



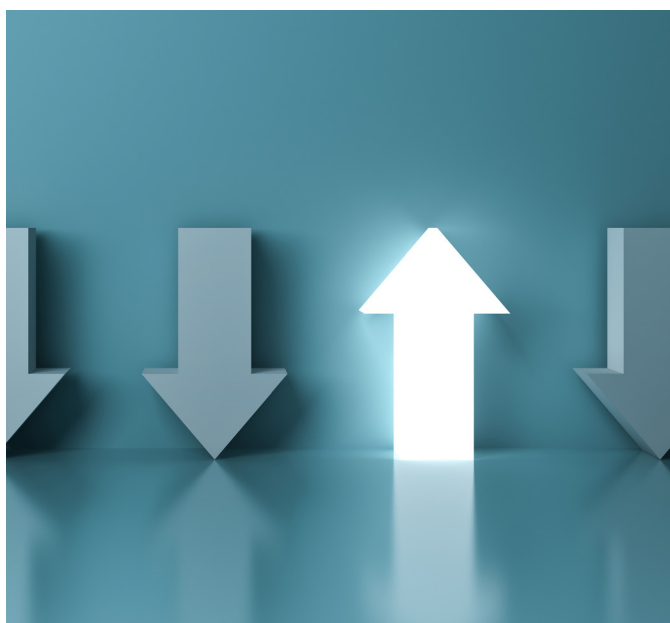
Business Transformation and Leadership Needed to Face the New Reality Manufacturing and Operations





The world has never faced more dramatic or rapid changes economically, socially, physically, and emotionally. Companies, people, and society have been forced to reinvent themselves in a matter of months. Many firms have begun a significant transformation to face this new environment by adjusting their business strategies, encouraging the rapid development of e-commerce, altering their portfolios, and revolutionizing their organizational and human management structures. The objective? To turn this crisis into an opportunity.

The pandemic seems to have paved a path for new, innovative ways of doing business. We have also seen a new style of leadership carving a niche for itself in the current business environment. These topical interests were what we discussed during our first Latin American Galaxy of Leaders virtual panel discussion, featuring recognized industry experts **Antônio Bernardo**, Managing Partner Brazil, Mexico, Portugal, and Angola at Roland Berger; **Eduardo G. Hernández**, COO LatAm Coca-Cola FEMSA; **Américo García Elizondo**, Managing Director LatAm Apotex; and **Fausto Costa**, President Mexico Nestle.



The discussion started with a reflection on the current business environment. **Antônio Bernardo**, Managing Partner Brazil, Mexico, Portugal, and Angola at Roland Berger touched upon how VUCA (volatility, uncertainty, complexity and ambiguity),

although talked about a few years ago, in the new reality is so much more intense. Business models have been reinvented, and communications with our employees, customers, and suppliers have shifted to an entirely remote functionality. “Our clients have had to invest in technology platforms and accelerate changes that they had planned in the next five or ten years, in a matter of five months,” he mentioned.

Multinational food and processing conglomerate, Nestle, too, has drawn a new plan focusing on three vital points – the people, the organizations, and the stakeholders. “We want to ensure our people, our employees, are protected when it comes to their physical and mental health, and that they can continue working with the necessary tools and mechanisms in hand,” said **Fausto Costa**, President Mexico Nestle, while also stating the importance of keeping the company active and fully operational. “Companies are like living things that need to move their muscles within their capacity so that they can continue to grow,” he added. The last point, the stakeholders, are equally important. Nestle is working hand in hand with all the stakeholders to help society and the countries get ahead better and faster.

With organizations making such rapid, compassionate changes with their people at the forefront, the future certainly looks substantially different. Leading firms have confirmed numerous functions that will be carried out remotely to achieve a higher quality of life, and increased productivity at a lower cost and reduced physical space consumption for the firm.

Each organization has its own rituals and routines to ensure a structured operation of processes. The challenge today lies in making this set of disciplines more flexible without affecting the efficiency of the company.

Coca-Cola FEMSA, for example, is undergoing a transformation based on its people and leadership. Eduardo Hernández, the COO for LatAm, outlined the three-pronged framework they are currently following. “The first macro concept focuses on accepting the new reality. The second is trying new, innovative ways of performing the same strategic processes, and the last concept



is based on sharing what we learn,” he said. This new blueprint is currently guiding the new culture at Coca-Cola FEMSA for more than 85,000 employees.

Collaborative and compassionate communication seems to be the key language companies are adopting. Firms are working more closely with their customers to reinvent themselves and meet the changing needs of the final consumer. The importance of education and technology is indisputably fundamental in this new, remote, connected, social reality of which we are now a part.

People, too, are increasingly gaining more importance in their organizations. Companies are investing the necessary technology to ensure easy connect, albeit virtually with their workforce. “The final consumer, clients, suppliers, and especially our collaborators are gaining more importance socially as they emerge as people with needs and concerns,” commented Américo García, Managing Director LatAm, Apotex. “People have emotions, obligations, dreams, and frustrations. Let us not forget that even if we are at a distance from them,” he added, reiterating the need to educate people and understand the new priorities that move them.

António Bernardo echoed similar thoughts as he steered the conversation towards the key skills and attributes required in the new leader. The seven traits mentioned below highlight the need for more collaborative, social, flexible leadership to seek and develop teams that are more integrated, sensitive, and human. The emerging leaders of 2020 need to be:

1. **Visionaries** – They must have a clear vision of the present and future and inspire the organization to reinvent accordingly.
2. **Energetic and Passionate** – Lead by example. Prioritize the company and its resources. The people and the customers must take precedence in the current market.
3. **Fast and Agile** – The new leader should use data-driven analysis to drive decisions.
4. **Technological and Strategic** – Leaders

should understand technology and how it can change their business models. Once they fully comprehend the platform, they should strategize the changes accordingly.

5. **Empathetic** – The leader must manage their teams with empathy. Imbibing the importance of soft skills.
6. **Rigorous in implementation** – Be a PMO, not just a visionary. Lead the execution with agility as you manage the changing business environment.
6. **Mind all stakeholders** – Ensure an empathetic leadership stance within the people, the communities, and the society.

These characteristics observed a consensus throughout our Galaxy of Leaders panel discussion. The new leader must be more agile, engaged, empowered, collaborative, and encourage trust-based relationships within the workforce. Empathetic leadership encourages a different discipline. Leaders should connect at a more personal level and create important moments of virtual rapprochement through virtual townhalls, café catch-ups, one-on-one meetings, etc.



“People have lived through very difficult times in the last 150 days or so, and we must demonstrate and exercise sensitivity at a time like this,” said **Fausto Costa** in agreement with the need for a more empathetic society. “We must be more flexible with people, respect their schedules, their time, and their limits,” he added while promoting the physical and emotional welfare of the workforce.



Gone are the days when telecommuting was seen as a luxury. What matters is the extra effort the leader is making to ensure they are socially active and connected virtually. The pandemic has accelerated this maturing process for the new emerging leaders by introducing transformations in the business model as well as the values of the organization, society, and the government. Each is equally important.

The panelists visualized how the next 20 or 30 years could reflect a new environment where maximizing the share value was not going to be enough. Stakeholders will gain more value in business models, and firms may have to optimize the stakeholders' value in the future.

With sustainability and minimalist solutions already making the rounds, António mentioned the need for the new reality to be more collective and coordinated. "The value of the society and the companies must evolve with a focus on sustainability," he said.

António's reasoning progressed to how such changes could ensure the State making the relative and required alterations to the health, security, justice, and education policies that currently exist. "Once social responsibility is emphasized, it will cease to exist as just a public relations tools and instead, ensure a renewed impact on the firm's values and business model," he commented, reassuring the panel that he will be one of the first green activist shareholders that will appear in the future to impact the value of the business and the world.

The panel concluded on a positive and encouraging note, as we reminisced and applauded the generation of the 1900s. Human beings have lived through world wars, pandemics, unprecedented economic and social crises, and technological revolutions. But we got out successfully.

These are difficult times, but with empathy, awareness, and determination, we can get ahead, stronger and together.

All this will also pass and we will come out stronger...

