

STELLARIS

THE OFFICIAL NEWSLETTER OF STELLARIS LTD

ABOUT STELLARIS // OUR SERVICES



MEETING FACILITATION

Whether it's a strategic planning session, a discussion group or an annual team building day - give us a call!



POLICY DEVELOPMENT

We help you create fit for purpose policies for your organisation.



COACHING AND MENTORING OF KEY STAFF AND BOARD MEMBERS

It could be helping a CEO understand the Board's needs or talking through approaches to leadership challenges or even helping the Chair of the Board design a regular agenda.



TRAINING WORKSHOPS FOR TRUSTEES AND DIRECTORS

We developed the 'The Directors Chair' Course, a series of workshops designed to further your knowledge and skill set in all areas of governance.

Training can be altered to suit the level of your Trustees and Directors.

STELLARIS IS YOUR ONE STOP SHOP FOR ALL THINGS GOVERNANCE

STRATEGIC STARTER OF THE MONTH

The defining crisis of our times is Covid 19.

Al Gore wrote in "An Inconvenient Truth" that the Chinese character for Crisis (wēijī) consists of two words: the first meaning "danger" and the second meaning "opportunity". As with much of his writings Gore was wrong. The second word in wēijī is jī which better translates as "change point" or "critical junction".

So this Covid crisis is not just danger but also a critical turning point. Economists are talking about a "K" shaped recovery.

That means that, instead of the whole economy recovering from a decline (a "V" shaped recovery), we will see some sectors do better than others.

In fact some sectors will decline and indeed vanish, while other sectors will grow from niche to mainstream.

In New Zealand 'we've had winners.

Share prices over 2020 rocketed in;

- Health companies, Fisher & Paykel Health (+39%) and Pacific Edge (+809%).
- Logistics company, Mainfreight (+66%).
- Infrastructure/energy businesses, Infratil (+41%), and Meridian (+35%).

Meanwhile BEACH economy (Bookings, Entertainment, Airlines, Cruises, Casinos and Hotels) needed Government life support such as a \$900 million loan for Air New Zealand, 5000 beds a night for Quarantine and 13000 beds for homeless in hotels and motels.

They needed to be propped up because those industries depend on overseas tourists.



Give **Ron Scott** at Stellaris a call on
0800 23 23 78

or

e: info@stellaris.co.nz

to discover how Stellaris can help you!



Will the accommodation sector ever return to the old normal or will tourists prefer Air BnB and Book a Bach?

Many hope that one day the world will return to the "old" normal and these businesses which have been saved will pick up where they left off.

I believe we are living in a fool's paradise to believe things will go back.

In some respects kiwis have been protected from the biggest impacts.

The average person in the street is only vaguely aware of the impact Covid 19 is having on the psyche of the rest of the world.

The UK has been in virtual lockdown since October 2020. The USA will soon follow suit.

Six months of lockdown is habit forming. Will kiwis be slow to learn the new international habits?

New habits will include not wanting to sit in a plane for 24 hours whether for holiday or business (Air NZ weakness).

Will students really want to sit in a crowded lecture theatre? (Education sector weakness).

New habits will include being happy to get food delivered to the door (Mainfreight strength).

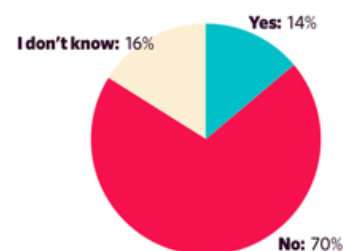
Did you start watching Netflix over 2020?

In New Zealand we realised that Netflix had stuff worth watching and anyway Spark has cricket now.

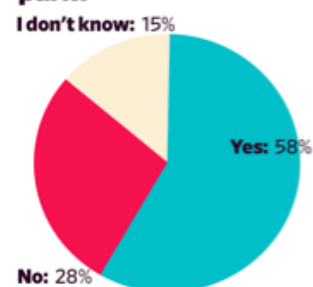
Sky share price is down 74% over 2020.

600 Americans were asked about life Post Covid-19

Would you fly on a commercial airplane?



Would you go to the beach or a national park?



*Because of rounding, not all figures sum to 100 percent.

Source: Slate.com

Strategic questions for your business

1. What new habits have been formed in 2020 that affect your business?
2. If you are internationally focused have you thought about the new habits of your customers?
3. If you are a domestic business are you living on the crumbs of the government cashflow or is your business sustainable?

Let's Talk Statistics



I have included a range of statistics.

Please let me know what other statistics you would like to follow.

		Latest	Previous	Comments
Business Confidence	Dec 2020	9.4	-6.9	Turn around from peak Covid 19
Bankruptcies per month	Aug 2020	95	81	Lower than the peaks of GFC
GDP Growth pa	Sept 2020	0.4	-12.4	Turn around from peak Covid
Unemployment rate	Dec 2020	4.9	5.3	Trending down. Effectively full employment
Workforce Participation rate	Dec 2020	70.2	70.1	Constant
Inflation rate	Dec 2020	1.4	1.4	Constant
Public sector wages change	Dec 2020	2.0	2.6	Public sector salaries rising a third faster than the rate of taxpayers
Private sector wage change	Dec 2020	1.5	1.6	
Business lending rate	Dec 2020	8.37	8.34	Creeping up
Tourist Arrivals	Nov 2020	5116	9052	Still 5000 tourists?
Household debt to GDP	July 2020	96.9	94.8	Up more than 6% since Jan 2018



RONNING AROUND

January was holiday time and I read a dozen novels - a break from the business books that keep me busy the rest of the year. My first business book of the year is Post-Corona by Scott Galloway, a professor of Marketing at New York University.

Key point? Be prepared for a new normal where "product" replaces "brand".

Until recently, firms used legacy media to tell you how good they are and you had few ways of checking that out. So you relied on a brand promise. Now TripAdvisor and Facebook have consumers like you commenting on products and services. Instead of relying on Starbucks because of its branding promise you check TripAdvisor for a great local café.

That explains why today I received a letter from Tracey Watkins of Stuff telling me they've hiked the subscription prices. The big brands aren't bothering to advertise in newspapers anymore. Why advertise in a newspaper when your business marketing now really relies on improving the actual experience for a social media review?

I've also been working on developing corporate policies for a client. Sometimes just prioritising the governance of your business is a challenge and policy writing is not heaps of fun for most. This task has taken that burden off the client and now they have policies from which they can leverage their procedures.

Most excitedly I was honoured to speak at the opening of Suzanne Aubert Catholic School this month as Chair of the Establishment Board.

We first gathered in March 2020-just 11 months ago.

We had an empty field and a set of school plans. Covid lockdowns didn't help and we were nervous about getting consents but on opening day there were 80 excited young children ready for the first day of school in brand new fit-for-purpose buildings.

Too many people to name made it happen: the establishment board, funders, contractors, the Council, Ministry of Education and staff.

This is a real example of goal focus, team work and at times downright stubbornness.

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