

Pandemic flicks the switch on digital transformation

Crises such as Covid-19 can be catalysts for positive change and innovation

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The coronavirus has had an unprecedented impact on businesses and the economy, as well as on people's health and livelihoods. But as we reflect on the lessons we can learn from this pandemic, we should also take stock of the positive changes that have occurred.

Overnight, the national lockdown forced companies to flick the switch on digital transformations that would otherwise have taken years to plan and implement. Some had the necessary infrastructure in place and simply had to scale up what

they were already doing, but others had to completely revise their working practices. Managers more used to presenteeism suddenly had to rely on staff remaining productive while working from home.

As the lockdown hit, I spoke to business leaders who were really struggling with the dispersal of their trusted teams. When previous crises had taken hold, leaders had pulled their core people around them and brainstormed how to respond. Video calls, however reliable, were simply not the same – but they soon became the norm.

Now, chief executives are telling us that such working practices are one of the key positives to emerge from the crisis. Polled in July for our global CEO survey, 86% of UK respondents believed that remote collaboration was here to stay.

Since then, many large UK employers have said that they are permanently enabling home working –

including Schroders, Linklaters and us here at PwC. We believe in a mix of collaborating in the office and working from home.

These new ways of working have coincided, however, with a period of particularly tough trading. The 20% fall in gross domestic product in the second quarter will take time to claw back. Cost control and cash conservation is now a priority for many firms, while those trading overseas will face further upheaval when the new UK-EU trading arrangements are implemented on January 1.

But business leaders are alive to the challenges and have adapted their plans accordingly, while also taking the opportunity to innovate.

Andrew Killingsworth, founder and chief executive of Peterborough-based Yours Clothing (No 247), has repurposed his 165 stores to act as mini-warehouses in support of the company's fast-growing online operations. With



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Unicorn status: Ben Francis, founder of Gymshark (No 67), left, with CEO Steve Hewitt

footfall still down, his staff are now packing and dispatching clothes ordered online – and delivering on the plus-size retailer's "everything, everywhere" stock availability pledge.

Killingsworth says that he is very confident his team

has the right skills to achieve the required transformation of the business.

Gymshark (No 67), the fitness apparel brand based in Solihull, is another retailer selling direct to customers – it does not own any physical stores. Founded in 2012, it

has capitalised on direct-to-consumer business models and the rise of "social native" consumers. We advised Gymshark on the recent sale of a 21% stake to American private equity firm General Atlantic, which valued the company at about

\$1.45bn (£1.13bn), despite no prior external investment.

Its founder, Ben Francis, who is still only 28 and owns a 70% stake, said he had learnt a lot from going through the fundraising process with us. "We selected PwC Corporate Finance because it really got us as a business, and was able to provide the global insight and reach we needed to find the right partner for Gymshark," he said.

In contrast to Gymshark's youth, Element (No 15) can trace its roots back to 1827. Yet it, too, is growing strongly. The London-based group, which tests the safety of materials used in sectors such as connected technologies, aerospace and defence, and environmental, energy and health sciences, saw sales jump from £211m in 2016 to £619m in 2018, boosted by a series of strategic acquisitions in Europe and America.

Even through the Covid period, Element maintained its growth mindset after two

further international deals in January and July. Its latest acquisition – of American company Analytical Lab Group – sees it able to offer Covid-19 antimicrobial and antiviral testing services.

"The broader health sciences market will be a strong growth driver for Element in its next phase of development," said its chief executive, Jo Wetz.

Ambitious private businesses such as Yours Clothing, Gymshark and Element are the backbone of the UK economy. They create jobs and drive growth. They inspire innovative thinking and they boost local economies, as well as open up new markets.

There is no doubt that 2020 has been an incredibly tough year for business. This makes it all the more important to congratulate the companies that have achieved a place on this year's Top Track 250.

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