



# Past experiences, future impact

**Chairs' research report**

December 2020

# Foreword

In a year marked by turbulence, there has never been a more important time to reflect on the role of governance in providing businesses with a strong compass.

Boards have been subject to new challenges, navigating both operational disruptions driven by the COVID-19 pandemic, and the long-term strategic challenges of guiding and energising organisations to thrive in the future. Decisions made by board chairs during this period are helping to determine what kind of future awaits businesses and the wider economy and society.

Over two months in late 2020, Deloitte New Zealand interviewed chairs of some of this country's most significant organisations to understand their experiences with COVID-19, the role they played in supporting their organisations to respond and recover, and the lessons they've learned.

The findings from these interviews have been compiled into a compelling report, showcasing perspectives from similar research conducted concurrently by the Deloitte Australia and United Kingdom firms.

While certain responses were specific to the relevant geographical markets, overall, the collective perspectives from chairs around the world presented similar themes, particularly around collaboration, the need for rapid decision-making, and supporting their organisations to transition to more digital ways of working.

Locally, the focus on people was paramount both during and after the lockdowns, as was the recognition COVID-19 isn't going anywhere soon, and new ways of working must ensure a continued ability to adapt as the market requires.

Our aim with this report is to showcase the resilient leadership demonstrated by New Zealand's chairs and boards as they responded to the crisis and resulting business disruption, and to generate ongoing conversations about corporate governance and business continuity in an unpredictable world.

We hope the report offers a snapshot of New Zealand's navigation of the COVID-19 pandemic – marking a point in time from which business will be able to reflect and consider their evolution in contrast to what may have been anticipated in pre-pandemic times.

My sincere thanks to those who participated in this research and shared their experiences with the wider business community.



**Ross Milne**

Chair, Deloitte New Zealand

# Executive summary

This report is based on a series of interviews with board chairs in New Zealand. The cohort of interviewees included 17 chairs overseeing 35 significant local organisations – with 28 per cent of NZX 50 companies represented and 20 per cent of the Deloitte Top 200 index for 2020.

Interviews were conducted with chairs between September and October 2020. They provided individual perspectives on leading boards and businesses through a crisis and their thoughts on strategic implications for the future.

Unsurprisingly, the experiences highlighted by the chairs varied depending on the industry in which they operate; however, clear themes emerged regardless of sector:

- The impacts of the pandemic on business are far from over and will persist into the future. There is a need to build a new level of agility and risk sophistication into business as usual processes, which will ultimately provide benefits beyond the immediate crisis.
- The board and management – particularly chairs and CEOs – formed deeper, more collaborative working relationships through the crisis, while still maintaining governance and management separation.
- Diversity of thought, skills, experience and background became more important than ever during the crisis. Many chairs felt that boards already embracing diversity and inclusion were able to respond more effectively to the crisis.
- There is a need to manage multiple time horizons using scenario planning and risk management. This helps ensure the long-term strategic priorities of the business provided a 'north star' to the immediate tactical responses required.

- Supply chains were rapidly disrupted and ensuring supply security on an ongoing basis is critical. Chairs agreed the growth in localisation and regionalisation (as opposed to globalisation) has been a solution to the global disruption predicted to persist for the foreseeable future and aligns well with the desire to support local business.
- Digital ways of working organisation-wide are the 'new normal' and making this functional for the business, employees and customers cannot be ignored.
- The talent pipeline is critical – including developing local leadership capabilities and understanding the impacts of border restrictions on access to global expertise.

This report is organised to reflect on the three timeframes over which a crisis plays out, based on Deloitte's COVID-19 Resilient Leader Framework:

- **Respond:** Accelerated strategic change to respond to the crisis
- **Recover:** Embedding change and restoring focus on other priorities
- **Thrive:** Building resilience and opportunity for future success

# Overview

## How organisations responded to the crisis



### Respond

**Accelerated strategic change to respond to the crisis**



### Recover

**Embedding change and restoring focus on other priorities**



### Thrive

**Building resilience and opportunity for future success**

#### What changed

##### Pace of strategic change

- Rapid decision-making required to navigate change in business environment and business plan
- Quick decisions became the 'new normal'. Board governance processes had to adapt to reflect the demands of the time

##### Business continuity

- Pace of change accelerated in crisis-management mode, testing organisations' ability to respond to uncertainty

##### Managing risk

- Increased willingness to accept more short-term risks and relax normal risk constraints

##### Scenario planning

- Increased need to accept the reality of changing business models and adopt future focused thinking

##### Financing

- Financing and capital adequacy models viewed through a new, uncertain lens

##### Supply chains

- Consideration if supply chains remained fit for purpose

##### Digital capabilities

- Importance of working virtually advanced digital strategies

#### Operational impact

- Change in meeting style – more frequent, targeted meetings to increase speed of decisions
- Focus on operational fundamentals, and overseeing management on:
  - Financial liquidity
  - Operational resilience
  - Supply chain

- Strategic decision-making became more interwoven with business continuity and disaster recovery plans
- Increased focus on scenario planning sessions exploring the future of business and moving beyond traditional business models
- Balance sheet and funding agreements were reviewed
- Assessment of adequate liquidity needs in response to disrupted revenue streams
- Boards discussed whether to pay dividends to their shareholders

- Exploring the value and importance of supplier relationships and loyalty, and regionalisation of supply chains
- Accelerated use of digital platforms and systems

# Contact us



**Ross Milne**

**Chair**

Tel: +64 9 303 0950  
romilne@deloitte.co.nz



**Grant Frear**

**Partner**

Tel: +64 9 303 0931  
gfrear@deloitte.co.nz



**Adithi Pandit**

**Partner**

Tel: +64 4 470 3871  
apandit@deloitte.co.nz



**Mike Hoshek**

**Partner**

Tel: +64 3 363 3744  
mhoshek@deloitte.co.nz



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organisation”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the “Deloitte organisation”) serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 312,000 people make an impact that matters at [www.deloitte.com](http://www.deloitte.com).

Deloitte New Zealand brings together more than 1400 specialist professionals providing audit, tax, technology and systems, strategy and performance improvement, risk management, corporate finance, business recovery, forensic and accounting services. Our people are based in Auckland, Hamilton, Rotorua, Wellington, Christchurch, Queenstown and Dunedin, serving clients that range from New Zealand’s largest companies and public sector organisations to smaller businesses with ambition to grow. For more information about Deloitte in New Zealand, look to our website [www.deloitte.co.nz](http://www.deloitte.co.nz).

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organisation”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.