether disruptive start-ups or conventional family-owned businesses—will take advantage from an upgrade of their entire IT-infrastructure. Many brilliant companies are in the market helping also not only the big global players but especially also the smaller players to leverage their IT in regard to sustainable and solid cybersecurity.

3.5.2 The As-a-Service Industry

For approximately 5 years the “As-a-Service” (AAS) Industry is more and more part of strategic discussions also in big businesses. Originating in the telecom industry where mobile phones were not sold anymore but given away as a “freebie” as part of a 24 months contract, “Software-as-a-Service” (SaaS) emerged and now swaps over to many other industries. I can still remember buying my first mobile phone in 1997 in Dusseldorf. I used to work for Deloitte Consulting. My friends in the USA told me that they do not have to buy their cell phones as they get it for free as part of their 2 years-contract with AT&T. This, in those days, was considered disruptive.

Customer retention was the magic term. Instead of selling the cell phone as a one-off, I bind the customer to the company for 24 months. This is one side of the coin. On the other side, we are looking at a development similar to the early years of operational and corporate car leasing. In those days, the AUDIs and BMWs, just to name two of them, used third party financial services companies to start leasing-out vehicles. Initially, they worked with classical financial services companies but soon realizing that this would be an easy and attractive add-on business. This led to the development of the BMW bank and others. Why? Because the “leasing-out”
products turned out to be an easy one and why to give this business to third parties if this could be done also via a vehicle such as the BMW financial services company.

It was a win-win. The clients did not anymore need to buy the corporate cars for their sales guys and usually after 3 years, the sales managers were happy with their brand-new car. Times were gone, in which the company had to sell the old car and ensure the funds for buying the new one. The leasing was plannable, with less administrative work and also from the financial perspective much better for the corporate cashflow. In the end, the car manufacturer extended their value chain also making money through the leasing business and the clients optimized their cashflow through not needing to buy the cars (Fig. 3.4).

So why not also lease out big machines and equipment? Would not this be to the benefit of all involved, if Equipment-as-a-Service (EaaS) would be available? Who are the involved stakeholders? The end clients of the products (EC), the product manufacturer of the end product (PM), and the equipment manufacturer (EM). The advantages for the end clients can be summarized as follows:

Fig. 3.4  EaaS business model structure
• No delays in end product delivery due to reduced or even eliminated downtimes at PM
• Even higher, better and consistent level of quality of end product due to always best-serviced equipment and machinery at PM
The advantages for the PM can be summarized as such:
• Optimized cash flow and balance sheet due to the fact that equipment must not be fully paid or financed.
• Opportunity to timelier and flexibly adjust production capacity to market demands and needs.
• Depending on the level of service agreement with EM in best case 24/7 surveillance and remote monitoring of entire equipment resulting in full risk management and coverage in regard to entire machinery, plannable service intervals based on smart and predictive service leading to less costs for service and rehab.
• Continuously best possible and optimized equipment efficiency and performance based on interactive, big data gathering by EM and related cluster analysis and deviation evaluation leading to ability to adjust relevant parameters of equipment not only for specific machines but the entire equipment value chain to always achieve the best output of production process; this reduces energy consumption and extends the lifetime of the applied machinery.

And last but not least the benefits for the EM shall be listed. We only look at the EaaS in the narrowest sense, in which the EM is not participating in the financing business even though this is a considerably good new business model:

• The EM can increase sales even in tough times as the PM does only calculate and earn the monthly payments being substantially smaller than the big lump sums for purchasing the equipment.
• The EM gets 24/7 access to the equipment and data as part of the warranty agreements which allows the EM by using the data to ongoingly work on optimizing and further developing the equipment.
• The EM turns into a partner instead of being a pure seller of equipment which helps to create trust and a long-term client relationship also positively impacting the customer experience35 and loyalty.

Overall this entire EaaS model is a big win for all engaged stakeholders. But it requires in-depth knowledge on the specific equipment and the different fields of applications.

35Halb, F.; Seebacher, U.: “User Experience and Touchpoint Management”, in: Seebacher, U.: “B2B Marketing – A Guidebook for the Classroom to the Boardroom”, Springer, 2020.
3.5.3 **Excursus: The TBM-Based EaaS Calculation Engine**

For one of my clients, I developed an online interactive EaaS Calculation Engine for calculating the monthly payments for a specific machine, the dedicated area of application, the destination for the installment, the required service intervals, and costs but also the different four possible service levels. We defined four different Service Level Agreements (SLA) based on benchmarking and research. The tool allows for dynamic adaption of defined descriptive parameters in order to meet business objectives as well as best and competitive solution for the clients. The tool can be linked with different data sources and can also generate EaaS solutions with more than one component. The risk surcharge is based on the complex, described, and structured approach combining client asset volumes, requested EaaS volume as well as industry, client-specific financials, and geographic installment region.

Once more I was confronted with pre-defining and pre-structuring a process for calculating the monthly EaaS fees for the client’s equipment portfolio. This project was initially managed by an innovation manager of the client with a PhD in mechanical engineering. The intelligence paradox caused the almost failure of the project because the innovation manager was a very intelligent person, but not succeeding in getting the rubber on the road, in the sense of ex ante defining, identifying, and recognizing the required structures as well as parametrical elements for the given task of interactively calculating a contingent-based EaaS fee.

Applying the Template-based Management model for drafting and realizing this prototype of an EaaS Calculation Engine I pre-defined the decision parameters based on my financial background and then simply had to enter the requested data from the different machines from the client’s engineers. Within a week I could present this powerful and unique tool.

This again was for me a more than powerful TBM proof of concept as the highly brilliant and complex knowledge of the technical engineer as project leader could not help to solve that task where else a non-technical guy as I am, could solve that task with my team. Technical Engineers are not and will not anymore drive business successfully if they are not becoming successful in getting “their” rubber on the road and this means another significant urgency for management reorientation.

Many discussions are also taking place around “Pay-per-Use” (PPU) models which means that the PM pays only for the hours the equipment has been used or, for example, for the amount of water that has been pumped by a pump or the amount of energy generated through a turbine. Such PPU models do bear enormous risks as right now the EM does not dispose of the required experience in how to price the models but even more, risk is lying into the fact that some PM might aim for a such PPU model for only covering their peak capacity which leaves the EM disadvantageously behind. For large segments of the remocal economy PPU model can only be
an add-on model for existing EaaS clients as otherwise, these contracts will not pay off, neither for the financing partner nor for the EM. In order to make such PPU models working successfully a hybrid pricing model would need to be applied for which again initial experience from the first EaaS project would be required to have.

3.5.4 The Ethical Corporation

And one last essential part of the new green deal is the ethical corporation as Epley and Kumar are describing it. Their work aims at understanding why still so many scandals in the business world are happening despite the comprehensive corporate compliance programs. Their research shows that rules, policies, and procedures and penalties are not deterring employees from infringements. The real success driver seems to be a culture as a synergy of ethical behavior and social recognition.

Promotional measures for ethical behavior seem to build on false assumptions, how and why infringements happen. This is the main reason for most compliance programs to fail as they focus on the responsibility of the individual. They train the people and punish the black sheep. But what all these programs neglect is the fact that the contingency situation is a major influencing factor for compliant or non-compliant behavior. Also, the famous experiments of Stanley Milgrams prove the connection between context and behavior. However, people do not recognize this connection. But as part of the new green deal, the ethical corporation needs to aim at the establishment of the underlying ethical culture. Epley and Kumar define three pillars for such culture:

- Explicit values in the sense of strategies and methods
- Well-considered, sound decisions
- Targeted incentives

And this is exactly where the circle to TBM closes again. Epley and Kumar found out that common strategies and methods must be defined and documented in strict principles in the sense of a commonly aligned understanding. Such explicit values need to be communicated proactively in the entire organization. Methods and structures in the sense of commonly agreed and applied ways of working are therefore a cornerstone for an ethical organization. TBM offers therefore the management framework for defining structures and methods for the entire organizational landscape. A well thought through mission statement can be part of a such bundle of strategies and methods but only if it is deployed adequately and correctly in a way that leaders can rely on and refer to it. In order to assure such a proper and stringent

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36 Epley, N.: “Mindwise: Why We Misunderstand What Others Believe, Feel, and Want”. Vintage, 2015.
37 Epley, N., Kumar, A.: “The Ethical Corporation”, Harvard Business Manager, April 2020.
38 Milgram, St.: “Understanding Obedience and its Implications”, Palgrave, 2009.
internal as well as external communication a so-called Marketing Process Library (MPL)\textsuperscript{39} as a set of predefined, approved, and communicated process flow charts for the marketing and communication work can be applied. For all parts of an organization, such process libraries can and should be aligned, designed, and communicated. Many organizations do have a Quality Certification Process established and with this ISO-based process, documentations are defined. But as already shown during my academic work for my PhD degree\textsuperscript{40} there is a big difference regarding the operational impact of quality management work solely aiming at achieving the certificate compared to the performability increase when really and candidly working on optimizing and properly defining the organizational processes.

This means, similar to the assumptions of organizational etymology,\textsuperscript{41} that organizational learning in all dimensions is closely connected to the contingency situation in the narrowest sense referring not only to common methods and templates but even more to an organizational language and terminology.

\textbf{An Example}

In an experiment 70\% of the participants, having been asked to play a business game with a partner, were acting always to the better of both only due to the fact that the game was called “Community-Game”. Was the name of the game “Wall Street” only 30\% of the participants were cooperating even though the financial incentives were the same.

\section*{3.6 And Change Must Always Start with You}

This chapter was attempting at setting the stage from an organization-etymological perspective for Template-based Management (TBM). TBM is a proven and powerful tool but a fool with a tool is still a fool. This means the following things.

1. The successful future manager as part of the new green deal needs to be uncompromisingly and stringently a trust-enabling authentic, methods-driven business leader.
2. Change is the only constant in our lives but it starts always and solely with yourself. Remember the picture of a hand pointing at another person. One finger

\textsuperscript{39}Seebacher, U.: “The B2B Marketing Maturity Model – What the Route to the Goal Looks Like”, in: Seebacher, U.: “B2B Marketing – A Guidebook for the Classroom to the Boardroom”, Springer, 2020.

\textsuperscript{40}Seebacher, U.: “The Evaluation of the Efficiency of Quality Certification in the Financial Industry”, Doctoral Thesis at the Vienna University for Economics and Business Administration, 1996.

\textsuperscript{41}Seebacher, U.: “The B2B Marketing Maturity Model – What the Route to the Goal Looks Like”, in: Seebacher, U.: “B2B Marketing – A Guidebook for the Classroom to the Boardroom”, Springer, 2020.
points to the other person but three at yourself. This is where everything starts. Walk the Talk and you will lead the walk (Fig. 3.5).

3. TBM can only create added value, if implemented correctly and consistently across organizations. TBM will develop a certain self-dynamism within organizations after the first teams and projects will have delivered results and learned about the power of this method. Nevertheless, a committed top management will be essential to fully take advantage of TBM in the long run.

What you have learned in this chapter is that changing times require changing behaviors but also changing management and mindset. As leaders we are in the position and are obliged to take sustainable and conscious responsibility for the colleagues entrusted to us. The right people will find in my TBM approach a reliable companion for the Leaders Excellence Journey during which all aspects of corporate, financial as well as human values find their situational balance. The new green deal will not forgive a resource wasting way of managerial acting and behavior.