

**EVENT SUMMARY**

**Playing offence and  
defence to drive  
efficiency and growth  
in an age of volatility**

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## Event summary

### **Playing offence and defence to drive efficiency and growth in an age of volatility**

Global shocks—from rising inflation and geopolitical instability to covid-19 and supply-chain disruptions—have tested the mettle of business leaders. The global risk agenda is more diverse than ever, forcing executives to rethink how they navigate a complex global environment. Yet the need to respond to short term imperatives doesn't need to derail longer-term ambitions.

Business leaders are increasingly shifting from a cautious and survival-based “wait and see” business approach to an ambitious strategy aimed at improving the efficiency and agility of their organisation while reinvesting cost savings to accelerate growth. Such ambidextrous organisations also successfully harness the potential of data and AI to boost operational agility, manage risk and take advantage of new opportunities.

To discuss how organisations play both “offence and defence to drive efficiency and growth”, Economist Impact invited 9 senior executives to join a roundtable moderated by Vaibhav Sahgal and sponsored by Cognizant on March 23rd, 2023 in New York.

## Modernising business operations amidst uncertain times

Organisations face a range of hurdles when seeking to modernise operations and accelerate their digital transformation within budget constraints. Participants noted that transforming legacy technology platforms and integrating multiple companies into a larger interoperable system were particularly challenging to doing business efficiently. Change is often met with resistance at grassroots level, especially given growing concerns around automation and job insecurity. Businesses executives also have to contend with a changing regulatory landscape that can lead to increased investments in regulatory technology to support compliance procedures.

A strategic vision sets the general direction but a volatile business environment forces organisations to constantly review and pivot their strategy to respond to changing trends, dynamics and risks. A lack of agility was seen as a main reason behind failed attempts at business transformation.

**“Change brings uncertainty. It’s about promoting a cultural shift that enables teams to be comfortable with the uncomfortable”, says Manesh Bhatia of UBS.**

“This can drive change more holistically across the organisation”.

Constant reviews also ensure that the business stays ahead of the competition. “We look at our mission statement every quarter to see if it still valid”, says Bhatia. “We come up with outcomes and key results as well as interim KPIs to get to our final destination”. Ultimately a healthy dose of friction and transparency around areas for improvement can push businesses to challenge themselves and be creative.

## **Measuring success**

Moving goalposts makes measuring success and impact all the more important. Bhatia adds, “Quick wins and regular communication encourage clients to provide feedback on an ongoing basis”, and provides market intel on whether a business is headed in the right direction. Such feedback loops can deliver short-term impact to clients and stakeholders which is critical during times of uncertainty.

Other measurable factors of success include data quality and programme management processes. For Linda Powell of BNY Mellon, “health check metrics prove that I’m having an impact on the business”. The use and assessment of financial adjustments and proxies - such as today’s price versus yesterday’s – and their removal through technology can greatly improve a firm’s efficiency and effectiveness and reduce financial risks.

Programme’s scope and timelines also need regular evaluations, if not “a large programme can quickly become everyone’s wish-list and a finite programme then takes on infinite proportions”, says Sailaja Josyula of Cognizant.

Focusing on business questions and use cases that underpin business transformation can ultimately help meet people where they’re at and drive measurable results. “There’s often a mismatch between what people think can happen and reality. Education can help people distinguish between what is achievable and not”, says Iraklis Pappas of Colgate-Palmolive.

## People in a hybrid working environment

Promoting a hybrid work environment also requires businesses to be agile and respond to different working styles. One participant noted that her business's acquisition model gave the firm an edge: everyone beyond their core offices was already working remotely before the pandemic. But in most cases, participants observed a generational gap between millennials who are more likely to favour a hybrid workplace compared to their senior peers.

Striking a balance between monitoring employee productivity and privacy also remains a challenge. In one instance, employees caught wind of management reviewing their messages which, besides hindering collaboration between employees, posed important ethical questions. This raises questions of trust and culture that many companies are still grappling with.

Ultimately, a majority agreed that although human interactions are needed to foster cohesive teams, they continue to be the most difficult to replicate in remote settings. For Mitesh Popat of Citibank, video conferencing "can create an equal platform for everyone to be heard", but for Powell, "you don't make friends over zoom". Time at the office brings team alignment but only if team members can come to the office on the same day. Strong management skills and one-on-one mentoring sessions remain critical to foster a positive work culture and environment, especially for onboarding and apprenticeships where learning happens through observation.

## Opportunities for innovation

In times of attrition, learning and development has benefited from high levels of innovation and creativity.

**“We now gamify our learning process so employees can do their boot camp at their pace. There has been a lot of innovation in the learning space, especially when you have to do it at scale”, says Josyula.**

## Talent: a recurrent business imperative

Companies in search of the “A team” face the dual challenge of high competition and a scarcity of skills and are constantly looking for creative avenues for recruitment. Ash Majid of Sumitomo Mistui Banking Corporation says, “In the quant data field, we’re all competing for the same talent so fostering relationships with universities and bolstering campus recruitment can fill those talent pipelines”.

Many agreed that the question of talent goes beyond money, especially among younger employees who strongly prioritise a work-life balance. “No-one wants to spend 90 or 100 hours a week working, despite the bonuses”

**Majid adds, so businesses must find creative ways to attract and retain talent through culture, engaging and varied projects and lifestyle offerings.**

Finding what matters to whom can go a long way to “stop people from looking [elsewhere] in the first place”, says Powell.

**Talent acquisition will likely be an ongoing business fixture owing US demographic factors such as “growing retirements, decreased immigration and lower birth rates”, says Jung Paik of McKinsey.**

## Off-shoring, outsourcing and in-house

Business leaders are under pressure to improve operational efficiency and reduce costs to invest in new growth areas. Many agreed that deciding which parts of the business should be strengthened in-house versus outsourced or offshored boils down to a firm’s core business and competitive advantage. “We want to retain control over anything that touches the customer”, says Pooja Rahman of Protective Life Corporation, but functional tasks that cannot be automated would likely be outsourced, claimed one participant. Off-shoring can also provide opportunities to build excellence centres closer to where talent is located and in markets with strong growth prospects.

Against a backdrop of volatile economic, societal and geopolitical factors, business leaders need to be more resourceful, agile and creative when uncovering opportunities and areas for growth whilst reducing costs and balancing inflationary pressures. Companies that manage to keep an eye on their long-term ambitions and be nimble to manage short-term shocks and seize quick wins will likely stand to come out ahead.

Businesses that successfully navigate socio-economic and geopolitical uncertainty do so through a combination of long-term strategy setting, and short-term and regular internal “health checks”. By keeping a finger on the pulse on key drivers of change, be they regulatory, geopolitical, economic, or employee-driven, management teams can quickly pivot their strategy to minimise risk, seize new opportunities, or both. Developing a peripheral vision of today’s changing business landscape, and linking it back to what it means for their sector and business models is a key skill that executives must quickly hone to lead future-proof organisations.



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