

Agility, long-term resilience and sustainability

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COMMENT



"In the past year, leaders of public and private-sector organisations have been confronted with a lifetime's worth of disruption and crises." This is the opening line of an article by WEC president, Børge Brende and Bob Sternfels of McKinsey & Company published on Day 3 of the World Economic Forum's (WEC) annual general meeting in Davos.

"Global conflict, energy uncertainty, food shortages, accelerating inflation and severe climate events have rocked a world still unsettled by the Covid-19 pandemic. Consequently, leaders now recognise that our societies and organisations must function in an environment defined by continuous natural and man-made disruptions," the article explains.

In response, Brende and Sternfels call for longer-term perspectives that embrace resilient growth strategies. "An isolated, short-term focus on a discrete recovery from every crisis is not a feasible path – there aren't enough resources in the world to do that ... This is the key leadership challenge of our epoch."

They argue that future growth strategies require more resilient societies and institutions – beyond survival capacity – to enable long-term, sustainable and inclusive growth. "To stand still is to lose precious time and fall further behind. We must act to make real progress on massive challenges in critical areas.

"To support agreed climate objectives and supply our homes and economies with secure and affordable power, we need a green-energy transition. This means spending an additional US\$3.5-trillion annually on related physical assets until 2050.

Food and water security must be attained for a billion people who do not have this. Healthcare must become more preventative; digital and technological innovation must be developed strategically and made more inclusive with wider access to poorer populations. Geopolitical fragmentation has to be peacefully managed and reversed where possible. "We have to work out trade and supply-chain vulnerabilities to secure and stabilise value chains and address inflationary pressures," they write.

Where should organisations start? McKinsey's *Raising the resilience of your organisation* report based on research and work over decades with organisations seeking to be more resilient, points to the need to bolster capabilities at four levels.

- Developing agility by shifting towards faster, federated, data-informed decision making with 'good enough' outcomes.
- Building self-sufficient teams that feel empowered to carry out strategic plans and stay close

to customers.

- Finding and promoting adaptable leaders who don't just react when faced with, say, a natural disaster, a competitor's moves, or a change in team dynamics.
- Investing in talent and culture—now and for the future.

Leaders and senior management, according to McKinsey, will need to tackle all four of these capabilities in the short term – probably simultaneously.

Despite the challenges of the ongoing disruptive environment, Brende and Sternfels see long-term opportunity for sustainable growth. "... the opportunity of acting on this resilience agenda can boost global GDP by 20% while adding years of higher-quality life to today's vulnerable populations." A glimpse of the full resilience agenda that our disrupted world is now facing includes issues such as climate risks, technology risks and funding – "and these challenges are interconnected and they shift dynamically over time," they point out.

"The world needs more leaders who can stay focused on long-term resilience objectives while addressing the short-term challenges, who can embrace uncertainty and provide guidance for the joint resilience agenda.

"Sustained collective action by the public and private sectors is the only path forward. Through it we can preserve and strengthen our natural environment and enable our societies and economies to flourish," note the WEC President, Børge Brende, and McKinsey & Company's Bob Sternfels.

Back in South Africa, Cyril Ramaphosa had to cancel plans to attend the Davos Forum due to another escalation of the power crisis. South Africa's power infrastructure is neither agile nor resilient, but South Africans have long been exposed to these and other disruptions and are clearly able to navigate through them.

In the public and private sectors, let's strive to see opportunity in the current challenges facing our country. Our own "full resilience agenda" can be developed by adopting green and sustainable solutions – as householders, businesses or state-owned enterprises – to simultaneously help with the climate crisis, while reducing the impact of load shedding on our own lives and the economy. We can also support and promote raised education and skills training levels to reduce unemployment and boost productivity; and invest in the many initiatives striving to improve living standards and reduce inequality.

Long-term resilience with social, economic and environmental sustainability have got to be opportunities worth prioritising.



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