

2020

The Age of Acceleration

BY SIR ALAN PARKER

THERE ARE MOMENTS IN HISTORY WHEN everything seems to accelerate. Ten years in one. 2020 is such a moment. All over the world, long-term trends have raced forwards and deep issues have surfaced, often pretty brutally. • In the turbulent late 1700s, William Blake said, “What is now proved was once only imagined.” The techno-evangelists must feel the same, along with climate change activists and human rights campaigners, as well as the neo-Keynesian monetary policy folk. • We have learned a lot this year. Business has shown an agility it could not have imagined. None of our crisis workshops modeled this one. Leadership has stood to the fore in its support of staff and other crucial stakeholders. Companies have accomplished things we wouldn’t have thought possible. Leadership has shown it really matters. • Trust in the corporate sector has risen in line with its resilience. In particular the banking and capital markets sector have been, to date, resilient. The markets have been volatile but the financial sector has

worked in response to problems not as the cause of them.

All of those changes painfully put into place following the last crash, particularly in banking, have passed a test. We can only hope we apply equally well the learnings from this crisis.

It is now widely accepted that the full economic and social impact has only just begun and behind that the recognition of impact on the personal lives of people everywhere. Among our clients, leadership teams in all sectors have been incredibly focused not just on organizational challenges but also on the well-being and mental health of their people at every level. In many cases, it has a knock-on effect to their families and local communities.

The effort to create a more cohesive and caring culture internally has massively accelerated, even when a record level of jobs is being lost. The value of addressing these issues openly and honestly has, in our experience, never been higher, never more widely recognized. As ever, trade-offs have to be made. It is the nature of life and business. But the people issues weigh heavier than ever in decision making not as a result of union pressure or legislation, or even solely good performance and other reasons of business. A pandemic lays bare the impulse to serve humanity. At Brunswick, we are engaged in significantly more work in these areas and, no less important, work that is more substantive and impactful.

This pandemic has surfaced many deep, longer term issues. The depth of systemic inequity has been laid bare. The true depth of this shows up very poignantly in the COVID death statistics.

Racial inequity and gender inequity have accelerated onto board agendas in previously unimaginable ways and we do not see those movements declining. Actually, the increasingly impressive response of the leaders showing real leadership will demonstrate what is possible and make it easier for others to follow. Though the noise of a new media world makes analysis difficult, the message is clear, words are not enough. Action is what matters and that is what will build and protect reputation.

This is also true in the other mega-trend that we see accelerating rapidly, climate change. Those voices early in 2020 who thought this pandemic would put climate on the back burner are long gone. If anything, climate change concerns have been intensified by a powerful mix of concern about health and the environment. Governments have so far failed to deliver meaningful change and in response to this the recognition of the role of business is growing. External pressures are growing too, but the debate is shifting away from business as part of the problem towards business as the chief source of solutions.

Transitioning business models can be difficult and take time. Tech disruption has shown us that. One big difference in transitioning to a lower carbon world is that there

is now far greater support from the investment community, even activism. Investors are increasingly looking for leadership to embrace change and get ahead of the curve rather than go slow into it, at ever-increasing risk.

Investor ratings on those embracing versus those avoiding necessary change are rarely as divergent as between Tesla and the old-line auto industry, but there are underlying investor trends that signal the direction. Also worth considering, a failure to fulfill promises to wider stakeholders can carry a more immediate risk for leaders than might a financial stumble, given the longer-term judgment of shareholders.

In all the massive upheaval this year technology has come to our rescue, keeping our businesses running, where they can, from home. It turns out you can't make steel from home but you can run a trillion-dollar bank from your kitchen as one Chairman pointed out to me, and as another retail CEO said you can run thousands of stores and their supply lines from drawing rooms. Technology has also kept us entertained and most importantly connected to friends and loved ones. This is not without its dark side, and I don't mean just Zoom stress. Our cyber prep and breach teams are facing an extraordinary step-up in problems all over the world.

Dealing with technology disruption has been a top-of-the-agenda issue for business leaders for over two decades. Now business faces a new kind of non-optional connectivity. Business now must be connected to major societal issues in a way it never has before. Employees want employers to reflect their values and where possible the general public is voting through consumer choice, and online there is no place to escape. The new power to call out business on big issues is reaching leaders in every aspect of their lives.

Profit and positive social impact are no longer seen as binary choices. Having widened the aperture of considerations, leaders are taking societal factors into account as for decades they have taken on regulatory factors. It is a core competence and they will be judged by their recognition, understanding and response to changing attitudes.

Investor sentiment through the crisis has been almost universally clear and consistent to our clients—think and act in ways favorable to the long-term good of the business. Investors are looking well beyond financial performance in 2020 or 2021. They have put greater emphasis on ESG, not just as a risk metric but as an indicator of sophistication of leadership and an important indicator of the direction of travel on these bigger issues.

There is a great opportunity for business leaders here. Creating financial returns for investors is central to any businesses purpose and right now that ability is crucial for investment in R&D and innovation. Longer term, creating value for more than a single set of stakeholders will

IN THE TURBULENT LATE 1700S, WILLIAM BLAKE SAID, "WHAT IS NOW PROVED WAS ONCE ONLY IMAGINED." TECH-EVANGELISTS, CLIMATE CHANGE ACTIVISTS, NEO-KEYNESIAN MONETARY POLICY FOLKS MUST FEEL THE SAME.

deliver not just financial rewards but also customer loyalty, stronger internal support and performance, better supply-chain-and-distribution relations and lower regulatory and political risks.

Governments everywhere have massively increased their involvement in all of our lives. We have seen emergency laws limiting freedom of movement along with direct company and sector interventions and levels of spending and debt that are normally seen only in a wartime context. As Yuval Noah Harari, of *Sapiens* fame, reminds us, this is the moment we decided to give governments unprecedented access to our private lives. Unfortunately, all of this intervention and activity has not led to an increase in confidence or trust in our political leaders.

Divisions in societies around the world have not seemed so wide or so deep for a generation or more. Political leaders, in many cases, are seen to have been deepening these divides. By contrast business leaders are acting as a unifying force. Not just in their CSR or philanthropy, and not just in their organizations. More broadly, business leaders are knitting their societal and political agendas into working strategies and practices. Under the pressures of 2020, that is an enormous priority.

In political life and in some societies, the competition or the opposition is increasingly seen as the enemy. In business, this is the opposite. Now more than ever you cannot have single views, you have to learn to understand why the opposition are opposed. You have to recognize or embrace different perspectives. The art, then, is applying that understanding positively and to good business use.

Throughout this crisis there has been an increasingly clear role for business in society. By effectively broadening its role it has been better valued by all its stakeholders. Business cannot be the solution to the problems of the world but with some focus and adjustment it can be more visibly part of the solution. A government will not be the organization that creates a vaccine. It can, however, learn to understand its potential to better coordinate solutions.

The achievement that took place early this year all over the world was truly remarkable. Again a statement of what can be done given the right commitment.

This *Review* is titled "The WFH Issue." We have all

mused on the future of office life. Now we have done lockdown for long enough for most of us to yearn for the camaraderie, social buzz and productivity of our workplaces, the joy of seeing our colleagues.

Dealing with our new lives at a day-to-day level has kept all of us very busy. Yet most of us have also found proper time to reflect deeply on bigger strategic issues. I have found this to be true on a personal and also corporate level.

Almost every senior team we work with has devoted significant time to some pretty deep introspection. Looking into the contours of the post-COVID future, they are taking stock and challenging themselves to get fit for a new environment. That might require changing portfolios, structure, management or culture. Often it is all of these because they are so interconnected. You do not need a crystal ball to predict that all this deeper thinking will accelerate action all the more in 2021.

Many of our clients see "build back better" not as a slogan or as a financial target. For most, that will not be possible for quite some time. Rather, they're seeking to contribute what they do best for all their stakeholders, and they're seeking to be recognized and appreciated for it. It is an emerging opportunity.

We have learned a lot about what is precious to us. What matters and what we want to protect in our personal and corporate lives. Like health, the things we care about are a leveler of us all. It is hard not to feel that in some ways COVID has prompted us to reflect on our humanity. It has reminded us how we want that humanity present in our working lives.

For our part, we are just incredibly privileged to stand alongside our clients, and we are determined to contribute in these extraordinary times. Thank you.



SIR ALAN PARKER
CHAIRMAN,
BRUNSWICK GROUP