

Media Release

Corporates Go Their Own Way for COVID-19 Advice

(19 August 2020 – Australia) Australia's largest enterprises are plotting their own way out of the COVID-19 crisis, new research from East & Partners reveals.

Direct interviews with the Top 100 revenue ranked corporates as part of East & Partner's monthly Anytime Question Platform examined what the number one piece of unprompted advice was that CFOs had received from their bank to navigate the COVID-19 crisis.

Over three quarters of all large corporates had not received unprompted advice relating to areas such as cash flow, working capital management, government grants, JobKeeper support or loan deferrals (77.7 percent).

Broken down further, although one in two institutional enterprises had not received guidance from their bank, they were in fact not seeking assistance (51.1 percent). This raises the important question of where executive management are sourcing vitally important external guidance to successfully steer their firms through the first Australian recession in a generation?

Digitalisation in particular is a major area of focus – but can their bank support them in adapting to the 'new normal'? One in four large corporates were seeking advice but had yet to be contacted by their main financial institution (26.6 percent).

The results reflect the push by major CEOs such as JB Hi-Fi's Richard Murray and Wesfarmers Rob Scott for government policy to be "more creative than simply pumping cheap credit into businesses already carrying elevated debt loads". Key business leaders support their mandate for wide sweeping tax reform, targeted investment allowances and other key initiatives to underpin employment growth and speed up the economy's recovery.

"I think it would be really exciting if the government could do anything to support investment in our digital businesses through investment allowances. Fundamentally business needs to invest, and we know the projects we have got and that we need to make sure they stack up. There is no point in the government writing free cheques. Business has got to invest first, but if the government can support that and encourage it with investment allowances or training levies, I think that would be awesome" stated JB Hi-Fi CEO Richard Murray.

"Instant write-offs and things like that can be really powerful. The government needs to prioritise future growth areas, such as the digital economy, construction or retail" Mr. Murray added.

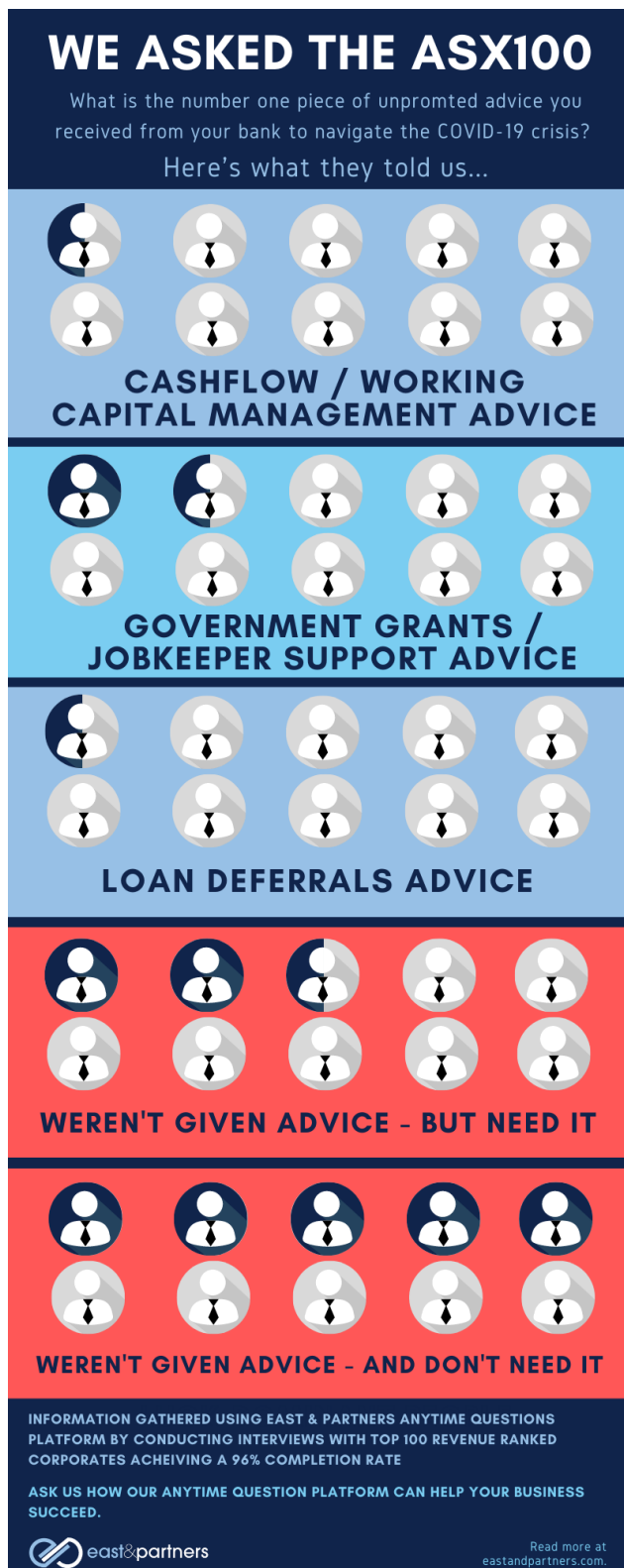
Wesfarmer's CEO Rob Mr. Scott has actively advocated for a 20 percent investment allowance after a similar policy was successful in the 2008 global financial crisis for supporting new and replacement asset purchases.

"It should sound alarm bells that, for the first time since the 1970s, more funds are being invested offshore than in Australia. Unfortunately, for far too many Australians, a job is out of reach or at risk. We cannot pin all of Australia's slow jobs growth and falling investment to our tax system, but it is much to blame" Mr. Scott commented.

East & Partners research confirms that key decision makers are more likely to turn to friends, colleagues and even suppliers before seeking advice from their relationship manager, despite the onset of the coronavirus crisis presenting a unique set of corporate treasury management challenges. In a sign of the times, Woolworths has appointed its own Chief Medical Officer, Dr. Rob McCartney, to provide the group with expert medical advice to help shape its health and safety policies in the retail sector.

"East & Partners upcoming Global Insight Report delves deeper into this topic, specifically are we witnessing the death of relationship banking as customers move to digital channels in response to the COVID-19 crisis? Which banks are leading innovation in customer experience and advice as dealings shift away from face-to-face?" Asked East & Partners Head of Markets Analysis, Martin Smith

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About the research

A unique, flexible, and high quality, bespoke B2B research capability for East clients. Clients are invited to place proprietary questions into East's global interviewing platform on an anytime basis, for any market, under either one-off, ad hoc or contract arrangements. The platform's research and reporting cycle is monthly and covers a total of 27 global markets twelve times a year. Top 100 revenue ranked corporates in each country market with 90 percent completion.

Direct interviews executed with the Corporate Treasurer and reporting consists of response analysis as an Excel file and results charting. Questions can be - One-off, change, remain the same or be mixed each month. For one country or a mix of markets, underlying methodology is identical across borders enabling unique cross-market analysis.

Service coverage includes 27 developed and emerging markets across Asia Pacific, Europe/Middle East and the Americas. Questions placed and accepted by the last working day of the preceding month with fieldwork conducted in the first two weeks of the following month.

Clients commend the highly flexible, quick turnaround, high quality direct interviewing style covering issues of the moment, monitoring KPIs and thought leadership inputs

Frequency: Monthly research sweep with submissions closed on the final business day of each month

For more information or further interview-based insights from East & Partners on Anytime Question Platform, please contact:

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About East & Partners

East & Partners is a leading specialist business banking market research and analysis firm. The firm's core expertise is in the provision of analysis and advisory services tailored for the commercial, business, and institutional banking markets across Asia Pacific, Australasia, Europe and North America