

Global Podcast Europe – Ep. 5

Business Beyond Covid-19: Canada finds strength in resilience

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.

Amoye Henry: Hello and thank you for joining us. I hope everyone is staying safe and well. My name is Amoye Henry, and I'm delighted to be your moderator. I am a Toronto-based entrepreneur and small business consultant. I'm delighted to be here and welcome our panel of incredible business leaders and innovators.

Will Andrew is the CEO of Lumify. Mandy Farmer. Mandy is the CEO and Co-founder of five awesome Accent Inns and three ridiculously fun Hotel Zeds. Audrey Mascarenhas, CEO of Questor Technology. Stephen Shiller, CEO of Blinds to Go.

Today, obviously, we have Mr. Dan Leslie, the Senior Vice President and Deputy Head of Commercial Banking at HSBC Bank Canada.

Daniel Leslie: Thank you, Amoye. Thank you all for joining us today. In July, we released our Navigator Resilience: Building Back Better Survey, a survey of over 2,600 companies across 14 countries and territories, including 200 businesses in Canada.

Sustainability will be a key to recovery, which was one of our top findings. More than four out of five Canadian businesses expect to rebuild on a firmer environmental foundation as a result of COVID. One of the second interesting findings was that one of the key aspects attributed to resilience wasn't necessarily financial, it wasn't a strong balance sheet, it was, in fact, the importance that culture played in driving resilience. A third finding was that Canadian companies are exploring changes to their supply chain partners.

And then, finally, some other silver linings, which we can now see actually the benefits from the time we did our survey to now. At the time, we found that close to 40% of businesses in Canada surveyed said they were increasing production back in July or June when the survey was done to meet rising demands in the coming months, and I think we've started to see that come through a little bit.

And so, I will pass it back to you, Amoye, and we can kick things off.

Amoye Henry: Thank you so much for that comprehensive overview, Dan, that was really helpful.

The major thing that seems to be at the top of mind for everyone is really managing effective cash flow. So, what I would like to turn to the panelists and ask today is how was this for you and is this your number one concern? Could you share a bit more about your business and the experience that you've encountered over the past six months during this COVID period. Maybe, we can start with you, Audrey.

Audrey Mascarenhas: Certainly, thank you, Amoye. So, for Questor, we were in a really strong position. So, strong balance sheet, cash in the bank, zero debt. But, the challenge we had was really the impact that the pandemic was having on our customers. So, we've seen a significant drop in our revenue this year, and so that's really had us focus on diversifying. Most of our clients last year were really in the oil and gas industry and, of course, everyone is aware that they've really had a difficult time with the drop in the demand and drop in prices. So, we're starting to look at other industries. We're working in the waste management industry, so recycling, waste water treatment, so diversifying that way, diversifying in terms of the products, so we're starting to see lots of traction on waste heat to power, and I think, like the survey has found, lots of discussion starting to happen around sustainability.

Amoye Henry: Absolutely, thank you so much for sharing that with us, Audrey. Will, why don't we turn it to you and see some of your insights.

Will Andrew: Three years ago, we went through an acquisition, so unlike Audrey, we have a different balance sheet and a different structure as part of that and, obviously, the support of HSBC is a big part of that balance sheet. Our core business was originally on the acquisition around retail fixturing and displays and was obviously being impacted by online shopping and that sort of thing.

So, we began thinking through pivots. With our product offering and I think with the capabilities, we pivoted into face shields and that sustained a good chunk of our revenues. We actually sustained growth as part of that for a couple of months on year-over-year. And then once that started to wane or slow, we pivoted then into what would be, affectionately, called sneeze guards, and we actually found a home primarily around schools and desk shields and the back to school market, as we moved from July and August into current day.

Amoye Henry: Mandy, what about you? What about Accent Inns?

Mandy Farmer: Well, I'm in the hotel industry, so I think you can all imagine how this summer has been for us. But you know what's been interesting is my number one concern actually has been employee morale.

So, our mantra throughout the whole pandemic has been, how can we help. Right off the bat, we partnered with the United Way to raise funds for essential services, those who wanted to isolate and keep their families safe. We also worked with BC Cancer to take care of the out of town chemotherapy patients.

Most importantly, we asked how we can help our team during this difficult time.

So, we wanted to make sure that our team's mental health needs were looked after. We really doubled down on our values, made sure that we were always answering all of their questions, over-communicating, being completely transparent about where the business was and what it meant for them.

Amoye Henry: Stephen, we would love to hear from you as to how Blinds to Go has – what's at the top of mind for your company?

Stephen Shiller: I think what we learnt – our company learnt – is you can't just grow and leverage and believe that everything will always be perfect, because it's never that way. And so because we've been in business a long time and we're a conservative type of company and we only grow each year as much as we think we can handle, we were able to handle cash flow needs, and as well, worry and care about our employee needs.

Amoye Henry: Thank you so much for sharing that.

I want to sort of move into the specific areas that came through from the Navigator survey and get some insights from you four on these specific areas. The fact that more businesses place the ability to react fast to external events, valuing customers and treating employees well – higher than maintaining a strong balance sheet – how has your company handled employee morale and engagement now and into the future. I would like to direct that question to Will.

Will Andrew: I think employee morale is a continuous thing. It's not a one-time fix. I would put at the top of the list, communicate. For us, I think right behind communication became also vulnerability. For us to have trust of our employees, I felt that it was really important to expose what was actually happening.

Amoye Henry: Well, new ways of working are here to stay and are likely to bring about the need to address the requirement of individual employees who form one of the key pillars of resilient businesses. How would you say, Mandy, your company is adapting to these new realities?

Mandy Farmer: I'm so glad you're asking me this question right after Will, because one of the biggest new ways for us in working is showing and allowing our vulnerability. Before COVID, you parked your personal life at the door, but now it comes with us and we can't bury it. We can't just save it for home, because let's face it, home also has its challenges too.

So, how we've really adapted is that we now check in with each other on a deep level. Leaders are encouraged to demonstrate their vulnerability and show that it's OK that we're having a tough day and to ask for help.

Amoye Henry: In this survey, a significant majority of Canadian businesses agreed that the need to reassess and review their operations will enable them to rebuild their business on firmer environmental foundations. Audrey, I'm curious, what's your perspective on this and how are you focusing on sustainability with Questor Technology?

Audrey Mascarenhas: Thanks for the question.

This is something that's starting to impact everyone. The pressure from investors and there's trillions of dollars now that are only going to go to companies that are showing environmental performance. It isn't about greenwashing anymore, it's very much about showing, credibly, how you're changing your business.

In the past, we probably focused a lot more on profits. Now, it's looking for that balance between having a strong company, but also doing the right things.

Amoye Henry:

Absolutely. I love what you shared as far as how you're adapting to the time, but also being mindful of the environment around us.

The next question that I wanted to go into with you all is, this pandemic has brought to the forefront the need to ensure you have a diverse network of supply chain partners to ensure your business can fare against restriction of movement of goods and people and other geopolitical needs. Stephen, how should a company approach this and what have you done in your experience with Blinds to Go to approach the supply chain question?

Stephen Shiller:

Well, it's a funny thing, because I feel that I personally have been vindicated because of our supply chain investments that we have made over the last five years. Every year, we go into a budgeting process and everybody always wants to push back on all the investments we make, the training and development of our people, the IT redundancy and one of the easy ones to go after is supply chain redundancy, and the investments we make there is that we buy 20 or 25 per cent of our goods locally. Most companies have a second supply, but they don't buy very much, because it costs more. I insist that we buy, and we keep those relationships very strong.

To me, supply chain is like insurance, you hope you don't need it, but you're really happy to have it if you do need it.

Amoye Henry:

Sometimes you just have to be very intuitive and visible at all times, really, to predict what your needs will be and it's great to have strong partnerships that you can lean on.

I would love to hear one piece of advice that you would like to share with your fellow business leaders across Canada, and even across the world.

Will, if you could start us off.

Will Andrew:

I think always having your head on radar, always looking for opportunities. I think, for us, that's... I love the concept of scrappy and really trying to find... we've been successful in finding opportunities. I think for us it's a continued hunting for that as we go.

Amoye Henry:

Stephen, would you like to go next and share one piece of advice that you would like to share with the business leaders across Canada today.

Stephen Shiller:

The advice that I give all our people, all our execs all the way down to our people in the showrooms is, like never before, you need to be hands-on. You can't expect things to be easy now, be hands-on, be involved.

Amoye Henry: Thank you. Audrey, I would love to hear from you.

Audrey Mascarenhas: I think it's be bold. Look for the opportunity and go seize the opportunity. This is a great time. We're doing some work around putting in process, building the team because we know we will get through this. We will have a different way of working, but there are so many opportunities for those that are willing to take the risk and be open to that.

Amoye Henry: Absolutely, thank you so much. And Mandy, we would love for you to close us out with your thoughts on – one piece of advice to share with all our listeners today.

Mandy Farmer: You bet! My advice is to ask how you can help. Help your fellow businesses, help your neighbors. How can you help your employees, everyone, how can you help? Just wrap your loving arms around whatever you can and together we will get through this.

Amoye Henry: Thank you so much. I will turn it back over to you, Dan.

Daniel Leslie: Thank you so much, Audrey, Mandy, Stephen, Will, and most of all, Amoye. That was a fantastic discussion. Really appreciate you spending some time with us today.

I think it all goes to show that leadership matters, and it shows that people, customers, and relationships are playing a strong role here ahead of maybe some of the financial metrics.

So, with that, I wanted to thank everyone for joining us. Be safe and good health and financial health to everyone.

Thank you.

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.