

The World after COVID-19

Grace Abella-Zata | Jul 23, 2020

The psychological impact of our experience of the COVID pandemic has resulted in a more acute realisation of the need to ensure business resilience.

That's the central conclusion from the IRC Institute's discussion with **Dr Michael Okoroafor** - Vice President, Global Sustainability & Packaging Innovation at McCormick and Company, and **Dr Ivan Yardley** - author, researcher, business consultant and fellow at Cranfield University, on how the virus might change the worldview of business leaders.

Our discussion also touched on the interrelated themes of deglobalisation, ecosystem leadership and purpose-led businesses.

Globalisation and Resilience

The pandemic has presented us with a paradox: while we're closing borders and talking about reordering supply chains in order to avoid undue dependence on a single country or becoming more self-sufficient in basic necessities, COVID has also brought into focus the fact that we are part of an ecosystem.

Ken Rogoff, a leading researcher in the field of international macroeconomics, has warned that the post-pandemic economy will likely be less globalised. This, he says, will result in *"not just slower growth, but a significant fall in national incomes for all but perhaps the largest and most diversified economies."*

However, Michael Okoroafor's observations provide a counterbalance to this alleged tendency away from globalisation: *"Businesses that are global have actually been doing better during the pandemic."*



Dr Michael Okoroafor

"If you think you can - as a global business - confine yourself to your own segment of society, you'll be missing an opportunity to grow. So your strategy has to be one that addresses the obvious or unarticulated needs and wants of the consumer. Once you do that and can show that it works within a community, you must have the ability to scale it fast and spread the gospel."

He acknowledges the issues with supply chains highlighted by the pandemic, but provides a solution within a globalised framework:

"You have to migrate from that 'just in time' mindset, which is basically driven by cost, to a resilient supply chain which assures continuity of supply. Look at the challenges we faced with respirators. Countries were relying on companies in China that did not have the ability to scale up fast," Michael says.

And he believes that advances in technology will allow us to do this very effectively:

"The future is going to be even more digitally enabled, especially with the internet of things. I can do business today in Asia in Africa and Latin America without being there - because of technology. I can actually repair a machine in Nigeria without sending a human being there. This was impossible five years ago."

The political environment, however, provides a complex arena where companies are impacted by protectionist policies and trade wars.

The pair point out that isolationist policies are the product of a wider context not unique to segments of the American population, but something that resonates in various quarters of the world, something that is reflective of the failings of previous leadership models. Leadership is something reinforced by the community and by the interests of people, they say.

Michael and Ivan both agree that the pandemic is an opportunity to transform the complex narrative of globalisation into something sustainable and enduring. The discussion needs to result in a strategic vision where local concerns are acknowledged, and community needs are seen on a broader level.

"If we want to resist shocks in the future, we are going to have an interconnected system where a leader can see the benefit from every community and brings them together for the sake of the common good," Michael says.



From a strategic viewpoint, it would be in the interests of business to care about communities throughout the world. The Covid pandemic has illustrated very powerfully that borders in the world are artificial and that we are all connected.

"For instance, at the end of the day, one thing that is very important is for people to be nourished. We have new technology but it's not going to be enough. Most of the farming communities that produce food are in the tropics, so you need to be concerned about

them too," says Michael, citing a reason why private businesses take care of the ecosystem of communities.

In India, for instance, McCormick has built a reverse osmosis facility to help communities have access to clean water: *"We tell people to wash their hands but the water they have is contaminated. You're going to kill them fast."*

"Our experience is that impoverished communities which have been empowered can absorb the shock from Covid-19 better than they would otherwise. If you don't build a society where every community can absorb shocks, you cannot also have resilient businesses."

Purpose-Led Businesses and Resilience

Michael says that the efficiencies we previously relied on cannot carry us into the future.

Ivan cautions that not everybody will immediately embrace a globally-connected view. Shareholder capitalism and transactional leaders will still always look for the traditional forms of competitive advantage. He cites an important game-changer, however: investors are looking at the resilience of businesses:

"Mainstream economic thinkers have come around to this idea that they have to look at environmental strategy, for instance. Financial markets have gone from seeing purpose-led businesses as outliers, to acknowledging that companies that have these policies generally do better for longer, and therefore decide that that is where their money is going."



Dr Ivan Yardley

McCormick has joined companies like Unilever, Nestlé, Coca-Cola and Pepsi Cola in driving both financial and ESG performance. McCormick is one company which has shown a positive correlation between those two measures. Michael says that even a smaller company like Ørsted in Denmark has transformed itself into a champion of renewable energy and is now making investments abroad using the same technology.

The COVID pandemic may make the ambitions of champions of purpose-led businesses bolder. Ivan cautions that this is not a 'done deal' but says *"it's the combination of economic and social factors coming together. And I think it's going to be a really interesting space, to see these real radical changes."*

Michael says that indeed, this is a journey of cohorts of diverse ideologies. The collaborative leadership of the future must necessarily include champions from the business community:

"I believe for the most part that there are many valuable lessons from Covid-19. It could be a blessing in disguise because we are redefining the building blocks of resilience and considering the entire ecosystem: the financial, production, supply, social and political infrastructure that can withstand shocks. I'm hopeful that we will learn and emerge from this stronger than we went into it."

About interviewees

Dr Michael Okoroafor is currently the Vice President, Global Sustainability & Packaging Innovation at McCormick and Company where he is responsible for setting overall global strategy and execution for packaging innovation across all business units. Previously he was Vice President for Packaging R&D and Innovation at H.J. Heinz Company. Prior to that, he worked for The Coca-Cola Company where he served as Global Director, External Technology Acquisition, and Director, Global Packaging Innovation.



Dr Michael Okoroafor

Dr Okoroafor has led several major industry packaging developments, including McCormick's Herb Grinder, Dip N' Squeeze, Heinz Thunderbird Icon bottle, Heinz/Coca-Cola PlantBottle™ Partnership and Coca-Cola Freestyle Packaging. He also served as a judge for the 2013 DuPont Packaging Awards. An inventor with over 40 patents, he is one of the CPG industry's most prominent packaging experts on food & beverage. Dr Okoroafor lectures extensively across the globe and is a veteran keynote speaker at major conferences.

Dr Okoroafor is a graduate of Executive Development Program at Kellogg Business School, Northwestern University. He also holds a B.S. degree in Chemistry from the University of Nigeria, a Masters in polymer chemistry from the University of Detroit, and a PhD in organic polymer chemistry from Michigan State University.

Ivan Yardley, MBA, MA, PhD is brand and marketing consultant, Non-Executive Director and Managing Director providing specialist advice to a range of organisations.



Dr Ivan Yardley

Ivan has an MBA, MA and a PhD from Cranfield focused on military and business transference. He has presented at various conferences and published a book Battlefield to Boardroom as well as various research papers in several journals. He is a visiting lecturer at the UK's National Defence Academy, the University of Wolverhampton and a visiting fellow at Cranfield University.

In his spare time, Ivan is also a Lieutenant Colonel in the British Army Reserves. After commanding the largest Infantry Battalion in the British Army, he completed a tour as a Directing Member of Staff at the Advance Command and Staff College. Ivan then spent three years as a member of the British Army's Officer Selection Centre at Westbury and is now a Senior Staff Officer at Army Headquarters within Media Communications.



Grace Abella-Zata

Grace's professional expertise is in job / person-organisation fit and human resource planning and acquisition. She is currently the CEO of the IRCI Global Executive Board. She has always been interested in research and groundbreaking perspectives in leadership and management, and as President of Corporate Executive Search, a pioneer in the Philippines, she has had access to practical knowledge and the evolving insights about executive talent management. Coming from a culture where East easily meets West, she relishes the opportunity to study and shape leadership thought, together with colleagues from more than 40 countries in the IRC Global Executive Search network. She continues to be an active member of the community of human resources management professionals in her home country, where she is a past President of the People Management Association of the Philippines.

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