

SEISMIC SHIFT OR SMALL SHAKE?

6 shifts to shape future success

For many organisations COVID-19 has been like an earthquake. Seismic in nature.

Income falling off a cliff, operations closed down, supply chains halted.

For others it's been less dramatic, with the focus mainly around keeping staff safe and implementing working from home arrangements. A small shake.

Most organisations have been somewhere in between these two ends of the spectrum.

Collectively, as individuals, we have mostly been locked down at home, all facing a similar set of challenges, though at differing levels of intensity depending on employment situation, home schooling demands or health status, to name a few.

“When we look back over this COVID-19 period what will we see? What will we have learnt? How will it shape our future success?”

SO, WHERE TO NOW?

Coming out of this global seismic shock we need to recognise that the landscape in which we operate will be different, at least in the short to medium term. Australia, and the world, will be in a recession. Supply will at an aggregate level outstrip demand. However, many behaviours will return to the norm. We shouldn't underestimate the resilience of people to be able to quickly adapt and get on with their life.

From a business perspective, though, winners and losers will emerge out of this period. It's already happening.

So, the challenge we need to lean into is - can we use this unique moment in time to hit the reset button? To become more resilient. To grasp the opportunity; to reinvent and reshape. This opportunity is open for all to seize - current winners and so called 'losers' alike.

Whilst a lot of attention is, rightly, being currently focussed on restarting, or adapting the environment, to operate safely, future success will come for those that grasp the opportunity to reinvent as they look to 2021.

WHAT SHIFTS COULD SHAPE FUTURE SUCCESS?

The discussions I am part of, on the boards I sit on and with the clients I advise, are now turning to rethinking strategy and resetting operating models. Key to that exercise is looking to gain insights from what we have experienced, how we have responded and what it means for the future.

I am seeing six shifts emerging that have the potential to shape future success. In part they have always (or should have always) been on the table, though the focus is now sharpened and accelerated given the COVID sized shock we have experienced.



SHIFT 01.
New Ways of Working



SHIFT 02.
Acceleration of Digital and Data



SHIFT 03.
Quicker Decisions. Faster Prototyping



SHIFT 04.
Balancing Supply Chain.
Building Ecosystems



SHIFT 05.
Importance of Trust



SHIFT 06.
Authentic and Adaptable Leadership



SHIFT 01. NEW WAYS OF WORKING

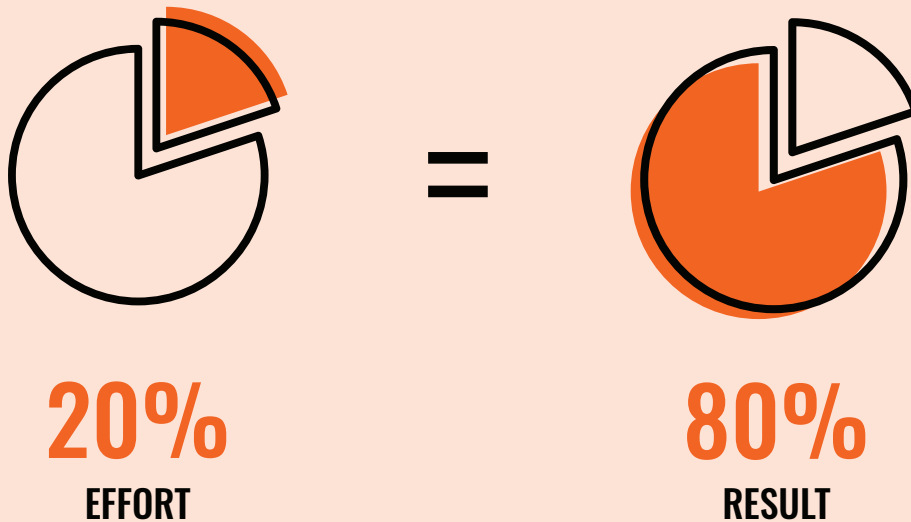
We have proven that we can work more flexibly and utilise technology in ways that are efficient and effective.

We now need to consider what the optimum mix is when it comes to working from home and working together at the office or factory. We can't forget the value of face to face collaboration and 'by chance' interactions that can spark new ideas and innovation.

Importantly productivity gains that were achieved need to be baked in. You did more with less – how can that be sustainably embedded in new ways of working. To me the Pareto principle should apply – focus on the **20% of effort that will generate 80% of the result.**

There are many ideas and advice already published on this topic, but I believe the optimum mix will be determined on a business by business basis.

THE PARETO PRINCIPLE





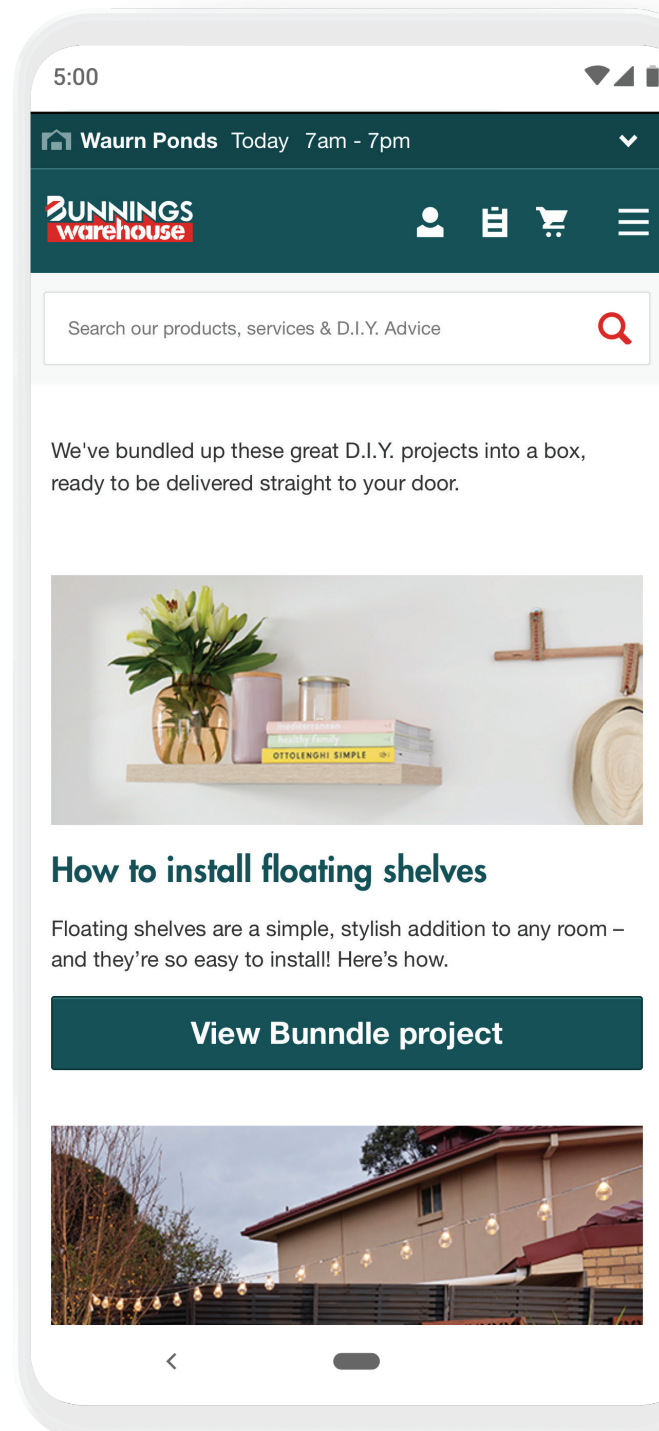
SHIFT 02. ACCELERATION OF DIGITAL AND DATA

Those businesses that were already ahead of the curve in utilising technology to reinvent both their customer experience and operating model were early winners.

Retailers such as Bunnings who, whilst relatively late to ecommerce, were able to leverage their infrastructure to enable digital and contactless service. Their 'Project Bundles', where they bundle up DIY projects in a box and contactlessly deliver, is one such example¹.

These types of innovators will continue to invest. Poor customer experience and inefficient processes need to be tackled head on. Laggards now need to seriously invest in digitisation of their business model and customer journey. Underpinned by data analytics that drives decision making.

“I believe that when we look back in 5 years this time will be the tipping point for digital transformation. Those that ignore taking action now will not survive.



4 ¹<https://www.bunnings.com.au/the-diy-daily/project-bundles>



SHIFT 03. QUICKER DECISIONS. FASTER PROTOTYPING

We surprised ourselves by how quickly we could make high quality organisation wide decisions and implement them with speed. Because we had to. Our collective health required it.

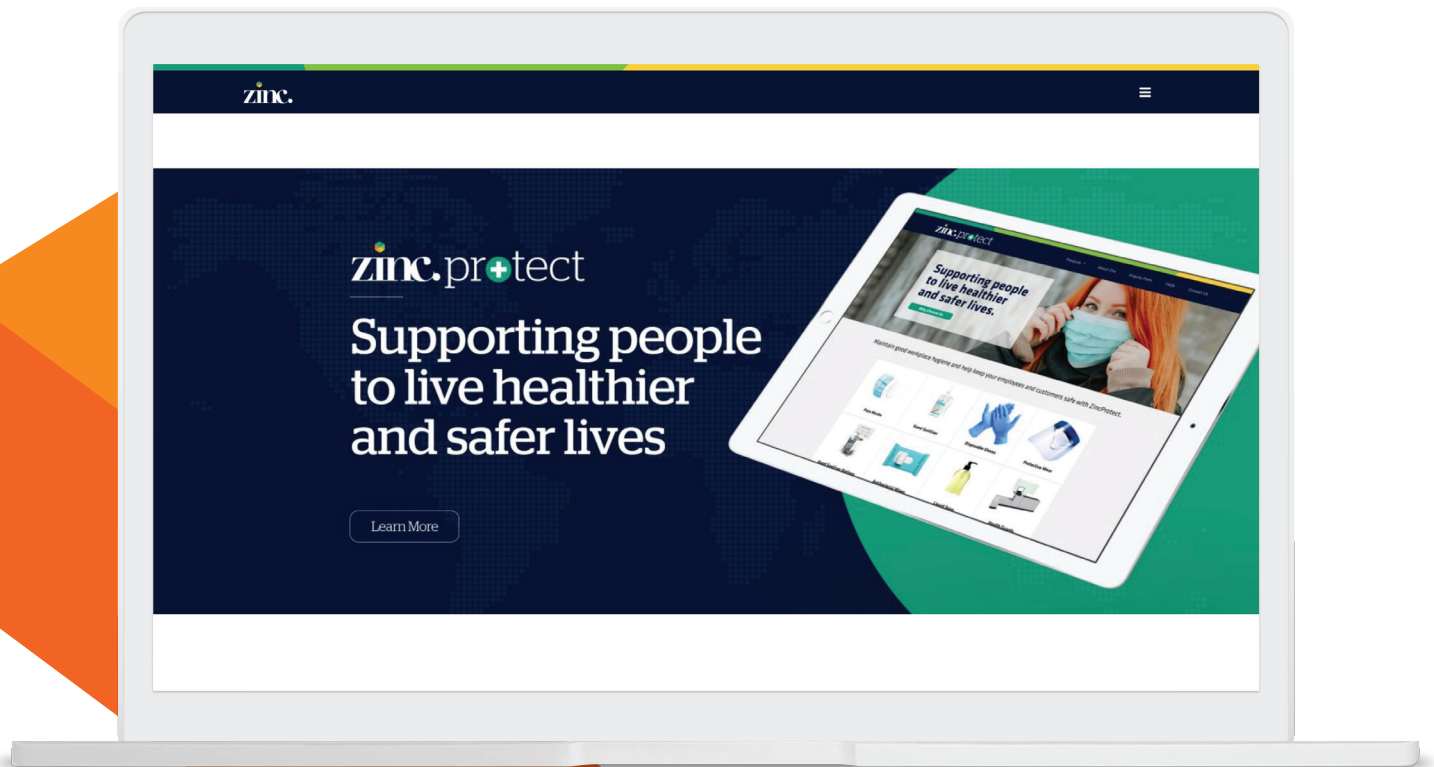
So, how do we cut through the clutter and ensure we don't fall back into the old ways of assessing risk, identifying opportunity and making decisions that strive for excellence rather than perfection?

Specifically, how can we more rapidly test and prototype new market offerings? The start-up world are experts at this. The concept of minimum viable

product needs to become part of all business's toolbox.

Zinc, a marketing business, had their promotional and entertainment divisions threatened due to a significant decline in demand. Within days they had stood up a whole new proposition, offering a range of sanitising and PPE solutions, leveraging their existing capabilities, including supply chain & marketing - Zinc Protect². Impressive! My favourite gin brand – Four Pillars – did similar³. Cheers!

What capabilities could you use to reinvent and reimagine your offering? What systems and processes can we change to embed new ways of thinking, new ways of decision making and new ways of talking action?





SHIFT 04. BALANCING SUPPLY CHAIN. BUILDING ECOSYSTEMS

The historic drive for cost advantage and efficiency caught many businesses out. Either due to border closures or supplier operational shutdowns. Supply chains weren't as resilient as they could have been.

We now need to reconsider how supply chains are structured and, in fact, the type of relationships we want to have with suppliers. Forging true partnerships will be key – and not just in name.

Ecosystem style business models, where there is mutual interdependence between customers, suppliers and even competitors, should be on the agenda. What platforms do you have, or could you be part of, to change the competitive dynamic?

In 2017 McKinsey forecast that ecosystems could account for 30% of global revenues by 2025⁴. I suspect this shift will be accelerated, in part by the digitisation of businesses, and paired with the need to have more resilient supply chains so as to serve the market in new ways.

30%

**OF GLOBAL REVENUES
BY 2025 COULD BE
ACCOUNTED FOR
BY ECOSYSTEMS**





SHIFT 05. IMPORTANCE OF TRUST

As a society we experienced uncertainty and stress. People looked for the facts and didn't always get what they needed. Trust in brands and institutions has been degrading for many years.

Will this accelerate? Who can people trust as they look to the future? It's worth noting that the Edelman Trust Barometer 2020⁵ identified 'my employer' as the most credible source of information in relation to the COVID crisis.

Certainly, in the medium term at least, those brands and businesses that built

trust, by truly helping and providing value to its customers (and staff), will have a firmer foundation for the future. Being clear, consistent and transparent in how we communicate and engage with customers' needs to be a guiding principle in how organisations face the market.

Taking friction out of relationships, wherever possible, should be the goal. Being focused on solving customer problems, and not selling 'stuff', will build trust and pay back in loyalty. Interestingly Bunnings, given how they have leveraged their digital capabilities during this time (see Shift 02), are now Australia's most trusted brand according to the Roy Morgan Trust Monitor⁶.



7 ⁵<https://www.edelman.com/research/edelman-trust-covid-19-demonstrates-essential-role-of-private-sector>

⁶<https://www.roymorgan.com/findings/8428-risk-monitor--12months-april-2020-202005290609>



SHIFT 06. AUTHENTIC AND ADAPTABLE LEADERSHIP

There is no doubt that we have seen in many businesses people at all levels step up or step forward.

Some individuals may have seen Job-Keeper as an invitation to stay on the couch, and for those people I suggest you leave them there. For many though their ability to be adaptable, lead with authenticity, communicate clearly and build trust has been inspiring – at all levels of the organisation.

Many boards and CEO's will now need to assess the bench strength of their team

and decide if they have what they need to grasp future opportunities. Is the capability set suited to the next phase for the organisation? If not, they need to move swiftly as soon as possible.

I believe adaptability, in a fast-changing market and economy, will be a core capability for future leadership success, as it clearly was during the crisis period.

The market for talent that is authentic, adaptable and able to drive change will be fierce.

SETTING UP FOR SUCCESS

There is one consideration, especially in the short term, that we need to keep front and centre - potential fatigue. It has been a stressful time for many and the amount of change that has occurred means that generating sufficient energy to enact needed changes may be a challenge. So, we need to enable teams to recharge as needed before charging headlong into the next phase.

Some leaders have observed that new and informal networks emerged within their organisations to work together on projects, and support each other around mental health, during this period. This was enhanced

by having more flexible work arrangements and the technology to connect and collaborate. This should be encouraged and enabled as part of a new way of working.

Determining the optimum mix, in terms of changes to your strategy and operating model to enable you to succeed, is the first step. The response by many organisations to COVID-19 however has created a platform for, and confidence in, undertaking change. Building on that momentum, and the DNA that enabled swift decisions and quick implementation, creates a window of opportunity.

A FUTURE FACING LENS

Most fundamentals of society and the economy of course won't materially change in the medium term.



Customers

will always seek value.



Employees

will still look for workplaces that value their contribution and build their capability.



Shareholders & Investors

will look for sustainable returns.

However, the lens they see through has shifted. In the short-term cash will be king (shouldn't it always have been so?). We will have a heightened focus on cost management and the bottom line, and ensuring workplaces are healthy and safe.

Pent up demand to get out and about, enjoying a less isolated life – either at the pub, in a café or on a short holiday - will drive some short-term growth. And there will be government support and stimulus that will provide opportunities for some to capture.

“But sustainable growth will come from those that seize the opportunity to leverage these shifts and hit reset. Reset how they go to market, how they deliver value and how they lead their teams.

Time to rethink the future! To grasp the opportunity that this point in time provides. To change. To become more resilient. To grab hold of future growth.

So, what is it for you – a seismic shift or a small shake? Your choice!

James Atkins
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THANK YOU

to the CEO's and General Managers from the Vantage Leaders Forum who contributed to this article by stress testing the 6 shifts and providing context and examples to what was happening in their organisations. To learn about the Vantage Leaders Forum click [here](#).



JAMES ATKINS

is an experienced Chairman and Non-Executive Director in the property, financial services, franchising, tourism, health, arts and environmental sectors.

He is currently Chairman of BIG4 Holiday Parks and Greening Australia, and a non-executive director of the Connective Group, .au Domain Administration and Circus Oz.

He is also the principal of Vantage Strategy, a consultancy, that works with a range of organisations helping them clarify their strategy and implement change so they can grow.



CONTACT

Email

jatkins@vantagestrategy.com.au

Phone

+61 419 516 655

Website

vantagestrategy.com.au

LinkedIn

linkedin.com/in/jamessatkins

Twitter

[@JamesSATkins](https://twitter.com/JamesSATkins)