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Leading in the time of COVID-19

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Leading in the time of COVID-19

30 Jun 2020

From planning well into the future to planning four weeks in advance, Ayala Corporation's Chairman and CEO adjusted aggressively to navigate an unprecedented crisis

Click [HERE](#) to watch the Virtual Dialogue video.

Jaime Augusto Zobel de Ayala has always planned long-term as the Chairman and Chief Executive Officer of Ayala Corporation, one of the Philippines' largest and oldest conglomerates. With interests in multiple industries that run the gamut from retail to renewable energy, Ayala was always looking well into the future.

The COVID-19 crisis changed all that.

"For the first time I told my executive team, 'I'm bringing the whole planning cycle down to three phases,'" he explained at a recent SMU Industry Leaders Virtual Dialogue. "The first two to three weeks [after Manila was put under hard quarantine] was about getting our employees to feel safe and be productive again when the quarantine ends.

"The next phase would be the next two months after that to see how the consumer has begun to change. Then two months after that we would look at what our plans might be going forward."

LEADING WITH WORDS AND DEEDS

Just days after Philippine president Rodrigo Duterte lifted the 10-week quarantine, the country announced its [worst-ever unemployment rate of 17.7 percent](#). Those figures reflected a general nervousness amongst workers who might be wondering, "Will I lose my job?"

"The first thing we did was to get together as a group of managers and brainstormed, 'What are the sensitive issues we will face?' recalls Zobel, who is the Chair of SMU's International Advisory Council (IAC) in the Philippines. "The first thing right up front was the insecurity that our whole employee group would feel.

"So a day or two after the announcement that the country was going into a hard quarantine, we basically sent a note out to all employees, saying, 'We want you to be safe, and we want you to feel safe. We don't want you to worry financially about your situation.'

"We gave them a significant package of financial help and assured them that their jobs would stay in place, assuming this did not go on for an extended period of time. That way, we built trust with the team that we needed to work out these problems with."

There would be no shortage of problems to tackle. With about 250,000 SMEs who work within the Ayala ecosystem, those who were tenants at the company's real estate arm were given rent deferrals in the short term. Businesses with loans from Ayala banking operations were extended grace periods. These initiatives created what Zobel describes as "a small world of trust" which helped calm nerves in an unprecedented crisis.

With business taken care of, Ayala and a group of at least 25 other major Filipino companies took on what is perhaps the biggest challenge: helping the economically vulnerable who had lost their jobs during COVID-19, including those who need immediate food support.

"The government was starting to prepare for this, but to reallocate its budget it needed congressional approval, and there's a whole process to go through to create the monetary support," Zobel points out. The Philippine business community pooled together funds to create a

food voucher system to tide over economically vulnerable folks while the government re-aligned the budget.”

But how do you distribute the vouchers? Who do you distribute them to?

“We went to the Catholic Church, which is very strong in the Philippines, and we said, ‘Can we distribute this to you? You understand and know these communities,’” Zobel says. “We helped about 2.8 million families in those first weeks.

“We started working on private-public partnerships. All countries go through tension and crisis, and out of this crisis came a spirit of unity, of acting together, of sharing ideas.”

WITH CRISIS COMES OPPORTUNITY

Even though COVID-19 has brought on the challenge of a lifetime – “I don’t think we’ve ever found ourselves in a situation where we had a period with zero revenue coming in” – it has also delivered some positives.

“I’m a great believer in digitising and digitalising our whole ecosystem within the Ayala Group for the last five to six years. I’ve been pushing for that for the last five years, but COVID-19 has done more for our digital initiatives than any planning or push I gave it,” observes Zobel. “Everyone was forced into a whole new way of doing things. In the Philippines we’ve been building up an infrastructure to work with digital payment systems and things in which we are not so advanced. This has made us leap into it.

“People started using new platforms, and those who were quite relaxed about it in the past started using them and gave a boost to all the investments we had made. That’s extraordinary but then we started to see gaps. The whole e-commerce side of Philippines has taken off but the logistics necessary to deliver the goods and services to [the country’s] 7,000 islands is still creaky.”

Looking at the global macroeconomic picture, Ayala points out opportunities that have presented themselves in the midst of the U.S.-China trade war.

“Supply chains have been severely disrupted but those supply chains are reformatting and realigning, and that helps Southeast Asia if people are able to take advantage of those realignments,” he observes. “It is not often you get serious realignments, and this is one of those times.

“In the end, [the trade war is] not a good thing. China and the U.S. working together economically is to the massive advantage of everybody. I hope that fixes itself at some point.”

Jaime Augusto Zobel de Ayala was the Leadership Perspectives speaker at the SMU Industry Leaders Virtual Dialogue held on 9 June 2020. He is the Chairman and CEO of Ayala Corporation and Chair of SMU International Advisory Council (IAC) Philippines.