



NOTHING WILL EVER BE THE SAME.
THIS IS THE BIGGEST TRANSFORMATION
WE WILL EVER SEE IN BUSINESS.
OUR BEST AND BRIGHTEST
ARE TAKING LESSONS FROM THE
COVID-19 CRISIS AND TRYING
TO PREPARE FOR THE FUTURE.
BUT THE QUESTION IS,
WHAT HAPPENS

NEXT?



Angus Dawson on

LEADERSHIP



Angus Dawson is the managing partner at McKinsey Australia and New Zealand

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Will leadership change profoundly as a result of the coronavirus crisis?

This is probably one of the more extreme tests of leadership that most of the business and public-sector leaders will have faced so, yes, leadership will change and great leadership will emerge.

You work with many CEOs of prominent Australian companies. What have you witnessed regarding the way they're leading now?

Leaders stepping up. Australian companies typically have very good CEOs. The initial phase of the crisis was characterised by a rapid realisation that we were facing something profoundly different to anything we could have expected or experienced. Most companies had fairly well-developed crisis-management plans. Some even had crisis-management plans that contemplated a pandemic, albeit most of those plans looked at events rather than the globally synchronised set of consequences

that have happened. The leaders quickly got on with making the decisions they needed to in order to keep people safe and, as much as possible, keep business running.

Have you also witnessed some areas for development in terms of leadership?

The best leaders have been authentic with their people and are able to embrace uncertainty. We've gone through the initial phase, which was characterised by high-adrenaline, rapid decision-making – classic crisis-management mode. Now we're moving into having to manage this over multiple time horizons. What's the path to get back to work? What are the medium-term implications for the health or survival of our business? And longer term, what are some of the bigger changes that could happen, which, frankly, no one knows yet? How do you bring in good old-fashioned scenario planning to understand the range of different futures and what they could mean? The temptation is for most executives

to want to pick a future and plan for it because good business leaders are often those who put a stake in the ground and deliver against that, come hell or high water. But we're in a different context now, where anyone who thinks they know how this is going to play out is going to be wrong. So leaders need to have a combination of clarity about what they want their people to do but at the same time a respect for how uncertain this crisis is across both its health and economic aspects.

I've seen modelling with five or six different scenarios of how the pandemic could play out. How do you advise your clients?

At McKinsey, we encourage the use of scenarios; we don't do forecasts. We're a "what if?" and a "so what?" firm – what if the following things happen, what would you do differently as a result? We're encouraging the idea of multiple scenarios – typically, four is a good number because it stops people anchoring on a middle one – and we think there are two

main dimensions to these scenarios people should look at, which is the extent of the potential economic harm in their industry measured by the extent of demand reduction or disruption to the financial health of players in the industry. On the other axis it's the degree to which more fundamental business-model changes happen as a result, whether that's customers who are going to borrow much less money over the next decade, if you're a finance company, or customers who'll shop online because of their experience during the COVID-19 crisis. We encourage leaders to think about the scenarios then step back and say, "Okay, what are the things we're doing now that are pretty much no-regret under any scenario? What are the bets we might want to place now, knowing they may or may not come off? And what are some of the things we need to do to protect against the downsides of the more damaging scenarios?" You also need to be humble about the fact that your plan will probably be good for a few weeks and then you'll have to redo it. It takes real discipline to separate out time to consider that and often requires a different team to do it, which can be protected from the day-to-day.

Are we seeing the rise of the anti-fragile leader, who not only steers his or her company through a crisis but also improves as a leader and comes out stronger at the other end?

In many respects people don't understand their full leadership potential until they're tested. The leaders who are going to thrive during this period are those who have a mixture of genuine humility, which is to admit they don't have all the answers and are clear about where this is going to be challenging, but also the ability to bring together teams of people to chart a course through it. The antidote to fragility is flexibility so if you can be humble and action-orientated that's a pretty good combination.

Are most leaders actively looking for new opportunities right now?

There are some companies that are fighting for survival and their leaders will be very much focused on that, as they should be. But there'll be some companies that have the luxury of a bit more time and space and those organisations are definitely thinking about how effectively they – and Australia – can come through this better than they went into it, if possible.

There's always been a lot of talk about the fact that startups have an entrepreneurial mindset but big companies often don't. Do you think this crisis could generate more creativity in corporate Australia?

In terms of what characterises an entrepreneurial mindset, I'd say it's people who have an unreasonably ambitious view of what can be achieved. They're well grounded in the reality of the challenges of doing it but they're able to make stuff happen to get there and are willing to fail along the way. Big Australian companies are much more entrepreneurial than they're given credit for – there are lots of cool innovations coming out of big companies here. But in terms of this climate, yes, there's much less attachment to the past and more willingness to put bold ideas on the table and experiment. And having the humility to admit that we don't know all the answers is also an important hallmark of a more entrepreneurial approach.

We're seeing a more human side of leaders, aren't we?

The more leaders can be themselves and be authentic, the better. The other day, I was in a Zoom meeting and a CEO's five-year-old daughter came in and held up a sign telling him that she'd lost the puppy. So we had to pause while the lost puppy was dealt with and the meeting ended with us all getting to meet the puppy [laughs]. It was a nice moment and it normalises the fact

that Australia's leaders are ordinary people who happen to be doing extraordinary things.

How are the CEOs you're talking to coping? They've been under enormous pressure.

The first few weeks were incredibly challenging as everyone worked non-stop to make sure people were safe until they understood what the hell was going on. Most leaders didn't do it themselves – they had the teams around them step up and that brings a lot of strength and energy. It was leadership teams going through this, rather than individual leaders, and lots of camaraderie has come out of that, from the teams all the way to the boards, which were willing to simplify agendas and give execs time to get on with what was urgent. We're still in the early days of what's going to be a long road out and the question is how do those leaders look after themselves so they continue to do a great job? There's the old metaphor of you've got to put your oxygen mask on before you put it on your children. Leaders who work themselves into the ground and get sick or can't operate don't help anyone.

Some leaders were slow to embrace flexible ways of working but that's gone out the window now, surely?

We've all discovered that remote working can actually work quite well. We've identified the potential perils of it and the practical challenges and frustrations, too, but it'll be a positive legacy of this. In some ways, a decade of gradual change will have happened in the space of only a few months.

What's your great hope for leadership after the coronavirus crisis?

That our leaders collectively chart a path through this that protects Australia and our lives and livelihoods but also take the opportunity to genuinely reimagine what's possible for this country. I hope we continue to have leaders who have this wonderful combination of humility and courage. If we do, we're in great shape. ●



Athalie Williams on

FLEXIBILITY



Athalie Williams is
the chief people officer
at BHP Billiton

02

"I'm often asked about flexible working and I say, if we can do it, there's no excuse for any company in Australia," says BHP's Athalie Williams. "It's about thinking with innovation and creativity and being open to solutions that might not be obvious in terms of what flexible working could look like."

Indeed, a mining company may not seem like an obvious leader when it comes to flexible working, given that many of its roles happen in trucks and on mine sites well away from offices. But since 2016, BHP has worked hard to ensure a vast proportion of its workforce can operate with some kind of flexible arrangement. How vast? "We were due to [do a new] survey then the coronavirus hit," says Williams. "But it was about 46 per cent last time we checked in." This meant that while some companies scrambled to get their employees operating remotely when the COVID-19 crisis rapidly unfolded, BHP was already well positioned. "It really helped us transition to a full-scale working-from-home environment during the current pandemic."

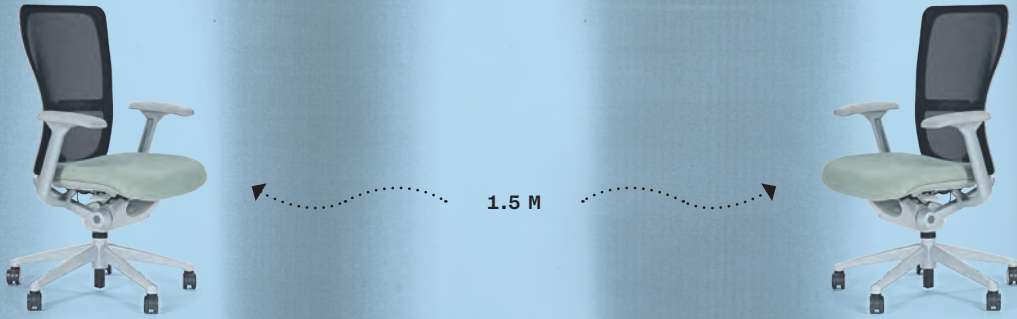
For BHP, bringing in flexibility addressed not only the need to adapt to the ways that automation was changing how employees

worked but also a crucial goal of reaching gender balance by 2025. Now, it's viewed by the company as a "source of competitive advantage", says Williams. "We knew that one of the critical impediments to increasing female participation was a lack of flexibility but what's been surprising is finding that men and women value flexibility equally. There's been a huge take-up by men." She's quick to add that it's not just about working from home. "It's being used by our long-distance commuters and our residential employees who are site-based. We've put in place flexible rosters, we've put in place job-sharing. All of this has changed the prevailing mindset that you can only work flexibly if you're an office-based employee."

Even though Australia boasts high rates of flexible working arrangements – a 2018 Workplace Gender Equality Agency report showed that more than 70 per cent of Australian organisations in the private sector have flexible working strategies and policies – many companies have been reluctant to adopt increased flexibility. They're often "a bit fearful and not quite sure how to do it", says Williams, who believes those days need to be behind us.

"COVID-19 has busted once and for all the myth that when you're working from home, you're not really working. I think it's helped shift how we measure performance – from being time in the office to a real focus on outcomes." In her view, those companies that continue to resist flexibility in the post-COVID world will be creating challenges for themselves. "I think there'll be a growing groundswell of people who realise it's possible to work very productively in far more flexible ways and that people will be demanding more autonomy and choice. The companies that are able to put in place the right infrastructure, technology and support for employees will be the ones that benefit over the longer term."

Technology is key. That's not just the equipment, says Williams. It's also access to effective internet, resolving any cyber-security issues and having reliable videoconferencing facilities. "You just can't make it available to a few. Inside BHP [prior to coronavirus], almost every meeting invite we sent out would include Webex login details. There's no expectation that you're going to be physically in the office to attend a meeting but you are expected to attend."



Still, even the most flexible workplaces would have to recognise there are situations where you can't beat having everybody in the one room. If we're to continue down the path this crisis has set us on, even when the health obstacles have passed, how do we marry these factors? "I absolutely agree that there is always a need for people to collaborate in the same location," says Williams. "You get phenomenal outcomes when you bring a group of people together to solve problems, to brainstorm. And we know it's also better for mental health and wellbeing when people have that opportunity for personal connection." But she cautions against being prescriptive with

employees about how this looks "because then I think you're not creating flexible working options and choices for people".

Once leaders overcome the perception that employees won't put in the same effort if they're not in the office or there are physical barriers (in BHP's case, driving trucks) and employees are no longer worried that flexible working will affect their career progression, Williams believes companies need to allow individuals to decide how flexibility will work best for them. "I can't solve what flexible working might look like for one of our teams working in our iron ore business in the Pilbara. And what I want in terms of flexible working is

going to be very different to what you want. What we've found in asking teams to have the discussion and making it safe to bring up the topic of flexible working is that they are incredibly creative about what's possible when you hand the problem over to them – they come forward with ideas. For me that's far more powerful than a set of policies about what's permitted and what isn't."

Ultimately, she says, "we're moving away from this idea that being professional is eight to 10 hours a day spent sitting at a desk in Collins Street, Melbourne. It's actually collaborating with the people you need to, in order to produce the results and solve the problems." ●

THE FUTURE

A survey by research company Qualie, which spoke to 857 people who began working remotely at the onset of Australia's COVID-19 crisis, revealed three key points:

77%

of workers want their workplaces to retain some of the innovations introduced during coronavirus restrictions.

79%

of respondents want a mix of office-based and remote working.

40%

of employees feel their productivity has increased, while 34 per cent believe it has remained at usual levels.

Stefan Mohr on

DECISION-MAKING



Stefan Mohr is managing
director and senior
partner at Boston
Consulting Group

03

Decision-making will be even more rapid. The speed of decision-making in the corporate world had increased before coronavirus but this has exacerbated it. I think we'll stay in this mindset. Uncertainty will remain. And the environment around us is moving faster and some technological changes are happening much more quickly. For example, the banks had been struggling to get elderly people to adopt online banking but now they're set up online. They're trialling things that would have taken much longer before.

Decision-making will be smarter. Because of the uncertainty, we're not using single forecasts, where you pretend you can predict the future. We're using scenarios – and scenarios of value to make some of the assumptions transparent. You then have a debate and get more robust discussion and better decisions. In general, the use of data – more real-time data and granular data from multiple sources, both internal and external – will change the way decisions are made. In some ways they'll be more fact-based. You might have some analytics across the top but

it's the mix of machine intelligence and human intelligence that will lead to better decisions.

People will own their decisions. It'll become more of the norm that we'll devolve some of the decision-making to the frontline. Time is being compressed, therefore the way to make decisions is to enable the person closest to the action to make them – and to make the majority of them. There'll always be exceptions but we need to empower people to do the right thing and do it very quickly. But we can't do it in an uncontrolled way – what are the constraints and what are the objectives? Everyone needs to work towards a common outcome. It's not one freight tanker but multiple boats that need to go in the same direction. So we need to give them an instrument of navigation, a point they need to get to, guardrails and pointers along the way that say, "This is where you can go and this is where you can't go."

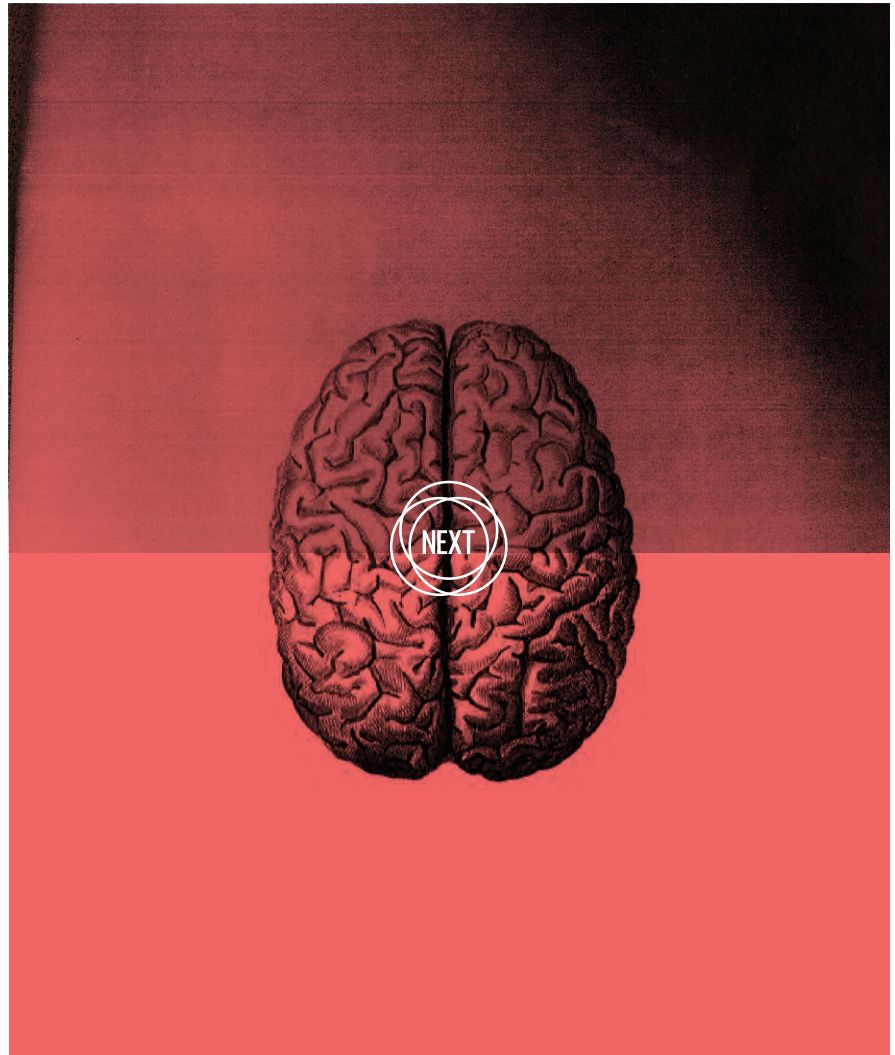
People need the right tools to make the right decisions. The data is often only available in the centre. It might not be sufficient and

it might not be real-time enough so you need to find ways to bring rich data to the frontline. And you need to change the corporate mindset around what data can be shared. A lot of data needed for decision-making might not be sensitive at all; it might just be data that's regularly available but not accessible to some of the frontline people. There's a traditional way of thinking about certain data – such as employees shouldn't have access – but transparency creates trust.

We'll feel more comfortable making decisions in uncertainty. If you've got good-scenario analysis, for example, you could say, "Okay, here's a range of possible outcomes. I understand the assumptions, I know what I need to monitor and now I can make a decision that gets me a bit further down the way but it's not as if this is the final decision. I'll start monitoring and we'll have feedback loops in place and if I'm wrong, I can still course-correct." There's a mindset change around this. And you need to have the infrastructure in place. It might be daily meetings or it could be dashboards that give you information in real time.

We'll learn to adopt speed over elegance. We often have a problem, try to think of all the eventualities, align it with everyone and attempt to come out with the perfect answer, the perfect product. I wonder if that's even possible in today's world. Speed with the right feedback loops is the correct strategy. It's saying, "Okay, I've got an idea of where I need to go. Let's produce something in two to three weeks, test it with clients or customers and get some immediate feedback." If you aim for the elegant solution upfront with very little testing, it'll be slower and it won't hit the mark. When you look at a startup compared to a larger company, it has smaller teams and everyone worries about what the consumer wants, what's feasible from a technology perspective and what's viable from a business perspective. And they constantly evolve. In a traditional organisation, these things are devolved – market research does that, business writes the business case, they get the requirements document to technology then it develops it. That's an 18-month process with no feedback loops. The challenge for corporates is to create an environment where they operate like a startup but have a pathway to scale because that's where the startups often fail. The real opportunity is getting some of these corporate elephants to dance a bit more nimbly without getting rid of some of the guardrails they need in terms of risk and compliance. It's possible.

Decision-making will be more collaborative. We often ask companies, "What were your best examples of corporate decision-making?" They usually point to a crisis situation, where all the right people were sitting in the room, the information was transparent – often on a physical wall – and they made decisions through collaboration. In the current environment, we're replicating that with videoconferences. When you have two executives sitting together, the people on the next level down are also collaborating to make decisions at a faster rate. That's why I think the crisis is a real opportunity for corporate Australia. Many executives are now saying, "How do we preserve some of these new behaviours?" Those that do it better will have an advantage.



We'll change our behaviours. Some behaviours are not sustainable – an executive team can't meet three times a day, as many of them are doing now. But what behaviours made a difference? It might be the daily stand-up – and you can have that in 10 minutes – it might be making information available, using scenarios and the mindset around imperfect but speedy decisions with the right feedback loops. It's mindset shifts and building the muscle around them then not losing the momentum.

We can move to the next level. All companies aspire to digitally transform – that's what they need to succeed in the future. It requires organisational agility, as well as having a much more robust, real-time and granular data environment. When those things come together, you've got a fundamentally more adaptive and resilient organisation. Adaptiveness and resilience are two characteristics – as opposed to size and efficiency – that'll determine the success of companies in the future. ●

Vanessa Gavan on

PURPOSE



Vanessa Gavan is the founder
and managing director of
Maximus International

04

With all the horrors of COVID-19 – medical, social, financial – one might expect a paring back to what Graham Bradley called in April “the true purpose of business”: serving customers, providing employment, paying taxes and delivering returns. “Serving broadly defined social purposes and wider stakeholder interests is ancillary to these core purposes,” the former Business Council of Australia president wrote in *The Australian Financial Review*.

After a two-decade trend of business leaders taking stronger positions on social and environmental issues, a conversation only intensifying after the United Nations set sustainable development goals in 2015, perhaps the severity of the crisis would silence activist CEOs. But Vanessa Gavan, Maximus International’s founder and managing director, has watched something else play out. “I’m not seeing organisations focusing on pure profit plays,” she says. “I’m heartened by what I’m seeing.”

Her leadership development consultancy is talking with CEOs who include a country’s citizens when discussing stakeholders. “These are times when people will decide what kind of relationship they want to have

with businesses in the long term,” says Gavan. “People will be deciding whether you’re a key part in their lives based on how you show up.”

For Gavan, purpose is about “what’s wrong in the world that you want to influence or what’s right that you really want to protect... linked to a platform where you’re equipped to make a change”. If COVID-19 has a silver lining it’s this: companies have witnessed their own capacity for change.

“CEOs say they were trying for three or four years to make changes they made happen in four weeks,” says Gavan, whose clients include ANZ, Telstra and Johnson & Johnson. “That’s going to open the door to more transformational agendas as CEOs say, ‘Actually, we can influence more than we’ve given ourselves credit for.’”

Stepping up started early. She points to the open letter in March from Australian tech-company founders, led by Canva’s Melanie Perkins, urging leaders to commit to a “bold” business and behavioural agenda to help stop the spread of COVID-19.

Leaders can sometimes “trip over” purpose, says Gavan. Companies are

“enamoured with our business models because we created them and are geared to keep them safe” but those models have been disrupted. She says leaders must know what they’re reinventing towards. “If you haven’t done the work to know what your business is there to achieve – and I do believe it’s for the market and for society on a bigger, braver agenda – then you’re going to miss the opportunity this presents.”

She believes legacy is an interesting way to think about it, citing *The Power of Moments* authors Chip and Dan Heath, who write that as social animals we recall “moments of elevation”, informative “peak” and “pit” moments. “The reality is, whether you like it or not, if you’re an executive you will be known for something,” says Gavan. “Better what you stand for be by design.”

She urges leaders to reimagine the relationships they want to have and legacy they wish to create, rather than swinging between opportunities. “If you haven’t found your compass, you need to find it quickly. It comes down to what you’re uniquely special at and fundamental questions: what do you deeply care about and want to influence in the world?” ●

Christine Morgan on

MENTAL HEALTH



Christine Morgan is CEO of the
National Mental Health Commission

05

You've talked about the stigma of mental health at a personal level and on a structural level. Given that we're all experiencing the same event at the same time – albeit in different ways – is this an opportunity to try to lessen that stigma?

Absolutely. I wonder whether the pandemic, on the back of the bushfires, has enabled us to give a lot more legitimacy to the fact that our mental health is an integral part of who we are as human beings; that it can be as impacted by environmental and other factors as our physical health. The whole destigmatisation – or flip it to be the normalisation of mental health – can be accelerated through the conversations and experiences that we're having around COVID-19.

How well positioned do you think companies in this country were to deal with the mental health impacts of this crisis on employees?

We were unprepared for a pandemic that affects every single Australian. When a bushfire happens, it affects a finite set of people. This is uncharted

territory so I think it's unrealistic to expect that any business could have been well prepared for what has happened. But I've been astounded by how readily workplaces have understood the challenges for their employees in having to work from home and how they're looking to address some of those challenges.

If a company is doing a good job of supporting the mental wellbeing of its employees right now, what does that look like?

First, the company has been prepared to say, "Our employees are feeling anxious, concerned and disrupted and we need to address how they're coping before we can put our expectations around productivity and output on them." Second, there's more active conversation and engagement. It's more exhausting to work with people who are physically distanced because we don't realise how much incidental communication happens in the workplace. So now we need to contact somebody and ask, "How are you going?" You're actually starting

to engage in a conversation each time you interact with that person, which puts a real human element into all our business transactions.

What do you think leaders need to do beyond the COVID-19 crisis?

If we can take that validation of human feeling and commitment to actually engaging with somebody as a person who has their own stresses and strains, not just as a fellow worker, then we can bring about a fundamental shift into workplaces, which would be to everybody's benefit. It might humanise workplaces in a way that perhaps wasn't there pre-COVID-19.

What are the consequences for employers who don't do that?

I'd love to see a study on the impact on productivity when a business humanises interactions with employees. The more we look after our mental health and wellbeing, the more productive and creative we are.

The "R" word – recession – has been kicking around for a while now. With COVID-19, it seems unavoidable and that brings a great deal of uncertainty for people. What does this mean for leaders?

When people see a recession coming, they can feel very nervous about losing their jobs. And so they start thinking, "How can I, at whatever cost, keep my job?" If leaders allow that to happen, it'll be to the detriment of all of us because that's really stepping back into practices that don't contribute to a healthy or fully productive workplace. In a recession, we want our businesses to be as efficient and effective as they can be. We want them to be innovative, agile and able to respond because in times of recession we need to find new ways. If employers look at it from that perspective and recognise that agility and productivity come from a workforce that is mentally and physically well, it will pay off in terms of producing businesses that may be more resilient in coming through a recession. ●

Will Duckworth on

TECHNOLOGY



Will Duckworth is the
Asia-Pacific digital leader
and a partner at EY

06

Sometimes Will Duckworth is frustrated by companies' unwillingness to adopt new technologies when business is ticking along. But if there are positives from the coronavirus crisis, this is one: business wants to do better. "Organisations are realising that in the post-COVID-19 world many people have shifted their behaviour and their expectations have fundamentally changed," says Duckworth. "The trend that's accelerating is transformation itself."

01. Remote working = flexible supply chains

The pandemic forced change on many businesses, which had to quickly digitise their offerings and reorganise supply chains just to keep afloat. Duckworth is excited about the transformation of entire business models enabled by technology. For example, one EY client, a financial services institution, could only operate its contact centre remotely if it changed suppliers. The switch took four weeks – the incentive was business continuity – but the company now has a truly flexible workforce and estimates it could reduce its real estate costs by

up to 50 per cent. Staff can opt to work one hour a day from home – or eight – which wasn't possible in a physical contact centre. "We could Uberise the workforce – just as Uber uses algorithms to get drivers on the streets when there's peak demand, we could bring in supply when there was more customer demand," says Duckworth.

02. The shift to AI, automation and the cloud will accelerate

Demand for automation has increased dramatically and artificial intelligence (AI) is a large part of any future response. "Organisations across industries have dealt with extraordinary demand, from the purchase of toilet paper to governments dealing with needs for payments," says Duckworth. "Maybe you can try to continue the human processing of the work remotely but the sheer volumes mean you can't." The movement to the cloud is also escalating as companies struggle with outdated technology stacks. "Organisations that adopt the cloud in meaningful ways have already shown they're in a better position to respond to new and shifting demands," he says. "It's not just a matter

of cost; it's a matter of scale and speed." Companies will also need to more effectively use platforms adopted during the crisis. "Having 20 people on a Zoom call is not productive," says Duckworth. EY's Wavespace network is coaching businesses in how to use tools to ensure reluctant participants are heard via anonymous suggestions or remote contributions to the whiteboard.

03. A desire for experimentation has been sparked

Having worked in emerging technologies for more than three decades, Duckworth is seeing an attitudinal shift among EY's clients. "They've had a taste of these technologies through their initial response. 'Next' is looking at how they better optimise their business operations for the beyond." He believes that Australian businesses have prospered in a stable, economically strong environment, which has held them back from investigating new technologies. "Some might categorise that as prior complacency," he says. "There hasn't been the need for mass innovation at the bleeding edge." Duckworth, who is based in Sydney, works across the Asia-Pacific region and consults



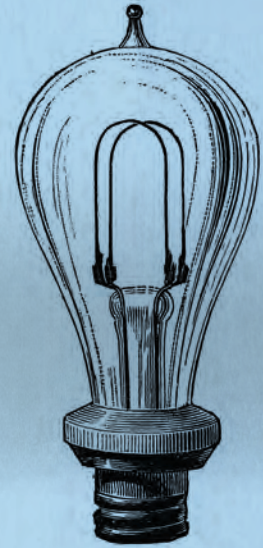
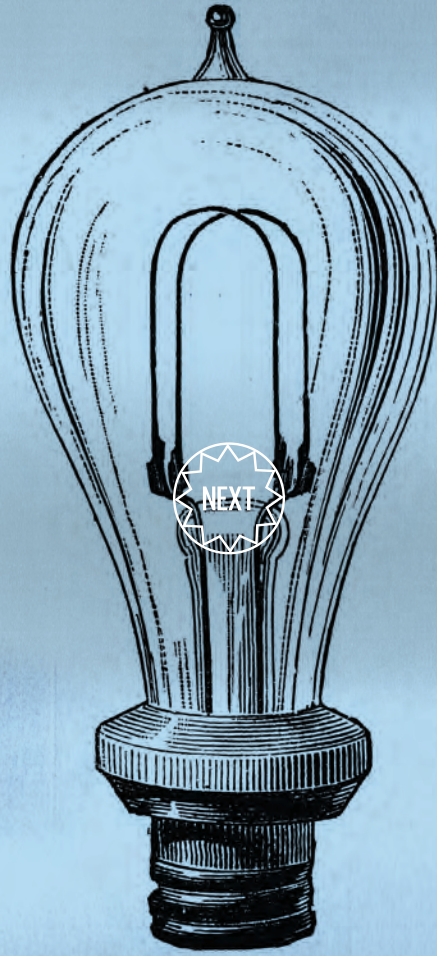
in countries where markets are subject to geographic, social and economic shifts. “Now we’re also having those huge shifts,” he says. “Changing consumer demands will drive the need for more technological innovation than Australian companies have ever had to provide before.”

Ø4. There could be more positivity towards disclosure

EY’s *Future Consumer Index: How COVID-19 is Changing Consumer Behaviors* report tracks consumer sentiment in five markets. For two years, EY modelled different scenarios – and one was a global pandemic. (“We saw it as a low-probability scenario,” reads the report.) Of almost 5000 people surveyed before the pandemic, 53 per cent said they’d share personal data if it helped control infection – and we’ve seen millions download the federal government’s COVIDSafe app despite initial concerns. “Companies should consider how increased consumer positivity around sharing data will create opportunities for new business models,” the report goes on to say. “It may well accelerate the demand we see already for greater product traceability, creating an environment in which consumers and companies operate with total transparency.” The survey did not include Australians but, says Duckworth, it indicates that “people will give a little of themselves if there’s a benefit in return”.

Ø5. There will never be a better time to be entrepreneurial

Duckworth sees digital transformation in three waves: the first comprised those industries with a product that’s easy to digitise (music and video); the second wave switched to digital because customer needs had changed (banking, retail, telecommunications). The third wave (B2Bs, governments, industrial companies and pretty much everything else) brings a period of intense creativity. Not only have engineers been problem-solving in isolation, “it’s a prime time for entrepreneurs,” says Duckworth. “Government/citizen interactions, healthcare, travel and retail models will shift fundamentally and technology can address the changing needs. That’s my hot bet for investors.” ●



Mehrdad Baghai on

MINDSET



Mehrdad Baghai is
chairman of Alchemy Growth

07

This is the time to be bold, says Mehrdad Baghai. “There’s great freedom in the sense that people will be much more understanding of moves that don’t work out. People are always going to assume that you were doing your best to get the boat to harbour in a crisis and that you assumed this kind of bolder move was going to be the thing that worked well.”

As chairman of strategy advisory firm Alchemy Growth, Baghai works with CEOs to build their businesses. He has also studied what separates the entrepreneurial from the timid in times of crisis. During his time as a partner at McKinsey & Company in Sydney and Toronto in the 1990s, he co-authored a paper on growth strategies and found that “acquiring in a downturn was the single greatest value-creating move any leader could make”. Many organisations don’t have the means for acquisition in the midst of a crisis, he hastens to add, “but the ones that can look for pockets of opportunity and make a move are the ones that create more separation between themselves and their competitors.” This is a time, he explains, where you see creative, entrepreneurial leaders at their best.

Effective leaders are actively looking for different ways of working in the future. In the past decade, there have been more collaborations at the sector level, says Baghai, pointing to telecommunications companies around the world coming together to identify technology for 5G or banks from different regions partnering in a syndicate to look at fintech investments. “If you’re a full-tech company and you can sign up a bank in five major markets, that’s incredibly attractive.”

The coronavirus crisis has put a spotlight on creative collaborations. Baghai singles out Ergo’s COVID-19 Intelligence Forum, which has brought together economists, policy-makers and scientists to distil information for decision-makers. He believes more global partnerships from the same sector (but not in competition) will be formed in order “to use their collective mass to be attractive”.

Another opportunity is in industry but he cautions that our manufacturing capacity “is not what it was three decades ago so it’s going to take creativity and entrepreneurship to set ourselves up to be strong participants in export markets

as they open up over time”. Baghai also challenges the government to support industries that are going to be an important part of Australia’s future, such as new energy sources. “We haven’t done nearly enough to exploit our leadership across the globe for a whole bunch of sectors in the energy transition the way we did in mining,” he says. “With our natural strengths, there’s really no reason why we couldn’t be leaders so this is the time for us to get in front. When the world gets back from the downturn that has accompanied the virus we need to be there to take advantage of the new growth.”

And if we want to change our mindset, we need to look at gender equality like never before. In April, *Forbes* identified many countries that have fared well in the coronavirus crisis (think Germany, Taiwan, New Zealand and Iceland) have female prime ministers or presidents. “Women have something very special to offer in a crisis,” says Baghai. “In the aftermath of this how do we ensure that Australia doesn’t become one of those countries that’s satisfied with the idea that 20 or 30 per cent female leadership is enough?” ●

Rita Zonius on

COMMUNICATION



Rita Zonius is a
social media and
communications
consultant

08

What we've been living through over the past few months has been a great leveller. This will help leaders realise that while, in the past, people looked to them for the answers, now they want them to tell it like it is. I hope that after we come through this and into a new world, leaders will continue to be timely with their communication, they'll explain *deeply* why and how decisions are made and be honest when they don't have all of the answers. In a crisis, that helps to manage the white noise at the edges.

We're realising just how complex life can be. As we go through this, we're relating to each other on a more human level. We're looking into each other's living rooms, seeing the kids, cats and dogs and it's putting us on a more level playing field. It doesn't matter if you're senior or junior, these are things that are touching all of us.

You want your people to feel safe and to put them at ease. If they don't feel okay, how are they going to focus on serving their clients and customers? The organisations that didn't prioritise internal communication will now see that you have to take care

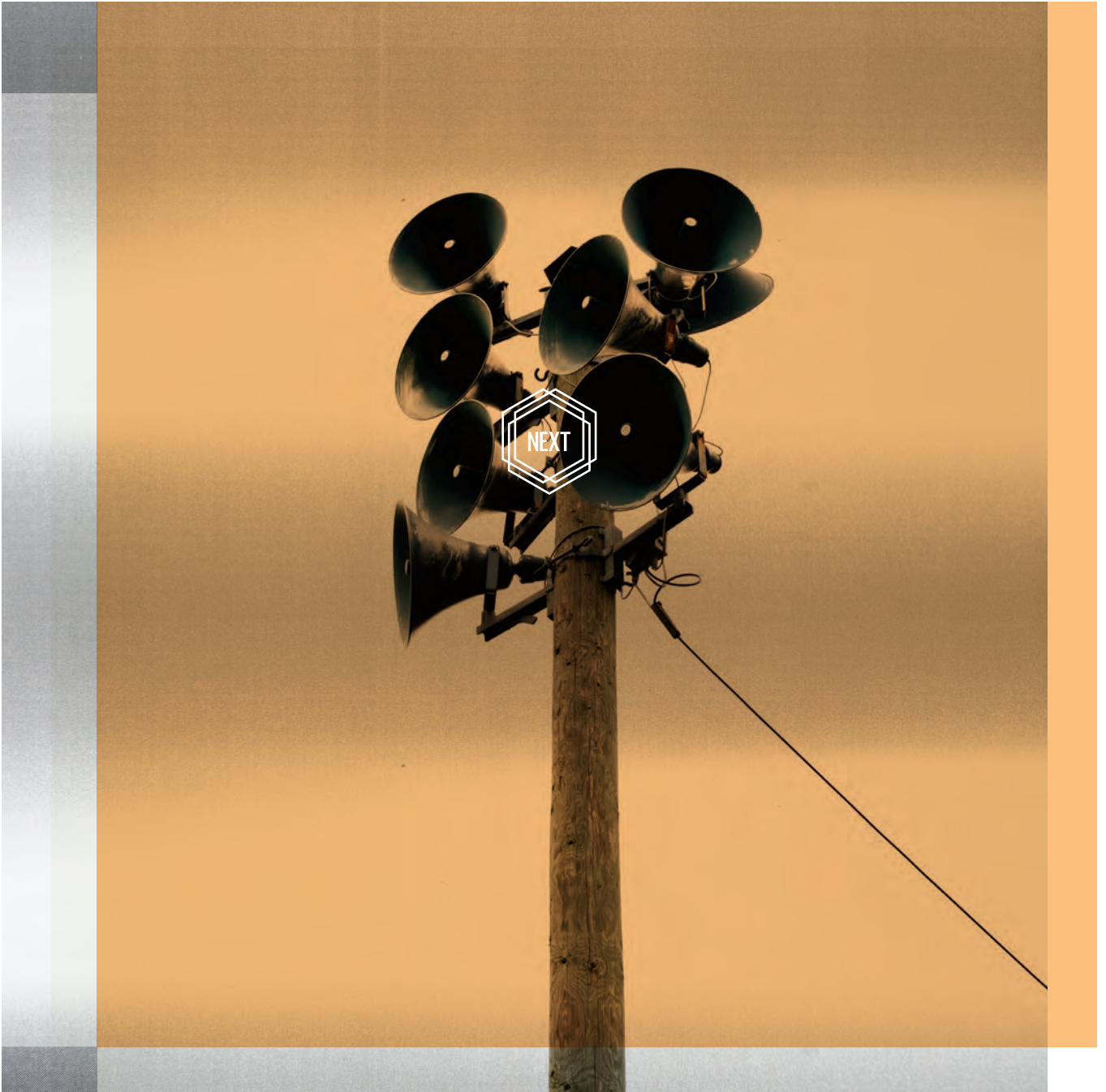
of your people first. Forward-thinking organisations will continue to understand this and be able to mobilise people around the things that really matter.

We're not going to go back to the way things were. The approach of micromanagers who believe in "presenteeism" – you know, "You must be sitting outside my office door at all times so I can see you doing your work" – has been broken very quickly. We're not all going to be working in offices again and micromanagers need to ask themselves the hard questions about whether they're prepared to trust their people more. You set boundaries but don't micromanage the way people get their work done. That's more motivating for staff – we know that one of the keys to improving staff engagement is autonomy. Tell people what you expect of them but let them figure out how they get there. Managers who don't do this will struggle to operate later.

We're going to have to take our technology out of first gear. We can't keep thinking that processes invented for the old world will continue to work well when we're working

in distributed ways. Take the team meeting as an example. Does it have to be for an hour on a Monday morning, when we all kind of look at each other and a couple of people have something to say? Or could it be a manager posting in their team's enterprise social network, "What work are you doing?" Then people can respond in their own time rather than all having to convene at a particular time. This is also helpful if you're in different time zones. Turning on the technology is only the start.

In the new world, we need a strong digital workplace where leaders are playing a role and are seen to be engaging in that technology. If a leader shows up in there – be it Slack or Yammer or whatever network – people realise, "My leader values this. This is a productive use of time. I'll engage here." It could be just the leader recognising a job well done. But if you're a leader who doesn't want to be there then no matter how many times you ask your people to collaborate and use these tools, they're simply not going to. Good leaders recognise the investment that needs to be made by helping people become more socially engaged.



We've got to learn the habit of working more visibly, doing it out loud and being comfortable with that. The problem with only sending an email around to each other is that we've already made an assumption about who'll have the answer to our question. If you ask the wider world, who knows where the perfect answer may come from? This is the magic of social technology in the workplace. Organisations will soon realise that they have to do a better job helping people to

understand what true collaboration looks like – it means being vulnerable and putting things that are half-cooked in front of people. It's not the perfect PowerPoint that you've spent hours on but about sharing it half-done and saying, "Hey, what do you think of this? What could I add to it?" People who get used to the idea that they don't have all the answers and others can help them will soon find their work will be richer and they'll be much better for it.

If you're a bad leader in the real world, you're going to show up that way in the virtual world. It was easier to hide when you were sending around all those emails and doing things under the cloak of darkness. What do they say? Sunlight is the best disinfectant. We're throwing sunlight on all sorts of things in the workplace now and dysfunctional leaders who are only there for themselves are not going to survive and thrive in the new world. And that's a good thing. ●

Richard Hatherall on

THE CUSTOMER



Richard Hatherall is a
partner at Bain & Company

09

COVID-19 has made huge changes to how people live, work and shop, from the rise of telehealth to a near cashless society. “It’s what I wrestle with every day,” says Richard Hatherall, who leads Bain & Company’s Asia-Pacific customer strategy and marketing practice. “If I’m a customer-facing business, what’s it going to take to win in the ‘new normal’?”

The expert in customer loyalty and experience transformation says the biggest change in customers has been their attitude to risk and safety. What started early in 2020 as a massive increase in searches and social media mentions of terms such as “mask”, “hand washing” and “isolate” will “morph into a broader shift in the consumer psyche that focuses on habits: how people exercise, holiday and interact”. The health and safety issues that frightened people during the crisis will affect consumer behaviour long after the curve flattens.

By mid-April Bain found “reduces risk” had risen to a high priority for most people in consumer markets; in some industries, such as retail, pharmacy and takeaway food, the element rated almost as important as “quality”. This customer wariness has

been compounded by economic hardship. For an example of how that could affect consumer spending long-term, Hatherall points to the Global Financial Crisis. “You have a segment of millennials who aren’t using credit cards because they saw their parents get into too much debt,” he says.

The consultant says some individuals and population segments are more tolerant of risk but more broadly he asks what people will be worried about. “Should I go to this restaurant? ‘Should I go to the gym?’ A walk in the park feels safer.” The insurance sector will benefit from this risk aversion, as will products seen to minimise danger, such as takeaway food and domestic travel.

The second big shift is the “turbocharging of digital”, an acceleration of a pre-crisis trend. “Bank CEOs told us they’d undergone their biggest change in how customers interact in just weeks,” says Hatherall. Digitisation is a “massive opportunity” to extend reach for businesses that can find the right “fusion” between a physical and digital presence. He notes Amazon in the United States was already onto this with its Amazon Go stores (offering “just walk out” technology free of queuing or touch-

based payments). “In businesses impacted by social distancing we’ve seen a lot of innovation around how to pair up in-store offers with what can be offered to people at home; how to keep the connection and community. This won’t go away.”

Bain’s *Anticipating When Consumer Sentiment on COVID-19 Will Turn* analysis proposes that “a premature shift to more optimistic messaging could seem tone-deaf to consumers’ continued anxiety.” It’s too early to determine the winning brands after the crisis but a Bain report in May found insurgent brands of consumer products were capturing much less growth as consumers and retailers turned to incumbents. Big household names could convert those customers to repeat buyers but the report noted insurgent brands are entrepreneurial enough to pivot.

The strongest shifts will be due to habits forged during the crisis, Hatherall says. “Not everyone will go back to working in an office. Not everyone will go back to shopping in malls. But some people just want to go out for a good bottle of wine – and the risk-averse will choose restaurants with outdoor seating.” ●

Richard Deutsch on

CRISIS



Richard Deutsch
is the CEO of
Deloitte Australia

10

How prepared do you think Australian businesses were for an event of this scale?

It's the biggest health and economic crisis we've seen in our professional lives so there would have to be an element of being unprepared for it. But the prime minister said that he needed corporate Australia to keep people in jobs and keep business moving and I think it's done a pretty good job responding to that and mobilising quickly.

How prepared do you think we'll be for the next crisis?

We went into this with no experience in having to deal with something of this nature – it's unique. But business leaders and boards are going to come out of this crisis with a new bunch of skills so we'll be much better prepared to face something similar.

What new perspectives do you think people will develop as a result of this?

This is unique in that it's a health and an economic crisis so leaders have had to consider the interrelationship

between those two things. The foremost priority has been the health and wellbeing of our people. Then you consider how you keep your business models going. Globalisation is important for a healthy economy and business but the scales are rebalancing in terms of globalisation versus what should be done in country. That's going to challenge what sort of manufacturing we should be doing. And what should we be doing to support our healthcare system? What should we be doing around education? We'll look differently at those sorts of big questions.

Do our business leaders need development so they can better handle future crises?

Australia – and corporate Australia – has had 28 years of economic growth. You know the saying, you should always fix your roof when the sun is shining. This crisis has brought into stark relief that we could have been working on our roof tiles a bit more while the sun was shining. I don't think any of us will forget that.

What does that mean in practice?

When you have extended periods of good times it's natural to let some things wander rather than dealing with them, whether it's an underperforming area or something that's not quite on strategy. But it's better to deal with them.

Is the next crisis the recovery phase?

I wouldn't put it that way but I will say – this is my personal perspective – that it's not going to be a linear recovery. It's going to take quite a bit of time and lead to a different set of operating conditions and assumptions around economic growth. We'll have to adjust to that. We're all going to be transitioning to a new world and a new set of beliefs about how to integrate people and business.

I'd imagine many leaders have been mired in the now for some time but presumably they're looking ahead.

Good leaders are going to have to do a couple of things at once. We have to be realistic about the situation

that we find ourselves in as a country and corporate Australia and stabilise business. But it has to be done in the context of the vision and strategy for Australia and the organisations we lead. We need to communicate at both levels, to give our people confidence and clarity about where we're going and reinforce that we'll get through this, it will finish and this is what the picture looks like beyond the crisis.

What should good leaders be doing now to prepare for an uncertain future?

The most important thing is clear, transparent, regular communication. We need to remember that our people have already gone through one of the worst summers of our lives – many people were struggling with drought and then we had the bushfires, then the floods. They went into the COVID-19 crisis feeling anxious about the future. So when you have an uncertain world and lots of questions can't be answered, good leadership has got to be about communication that's calm, confident and resilient. People need their leaders to show resilience because that builds trust and confidence. Last week, I did a Zoom call with 9600 people. I wanted them to see me face to face and I needed to tell them what the next three to six months look like for us.

Even when you don't have all the answers?

You have to be honest that you don't have all the answers and that you'll update them.

What should an organisation have in its arsenal to be ready for another crisis?

A clear understanding of what the intersection between the health and economic crises means for them. Do they truly believe that the health, wellbeing and safety of their people come first? And what does that mean in terms of their strategy for the next time this happens?

How important are nerve centres and war rooms?

The ability to marshal the right skills holistically is critical. People need to be sitting in a room together.

A bunker?

No, we've been running those forums virtually. It's about getting the right skills and mindsets together to act with pace. How do you respond to something that moves so fast? We've learnt a lot of things through this and we'll continue to learn more over the next six months and into the future.

Does that sometimes mean bringing different opinions to the table?

Definitely. If your talent officer and talent team aren't thinking holistically about what health, wellbeing and safety means then they'll need to augment their thinking with others within the organisation or, frankly, to bring those skill sets in from outside.

Can government and business work better together now? It feels like an opportunity for them to be in step.

Corporate Australia has to continue to live up to the call to arms and government probably needs to do even more as this thing unfolds. But I do hope this crisis becomes

a catalyst for government and business to reflect on how we ensure Australia remains the lucky country and what policies, policy settings and actions about manufacturing, education, health, infrastructure and energy government and business can make together. Those industries are going to guarantee that Australia continues to be the lucky country.

If you could have the past few months over again, is there anything you'd do differently?

I am one for sayings – you know that one about when you think you've communicated enough, communicate 10 times more? I think we've done a good job but I would've doubled down even further.

Was there one message that you felt didn't get through?

No but when you're immersed in something and living it 24/7, you can assume people have heard it. It takes time for it to sink in.

You chose to introduce a 20 per cent pay cut across Deloitte Australia. How did your teams respond?

The fundamental tenet of what we did was to say that we're all in this together and we want uniform treatment across the firm. In doing that, we recognised that some people would have to work harder than others over this five-month period but we made a conscious choice to link arms and go through this as one. A 20 per cent pay cut across five months equates to an 8 per cent annualised pay cut and we excluded anybody who was earning \$65,000 a year or less. The vast majority of our people want to come out the other side together.

What's your hope for the future?

Making sure we learn from this and become a better Australia with a greater focus on the things that are important so we continue to be the best damn country on earth. ●

