

**Strategic Planning at the Crossroads**

Most corporate and government organisations have a formalised strategic planning processes. Executives and boards come together once a year to develop their 3-5 year rolling strategic plan. A great deal of research and analysis goes into the preparation. Some industries are inherently more stable than others. Few, however, escape disruption of one form or another. Technology is the main cause. Ever more sophisticated algorithms underpin the rise of artificial intelligence. In his seminal work, Homo Deus, Yuval Hariri postulates a future where these algorithms will know us better than we know ourselves. However, technology is just part of the challenge. New players constantly enter the market. Innovative business models abound. Consider Amazon, Uber, Car Next Door, AirBnB to mention a few.

The global risk environment is increasingly complex. The World Economic Forum 2019 Global Risk Report points to a range of major risks many related to climate change and advancing technology:

Top 10 risks in terms of Likelihood	Categories
1 Extreme weather events	Economic
2 Failure of climate-change mitigation and adaptation	Environmental
3 Natural disasters	Geopolitical
4 Data fraud or theft	Societal
5 Cyber-attacks	Technological
6 Man-made environmental disasters	
7 Large-scale involuntary migration	
8 Biodiversity loss and ecosystem collapse	
9 Water crises	
10 Asset bubbles in a major economy	

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How do companies and government organisations plan for the future in such an environment? Do they look to others to set the agenda and then follow suit? Some seem to have the knack and foresight to see the future clearly. But in doing so they retain the flexibility to shift and adapt to significant events or trends. Dettmer, W.H. calls this "Strategic Navigation". A challenge for boards and executive teams, particularly in industries which operate from significant infrastructure base.



According to Borge Brende, President of the World Economic Forum the challenges confronting organisations are widespread and interconnected. A shift in one domain can have far reaching implications in another. A bit like quantum entanglement. Boards and executive teams need to embrace these challenges as opportunity.

**Geoff Nunn & Associates**

Geoff Nunn & Associates was established in 1993 as an independent provider of services to the government and corporate sectors. We specialise in working with Boards and CEOs in the areas of corporate governance, board dynamics and renewal, governance structures and executive remuneration strategy. Advice has been provided to over 1000 organisations Australia, New Zealand and Singapore.

**Our Services**

- Board Advisory Services
- Board Governance Advice
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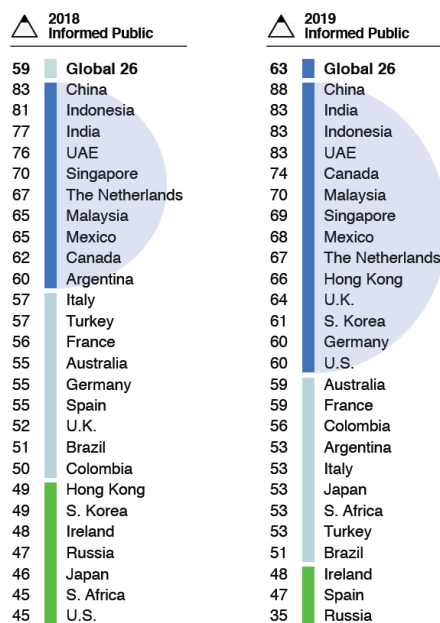
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## Credibility and Trust Again in Question

In January the 2019 Edelman Trust Barometer survey results were released. The results were somewhat surprising in light of the Banking Royal Commission. Australia rose 8 points when it came to the general population's trust in our institutions (from 40 to 48). Still in the "Distrust" zone and below the global average of 52. We improved slightly when it came to the survey results for an "Informed Public" that is the tertiary educated, high income, media savvy and business literate. See table below:



So what does it all mean? Essentially it says that in Australia 59% of our "informed" population have a level of trust in our institutions. Institutions means governments, corporations, NGOs and the media.

Interestingly the 2019 Barometer shows a significant rise in the community's expectations that our CEO's will take the lead in pursuing social change rather than waiting for governments to act.

Globally employees believe CEOs should lead the way when it comes to industry issues, political events, national crises and employee driven concerns. The Banking Royal Commission Final Report suggests that Australia may have some way to go in this regard.

"A company can take specific actions that both increase profits and improve economic and social conditions in the communities where it operates."

*2019 Edelman Trust Barometer Global Report p. 35*

The hearings at the Royal Commission showed that some of our industry leaders are, or were, possessed of an arrogance and hubris which stakeholders found quite disturbing. In Australia we have a long way to go to match global expectations.



In a recent article; "Corporate Credibility - A Wake Up Call" we discussed some of the reasons that credibility is low in Australia. Some are repeated here:

1. Various inquiries into institutional conduct in recent years have found that a number breached the trust of those that they were meant to serve.
2. The pursuit of profit and shareholder returns has become the dominant mantra for our listed and private corporations. As the Royal Commission uncovered, sometimes this is achieved by questionable corporate conduct.
3. The outsourcing and off-shoring of call centres and customer service in a number of our industries does not sit well with many people.
5. CEOs are the public face of our corporations. Some come across as self-serving, arrogant and egotistical. A healthy ego is a pre-requisite for a CEO. But recent cases where this behaviour has been evident is of great concern.
6. Remuneration differentials have widened. Over the past 20 years the gap between pay for the lowest paid employee and the CEO has grown significantly.

Boards of some of our major corporations face a significant task to bridge the credibility gap, rebuild their reputations and regain public trust.

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