

Pottinger

PERSPECTIVES

Bringing ideas, people and data together to change the world

February 2022



**JUST A LITTLE
BRAVERY**



Every business leader – indeed most employees in most businesses – must face up to significant change at some point in their careers. Whether this comes through a financial crisis, or through the creeping effects of increasing competition or technological change, the same imperative remains: don't shy away from change.



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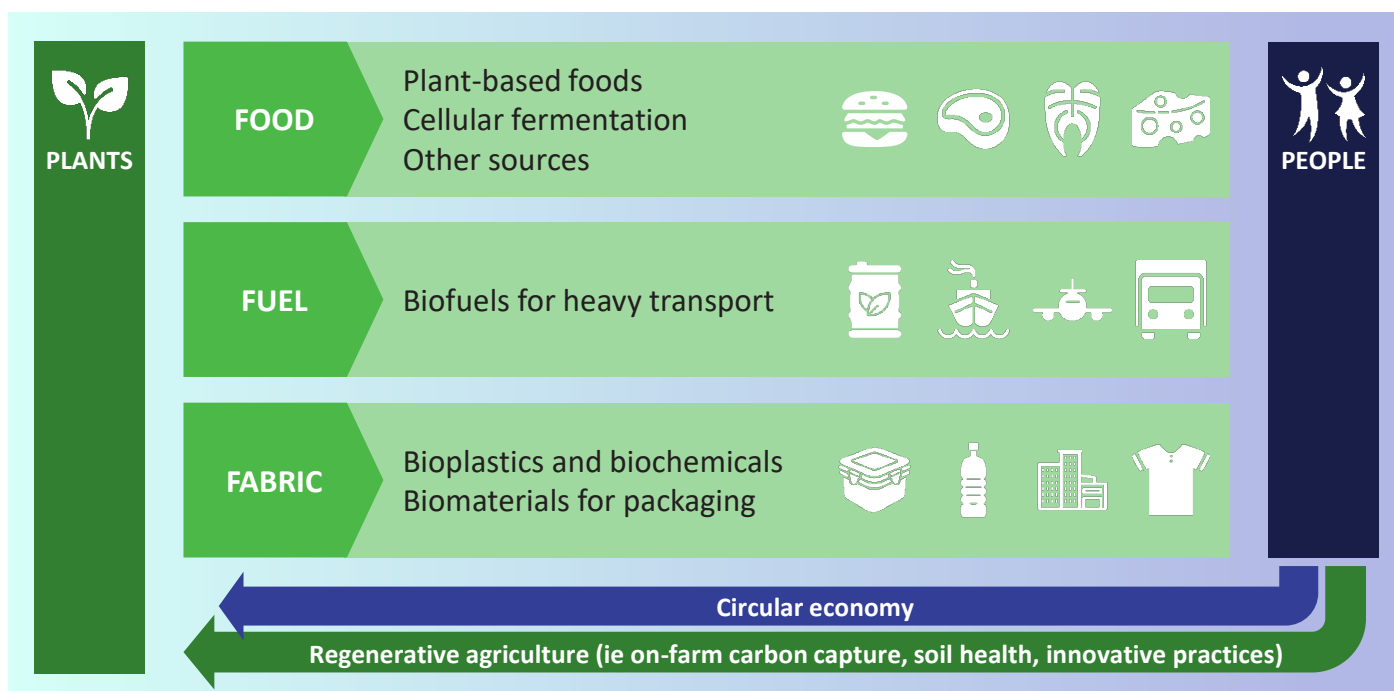
The lexicon of 21st century business is awash with excuses to ignore change, allowing leaders to “defer a decision until the landscape becomes clearer” and enabling them to be “too risk averse to act”. And, if side-stepping change results in failure, we're often quick to convince ourselves that failure is a necessary stepping stone to eventual success. So, next time you hear someone say, “Life's all about the journey”, push back. In business as in life, some journeys are unnecessary and, without proper planning, the worst can lead to disastrous end results. And don't forget that the journey doesn't generate income and it doesn't pay employees' wages

or suppliers' invoices, let alone dividends to shareholders.

Perhaps this love for the status quo isn't surprising, as not all inaction leads to crisis. Almost all inaction does, however, lead to waste. Large opportunities shrink into small ones by being late to act, and small problems become large ones by ignoring the early warning signs. If you confront the challenges that face you, you will unlock opportunities more quickly and mitigate risk more effectively.

That's why the decisions to be made in 2022 are so important. There are huge opportunities to be seized as three parallel

What is the bioeconomy?



At its simplest, the bioeconomy means using plant-based materials as renewable feedstock for fuels and plastics, using new technology to short-circuit the 50-million-year plus timescale for fossil fuel formation in nature. It also means animal-free food production, as well as adopting regenerative agricultural techniques to improve farm productivity, capture CO₂, improve soil health, enhance biodiversity and reduce negative environmental impacts.

For those of you who have ambition to be more than agents of change and want to lead the charge into the future yourself, think about the steps you are prepared to take. Will you step in and step up, or will you be forced to step out?



revolutions unfold with increasing pace. The automation of decision-making, the transition to renewable energy and the emergence of the bioeconomy in all its forms will have a dramatic impact on most businesses and most economies. Whilst there are pitfalls to look out for along the way, taking action early can open the door to greater success over the longer term, especially if you build the right culture and the right team to support you.

What is exciting, if you follow this path, is that you are choosing to be part of the solution. For those of you who have ambition to be more than agents of change and want to lead the charge into the future yourself, think about the steps you are prepared to take. Will you step in and step up, or will you be forced to step out?

Step in: If you want to have an impact, you need to do more than turn up. You first need to step in to your own power and influence and feel an obligation to be part of shaping tomorrow.

Step up: Once you have stepped in, stepping up to lead becomes possible. You will be alert to opportunity, and aware of early warning signs. You will be willing to act and will be part of ensuring success. You won't advocate "failing early", but rather winning quickly.

Step out: Some have figured out that if they are not having an impact, they will soon be replaced with someone that does. If you are a passenger to change, then at best your job is going to become increasingly less meaningful, and at worst it will be automated. As more and more clerical, administrative and management roles are taken over by computers, the best opportunities lie in roles that involve creativity, caring, collaboration, culture and communication – precisely what's needed to drive change.

Change really doesn't happen overnight. Nor does demise, for that matter. So it's essential to look out for early warning signs of risk and opportunity so that you can move quickly. Some of the common ones include:

Language: Listen out for inconsistent language or a lack of clarity in day to day activities. Watch out too for apathy about vision, mission and purpose – and especially for an absence of action in relation to opportunities and possible threats.

Excitement: Beware lack of passion about the business, where the culture migrates slowly towards turning up or getting the job done and away from improving or creating. If people are not coming to you with ideas



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or with problems, this is often a sign that they have lost excitement for the business.

Alignment: Keep front of mind that you need more than just engaged employees – you need employees to be engaged in the right activities. Be watchful for signs that not everyone sees the same opportunities or risks, or what their role is in addressing them.

Results: Watch out for benchmarks that might lack objectivity or link to the outside world. It is more comfortable to see dashboards light up green, but if you are not seeing some amber or even red, then do you really have the full picture? In this context, decline/stability may not be a bad thing (some industries die), and growth may not be a good thing (you may not have enough of it, or you may be growing in the wrong area). Remain realistic about the outside world and what your objectives are, and beware the rear view mirror.

Network: Look at your schedule. What conversations are you having or not having and who are you having them with? To embrace the collective genius of an organisation, a leader needs to have regular time in the calendar for conversations outside of their regular reports to hear first-hand their different perspectives.

Organisations that thrive are ones that are filled with engaged, accountable, resourceful individuals who understand that they are in a race, and that success is a competition worth winning. Conversely, if this competitive fire

is missing, it's often a sign that the business is losing its way and likely its edge over its competitors. This is the beginning of a slippery slope, as more nimble competitors will take from you the opportunities you already have and seize the opportunities that were there for you to win.

Of course speaking up and starting to act can be difficult, intimidating even. Why are some people able to be the change, rather than just talking about it or, worse, remaining silent in their corner? Organisational culture and individual mindset are two of the greatest enablers to change – and can also be the greatest inhibitors too. To make the most of the strengths of your team, you need to give them:

Permission: A culture without permission to raise issues and highlight opportunities presents a real risk to the bottom line, as threats and opportunities are missed. Such cultures result in employees not developing or refining the skills of successfully initiating change.

Encouragement: A culture that does not expect and encourage the team to investigate risks and pursue opportunities can further encourage a mindset of individuals who reject accountability and an 'It's not my job' mindset. This frequently manifests as a lot of talk and very little action.

Support: Some opportunities or challenges may be genuinely confronting for the people that must face them. These individuals are taking on what are probably the most significant issues for your entire



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organisation and they need your support – to have open and honest conversations, to explore more radical solutions, and to know you are on their team. Without this, a lack of resilience or paralysis through fear can prevent the people that have already stepped in having the confidence to step up to the challenge.

The great news is that we can build strong cultures that encourage and reward contribution and creativity. We can also use language to remind people that change rests on the shoulders of everyone, not just a chosen few. In practice, change comes about through the action of many individuals working together. Feelings of fear or intimidation can be alleviated when we understand that the problem does not rest solely at your feet.

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the world is a better place. Because of you.”

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You don’t need to solve the whole problem by yourself – and so you don’t need to be really brave.

Most of the time, just being a little bit brave is more than enough.

So what do I mean by being a little bit brave? Be prepared to ask a few honest questions about problems or opportunities that you see in the business around you. Be prepared to push for answers to start the ball rolling. Then, start to assemble the team you need to support you, as you definitely won’t be able to do all that’s needed on your own. In short, you may be the original spark, or add a little of your own energy to the electricity that drives action.

The benefits of you being a little bit brave are many.

- We know that change is contagious (whether positive or negative). By role-modeling positive change and action, others may be encouraged to do the same.

- Seeing someone else taking on a challenge can be energising and motivating. In a world where there remains a war for

the best talent, you might be the reason for someone to join or stay.

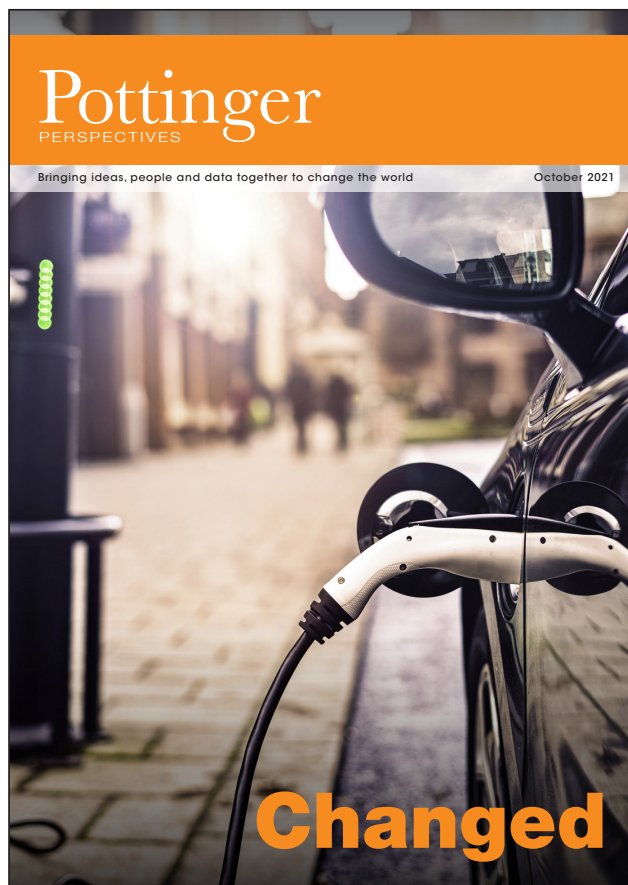
- “A problem shared is a problem halved.” Well, maybe not always halved but being honest about problems and challenges gets a weight off your shoulders and there is some chance that someone else might be able to solve it.

- Being in a control seat more often than not feels better than being a victim of circumstance.

Change is a team sport. Unlike driving a car, where there’s room for a few passengers, change needs everyone’s attention and everyone’s effort. It is more like skulling, where every member of the crew must drive the boat forward, and every person is responsible for the outcome. Everyone in that team needs to commit to being just brave enough, and you can lead the way. **P**

Cassandra Kelly is co-founder and Senior Advisor of Pottinger, a global financial and strategic advisory business, and founder of C-Change, working with leaders to accelerate change.

Latest issue from Pottinger Perspectives:



Changed

Change is everywhere, yet often lurks invisible. Sitting at my local café, it's obvious that interior design has evolved over the last twenty years – and traffic lights too – but superficially the other shifts are tiny. The trees have grown noticeably, and the occasional new building has sprung up, but the streetscape remains thoroughly familiar.

Look a little closer, and of course the situation is very different. Though I'm writing with an old-fashioned pen and paper, smartphones are ubiquitous and laptops are more common than newspapers at neighbouring tables. Almost every shop has gone, replaced by cafés, restaurants and other purveyors of services rather than goods. The 'milk' in my cup is made from oats, and in front of me an electric car is charging silently.

By Nigel Lake

https://www.pottinger.com/uploads/1/9/5/1/19512909/pottinger_perspective_-_changed.pdf

About Pottinger

Pottinger is a global advisory firm headquartered in Sydney and New York. We combine strategic, commercial, financial and transaction perspectives, and focus first on long term outcomes, to deliver commercial advice that is practical and complete. We navigate the uncertainty inherent in commercial decisions, helping our clients to identify value overlooked by others, and to avoid risks which others may not see.

Pottinger helps organisations to adapt, innovate and transform, by providing insight and advice on strategy and public policy matters, as well as the negotiation and execution of M&A and financing transactions. Our combination of strategic thinking, M&A advice and financing capabilities allow us to find innovative solutions to the challenges arising in industries facing dynamic change and disruption.

Our team has exceptionally broad and deep strategic advisory and transaction execution experience, encompassing all of the world's top thirty countries. Examples include:

- Advice on market entry, strategic repositioning, identification of new growth opportunities, spin-outs and other forms of restructuring and advice on strategic investments, using our proprietary Destination-led Strategy® methodology, together with analogous advice to governments on public policy;
- Advice in relation to large and small-scale acquisitions, divestments and takeover responses for both publicly listed and private companies;
- Capital optimisation and financing advice for large enterprises, together with advice on commercialisation planning, capital strategy and capital raising for emerging companies;
- Specialist input in relation to the design, formation, restructuring, sale and dissolution of large scale joint ventures and partnerships; and
- Identification and quantification of risk, by applying advanced statistical techniques to relevant data pools, thus simplifying decisions impacted by significant uncertainty.

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