

## Leading your business through the Brexit uncertainty

By Campbell Macpherson

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**Tonight marked the end of the beginning of the UK's Brexit adventure.**

Five doors now stand between us and our future. Only one will open at 11pm on 29<sup>th</sup> March.

Which door will it be?



More importantly, what will it mean for your customers, your business and your people?

No matter what the future brings, opportunities exist - for those organisations that are ready, willing and able to look for them.

**Leading change has never been a more critical skill.** As business leaders, we need to make sure our business and our people are ready for whatever lies behind that door. That will require strategic clarity, scenario planning, preparing your people for change and equipping your leaders with the tools they need to lead successful and sustainable change.

Behind each of those five doors lies one of the following scenarios:

1. **Lazarus Returns:** Theresa May's Deal is eventually passed
2. **Groundhog Day:** A new Withdrawal Agreement is negotiated
3. **A Brave New World:** No Deal Brexit
4. **Back to the Future:** A People's Vote
5. **Brexit is off:** Article 50 is revoked

You will find further commentary on each scenario on the last 2 pages of this paper.

While the likelihood of each of the above varies significantly, every single one of the five scenarios is plausible. Each one comes with its own set of implications, challenges and opportunities – for the British economy, for your industry and for your business.

**What are the implications of each of these scenarios to your business?  
What can you do to maximise your success?**

**Plan to succeed.**

We business leaders can no longer expect clarity or assistance from our politicians, the vast majority of whom have been pre-occupied with internal power struggles and personal ambition for much of the last three years. They have failed dismally to provide the leadership and collaborative behaviour that the nation has needed at such an important time in its history.

Whatever unfolds over the next few weeks, the UK will continue to be trapped in a state of uncertainty and economic torpidity that is likely to last for many years – and we cannot rely on our politicians to alleviate the situation.

It is up to us.

So, I suggest doing four things:

**1) Objectively clarify your strategy.** What is your Purpose, your DNA? The magic you must retain? What makes you special? What strengths can you leverage in each of the scenarios? What weaknesses must you address? What capabilities must you develop to succeed?

**2) Test your strategy against a detailed analysis of each of the scenarios.**

- What are the 'known knowns' of each scenario – and the things we can safely assume?
- What are the 'known unknowns' of each scenario?
- What are the 'unknown knowns' (ask your staff and seek external perspectives for this)
- Prepare to be ready for the 'unknown unknowns'

**3) Prepare your people for change** (click here for details of the [Power to Change workshops](#))

**4) Arm your leaders with the tools they need for world-beating change leadership** (click here for details of the [Leading Change workshops](#))

Better still – call me and we can do it together.

Warm regards

Campbell.

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**Initial analysis of each of the 5 Doors of Brexit – and what may lie behind each one:**



**Door 1: Lazarus Returns (Theresa May's deal is eventually passed).**

However unlikely this may look this morning after last night's historic defeat, this door will open if Theresa May's deal (with more than a few tweaks I suspect!) is finally passed, grudgingly, by Parliament in the upcoming weeks.

However, the door opens to a departure lounge in which the nation will reside for at least the next two years as it tries to negotiate a multi-faceted trade deal with the EU. Meanwhile, meaningful negotiations with other nations will be on hold. But will two years be enough? The EU's trade deal with Canada took seven years to finalise. The Japanese deal took five years and counting. This scenario is unlikely to end quickly. Or well. France will demand access to UK fishing waters, Spain will want Gibraltar, ...

The implications of Door 1? Whilst trade tariffs and barriers will remain as is during the interminable negotiation process, the likely implications for the British economy during these years will be a continuation of the low pound and a continuance of the slow but steady flow of businesses, capital and jobs relocating to mainland Europe. This flow should slow as the mirage of long-term certainty draws ever closer - whenever that may be.

Your business and your people will need to be brilliant at managing uncertainty.

**Door 2: Groundhog Day (A new Withdrawal Agreement is negotiated)**

Article 50 may need to be extended, which would require the agreement of all of the other 27 EU member states. A General Election may even be in the mix. With Theresa May's 'red lines' erased, what would the new agreement contain? Would it include staying in the customs union and/or the single market? What about the freedom of movement of people? Will we be able to forge our own trade deals? The first Withdrawal Agreement took two years to complete, only to be rejected decisively by Parliament last night, so a different cross-party approach would be required for the next one.

But even after all that ... we would end up back in the same departure lounge as Door 1. However, a deal where the UK joined the European Free Trade Association or stayed in some form of Customs Union or the Single Market, as long as it permitted some ability to negotiate certain bilateral trade deals, would be welcomed by business and may even garner a majority among Parliament and the electorate. Of course, we should have started discussing this 2 ½ years ago ...

**Door 3: A Brave New World (No Deal Brexit).**

Behind this door is an unknown landscape of life outside the EU without a deal. If no other statute is passed between now and the 29<sup>th</sup> March, this is the door that will open.

Arch Brexiteers expect that opening the door will reveal Union Jack's fluttering on a warm ocean breeze and a queue of smiling, sympathetic foreign trade ministers eager to strike win:win trade deals with Britain. Arch Leavers expect a cold and barren lunar landscape with vultures circling overhead. Both tribes are bound to be disappointed.

The implications of Door 3? The pound should fall to a new low. The flow of businesses, people and capital moving to Europe should increase and the likelihood of a downturn, even a recession, would rise along with an increase in both unemployment and under-employment. After all, foreign companies will have a choice between establishing their future offices and factories in the UK with its 66 million potential consumers or the EU with its 440 million potential customers.

International Trade Secretary, Liam Fox said that the economic dividends of Brexit could take “several decades”. Jacob Rees-Mogg suggested that the benefits would best be viewed in hindsight after fifty years. Dominic Raab recently echoed Rees-Mogg’s comment that a No Deal Brexit “wouldn’t be the end of the world”. A comforting thought.

Whoever is in government may be forced to react with knee-jerk decisions to a world of new tariffs and trade barriers as the UK becomes the only major economy in the world having to trade under pure WTO rules. Years of multi-level trade negotiations with the other 158 members of the WTO will commence. Fox and his team has been trying to replace the free trade deals the EU has with 40 big economies but as of writing this piece, no agreements have been signed. Probably because in the event of a no-deal, these 40 nations would want to negotiate different deals with the UK than the ones they have with the EU.

But nuggets of opportunity after the chaos will emerge – for those of us who are ready to take advantage of them. The low pound will benefit exporters and UK-based tourism. Fruit companies and the NHS may eventually benefit from numbers of new immigrant labour arriving from non-EU countries as the likes of India and China demand visas as part of their trade negotiations. The City will lose business to its neighbours but being part of the EU is only one of London’s strengths as a global financial centre.

What new capabilities will you need to develop? New skills? New markets? New products? New services?

#### **Door 4: Back to the Future (A people’s vote).**

Article 50 would have to be extended and just agreeing the question would be a divisive, spiteful process that would take an innumerable number of months, let alone organising and conducting the vote itself. Yes, another referendum could perhaps stop Brexit altogether but it will also deepen the fractures within British society and exacerbate the horrendous tribal animosity unleashed by the first one. Furthermore, would a second vote deliver a conclusive result either way? It would need to.

#### **Door 5. Brexit is off (Article 50 is revoked).**

This door is triple locked and bullet-proof. It needs to be. I doubt whether it will ever open but a plausible scenario exists that a parliamentary vote could revoke article 50 altogether. With the public outcry and unrest that would ensue, Door 4 would most likely spring open rather swiftly.

The immediate implications of Article 50 being revoked are likely to be a jump in the pound and a corresponding fall in the FTSE 100. But this initial market optimism may be unfounded. Can the UK go back to the position it enjoyed before the referendum? Surely, it would be a weakened member of the Union and perhaps even some of its hard-won exceptions may be questioned. The divisions within Britain would remain, the campaign to leave would be rejuvenated in an even angrier form and consequently the flow of companies, people and capital to mainland Europe would be unlikely to cease.

**What will each scenario mean for your industry, your business, your people and you?**

**Opportunities will exist amid the uncertainty – for organisations with strategic clarity, leaders equipped to lead change and people equipped to embrace change. The future belongs to them.**