DON’T WASTE A CRISIS

COVID-19 is merely our most recent crisis. How do we Shift to a different way of working that allows us to thrive in the turbulent times that are predicted for our future using largely the resources that we already have?

John Shelley + Charlie O’Connor
(‘About the authors’, P7)

Introduction

The British comedian Sandy Toksvig tells a story about a flight that ran off the end of the runway during takeoff. No one was hurt and hours later, as the passengers resettled on a new aircraft, the (equally new) captain made an announcement. He said “Many of you are experienced travelers and don’t listen to the safety briefing. However, perhaps today…”

Pre-COVID-19 studies predicted that global turbulence (broadly, an inability to forecast with any certainty) was ‘getting bigger, lasting longer and happening more often’¹. Bill Gates nominally predicted a global pandemic in 2015², one he believed we were wholly unprepared for. By and large (with a few notable exceptions), this kind of thinking was dismissed as an academic notion, an interesting TED talk (in Bill’s case) or a marketing approach.

This dismissal is present in the language about the ‘new normal’, but the study clearly shows that the rapids are happening more frequently, getting bigger and lasting longer – soon there will only be varying degrees of rapids. We have arrived at a different environment that requires a different response. An environment in which it is no longer enough to simply try and keep people in the boat during the rapids until the next flat water but one where we need to become great in the rapids themselves. Organisations that fail to adapt will be penalised by those that do.

However, there’s nothing like a crisis to nudge our human tendency to carry on as though tomorrow will be more or less like today. And we are a lot more adaptable than we sometimes give ourselves credit for. Consider how millions of people found themselves working from home in a matter of days.

So, now that the crisis is here, let’s not waste it. This paper provides a review of the impacts of COVID-19 on Australian business and presents solutions to enable organisations to thrive in turbulence (not just survive this crisis) that largely rely on the resources they already have.

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² The next outbreak? We’re not ready (Gates, TED2015)
**THE HIT**

The COVID-19 global health crisis has led to the economies of most countries being severely impacted. International and state borders (with few exceptions) have closed with severe disruption to inter-state and international trade. Governments have established support packages, attempting to cushion the effect on the economy but these will end soon. Recovery is predicted to be slow and unlikely before 2021. Large domestic economies will recover first; those heavily relying on imports and exports will take longer.

The production and movement of goods and services are not the only aspects of society that have been shaken up. The scale of the crisis means we are also re-evaluating what we give priority to: how we live and go about work. Attitudinal and behavioral changes may be significant enough to underpin how successfully we ride into the future.

**So, what about Australia?**

Australia has enjoyed 27 years of continuous economic growth and a significant percentage of our population is unfamiliar with the life-changing experience of a recession. Many may not be capable of imagining what’s to come.

Further, our open and relatively small economy, and geographic location, mean that we are more exposed, have more to lose from the loss of international trade and will have to perform better than most other countries to avoid economic outcomes plummeting.

Latest forecasts predict Australia’s economy will shrink around 10% in the first half of 2020 with unemployment rising to 10% in June 2020. Even though a return to growth is forecast for 2021, it is dependent on easing of social-distancing regulations. Melbourne’s return to lockdown (July 2020) is just a taste of how uncertain these predictions might be.

The success of governmental phasing of increased societal and economic activity aside, key factors that will drive Australia’s economic health and recovery over the next year or more are founded on the following determinants of its economy:

- The services sector accounts for over 60% of Australia’s economy and employs more than 70% of the workforce
- Australia exports 22% of its GDP as goods and services and imports good and services of 22%. Its largest trading partner for exports (by at least double) is China, while Europe and China are Australia’s key trading partners for imports. Economic contractions in both regions have contributed to our 10% GDP fall.
- About a quarter of Australia’s total exports are services, and 60% of those comprise education, tourism and business travel. The surge in services exports over recent years has positively impacted both our employment and economic growth and has helped offset lower growth in some of the resources sector (by value, total education and tourism related exports in 2015 were only slightly below the value of iron ore exports).

Australia’s services sector has already been the hardest hit by lockdowns, border controls, and job losses (with businesses pausing or closing). The current participation rate (people working and seeking work) is down to 63.5%, the lowest in Australia’s history.

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3 Ross Garnaut, Australian Financial Review (AFR, 21 May 2020)
4 RBA, Statement on Monetary Policy (May 2020)
6 Australian Parliament House website
7 Business insider. (2016). Australia’s education and tourism exports are worth nearly as much as iron ore.
Some of our major exports are at risk, with education, business travel and tourism likely to be significantly reduced for the foreseeable future. Depending on societal and political shifts, they may never completely recover. Educational institutions are in shock with COVID-19 impacts on enrolments felt early and deeply.

Airlines have also been hit particularly hard with Virgin forced into administration and Qantas largely grounded. Without national competition business travel could become significantly more expensive (balanced of course by a move to remote working). Airports are trading on zero revenue while continuing to provide essential support.

Banks (a fundamental pillar of the economy) have been 'stretched' by $160bn of loan deferrals and exposure to commercial property factors as rents fall, construction stalls and organisations realise they can work remotely, in smaller spaces or away from expensive locations.

The forecast 85% drop in immigration levels – representing a 2% drop in GDP – is nearly unprecedented. It's only happened 3 times before, (1916 and twice in the 18th century) and has a huge economic knock-on effect. Amongst other skilled workers we're short of, the nurse or aged care worker looking after you or your grandparent is likely to be this person.

The story goes on.

Government programs, loan repayment 'holidays' and Reserve Bank of Australia's (RBA) quantitative easing are temporary measures to soften the blow. While they will help individuals and organisations through initial tough times, people and the companies they work for will need new ways to thrive post-COVID.

WHAT NEXT?

The reason for describing the impact in some detail is to illustrate the depth and breadth of the challenge and to emphasise the requirement to think differently about what we do next. There's pretty consistent commentary about 3 key stages that society, business, and government will navigate to address the impacts of the pandemic.

<table>
<thead>
<tr>
<th>STAGES</th>
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<tbody>
<tr>
<td>1. Survival</td>
<td>The global shock sends everyone into a whirl. Government and opposition collaborate in unprecedented ways, companies work tirelessly to get their people operational and safe at home. Communities connect to care for their most susceptible</td>
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<tr>
<td>2. Transition</td>
<td>Communities, governments, and organisations start to get to grips with the multi-faceted dimensions of the impact, make plans to balance people working in the office and from home, ramp up or pivot their operations in the new environment. The focus is on how to move from Survival towards some conceptual new way of working. Or, for some, back to the old way</td>
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<tr>
<td>3. 'New way of working'</td>
<td>Is this a 'new normal' or a genuine evolutionary 'Shift' in operations, culture, structure, technology, and leadership that reflects the new reality?</td>
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8 AFR (9 April 2020)
9 AFR (9 April 2020)
10 Laura Tingle, reporting on 'Late Night Live', ABC Radio (18 May 2020)
Australia has largely navigated stage 1 and is already moving into Transition (stage 2). Although the July 2020 outbreak in Melbourne illustrates the associated risks. The possible ‘travel bubble’ with New Zealand, may achieve useful economic and business benefits for both countries. However, the less effective responses and/or higher level of impact we are seeing in other key nations will significantly affect Australia’s economy, keeping many overseas markets and travel closed and forcing business to look domestically for opportunities.

For Australian institutions and businesses who make it to and through Transition, the way they interpret and manifest a ‘new way of working’ will determine their ability to thrive in the new environment. This is where the capacity and instinct to adapt quickly will drive the less agile competition out of the contest.

Shift or the ‘new normal’?

The term ‘new normal’ implies change from one relatively stable state through a period of flux to another recognisable form of stability. We should be extremely wary of this thinking. We know we are moving into an increasingly dynamic environment. Whatever the solution, radical reforms – policies previously considered eccentric – will need to be in the mix.

Yet, right now the questions often being contemplated are “how do we get people back into the office (or not)?”, “how are we adapting to reduced revenue and increased competition?” and, “what’s our adjusted strategy or annual plan?”

The focus of most businesses (reasonably enough) appears to be on ramping up activity where possible, conserving cash and weathering the storm until they feel they have more clarity about the future. Clarity that may not be coming any time soon – or at all. This ‘new way of working’ isn’t really new. It’s more about working in the same way, within new limitations. It is the cost cutting, continuous improvement, and other organisational pursuits we’ve been after for years now.

And that might be fine to get us through Transition, but, at the same time, we need to be preparing for the genuine organisational and personal evolution that will equip us all to thrive in the rapids. This is what we describe as ‘Shift’.

WHAT IS SHIFT?

Shift is the ability to thrive in any environment, as it continues to change. It is exemplified by profitable, sustainable, fun-to-be-with firms that are characterised by their adaptability.

Shift, for firms, is jumping in. It’s continual movement before and with environmental change. It’s getting 80% clear on the strategy knowing that there will be some changes as we go. Forget perfection. Make the decision (an estimate to 6 decimal places is still an estimate). Get a working version (the back of a napkin can be an inspiring place for thinking), get started and build from there. Fail fast. Getting it wrong sometimes is expected in a rapidly changing world; “the penalty is not for failure. The only penalty is for failure to help or to ask for help” (Jørgen Vig Knudstorp, CEO during Lego’s turnaround). Reinforce success and move on quickly.

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11 Financial Times (4 April 2020)
As Dom Price, Work Futurist at Atlassian suggests, employ ‘fully functioning adults’, give them the vision, then get out of their way. You’ll have people in your firm (everyone, we’d hope) who can think and act for themselves in the service of the plan.

Shift is about making cooperation the rational choice: elevating expectations of people to work at the interfaces with whomever is relevant to the outcome. It’s about ditching processes or systems that don’t pay their way, replacing ‘many’ rules with ‘just enough rules and some key behaviours’.

It’s understanding and harnessing the ever-changing and critical interplay between the strategies we devise, the ecosystems we create and work within, and the value of the humans we employ. It’s bringing our people’s hearts and minds to work so that their full capability can be given to the task at hand – so they can astound us with their responses and responsibility for adjusting the ecosystem to suit the need.

It’s about shaping culture to suit and reshaping it when it gets out of whack. It’s about connectedness between personal and organisational purpose and across the networks we work within - internally, and with customers, clients, regulators, stakeholders, community. It’s using effective, personable, plain and authentic language in place of drab corporate jargon. It’s maintenance of individual perspective, sense of well-being, health and purpose.

All of this will contribute to the kind of adaptability required to thrive in the new environment.

**HOW TO SHIFT**

The good news is that there are people hiding in broad daylight everywhere in organisations, with untapped strengths, skills, and knowledge. They have ideas, the capability to implement them, and the eagerness to try, *if* (and its quite a big *if*) we can get out of our own way (and theirs) long enough.

There has been loads of research about how people and organisations can thrive in exactly this kind of world. Here’s a good start.

**Reimagine the future**

One body of research about how to Shift is led by Professor Kim Cameron¹², co-founder of the Centre for Positive Organisational Scholarship at the University of Michigan. Cameron studies organisations that have delivered extraordinary results under very unpromising circumstances. He would describe the move through Survival to Transition – as getting to ‘ok’ – closing ‘competence gaps’ to get our heads above water, an entirely reasonable and responsible plan.

However, the move from Transition to Shift, requires us to think, plan and act differently. We might be able to cut our way from making a loss to breaking even (an ‘ok’ state), but it’s an oxymoron to cut to growth (a ‘thriving’ state).

We need to start by imagining what the ideal end-state would be and create a plan to get there from ‘here’ (wherever ‘here’ is).

**ACTION**. Answer these questions:

1. If we were designing our firm/department/team, etc. from scratch, is this what it would look like?
2. If the answer is ‘no’, then what would it look like? (Now is the time for boldness and new ideas… time to try those things you’ve always wanted to try.)


Harness existing capacity using Smart Simplicity

In Shift (and certainly in Transition) new resources (headcount, money, etc.) will be hard to come by, so we need to stop seeing ‘more’ as the go-to solution. Creativity, imagination, a willingness to take a calculated risk and to use what we already have effectively, will be key differentiators now and into the future.

So, you’ll need to harness your existing resources. Luckily, there is significant latent capacity in every organisation we’ve worked in. In our experience 30% or more of a leader’s work is made up of stuff that other people should be doing, or that no one should be doing. In his work on Smart Simplicity, Yves Morieux suggests the number could be much higher.

**ACTION**

Answer the questions, as a percentage of the work that you are doing how much is:

1. work that you are supposed to be doing?
2. work that you’re doing that others should be doing?
3. work that no one should be doing?

List all the things in 2 and 3. Start working through them. You’ll see how much time you can save for you and others. **Hint:** it’s likely to be a lot more than you think.

Leaders will re-purpose this time and use it to:

- Enable the people around them to be more effective by
  - Pushing decision making as close to the problem as it can go and giving people the capability and license to handle this increased autonomy
  - Getting ruthless about not accepting escalation from within their team, forcing team members to solve problems themselves whenever possible, and
  - Removing barriers to cooperation so that it becomes the most rational choice, so that people can genuinely work together
- Develop and implement solutions to existing problems – typically (but not necessarily) around systems and structure
- Refine and simplify their organisations to make them more resourceful, productive and adaptable.

Although it may sound unlikely, our experience shows that the answers to almost all of your problems exist within your firm now. Or, people can figure them out, given the chance.

Once you’ve unleashed your own creative flow, encourage everyone to do the same. We wager that people have loads to contribute. Harness it. You’ll see some of your biggest blocks removed, your problems answered, and new opportunities uncovered – all from within your own organisation.

**Lead with humanity and vitality**

Relate to people in the way you’d relate to any other human being who is important to you – compassionately, supportively, honestly, personally. Be aware of the energy you are bringing to relationships, teams and the organisation more broadly – develop your positive energiser skills and network to underpin all of your interactions, and to bring about a tangible lift in results.

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Whatever culture you are trying to create, work on doing it more than measuring it. Model the change you desire, be explicit about behavioural expectations, and get clear on what value that will bring to the individuals and the whole ecosystem from customers to suppliers. Reward behaviours that support it. Tell stories at work that reinforce it.

**SUMMARY**

COVID has gifted us with a dramatic example of the necessity for embracing bold evolution coupled with the momentum to move in a new direction. And, it comes at a time when advances in technology, research and experience provide us with the perfect platforms to take advantage of the opportunity.

It's not, in fact, a crisis. It's a gift. Let's not waste it.

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**About the authors**

**John Shelley**
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John has four decades of experience leading and shaping banking businesses in Hong Kong, Beijing, New York, Channel Islands and London, spanning corporate, institutional, consumer and private banking. His business experience is broad: major acquisitions as both buyer and seller, leading businesses through restructure and regulatory remediation, managing regulatory relationships with HKMA and CBRC, and he has led through multiple business cycles including the GFC. His people leadership covers highly diverse teams across multiple countries, and he has performed non-executive directorship roles in China and Malaysia. He currently serves as a Non-Executive Director at Standard Chartered Bank China and is a Board Mentor with Criticaleye.

**Charlie O’Connor**
Director, Vibrant Frog

For almost a decade Charlie served as an infantry officer, leading teams at the forefront of a number of conflicts. This experience helped him understand the critical importance of getting leadership right and the remarkable power of teams where culture, systems + strategy are aligned. Moving to Australia 25 years ago, Charlie co-founded one of Australia’s first dedicated leadership development firms. Under his direction, this consultancy grew to service the leadership needs of an enviable group of global brands, across 4 continents, employing more than 100 delivery professionals. His business focus is now on culture shaping and leadership consulting – especially in turbulent times.