



# Past experiences, future impact

**Chairs' research report**

December 2020

# Thrive

## Building resilience and opportunity for future success

COVID-19 provided organisations with a unique opportunity to leverage the current climate to accelerate and thrive. For some, this resulted in new solutions that advanced their digital transition, forced the adoption of new ways of working and helped prepare for future challenges. Chairs remarked on the new set of parameters that now exist for business, where fundamental assumptions have been challenged and, in some cases, completely rewritten.

### Supply chain

COVID-19 disrupted supply chains and organisations are now faced with the challenge of determining if their current model is fit for purpose. Chairs are exploring the notion that supplier relationships and loyalty is more important than ever, reflecting on the trade-off between point efficiency and effectiveness versus a more resilient, elastic service.

Those organisations with existing supplier relationships have withstood some of the challenges together, mutually leaning on one another to provide opportunities to extend payments or amend contractual terms when required. 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 capabilities

In the wake of the pandemic, chairs have witnessed increased demand on digital capabilities required within their organisations.

The sudden reliance on virtual tools accelerated the use of digital platforms and systems for many businesses, also acting as a catalyst for culture change and the progression of their own digital strategies. Chairs reported quickly adapting to these digital ways of working as the new normal, with digital transformations already planned or underway in many organisations prior to the pandemic.

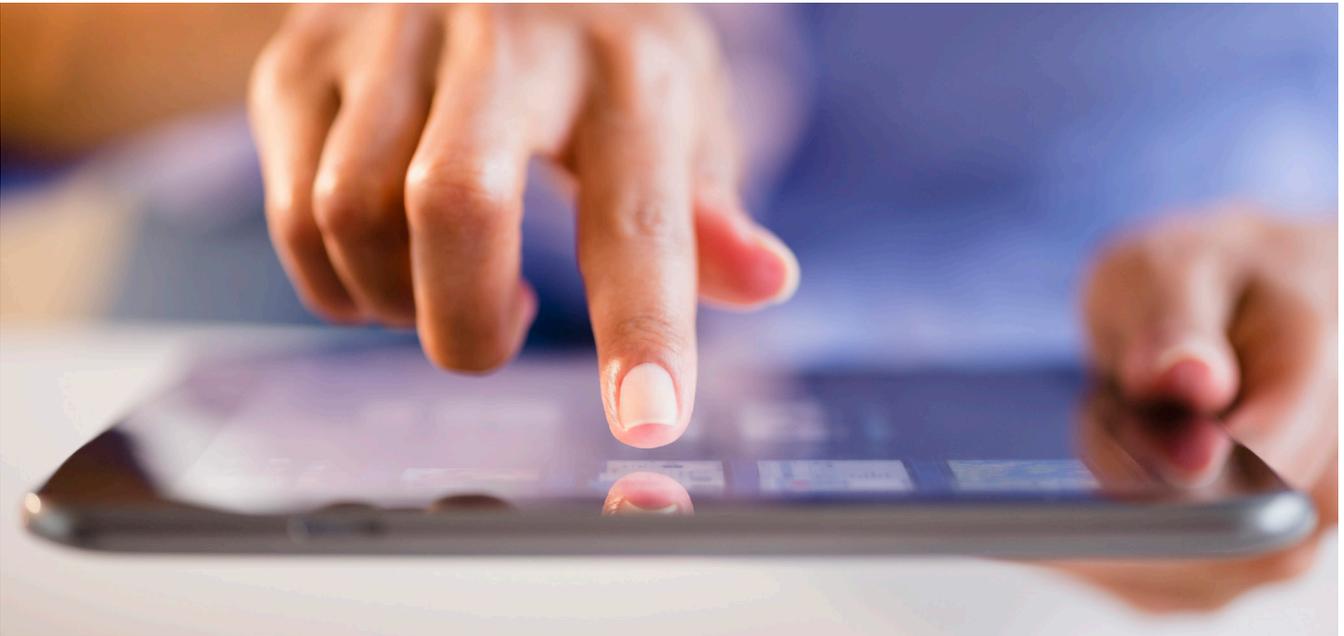
### Permanent shifts

Chairs say since the beginning of the pandemic they have experienced an improvement in the quality and effectiveness of communication between board members as well as between board and management. The pressures of the pandemic response and lockdown have created greater cohesion between leaders who went

Supply chains are being impacted in ways never seen before as societal needs change and consumer preferences evolve.

**Certainty and security of supply of critical items is now a global imperative** as manufacturers ramp-up output and look to logistics providers to ensure fast, effective delivery of products.

Paul Shallard, Operations Transformation Partner, Deloitte New Zealand



through the crisis together. This is expected to enhance resilience and provide opportunities for shared learning – something chairs pointed to as a positive outcome from the pandemic that should be retained.

A further shift has been a movement towards employees working from home. Chairs reported many employees enjoy the flexibility that working remotely allows, and organisations are now exploring how to balance the impact of flexible working practices on internal culture and productivity.

Boards are looking to utilise the momentum gained during this period and the shared experience everyone has been through to influence culture shifts across their organisations.

### Concerns and levels of optimism for the medium term

Chairs have a balanced view on the future, acknowledging the uncertainty ahead while also recognising the opportunities created by the disruption of COVID-19.

The ongoing challenge for boards is the unknown period of uncertainty and being prepared for a range of different future scenarios. Some chairs expressed concerns over New Zealand's ability to continue attracting offshore capital and felt the pandemic exposed weaknesses due to our isolation and reliance on certain industries. Appreciating these concerns, they feel there is a chance to capitalise on opportunities created by the pandemic's impact.

### Opportunities

Chairs say by retaining a long-term focus, boards can assess how their organisation can capitalise on opportunities when better economic conditions return. Some have reported their organisations are undertaking

a review of skills and expertise, products and services, and business models to ensure they will be fit for purpose in the future.

Many boards have continued to invest in strategic projects which were already in progress prior to COVID-19, recognising the long-term value these will bring.

While the future will be viewed through a different lens by each company and industry, all chairs interviewed recognise the pandemic has provided the business community an opportunity to reset, reconnect and rebuild.

The pandemic has seen a shift in the momentum toward digitisation and how work gets done. Barriers to new ways of doing things have come down and **many people have embraced and developed a more digital mindset.**

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