



Tenets of Adaption

**Stories of Business Change
in Phase 1 of the Pandemic**

Report
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Why

Late in 2019, the world changed. It started in Wuhan, and at first, no one noticed. However, on March 11, the World Health Organisation (WHO) declared a global pandemic. Quickly, it became clear that society and the broader economy was entering uncharted waters.

The following weeks presented both the most significant opportunities and also the greatest existential threats. It is now clear, only the Great Depression and World War II had a similar impact over the last century.

As experienced business leaders, with a keen interest in behavioural change and adaption, we wanted to understand the impact of the COVID-19 pandemic in real-time. We recognised this represented a unique opportunity to study how enterprises – large and small – responded.

Charles Darwin's theory inspired us, as did the examples of adaption we saw all around us. Darwin said, "It is not the most intellectual of the species that survives; it is not the strongest that survives; but the species that survives is the one that is able best to adapt and adjust to the changing environment in which it finds itself."

We felt we could learn from the experiences of other business professionals who, like us, are also responding and adapting to a discontinuity. We knew there was value in recording what challenges the early stages of the pandemic were posing to businesses, how these businesses were adapting, and what the early results were. We also knew there would be interest in identifying the unresolved questions, especially as the second phase began and governments began to cautiously reopen economies. While we could see many ad-hoc articles published, we felt a structured approach would yield more valuable and actionable insights.

We suspected, and hoped to prove, that successful adaption is not by chance but is a behaviour which can be deconstructed and learnt. We were certain that proof of this hypothesis would be of real interest to anyone who has an interest in commerce – and human behaviour. We also believed the insights and learnings garnered could be useful to coach leaders and teams.

How

We set out to deconstruct real-time behaviour and identify consistency in business responses across a wide range of enterprises. We were interested in companies regardless of whether the pandemic posed an existential threat to the business or an unprecedented opportunity.

We decided the most effective way to do this was to carry out qualitative, in-depth interviews with business leaders, chief executives, functional heads and entrepreneurs. From here, we plan to initiate an ongoing dialogue with industry. We expected that these leaders would be willing to share experiences so that all can learn to become more adaptable.

What

Across Ireland and the UK, we spoke with over 40 businesses. We carried out over 200 hours of research in June and early July 2020. This research consisted of 24 in-depth interviews (full list available in Appendix), with chief executives functional heads, and entrepreneurs of leading enterprises that had decided to take control of their futures – to excel rather than stand still.

We conducted in-depth interviews by Zoom and followed a consistent structure but allowed for 'off-piste' topics. The businesses we contacted were intentionally diverse, varying in scale from 12 to 15,000 employees and serving geographical markets ranging from 1 to more than 80. The sectors ranged across healthcare, agriculture, business services, logistics, beauty, food & drink, and engineering.

The interviews covered the impact of the pandemic on the businesses' market and also inquired about the businesses' response and the initial impact of the pandemic on operations. The 'New Normal' was set as a starting point, not a destination.

We would like to express our gratitude and thanks to the business leaders who gave freely of their time – when they had more important demands on them – and enabled us to complete this important research. We would also like to thank the partners in KPMG, particularly David O'Kelly, Kieran Wallace, and Ryan McCarthy for their support in completing the project. We would also like to acknowledge the input from Tom Lyons and Ian Kehoe of The Currency and Barbara Vaughan.



Paul Duggan

Rebecca Brennan

KPMG Insights

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We have seen business work to minimise disruption, maintain employment levels and be in the best possible position for the road ahead

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In November 2020 there is no shortage of worry or concern about the future health and wellbeing of our country. At the time of writing, Ireland is in a ‘Level 5’ lockdown with all but the most essential travel for work or personal reasons significantly restricted to assist in the vital efforts to resist a major second wave of COVID-19. The UK has similar measures in place along with most of Europe.

The health of the population has been put ahead of the needs of the economy. This has been done to ensure our health service does not become overwhelmed by demand outstripping capacity. That difficult decision has created huge challenges for businesses and the people they employ. The immediate effect is all too easy to assess through the increase in unemployment and the impact on private and public finances.

It is natural at such times to focus solely on the challenges and hardship which many face. However, even in difficult times there are examples of those who through ability, ingenuity, or circumstance have managed to create opportunity out of adversity.

When the authors approached KPMG to help create a platform for others to benefit from their research on how companies reacted to the challenges brought about by the pandemic we were delighted to get involved. Through our client engagement, we have seen business work to minimise disruption, maintain employment levels and be in the best possible position for the road ahead. This has been achieved through the rapid escalation of digitisation, deployment of new business models, changes in work practices and other innovations.

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Even in difficult times there are examples of those who through ability, ingenuity, or circumstance have managed to create opportunity out of adversity

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Through their interviews with so many leading businesses in Ireland and the UK and the time taken to analyse the responses, the authors developed the Tenets of Adaption, outlining the approaches taken by businesses to survive and potentially thrive.

We are delighted to support this work in the hope that Paul & Rebecca's observations together with the case studies would be of value to businesses seeking to adapt to this challenging environment. I'd like to congratulate Paul and Rebecca on their research and the insights it provides. It is also important to acknowledge the companies who shared their stories and express gratitude for the time they took to pass on their experience for the benefit of others. I hope you find benefit in this publication.



David O'Kelly



Tenets of Adaption Uncovered by the Pandemic

The interviews with 24 business leaders identified 11 consistent behaviours, the Tenets of Adaption. These are the central behaviours required to adapt successfully and stay ahead. These Tenets are listed and described in detail below.

TENET 01

Anxiety is a
Call to Action



TENET 02

Race Fit



TENET 03

The Wolf Pack



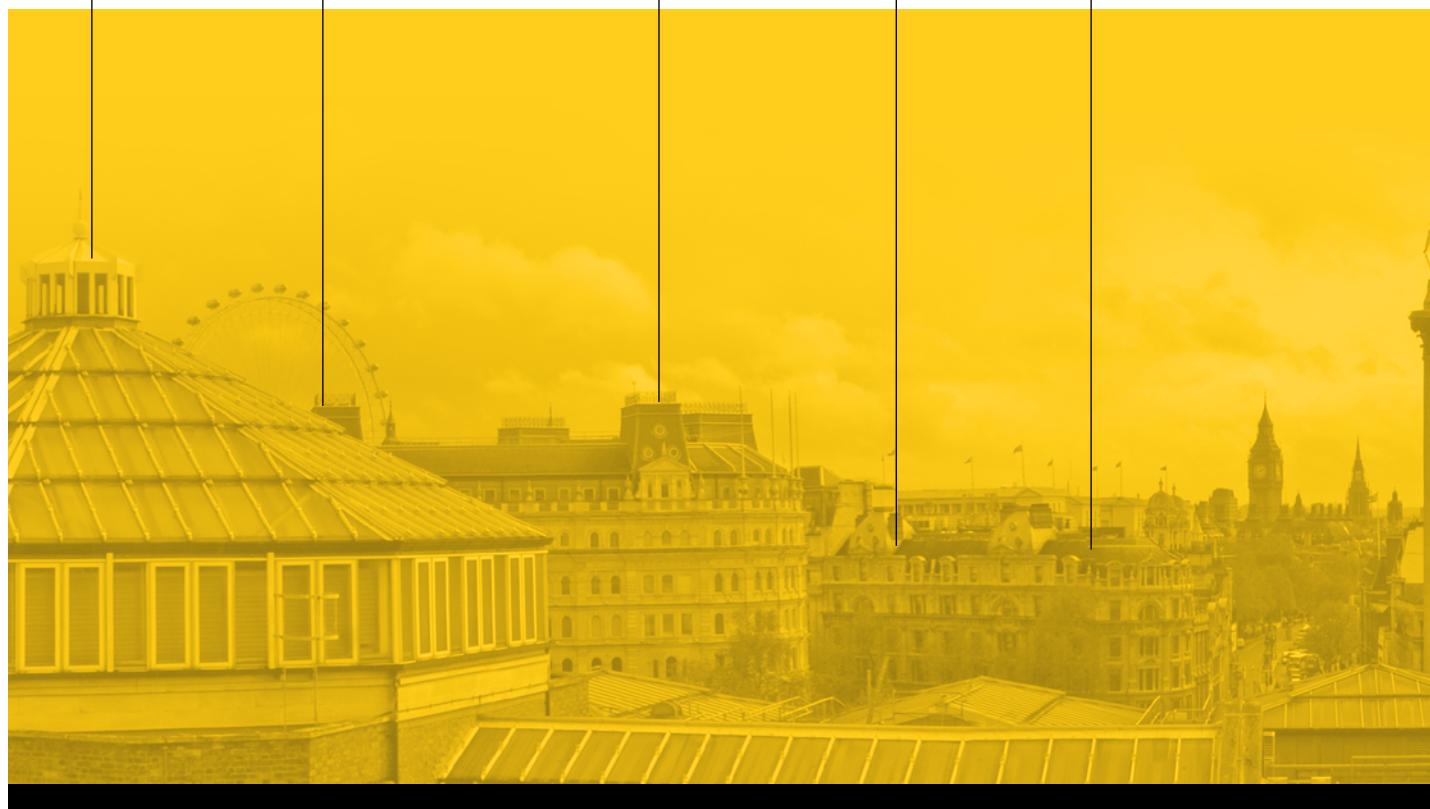
TENET 04

People First



TENET 05

Clear Purpose
and Mind-Set



TENET 06

Impossible
Becomes Possible

TENET 07

Real-time is
the Only Time

TENET 08

Diverse Customer
Base – Built on Trust

TENET 10

Technology is
Centre Stage

TENET 09

Realistic
Bias to Yes

TENET 11

Embedding
the Wins

TENET 01

**ANXIETY
IS A CALL TO
ACTION**

We consistently saw the ability of leadership teams to recognise anxiety as a call to action. The initial response of leadership was an early assumption that their business would escape any serious consequences because the issue was far away in Asia.

Over a couple of weeks in March, it became apparent the pandemic could represent a discontinuity across Ireland and the UK. For example, John Power of Aerogen was in the US with the Taoiseach as the extent of the threat became apparent and had to cut short his trip in response to an explosion in demand for nebulisers (an essential component of ventilators).

Once the seriousness of the discontinuity became apparent, anxiety was evident within leadership teams and amongst all stakeholders. Boards, staff, suppliers, customers, banks, providers of capital all felt threatened. There was a serious risk that competing interests would result in inaction, or poor decision making, which would inevitably reduce the likelihood of medium or long-term success.

From the 40 or so companies we initially spoke with, we concluded that 16 had decided they had no option but to flee or freeze. We then decided to concentrate our attention on the 24 companies who had decided to fight.

In these companies, we saw a desire and determination to take responsibility for their future. We found the instinct, drive, and ability to quickly overcome their anxiety and accept the harsh realities of the new world.



ARENA GROUP

How things have turned. At the start of this year, Greg Lawless, a former corporate financier with Davy Stockbrokers, was predicting the best year yet for Arena Group, the AIM-listed business that he leads. Months later, the company is facing one of the biggest existential crises in its 250-year history.

The company is a supplier of temporary seats and hospitality structures to some of the world's most prestigious sporting events. Business should have been brisk this year. It was set to supply stadium-style seating with a capacity for 30,000 spectators for four venues at the Tokyo Olympics, on top of its usual list of marquee tournaments such as the US PGA, US Open and the Open in golf; the Wimbledon tennis tournament; and numerous Formula One Grand Prix.

Backed by new investors, it was exploring delisting from the London AIM market, while staff numbers had increased to 1,250 across its two main regions, the USA and EMEA.

However, COVID-19 has decimated the live sports business, and this has impacted Arena heavily. One by one, each event was cancelled. It became apparent to Lawless and his team that Arena was facing an existential crisis outside of its control.

By early March it was apparent that 2020 sales were likely to fall short of expectations by at least 50 per cent. As the days passed, even this began to look optimistic. In June 2020, normally a very busy period, revenues were a small fraction of what was expected in Q1.

THE RESPONSE

Lawless, who also worked with Allegro, and his team remained calm. They made several decisions aimed at shoring up the business. These included:

- ↳ Success was redefined as survival, and leadership deferred the planned de-listing from AIM
- ↳ A 'Press Pause' strategy was quickly developed and implemented which inter alia included a reduction in staff from 1,250 to approximately 500 and pay reductions ranging from 5 to 50 per cent for staff who were retained
- ↳ Arena developed opportunistic business in the markets in which it operates, securing contracts for field hospitals and some military work

However, even with these immediate actions, the business faced a future cash flow crisis and fundraising was completed which introduced £10 million in funds from shareholders (including senior management) and on the back of this a new banking facility of £5m was negotiated. This defers the cash pinch point well into 2021.

The team has continued to adjust the cost base of the business, delayering (what was already a shallow structure) and consolidating senior management teams/overheads.

Customer relationships in the industry are long-term, and major projects have lengthy lead-in and build times. Consequently, the business development/marketing/sales function continues to operate. However, restrictions and limitations on international travel mean the traditional way of working with customers is no longer possible.

THE IMPACT

The business has been stabilised and put in a position where, with support of the financiers, it can survive a drought for the remainder of 2020, while maintaining as much of its core competencies and expertise as possible.

It is also seeking out new markets and has had some success in securing some new business in the fixed location hospitality (pubs and restaurants) and education sectors.

THE OUTLOOK

As of now, with its key markets locked down, it is impossible to predict with any confidence what the future for Arena looks like. The company knows success for the moment, is to ensure survival until there is some clarity.

The attitude of the public, across the world, who attend mass sporting, cultural, and other public gatherings - frequently requiring international travel to attend - will determine the extent of the market for the services Arena currently provides.

Until there is a COVID-19 vaccine, or successful treatments, and there is a consensus established in respect of the risk to public health and the economic benefits events confer to society / and the societal and personal needs they address, the future for such gatherings is uncertain.

If and when the market Arena serves re-opens, it seems certain there will be increased costs directly related to requirements for social distancing. Also, Arena will be subject to the restrictions which now apply to the construction industry, which will inevitably impact the ongoing cost to serve.

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Meanwhile, customer and client-facing staff have not been able to conduct face to face meetings, which until now were regarded as essential. These staff are working effectively remotely from their homes.

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TENET 02



It was striking that everyone we interviewed explained that they intuitively knew what to do. They also explained that for the most part, what was needed to enable action was already in place.

It was clear that, even though no one anticipated an event of the scale of the discontinuity the pandemic created, they had already done much of the hard work to prepare. In sporting terms, they were race or match fit. They had been training diligently; they had invested in the hard yards – even if they thought they were training for another competition. All expressed their opinion that this, often boring work, was an essential and necessary condition to ensure success.

When we probed this, we found that the foundations were varied, sometimes intangible sometimes tangible.

A consistent feature in most companies was clearly defined values which are deeply embedded in their culture surveyed. As an example, in UDG Healthcare, staff who are seeking career progression are required to participate in values-based training, which is the strongest possible statement that their values matter.

We found another example in Eventhaus, where the owner referred to the experience as a young man. He was employed as a deckhand on an immense motor yacht. Shortly after joining crew, the yacht was berthing into a tight mooring in the Caribbean and all hands were assigned look-out posts. Having spent his life sailing in the Irish Sea, he was not used to the clear water of the Caribbean and being able to see the seabed. He was confident they were going to run aground and excitedly alerted the captain on the bridge. They did not run aground and afterwards, the captain summoned him to his quarters and simply explained: we are professionals, we never panic. This was a seminal moment for Garret Buckley which shaped him permanently.

More tangible examples were discovered in the extent to which companies had already invested heavily in technology – and had been frustrated at the disappointing utilisation/take-up rates. Probably the most significant tangible example was the capacity that already existed to enable many staff to work from home – but this had never been utilised. Global Shares explained that the business had been unable to operate when the Beast from the East storm hit in 2018. They invested in ensuring should this event recur, the business could continue to function. This investment enabled the business to move to remote working over a weekend.

Many businesses who had invested in online trading capabilities reported they had been disappointed with the utilisation of the facility; all reported an immediate and material increase in online sales, B2B (Business to Business), and B2C (Business to Consumer).

Other examples of foundations previously laid include:

- ↳ a diverse customer-base
- ↳ strong relationships with satisfied, trusting customers
- ↳ investment in product and service development
- ↳ a real commitment to and investment in customer service

These foundations are impossible to achieve quickly.

Early in the project, we noted that many of the businesses we spoke to but chose not to conduct in-depth interviews with were missing essential foundations. This critical gap limited their options and forced them into the position that they had few realistic alternatives to hibernation and the hope that someone (government, landlords as examples) might rescue them.



TRINNY LONDON

When the crisis began, Trinny Woodall assumed sales would fall at Trinny London, her premium make-up brand, as many retailers were pulling down the shutters. Instead, the company enjoyed a significant rise with many customers moving online.

"Without revealing the numbers, we can say that May was our best month on record so far. We put this down to new customer bases who, with retail shut, have been encouraged to try our Trinny London product. They are the type of customer who have heard of us and considered us but never purchased with us to-date. COVID-19 and resulting lack of traditional retail created an opportunity which we could take advantage of because we were open for business and had plenty of stock," said Woodall.

Woodall, a television presenter and fashion and makeover expert, only launched Trinny London last October. However, the brand has grown strongly and is now shipping to 62 countries worldwide. Some 65 per cent of its sales are in Britain but it has also carved out sizable markets in Australia and the US.

The firm's products are sold via retail with a partnership with Fenwicks Department Store and direct through its website. Woodall's profile has helped the business, as she has a massive social media following of over 760,000 followers on Instagram.

"With retail closed as per the national lockdown the marketplace rushed online, with some varying degrees of success," she said.

"Make-up is a personal product and therefore requires some level of expert selling unless you have been using the same products for years. When replacing a product, women tend to seek friends or expert advice."

While initially expecting a downturn, Woodall experienced a bounce. "We have heard from our customers that looking and feeling good and treating themselves has been an important part of them dealing with lockdown. The fact the make-up packaging is small and discreet is also good for customers with parcels arriving at their homes," she said.

"It's called 'the lipstick effect'. When the economy is in crisis, people still want to buy less costly luxury goods instead of expensive ones ie smaller treats like make-up or barista coffee."

THE RESPONSE

Trinny London was quick to respond to the lack of retail, with the development of their product. With no personal selling available, Trinny London adapted to an online free consultation, so potential customers could talk to an expert before purchasing. After a month of trialing this service for free, they changed to charge £25 per consultation to be redeemed against the product. This was a game-changer in terms of show-ups and purchasing.

"A young team working from home, which we focused on as we wanted to make sure they were ok, so lots of communication was initiated. As a result, we ended up with too many meetings as a result of lockdown, so we then introduced a no meeting Thursday and an every Friday company meeting," she says.

"The two areas of challenge for us have been new product development with our team in Italy and photography to showcase our product."

THE IMPACT

May was the best month on record so far and, as a result, the business has been hiring new people. "The team have been motivated and yes we're a start-up anyway, but we feel even more like one right now," Woodall said.

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TENET 03

THE WOLF PACK
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Rudyard Kipling said
**“the strength of the pack is
the Wolf, and the strength
of the Wolf is the pack.”**

In every business we interviewed, within a short period, a team coalesced and took control. We noticed the teams were unusual and their characteristics struck us as interesting:

- ↳ The teams were small – certainly less than eight even in the largest businesses;
- ↳ The teams did not operate hierarchically, and the members held themselves accountable for performance;

A common purpose united members of the wolf pack:

- ↳ They met frequently as needs demanded, often at short notice
- ↳ The meetings were rarely face-to-face and were conducted by Zoom, WebEx, Teams, or Hangouts
- ↳ The meetings were less formal than had been the custom
- ↳ Membership of the Wolf Pack was dynamic and was not determined by seniority, but by the skills they could bring and a willingness to take personal and collective responsibility

Many reported the experience, even in the larger business, as being reminiscent of a start-up; there was a lack of formality, gut feeling and instinct informed conclusions rather than extensive analysis.

Motorpoint, a car retailer specialising in nearly new cars, had been researching and considering a 'home delivery service'. Their Wolf Pack quickly decided to launch the service, sensing the discontinuity created an opportunity. They believed launching a service that was 70 per cent right at the beginning of the pandemic, rather than 90 per cent right in six months, was a better bet, especially considering the window of opportunity could close if they waited.

In an environment where it was impossible to forecast even a week ahead, decision making was rapid as the leadership tried to anticipate what was going to happen.

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ICON GROUP

Amid heightened global uncertainty at the start of the crisis, clinical trial management group ICON established a business continuity team to ensure the company was prepared for any eventuality.

The company, which is listed on the Nasdaq exchange in New York, describes its management style as open and data-driven, and it was that style that drove the company's response to the COVID-19 crisis.

With 15,000 employees in 90 offices across 40 countries, ICON is a global leader at providing outsourced development services on a global basis to the pharmaceutical, biotechnology, and medical device industries.

It operates through a partnership model with customers, and Thomas O'Leary, its CIO, says those partnerships are based on long term relationships with the projects they deliver for clients running for lengthy, multi-year periods.

As such, the impact of COVID-19 on the immediate demand for ICON's services has been insignificant and there is no evidence to date of any slowing of new business or deferrals of current projects. If anything, COVID-19 is likely to result in increased demand in the medium term for Icon's business.

However, COVID-19 has impacted on operations, as many countries in which it operates have introduced societal restrictions, which limit citizens' movement. This has impacted staff as well as the collaborators and participants in the clinical trials.

For example, many staff were no longer able to access ICON facilities, while the activities of 70 per cent of physicians running trials have been impaired.

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With the business continuity team in place, the CEO consciously increased communications to staff, customers, and other stakeholders. With technology already in place, 96 per cent of staff were able to work seamlessly from home

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THE RESPONSE

With the business continuity team in place, the CEO consciously increased communications to staff, customers, and other stakeholders. With technology already in place, 96 per cent of staff were able to work seamlessly from home.

The company also took several other actions:

- ↳ New protocols were established with physicians and participants in clinical trials to enable the trial to continue
- ↳ In anticipation of a decline in revenue, executive leadership agreed pay reduction, as did most staff
- ↳ Remote technology was utilised, and collaboration increased exponentially and has become an embedded feature of 'new normal'
- ↳ Field-based staff have adapted to the local restrictions, while demand for the services of an acquisition which provides nurses who conduct home visits with participants in clinical trials has increased exponentially

THE IMPACT

Face to face interactions with third party suppliers of goods and services have reduced significantly, with most of these taking place through WebEx, email, and phone. Meanwhile, customer and client-facing staff have not been able to conduct face to face meetings, which until now were regarded as essential. These staff are working effectively remotely from their homes.

A key part of ICON's cost optimisation strategy was the implementation of a temporary salary reduction for all employees based on a sliding scale of salary level. ICON believes this is the fairest way to share the burden and avoid disproportionately impacting staff with a comparatively lower salary.

All staff were paid their bonus in respect of 2019. The ICON leadership team felt it was important to recognise and reward individuals for the hard work and contribution to the business during 2019. The 2020 merit increase awards were also fully honoured for all staff, so the temporary employee salary reductions are calculated on 2020 remuneration, post merit increase.

THE OUTLOOK

The demand for ICON's services in a COVID-19 world is likely to continue to grow because of the Company's particular market. Additionally, demand will continue as ICON has demonstrated resilience and a capability to adapt.

The firm has developed and defined new working procedures which will enable most staff to return to working in the office (signage, split teams/working hours, temperature checking, PPE etc.) and the process of bringing staff back to offices is starting.

For staff who work in the field, it is unlikely their way of working will return to what was normal six months ago – driven to a large degree by customers, by collaborators, and by participants in trials.

ICON's business has been focused on treatments. There is evidence which suggests there is an increasing market for the firm's services for development and testing of vaccines. There are emerging opportunities in markets which ICON has not previously targeted such as nutraceuticals.

TENET 04

PEOP

Without exception, each business actively decided to take care of staff. All the leaders believed that if you look after your staff they will look after the business. We thought it interesting that many, but not all companies, had clearly defined values which recognised the importance of giving priority to staff's needs, albeit within the limits of what is economically feasible.

FIRST

All made an honest effort to look after staff. Some had to lay off or furlough staff, but most decided to maintain (with government support) remuneration.

The immediate priority was to ensure staff health and well-being – whether they were working from home or coming to the normal place of work. For some, this was a relatively simple process, but for others, especially larger businesses operating from multiple sites in many countries, this was a mammoth task – which sometimes meant it took longer to move on to considering what opportunities the pandemic might present. SNA Europe with manufacturing facilities in three continents, and sales and logistics activities in more than 40 countries, is a good example of this conundrum.

Relentless communication – formal and informal – was also a consistent behaviour. Several companies reported that the detail and depth of their communication on company performance was at a level which in normal times, there would have been a reluctance to share. Each company reported feeling a much greater sense of teamwork and cohesion – even though many staff are working remotely.

Every business we spoke to, in different ways, is investing in staff well-being. They are doing this in diverse ways, from online Mindfulness and Yoga classes (UDG Healthcare) to virtual team building events (Teckro, Global Shares) to Thank You Packs for those working from home (Genfitt) or in difficult circumstances (Netwatch Systems).

To understand the impact of the crisis on the business, you must understand the nature of the business itself. The relationship between Global Shares and its customers is, by its nature, long term, as the company is delivering administration and ensuring compliance to ESOPs (Employee Stock Ownership Plan) and LTIPs (Long-Term Incentive Plan) for listed companies and companies on the path to listings or other liquidity events.

Like most businesses, Tabb says the COVID-19 crisis has had an initial impact on Global Shares. The decision to establish an ESOP can be deferred. In an uncertain world, many of Global Shares' clients are focused on managing and conserving cash. Therefore, an investment in an ESOP or LTIP is something which can easily be delayed.

On the plus side, however, many companies around the world are now offsetting financial loss and cashflow difficulties by incentivising employees with equity, almost as a fundraising and retention tool.

As such, new business at Global Shares has now surpassed previous financial years with some of the largest companies in the world coming on board.



GLOBAL SHARES

From its headquarters in Clonakilty in West Cork, Global Shares, an employee-owned financial technology company, runs a network of 15 offices around Europe, Asia, and the US. The company employs 340 staff and recently announced plans to increase that number to 500 as part of a mission to achieve a billion-dollar valuation by 2024.

The company operates at the coalface of a rapidly growing industry, managing employee share plans and stock management plans. It performs this task for some of the world's best-known companies in more than 100 countries.

The COVID-19 crisis has had an initial short-term negative impact on business development and the acquisition of new clients. However, Stephen Tabb, Global Share's Vice President of HR, argues that its employee-led values will be key to helping the business navigate the pandemic.

Those five values – people, bravery, global, integrity, service – were defined by the employees in a recent process. Tabb says the company's leadership does not believe that colleagues achieve their potential in a prescriptive environment. Instead, the company believe its role is to create conditions in which staff motivate themselves and can be the best they can be.

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THE RESPONSE

The impact on how Global Shares conducts its business has been significant. Overall, however, the amount, level, detail, and frequency of communication has increased.

Having invested in remote working capacity in 2018, around 320 of 340 staff are now working remotely.

Field-based staff are now interacting remotely with customers and prospective customers. While this is effective at supporting continuing business, there is a sense that it is not as effective for building relationships and securing new customers.

The company is now working to establish a new norm and has invested in improved technology to host webinars, virtual events and, to develop new ways of engaging with clients and prospects.

The business has increased its investment in training and development of staff. There has been a variety of virtual initiatives including lunch, coffee breaks, bingo, wine classes, quizzes, and cultural exchanges between sites.

THE IMPACT

The company surveys staff, customers, and measures performance routinely. All indicators show that customer service levels are being maintained, and the business has noted an increase in the level of productivity.

While the priority was business continuity, the sudden adaption triggered by the COVID-19 crisis is resulting in a lower cost to serve and increased opportunities to consolidate and make even more progress for expansion.

THE OUTLOOK

Global Shares believes that COVID-19 will not have any material medium or long-term impact on business. In fact, in a world where remote working is increasing, it expects more companies to use ESOPs and LTIPs to build and cement loyalty and commitment and also to underpin values.

Global Shares is working on the assumption that there is no going back to what was regarded as a 'normal' way of working. In this context, the Company is working on writing its Five-Year Strategy Plan to increase relevance in a COVID-19 world.

Solutions to the challenge for staff who are responsible for field-based customer interaction are not yet resolved, but they have demonstrated they can work effectively from home. This may prompt the question of what additional advantage is gained by releasing these staff back into the field.

TENET 05

CLEAR

PURPOSE AND

MIND-SET

All the businesses we interviewed – demonstrated their willingness to abandon their plans and redefine what success looked like.

Every business we interviewed had detailed strategic plans developed to optimise performance and shareholder value for what had been forecast to be a normal year. In consultation with stakeholders, a clear picture of what success looked like had been agreed.

The first definition of success in every company was to assure survival. Inevitably this resulted in a focus on cash. Whether the business was facing a significant threat, such as Arena Group and Boojum or an explosion in demand, such as Yeo Valley or Aerogen, the focus on cash was the same.

The immediate task was to ensure there was adequate cash to survive. We noted that Government supports – employment supports and warehousing of Revenue liabilities – were important for some and enabled many of the choices which were subsequently taken. Achieving this cornerstone went a long way towards consolidating the confidence of the Wolf Pack and enabling them to move to the next stage: ensuring operational continuity.

No one was able to operate as they used to before the pandemic; all had made significant changes to their ways of working. Teckro, a young business with venture capital backing, had designed its working environment to prevent the establishment of functional silos and maximise the 'creative collisions' amongst staff. The need for all staff to work from home demanded that the business reconsider how to facilitate creativity, and nurture informal teams.

Once survival and ways of working was established, the Wolf Pack addressed itself to begin to take advantage of the new opportunities the pandemic offered. Boojum pivoted to become a click and collect business operating from 50 per cent of their previous locations and is piloting sales to two large supermarket chains.



BOOJUM

At the beginning of 2020, David Maxwell was hatching an ambitious expansion strategy for Boojum, the fast-growing Mexican burrito restaurant business. Backed by Renatus, a private equity firm, Maxwell had acquired the brand through a management buy-in in 2015, and the company had scaled rapidly since then across the island of Ireland – from five outlets at the time of the deal to a group of 17 at the start of 2020.

Having posted a strong first quarter, the target for 2020 was an assault on the British market. However, when the economy went into lockdown in March, Maxwell knew that the restaurant industry was facing an existential threat to its survival.



As the lockdowns were imposed, sales collapsed. Even as the business tried to trade in a limited way, customers were afraid and stayed away



With operations on both sides of the border, the public health advice was different across the two jurisdictions. This ambiguity posed operational problems for Boojum, but Maxwell knew that without radical and decisive action, the business was facing a cash flow problem.

Sales collapsed as the lockdowns were imposed. Even as the business tried to trade in a limited way, customers were afraid and stayed away. The company knew it was impossible to predict the full impact of the crisis – or even its duration.

The large brands in the sector such as McDonald's and KFC had set the tone by closing, but Boojum was determined to create a safe and efficient model that protected staff and gave the business the best chance of survival.

THE RESPONSE

With both its 450 staff members and its board nervous, the immediate priority was to take action to prevent a looming cash crunch. Maxwell and his executive team remained calm and communicated a clear message to its stakeholders, "this is what we are going to do, and we are asking you to come with us."

Maxwell and his team then began implementing a business survival plan. Key actions included:

- ↳ A rapid redefinition of what success looks like – from 'profitable growth' to 'survival'
- ↳ Nine outlets were placed into 'hibernation'
- ↳ Eight stores were repurposed as click & collect/delivery sites
- ↳ To staff those remaining stores, the company sought volunteers and paid a 15% premium on normal rates
- ↳ Boojum accessed all available government supports and secured support from the supplier base
- ↳ The chain accelerated the investment in digital (order capture and marketing)
- ↳ There was a relentless and honest communication to all stakeholders/landlords/creditors to ensure support was available where needed
- ↳ Rigid adherence to Public Health Guidelines

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During the crisis, the company launched a free meals programme for the homeless, which has now delivered more than 12,000 free meals. This led the

team to realise that it might be possible to sell meals to new customers

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THE IMPACT

Having collapsed to 25 per cent of pre-crisis levels by end of March, sales recovered over the next 2 months to 70 per cent of pre COVID-19 levels. This was achieved despite Boojum operating from only eight sites. The business was operating an entirely digital model with the new click & collect / delivery model functioning well.

Meanwhile, with many rivals opting to remain closed, Boojum was able to command a large share of the available demand. This was in part driven by the launch of a new app which peaked at number 2 in the Irish app charts and entered the UK top ten during May.

Overall, Maxwell says the feared cash crunch that most hospitality businesses experienced (fatal for some) was largely avoided due to a well managed creditor base, government supports in the form of grants or wage subsidies and the impact of a creative, digital first, but most importantly resilient business model.

During the crisis, the company partnered with Fare Share and donated more than 15,000 free meals to local charities. This helped the team identify a new commercial opportunity and following a few additional months of product development, Boojum expects to launch a range of retail products with two leading supermarkets in NI.

THE OUTLOOK

Having faced an existential crisis, Boojum now expects to survive and prosper in the new normal. There will be structural changes in the restaurant industry primarily in the acceleration of delivery/digital and a likely resizing of the market stemming from the COVID-19 crisis. Boojum remain confident that they have the tools and products to perform well in the future.

Maxwell and his team know that the months ahead will be very challenging as Government supports are eased, while it is unclear what the impact on customer behaviour will be.

There is likely to be a reduction in the number of restaurants in the UK and Ireland. For Maxwell and his backers, this will present an opportunity which is much greater than was expected in 2019.

TENET 06

BECOMES IMPOSSIBLE
POSSIBLE

What was once regarded as impossible, was now possible, because it had to be to enable survival.

In parallel to the redefinition of what success looks like, we noticed there was a recalibration of what might be possible. Long-established conventional wisdoms were bulldozed away. What was once regarded as impossible, was now possible, because it had to be possible to enable survival.

- ↳ Remote working is probably the most significant example of this, which was introduced by every company we interviewed.
- ↳ Working hours and shift patterns changed overnight – Genfitt's warehouse and sales desk switched from day work to shift work to reduce the risk to employees and the business if a colleague became infected. This also allowed Genfitt to be available to customers who were managing around their own restrictions during the normal working day, early in the morning and into the late evening.
- ↳ Field-based staff in UDG Healthcare, Icon, Arena Group, Sinclair & Rush, Netwatch Systems and Genfitt as examples adapted quickly and worked successfully from home – something which in early March was unthinkable. Customers and collaborators are now questioning whether allocating time to face to face meetings with suppliers and collaborators is appropriate (as it increases the risk of disease transmission), and whether it is a good use of the scarce resource which time represents - or even necessary.

- ↳ The other side of this coin is almost all we interviewed also reset their ways of working with suppliers and service providers, local and distant. Face to face meetings which were regarded as essential had become impossible – new ways were found of interacting with their supplier base and other service providers – frequently using technology.
- ↳ All are now questioning the amount of time and the costs associated with travel – national and international. While all accept it is very difficult to develop personal relationships and to develop new business remotely, there is a clear consensus that there will be significantly less business travel in the future.
- ↳ The future for field based staff is under review. Every business with a significant field presence has recognised that face-to-face time with customers and collaborators is now a scarce and more valuable commodity. They are working to adapt their ways of working to ensure time, a precious commodity, is saved for higher-value activity and lower value activities continue to happen digitally or remotely.
- ↳ Many are re-considering their requirements for physical office space, with some exploring the opportunity to change the purpose of congregate settings and dramatically reduce/reshape their requirement for office space.



TECKRO

Teckro, the Irish life sciences tech company, is just five years old, but the three founders of the business are far from novices to the world of business.

Gary and Nigel Hughes and Jacek Skrzypiec were the trio behind Firecrest Clinical, the Limerick clinical trials company that was acquired by the publicly quoted pharma firm Ikon in 2011. The trio stayed with the business for several years before launching Teckro in 2015.

With 100 staff in Limerick, Dublin, and Nashville, Teckro uses information retrieval and machine-learning technologies to help make clinical trials simpler and more transparent for doctors, researchers, and patients. With a mission to help trials to run faster, Teckro, which is backed by venture capital investors, has 20 of the world's top 30 pharmaceutical companies on its client list.

According to Gary Hughes, the company's co-founder and managing director, Teckro felt the impact of the pandemic in two ways.

The first related to clinical trials. In the industry, clinical trials have a lengthy gestation period followed by a long implementation period. When COVID-19 arrived, clinical trials which were already in the process have continued, but the process slowed noticeably due to restrictions on access to clinicians and patients.

Secondly, new business slowed somewhat with fewer invitations for proposals. According to the company, there is evidence that some pharma companies have deferred projects even if they have full pipelines ready to go.

Between those two things, the company has seen a reduction in current revenues. However, Gary is confident this decrease is better described as a deferral of revenue as the business will arrive at a later date.

However, he says the funding position of the company and the long-term opportunity means this does not present a threat to the development of the business.

THE RESPONSE

Rather than posing a threat, Hughes says COVID-19 enhances the market for its software. However, the company needed to reorganise ways of working to allow the business to continue to serve its customers. The training was already online as were all internal procedures, and this intensified.

All office-based staff are now working remotely from home while all field staff (approximately 20 per cent of the workforce) are working from home. This decision was taken two weeks before the formal lockdown and was implemented throughout a weekend. Hughes says this was made possible by existing technology.

Teckro has introduced various initiatives to ensure the culture of the business is preserved and developed. These initiatives include daily stand-ups (video meetings to check-in), random coffee sessions (participants chosen by an algorithm), and other 'social' activities.

The company has found field staff, especially those engaged in project management, have continued to work successfully from home, which was something of a surprise, while the lack of international travel has not had a massive impact.

THE IMPACT

While the number of new trials slowed in the early weeks of the pandemic, this quickly recovered and the business continued to add staff.

Feedback from staff suggests that remote working is very popular (no travel time, no travel cost, less childcare), and the company has noticed a productivity improvement.

Within the industry, preparation for clinical trials that used to take months can now be completed within weeks. The decision is being made at an extraordinary speed which is unprecedented, calling into question the value of the prolonged processes which pertained pre COVID-19. There is a strong sense that what used to be normal will never be normal again, according to Hughes.

THE OUTLOOK

Hughes says the outlook for Teckro was already bright and is brighter as a result of the COVID-19 pandemic. The Teckro platform offers solutions which are even more relevant in a post COVID-19 world, where face-to-face interactions/on-site document reviews and auditing become more difficult.

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The company has found field staff, especially those engaged in project management, have continued to work successfully from home, which was something of a surprise, while the lack of international travel has not had a massive impact

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TENET 07

**REAL-TIME
IS THE
ONLY TIME**

**Field based staff, faced with
restrictions on their ability to
move, quickly found ways to work
successfully from home.**

In the old familiar world, businesses were accustomed to the luxury of detailed planning and consideration of options for future development.

In a world which evolved gently rather than suddenly following a discontinuity, this approach seemed appropriate. In the discontinuity created by the pandemic, time accelerated, and decisions were required immediately – usually without the comfort of time to think, to analyse, to research.



MOTORPOINT

Motorpoint, a British chain of 12 car dealerships, has always prided itself on being nimble, agile, and entrepreneurial. When the British government locked down the company in April, it was able to put that hypothesis to the test

We saw an unwavering bias to action and an iterative process which can be summarised as adapt, review, learn, adapt, review, and learn, repeat, repeat, repeat. This is consistent with the themes we have already described.

We previously noted the Wolf Pack made decisions quickly, communicated in greater detail and, met more often. We identified a simple iterative process amongst the Wolf Packs – even if they had not overtly defined it themselves. They asked four questions of themselves repeatedly:

- ↳ What was the plan
- ↳ What is working well
- ↳ What could or should be working better
- ↳ How do we need to adapt

Trinny London quickly adapted from face to face to online consultations. When they noticed a high level of no shows for online consultations, they quickly introduced a £25 booking fee, which was deducted from any purchase. They saw the no show rate fall to insignificant levels.

The restrictions Governments imposed meant that field based staff - sales representatives, technicians, collaborators - were unable to work normally. Face to face and on-site meetings, which are the core of the work they carry out were no longer possible. Every business we spoke with reported that these staff quickly adapted to working from home - and technology was a key enabler of this. Working hours also changed overnight as the traditional working week was no longer compatible with the needs of customers and collaborators. Every business we spoke to reported that for the most part, field based staff were able to operate successfully - and most agreed that prior to the Pandemic, they would not have believed this was possible or even considered this as an option. This was the case with Icon, Genfitt, Trinny London, UDG Healthcare, SNA Europe, Arena and others. An important corollary to this insight is that customers and co-collaborators have also come to realise that the level of face-to-face meetings which had been the norm prior to the Pandemic was excessive and a poor use of time. We heard frequently that in most relationships there was a new mutual acceptance that face-to-face time is now a scarce and valuable commodity the use of which has to be planned and purposeful.

It had long believed that launching a home delivery service could take up to a year. However, with COVID-19 impacting the industry, the company decided to launch it without a local area trial launch.

The result, according to Hayden Vokes, Head of Marketing, was Motorpoint's first-mover advantage in a growing market. Now, the company has set its sights on being a digital leader in the home delivery of cars – the Amazon of the car market.

From its chain of 12 outlets, Motorpoint sells primarily new cars or those under the age of three years of age. Cars are a big-ticket purchase, as the crisis eroded consumer confidence, it was operating in a challenging marketplace.

“
It found several positives from its business model, such as the fact that it has always held stock meaning it is in a position to service customers
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Also, the company was concerned about the impact of home working – with people working and living under one roof, would it stop people from buying a new car? Longer-term, the company was immediately worried about the wider economic situation and the potential for mass redundancies, something that would heavily impact a consumer business like Motorpoint.

When the business reopened in June following two months of lockdown, the business was down significantly, although this was not as bad as it expected. Instead, it found several positives from its business model, such as the fact that it has always held stock meaning it is in a position to service customers. Plus, with more people staying at home, customers' increased savings will go towards new cars.

We have gone from a regional car dealership to a national one, with our investment in tech bringing to market a proposition that is pretty unique in our sector

THE RESPONSE

The company was developing a working proposition around "home delivery" before COVID-19. When the pandemic hit, it fast-tracked the proposition into a nationwide launch. The launch was supported by a national TV campaign to tell more people you can get a car without visiting a forecourt and get it delivered straight to your home.

Home delivery has meant that Motorpoint has extended its reach beyond its 12 dealerships outlets. "We have gone from a regional car dealership to a national one, with our investment in tech bringing to market a proposition that is pretty unique in our sector," Vokes said. "On a team level, COVID-19 has meant we all have more time for the 'important not urgent' things. Rather than working at an operational level dealing with the day-to-day. We have more time, more focus, and more opportunity to look at the business strategically."

THE IMPACT

The company survived the two-month lockdown, launching the home delivery product in June. It is now thinking about how it can move from a car business with branches to a digital-first business, selling cars nationwide with a complete online car buying experience.

Having furloughed its staff during the lockdown, around 70 per cent are now back working.

THE OUTLOOK

With its nationwide proposition, the company is now keen to break into the London market and is also examining a foray into Bristol, Cardiff, and Nottingham.

"Our biggest worry right now is slipping into the old ways, we've learnt a lot during this period, and we're keen we maintain this strategic thinking, agile ways of working, and focus on innovation," Vokes says.

TENET 08

D I V E R S E
C U S T O M E R
B A S E -
B U I L T O N
T R U S T

Many of the companies interviewed operated in diverse markets - some of these markets proved resilient through Phase 1 of the Pandemic, some did not. The diversity of the markets served allowed the businesses to progress - shortfalls in one market, compensated for buoyancy in others.

This was the case in healthcare or pharmaceutical businesses, as an example. For the companies, whose markets declined, this diverse customer base has created the opportunities to allow the businesses to continue their advance – often after a short-term set-back. Examples include:

- ↳ Momentum Support and Facilicom saw the demand from customers dependent on retail, leisure, and travel decline sharply, but saw significant increases in demand from customers with an exposure to the healthcare sector
- ↳ Yeo Valley, EWT Fresh Service, and WX Brands were already selling to a mixture of retail and foodservice. As restaurants closed demand from foodservice fell dramatically – but demand through retail channels increased sharply

For some, such as Arena Group and Eventhaus, demand fell to something close to zero despite the diversity of the sectors they participate in. They have been trying hard to find new markets where their expertise has value. However, they are discovering it is tough to find quick solutions, even if they have enjoyed some success such as COVID-19 Testing Stations in the case of Arena and Virtual Exhibitions at Bloom 2020 for Eventhaus.

Even for the most challenged businesses, trusting relationships with customers represents a key to the future. Both Eventhaus and Arena are planning with their clients for large numbers of people at mass gatherings in 2021. For example, Arena is planning for the Ryder Cup and Wimbledon and Eventhaus is planning for the Wedding Show and the Hardware Association Show.

These trusting relationships are a necessary condition for survival. Customers serving the healthcare sector secured new contracts. Absent trust built up in long term relationships, this could not have happened. Similarly, Icon, Abzena, Teckro, and UDG Healthcare could not have secured new contracts without the usual qualification processes if this trust was not already embedded in their established relationships.

The historical relationships and many years of investment in face to face interaction to develop personal relationships are at the root of this trust. We feel the goodwill, which does not come cheap, represents an intangible cornerstone of the businesses we interviewed. However, this goodwill is not unlimited and is being spent, which poses a significant question for the future.

“While many restaurants were shut during the lockdown, supermarkets remained open and saw a surge in business. This trend helped Yeo Valley, which is up substantially year on year”



YEO VALLEY

Established in 1961 and still owned and run by the Mead family, British food firm Yeo Valley produces the Yeo Valley Family Farms range of yoghurt and the Roscombe Dairy Ice Cream brand and owns three cafes.

The firm makes its own branded products and supplies the major retailers with own-label produce. Stockists include all the major multiples including Tesco, Sainsbury's, Waitrose, Co-op, and it also exports to specialist retailers in international markets.

While many restaurants were shut during the lockdown, supermarkets remained open and saw a surge in business. This trend helped Yeo Valley, which is up substantially year on year.

This surge in business presented some operational challenges for the company. With demand patterns changing, food manufacturers have been under increasing pressure to produce higher volumes whilst under operational pressure of staffing issues.

“The challenge has been operationally how do we gear the business to fulfil demand. COVID-19 has seen an increase in sales fueled by changing eating habits, more people working at home meaning demand for dairy products have been at an all-time high.”

“

I think we're at a size that we can be nimble and agile, yes we have lots of SKU's but from a manufacturing point of view we are all within the same site or nearby, we don't have factories miles away, we can therefore influence change at pace

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THE RESPONSE

Yeo Valley adapted to meet the increase in demand. It has changed the way it operates in a short space of time. To help it achieve this, it has rationalised its range. "Rather than produce the full range of products, we have delisted a number of products to focus on the core SKU's [stock keeping units]. Our mission has been to keep producing in the challenging operational environment,"

Staff at the company's head office also trained to work in the factory to ensure business continuity, while it has also implemented a range of health and safety protocols.

"In summary, trading has been great, the production has been challenging, more time required, more cost and fewer people. All our effort has been focused on getting product out the door. In light of how other businesses are being impacted, a nice problem to have,"

THE IMPACT

The team adapted quickly and the production line had to change. "I think we're at a size that we can be nimble and agile, yes we have lots of SKU's but from a manufacturing point of view we are all within the same site or nearby, we don't have factories miles away, we can therefore influence change at pace,"

"As a leadership team we're tight, and decisions get made quickly, we're a big company with a start-up mentality, which means we make stuff happen, decisions are made, and we step into action stations. There is no long chain of decision making at Yeo, maybe because at the heart of it we are still a family business."

THE OUTLOOK

According to the Yeo Valley Leadership team, "This isn't going to change anytime soon and therefore for us, it's about thinking ahead rather than being sentimental about the past. The game's changed and we need to adapt and predict the new ways, not look to go back to the old ways. The challenge is how do we get this mindset into our people.

"For food, it's a positive story, after all everyone needs to eat, I think for us it's about the division of business and therefore how do we need to structure ourselves to be matching the change in demand and buying behaviour.

"We're also looking at a D2C (Direct to Customer) offering for the future as working from home will be the new normal."

TENET 09

REALISTIC
BIAS TO

YES

The companies we carried out in depth interviews with decided to adapt, even if the outcomes were far from certain. These companies decided to make change happen regardless of the difficulties. Conventional wisdom had to be abandoned.

Of course some businesses operate within sectors where the impact of the pandemic was such that there were few opportunities to adapt and therefore few opportunities to say Yes, even if this was the instinct. For a variety of reasons, some within the restaurant sector chose to hibernate, while others found alternate paths and had the instinct to say Yes. Click and Collect and meal kits was not part of the business plan for Boojum in Q1. But the leadership decided to say 'Yes' to these new ideas.

Throughout Ireland and the United Kingdom, a number of restaurants at every level quickly redefined their business model in ways they would have not contemplated previously. Few Michelin starred establishments would have considered selling meal kits or operating delivery / click & collect services. A strong bias to Yes was required to do what was previously unthinkable. The impact on retail has been particularly severe. However, some businesses have refused to lie down and have actually increased the resources and effort they put into online retail, distance selling, and mail order using pre-existing CRM data. For retailers who prided themselves on their personal relationships with their customers, this required a strong bias to say Yes. It required an openness to a different way of working.

The impact on the markets UDG serves has been insignificant, and the well-established practice of the pharma industry outsourcing many of their activities underpins the longer-term growth opportunity for UDG.



UDG HEALTHCARE

With a €2 billion valuation on the stock market and annual revenues of €1.2 million, UDG Healthcare has the financial muscle to weather a storm. Plus, as the firm's chief executive Brendan McAtamney acknowledges, with life expectancy and demographics increasing, UDG is operating in a safe harbour industry.

The Dublin-based healthcare service provider employs 9,000 people in 29 countries and is organised across two divisions. The first, Sharp, is a global leader in contract clinical, manufacturing, packaging, and technology services. Sharp accounts for 30 per cent of UDG's profits.

The second, Ashfield, provides healthcare advisory, communications, commercial and clinical services, and accounts for around 70 per cent of UDG's profits.

The company is well-diversified geographically – 64 per cent of sales are in North America, 19 per cent in the UK, and 17 per cent in the rest of the world. McAtamney believes acquisitions and their successful integration with the UDG infrastructure and culture has been a clear driver of progress. Indeed, 98 per cent of the leadership teams (at all levels) have completed UDG's values-based leadership program called Inspire.

The impact on the markets UDG serves has been insignificant, and the well-established practice of the pharma industry outsourcing many of their activities underpins the longer-term growth opportunity for UDG.

However, McAtamney says the firm adapted to fulfil the continuing strong demand. Sharp, which has four plants in the US and three in Europe, saw its ability to function impaired due to Government regulations to manage the pandemic, and also absenteeism. Some of this was due to illness, but some also related to employee anxiety.

Demand for services from Ashfield was more impacted by the reduction of field-based activities such as sales rep visits, nurse visits, and meeting and events. These restrictions posed a threat to the ability of the UDG companies to meet customer commitments and expectations.

Sometimes this was simply different opening hours to accommodate customers who were working under restrictions. Staff in Genfitt, as an example, agreed to adapt working hours to suit customers who were working with restrictions during the normal working day/week.

In other businesses, the bias to yes required the business

- ↳ already had the production capacity (Yeo Valley, Sinclair and Rush, UDG Healthcare's Sharp business)
- ↳ held the stock required to meet customer needs (Genfitt, WX Brands, EWT Fresh Service, Trinny London)
- ↳ had a viable nascent concept (Motorpoint's home delivery service)

Unless these investments and relationships were already in place, the bias to yes was of no value. This was an almost universal theme.

THE RESPONSE

Faced with a significant threat, UDG and the businesses adapted quickly. The leadership team remained calm; they highlighted the fact that there would be both market opportunities and challenges for UDG by the COVID-19 crisis. Staff were focused on addressing the operational challenges.

A global business continuity team was formed, which met frequently. Communication was actively increased, as was access to the leadership teams. This was designed to ease staff anxiety and reassure customers and stakeholders.

Some staff were furloughed but this was less than 10 per cent of the workforce. Additionally,

- ↳ 60 per cent of Ashfield staff shifted from office working to home working (the technology to enable this was already embedded)
- ↳ Field-based staff, who were no longer able to conduct face to face engagements with customers, switched to virtual /remote engagement
- ↳ In Sharp commercial and office staff adapted in the same way as the Ashfield staff. The production facilities continued to operate with increased health and safety oversight and staff incentives

THE IMPACT

The only piece of Ashfield business noticeably affected was the field-based activities. Meanwhile, Sharp's business recovered over four to six weeks and was quickly back close to budget levels.

In Sharp, opportunities to improve productivity and automate were identified, which the company had not considered previously. This was triggered by the need to recover some of the lost efficiency and resulting in increased cost.

There are other fundamental changes which are likely to remain such as increased virtual engagement with clients, increased working from home, and a reduction in the amount of air travel.

THE OUTCOME

The outlook for UDG is positive; the leadership team is determined the business will not sleepwalk back to what was normal. Instead, the 'new normal' of today does not represent a destination, but it is the starting point for a journey to 'new normal'.

There have been fundamental changes to the way staff work in UDG, which enhance the businesses capability to deliver for its client base. The leadership is determined to retain these but, simultaneously, recognises that much is lost when staff who were working in congregate settings switch to only remote working.

Employees can lose the informal social interaction, communication, and mentoring which comes through osmosis in a congregate setting. How does a new recruit work from home and learn the culture of the business and 'the way we do things'?

**The outlook for
UDG is positive;
the leadership team
is determined the business will not
sleepwalk back to what was normal**

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TENET 10

TECHNOLOGY IS CENTRE STAGE

Much of the adaption we found could not have taken place without the use of technology. The investments had already been made, the capability existed, and frequently the leadership we spoke with was frustrated at a disappointing level of adoption.

If the investments had not been made, attempting to rush an implementation was and probably still is too little, too late. Three Ireland, which has a unique perspective as a user and provider of technology services, endorsed this view.

All agree that the overnight transition to remote working for many staff would have been impossible without technology. Similarly, the use of technology to operate and maintain relationships with suppliers, customer, and service providers – which it was previously believed to be only possible through face to face interaction – would have been impossible without technology.

Each business, which had the capacity to capture orders online, saw a dramatic increase in the proportion of order capture online. Many had developed this capacity years ago and had been frustrated at the disappointing level of uptake. Some had even started to question if they were missing something, especially in the context of endless stories from other sectors where online order capture was growing exponentially. Examples of this big increase in online traffic include, Genfitt, Trinny London and Boojum.

We identified many examples, some very simple and some more sophisticated, of companies experimenting with technology to overcome the restrictions imposed by the pandemic such as the simple idea of replacing site visits with videos. Most companies we interviewed are developing solutions which will enable problem-solving, data and order capture to be automated and digitised – which, it is hoped, will ensure that the scarce resource which is now (and will continue to be) an ‘in person’ meeting is used for relationship and business development. This was particularly evident in businesses like UDG Healthcare, Icon, Momentum, Facilicom, Global Shares, WX Brands, and Sinclair & Rush.

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Genfitt had been frustrated by the disappointing utilisation of its online ordering facility. In less than 2 weeks the proportion of orders captured online more than trebled and was approaching 20% of all orders

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GENFITT

As soon as the scale of the pandemic crystallised earlier this year, Genfitt, a Mayo-based wholesale distributor of farm machinery parts, immediately implemented a war room.

The company's sales were substantially down in April alone. It was also anxious about its supply chain, the impact of government restrictions, and its capacity to collect debts. Both the leadership teams and the firm's owners were anxious.

So, Ronan Egan, the company's managing director formed a small Business Continuity Team (BCT), which also included representatives of the owners. Board meetings were suspended and the BCT met as often as required to steer the business through the crisis.

Despite serving a traditional, conservative market, it was the latest in a series of progressive moves for Genfitt, which has traded successfully for more than 40 years and now employs 65 people.

As a wholesaler, Genfitt essentially does two things; it holds stock available for immediate delivery and extends credit to its customers (agricultural machinery manufacturers, agricultural machinery dealers, and agricultural co-operatives). Products are sourced from suppliers in Europe, Asia, and the Americas, meaning it requires a smooth supply chain.

In recent years, it has been investing heavily in its brand and product range as well as developing more sophisticated sales channels. It has also been investing in staff and developing a bridgehead into the UK market.

The impact of COVID-19, however, was hard. Ambitious growth targets for 2020 were quickly abandoned and success was redefined as survival.

Meanwhile, each of the company's three main customer categories faced their own problems. Co-operatives continued to trade, albeit inefficiently under severe restrictions, while many machinery dealers also closed. Agricultural machinery manufacturers closed, not because of an absence of demand, but because the two galvanisers on the island suspended operations.

THE RESPONSE

The Business Continuity Team quickly decided that protecting employees was a priority. Egan and his team believed that if the business looked after the staff, the staff would look after the business. Consequently, a decision was made to maintain the staff earnings at pre-pandemic levels, as the company also accessed the Temporary Wage Subsidy Scheme and Revenue's scheme to warehouse liabilities. Suppliers were asked for – and gave – support.

The BCT moved on to consider how Genfitt's way of working needed to be adapted to respect the Government restrictions and to meet the needs of the customers. Staff who could work from home were asked to work from home, while the shift system at the main headquarters was staggered – a move that protected staff and also increased opening hours.

Management also asked staff to come up with creative solutions and, despite the issues, many critical contracts -- such as the New Product Development Programme – continued on schedule.

THE IMPACT

Sales recovered in May as customers and Genfitt found a new equilibrium. By June, sales were approaching budgeted levels and have performed strongly throughout Q3.

The BCT and staff reported having been, in hindsight, ponderous, the business quickly became flexible in ways and operated at a speed which surprised everyone. The BCT reported that it felt like a start-up, rather than a mature enterprise.

Through tools like Zoom and video technology, staff – particularly in sales – confounded their expectations and showed a willingness to adapt. There was a significant increase in the proportion of orders placed via the internet. This was an aspect of performance which had frustrated management because the rate of progress never came close to what was believed possible.

Genfitt has also committed to investing in several technology-based initiatives which will enhance its capabilities to prosper in a COVID-19 world.

Overall, the breadth of the customer base – and their differing fortunes – meant the business was able to quickly recover.

THE OUTLOOK

Given the unexpected circumstances it found itself in, Genfitt is on track to deliver a strong performance. This is down to 2020 being a solid year for Irish agriculture but is also a result of the swift decisions taken by the BCT.

Genfitt believes that it has gained market share during the pandemic because it adapted better and faster than other market participants.

Egan feels the challenges facing Genfitt now are to consolidate the gains and build on these. It will require a huge effort to maintain the sense of a start-up and to maintain and improve on the responsiveness of the business in what is still a volatile, uncertain, complex, and ambiguous market.

Genfitt believes that it has gained market share during the pandemic because it adapted better and faster than other market participants

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TENET 11

EMBEDDING THE WINS

Each company we interviewed had evidence to show that it had gained an advantage on its competition. This also applied to the companies which faced existential threats. Each could explain why it had been the one that had adapted and adjusted better than its competitors to the changing environment in which they found themselves.

We found the commitment to consolidate gains and stay ahead well established in the companies we interviewed. We found what we would characterise as positive paranoia. The leaders we spoke to have a heightened sense there could be no reduction in the rate of adaption to ensure they remain ahead of a rapidly changing environment and to ensure that hard-won gains are maintained.

It was also clear that the details of the plans to stay well ahead of the curve were not fully developed. The leaders recognised the need for plans to be flexible and for a continuous process of reviewing and adjustment is the new normal.

All accept that the new normal is not a destination but is a starting point on a journey which will last at least another two years and, even then, the experience of 2020 has established the imperative of developing organisations in which adaption is intuitive and relentless.

No one has a clear picture of what's next, but in the context of the themes we have identified, this is to be expected and we think reflects a more realistic position for leadership to adopt. The world is always volatile, uncertain, complex, and ambiguous – even if we do not always regard it as such. Where we are today is very different from where we will be in a month, in six months, this time next year, and into the future.

All recognise that one of the greatest challenges will be to resist the gravitational pull back to what represented normal this time last year; they recognise the greatest threat to their future is to allow this gravitational pull to win.



MOMENTUM SUPPORT

In 2018, a fire broke out at the Dublin headquarters of Momentum Support, the Irish-owned cleaning and security provider. Overnight, all staff at the head office relocated to alternative sites, with many working from home.

Two years later, the business was once again faced with shuttering its head office. However, the experience from 2018 ensured it was ready. The technology infrastructure required to facilitate remote working had already been implemented and upgraded and staff knew the processes.

For Momentum support and its managing director Colin Maybin, it ensured the transition to home working took place with minimal fuss.

However, given the scale of the business and the services it offers, Momentum Support was not immune from the crisis. The company employs more than 2,500 people and provides cleaning and security services to the healthcare, retail, office, manufacturing, and transport sectors across the island of Ireland and in Britain.



There was a sharp increase in demand from the healthcare channel, but demand from the retail, office, and educational channels collapsed



Maybin says that the business is "big enough to cope, small enough to care" and has long placed a strong emphasis on investing in staff. When the crisis hit, this helped it to move quickly. Also, as an essential service, it remained open.

The COVID-19 crisis had an immediate and mixed impact on demand from customers. There was a sharp increase in demand from the healthcare channel, but demand from the retail, office, and educational channels collapsed. There was also a small reduction in demand from manufacturing and transport. Overall, sales fell by 25 per cent.

Staff anxiety increased, and this made it difficult to adequately staff sites. There was also a reluctance amongst some staff to transfer into healthcare clients.

Meanwhile, many customers deferred planned invitations to tender, which reduced the pipeline in medium-term contracts.

THE RESPONSE

The leadership team actively worked to increase the level and frequency of communication with staff and customers. The team also introduced several programmes to support staff in their health and welfare.

Significant pay reductions were imposed for the period of the lockdown for all staff (other than those on Joint Labour Committee (JLC) contracts, who actually account for the vast majority of the employees).

The business accessed all Government supports for which it was eligible. The business changed its focus from managing for profitable growth to managing for cash. It was concerned customers would experience cash flow challenges which would impact Momentum collections.

New business was secured as step-down facilities, field hospitals and testing centres were established.

THE IMPACT

The shift to management for cash has been successful, even though sales were materially short of budget (a significant improvement in cash collection and Government supports contributed to this).

As the economy is now reopening, sales are recovering and are now running close to the original budget level. Meanwhile, the company has noticed that closer interval control has highlighted opportunities to improve operational effectiveness in several areas, including cash management.

THE OUTLOOK

The medium to long term impact of COVID-19 for the demand for the services provided by Momentum is positive. It is already clear that customers across all channels are increasing the cleaning specifications, which requires investment in new technologies and additional service hours.

There is also evidence that some clients are seeking additional services that Momentum is well-positioned to provide – for example, issuing masks and manning sanitiser stations in shopping centres and airports.

However, the company knows it is inevitable that clients will come under budgetary pressures. In turn, this will impact the cleaning specifications and the prices they are willing to pay for the services they procure. Customers and competitors will drive margins down also.

Attracting and retaining high-quality staff will continue to present a challenge, and the business is already seeing a reluctance from staff who were accessing the COVID-19 unemployment payment to return to work.

While the business has been able to recruit some great staff during the lockdown there is a risk they will drift back into other sectors (hospitality and leisure as examples) as they reopen.

The leadership team actively worked to increase the level and frequency of communication with staff and customers. The team also introduced several programmes to support staff in their health and welfare

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Next steps

This research took place as the pandemic gripped the world. We found the companies and leaders that survived and flourished are engaged in an ‘infinite game’. In James Carse’s 1986 book, Finite and Infinite Games, he explained the difference between finite and infinite games:

- ↳ Finite games are played with a known end in sight and clear parameters to play by. Once the objectives have been reached the game ends. Most team sports are finite games.
- ↳ Infinite games have no set boundaries and have a multitude of known and unknown players. Infinite games have no timelines or winners; the objective is to stay in the game and keep on playing. Infinite games have no end as long as all current participants have both the resources and desire to continue playing.

The leaders we interviewed, and their businesses, have an infinite mindset. They have a desire to play the infinite game. They know the early experiences of the pandemic are only part of a much bigger story, which will unfold in the coming months and years. They are determined to keep their teams and business moving forward. They never stand still. Instead, they continuously adapt as the environment around them changes. The commitment to embed the gains and stay ahead was well established. The leaders we spoke with had a heightened sense there could be no reduction in the rate of adaption.

Currently, and just as predicted, the second wave of COVID-19 has gripped Europe, which makes the 11 Tenets of Adaption even more relevant.

The research defines an approach that can be learnt and practiced. Organisations, leaders, and their teams who embed and use them will become more adaptive and will enhance their ability to take advantage of a volatile, uncertain, complex, and ambiguous environment.

The commitment to embed the gains and stay ahead was well established. The leaders we spoke with had a heightened sense there could be no reduction in the rate of adaption

The 11 Tenets of Adaption can be used by businesses, their leaders, and teams. The world will continue to change, sometimes suddenly because of a discontinuity, but more often through evolution – which demands continuous adaption. Darwin’s idea – referred to earlier – for nature is equally applicable to business and leadership.

We, and the businesses who participated in the research, agree there is value in following up and capturing the picture again and again.

The sharing of experiences will ensure that learning and understanding will continue to advance. Adaption is akin to gardening; the successful gardener follows the seasons, the weather and understands no year is the same. As leaders, we achieve most by adapting to what is around us rather than trying to change the environment, or worse standstill or hibernate.

We are certain we will be living with COVID-19 for the foreseeable future. In this reality, the next phase of our research will seek to explore:

- ↳ How can we maintain the energy, commitment, adaptability which the pandemic has triggered through a marathon, not the sprint all had hoped for?
- ↳ What does the future of work look like – in offices, in a production environment, in supply chain & logistics, in the field ? Additionally, what will the longer-term impact of this be on relationships and culture of organisations?
- ↳ How can relationship and business development be achieved and sustained in a remote world?
- ↳ What emerging technology can truly help organisations, leaders, and teams to leap forward?
- ↳ How can long term plans be developed?
- ↳ Who will continue to play the infinite game?

Our curiosity about the infinite game we and every business we are engaged in is greater now than it was when we initially embarked on this project. We intend to continue to track the journey and learn from the experience of businesses who have chosen to adapt and influence their destiny. Even if discontinuity is approaching an end, and the driver of change will revert to evolution, the need to adapt does not end. As such, we intend to follow this rich and interesting story.

Our research has confirmed our hypothesis – and personal experience – that adaption is not magic; it is a mindset and learnt behaviour. Business, leaders, and teams can practice and develop their adaptive skills – and their adaptive instincts.

If you would like to learn more about the practice of adaption, we would be happy to share more details of the research we have carried out.

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Our research has confirmed our hypothesis – and personal experience – that adaption is not magic; it is a mindset and learnt behaviour

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Appendix A:

Companies who participated gave in-depth interviews

- 1 **Abzena, Life Sciences**
www.abzena.com
- 2 **Aerogen, Manufacturer and Developer of Nebulizers**
www.aerogen.com
- 3 **Arena Group, Provider of Outdoor Structures for Mass Gatherings**
www.arenagroup.com
- 4 **Boojum, Mexican Food Restaurants**
www.boojummex.com
- 5 **CEME, Business Services**
www.chemeconference.co.uk
- 6 **Eventhaus, Commercial Event Manager**
www.eventhaus.ie
- 7 **EWT Fresh Service, Temperature-controlled Storage and Distribution**
www.freshservice.co.uk
- 8 **Facilicom Group, Facilities Management Group**
www.facilicom.com
- 9 **Genfitt, Wholesale Distributor of Agricultural Parts and Hardware**
www.genfitt.ie
- 10 **Global Shares, Stock Plan Management Solutions**
www.globalshares.com
- 11 **Icon, Clinical Research and Development Services**
www.iconplc.com
- 12 **LED Robus, Distributor and Manufacturer of Lighting Products**
www.robus.com
- 13 **Momentum Support, Cleaning and Security Services**
www.momentumsupport.eu
- 14 **Motorpoint, Used Car Supermarket**
www.motorpoint.co.uk
- 15 **Netwatch Systems, Pro-active Visual Monitoring**
www.netwatchsystems.com
- 16 **Sinclair and Rush, Manufacturer and Distributor of Plastic and Rubber Products**
www.sinclair-rush.co.uk
- 17 **SNA Europe, Global Tool Manufacturer**
www.bahco.com
- 18 **Teckro, Clinical Trials Software**
www.teckro.com
- 19 **Three Ireland, Telecommunications Provider**
www.three.ie
- 20 **Trinny London, Premium Make-Up Retailer**
www.trinnylondon.com
- 21 **UDG Healthcare, Global Leader in Healthcare Commercial and Clinical Packaging Services**
www.udghealthcare.com
- 22 **Veon, Forestry Management**
www.veon.ie
- 23 **Yeo Valley, Integrated Ethical Dairy Business**
www.yeovalley.co.uk
- 24 **WX Brands, Wine and Spirits Distributor**
www.wxbrands.com

Appendix B:

About the authors



Paul Duggan graduated from University College Dublin with a BE in Mechanical Engineering in 1980 and an MBA in 1986. He was awarded an MSc in Coaching and Behavioural Change from Henley Business School in 2017 and a Certificate in Board Dynamics from the Tavistock Institute in 2018.

From, and now based in Dublin, he has lived and worked in Japan and the USA, and has wide experience of international business. He started his career in Japan working in the semiconductor industry with Fujitsu. Subsequently, he worked in export development in the Irish Export Board. For 16 years he worked in a listed engineering/distribution business, Unidare plc, with operations in the UK, Ireland, mainland Europe and North America. Responsibilities included leading the business development and M&A activity, MD of subsidiaries as well as Group Chief Executive for 8 years. He served as a main board director for 12 years.

Currently, he is the CE and a shareholder in a business engaged in the distribution in Ireland and the UK, the Gardiner Group. He has served as an advisor and non-executive director to several private companies – for-profit and not for profit.



Rebecca Brennan graduated in Business Studies with BA Hons in 1998 and with a Chartered Diploma and an MSc in Strategic Marketing from Aston University in 2001. More recently she was awarded an MSc in Coaching and Behavioural Change in 2017 from Henley Business School.

Rebecca is a qualified NLP coach and Tiny Habits behavioural change coach (Stanford University). Originally from Derbyshire but now based in London. Rebecca has worked at Director level in several prominent marketing agencies including Ogilvy, Iris Worldwide, and McCann, before starting her own agency: The Hub.

The Hub was acquired by Cubo Communications where Rebecca served as MD of the combined business. Rebecca has recently stepped down as MD of Cubo and divides her time between Kyan, a technology agency, supporting business in digital transformation and innovation, working as coach and mentor for individuals and teams and as a non-executive advisor.

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