

Chapman's Eye on The World

As I write this piece the world remains in as febrile a condition as I have ever seen it, with fires – literally – burning on multiple fronts in the West and East. Whilst we appear to be coming through the first stage of the medical (coronavirus) challenge, race issues have again risen to the fore in the US - replicated to a thankfully lesser extent in the UK - and tension is continuing to rise in Hong Kong given the inexorable encroachment of Chinese influence on the territory.

Today is Day 77 of lockdown in my home country of Scotland, and one of the benefits of this enforced travel ban is that I've had more opportunity than usual to thoroughly research and analyse events and thought I'd share my thoughts on how they might reshape our world and perspectives as we move forward – as ever, these observations are personal and promulgated without agenda. In no particular order;

- What was at first novel during lockdown has quickly become the norm, and many folks will have pleasantly surprised themselves with their reliance and adaptability.
- Working from home will figure more prominently in people's lives but, in contrast to many other commentators, I don't believe that it will be embraced by everyone – if you are young (under 35?) or live in a house of multiple occupancy then a physical workplace represents a welcome opportunity to socialise with the same and opposite sex. Equally, if you have a spacious home with a dedicated, quiet area to make videocalls you're fortunate – many folks, especially in high density dwellings such as Hong Kong, are in habitats which aren't conducive to professional video communications. I suspect that Work From Anywhere, i.e. a flexible approach dependent upon personal circumstances, is a more optimal situation.
- Management needs to ensure that multiple VCs don't become the modern equivalent of an employee walking around the office with a file under their arm appearing busy whilst avoiding scrutiny; as I often stress, you need to constantly ask yourself what value did I bring to my firm yesterday, what today and what am I going to bring tomorrow?
- Despite the knee-jerk protestations of banks that they won't get rid of staff due to the coronavirus crisis, be in no doubt that redundancies will restart post-summer. Recent research by Asian consultancy firm Alfa-Sec has shown that annual targets aren't changing, and cutting costs is an easier way to achieve the required numbers than winning new business as the former can be done in a much shorter timeframe than the latter.
- The stress of impending, and realisation of actual, redundancies will increase the incidence of mental health issues and it is accepted that incidences of suicide will start to peak in Q3 as bills become due. This is where the work of mental health charities such as MQ will become increasingly important and relevant.
- On the vacancies front I'm definitely starting to see green shoots arising, with several firms asking us to source and identify top talent so that they can move quickly as soon as they are allowed to hire. Unfortunately for candidates looking for a new position, firms will be obliged to look internally even more than normal rather than hiring external talent acquisition specialists – this might save money in the short term but firms need to ask if those internal people are actually the 'cream of the crop' or a 'make-do' – as with most things in life, fortune favours the brave.

- It has been argued that the current crisis offers a once in a lifetime opportunity to challenge old norms and outdates practices – sadly individuals, corporations and governments have short memories and I believe that the ‘new normal’ will be much closer to the ‘old normal’ than people imagine. I liken it to that period, perhaps three or four days into a two -week holiday, when you’re lying on a beach after a glass of wine or two and you say to yourself “When I get back home, I’m going to make wholesale changes to my life – I’m going to run every day, give up drinking and go to bed early each night with a good book”. The grim and inevitable reality is that, within a couple of days after you do return, you’ve slipped seamlessly and inexorably into your old routines and behaviours. Akin to Stockholm Syndrome, we are conditioned by our immediate surroundings and are guilty of incorrectly believing we can project what is here and now into the future.

Away from the world of banking, some brief thoughts on wider but related issues –

- Once the post-mortem is done on this coronavirus period, forensic scrutiny should be given to the role of the Mainstream Media (MSM) in the UK – their biased, clickbait reporting has fomented tremendous discord and has sown division, fear and discontent to the detriment of the fabric of our country. Balanced reporting is increasingly hard to find, other than in more independently-minded publications such as CityAM, The Spectator or The Critic. Like alcohol consumption, the law of diminishing returns applies to media engagement and small doses are invariably better than constant consumption / immersion.
- Firms who took furlough money and subsequently realised that they didn’t need it ought to repay it, as The Spectator has just announced that it’s doing. Firms who don’t repay fully should be obliged to state the amount taken in their next Annual Reports, and a whistleblowing hotline set up to report those firms which obliged its furloughed staff to work.
- Whilst the equity markets are holding up well, it is likely that there will be a wave of redundancies in the wider economy beginning as early as late June, with the burden falling disproportionately on those who can least afford it at the lower level of the income ladder. The current crisis will serve to broaden the gap between the haves and have nots, to the ultimate detriment of societal cohesion – a major issue is that many of the decisions regarding how to manage the virus, e.g. length of the lockdown, and how we kickstart the economy, are taken by people who remain on full and generous pay and who are highly unlikely to lose their jobs – they are therefore looking at this challenge through a different lens than someone whose entire future is precarious. Ideally, a person would be obliged to work for themselves or for a small firm prior to joining a bigger firm or, especially, the government, as it would give them a very different perspective regarding issues such as prompt payment of invoices, the importance of cashflow and job security, and the requirement to add value on an ongoing basis. With respect to the lockdown, our government in the UK has consistently said that they have relied on the scientific evidence to direct their decisions – sadly this is akin to a firm relying solely on the Head of Compliance – or Head of Sales – to direct the whole business as opposed to hearing a multiplicity of views and taking a more balanced approach for the benefit of all.

Hopefully the above provides some food for thought – as ever, please feel free to accept, reject, comment on or ignore as you see fit..

Dum vivimus vivamus, as my old mum never said.