Simple Rules for the Post-Pandemic World

By Nathan Furr , INSEAD

Learning and using rules of thumb makes a difference both during crises and when opportunity knocks.

As soon as South Korea confirmed its first case of Covid-19 on 20 January 2020, the government set in motion a **disease control protocol** that was to become the envy of other developed nations. It built high-capacity screening facilities and worked with private companies to ensure a steady supply of test kits. The government isolated infected residents and traced their contacts with an army of trained officers, many of them newly recruited. It built temporary hospitals and hired thousands of health workers to staff them, and centralised procurement of personal protective equipment (PPE).

By the end of March 2020, South Korea had done more than 300,000 tests, more than 40 times higher per capita than the United States, which confirmed its first infection on nearly the same day. A year on South Korea, a country of 51 million, has some **123,000 cases and 1,800 deaths**. The US, with a population over six times as large, has breached 32 million cases and 570,000 deaths.

Many analyses have been made of South Korea's relative success in "flattening the curve". But at the heart of the success is a critical, often overlooked, principle that applies broadly to both crisis and opportunity: simple rules. In an **article** published in the *Strategic Entrepreneurship Journal*, **Kathleen Eisenhardt**, **Christopher Bingham** and I report on our research about the simple rules – fast, flexible heuristics are most effective in times of change. We initially studied simple rules in the context of entrepreneurs capturing new opportunities. We found that those entrepreneurs who developed simple rules performed better, capturing opportunities far more effectively than those that did not. But simple rules aren't only important for entrepreneurs and innovators, they are also an important tool in adapting to change.

To see this in the context of the Covid-19 crisis, recall that the Americans were uncoordinated in the initial weeks of the pandemic. Many things were done, often haphazardly, and rarely based on lessons based on experience. South Koreans, in contrast, selected the right critical processes and centrally coordinated simple rules for them, namely, test, trace and isolate. The rules were then implemented throughout the country.

What exactly do we mean by simple rules? Simply put, they are fast, flexible rules of thumb. They are developed based on experience and provide some guidance on what to do but leave room for adaptation (in a pandemic, for instance). Ideally, they offer the optimal balance between improvisation (too little structure) and bureaucracy (too much). We showed in an earlier **paper** that such rules are at the heart of organisational processes, like product development and internationalisation, turning processes into capabilities. Initially, entrepreneurs developed rules of thumb, and then built organisational processes around those that worked.

How to learn and apply simple rules

If you really dig into it, you will find the best entrepreneurs develop different types of simple rules to address different aspects of a process, and they are best learned in an order. In the initial turmoil of the pandemic, lower-order heuristics concerning screening and detection, such as choosing whom to test for Covid-19 and how to do so, should come first because they cover the basic or critical processes and create the scaffolding for more sophisticated learning.

Higher-order rules like timing (when to test or retest) and priority (which states should get ventilators first) that can improve performance should come later. There are also simple rules that fit different processes. A rule for when to come out of “lockdown” is as essential as a rule for curfews and when to close schools and shops. Governments, companies and individuals who try to figure out what to do all at once often struggle.

The unexamined rule is not worth having

South Korea owes its relative success during Covid-19 to a past failure. The country learned hard lessons from its **2015 Middle East Respiratory Syndrome outbreak**, which was the largest outside the Middle East. Subsequently, 48 reforms to the South Korean health system were made, including more infection-control personnel and isolation units, outbreak simulations and PPE training. These formed the basis of the simple rules the country used to tackle Covid-19.

The Korean example shows that experience by itself does not result in a capability. Simple rules come from encoding experience, both good and bad. And, in dynamic environments, it is **better to have too many heuristics than too few**.

Simple rules, however, are often domain-specific. They cannot be shuffled from domains where they were first learned to new domains without compromising results. Both the **Agile** framework, originally created for software development, and the Lean Start-up method advocate experimentation and learning from failure, but the collapse of blood-testing biotech start-up Theranos and the **false negatives of tech-led Covid-19 testing** initiatives illustrate the folly, even danger, of an unexamined wholesale transfer of simple rules to new domains. This doesn’t mean that experimentation doesn’t work, but you can’t ship the minimum viable product if lives depend on that MVP.

The answer lies in a willingness to strategically tweak the rules when the circumstances are dramatically different or changed. Space X, for example, employed rapid and cheap experimentation in its early days before shifting to a different set of rules for robust design later. Additionally, in an interview with myself and co-author Jeff Dyer, Elon Musk told us how he applied simple rules about optimised manufacturing he learned at Tesla to Space X and lessons about optimising weight that he learned from Space X to Tesla.

In an ever-changing world confronted with challenges and opportunities, new simple rules will continue to play a critical role in adaptation and success. Bottlenecks that can occur during the development of new technologies as well as crises are but an excellent launch pad for novel heuristics. The question is how to best identify the most critical bottleneck candidates for simple rules? Or how can governments develop simple rules to avoid shortages and coordination snafus in times of crisis?

Simple rules underpin the capabilities that overcome crises and also capture novel yet fleeting opportunities, like the ability to quickly ramp up hiring at Google and **parallel product experimentation at drone maker DJI**. Embracing simple rules, in other words, will gird us for a world of change.

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Covid-19

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