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Summary

In July 2020, Continuous Improvement Projects Ltd launched a survey in collaboration with Middlesex University and Brunel University London, to understand the current areas of concern for businesses and evaluate perspectives on sustainable recovery solutions. This market research, supported by academic research, is intended to support businesses and the Government in tapering their approach to achieve sustainable economic recovery. A total of 16 different industries participated in our research project and the findings of our research provide an evidence-based perspective on how businesses are responding to the pandemic and planning for the post-COVID era. This evidence document outlines recommendations on potential support packages and areas of focus for the Government to consider, based on recent survey data, lessons learnt from the past, professional experience and respected academic models.

Background of Contributors

Dr Monomita Nandy: Reader in Accounting and Finance; Director of Internationalisation & Exchange coordinator -Brunel Business School, Brunel University London, UK. I conduct research with local and international business on emerging issues in finance and accounting. I apply interdisciplinary approach in sustainable development models.

Continuous Improvement Projects Ltd (CIP): CIP is a business solutions enterprise located in London, specialising in enhancing customer experiences; driving organisational change and achieving efficiencies and improved profitability through the application of Lean Six Sigma principles. The company was established in 2012 as an alternative to overtly generic, high cost approaches to solving business challenges. We are a small business providing services to public and private sector clients across the UK including large FTSE listed businesses, leading academic institutions, and Central Government including Ministry of Justice and various NHS Trusts. We also work with clients with an international presence. Our mission is to promote positive workplace behaviours and improve process efficiency to enable sustainable business growth and make a demonstrable impact to the organisations we work with.

Dr Suman Lodh: Senior lecturer in Finance and Research Lead at the Middlesex University Business School. I work in the area of Corporate Finance, Banking and SME finance at the local and international level. My expertise includes machine learning and big data analysis using statistical software such as Stata, R and Python which complement my research in the above-mentioned fields.

Ms. Gurnam Selvarajah: Innovation Director for Co-Innovate Journeys at Brunel University. Co-Innovate Journeys is a fully funded GLA/ERDF programme match funded by Brunel University London. The aim of the programme is to support SME businesses across London with business workshops, collaborative industry led research projects, support in launching new products and services to market and the creation of new jobs.

Motivation

The COVID-19 pandemic has disrupted society and businesses across the globe, presenting extraordinary health, economic and societal challenges. It has proven that every market is highly dependent on business, consumer behaviour, the environment, public health, and government policy. Thus, the interactions between businesses and their stakeholders create the dynamic markets to generate growth in the economy (Jaworski, Kohli, & Sahay, 2000). Economic growth is influenced by reducing the cost of business operations and increasing value. This general principle underlying the business growth model is associated with a number of attributes, including operational efficiency, service and product quality, supply chain performance and employee engagement, as outlined in the framework of engagement of people in business (Bailey et al., 2017). But the harmony between the person and environment (P-E fit model), and the context within which businesses are operating is now changing as a result of the pandemic. These changes are raising questions about the sustainability of existing business models. During the pandemic, we found several research papers from research scholars and reports from various business stakeholders discussing the need for change and guidelines for prospective changes. After evaluating the published documents, we decided to examine these recommendations by conducting a survey with people in society. The purpose of the survey was to understand the current areas of concern for businesses and evaluate perspectives on sustainable recovery solutions. This research is intended to support businesses and the Government in tapering their approach, and will be used by our team of specialists at CIP to reflect on our own

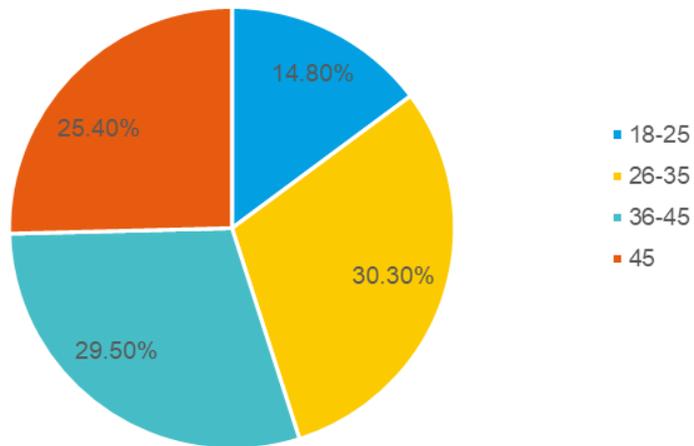
strategy and target operating model so that we can adapt our approach to better support the future needs of businesses.

We welcome the initiative of the Business, Energy and Industrial Strategy (BEIS) Committee to identify a feasible economic recovery plan through the inquiry. After careful consideration of the objectives of the inquiry, we believe that our survey will provide a guideline to the Government about the approach to follow for the development of the economy in the short term, which will also bring positive impacts in the long term. Thus, we decided to provide this written evidence in response to the post-pandemic economic growth inquiry. We would like this report to positively influence the economic growth initiatives taken by the Government.

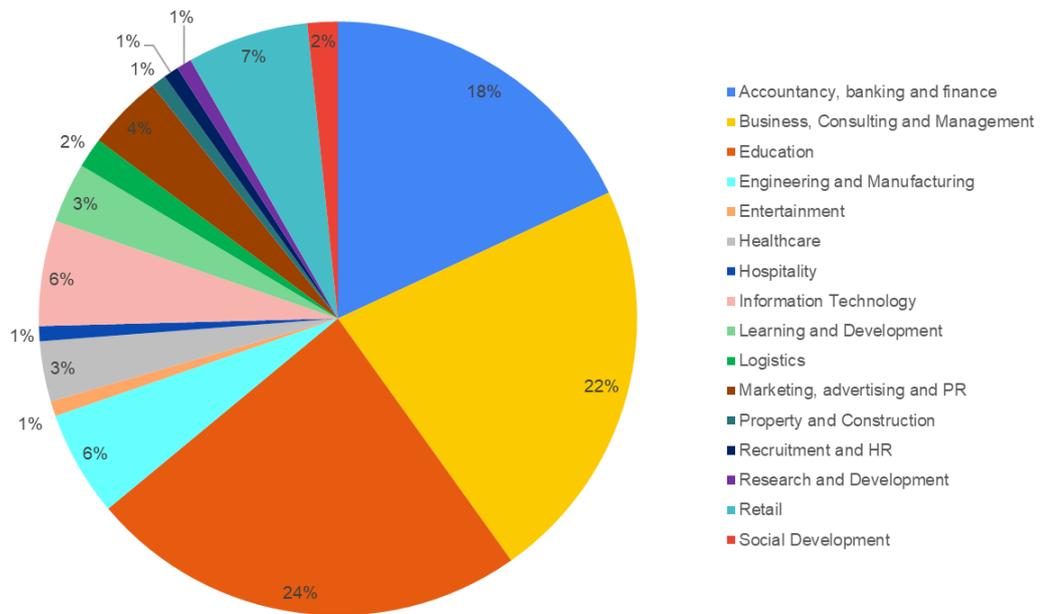
Survey Demographics

When we designed our survey, the main objective was to understand how different industries have been affected by the COVID-19 crisis and what changes they are expecting in the way they operate. The survey was made public for a period of one month and officially closed at the end of July 2020. In total we received 122 responses across 16 different industries. The below graphs illustrate the demographics of respondents to the survey. We consider the sample data set to be representative and robust, as the respondents are professionals from all walks-of-life, including business owners and others business stakeholders.

Survey Demographics by Age



Survey Demographics by Industry



Key Survey Findings and Recommendations for Sustainable Economic Growth

In response to the Post-Pandemic Economic Growth Inquiry published by the BEIS Committee, we have summarised our key findings and recommendations against a series of questions posed within the inquiry.

1] What guiding principles should the Government adopt and prioritise in its recovery package, and why?

When researching historic crises and lessons learned, there are some key themes that emerge when we look at successful government responses. First and foremost, they prioritise public health and welfare because it's the "right" thing to do and it maintains public confidence. In parallel, economic recovery plans begin to advance early to minimise risk and catastrophic damage. The Government also review and revise policies relevant to the changes that have materialised. Traditionally, these policies have come after-the-event once changes have unfolded and there is more certainty about the future-state. With these former lessons in mind, and the results from our most recent survey, we have developed the following set of guiding principles that should be prioritised in the Government's recovery packages.

1 – Safety first – Sustainable economic recovery is intrinsically dependent on public health; therefore this principle must remain at the centre of all Government initiatives. According to our survey, 11% of respondents stated that they will mostly be focusing on safety measures post COVID-19, including social distancing, increased cleaning frequencies, better risk management and the implementation of better precautionary measures to withstand future crises. A further 4% cited that they will be prioritising staff wellbeing and safety. These responses came from a variety of industries, demonstrating that safety is a concern for all

sectors, not just those that are public-facing. Many organisations have had to invest heavily in essential items to restart business post the lockdown, from fitting out shops with plastic screens to providing hand sanitising stations for customers and employees. Additionally, many shops have had to reduce their stock levels on the shop floor to make room for more social distancing, resulting in reduced sales. Government initiatives need to consider the burden of extra costs incurred by businesses to maintain public safety and support this, as the risk is that struggling businesses may look to reduce costs at the detriment of safety.

2 –Keeping people in employment – Preserving employment levels will avoid deeper economic recession and provide other secondary benefits such as maintaining the physical and mental wellbeing of society; something that could cost the NHS millions if early prevention measures are not instilled. History has shown the devastating and wide-spread impacts of surging unemployment levels. It is predicted that unemployment rates will rocket in the UK despite efforts made by the Government, including the Furlough Scheme and the provision of Bounce Back Loans. In addition to short-term initiatives, like the Furlough Scheme, the Government should consider longer-term solutions such as offering training schemes that will enable skills development and open up new opportunities, and consider the relaxation of some policies that have previously been deemed controversial to enable more flexibility for businesses to operate within. Tax schemes should be evaluated to truly understand the impacts on businesses and the economy. Those that may impose negative consequences, such as the IR35 scheme on the self-employed and small businesses, should be re-considered to enable business survival in an already over-crowded and competitive market. The economic pinch amongst businesses across all industries is evident in our survey results, and the consequences of this are already coming to light. For instance, only 2% of respondents mentioned “new opportunities” and “innovation” when asked what they

will focus on most post COVID-19, indicating that the majority of organisations are looking at ways to recover and manage what they already have. Only 3% of respondents claimed that they would be prioritising marketing in the post-COVID-19 era. With tightened purses, many organisations have had to slash their marketing budgets which will have a knock-on effect on new business development and growth opportunities. References to cost savings, reallocating budgets, transforming target operating models and managing cash flow were all prevalent amongst the responses.

3 – Be a leader – In many of the survey responses received, there was an undertone of passiveness, with a view that businesses would be directed by the guidelines issued by the Government and that their success or failure is in the hands of the Government. We are living in unprecedented times, surrounded by new experiences never encountered before. In times of ambiguity and unpredictability, people look to leaders for direction. The Government needs to appreciate the significance of their role as leaders in the current circumstances and conduct themselves accordingly, taking careful consideration of the language and leadership approaches used.

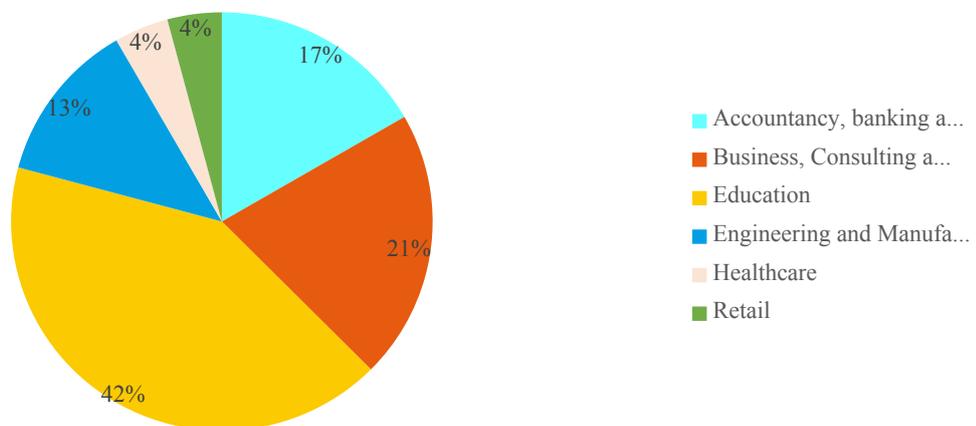
4 - Pursue technological excellence – 22% of respondents claimed that they would be prioritising digital solutions in the post-COVID-19 era. This is the most popular focus-area selected by respondents, as illustrated in the below graph.

Which aspects of your business are you going to focus on most post Covid-19?



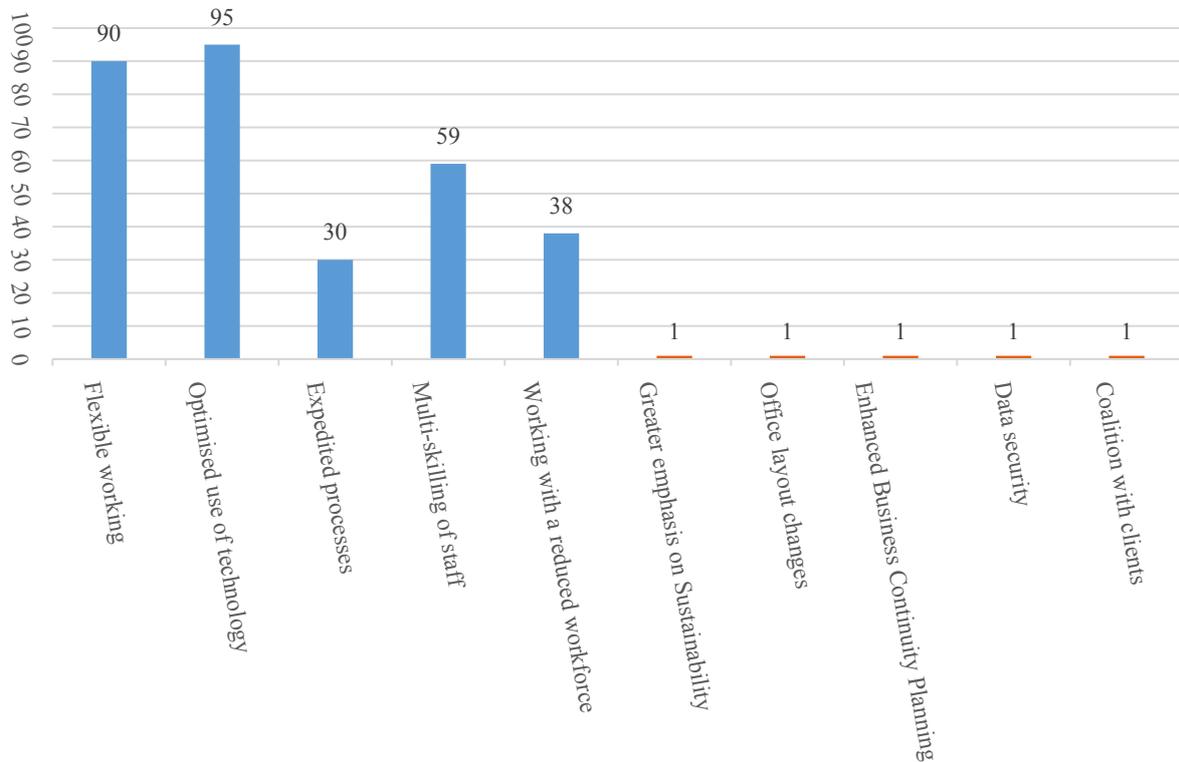
The below graph further breaks down the 22% of responses by industry, illustrating that this is a significant area of focus for the Education, Business Consulting and Management, Engineering and Manufacturing, and Accountancy, Banking and Finance sectors in particular.

Industries focusing on digital solutions post COVID-19



Companies will be investing a significant amount of money in upgrading their IT infrastructure. This inference correlates with the responses received from professionals working within the Information Technology (IT) industry, where 57% of respondents did not feel that their business had been negatively affected by the Coronavirus. Many IT professionals see the pandemic as an opportunity rather than a threat. COVID-19 has forced us into adoption of new ways of working, with a significant shift to online solutions. When participants were asked which changes they might adopt more permanently post COVID-19, the most popular category selected was “optimised use of technology”, with responses to this category coming from almost all sectors. The second highest response category was “flexible working” which is heavily reliant on robust technological solutions. Technology has been a dominant theme throughout the survey and is clearly a primary agenda for most industries. See chart below. Please note that respondents were able to select more than one category in response to this question.

COVID-19 has forced us into adoption of new ways of working. Which of these changes might you adopt more permanently post COVID-19?



The Government should consider providing support towards technological advancements across the UK. This could come in the form of providing investment funds towards new technology start-ups and innovations, or extending the existing R&D tax incentives to include a wider technological scope. Furthermore, small businesses may require financial support to enable them to invest in digital solutions and improved IT infrastructure to remain competitive and relevant.

5 – Rapid response to consumer trends - 100% of respondents from the Retail sector responded ‘yes’, their business has been negatively affected by the Coronavirus. The pandemic has accelerated change in shopping habits for the retail sector as a whole, with an increase in online shopping and companies such as Amazon debuting as the big winners. It has also exacerbated existing problems faced by the industry that were present long before

the virus struck. Consumer confidence and demand has tumbled, resulting in a steep decline in sales. It has already become evident that the high street will look very different once the pandemic is over. Most, if not all, non-food related retailers are currently operating in negative cashflow. During the pandemic alone, we have seen major retailers such as DW Sports, Bensons for Beds, Harveys Furniture, TM Lewin, Debenhams, Carphone Warehouse, Monsoon, Oasis and Warehouse going into administration with a number of job losses and stores closed permanently. The Government should aim to monitor consumer behaviours intensely and continually, and ensure that any response packages respond to these trends. With consumer behaviour evolving at break-neck speed, the Government may find that a series of short-term support packages may serve the public well. Short schemes such as Eat out to Help have proven to be effective. Similar support schemes should be considered for high street retailers.

II] What measures and support will businesses need to rebuild consumer confidence and stimulate growth that is sustainable, both economically and environmentally?

In the inquiry, the BEIS committee is interested to know what support businesses will need to rebuild the confidence of customers. To address this point in the inquiry, we examined existing academic research to identify the most important change in the behaviour of businesses and their stakeholders after any pandemic. We find that the tendency of the economic agents is to save more during the pandemic recovery period which results in low investment in assets by the business (Jorda, Singh, & Taylor, 2020). We mapped this observation from the literature with our survey response. The response from the survey completely supports the evidence from the literature. Many respondents mentioned that

they will focus on financial aspects during the post COVID-19 period, particularly as so many industries cited that they have been negatively impacted by the pandemic, inferring that many are now working with tighter budgets.

Of 122 respondents, 86% responded 'yes' when asked if they will manage their customers in a different way post COVID-19. It is evident from the survey results that organisations are actively seeking ways to help customers in this time of crisis and are being sensitive to their customers' needs. Many industries, such as Marketing, Advertising and PR, are changing tact and priorities to rebuild consumer confidence. Priorities have changed; therefore marketing and sales strategies need to reflect these. A number of businesses have driven promotion of their brands through waiving subscription fees or offering free services during the pandemic. Whilst this strategy has seen an increase in uptake and consumer engagement, many businesses don't see this as a long-term strategy and cannot afford to continue offering freebies. The Government may find that further financial support may be sought from businesses in the near future to support business development.

A challenge brought to light by COVID-19 is how businesses can reach out to all their customers and re-build consumer confidence across all populations. For example, the move to increased digitalisation during the pandemic has arguably 'left behind' the older generation who do not all have access to online services. It is promising to see the response plans implemented by some organisations, including NatWest who are growing their team of Community Bankers whose sole purpose is to reach out to the community and support them with understanding how to manage their finances securely and safely; and Lloyds Bank who decided to give away thousands of tablet devices to the over-70s to help vulnerable

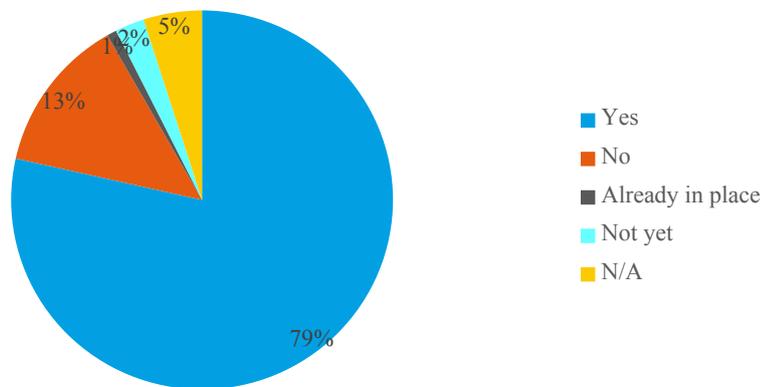
customers stay connected during lockdown. Appreciation for the impact the move to digitalisation will have on customers is manifested in the survey results, with some noting that it will need, “patience and temperance for customers and us as well”. This statement highlights the magnitude of the changes and associated impacts on everyone involved - it will not be an easy transition for anyone. The Government should investigate inclusive support packages that cater to different populations of race, age and sex. The Government may find that a ‘one size fits all’ solution is not suitable and that a series of more tailored support packages are required.

Understanding what Customers want and responding to these changing needs is essential to a sustainable recovery process. For example, customers demand more flexible cancellation policies, safer pre-arrival registration processes with minimal personal contact, increased cleaning standards and frequencies in all public buildings, etc. The Government need to strike the “right” balance between supporting consumer rights and supporting businesses in meeting consumer expectations with more flexible polices and accessibility to valuable resources. Based on the evidence from the literature and the responses of the survey, there is a clear indication that the Government should consider all industries when they plan for provision of support to businesses to rebuild their confidence in the post COVID-19 period.

III] Should the Government give a higher priority to environmental goals in future support?

Only 2% of respondents mentioned that they will prioritise sustainability and the environment most after COVID-19. When all survey participants were explicitly asked if they are planning for any improvement in their sustainability approach post Covid-19, 79% responded “yes” and 13% said “no”. A breakdown of responses to this question is illustrated in the graph below.

Are you planning for any improvement in your sustainability approach post Covid-19?



We found that respondents are aware of the possible restricted resources during the post COVID-19 era and that they are trying to utilise the available resources optimally to be sustainable in the future. There were mixed responses regarding the sustainability approach that businesses are planning to take. This is an area that the Government should prioritise and support through better guidance and clarity over national goals. The Government should consider implementing mandatory environmental measures to help drive behaviours and shape sustainability plans. Promoting cycling and walking is also an agenda that the Government is able to influence and push.

IV] How can the Government best retain key skills and reskill and upskill the UK workforce to support the recovery and sustainable growth?

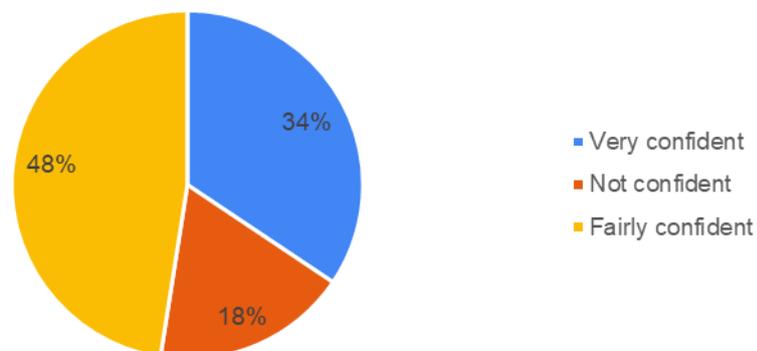
In this section, we provide evidence from our survey about what the Government should do to support the workforce for sustainable growth and how they can make the UK more resilient from future shocks of similar nature.

Solving problems is an immense challenge for businesses, especially during these unprecedented times. If problems are left to fester without due attention, businesses will see damaging affects to their short and long term performance. The rapidly evolving COVID-19 crisis has forced organisations to implement short term fixes and change their approach to internal and external operations. CIP has experienced first-hand the impacts of change on workforces and stakeholders of business. Resistance to change is inevitable and should be anticipated; however during the pandemic, we have seen changes expedite with employee adoption and utilisation rates greater than ever before because people have had no choice but to change. However, the stress caused by this and the uncertainty at work cannot be underestimated. As the agents of the economy are negatively affected, there is an evidence of stress in work. In the pre-COVID-19 period, we find evidence that distraction is a common measure to deal with stress in work (Dewe and Guest 1990). But the pandemic erased the option of distraction, which has magnified the problem associated with the well-being of stakeholders. We followed the Effort Recovery Model (ERM) (Meijman and Mulder,1998), which is common in recovery research. To contribute to the economic growth, every agent of the economy needs energy and effort to complete the allocated task even in the post crisis period. To perform with high levels of productivity, stakeholders of the business need

to recover from the physiological and psychological strain created by the COVID-19 pandemic. Because of the lack of sustainable business models, we observed that associates of businesses are busy adapting changes imposed by the pandemic rather than building in 'non-work' time into their schedule. Business stakeholders must take breaks from work because a lack of psychological detachment will decrease the productivity. Similarly, any delay in the rebuilding of resources in the recovery period will enlarge the feeling of misfits among stakeholders (Siltaloppi, Kinnunen, Feldt et al. 2011).

The respondents of the survey have suggested that they expect that their business will grow in the next two years. See responses to this question illustrated in the graph below.

How confident are you that your business will grow in the next 2 years?



Thus, to support the positive thinking economic agents, the Government should make it compulsory for the business to introduce work down-time for their workforce (Sonntag 2001) during the recovery period to successfully apply the P-E fit model in practice which is observed as a main challenge by many researchers (Bhuiyan, Sakib, Pakpour et al. 2020).

Businesses need to conduct problem solving activities with their sight on the longer term ramifications of not resolving root causes, and they must do this with a strong focus on change management and employee wellbeing in order for the economy to grow. From the multidimensional survey answers received, we understand that to enhance the contribution of business towards the economic growth, every unit of the economy should identify the latitude that allows them to make maximum changes in the system. Such models are capable in solving critical problems especially by reducing the resistance to change in complicated situation (Walker, Holling, Carpenter et al. 2004).

There is strong evidence throughout our survey responses that suggests that problem solving and driving efficiencies will be essential to driving economic growth. For example, it is clear that customer requirements have significantly evolved during the pandemic and will continue to do so at rapid speed. Every business must provide first class service, operate with efficient processes, minimise waste and overheads and continually monitor consumer behaviours to remain relevant. Customer standards have drastically risen and as a result, consumers are less patient than ever before. One bad experience will turn them away and they will go elsewhere to spend their money; therefore it is crucial that harmful errors are avoided. Eliminating errors through error proofing methods, known as Poke Yoke in lean terms, is essential. It is important for businesses to capture, analyse and respond to the 'Voice of the Customer' on a continual basis; a concept central to Lean thinking.

Both speed and quality are essential to business success; therefore increasing the quality of outputs through reducing defects, compressing order-to-delivery process cycle times and

creating value for customers through eliminating waste is the only way organisations will succeed. The application of lean principles will support an operating model that delivers more value with fewer resources; something that every industry has highlighted as a necessity in the survey results. Lean Six Sigma, traditionally used in Manufacturing, will be a key enabler to sustainable recovery. It is therefore recommended that Lean and Six Sigma Principles form part of any upskilling initiatives run by the Government.

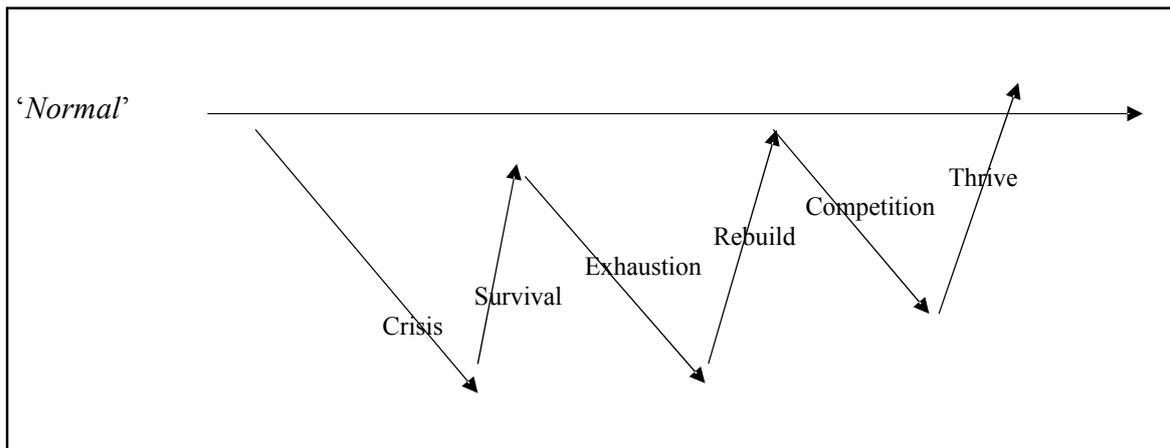
Thus, to reset the economy, the Government should assist businesses by providing them training to identify the latitude that will allow the business to incorporate maximum changes without exacerbating the vulnerability of businesses and their stakeholders, who are negatively impacted by COVID-19. Usually, a quick recovery is only possible when economic agents start feeling recovered because of increased resources (Binnewies, Sonnentag and Mojza et al. 2009). However, in the recovery period, even when the resources are limited, the Government can upskill the business to create a sense of recovery.

Conclusion

Academic Conclusion:

To make the UK more resilient from any future shock, the Government can apply a revised resilience model which will allow the economy to survive, cope and thrive in future (Tang, 2020). The proposed resilience model will enhance the interaction among the economic agents and can assist the government in rebuilding the economy in the COVID-19 recovery

period. In doing so the main problem with the existing resilience models is the applicability of the same at organisation level. To overcome the mentioned limitation, Tang (2020) expands the resilience model by including an exhaustion and competition element which can assist the Government to direct businesses to apply these during the recovery period.



Source: Tang (2020)

By applying the proposed resilience model, the Government can assist businesses to identify their capacity to change and adapt to the new “normal” without disturbing the core activities. At the thriving stage, the model focuses on the ‘Panarchy’, which helps the Government to understand how to regulate business competition to thrive during the recovery period. In summary, we recommend that the government should apply the ‘emancipator approach’ for economic growth in the post pandemic period and also to generate a resilient UK.

Business/ Professional Conclusion:

Over the past 8 years, CIP has been working with organisations across a variety of industries to help them deliver efficiencies, add more value to their customers and drive a “Continuous Improvement” culture amongst workforces through the application of Lean Six Sigma methods and principles. We have a strong understanding of the key drivers towards sustainable economic recovery and employee wellbeing, having experienced first-hand the success factors that make businesses thrive and the poor practices that result in companies, such as Carillion, collapsing. We have in-depth knowledge of developments in sectors and this has been further validated by the results from our survey and the academic research that supports it. Immediate efforts need to be focused on people and operations; this is what we have extrapolated from our findings and our recommendations are based on these two elements. There is confidence amongst business stakeholders that they will grow within the next 2 years, as cited in the survey responses; however in order to achieve this, transformational changes will be required in the way they operate, the services and products they deliver, the technological infrastructure they use and the way they manage and optimise their workforce to generate greater value. Going forward, we believe that the application of Lean principles is vital in maximising economic growth and would welcome supporting the UK government in driving this agenda forward.

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