

# NACD CHAPTER PROGRAM SUMMARY



**EVENT TITLE:** 2023 Visionaries Speak

**EVENT DATE:** 9/21/2023

**EVENT TIME:** 7:30 a.m. ET

## **PROGRAM SUMMARY:**

In what was the first in-person event of the fall schedule, NACD of New England brought together a panel of high-caliber experts to share their insights and outlooks in a wide-ranging discussion that hit on such topics as commercial real estate, health care, aerospace and defense, and the growing use of A.I. tools in business.

In the post-Covid business world, the hybrid work model is surely here to stay but employers must find the right balance for their own organizations. Rarely does one size fit all, even for smaller companies. Step one is identifying what jobs in your organization are truly location dependent. For example, back-office functions are often easy to maintain remotely but engineering teams require a higher level of interaction to do their best work.

That kind of collaboration cannot realistically be achieved solely through online meetings. As a consequence, companies are having to rethink what they need in a physical office space. Corporate tenants are increasingly telling their landlords they want only “half” the space but “twice” the experience in terms of location, amenities, functionality, green energy attributes, and more.

As a result, the market for the very best commercial properties remains healthy while B- and C-level properties, particularly retail spaces, are in the doldrums. In short, overall supply continues to exceed corporate demand. Ultimately, the market for such properties will need to reset to a point that is attractive for investors who can redevelop them to fit the needs and tastes of 21<sup>st</sup> century communities.

Such brick-and-mortar considerations should not be dismissed when assessing an organization’s ability to attract and retain top talent. High rates of employee

turnover remain a challenge for most industries and matters of work-life balance can weigh heavily on the minds of candidates when evaluating a potential employer. From that perspective, an employer's office can be seen as a physical manifestation of the company's brand and corporate culture.

As such, real estate is becoming much more of a "strategic" consideration for boards and management than ever before. Consider what your physical location suggests to employees, customers, and other stakeholders about your shared values. Stakeholders will begin forming opinions about your organization the moment they arrive. Furthermore, factors beyond an organization's direct control, like transportation options, residential real estate prices, and the quality of local school systems, will influence the future that candidates see for themselves when evaluating a new employment opportunity.

Aerospace and defense companies are among the many sectors currently seeing a "war for talent" at virtually all levels of their organizations. Employers must get creative when devising ways to develop and retain top talent. In a hybrid environment, opportunities for team bonding and client-facing interaction are limited. That can create obstacles for identifying the next generation of leaders and for honing their executive skills. When a rising star is identified, senior management should try enlisting the help of a board member to engage with and even mentor that individual. Such a connection can instill loyalty and cement a bond with the organization.

In addition to garden variety HR challenges, health care organizations are facing problems unique to their industry. Chief among them is the hard truth that the finances of health care do not work for many providers, particularly not-for-profit organizations, which routinely care for a disproportionate number of uninsured and underinsured patients.

While the industry has benefited from the rapid pace of technological and therapeutic innovations, there is a significant disconnect in the way health care is delivered. As a result, the overall quality of care has suffered. In response, health care organizations are seeking greater operational efficiency through restructuring,

mainly to increase the numbers and expand the capabilities of a range of delivery points, from home-based telehealth to community centers.

No matter what an organization does and no matter where it is located, it will be impacted in ways large and small by the accelerating rollout of A.I. tools. Paradoxically, the biggest near-term hurdles might be more ethical and regulatory in nature than technological. From health care to aviation, be it robotic-assisted surgery or pilotless aircraft, the capabilities of state-of-the-art A.I. systems already exceed what most patients, passengers, and regulators are ready to tolerate today.

While mainstream acceptance of A.I. might take time, organizations should not wait to start adapting to such a future. One of the biggest challenges will be the re-skilling of employees who will see significant aspects of their daily responsibilities automated by A.I. systems. Automated points of sale and registration kiosks are commonplace now and likely foreshadow the way consumers will interact with more types of businesses in the future, from telehealth applications to financial services. At the same time, A.I. will climb higher and higher up the value chain for professional services. Lawyers, actuaries, accountants, and many more will face weighty decisions about how best to incorporate A.I. into their work.

In periods of business disruption and reinvention, be it company-specific or industry-wide, the board must avoid getting caught up in day-to-day management responsibilities. Instead, it should serve as a source of high-level guidance and support. In doing so, boards should engage in scenario planning, not forecasting. In other words, directors should think in terms of future needs and areas of potential weakness, such as supply chain resilience, and plan accordingly. Boards may want to recruit directors with expertise in change management, but any long-term planning should begin with the chair, who must set the overall tone and clearly identify the organization's top priorities.

Geopolitics has long been a critical business issue—whether your organization operates across borders or is simply reliant on international supply chains—but rarely have global politics seemed so fraught. The war raging in Ukraine is likely to continue for another two to three years. At the same time, the possibility of a Chinese takeover of Taiwan lurks as a comparable threat to the Asia-Pacific region,

where the direct involvement of U.S. forces would be far more likely, if not inevitable. Given China's defensive capabilities, including its hypersonic missile technology, U.S. losses would likely be extremely high. At the same time, U.S. leaders will need to continually reassess the price of deterrence worldwide at a time when climate change is convulsing the global dynamics of national security.

### **KEY TAKEAWAYS:**

- The hybrid work model is here to stay but the right balance for your organization can depend on a number of factors. Start by evaluating which jobs and departments are truly location dependent.
- Retaining top talent is a challenge for virtually all industries; recruit members of your board to engage with, and ideally mentor, your rising stars.
- Think of your office as a physical manifestation of your brand. What does your office say to your employees, customers, and other stakeholders about your organizational culture and values?
- The A.I. "genie" is out of the bottle and there is no going back. Start thinking about how to re-skill your employees so that they can work with A.I. tools to add value.
- A post-Covid world is not a post-pandemic world. In a globalized economy, the next pandemic is just a matter of time.

### **MODERATOR:**

**Cathy Minehan**, President, NACD New England

### **SPEAKER(S):**

**Ben Breslau**, Chief Research Officer, JLL

**Gregory Hayes**, Chairman and CEO, RTX

**Anne Klibanski**, CEO, Mass General Brigham

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