

The Heart of Resilient Leadership – Responding to COVID-19

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Deeshraf Elias: The rapid global spread of COVID-19 has quickly eclipsed recent epidemics in both size and scope. In addition to the deadly human toll and the disruption to millions of citizens globally, the economic damage of the pandemic is already significant and far reaching.

Are organisations starting to feel the impact of the economic slowdown, or the impending recession? What can we do to prepare and thrive in these uncertain economic conditions? Welcome to Deloitte Voices, my name is Deeshraf Elias, and join us as we uncover the ways to thrive in volatile times.

In this first episode, I would like to welcome James Walton to discuss the current global crisis we are facing, and how leaders can lead with resilience to come out stronger and more competitive.

James, welcome to the show! You must be a busy man – considering you're Deloitte Southeast Asia's Clients & Markets Leader, the

Transportation, Hospitality and Services sector leader as well as our Sports Business Group Leader – notably some of the most highly affected sectors, if I may add, by the current COVID-19 pandemic.

James Walton: I mean it's definitely been a busy time both for Deloitte but also for the clients, the organisations that we're working with out in the market.

I mean I'd just like to start by saying that I hope everyone is keeping safe and healthy, and the personal and corporate support systems out there are helping, keeping them functioning. For me today, I'd like to just share a little bit about what we're seeing in terms of how some of the leaders in our economy are helping their organisations to navigate through waters that are quite uncharted in our lifetimes as well as some of the actions that organisations can take.



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Deeshraf Elias: When you're out there talking to companies and leaders, what exactly are you hearing from them regarding the challenges they are facing? Is it aligned with what we hear in the media or is there more than meets the eye?

James Walton: We recently did a poll of some of our largest clients via our elite partners and it was interesting, but not surprising that the number one area that our clients saw as a threat to their business, or an area that they need to focus on right now, was around supply chain. De-risking your supply chain and making sure that you have all the things that you need, to produce. Number two, was around customer engagement, making sure that you are still attracting customers. Whether you can even serve customers, given that some industries have different lockdowns that are happening, and also how you continue to engage with them and continue to differentiate yourself. The third one, was just around business continuity and financing, in particular. One of the things we're seeing is the need for liquidity. A lot of organisations are looking at their cash flows, talking to banks, checking that you have the credit lines that you think you have. Deferring any unnecessary spending and taking measures around staffing, in terms of reduced pay or perhaps asking staff to take a holiday and use up their holiday at this point in time. We're also encouraging organisations to make the most of the different incentives, the reliefs that are available out there for them. The Singapore government has already announced one package and there's another one coming this week. We've also seen packages in many other countries around the world that supports both individuals, as well as corporates, at this time.

From my point of view, the aviation sector has obviously, been very badly hit. As a sports-business person, we're seeing leagues cancelled and sporting events end. These sectors tend to have a lot of workers that work on hourly basis, part-timers, casual or even gig economy workers and that's definitely an area of concern at this point in time.

Deeshraf Elias: There is undoubtedly an overwhelming amount of information reaching us right now. Where should leaders even begin when responding to COVID-19?

James Walton: We have this concept that we're talking to a lot of organisations about - resilient leadership. We see a couple of qualities in leaders who are shining at this time, and the first one is that they really put the mission first. They focus on stabilizing today, looking at what the constraints are and looking at what needs to be done. Secondly, with their people and with their clients, they own the narrative. They paint a picture of a compelling future, the path forward, because that helps people control a little bit of the emotion and fear that they're experiencing today. We believe in designing from the heart. It's a good time to focus on what is the purpose of your organisation, what are you trying to do, what are your obligations to society at this point in time. Also, another factor we find is that right now, a lot of the time, it's really speed over elegance. For many organisations, there's a focus on all the little details of things and making things perfect. But the speed at which things are moving right now, when you think about the different lockdowns that are coming, the different policies that are coming out so quickly, it means that if you spend two or three days formatting something and getting it ready, by the time you do it, it's already been surpassed by something else that's been happening.



Ultimately, it's really about focusing on the long view. What are you going to do when you emerge on the other side, how are you going to make sure that your staff and your customers focus on what happens a year from now, 18 months from now, 2 years from now, what will your organisation be doing and how will you be partnering with them?

Deeshraf Elias: Talent and people are clearly the number one priority for businesses - whether it's employees or customers. Where then, do you see opportunities for leaders to establish trust, improve engagement and satisfaction, through the current situation and out the other side?

James Walton: We're seeing some organisations really focusing on their purpose, being true to their brand and looking at how they and their customers, and their employees can really support the difficult situation that we're in. Before the shutdown got so severe, we were seeing airlines focusing very intently on the cabin sanitization aspect and the different aspects that would help them play their part in reducing the transmission threat. We're

seeing businesses right now taking up the idea of safe-distancing. We're seeing organisations putting red X's on chairs in hawker centres here in Singapore. So again, putting trust and confidence at the centre of what we do. Another key, is around customers. It's a good time to let customers know that you appreciate them, that you care about them even if they may not be buying something right now. It's been interesting to see some of the different tactics used by organisations. We saw "one-for-one" promotions and "buy now, but if you have to cancel, you can shift it at any point", so removal of cancellation fees and postponement fees and things like that just to try to encourage customers to participate. And interestingly, over the last couple of days, a lot of virtual services are being provided free-of-charge. Again, as a way to get people to sign up and to get them into your ecosystem.

I think one of the things the government encouraged here in Singapore in the first budget round was that now is a good time to do training and to focus on what the Future of Work looks like - digital, and it definitely is. It sometimes feels like it's "all hands to the pump",

but there will come a point soon, if not already, where you will have some employees with a bit of time on their hands, maybe the customer base dries up and that's a great opportunity to focus on that training. But also, as an organisation, to focus on what is the Future of Work. What will the jobs look like in the future, and what will our organisation need from these people in the next two, three years. And take a breath, stop and think about how you can enable that, and along that line that then gets into things like the flexibility you have in your jobs, enabling people to remote-work.

A lot of organisations say they believe in "work from home" and flexible work arrangements, but sometimes the trust isn't there with people and it tends to be something that's there but maybe you can't really access it. I think what we're going to find out over the next couple of months is really whether those schemes work, how they work and how to improve them. And I genuinely believe that at the end of this crisis, this will result in a lot more organisations seeing remote-working, "work from home", as a model that can be used effectively in their organisations.

Deeshraf Elias: Building on top of what you just said. What about business-focused opportunities? Where should leaders be looking?

James Walton: There are a couple of angles. As I mentioned earlier on, there was the survey that we did which showed that most leaders are looking at supply chain. That came out of a couple of different things, because if you think back, even before COVID, there were situations happening in the Asia Pacific region. We had the downturn, we had the Hong Kong protests, which had some kind of ripples around the world in terms of organisations that had their supply chain or their regional



headquarters based in China. So already, a lot of organisations were thinking about de-risking their supply chain.

How can we make sure we are not reliant on one location, on one supplier? We saw for the automotive industry, a lot of car companies, once China began their lock down and factories stopped production, the products stopped and once the products stopped and were not getting shipped, they couldn't produce cars in their own countries even though their own country was operational. So de-risking the supply chain from an operational point of view, as well as all the different pieces that go into that, in terms of labour, tax and other areas. Which also presents a very good opportunity, again, to do something that a lot of organisations talk about but perhaps find difficult to stop and do. Which is to look at sustainability.

We all want to be sustainable in our supply chains but sometimes when your organisation runs 24/7, it's difficult to put the breaks on and say "right, let's change a supplier", "let's change how we do things". But this, again, presents an

opportunity for something like sustainability to come high on that agenda. We're seeing organisations thinking about diversifying. Again, if you only have that one income stream and that income stream gets stopped, where do you go from there? For organisations that do have a bit of cash on hand and do have some reserves, we're seeing investments into new technologies, new systems, particularly digitalisation of the business, and that can be on the ecommerce side and how you're facing customers. It can also be around, for example, robotic processes, automation and artificial intelligence. How do you improve your operations to become more efficient in the years to come? Even opportunistic M&A, if you do have the money, right now, there are some organisations out there that are distressed and need investment, that perhaps will be selling off some assets and prices are falling in the markets. We have one particular client that was looking to do a deal and with every single week, the price of their business is going down, because their stocks are going down and at the same time their customers are not coming in, the revenue streams are not there and the seller is getting more and more desperate,

unfortunately. And so, there are bargains to be had out there for investors that have some cash on hand.

Deeshraf Elias: Even before the COVID-19 pandemic, leaders were treading in volatile waters with political tensions and trade disputes, and the uncertainty will likely remain long after. What guidance would you give leaders in navigating volatility and distress going forward?

James Walton: I think this situation has taught a lot of leaders that the day we thought would never come, can actually come. For many people in this part of the world, we talk about SARS. In other parts of the world, they talk about H1N1 and how we got through it. But no one has ever experienced anything quite like this. I mean the latest suggestions are that we could be looking, if you count back to January of this year, you could be looking at 6 quarters of impact here and those are the optimistic scenarios, the more negative scenarios are talking about possibly, recovery as late as 2023 and that means we're really in it for the long haul. Organisations where we've seen situations where they have had a bad month, a bad two months, airlines where they've had to drop ten percent of capacity, organisations that for one month have had to take a five percent pay cut for their people. Now we're talking about airlines that have grounded their entire fleets, we're talking about bars, restaurants, shops that are going to be closed for a month and there are government subsidies, there are reliefs available but how long can you sustain this for. So for example, it's estimated by IATA, the International Air Transport Association, that most airlines, on average, have around two to three months of liquidity. In other words, they can afford to pay their staff, pay their running costs for about three months, and at that point, they will need a government bailout. So we're

hearing of airlines that own their fleets, trying to sell their fleets of planes and then leasing back in order to raise finance at this point in time.

So I think it's really been a lesson for all of us and you really cannot predict what's going to happen. That means you need to have scenario planning, you need to be ready for any eventuality, you need to have your business continuity plan in place, you need to have those diversified streams of income, you need to have those diversified supply chains. And that really, the organisation that is prepared, the organisation that has built in some agility and that is resilient in the way that it's operating, ultimately, will be the ones that will survive and possibly even emerge stronger at the end of this crisis.

Deeshraf Elias: On a more personal note James, how have you and your team been dealing with the current situation? For example boosting the morale of the team and their overall energy? Do you have any tips for leaders?

James Walton: Our global CEO, Punit Renjen, is sending out emails, almost daily now, to our partners and directors and he always has this phrase at the end of his email "this too shall pass". We're celebrating our 175th anniversary in Deloitte this year and we've realized that when you look back at over 175 years, that's two world wars, that's the Spanish flu, that's SARS. A lot of things have happened, financial crises and other things and the organisation has still emerged stronger. So I think those messages of positivity and the idea that we can get through this are important things.

I think at times like these, the employees, the people and the customers look to leaders to lead and to give them hope and to give them confidence, because there's a lot of uncertainty at this point in time. Our Asia Pacific CEO, Cindy Hook, says she sees this as an opportunity to make the most of what we're calling our "flexible work experiment". Right now, in Asia Pacific, we have around 58,000 people and something like 60% of them are working from home or using flexible work arrangements. And so, we are suddenly having to organise very large town halls, and very large conference calls and postpone meetings that need to happen

because they're strategic for planning for next year, for investments, and they're having to be done via conference calls, they're having to be done remotely. So we've all become disciples' of Zoom at the moment. We need a name for that, "Zoomaniacs" or something, we need a name for everyone who likes to get on Zoom and change their background to a beach scene and relax and imagine that they're somewhere else in the world.

I think we have gotten into the habit, more and more in the recent years, of flying to meet people, even for short meetings. And I think this will help show us that this doesn't have to be the case and ultimately that has to be good for us in terms of saving cost and for the environment. It's giving us a good opportunity to look at our carbon footprint and say, when we emerge from this, "Can we reset our approach to how we travel, to how we go to meetings?" I think it's also encouraging us, as leaders, to take time to check in on people. Ever so often, we kind of take people for granted. They come in for work, they come in, they go out and sometimes you say "hello" maybe, but how often do you ask people "How are you doing?", "How is your work situation?", "How are

things at home?", "How are you coping?". There's been a lot of information in the press in recent years, around mental health and depression and issues like that.

It's a good time to reconnect with people, and I think that, again, is something that we can put some focus in. To build that support structure for our people, for our clients, to build that engagement. And to make sure at the end of the day, all the negative things that come out of this crisis - and there will be many, many negative things, if we can all learn on the journey, if we can all improve some aspect of what we do, and if we can build stronger connections across our organisation and across our business partners, then ultimately, it would not have been in vain.

Deeshraf Elias: Well said James! Thank you to our Deloitte Clients and Market Leader, James Walton, for coming onto today's show. That's it for this episode of Thriving in Volatile Times. If you want to comment on this podcast or the topics covered, you can send us an email. The address is seapodcast@deloitte.com. I am Deeshraf Elias and until next time.