



Leading beyond the Great Disruption
A time for reflection, a time for reinvention

The enormous health, economic, and humanitarian challenges of the past year have led to a Great Disruption that challenges leaders to reinvent their organizations, with an orientation toward sustainable growth, resilience, and purpose.

Executive summary

The COVID-19 global pandemic triggered one of the most significant global disruptions in recent history. This *Great Disruption*—and the resulting shocks to economies, health systems, and humanity more broadly—exposed inherent weaknesses in the global economy and social fabric. Unsustainable business practices, rising geopolitical tensions, ineffective public systems, amplified social inequalities, and changing expectations at individual and collective levels have reshaped the world over the past year.

The *Great Disruption* has also offered leaders an opportunity to reflect, to incorporate learnings, and to set a bold, enduring path of reinvention for their enterprise. To embrace this opportunity, leaders and their teams should develop an aligned perspective and plan across three key shifts:

The three key shifts must be understood in the context of the evolving global health situation and of the interrelated trends that are shaping individual, societal, and business behavior. The impact and implications of these trends vary across industries and geographies.

The world *will* emerge from the *Great Disruption*, but leaders should not expect a period of calm; rather, they can anticipate an environment that continues to be characterized by instability, change, and uncertainty. At the same time, the pandemic has created tremendous learning opportunities for leaders, providing the impetus for change as they reinvent their enterprises for a better future.



- 1. Building more resilient organizations—**
leading collaboratively across the organization for legacy; intentionally solving for sustainable growth; and embedding organizational resilience and flexibility;



- 2. Humanizing work and workplaces—**
adapting the nature and structure of work itself, to unlock and support the full potential of the workforce; and



- 3. Unlocking the value of digital—**
capitalizing on the pervasive shift to digital, making investments to generate new sources of value.

The opportunity for reinvention: three key shifts

There is rising optimism for an emerging 'end' to the pandemic. Still, the most likely future reality is protracted months and indeed years of uneven and unforecastable virus management. Leaders will need to continue balancing ongoing health risks with a rising yearning for stability.

Despite the ongoing uncertainty, this is a moment of opportunity, a time for leaders to reflect, learn, and set a bold path of reinvention for their enterprises. It is an opportunity to emerge from the pandemic as a growing and purpose-led organization, with an undisputable and enduring legacy. This requires a strategy that is both sustainable and resilient, embracing three key shifts that will define the future of the enterprise.

These three shifts and their facets should be considered through the lens of growth and opportunity, with decisions being made to appropriately position and reconfigure organizations to become more resilient and able to realize future ambitions.



Source: Deloitte Global

Building more resilient organizations

There are several facets to building more resilient organizations, each of which needs to be considered as part of a cohesive set of decisions.

Leading collaboratively for legacy

The key traits of a successful leader have evolved through the pandemic. 'Kinetic leaders', with future-oriented mindsets and the courage and discipline to make and execute on bold decisions at pace, will be rewarded. These leaders do not wait for change—they instigate it.¹

Equally important is teaming. Organizations that comfortably orchestrate inclusive collaboration across cross-organizational teams will create better outcomes by operating as integrated decision-making units. HP's successful decision to split its businesses was made through a cohesive C-suite approach, allowing the company to thoroughly consider and rapidly respond to shifting marketplace needs.² Leaders should assess their teaming effectiveness and their ability to align on and support progress across shared goals and initiatives. To create an enduring legacy, bold and decisive actions should be coordinated and well-orchestrated—a goal that has proved elusive for many organizations.



- What changes to ways of working, roles, responsibilities, and structures could enable your executive teams to discuss, debate, align on, and execute with pace the critical decisions that face the business?
- How can cross-disciplinary, team-based collaboration be enhanced to make the most of your leadership's individual and collective expertise?

Solving for sustainable growth

Consumers and society increasingly expect businesses to take the lead in addressing matters of health, equity, and the environment. Business leaders must understand the impact of their growth beyond the bottom line, ensuring that focus, investment, and management systems support intentional choices to create growth that is indeed sustainable.

Increasingly, organizations with proactive positions on ESG (Environmental, Social, and Governance) matters are realizing superior value creation, including top-line growth through new markets and revenue streams, productivity improvements, cost efficiencies, and organizational resilience.³ Studies are now clear that consumers prefer to buy from sustainable brands and companies, and are willing to spend more on these purchases.⁴

Internally, adopting values-based approaches is becoming essential in attracting and retaining talent, with greater emphasis being placed on purpose-driven work. Meeting socially responsible goals will also improve access to capital, with ESG-oriented funds expected to account for half of all professionally managed investments within five years.⁵ Solving for sustainable growth will no longer be a nice-to-have, but a top strategic priority and a core source of growth and advantage.



- How might your organization leverage sustainable business practices and shifting customer and investor expectations to generate new sources of sustainable growth?
- How could your organization be a catalyst for progress in matters of health, equity, and the environment?

Embedding organizational resilience and flexibility

Improving an organization's resilience is both essential and multifaceted, requiring mindsets to change from a pure focus on efficiency toward greater flexibility, with a corresponding investment in adaptable practices and systems. Key to this is reimagining the role of the organization in the broader ecosystem, building aspects of redundancy into the value chain through strategic networks and partnerships, and achieving end-to-end value chain illumination.

US agricultural equipment manufacturer, AGCO, was able to maintain operations in China and Europe through the pandemic and resulting global supply chain disruptions, due to its robust and timely risk management assessments and contingency plans.⁶ Seasoned processes and systems enabled rapid decision-making, with priorities and trade-offs already well understood.⁷

Staying ahead of potential risk factors is critical to ensuring operational continuity throughout crises. Successful enterprises will have a resilience mindset and supporting risk management systems, with investment extending beyond the supply chain into the domains of workforce, core systems, cybersecurity, and facilities.



- Which of your organization's operations and processes need to be adjusted with a resilience mindset and necessary investments, to ensure operational continuity during times of disruption?
- Does your organization have a full and transparent view of the ecosystem it is part of and the end-to-end value chain, including the illumination of all suppliers and their sub-suppliers?

Humanizing work and workplaces

The nature and role of work has been redefined around the globe. Leaders are being challenged to reimagine work, the workforce, and the workplace, creating a window of opportunity to humanize work for the better. Clarifying and aligning teams around the organizational mission and purpose is key to motivating and empowering an evolved workforce.⁸ Equally important is understanding and supporting people in fulfilling their potential, using technology, hybrid work models, or other tools to drive human connection, innovation, and creativity.⁹ How its leaders lead and inspire their teams may be an organization's truest opportunity to differentiate.

US software company, Salesforce, has given its employees their choice of hybrid work models, introducing three categories of work that allow for varying levels of in-person and virtual time.¹⁰ The company is also redesigning its office spaces to facilitate the types of collaboration and connectivity that people look for when they choose to journey into the office.¹¹

Leaders must also consider the changing relationship between employer and employee. Globally, many employment regulations and contracts have grown outdated as the nature of work has been re-drawn. When considering the shape of the organization post-pandemic, executives will be challenged to re-consider the social constructs entwined within employment.



- How does your work, workforce, or workplace need to be reimagined to align your people around your mission and empower them to realize their potential?
- What organizational systems and processes need to be re-examined to embrace the changing paradigm of traditional employment, including balancing the physical workplace with a hybrid model of work?

Unlocking the value of digital

The next generation of digital innovation will be pivotal in advancing business performance, combining physical and digital worlds to deliver new sources of advantage. A strategic approach that embraces the three converging trends of data, digital, and cloud is crucial for organizations to generate new value and innovation, and differentiate. Simply put, digital possibilities must shape strategy, and strategy shape digital priorities.¹²

The exponential rise in the availability and accessibility of data and artificial intelligence offers the potential to monetize new business models, and enhance insight generation and decision-making. Over the pandemic, Rip Curl, the Australian surf wear company, built upon its earlier cloud investments to focus on growth supported by intelligent analytics, enabling the entire organization to access new data analytics capabilities. Resulting improvements have been seen in store and inventory management, customer and employee experience, and sales strategy development and execution.¹³

Yet, as digital technologies are increasingly embedded into business models and workplaces, a heightened need for digital security arises. Data privacy risks need to be thoroughly understood, and investments made in appropriate risk mitigation and issue remediation strategies.

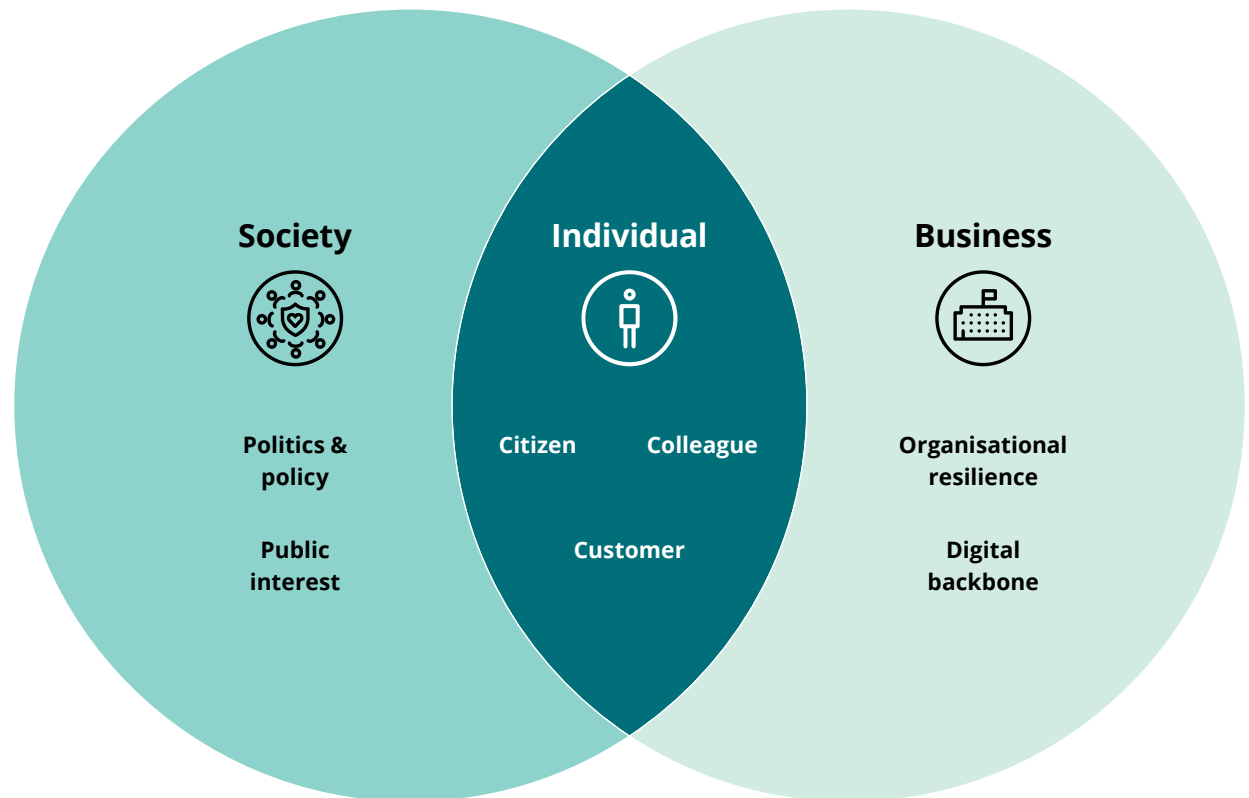


- What new sources of data have become available to your organization, and how can these be used to derive value and differentiation, whether through enhanced customer or employee experiences, operational efficiencies, or other data monetization strategies?
- What investments in your digital and data capabilities need to be made or realigned to realize the value of data, artificial intelligence, and other emerging technologies?

The forces behind the shifts: individual, society, and business

The *Great Disruption* has led to widespread innovation, technological advancements, and re-calibration of previously stable trends. These trends will likely frame how leaders address reinvention opportunities for their organization and develop more sustainable paths to grow post-pandemic.

Like world-altering events of the past, the current pandemic has fundamentally and indelibly changed our world, altering how individuals behave, how society interacts, and how businesses operate. Understanding and evaluating industry and geography-agnostic trends across these dimensions is critical to setting a bold path forward.



Source: Deloitte Global

Forces on the individual: as citizen, customer, and colleague

An examination of the future environment begins with an understanding of the broad behavior changes that have arisen in individuals—as customers, colleagues, and citizens. It is with *individuals* that trust is developed; brands and experiences are created; value is delivered; and employment, meaning and wages are gained.

Forces relating to an individual's changing behavior and sentiment can be considered across three overlapping aspects:

As citizens: individuals are reconsidering how they interact with each other, their society, and their government. Emerging from mandated lockdowns, restrictive travel, and physical distancing, citizens now seek a balance in their interactions in a hybrid digital and physical world, while remaining safe and secure in both.

As customers: individual preferences have shifted in terms of what to buy, how to buy, where to buy, and what is valued. Consumption patterns and channel preferences continue to evolve as does sentiment for more sustainable approaches tailored to individual specifications.

As colleagues: individuals were forced to re-examine the boundaries of their work and wider lives. Jobs, the composition of work, and organizational hierarchies are being challenged not only by technological advancements but also by a drive to achieve flexibility, connection, and purpose.

Individual (Rollover icons for more information)

Citizen

Customer

Colleague

Forces on society: politics, policy, and public interest

The changes happening at an *individual* level are only one part of the story. Over the past year, previously stable societal trends have been altered dramatically, while new trends have emerged.

Shifts in the global balance of economic power are expected to accelerate post-pandemic. The re-balancing of power from West to East has been reinforced with the strengthening of parallel systems, standards, practices, and approaches. Despite strong lobbying for a globally coordinated, multilateral approach to managing the pandemic, what eventuated was far from this.²⁶ The scattered approach to a worldwide threat highlighted the decline in globalism of recent years and, coupled with the rise in populism, threatens successful ongoing pandemic management, let alone recovery and rebuild.²⁷

The pandemic tested the role of government and the broader community in sustaining the good order and advancement of the general population. Preservation of 'public interest' has been used to reshape measures, regulations, and social norms over the past year. Media, politicians, academics, and citizens alike have questioned the degree of powers used and the resulting impacts on liberties, in return for public health and wellbeing. Yet, despite the surge in interventionist and socially oriented approaches from many governments, inequality and social justice remains a complicated global issue.

Society *(Rollover icons for more information)*

Politics & Policy

Public Interest

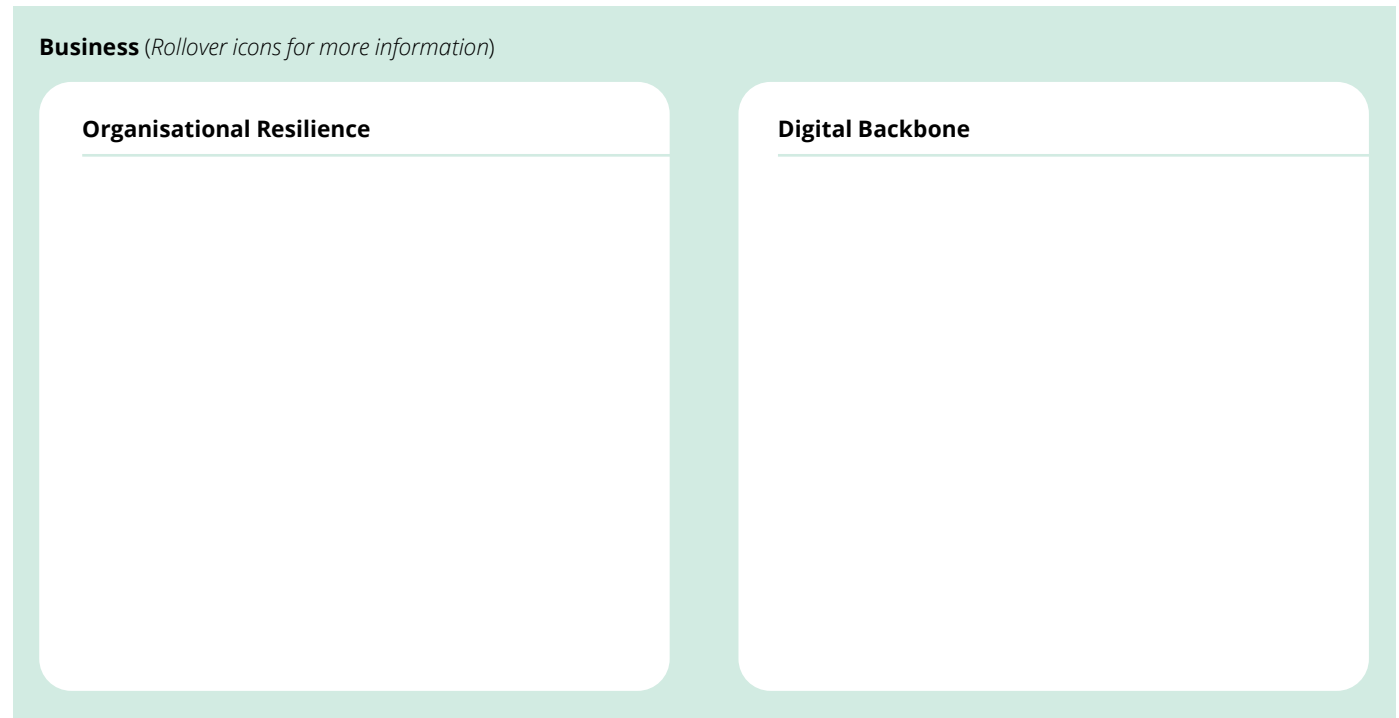
Source: Deloitte Global

Forces on business: organizational resilience and the digital backbone

In the post-pandemic business environment, risk, adaptability, and sustainability have emerged as key themes.

The pandemic brought into focus the importance of building resilience into organizations. This involves managing consumer demand variability more dynamically, investing in operational continuity capabilities, and ensuring supply chains are both secure and synchronized. These are not new concepts; however, the differentiated returns of companies with these capabilities highlight their ongoing importance.

Underpinning business trends is the generational shift that businesses and governments are experiencing in building their digital backbone—mass migration to the cloud and the associated enhancements in digitization, data, artificial intelligence, and cybersecurity.

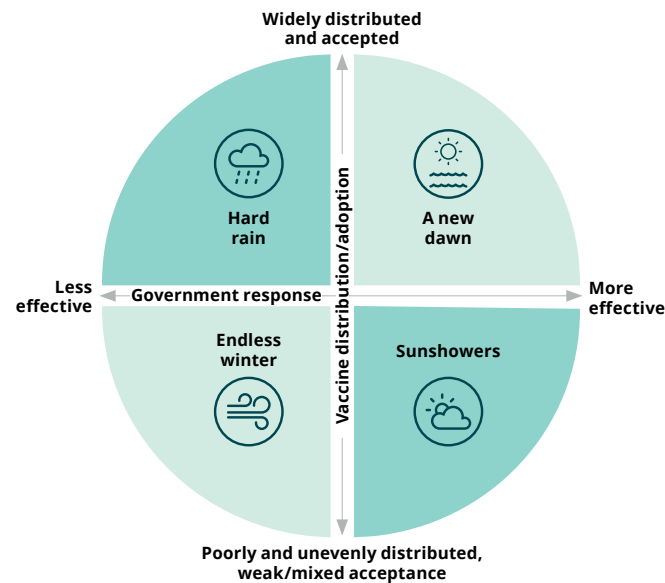


Source: Deloitte Global

Conclusion: emerging hope amid continued uncertainty

It goes without saying that the COVID-19 pandemic has had unimaginable and deeply tragic human and societal implications that will be felt for many years to come. Despite the global vaccination rollouts and ongoing heroic commitment of health systems and front-line workers, it is still unknown how the virus may mutate and impact the future efficacy of treatments and corresponding waves and spikes in infection rates.

Hopeful emergence from the pandemic will depend on two critical uncertainties: the efficiency and efficacy of vaccination rollouts, and the effectiveness of wider government stimulus and policy responses.⁵¹ These two dimensions frame a set of plausible scenarios that should influence leaders as they reflect on their ambitions for the future.



Source: Deloitte Global

As leaders look beyond this *Great Disruption*, they must remain attuned to the reality that the virus and resulting health risks will remain for many years to come. Thus, decisions and investments regarding the future of the enterprise must be made with a mindset oriented toward reinvention rather than 'returning to normal'.

Leading beyond the disruption and toward a new world will require *action*. The three key shifts that necessitate reinvention should be understood and addressed, and the learnings gained from the pandemic experience used to make decisions. All of this must be done within the context of trends that continue to shape economies and societies more broadly.

Leaders that adopt an agile mindset and willingness to act have a rare opportunity to reinvent their organizations and create a legacy that defines the future for businesses, societies, and individuals around the world.

What is your opportunity?

Acknowledgements

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