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PREPARING FOR TAKE-OFF

**Ensuring your organisation is ready
for success after Covid-19**

A paper by

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April 2020



When you emerge from your Covid cocoon, will your business be one of those that will soar to great heights or will you be stuck on the ground still waiting for take-off?

Your business has suffered a sudden mid-flight crisis. As Captain of the aircraft, you immediately marshalled your team to steady the plane and keep it flying. The next step is to land safely and survey the damage. Then and only then can your team turn its attention to preparing the aircraft for take-off once more.

PHASE 1: STEADY THE PLANE.

Some businesses are still in phase one – steadying the plane and keeping it aloft: securing their finances, calming their customers, reducing costs, furloughing employees and reluctantly making some people redundant.

PHASE 2: LAND SAFELY.

Many have also been able to turn their minds to the next phase: landing safely. Setting their people up to work from home, adapting meetings and decision-making to the new VC-based world and establishing how to keep their people motivated and focused while working remotely.

PHASE 3: PREPARE FOR TAKE-OFF.

This paper is written to help you and your organisation prepare for a successful take-off: Not only doing essential pre-flight maintenance on your business during this lockdown but also determining your future flight plan well ahead of time – for we will be taking off into a world that is very unlike the one that existed when we landed.

Some of your competitors will not be capable of taking-off post Covid-19. Others will only just get off the ground. Some will be able to soar – because they have used this time to prepare.



This paper is designed to help you soar; to enable your business to emerge from this crisis not only ready for success but also able to deliver it



THE POST-PANDEMIC LANDSCAPE

We will emerge from the deepest recession in a hundred years into a world of bigger government, higher national debt, higher corporate debt, higher unemployment, higher under-employment, higher self-employment and increasing inequality. We will be in this world for some time.

- 1. Government 'austerity' is gone forever.** The era of under-funding national health services, aged care, police and other social services is well and truly over. Our newly recognised "key workers" should now receive the pay rises they so richly deserve. Immigration quotas may even be relaxed for designated key workers, especially now that the British PM singled out "Jenny from New Zealand and Luis from Portugal" for praise for his life-saving intensive care. Governments will now take pandemic planning seriously, secure their supply chains for key equipment and fund their civil services appropriately. Which will all need to be paid for...
- 2. Waves of ongoing volatility.** Barely a month ago, economists hoped for a 'V-shaped' economic recovery and a swift return to normal levels of economic activity. That now looks like wishful thinking. The recovery is most likely going to resemble a string of W's as our economies fluctuate with a series of on-again-off-again restrictions. As leaders, we will have to become proficient at leading our people through waves of volatility and uncertainty.
- 3. We will all be turning a little Japanese.** Western governments used to gasp at Japan's 240% national debt to GDP ratio and pity their two decades of economic stagnation. Japan's government debt level 20 years ago, before they started borrowing in an attempt to stimulate the economy, was c90% - a similar level to the UK before Covid-19 and the US before Trump. These two countries look like emerging from this wave of the pandemic with government debt to GDP of 120%+ and rising - with corporate debt and personal debt levels that are already significantly higher than Japan's. Higher taxes and low growth look set to be the new norm.
- 4. People are now important.** Covid-19 is a multi-dimensional human tragedy on a global scale that has the potential to make us more human; more humane. To date, we haven't really seemed to care that 8 million of us die every year from smoking and 10 million from hunger. Maybe now we will. On the other hand, we could go the opposite way entirely as the young rally against being forced into isolation and poverty to protect the old and the healthy watch smokers and obese people occupy scarce hospital beds. How we strike the balance between protecting people from Covid-19 and protecting people from other diseases and deaths from air pollution will be fascinating to observe.
- 5. CFOs across the land will be given increased powers** due to increased debt and the fact that many of our retail and business customers will be struggling and watching every penny. Expenditure and travel budgets will be scrutinised - and reduced.
- 6. But you can't cut your way to greatness.** This is precisely the time for leadership teams to pull their heads out of their spreadsheets and prepare their business for success. In boom times, following the herd can sometimes be the safest thing for executives to do. But not in downtimes. Purely focusing on cutting costs would be setting yourself up for failure: your business would emerge from this crisis behind its competitors with low morale and a diminished market presence; struggling to attract talent or customers. It will be bad news for your people, your customers, your shareholders, your career.
- 7. Enter the entrepreneur.** We should expect a new wave of attacks from nimble entrepreneurs, unsaddled by debt or reputation and armed with fresh cash from the \$2 Trillion of private equity waiting to be deployed.

But there will be opportunities for those organisations with leaders who are up for the challenge.



BUSINESS HAS CHANGED FOREVER

Returning to the status quo is not an option: it no longer exists.

- 1. This pandemic has changed the way we work.** While face-to-face is undoubtedly better for a host of interactions and we miss vital, spontaneous discussions over the coffee machine, we have proven that working from home - works. No expensive, time-wasting travel; genuine work:life balance; increased productivity for a load of tasks. Millions of us are unlikely to go back to the way we were. At the very least, we will be working from home more often. Some of us may never go into the office again. The implications of this are wide-reaching – the need for and value of office-space, train companies, airlines, station and airport retailers, ...
- 2. It has changed the way we interact with our people, our colleagues and our customers.** The need to physically meet for meetings will be questioned. Which meetings must be face-to-face and which ones are just as effective over VC? We must all learn how to lead, manage and motivate our people remotely; how to negotiate with and service our clients via Zoom (a business now worth more than all of the US airlines combined).
- 3. Every business is a digital business.** Paying lip service to ‘digital’ is no longer an option. Paper signatures are a thing of the past. Every company will need to re-evaluate its ‘digital’ strategy. Existing strategies will be accelerated. New strategies will be formulated. The key questions will be ‘what’ digital means to our business and ‘how’ we do it – quickly. Not ‘if’.
- 4. Every business is a SaaS business.** What services can you provide your customers that they will pay you for every single month? What IP can you leverage? Technology companies that transformed themselves into SaaS businesses tripled their revenue multiple and many are sailing through this deepest of recessions due to their regular revenue streams. What is it you could do that your customers would value enough to pay you for on a recurring basis?
- 5. Every business is a people business.** It has reminded us that businesses are more than P&L accounts. Successful leaders care - because successful businesses are people businesses.
- 6. Sustainability is more than a buzzword to showcase your environmental credentials.** It is the cornerstone of every business – and exists across four dimensions:
 - **Financial sustainability:** The businesses that went into this crisis without a robust balance sheet built from healthy margins, prudent financial management and/or abundant capital – have disappeared already or will soon cease to exist. Many of the survivors will be laden with increased debt in a world of rising interest rates and cash-strapped customers.
 - **Social sustainability:** The businesses that chose to sack people or furlough them without financial assistance will be treated as pariahs and boycotted. Those that looked after their people and society at large during this anxious time – will be rewarded.
 - **Environmental sustainability:** More than 4 million people die every year, globally, from air pollution – which also makes people more susceptible to Covid-19. The shutdown of industry and travel has saved hundreds of thousands of lives. Your environmental credentials will be scrutinised even more harshly than before.
 - **Strategic sustainability:** Companies without complete clarity of why they exist, who they exist to serve, what makes them different and what they need to do to deliver – will find it nigh impossible to compete.



MORE THAN EVER BEFORE, LEADERSHIP IS LEADING CHANGE

**If you are not leading change, you are not leading anything.
You are just managing the status quo.**

As recently as January, managing the status quo meant that you were going backwards. But now, thanks to Covid-19, it is far more serious - for the status quo no longer exists.

More than ever, leadership is all about change.

THE SECRET TO SUCCESSFUL BUSINESS CHANGE:

*Leaders who care enough
about their people and the business
to build genuinely sustainable organisations,
clear about what they are trying to achieve - and why,
with agile cultures that embrace change
and deliver the future - together.*

COVID-19 HAS REMINDED US OF WHAT GREAT LEADERSHIP LOOKS LIKE:

- Good leaders admit they don't have all the answers and work with their people to discover them.
- Good leaders build extraordinary leadership teams.
- Good leaders create more leaders, not more followers.
- They encourage their people to vent their fears and concerns about any new strategy, and they listen - because that is the only way to find the best path forward, together.
- Good leaders are decisive but agile - they change their minds when the facts change.
- Good leaders are confident but humble - it is never about them. It's about their people.
- They believe in stewardship. They leave their businesses in a better state than they found it.
- Good leaders are genuine.
- Good leaders are accountable.
- Good leaders are trusted, because they are honest and transparent.
- They give their people hope - based on fact not fiction.
- Good leaders are clear and they deliver through, and with, their people.
- Great leaders try their best to do all of the above.



THE KEY QUESTIONS TO PREPARE FOR YOUR SUCCESSFUL TAKE-OFF

1. Analysis of what's changed in your world:

- What has Covid-19 changed for your business, for your industry? What has changed for your customers? What has changed for your people? What has changed for your competitors? What are your competitive advantages in this new world?
- Where are your opportunities?

2. New strategic themes:

- What is your 'Digital' strategy? (What does 'digital' mean for you?)
- What is your 'Recurring Revenue Stream' strategy?
- What is your 'Sustainability' strategy – financial, social, environmental, strategic?

3. Alignment to strategy:

- Is your overall business strategy clear to your leaders, your people, your customers, the wider community?
- Is your leadership teamed aligned to deliver it?
- Is everyone else aligned to deliver it?

4. Leadership:

- Is your leadership team a genuine collaborative team or a collection of individuals?
- Are your leaders highly effective at leading change? (88% of leaders aren't.)

5. Culture and organisation:

- Are your people ready, willing and able to embrace change? (Because if they aren't ready to embrace change, you will not succeed.)
- Is your organisation designed to deliver post-Covid? (Org Design is so much more than structure.)



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