

Global Podcast – Ep. 1

Business Beyond Covid-19: embracing business unusual through the global pandemic and beyond

Introduction: Welcome to Business Beyond COVID-19, HSBC's podcast series about embracing business unusual through the global pandemic and beyond. We talk to industry leaders and experts to understand how they are adapting, reshaping and innovating through these extraordinary times. A quick note that we have recorded this remotely, so apologies in advance for any sound issues. Thank you for joining us.

Sandeep Uppal: My name is Sundeep Uppal, based in Hong Kong. I am the global co-head for international subsidiary banking at HSBC. As we are all aware that all businesses around the world are experiencing the pandemic in a unique way. Companies in the East have been on this journey for some two to three months ahead of the rest of the world, both on COVID, as well as the business curve, which seemed to go in tandem. Today I'm delighted to have three international business leaders in Asia joining me, sharing their first-hand experiences, learnings and ideas on future opportunities. As a start, what I ask each one of you to provide a brief introduction of yourself, as well as your business. Shall we start with JP, Jean-Philippe, over to you.

Jean-Philippe Poulin: Thanks, Sundeep. My name is Jean-Philippe, call me JP, it will be easier. And I was appointed as the president of Lesaffre for China business. So Lesaffre is a French family business, the world leader in yeast and fermentation.

John O'Brien: Hi everybody. My name is John O'Brien. I am the APAC regional CFO for Fossil Group.

Nikolaj Enevoldsen: I'm Nikolaj Enevoldsen. I'm a regional, the regional CFO for Hempel in North Asia. Hempel is a Danish business, more than a hundred years old selling paints globally.

Sandeep Uppal: John I'm fascinated by your business. Because what I understand is Asia is the fastest growing region for you globally and right through this period, your group still managed strong sales in Asia. So, could you please share with us your experience?

- John O'Brien:** China was impacted first and then we quickly saw that spread around the rest of the region and then to our sister regions EMEA, and to Americas.
- What that gap did allow us to do was to evolve action plans based on our experiences in China that we could then apply to the other markets. So, it allows us to sharpen up our disaster recovery plans as we moved through that process.
- Where we are at the current time is, we're on the way back out of that. Our China business came back out the other end. Our online business, which was the one that kept going throughout all the lockdown phase really was going tremendously well in China. And that pattern we've seen actually happening elsewhere around the region and also globally. So, a lot of sales have gone online. And, for our category of products, what we saw was that once people had actually gotten bored buying hand sanitizer and toilet roll, was they did actually go out and start to go shopping.
- Sandeep Uppal:** JP, I'm really fascinated by a sector. With all the baking happening by people that are working from home, I, as a layman, would have assumed that customer demand was least of your problems. Is that true?
- Jean-Philippe Poulin:** Yes. You can imagine, the food service is at close to zero at this stage. No catering, few people in restaurants, no hotel. And so, all the demand is coming from convenience store, supermarket and DTC. So, you have to reshape your supply chain to be able to adapt yourself. And, it was a big challenge.
- I would say the the key lesson for us is, as Nikolaj said, is people first. Meaning that taking care about your employee, um, whatever will be the future needs, you need all employees onboard to adapt yourself, to be able to resume the work. And so, it was a main focus: safety and people first. Be sure that we are not losing any of the employees on the onboard and try to focus them on the future.
- Sandeep Uppal:** Nikolaj, you know, you're right in the middle of the supply chains, how's been your experience?
- Nikolaj Enevoldsen:** Yeah. Supply chain was, and is, always very crucial. And in this period, it became essential that the, that you, on a daily basis knew what you're able to do. So, we did not stop any, any orders. We try to speed up, see how much can we get into our factories and how much can we get out. So, we didn't cut the commercial side. We expected that that would, would be there as soon as we can supply and have the safety measures in place. We just needed to make sure that we fully understood everyday what we're able to do and what we're able to source in and source out. So, the logistics was the key for a long period of time and still is a little bit.
- So, actually we're continuing to work on that, and we are strengthening our supply chain all the time.

Sandeep Uppal: Now, all of you have navigated the challenging situation successfully. Looking back, what words of wisdom would you have given to yourself and, looking forward, what opportunities do you believe are there for your businesses to grow? So maybe John, if I could ask you to kick off, please.

John O'Brien: So, my advice to other folks there would be to say, please, don't get stuck in analysis paralysis, okay, come up with the best credible plan that you've got. Know that it wouldn't be correct. Things will change. Be prepared to adjust it as you move forward, but do something and move forward.

Sandeep Uppal: Nikolaj?

Nikolaj Enevoldsen: So, for the future, I would say, how can you make sure, you know how to run your business in a very strong way, if you don't really know your people? And you really have your people behind the business and in the business with you as a team.

Jean-Philippe Poulin: I'm fully aligned with the words of Nikolaj. I guess that's one of the key lessons that we learn is that business is a relationship. It is a relationship with the employees first. Definitely the best investment we can do during this crisis is to reinforce the link between employee and employer. Taking care of them is the best investment for the future. Taking care of our customers, obviously, but you don't have any customers without any employees. So, it was the key elements that we learned.

Sandeep Uppal: I guess another term which has come out of the pandemic is the new normal. Everyone describes it in a different way. And, John, I'm going to request to you to just share with you, if you have any thoughts on what is the new normal, and is there anything which kind of really screams out on that front?

John O'Brien: I would say certainly from the consumer side, from our channels to market, I think what we have seen just based upon the markets that have opened up so far is, it really is accelerating the shift towards online businesses. The other thing I would say is that it's a big change out there is on the supply chain side. And again, I think you all referred to this earlier, which is the need to get – build in more resilience there and just make sure that whatever disaster recovery plan that we have needs to contemplate some wider, different scenarios to the ones that we sort of previously considered when we did this exercise. So, I think doing that and practicing, or going through regular reviews of your DRP are also going to be something that would become far more frequent as we move forward.

Sandeep Uppal: Nikolaj, your industry is slightly different from John's, but are you also seeing any kind of signs of new normal?

Nikolaj Enevoldsen: It is definitely a different business. I think all businesses will learn from this. I think that looking at the supply chain resilience is something that, um, it will be prudent by all to do that. And that's something we're also looking at, for sure. I think also that there are other learnings from, from this that we should think about what is the new normal, and, you know, I think that the, that our Skype and Zoom or Teams calls, what we're able to achieve and continue working regardless where we are, that the tools really make a difference. You know, how we can communicate. If we have the right communication tools, we can actually work efficiently, even in situations that are very complicated like this. So, looking at how we work, there's definitely a potential for a new normal.

Sandeep Uppal: JP, humans, having making bread for thousands of years. So, do you see a change in your sector?

Jean-Philippe Poulin: I would say globally, I don't have any idea about what will be the new normality. I guess it's a little bit too early to define what will happen. Probably a lot of things will happen that we cannot see yet. And so, we need to be ready for that. I guess that when I'm discussing with some customers now, I can see that they are more focusing about value for money and value for time. Meaning, we are in the low-touch economy now for a while, and people don't want to spend too much time on the, on appointments, meetings, and things like that, if there is no real value. I would say globally, Wee chat would be enough or a phone call would be enough. And so, if you ask for an appointment of customers, you need to bring real value. It will change, probably, the way we create connection with customers in future.

Sandeep Uppal: And before we conclude the session, I would want something really punchy from each one of you. I'm calling it three key actions that you would advise to other business leaders to take now.

John O'Brien: I think there were three things I would say. The first would be to manage the cash. You really need to do that straight away. That is super important when we don't know how long this will last and what type of a recovery we will see. Second thing I would say is focus on inventory. At the end of the day, you need to have product to sell. If you're in that type of business, that's super important. So, you've got to keep your supply chain functional. You've got to keep your vendors with you, and you've got to keep those partnerships going throughout the chain. Third thing I would say is don't prevaricate. The forecast, the sales forecast you're going to get tomorrow is probably not going to be better than the one that you did yesterday. So, don't lose time on that. Come up with the best plan that you've got, move forward with it, but be prepared to adapt as circumstances change.

Sandeep Uppal: And Nikolaj?

Nikolaj Enevoldsen: I would say you need to know your people, both the ones that are on your team, in your own business, but also the people at your customers and that are your suppliers. Know your people. And then know your communication channels. Make sure you know how to communicate quick and effective because when times change, you will need it.

Sandeep Uppal: Thanks, Nikolaj. And JP, lastly, and not the least, what would be your advice?

Jean-Philippe Poulin: If I have a piece of advice, not to waste too much time on strategy plan because everything could happen. It's better to know why the company exists. What is the purpose of the company and your global goal, and create an environment adaptive enough to cope with this. So, I guess that we're spending too much time to think about a plan for five years or 10 years, but probably where we not read it. And so, it's better to invest on people and on teams, not on the big figures and the big business plan.

Sandeep Uppal: You know, for me, this is fascinating, the wrap up we've had and feel the insights you've given, because what really stuck out for me was people. So, I think all of you really emphasised just the focus on people, because that's a key enabler. Second is, you know, people themselves can't do much unless you communicate. So, the communication part was coming out really strong, and whether that's within the organization or outside, it's really required. Third is, which is true, that I heard a lot of it over the last part was on the supply chain. And to me, it gives the sense that, while, quite often, we in business see the supply chain sitting outside the company, but maybe through this process, it's really shown that it's an ecosystem. It's like one large family and we all need to move together. And clearly, we need to be agile. And the interesting thing is that through all this, we spoke about the customer, but I thought a lot more focused on the enablers. And I think it's a good lesson for all of us in business. Then if we get the enablers right, that is what allows us to deliver to our customers. Who are really concerned about the output, with just the input being left to us. So, thank you. All of you. That was a really fascinating session, which I enjoyed thoroughly.

Conclusion: Thank you for listening to Business Beyond COVID-19: Embracing business unusual through the global pandemic and beyond. We hope you have found the conversation useful and informative. If you'd like to follow on with anything you've heard today, please visit business.hsbc.com or contact your Relationship Manager.