YS UP GOVERNANCE AND BOARDS PODCAST

Episode 10 – Managing an acquisition remotely during a pandemic with David Johnstone

Transcript

Intro:

Welcome to YS Up Governance and Boards podcast brought to you by 3YS Owls Governance Consultants. Covering hot topics in governance, risk. latest regulatory changes and issues keeping directors and executives awake at night. Here are your hosts Ainslie Cunningham and Deb Anderson.

Deb:

Welcome to another episode of YS Up. Today we are joined by David Johnstone. David is an experienced executive, non-executive director and chair who has been actively involved in business for more than 35 years. Successfully starting, owning and operating a vast range of businesses with experience gained nationally and internationally in tech start-ups, selling, licensing, merging and acquiring businesses. Having also arranged funding for management buyouts along with the successful placement and listing of companies on the London Stock Exchange and the Australian Stock Exchange. He is a keen investor, chair and advisor to various technology companies in the communications, finance, insurance, risk management and sporting sectors which are investing and advancing technology to the forefront of their respective industries. Welcome David.

David:

Thank you, Deb.

Ainslie:

Yes, welcome.

David:

Thank you, Ainslie.

Deb:

That covers just about every industry, doesn't it?

David:

Yes, it does. And listening to that, I like variety in the businesses that I get involved with rather than just being focused on one key sector or one key industry. So hence, the four to six industries that I've been involved with.

Deb:

So, what was your first executive role on a board? Non-exec?

David:

Non-exec role? Plenty of exec roles from starting my own businesses but really my first non-executive role was with a group out of New Zealand called Ginger Group, which was a financial services dealer group.

Deb:

And in Australia?

David:

And here in Australia, my first appointment as a non-executive chair was with GPS Wealth, which was another financial services dealer group but obviously based here in Australia.

Deb:

So you've moved out of financial services more recently into technology?

David:

Yeah, I've found especially in environmental technology and in sporting technology, they've advanced very quickly over the last 10 to 15 years and so, that struck an interest for me. So I've pursued a couple of investments in both those types of companies and therefore moved into non-executive roles and non-executive chair roles with those sort of companies.

Ainslie:

So tell us some of the advancements in that sporting sector tech space?

David:

Well really, it's the grassroots sports that really are challenged with being able to manage their administration because they're all there as volunteers. And you've got to find a technology that people who are not the best with technology can embrace and that it's affordable for the clubs. So, that's a challenge in itself but the advancement really has been around managing the statistics, managing their communications with their members. And once you can get that communication right with your members, it snowballs, you can get more and more members. So, the starting to really rely on Apps and platforms to be able to manage both of those areas for them.

Ainslie:

And how are you finding their stakeholder engagement in that space? Are you finding that communities are really adopting that?

David:

Again, some communities are and it really is sports-based around that. So, probably the sports that have the hierarchy of professional type environment, professionals in their sport, they seem to adopt the technology a lot better than those grassroots sports that don't necessarily have national teams and well supported teams.

Deb:

So, you're the chairing NED of Envirosuite?

David:

Yes.

Deb:

Tell us a little bit about what they do and how you've coped with COVID?

David:

Yeah, I could probably nearly write a book about Envirosuite. It started off as a group called Pacific Environment, which was the merging of three to four environmental consulting firms. And then they listed on the ASX. They didn't do terribly well as a listed company on the ASX, then they decided that they needed to do further mergers and acquisitions. So, I got involved with the business to assist them to do that but from a non-executive director level.

David:

It became very clear that they had this excellent piece of technology, which was effectively around air quality monitoring. And there was a desire in the business to grow that into a global business, but we had this consulting firm that was driving most of the revenues. So, we finally made a decision to divest ourselves of the consulting business and that was a national consulting business and then focus on building out the technology.

David:

So, we spent two years developing the technology, testing it worldwide mainly in mines and wastewater treatment plants and it was becoming quite successful. So, we went out and raised some more capital, along the way, we got involved with a group called Bell Potter out of Melbourne who assisted us with ... I suppose at that point our second largest capital raise and then we went out and acquired another business, one of our competitors in Canada called Odourtech and rolled that into our business and with that came some really good clients.

David:

So, we are just continually developing the technology App, listening to the customer base, understanding what solutions they needed for their businesses. We grew that business after we divested ourselves as a consulting firm from 1.5 million in annual recurring revenue to the next year to 3 million to the following year 6 million and then a target for this year was 12 million in recurring revenue. So, some heighty goals there, very challenging when you're trying to do that throughout the world with only 60 people in about eight different countries.

David:

And then we came across a group who we'd had a chat to a couple of years ago in October of last year and that business is called EMS. It's about a 30-year-old business that had been focused in noise and vibration monitoring. Their noise monitoring is predominantly in airports and so, they're in 200 airports throughout the world. They're probably the largest monitoring group in the world. So, we thought well, we can bring these two businesses together.

David:

So, in November last year in 2019, we started the process of ...after we've negotiated the deal, the due diligence and trying to finish the transaction before Christmas, we couldn't finish the transaction before Christmas, it's just too difficult, too shorter time frame, so we reset for a couple of weeks and then we settled on that business on February the 28th, 2020. Their business is five times the size of our business and the total value of the transaction was $100 million.

David:

So, we had to go out and raise $80 million from the markets in early, sorry, late January, early February. We were very successful and oversubscribed for that, but it was a significant challenge because we could see the headwinds of COVID-19 coming at that point in time. Markets were under pressure but we had a very good investor base that were supportive, the current investor base that were very supportive of us and could see that this was a great transaction for us.

David:

So, we settled on that business, as I said, on the 28th of February 2020, two weeks later the world went in a lockdown. We had to integrate those two businesses, EVS, Envirosuite and EMS, virtually via Zoom. We had a great team, our CEO and executive team did an excellent job of doing a 90-day integration, which just effectively finished end of May, only a week or two ago. And again, they did a virtual integration. We hired an integration specialist team out of Sydney to manage it, which it's so important to outsource those sorts of things rather than try and do them yourself. You should get experts in to do that.

David:

That allowed us to move very swiftly and for our team to be more focused on the operations rather than the integration of the operations. So, we were successful with that and now we sit as just a market cap of over $200 million and it just entered into the All Ords last week, so in the top 500 companies. So, it's been quite a journey for six years, I started off as an executive director, sorry, non-executive director there and then moved into the chair about two, sorry, three years ago.

Ainslie:

And how are you finding, it's maybe too early to tell, but now that the dust settled on the integration side of it, are you finding there's some synergies there that you anticipated yet? Or is it too soon to tell?

David:

Yeah, there is some synergies, we did a cost out program where we took $10-$11 million dollars out of the combined businesses and then there'll be further cost savings going forward. Unfortunately, some of those were staff that were duplicated but it wasn't only staff, it was systems and processes as well that were duplicated.

Deb:

Quite a few businesses I have had to unfortunately lay off staff because of COVID anyway. So when you're trying to integrate two businesses at that time, it makes it even more challenging, doesn't it?

David:

Yes, it did and the management have done a really good job with that. We again outsourced HR, so that at that point we had an HR consulting firm come to us and assist us in that process so that we'd dot all the I's and cross all the T's because the business now is effectively 250 employees, we're in 11 countries across the world, so we're truly a global business and we're very excited about our future.

Ainslie:

Have you found that globally, like in terms of Australia, we've had the jobkeeper and those stimulus packages that alleviate some of the financial pressure. Have you found that any other countries they're reciprocating in that regard?

David:

We were one of those companies that were fortunate that our revenues haven't dropped to the levels that they need to gain the access to the jobkeeper and so forth. And the management team did some work in other countries that we have staff in and we didn't qualify for any of those.

Ainslie:

And how are you finding the teams all operating remotely? Is that going well or?

David:

Yeah look, it's been a really good lesson for not only boards, I think for management that ... If you're outcome based, you can get those outcomes without having to be in an office environment all the time and especially under the circumstances when you're trying to merge companies. I was very concerned that we wouldn't be able to affect it in the 90 days that the team had given themselves. But, I think our focus from the start was on the well-being of our staff and building a resilient culture, I think by doing that we hit the 90 day period that we wanted to integrate those businesses and most of the staff are coming along for the ride now.

David:

A bit difficult for a CEO and the management not to be in front of staff and talking to staff and just chatting with them, they're on Zoom calls all the time. And the same from a board's perspective, I like to be involved with the executive team, not manage them, just involved with them. And if I'm involved with them I feel you get more out of the management teams. Now, we haven't been able to do that, I haven't met one of the management team face to face, for example, hopefully that'll happen once our borders open, I sure hope-

Ainslie:

A bit of chair anxiety?

David:

No, it's been okay. We just hired a new COO for the group and that was all done via Zoom. So, he met the CEO once, right at the end of the process, but we went through a worldwide recruitment search for a COO and picked up a great gent, who was working in Silicon Valley and moved back to Melbourne. But yeah, that was all done via Zoom, so that was an interesting process to go through.

Deb:

Yeah, very. So presumably a huge part of your operations is overseas?

David:

No, actually EMS and EVS. So, EMS, the business we acquired their head office was in Melbourne. So, they had about 90 to 100 of their staff based out of Melbourne and our business, our biggest group of employees were out of Sydney. So Sydney, Brisbane, so we've got Brisbane, Sydney, Melbourne offices, and then most of the others, some of them have satellite offices and then there's a lot of staff from the noise part of the business with the airports are actually in the airports, operating the software at airports.

Ainslie:

What's the noise levels like at the airports at the moment?

David:

Very low. Not many complaints. So complying with the regulatory requirements for airports is, it's always difficult, it may have been made a little bit easier because of the lesser amount of planes, but I think everyone's got used to, communities got used to, no noise in the sky, so it will be interesting when we're back to full capacity of flights around the world. I think the complaints levels will be a bit higher than what they are today.

Deb:

Same with the air quality too for those places that are Usually polluted? There are fish back in the canals in Venice for the first time in a long time-

Ainslie:

See. You can see through them now, they're lovely blue colour. So, in terms of noise pollution and now air pollution as well, what's next on the horizon for Envirosuite are you just going to bed down this current transaction or what's the long-term strategic vision?

David:

Probably two parts to that question. We've made it clear to the market that we've got a goal to have $100 million in revenue by the end of 2023, with about a 15 to 20% EBIDTA. So that's our financial target for the business, so there's likely to be couple of smaller acquisitions along the way that bolt into the business. We're really focusing in air noise and water and so, when you look at air, we're talking about air quality, we're talking about odour, we're talking about dust and we're talking about the weather and we're talking about historical real time and predictive in those areas.

David:

In noise, it's really noise and vibration and in water, we're talking about wastewater, water quality, water flow, groundwater conditions. So, in the wastewater and water areas, we have done a couple of tuck-ins of technology that suits our technology. So acquiring a smaller firm and rolling their technology onto our platform, which then enhances the solution for the end client. So, that's been very successful. So, we are looking to do more of that and probably just leave it to those three key areas at the moment, air, noise and water.

Ainslie:

And are you finding that there's increased focus on climate change targets?

David:

In what sense, sorry?

Ainslie:

In terms of air quality and things like that. Is there that environmental sustainability target in terms of specific CO_2 emissions.

David:

Right. Yeah. Okay. Yeah, definitely. I mean, look the larger mining companies are very focused on assisting the communities and making sure they're complying with the regulations and that's worldwide and they've been on that, had that focus for many years. So, we assist them in those areas and getting them more engaged with the communities on the practices that they're deploying so that they can manage the air quality and manage when their mines are blasting or so forth, so.

Ainslie:

Yeah, I think because there's been such an increased focus for so long from the United Nations, etc, and with sustainability targets set many years ago, companies have had to be, some of them have had to be dragged along kicking and screaming for the ride where they haven't wanted to be an early adopter of carbon reporting.

David:

Yeah, there's certainly some companies like that. I think a lot of the companies we work with have that social license and they truly want to make sure that they are engaging with their communities, they're employing people from those communities and they've also got regulatory pressure to make sure that they do the right thing in those communities. So, I think that assists in climate change, will assist with climate change.

Deb:

So with the recent volatility in the stock markets, how has EVS performed?

David:

Look, I think that the markets are looking at us as a wait and see, I mean, we did buy a business that its major source of revenue was from airports and then we went into COVID lock down worldwide. I must say that our clients are the airports who are still operating and still need our software to monitor noise and vibration and they're not the airlines, so they're monitoring the airlines and obviously most airports around the world are still open.

David:

So, I think from our point of view, it's been a wait and see, wait and see, until we get this integration done, we've been able to achieve that in the time frame, we've now announced to the market our financial targets, we're talking about being cashflow break even or cashflow positive by June, 2021. So we believe we'll hit all those targets. So now it's just getting confidence in the new sales that are coming through that are occurring and I think we'll be very solid as we move forward but certainly it's had an effect on everyone's capitalisation or market capitalisation.

Deb:

Have you had to hold any virtual or hybrid meetings?

Ainslie:

AGMs, yes?

Ainslie:

Board meetings?

David:

Yes, absolutely. I think the first one was extremely challenging. With the EVS, we have a director, Mr. Zhang, who lives in Beijing and doesn't speak English or very little English. And so we had a translator in with him and then there was one in Sydney, one in Brisbane and one in Melbourne directors and it worked pretty well, but it was pretty slow because we were waiting for the translation process to occur. We found then at our next board meeting, the best thing to do was for Mr. Zhang and his translator to actually have all of us on mute and they translate as we were speaking rather than waiting until we finished speaking and then translating because it took double the time, the first board meeting. Yes, plenty of ... Well, I've had a reasonable amount of board meetings. So, I know

Zoom they're effective, they're quick, much quicker, you get on with the business a lot quicker, but you do lose that personal interaction.

Ainslie:

Have you had to increase the frequency?

David:

Probably not of the set board meetings, which we'd have a set board meeting, most of the businesses that I'm involved with would have a set board meeting once a month, but certainly off the cuff meetings, especially through the first month of the COVID-19 lockdown. It was very critical that the board got a handle on what's happening with our revenues, what's happening with our staff? How are we setting our staff up? Are they comfortable? The welfare of the staff is so important, just personally, and to get the right outcomes. So, moving at that point in time 320 people worldwide into their homes effectively, was challenging for our IT team but they did a great job and it worked effectively.

Ainslie:

And how are you finding staff coping at the moment? You're having more regular meetings with staff or it's probably more of an exec questions but-

David:

Yeah. The execs are regularly having team meetings, the CEO and the management team less now with us, it's more they're focusing on business as usual, building out the right strategy and the right business plans for the future.

Ainslie:

And in terms of some of the listings that you've had in the past and your experience to date, without naming any names of course, is there any really great examples of where you've seen things done well or with the benefit of hindsight, would you have done something differently?

David:

Yeah, and this is around transactions when you're acquiring a business, I always think that people perhaps who are dealing on the transaction get too close to the transaction and believe in it too much and so that's where a good board can sit back and question the managements discussions or negotiations around that. So, I think you can always do that better. So, I think the board has to have less involvement early on in the transaction, other than questioning what the management are doing. I think we found that with this last transaction that we did with EMS and EVS that's critical.

David:

The other piece is around that the board's there to do a job, and they're there on behalf of the shareholders and the management are there to do a job and they're there to manage the company. And you've just got to be very careful that boards don't get too involved in the day-to-day management and through COVID-19 that can happen and I have seen it happen in businesses and I could see it happening perhaps in a couple of the businesses that I'm involved with. So, I was trying to make it very clear that there's a distinction between a non-executive director and the management.

David:

And I think that's where a lot of boards fall down, they get too involved in the business day-to-day rather than looking at it from a far. However, the CEO and the chairman, their relationship is extremely important. And a lot of people say, "You can be friendly, but you can't be friends with a CEO" I don't really believe in that. I think you can be friends. You don't have to be the best friends but you've got to be friends, you've got to work together and especially through these times, like COVID-19. So, having a really good relationship with the CEO is important, I don't think you should be too far apart, which in my experience, some chairs can be well divorced from the management and the CEO.

Ainslie:

And it's really about strengthening that relationship to have respectful challenge between each other really, isn't it? It's the conduit between board and management?

David:

Yeah, definitely.

Deb:

Especially in these challenging times, the execs rely on the experience of the board to guide them.

David:

To guide them, mentor them and steer the ship from a far. They get too involved in the weeds that they can't get out of the weeds because they're focused on the business and whether it's just kind of question, well is there a better way to do that? Can we help you do this? In our experience we've been done this in the past.

Ainslie:

I think too, the bigger the company and the more they grow in scale the larger the gap grows, it's where businesses are a lot earlier in their lifecycle, or there might be a lot smaller in size that there might be more involvement from say an advisory board perspective where you might just have a founding director and you don't, you're not really of the size yet that you have a full implemented management team. So there is that pilot board scenario earlier on in the life cycle of a business. Do you find that?

David:

Yeah, it's a real challenge for businesses, whether they're fast growing or medium or slow growing that when they get to a certain size, it's generally the founder and or a couple of founders and a couple of key people that have been able to build the business to a certain level. And then they look around and go, okay, well, should we be getting some outside advisory help with I haven't already done that from a board advisory point of view and now we're being told, we need to put in all this corporate governance, and now we're being told we need boards and all of that. And that's a really challenging thing for a business and I suppose, to coin a phrase I use, it's corporatising the business. And that's really one of the biggest challenges I think businesses find, jumping over from being an entrepreneurial founders business to now a business that requires a level of corporate governance and a level of strategic output and input from a board.

Ainslie:

Yeah, absolutely. And I think too, a lot of tech start-ups find it challenging from a VC perspective when they wind up in Silicon Valley and realise that venture capital firms don't even want to look sideways at them without some of that corporate governance infrastructure in place. And they then, I guess, get a second education on the fly, where they're having to work out what it is and then how they can actually implement that in a hurry to gain access to capital markets?

David:

Yeah, that's quite right. And that's probably the majority of them. The sports technology group that I'm involved with, the two founders from probably the start realised that they needed to bring in a level of corporate governance, a level of board advisory and we're very open to it. So, there's a percentage that know that will be helpful to them rather than a hindrance to them.

Ainslie:

The real don't know what you don't know scenario?

David:

Yes.

Deb:

So ASIC late last week came out with a new information sheet around executive variable pay, obviously with COVID it’s one of their focuses. They're looking at, obviously most employees losing their jobs, costs are down, revenues down, trying to revisit that variable component of executives, trying to keep the executives engaged. How are your remuneration committee looking at that?

David:

It's always a challenge, yeah, it is and for example, we've just put in a new executive remuneration schedule or plan and which is based on ...we were different bandwidths for different levels of executives. And we're looking at it and saying well, these executives not only in the last six months have worked increased hours phenomenally and had larger pressures on them from their boards and from their staff and from their other stakeholders. How do you remunerate them accordingly? We find that, we look at levels between 15 to 30% as an STI, based around, meeting certain criteria and some of that's a financial criteria and some of it's certain personal outcomes and business outcomes.

David:

And we believe that's a strong way of doing it, we don't over remunerate in the salary packaging portion. So, the at risk we feel should reflect what we're doing on the base salary. And then LTIs, fortunately enough being a listed group, we can use stock for LTIs and so most of our executives are on a plan of around about 10% of their base salary for LTIs, and that's tied to performance of the business and it's tied to longevity in the business, so handcuffing them to the business effectively. Staying for a couple of years, because you need that continuity in your executive time. So, hopefully they'll sit within the new ASIC requirements. They certainly sit within the ASX guidelines. So.

Ainslie:

Yeah, and I think too, like over the years, there's been such a shift from a mix of cash and equity and how much of that's deferred over the short, medium and long-term goals, and really realigning that to the strategic goals of the company and the delivery of shareholder returns. And when you do have those long-term incentive plans, if they're performance rights or performance based share plans, it really does help the executives have some skin in the game and help shareholders actually, make sure that there's the retention of the talent and also the delivery on returns for them as well.

David:

Yes.

Deb:

I think a bit of focus for ASIC is because CEO's are recommending the execs variable components. They are saying the CEO should not be in the room when it comes to that element of it and they should be getting external advice on the CEOs?

David:

Right, okay. So, in house we were external advice on the executives and the CEO. The CEO was involved in building out the plan for the executives and our CEO is on a different LTI to the other executives on the same STIs but or will be on the same STIs. Yeah, so we've tried to make sure that we cover all bases.

Ainslie:

And how do you manage the performance reviews of you CEO and your exec team? Do you ever outsource those externally?

David:

We haven't in the past. It's probably something we would consider doing. I think there's got to be an element of involvement from the board absolutely, because they know the business and they know the person in the business. So, unless you're very descriptive around what the KPIs are of the CEO, I think it's more challenging to outsource it.

Ainslie:

Yeah. And also, the board know the level of achievement that they're expecting from the exec team. And now I guess if that's communicated early on, there's that, I guess feedback loop there as well to make sure that if they're not adhering to the level of performance that's expected of them, then it's remunerated fairly?

David:

Yes.

Deb:

How about the performance of the chair?

David:

Yes. Well, we do, do peer reviews and we've used an online platform to do that on a regular basis, effectively a yearly basis. We then discuss that obviously as a board, so we do it on the executive team, the executive on us as board and the board itself on the board. So, we do follow that process.

Deb:

And how's your board diversity?

David:

It's not gender diverse at present, there's no rhyme or reason for that. We have a very small flexible board, so for example, Mr. Zhang is very deep in environmental consulting and technology and understands that. We have a gentleman called Mr. Hugh Robertson, who's been in the capital markets for about 40 years and so-

Deb:

He's well known to us all.

David:

Yes. Very strong in that area. There's myself, who's mixed background, you've heard my background earlier and then we have another gentleman by the name of Adam Gallagher who has been involved in finance and technology companies as well. So the diversity is there in the experience of the people, it's certainly we were going to look to recruit another non-executive director, just prior to the current acquisition and then we put that on hold. And so we'd be likely to start looking at that later in this calendar or financial year.

Ainslie:

And have you utilised, I guess the benefits of a board skills matrix in that regard to make an assessment of the current strategic direction of the business, the current acquisition and the current skill set of the existing board to work out if there's any gaps there of what you'd like to attract on the board in terms of a specific skill set, specific industry, other sorts of diversity, age, gender, culture, etc?

David:

Yeah, we haven't yet started that process we are just bedding down the acquisition coming out of COVID-19 there's been a focus on that rather than building out our board but we were very conscious of the fact that we should be using some sort of skills matrix to build out a strong board.

Ainslie:

And how do you find the interaction of the board? Have you ever been a part of a board that's had a challenging interaction?

David:

Absolutely, many times. The board members are there to question and provide guidance and we all don't agree, we have different perspectives and you generally come to a consensus though so on decisions. So, I think it's a board's duty to make sure that each board member is heard and that's the chairman's job to make sure that everyone has an opportunity to be heard. And as much as you can equal time to be heard and the chair's there to draw out from people what they're really thinking and why they're thinking that way and then come to a consensus and make a decision on which way you're going to go with it.

Ainslie:

Yeah, absolutely. And really challenge and strengthen the proposals coming forth from management?

David:

Yeah, definitely. We have some great robust discussions with all the boards I'm on with the management. And I think that's good for them, they want to be challenged, actually, they just don't want to be seen because they can't see the wood for the trees because they're in there operationally. A good management team and a good CEO wants to be challenged on certain areas of the business or the business plan that they're presenting.

Deb:

You've had quite a bit of experience sitting on boards in terms of board papers. We know that they can be overwhelming, they can be hundreds and hundreds of pages, but what do you think's a happy medium in terms of volume? Depending on the circumstances, obviously not when you're doing an acquisition, but just generally?

David:

Generally, what I've tried to do over the years is, set up board meetings effectively on a monthly basis but cut them quarterly. And so you would look at obviously the first quarter after the end of a financial year is more focused around the financials of the business and getting your reporting right and you're auditing right, to get those out so, we would focus more around that area. Generally, the January, February, March quarter would be focused more on strategy. And so therefore the papers would be a lot less smaller. You're still getting your financial reporting, but you'd be working on strategy together and working out the strategy then the last quarter or the March to June quarter, is really on the budgeting and the planning for the business for the next year.

David:

And then the next quarter being the July to September quarter, the focus is more on business as usual, how are we going to the budgets that were set? The business plan, are we on track, you are doing that all the time, but there's more focus in those quarters. So, I don't think that answers your question about size, but it does change dramatically. I think you just got to be very careful that you just don't get too much detail, and that's a job between the chair and the CEO to sit down and talk through that. And then it's a job for the chair to speak to the other directors saying, "okay, well, we had 150 pages here now, realistically in your opinion, how many pages did you really think we needed and how much detail did we need about that proposition or that request for approval". So yeah, if you can, I think it's really about the size of the business as well. The bigger the business, I think the bigger the board pack, unfortunately.

Deb:

So, one last question from me. With EVS and EMS coming together, how did that work culturally?

David:

Yeah. Well, we've set a new vision, we've set a new mission, we've rebranded slightly incorporating the EMS logo into the Envirosuite logo. So that's been presented to the whole company and it's now out there in the market. So now really, it's the next six months is the time will tell whether culturally, we've got that right. I'd been quite difficult with them not being together and not even being able to get the management teams together to build out that strategy that's been hard, but I truly believe that you got to build a resilient culture these days. It's got to be truly resilient, who could have seen a pandemic coming?

David:

So when it's resilient, you need a risk based approach to that, you need detailed business plans, you need strong robust and a strong robust strategy to do that. And I think out of that, you'll build a resilient culture. Cultures from, they say from top down but I think it comes from bottom up as well, it comes from your staff loving and been passionate about what they do and what we do for communities and what we do globally for the environment.

Ainslie:

Yeah. It's really getting that buy in to the ultimate purpose and vision of the business. Isn't it?

David:

Yes, it is. Yeah.

Ainslie:

The alignment between all stakeholders. All right. I think we've come to the end of what we've got time for today. So thank you so much David for joining us on YS Up, it's been really great to hear about the journey that you've had so far and I'm really excited to follow the journey going forward for EMS and EVS.

David:

Thanks, Ainslie and thanks Deb.

Deb:

Thanks David.

Outro:

That's all for today until next time, happy podcasting. And remember if you're enjoying the show, check out our other episodes and all things governance at www.3ysowls.com.au.