

CEO Breakfast – December 2009

Date

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Chair

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- Will access to capital become easier in the new year?
- How will the upcoming elections affect the economy?
- Are sustainability or 'green' issues a curse or an opportunity?

During this last Criticaleye CEO Breakfast of 2009, Members and guests were focused on how 2010 would shape up. The approaching year has left leaders with unanswered questions. The constrained capital market, the economic outlook and upcoming election are making for an unsure outlook.

The year ahead

There are clear indications that the green shoots of late 2009 will soon burn out. Problems in China, Spain, Italy and Greece are making for an uncertain 2010.

Is there an element of fear taking over? Leaders are prone to mood swings at the moment. People seem to be negative but this may be due to the fact that it is the end of a very difficult year.

It has been hard to predict and forecast for 2010, as the abnormal behaviour of 2009 is, hopefully, not indicative of years to come. But should 2009 numbers be considered the 'new normal'? Or will levels go back to the likes of 2007 or 2008?

All of the above has put strain on leadership.

Financing

The scarcity of capital will be a big problem in 2010. If retail money does not move, there won't be enough to go around. How can you grow an economy or a business without money?

“We have a doomsday scenario in our heads,” said a delegate. It is predicted that insolvencies will skyrocket in 2010 because banks own a lot of senior debt.

What is morale like in organisations?

Companies are trying to reengage with employees. If they don't, companies will likely experience a 'brain drain' to organisations that have a better culture.

With CEOs focusing more of their time on trying to keep organisations going, ie, trying to get customers and capital, communication seems to have been lost.

Public sector

After months of rest from the debate on how public sector cuts will affect the economy, participants were again concerned about how the predicted cuts are going to pan out.

Budget cuts are expected to be between 15 and 20 per cent. As most of budgets in the public sector come from human resources it is anticipated that there will be many redundancies. These cuts will likely impact into 2011.

Employment

The government should be incentivising employment, as the country cannot afford to have more people out of work. The UK should adopt policies that make it easier to hire and fire people, like the flexi-work programmes in Europe.

Drive towards globalisation

The temporary suspension of globalisation is thought to be due to economies trying to protect themselves. Yet, the UK is still seen as a safe haven, even though there are economic problems right now. The UK's extensive knowledge of the economy also makes it attractive to foreign investors.

The group felt that the government should reform the tax bills to make it easier to open a company in this country.

In turn, UK plcs should be looking overseas to make money.

Going Green

There is no doubt that something needs to be done about carbon emissions and consumers are now expecting products to be sustainable.

Fundamentally, to be green you have to build new operations or create a sustainable supply chain. The sustainability issue is putting pressure on the supply chain. The capital outlay for this is huge, but a delegate asserted that it is worth it if the energy crisis is to be solved.

The group was cynical about the companies that claim they want to 'do good'. In the end, being green has become another commodity to trade and a way to make money.

Most of the delegates around the table were happy to see the back of 2009. Next year will likely see leadership taking an interesting turn.
