

# Synchronous Solutions

*The continuous pursuit of excellence*

## The Stockdale Paradox

By

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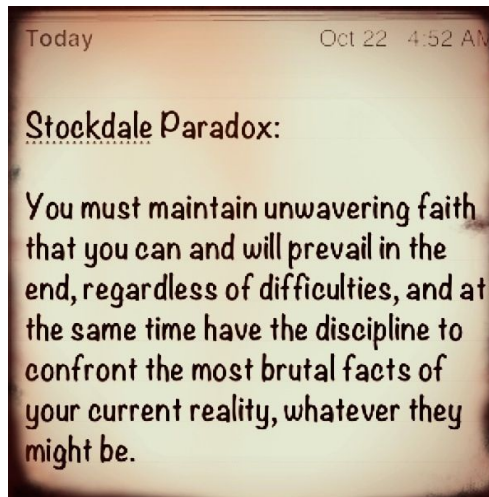
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As I write this in late-April 2020, our country and our world are struggling with a serious health crisis. Only a few months ago, we all expected that the Spring would bring stronger business volume and higher demand for our products. I am hopeful that when you read this in early June that the health crisis has subsided, and the economy has begun to recover.

The Stockdale Paradox, explained in Jim Collins's book Good to Great, focuses on the idea is that we need to balance realism with optimism. The optimism part is the firm belief that we *will* get through this. The realism part is that none of know exactly *when* it will be over.

Admiral James Stockdale was one of the highest-ranking prisoners of war in Vietnam and received The Medal of Honor for his heroic behaviors. He helped his fellow American prisoners to endure the confinement and torture imposed by their captors by encouraging them to keep the faith that they would survive if they faced the brutal facts that they could not know when that would happen. A simple explanation of this paradox is the idea of hoping for and preparing for the best but acknowledging the possibility for the worst. That is exactly what businesses must do in our current crisis.

This article is all about preparing for the best. It is about being ready when the country goes back to work, as it surely will. This paradox, like all of them, is best understood through experience.



A brutal fact that we must face is that we must prepare for the possibility of a vastly different business climate for months to come. The economy *will* recover, but none of can know when nor how rapidly. Different areas of the country will experience different rates of recovery and at different times.

The key will be to be prepared for whatever rate of recovery your business may experience.

Some areas may realize a “V” upturn which means that the recovery will be rapid and dramatic. The challenge will be to have the capacity in place to meet the growing demand. Those sales will go to the companies who can meet the immediate needs of their markets. Having suffered through months of “stay at home” orders, homeowners, builders, etc. will likely be eager capitalize on opportunities to return back to normal lifestyles. The pent-up demand could be overwhelming.

**Having more business than you can serve is a nice problem to have, but it is still a problem.**

Other areas may experience a “U” recovery during which the return of sales will come but at a slower pace. That scenario may be easier to manage, but it still presents some challenges. This condition would be a good opportunity to offer quick turns for customers who want new kitchens now. Premium pricing could be applicable if your market will bear it. In such a recovery scenario, more aggressive marketing and sales practices should be applied.

I believe that we should not expect an “L” recovery which suggests that we may never regain the business levels that existed before the attack by the Corona Virus. *We will* recover from this crisis; we just don’t know exactly when. Keep a positive attitude but maintain a level of realism and face the brutal facts. That is the message of the Stockdale Paradox.

In any case, the objective of every business should be to get prepared for any of the possibilities. During the crisis, while operational behaviors are abnormal, you should use this time to address all the things that you never had time to do when you were so busy.

- Training and cross training your people. Get your capacities upgraded to be ready when the market returns.
- Equipment maintenance. This is the ideal time perform all the preventive maintenance requirements on all your equipment.



The Capacity Required section indicates the hours required per week at the existing levels of capacity at each resource step. The program allows entry of any sales projections and any "What-If" adjustments that may occur.

The Protective Capacity Planner was designed help companies prepare for the infinite possibilities that your business could face. It can be updated as often as you wish as you gain more market intelligence during our expected recovery from this crisis.

**If you fail to plan, you plan to fail.**

The wisdom to acknowledge your situation and balance optimism with realism is the message of the Stockdale Paradox. This paradoxical way of thinking was the strength that led Admiral Stockdale through those trying years. Great business leaders understand and practice those principles. Whether it is living through a torturous imprisonment in a POW camp or surviving through the current health crisis, the Stockdale Paradox has value as a way of thinking and behaving for these trying times.

# The Stockdale Paradox

"You must never confuse faith that you will prevail in the end...with the discipline to confront the most brutal facts of your current reality."

- James Stockdale



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ACTIONABLE INSIGHTS IN ONE PAGE







For more information on a customized Protective Capacity Planner and how it can help to prepare you for our inevitable recovery from this health crisis, contact:

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Synchronous Solutions

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