Facing Uncertainty in Survival Mode

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ABSTRACT

The COVID-19 pandemic has had catastrophic effects for many firms, with some entering a “survival mode” to mitigate impacts on sales, production levels, and employee well-being. In this mode, firms were forced to make decisions under high uncertainty caused by changing national and international regulations, price volatility, and supply chain disruptions. Through a multiple case study involving innovative Colombian firms from the manufacturing and service sector, this research explores the strategies of making decisions under both high uncertainty and survival mode. We explain the characteristic elements of survival mode, and explore strategies to take decisions with limited and ambiguous information. The preliminary results show that firms in survival mode center on avoiding closure, suspending expansion plans, recombining resources in an innovative way, and seeking opportunities that generate short term cash flow. The findings also show that to make decisions under high uncertainty the firms analyzed implement strategies that focus on keeping a close tie among the decision makers, communicating the decisions faster and efficiently, and relying on internal and external sources of information. This research contributes to strategy and decision-making literature. It also provides practical insights on how to make strategic decisions under uncertainty.

Keywords: uncertainty; survival mode; strategy; decision making; innovation