

# World Customs Organization global webinar series: Managing HR through a crisis and beyond. Keynote address 19 January 2021: Leading with 2020 hindsight

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Firstly, I would like to thank the WCO and in particular the Secretary General, Dr Kunio Mikuriya, for inviting me to address you – virtually – today.

The WCO has announced that this year's International Customs Day (on 26 January 2021) will be dedicated to the efforts made by member administrations to address the challenges of the coronavirus crisis, and in doing so it highlights the central role played by our most valuable resources – our human resources. It is therefore timely to hold this conference with the theme *Managing HR through a crisis and beyond*.<sup>1</sup>

Note, however, that while the immediate crisis which the conference seeks to address is the COVID-19 pandemic, we cannot assume that a crisis of this magnitude – or even greater – will not occur in the future. The learnings from this conference should therefore be applicable to any future crisis, and not simply the current pandemic. Indeed, the same underlying management principles for addressing such situations should remain relevant regardless of what the current 'crisis' happens to be.

In addressing this topic, I will focus on the need for sound leadership, which is of course essential at all times, but is crucial in times of crisis. It is at such times that an organisation's policies, procedures and strategies often lose their relevance. Even the underlying culture of the organisation – 'the way we do things around here' – may no longer befit the rapidly changing environment. It is also at such times that people look to the leader for guidance and ask, "where to from here?".

With this background, I have titled today's address *Leading with 2020 hindsight*.

The concept of leadership has been around for over 5,000 years. Much has been said and written on the topic throughout the intervening period, and I have no doubt that much more will be said and written during the coming millennia. Today I do not wish to regurgitate and analyse the various theories that have been advanced over the years, but rather to share a few practical observations on its relevance to today's theme, along with some words of wisdom from a number of the world's great thinkers and leaders.

Firstly, however, let us consider what actually constitutes a crisis from the perspective of a customs administration – or any organisation for that matter.

A crisis may be defined as an event or a sequence of events that is likely to jeopardise the achievement of an organisation's objectives. It invariably leads to a period of instability as the organisation seeks to adjust to the new environment in which it finds itself.

The role of Customs, like any law enforcement agency, is to ensure compliance with the law; and while this responsibility has remained unchanged for centuries, the manner in which Customs performs its role continues to change – often incrementally, but sometimes quite profoundly.

Some twenty years ago Customs and the international trading community faced a crisis that was triggered by the terrorist attacks on the World Trade Centre in New York and on the Pentagon. This had a dramatic impact on the policies governing security in international logistics and supply chain management. You may recall that, following the attacks, the US Government took immediate measures to stop all inbound air traffic into the US, and instituted very strict inspection procedures for both individuals and cargo at all land and sea entry points. These measures had the almost immediate effect of bringing commercial international trade with the US to a virtual standstill.

Over time, land, sea and air traffic resumed, but only following the introduction of far-reaching measures aimed at ensuring that the inbound supply chain – in all modes – was as secure as possible. These measures included advance reporting obligations requiring carriers to pre-notify US Customs and Border Protection about their cargo within prescribed timeframes prior to its arrival at a US port of entry; the Container Security Initiative; and the Importer Security Filing initiative, among others.

Members of the US business community dependent on international trade moved quickly to ensure that the political pressure for tighter control did not needlessly impair their international competitiveness. They worked closely with US Customs and Border Protection (USCBP) to demonstrate that the risk of terrorist activity in the international supply chain could be controlled – and in fact was being minimised – by a variety of existing security standards already in use by major importing companies. The dialogue between the US business community and USCBP led to the creation of the Customs-Trade Partnership Against Terrorism (C-TPAT) program, which in turn led to the development of the WCO SAFE Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework) – an initiative that has revolutionised the regulatory compliance role of customs administrations around the globe by introducing the concept of Authorised Economic Operator (AEO) and the associated Mutual Recognition arrangements.

Looking back over the past twenty years, we can see the extent to which this sudden change to our operating environment has had – and to this day we continue to debate and strengthen the policies and mechanisms that seek to secure the global supply chain while facilitating legitimate trade.

Whenever changes occur in the external environment – particularly changes of such magnitude – the ongoing relevance of any organisation depends on its ability to appropriately align its internal environment with what is occurring in the outside world. Think back to *Management 101* and the SWOT analysis, which is used to identify an organisation's strengths, weaknesses, opportunities and threats.

An organisation's strengths and weaknesses are internal factors. These include our human resources, physical and financial resources, our systems, procedures, capabilities and all other elements over which we have some form of control. Opportunities and threats, on the other hand, are external factors over which we have little or no control and which, in times of crisis, are represented by the likes of the 2001 terrorist attacks and COVID-19.

What occurred in 2001 was a dramatic change in the external environment – a threat of terrorism on a scale that demanded significant regulatory reform and, as a result, a significant change to the Customs role in an effort to align its internal environment with the new realities of international trade and travel. The circumstances were such that the changes could not be made incrementally. This was no recalibration on the part of the WCO and its members – this was a revolutionary transformation.

Similarly, the current pandemic has brought about an extraordinary change to the external environment, and once again there is a need for the WCO and its members to align their internal environment with the realities of the COVID world. To do so requires true leadership.

At this point it's worth reflecting on the difference between management and leadership. Stephen Covey (1989) sums up the difference succinctly when he says that management is efficiency in climbing the ladder of success, while leadership determines whether the ladder is leaning against the right wall. In his book, *The 7 Habits of Highly Effective People*, he provides us with a lucid example. He says:

You can quickly grasp the important difference between the two if you envision a group of producers cutting their way through the jungle with machetes. They're the producers, the problem solvers. They're cutting through the undergrowth, clearing it out.

The managers are behind them, sharpening their machetes, writing policy and procedure manuals, holding muscle development programs, bringing in improved technologies and setting up working schedules and compensation programs for machete wielders.

The leader is the one who climbs the tallest tree, surveys the entire situation, and yells, "Wrong jungle!". (Covey, 1989, p. 101)

Needless to say, not everyone makes a good leader. Some don't see the importance of climbing trees, nor do they care which wall the ladder is leaning against so long as everything appears to be going smoothly. The problem is that what may have provided a smooth ride in the past will not necessarily provide a smooth ride in the future. And I think it's fair to say that what worked well in 2019 will not do so today.

Albert Einstein is said to have given the same physics exam to his class two years in a row. When asked why, he remarked, "this year the answers have changed", and I am sure you will agree that in 2020 the answers changed for us all.

In the world of customs leadership, Einstein's observation has always been a truism. For several decades now, the environment in which customs authorities operate has changed significantly. Administrations worldwide have seen a dramatic increase in workload across all areas of activity, fuelled by the advent of the global marketplace and the technological advances that have revolutionised trade and transport. In addition, there has been mounting pressure from the international trading community to minimise government intervention in commercial transactions, and a growing expectation to place an increasing emphasis on the facilitation of trade while ensuring the safety and security of the international supply chain.

The changing expectations of the trading community are in turn based on the commercial realities of its own operating environment. It is looking for the simplest, quickest, cheapest and most reliable way of transporting goods across international borders. It seeks certainty, clarity, flexibility and timeliness in its dealings with government. Driven by commercial imperatives, it is also looking for the most cost-effective ways of doing business.

These expectations have in no way been lessened by the global pandemic. On the contrary, with trade being hard-hit there is an even greater expectation that Customs will facilitate today's heavily diminished international supply chains to the greatest extent possible.

However, the current crisis differs from 2001 in one significant respect. Not only has the external environment changed dramatically in the past year – but so has the internal environment in which officers are required to operate. Even the most fundamental elements of the internal environment have changed – the presumption that officers can work from their desk, regulate points of entry, attend traders' premises, or even proceed past their own front door. How do they perform their duties under such restrictive circumstances?

The concept of officers working remotely has to this point been anathema to many administrations and rejected outright by them. But faced with no alternative, even those administrations have accepted the need to tear up outdated policy decisions and face the reality of our new environment. However, even having done so, the challenges continue – all of which impact on but are by no means limited to HR management.

In many cases officers do not have access to the information, equipment and systems they require to work remotely. This may be due to a lack of resources, the unavailability of essential infrastructure, or perhaps the security settings on government systems preclude their usage outside official premises. In other cases available infrastructure may not be an impediment, but policies and procedures may need to be fundamentally changed to ensure business continuity. For example, it may be necessary to devise new and innovative ways of verifying certain aspects of regulatory compliance if physical attendance at public or company premises is not possible – something which the SAFE Working Group is already exploring.

Add to this the need to manage staff safety and wellbeing, performance, motivation, teamwork, recruitment and selection, training and development – as well as the need to manage expectations, and the task may at times appear to be ‘mission impossible’. And last but not least, there is the confronting truth that nobody is spared from the current crisis – not you, nor your managers, your employees, their families, friends or colleagues. No wonder they ask, “where to from here?”.

What is occurring is not an evolutionary change to Customs’ internal and external operating environment, it is a revolutionary change. It requires change management at light speed, which presents serious challenges for leaders, particularly in relation to the management of human resources. It requires an overnight elimination of any organisational rigidity and an immediate injection of agility. It’s no longer a case of anticipating what may occur and developing strategies to deal with it, it’s a case of accepting the new reality – temporary or otherwise – and dealing with it – now!

And while the fundamental objective of the organisation may not change, how that objective is achieved will undoubtedly need to change.

Managing change is not an easy task, and yet it is at the heart of the leadership role. Charting a new course for the organisation inevitably involves challenging the status quo, building commitment, encouraging collaboration, and learning new ways of doing things. And when the catalyst for change happens to be a crisis, there is invariably a need for significant change – at all levels of the organisation.

In his article *Organizational learning and unlearning*, William Starbuck (2017) examines organisational adaptation, learning and unlearning. He notes that the most important research contributions in this field have been case studies of organisations that have struggled to survive serious crises. Starbuck observes that companies that encounter crises exhibit various stages of behaviour. He describes their initial behaviour as “weathering the storm” – during this period they try to continue operating in their usual manner, on the assumption that their troubles are caused by temporary environmental conditions. However, he indicates that these companies subsequently discover that the environmental changes have made their past operating methods obsolete.

And when operating methods become obsolete, they must be changed – recognising, of course, that change management is not so much a matter of changing the organisation, but the people within the organisation. And while some may welcome change with open arms, others may feel confronted by it and even actively resist change. It is human nature to be afraid of the unknown, and even though there may be broad in-principle support for the new way forward, its implementation may still be met with resistance. As DH Lawrence<sup>2</sup> observed, no-one fears a new idea, what they fear is a new experience.

Unless resistance to change is properly managed, the potential benefits of reform are unlikely to be fully realised. It is therefore incumbent on the leader – as change agent – to identify sources of potential resistance and to devise ways of dealing with it to minimise the risk of disruption and increase the likelihood of successful implementation. Leading change also requires a tolerance for ambiguity. The final goal may well be understood and the vision may be clear, but the exact nature and extent of the required change often become apparent only as the reforms progress.

It is fair to say that we are all on a learning curve – none of us have had to deal with a crisis of this magnitude before. And in times of uncertainty, mistakes will doubtless be made – we are all feeling our way – testing the water – learning as we go. After all, we are in uncharted waters. So when mistakes happen, remember that good leaders show a willingness to accept responsibility and accountability when things don't go to plan. They hold themselves responsible when things go wrong, and publicly recognise the team by putting others in the spotlight when things go right.

In the wise words of Nelson Mandela, “It is better to lead from behind and to put others in front, especially when you celebrate victory when nice things occur. You take the front line when there is danger. Then people will appreciate your leadership”.<sup>3</sup> Or as Einstein put it, “Anyone who has never made a mistake has never tried anything new”.<sup>4</sup>

Also remember that you can't make an omelette without breaking a few eggs. A good leader understands that in order to achieve an outcome it may be necessary to make a few sacrifices along the way, and this will invariably require risks to be taken, but there is a big difference between deciding to take risks and taking risky decisions.

Charles Lindbergh, the US aviator who made the first solo flight across the Atlantic said that he took chances, but didn't leave anything to chance.<sup>5</sup> This really captures the essence of how a leader should approach the management of risks. It's about anticipating what might happen in the future and putting plans in place in an effort to minimise undesirable outcomes and maximise desirable ones.

The highest risks facing any organisation, including customs administrations, are political in nature. Failing to effectively manage these will significantly undermine the organisation's credibility. At a national level, the mitigation of political risks translates into government priority setting which is reflected in an economy's focus on particular elements of its customs charter such as revenue collection, people smuggling, security, or trade facilitation. The political focus can change quite quickly – as we have seen in the past 12 months – and in this climate of change and uncertainty, leaders require keen perception to firstly identify, and then assign the highest level of priority to the management of political risks. They must be politically astute and be able to 'read the signals' in both the internal and external environment.

An analogy I often use is the anablep, a little-known species of Caribbean fish which swims just below the surface of the water. It's rather unusual because it has the ability to see above and below the waterline simultaneously. The fact that it is a surface swimmer makes it vulnerable to both predatory birds and other fish, and nature has therefore provided the anablep with this remarkable visual ability. Leaders can learn a great deal from this humble fish which has mastered the art of concurrently monitoring its internal and external environment to ensure its survival.

It is also important to allow others within the organisation to not only take risks, but also to make mistakes. Again and again, I see the situation where someone has correctly adhered to the organisation's risk management policy, only to be blamed if something goes wrong. Good leaders understand and accept that even with the best systems and procedures in place, things will go wrong from time to time. Accordingly, they not only focus on how risks are managed within their organisation, but also on how those who manage the risks are supported.

Another key risk to be managed is the failure to ensure that the organisation contains the right mix of knowledge, skills and competencies that collectively enable the organisation's goals to be reached. This is another important HR challenge, as the way we do business now and into the future is a far cry from the way things used to be.

In this regard, I have already mentioned that working remotely has been anathema to many administrations, and the same can be said about online learning. Interestingly, however, we are witnessing an increasing number of policy U-turns being taken by national education bodies that have previously failed to recognise qualifications gained through online study. What was previously unacceptable is now being actively encouraged and promoted as a legitimate form of training and education. Indeed, it is now *de rigueur* – and yet another example of organisations aligning their internal environments with new external realities.

Note that, while a leader plays an important role in such alignment, their role is only one of many required to get the job done. Effective leaders display a high degree of self-awareness by recognising what they are good at and what they are not, and surrounding themselves with the right people. In doing so, they have the self-confidence to select those who may be seen to be better qualified than they are. Poor leaders, on the other hand, are often intimidated by someone who knows more than they do, and this insecurity leads to the construction of an ineffective and dysfunctional team.

Having assembled the right team, a good leader will let the managers manage. As Theodore Roosevelt once said, “The best executive is the one who has sense enough to pick good people to do what he wants done, and self-restraint to keep from meddling with them while they do it”.<sup>6</sup> The role of the leader is then to coach the team, by demonstrating confidence in people's abilities to perform, being empathetic, making people feel appreciated and an important part of the team, fostering future managers and leaders, mentoring, valuing staff no matter where they sit in the organisation, giving credit where credit is due by acknowledging the talent and contribution of others and creating an environment of trust.

Trust, and of equal importance, respect, must be earned, and this has nothing to do with the number of stripes on a person's shoulder or the size of their office. Trust and respect are built through congruence and consistency of behaviour, by acting honestly, fairly and decisively, by having the courage of your convictions, sticking to your principles and demonstrating the moral courage to stand up for what you believe in, even if it may prove to be unpopular. Only then will you be able to influence others to achieve the outcomes required of the organisation. As Kenneth Blanchard (1982), author of *The One Minute Manager* says, “The key to successful leadership today is influence, not authority”.<sup>7</sup>

From this brief commentary we can appreciate the importance of effective leadership in times of crisis, and also come to realise the truth of the adage ‘it's lonely at the top’, which accurately reflects how many leaders feel when things get tough. That is why in times of crisis it is more important than ever to maintain your composure, exude self-confidence, and to put on a brave face even under the most trying of circumstances. These are the times when people look up to you and rely on you to remain strong, hold your nerve and point the way forward. And when you do, and the vision is finally realised, I would encourage you to reflect on the wisdom of Lao Tzu:

When the best leader's work is done the people say, “We did it ourselves!”.<sup>8</sup>

I trust that you find the conference productive, and I look forward to seeing you again in person when the current crisis has abated.

## References

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## Notes

- 1 See <http://www.wcoomd.org/en/about-us/international-customs-day/icd-2021.aspx>
- 2 See <https://xroads.virginia.edu/~Hyper/LAWRENCE/dhlch01.htm>
- 3 See for example <https://www.newyorker.com/news/news-desk/leading-from-behind>
- 4 Attributed
- 5 Miller (2003, p. 91)
- 6 See for example <https://www.leadershipnow.com/leadershipquotes2.html>
- 7 See for example <https://www.forbes.com/sites/forbescoachescouncil/2018/06/15/in-leadership-influence-is-not-a-given/?sh=590c04186797>
- 8 Tao Te Ching by Lao Tzu Chapter 17. See for example <https://www.taoistic.com/taoteching-laotzu/taoteching-17.htm>

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