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Grounded

We were delivering rules to people that no-one wanted to hear, and we had no control of anything.

—Samantha Hartley, Flight Centre assistant store manager at the start of the pandemic lockdowns

The elevator pinged on level 15 at Flight Centre's (FC) global head office, its doors opening to reveal two executives in animated discussion. Tom Walley, head of Australia's Corporate Traveller division, was still an unknown to the public in March 2020. He would soon become 'the FC Captain', a type of anti-hero cult figure, smiling out of thousands of travel advertisements around the world. Joell Ogilvie stood beside him. A company 'oldie' with over 30 years under her belt, Joell led many of the company's niche brands but was better known internally for her campaign to stop the 'fun police' from destroying the company's irreverent culture. On this first day of the coronavirus lockdown, however, with shops, pubs and cinemas closed, fun was the least of her concerns. As the two stepped out of the lift, they froze in the hallway.

Across from where they were standing, a colourful pictorial timeline snaked along the wall for 20 metres. A favourite stop for visitors, it outlined the unfolding story of the 47-year-old company, from kick-off with the purchase of a single double-decker bus in the United Kingdom in 1973 through to the present day, with a kaleidoscope of images of significant people and events at each step. On its far right, a small grey arrow pointed forward beyond 2020, into the blank white space of a bright unknown future.

‘Look! Look where it ends’, Joell gasped, grabbing Tom’s arm to emphasise her point. The two laughed ironically as they realised the significance of the vacant wall. With the business being smashed by lockdown restrictions, the futuristic pointer on the mural towards nothing now felt like an ominous sign. Joell, renowned for her eternal optimism, turned to Tom and said, ‘2020. This is fucked. We’re going down. We’re not going to survive this!’

Flying high

Three weeks earlier on 27 February 2020, the mood on level 15 was strikingly different. Together with his executive team, Managing Director Graham ‘Skroo’ Turner sat prepping for an early morning conference call with analysts and investors to announce the group’s half-yearly results. Wearing his customary short-sleeved shirt, Skroo had changed little over the years, although the days of flying by the seat of his pants with his knockabout mates to make a bit of money were long gone. As head of the $4 billion publicly listed company he founded from scratch in the 1970s, his travel behemoth now employed 22 000 people in over 20 countries and boasted an impressive run of 24 years of growth since floating on the Australian Stock Exchange (ASX).

The results were in for the six months to December 2019 and they were looking good. All the company’s nine geographic regions had exceeded previous revenue figures. Combined, the company had produced $12 billion in total transaction value (TTV), $103 million profit before tax (PBT) and was on track to smash out $24 billion in total sales for the year, a new record. On the back of this powerful performance, the leadership team were upbeat, readying to announce a $40 million interim dividend for investors.

Yet, as for the unsinkable *Titanic* on her maiden voyage, the sniff of ice was in the air. Two months earlier, the Chinese government had alerted the World Health Organization of 27 cases of a mysterious outbreak of 'viral pneumonia' in the city of Wuhan. By late January 2020, after a worrying number of deaths, they locked down millions of Chinese citizens to contain the spread. By the time Skroo and his crew were preparing for the February investor presentation, governments in the United States, Singapore, Russia and Australia had begun banning foreign travellers who were recently in China.

As a result of this potential threat, the FC board had asked Skroo's team to present a worst-case scenario. Their estimated rock-bottom? A temporary drop in sales of around 30 per cent, with pointers to the company's previous weathering of disease outbreaks, as well as its absurdly healthy balance sheet and near-zero debt. To be cautious, the board publicly amended its full-year profit guidance down from $310–$350 million to $240–$300 million. The investment market, already buoyed by the interim dividend, reacted well.

Others weren't as complacent. From a front-row seat watching the infection multiply, FC's Asia leader, Bertrand Saillet, told the executive team weeks earlier that they needed to take the virus seriously and that it was going to affect the world. Yet as global CFO Adam Campbell said, 'We weren't that worried. We thought it was an Asian thing. Results there might get impacted, but it wasn't going to be too bad'.

When FC Chair Gary Smith presented a Queensland Tourism update showing a dramatic escalation in infections, Skroo's response was typical. 'Yes, someone trying to scare us. Hope they aren't right!' His take hadn't changed much since he'd commented in a late-January news article, 'At the moment I'm not too worried. People just get a bit excited about these things'. Even Beijing's top medical adviser was predicting the outbreak would be over by April at this point.

FC's executives thought they had seen it all before, imbued with the confidence of having successfully navigated through every disruptive travel crisis of the last four decades. The company had survived two Gulf Wars, the mass grounding of planes after September 11, the Bali and London bombings, the collapse of Ansett Airlines, an Iceland volcanic eruption that led to the largest air traffic shut down since World War II, bird flu, Ebola, the spread of the SARS virus across 29 countries in 2003 and the global financial crisis (GFC) from mid-2007. Their attitude to this threat was the same: 'This too will pass'.

No surprise, really. No-one could ever accuse Skroo of being an externaliser. His deep-held conviction that every individual could determine and influence their own outcomes had been enshrined into the company's guiding philosophies from the early days. It reads:

> *We take full responsibility for our own success or failures. We do not externalise. We accept that we have total ownership and responsibility but not always control.*

FC's successful navigation of the SARS outbreak in 2015 reinforced this belief. Their 2015 annual report even outlined a specific pandemic strategy: 'Brand and geographic diversity. No reliance on any individual or supplier'.

This mitigation plan would be tested for the first time in 2020. On the surface, the new coronavirus appeared similar to the SARS and Ebola outbreaks. FC executives were so confident their brand and geographic diversity could now take any hit that they did not hesitate in pushing ahead with a 22 per cent stake in a next-gen travel technology aggregator in February, at a cost of $13.8 million. With the official press release declaring this acquisition of TP Connects would 'offer customers the widest range of flight options from around the world', the company's sights were still focused squarely on the promising future.

Bracing for impact

March brought with it a rapid reassessment. By 5 March, the number of people with COVID-19 exceeded 100 000 around the globe. Italy, a new virus epicentre, was virtually shut down, with plague-like images of army trucks transporting coffins dominating media coverage. The World Health Organization designated COVID-19 a pandemic on 11 March. Two days later, US President Donald Trump declared a national emergency, introducing blanket international travel bans. This was FC's D-Day. Borders began slamming shut, bringing the travel industry to a standstill.

The impact was as though the company had hit its very own iceberg. Literally overnight, revenue nose-dived to practically zero. As international borders shut, stock markets collapsed. FC's share price nearly halved, going from $30 to $17.24, wiping a massive $1.4 billion off the company's value. Reconvening, the directors withdrew the 'conservative' trading guidance presented just weeks earlier and shocked both staff and investors by announcing the immediate closure of 100 loss-making Australian shops. As Adam said, 'We'd agreed in February to close these over the next 12 months as part of a McKinsey review, but when COVID hit, we just did it immediately'.

The shockwave struck every global region. As well as containing their personal panic, FC executives everywhere began trying to calm anxious staff and terrified customers. One manager fortified his nerves on that first day by downing shots from a bottle of vodka that had been sitting in his office for ten years. Another remembers her friend ringing her and saying, 'Try to get your long service leave. The company's going down'. A Channel 9 news reporter went from shop to shop asking how the consultants felt about losing their jobs and their ability to pay their mortgages, adding to the fear.

With the industry collapsing, travel consultants became overwhelmed by a torrent of distressed clients, scrambling to get back to their home country before the borders shut. Store manager Alice Fisher remembers working 20 hours each day, sorting out alternative flights. 'My mobile started ringing at 3 am and I'd book travel in my pyjamas until eventually at 7 am I'd go to work, log on and just keep going'.

Holidaymakers were stranded everywhere. One FC cruise team at Ignite Travel became the lifeline for 400 Australian passengers trapped on a ship sailing from Dubai to Cape Town as port after port closed to them. Eventually, the South African government allowed the ship to dock, on the proviso that every passenger disembarked immediately and flew straight out. FC consultants spent days ringing around, begging airlines for any spare seat, and managed to get them all on flights.

At FC's Sydney airport store, leader Ronan McNeary recalled, 'We'd open up and find people sleeping on the floor in a line-up, all trying to get back home—families on holidays, people on working visas and even a flood of German backpackers who learnt via Facebook that we were still getting people on flights'. By now, it was costing $5000 for a one-way ticket back to Europe but passengers were so desperate that the line stretched way down the concourse. It was a stressful time for the store leader: 'As Aussies cancelled their trips, we'd sometimes get 20 seats available at the last minute. We'd issue the tickets and literally run people down the hallway to make the flight. Every consultant just showed up, for every shift, because we all wanted to help'.

With airlines cancelling flights and shutting down operations, the window to get travellers home closed quickly. On 18 March, Qantas, Australia's flagship airline, stood down 20 000 workers without pay. CEO Alan Joyce said the standdowns were needed to survive the single biggest crisis in aviation history. 'Lots of airlines are going to go under', he announced presciently. The death spiral of all travel agents, however, didn't rate a mention.

At FC head office, people entered emergency mode. Global Leisure and Supply CEO Melanie Waters-Ryan, holidaying in New Zealand at the time, flew back to Brisbane on one of the last planes into Australia before the borders closed. During the four-hour flight, her voicemail inbox blew apart with frantic calls from the company's global leaders.

A self-proclaimed 'bossy, organised woman', Melanie went straight from the airport to head office and immediately took charge. After googling 'how to set up a war room', Melanie moved the global executive team into a room together and wheeled in a whiteboard, wielding a marker pen like a lightsaber. Borrowing the opening line Skroo was renowned for deploying when entering stores and meetings, Mel said, 'What the fuck's going on?' The team now set about working that out.

Though the company was taking in water, no-one knew how bad it would get or how long it would last. 'There was no use panicking', Skroo recalled. 'We probably thought, you know, this might last a month like SARS. If someone had said or even intimated that this is going to last two or three years, well, that would have been a different story.' The team ended up working out of this war room for 27 consecutive days.

By now the company's finances had a gaping hole. From cruising along at \$2 billion in sales a month, the company was now listing in a zero-revenue environment. Executives struggled to grasp this situation because as one leader put it, 'We'd always had shit tonnes of money'. Of the \$1.3 billion in the bank, customer travel deposits comprised half and the rest was a buffer zone of retained cash. The question everyone was now mulling was how long that buffer zone might hold.

Frustratingly, no-one could answer. FC's focus had always been on making money, not on costs. Since no-one had ever imagined all revenue stopping, they had never calculated the company's combined global operating costs per month.

Belinda Rafiee, Head of Corporate Finance, was put in charge of a team who, in just six days, had to pull together a single global balance sheet. It was a gruelling job, with the team operating across many different time zones. 'We were working almost 20 hours a day and couldn't finalise anything because we were always waiting for someone to come back with their chunk of what the company was doing.'

While the numbers rolled in, the share price sank to $9.91, less than a third of FLT's previous share value. In light of investors' belief that the powerhouse was going down, FC called a trading halt. Company Secretary David Smith explained, 'Basically our shares stopped being traded on the stock exchange because we had no idea what to tell the market about what the fuck was going on'.

On 20 March, the Australian government closed its international borders to all non-residents. Some of the FC leaders gathered in a room and wept together in shock. It was the first indication that COVID-19 might not be as short-lived as SARS. Without an effective vaccine, there was no lifeline out, though everyone would have been more despairing if they'd known the actual border reopening date.

By now Melanie's whiteboard was covered in hierographic scribble as the group attempted to triage the issues. Three days later, they advised the market that FC would not be returning from its trading halt, instead requesting a suspension of its shares, to 'develop a comprehensive response to the unprecedented travel and trading restrictions that governments are implementing to slow the coronavirus' spread'.

The company also cancelled the unpaid 40 cent interim dividend. In doing so, they moved from stock market darlings to pariahs at breakneck speed. They weren't the only travel company getting hammered. On the same day, competitor Helloworld stood down 65 per cent of its people.

When Belinda's finance team finally pulled together a consolidated report, anxiety turned to devastation. Surging along on a whopping cost base of $240 million per month, the company's liquidity runway was just a few short months. It was simple maths. No money coming in plus the same costs going out equalled imminent death.

It was at this point that Joell and Tom stood facing the fateful wall mural timeline. They weren't the only ones thinking that the 47-year-old mega-successful business might be going under. With borders slamming shut around the world, co-founder Bill James was sure that if the COVID crisis continued, 'that was the end of FC... I just didn't think we'd be able to raise enough cash to weather the storm. Not that long a storm anyway'.

Slashing costs and scrambling for cash

The team now knew that to survive this catastrophic shutdown of travel, they would have to drastically slash costs, killing off many of the most cherished elements of FC's unique culture. Placing a global embargo on all spending, the executives set up four cost buckets — wages, technology, sales and marketing, and property — with global leaders charged with reducing immediate costs in each of these areas, starting with their own 50 per cent pay cut.

For managers who struggled to take boutique beers off the Friday night drinks list, cost-slashing felt like anathema to the company's fun-loving ethos. Everything was placed on the chopping block. Staff travel, conferences, entertainment, leader's expenses — all axed. A team of accountants even rang every one of their 8000 Australian providers to annul contracts, saving $6 million a month.

FC's next cut was much more devastating. While people could handle belt-tightening and asset sell-offs, canning the Global Gathering, FC's signature awards event and one of the greatest parties on Earth, previously starring legends such as Fatboy Slim, Kylie Minogue and Jesse J, shocked everyone. The axing of this annual celebration for the first time in history was when many realised FC might not make it out the other side of COVID. One employee remembers sobbing as he removed all the Global Gathering posters from the walls of head office.

Yet it was kill or be killed, and everything was happening fast. Melanie remembers running out of patience with people. 'I'd go, you're in charge of blah, blah and, after a few hours, if they hadn't lived up to what I'd asked, I'd move them on. We just didn't have any time to waste.' Joell remembers spending two days on a plan only to be told 'there's a new plan and it's needed in two hours'. It was inevitable, then, that mistakes would be made in this mad dash for survival.

And no degree or training could have prepared them for their first liquidity emergency. This involved the company's foreign exchange service, Travel Money, a niche brand with 176 stores and 500 employees. Prior to the borders closing, the business was tracking for a record year but, once travel shut down, these stores were inundated with panicked customers looking to offload the foreign currency they'd bought for their future holidays. The brand bought about \$50 million in physical foreign cash virtually overnight but then discovered the banks had frozen their own exchange service.

They were now stuck with the foreign notes, unable to convert this stockpile back to Australian dollars. The \$50 million in much-needed cash was inaccessible, shoved into boxes in the form of pounds, euros, rupees, and other currencies for another day. The head of the business, Scott McCullough, remembers being told, 'You need to shut Travel Money down today. You've got to stop the drain'.

This kind of mass closure had never been done before. Scott remembers messaging his SWOT team (FC's leadership teams were named after the strategic SWOT analysis framework) to tell them the news. 'They all came up and, of course, at that point they started freaking out.' Many of the staff were close friends. 'Axing people was heartbreaking', Scott said. 'I remember thinking, *My God. They've got kids, they've got mortgages*.'

Joell Ogilvie said, 'Poor Scotty was shell-shocked. In just two days, we had to get every store to bundle up the money, send it via Armorguard, and leave their keys on the counter'. At a cost of \$50 000, the business couldn't even afford to have the money counted, so it all went into a vault. Less than two weeks since the international travel ban, the empty unlit shells of these retail stores were now the only remnants of this super-successful chain.

Trimming costs was only a stopgap solution. It soon became apparent that if this COVID crisis was going to drag on, FC needed money and fast. When executives put feelers out for a possible capital raise, though, they found the market was tanking. Australian CFO Mike Snyman remembers brokers saying, 'You know, if we're going to put money into something, it's not you guys. No way are we investing in travel'.

Behind the scenes, FC was seeking government help, and leaders had been initially optimistic after the aviation industry received a federal relief package of $715 million on 17 March. When the Queensland Treasurer rang offering financial aid, FC was delighted — until she explained that the funding applied only for training purposes. At a time when the company was staring down the barrel of mass layoffs, with no possibility of staff development in the near future, this lifeline was about as useful as an umbrella in a cyclone. After more discussion, a government Treasury executive went off to 'gather more information' and they never heard from him again.

Like a ship sinking at sea without instruments, FC leaders realised they would have to save themselves. After doing the unthinkable and appointing a consultancy firm to give them insolvency advice, they talked to their banks to see if they could access their $250 million in debt facilities. Thankfully, that was approved, giving them a short reprieve. Yet, their hopes of a larger injection of external cash took another battering when online flight booker Webjet's plan to raise $250 million equity crashed on 26 March, after failing to find sub-underwriting support.

The executive team was now running on pure adrenaline, working seven days a week, living off Uber Eats and going home at 3 am to grab a couple of hours sleep. CFO Adam lost ten kilograms in six weeks through the stress and not eating. Down the hallway, leadership teams such as Global Finance were now set up in other rooms, and it wasn't unusual to see people sitting around in tears at midnight after an especially trying day.

By now, over 100 countries worldwide had instituted either full or partial lockdowns, affecting billions of people. Vultures started circling the travel industry to pick off the carcass. Adam remembers being called by head-hunters at this point, asking if he wanted to 'jump ship' to another organisation. 'No' was his perhaps surprising response.

As Melanie said, 'FC became its best self … in this horribleness'. People began communicating like never before, with the morning and afternoon Zoom calls a lifeline for overseas leaders isolated from head office. Joined by experts in insolvency and money-raising, and even a pandemic specialist, the executive team embarked on a crash course in survival, shooting decisions out like rapid-fire bullets.

Chair Gary Smith sat with the team every day, unheard-of behaviour for a non-executive. Company Secretary David Smith's dog Fred, a King Charles spaniel, also became a regular attendee. To lighten the mood, Skroo pushed a drinks trolley around the building each afternoon at 4 pm, pouring rosé into the coffee cups of anyone who wanted it. Everyone agreed that hearing that clinking down the corridor was one of the highlights in their frantic day.

Despite the MD's reassuring presence, cabin fever sometimes took over. Joell recalled, 'We started doing crazy stuff'. She distributed stupid hats, slotting a platinum plait wig on Skroo's head and making him wear it all day. To cheer people up, Skroo had been playing country and western songs on his iPhone, so when singer Kenny Rogers' death was announced, they all stopped and sang 'The Gambler' at the top of their lungs, and then went back to their individual crises. One of the more religious crewmembers even tried to convince her colleagues to watch a livestream church service. By that time, everyone was simply praying for a miracle.

Not passing the pub test—and copping the outrage

While the hunt for rescue funds and the slashing of costs continued in the war room, the consultants on the front line were copping the bullets from Joe Public. With many businesses forced to shut under the new lockdown restrictions, the economy went into freefall and Australia's unemployment for the second half of March jumped a staggering 1.4 million. With bills and mortgage payments mounting and no relief in sight, customers began demanding immediate refunds on their travel bookings.

The result was akin to a run on the banks. Thinking FC was going bust, thousands of clients inundated their agents with almost non-stop phone calls and lined up outside stores, wanting their money back. As Australian FC Retail Leader Kelly Spencer recalled, 'We had to refund a billion dollars in travel, which was basically like driving your car at 100 kilometres an hour down the highway in reverse'.

This put consultants in a difficult spot. FC usually provided instant refunds to customers, even though the suppliers might take up to three months to actually repay the money. The company now had to switch off this facility almost overnight so as not to run out of cash. Instead, they created a Central Refunds team who would handle client cancellations for every Australian shop. As team member Angela Wilson said, 'We received 60 000 submissions in our first few days'.

In most cases, FC simply didn't have people's money because it had been forwarded on to suppliers, many of whom were now actively delaying repayments. Qantas, for example, unilaterally converted all its cancelled bookings into future flight credits on 19 March. To make matters worse, because refunds were usually an infrequent occurrence, FC had no tech systems to help.

Mistakes were common. Treasurer Richard Humphreys received an urgent call from a consultant who had accidentally entered the booking reference number, 22000000, into the dollar field in the refund payment box. Twice. The result: 'We had processed two refunds of $22 million to customers. $44 million was about to go out of our cash-strapped bank account. Thank God one of our bankers managed to stop it!'

Manual errors were the least of their problems, however. Consultants were shocked at how quickly they became the clients' punching bag. As Customer Care's Kirsten Window remembers, 'We'd say, well look, we don't have your money; Turkish Airlines or Garuda or whoever's got your money. And they're not refunding it. And there was one woman who just went on and on at me, saying I hope you lose your job, you know you're going to lose your job. And I just said, "Well, you know what, Jenny? If it's the last thing I do before I lose my job, I'm going to squeeze your refund out of Alitalia"'.

As if beleaguered Flighties didn't have enough to handle, Australian FC leaders inadvertently added fuel to this fire when they decided to continue charging the standard $300 per person cancellation fee on all refunds. Internally, this made sense. FC's rationale was that they were just as much a COVID victim as everyone else. Lawyers, teachers and electricians didn't work for free, so why should travel agents, who were working hard on behalf of their clients to squeeze refunds from uncooperative suppliers?

This fee made perfect sense on the inside, but to the travelling public on the outside the company was recast from champions to villains practically overnight. Customers were outraged. FC may have always charged these processing fees, but before COVID, people generally cancelled due to personal reasons and travel insurance often covered the costs. In this instance, travellers were being charged a fee in a situation where the supplier, not the client, had cancelled services, so they felt the onus should not be on them to pay the penalty.

Irate clients began going to the media. In one widely reported case, a family of seven was told their $1600 refund of a Disneyland hotel would be obliterated by $2100 in FC cancellation fees. Customer Service leader Kim Caverswall remembers it like a slow-moving car crash. 'We didn't have a good grasp on how we were going to charge for our cancellations. We kept flip-flopping around, which frustrated our people and definitely frustrated our customers. At one stage, we had 4000 emails in our inbox and for every case we dealt with there'd be another ten pop in. Our response time pushed out to something like two months, but we weren't even meeting that because we were on the phones all day as well.'

With indignation spreading like wildfire, over 6000 customers complained to the ACCC, which began pressuring FC executives to show proof that they could justify the fee. Pressure ramped up even more when the investigative news show *A Current Affair* ran several negative stories about the furore. People started up Facebook groups threatening class action and bombarding management and board members with aggressive emails. The company even had to install a profanity filter for external emails after their number one customer from Aunt Betty (a FC-owned online travel agency) wrote, 'Fuck you rip-off dog c**ts—hope you die!'

There were physical threats too. When told he couldn't receive an immediate full refund, one customer and his adult daughter ripped a store apart, throwing brochures and chairs across the room, calling his consultant an 'effing dog' and threatening to hit her. Others threw hammers through shop windows and followed employees into public toilets to harass them. It got so heated that area leaders told consultants to call police straightaway if clients turned up with weapons, and organised counselling sessions for stressed-out individuals.

For consultants like Alice Fisher, the worst part of this whole ordeal was that the people behaving so horribly, including one who smeared a 'spite poo' over her store-front window, were long-term customers she'd been dealing with for years. 'I knew their kids' names, their birthdays, about their pets. And then suddenly they're threatening you with lawyers, with legal stuff. And you've also just lost three-quarters of your income, and you don't know how much longer you'll have a job.'

Kim remembers running into Skroo in the hallway and telling him that their stance on cancellation fees did not pass the pub test, even if they had a legal right to charge the fees. 'And he goes, "Oh, I don't think we need the money to survive. I think we need it in 12 months when we want people to come back".'

It was the first indication the company was changing its stance. A month later, after ongoing pressure, Australian MD James Kavanagh (known as JK) announced on public television that FC would no longer charge a cancellation fee and would refund it retrospectively to all passengers from 13 March.

'In hindsight, if we had made a faster decision to waive the cancellation fee, we could have avoided a lot of the pain that we went through', Kim said. 'But, remember, we were very close to the edge when it all began.' It's difficult to say now if this tactic was essential in FC's life or death struggle. The only certainty, however, is that the brand damage done to both stuck-on clients and frontline people would take some time to remedy.

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In the meantime, FC executives were still scrambling to find cash. Their first glimmer of hope appeared when Skroo began talking to Greg O'Hara, founder of private equity firm Certares, an investor in portfolio travel companies. They'd had a few chats over the years about various business ventures, but nothing had ever come of it. Greg now suggested that if FC needed cash, perhaps Certares could be their white knight.

The equity firm was prepared to invest \$500 million at a share price near \$7, giving the equity firm approximately 35 per cent of the company. For the founders and majority shareholders, whose shares would be massively diluted, it was a bitter pill to swallow. It would, however, give them a lifeline out of the crisis. As Skroo said, 'better to have 25 per cent of something than 100 per cent of nothing'.

It was far from a done deal, though. The ongoing cash burn remained one of Certares' and the broader market's key concerns. They told Skroo the offer was only on the table if FC could reduce global costs from \$240 million per month to around \$65 million, in the space of a few weeks. For a conventional business this would have been a herculean effort, but FC was unique in that it didn't own a lot of assets. Wages comprised well over half of the company's costs, and it was clear that for the company to continue, many of its 22 000 employees would have to go. For a man who revelled in 20-year plans, Skroo now had only one—survival.

On 26 March, the day after Australians were banned from going overseas, FC released its Coronavirus Response Plan. At the core, 6000 global employees would be stood down immediately.

In a statement to the ASX, Skroo outlined his reasons:

> *We are dealing with unprecedented restrictions and extraordinary circumstances that are having a significant impact on our customers, people, suppliers and all other stakeholders… these people that we are temporarily standing down are a valuable part of our company and, where possible, we aim to bring them back to work as soon as restrictions are lifted and as demand starts to increase.*[1]

The Australian leadership team, who started the cull with stiff drinks, were too devastated to watch JK's mass broadcast by video to thousands of employees. Openly upset, JK called it one of the toughest decisions of his 23-year career.

Tom Walley recalled video-conferencing his own people. 'We had a script that we had to get through. I remember I just cried my way through it; it was so horrible. Yes, and a big part of me… thought this was it for the company.'

He wasn't alone. Everyone had a nagging fear that the damage might be irreparable. FC Retail Leader Kelly Spencer summed up the dominant thinking when she asked what happens to a public company that runs out of cash. 'Do we go into liquidation? Do we get sold? Do we wind up?'

Skroo expressed similar thoughts. 'There was so much panic in the government at that time, there was no science behind anything, there was no logic, and we knew it could go on, as it did do, for some time. So, there was always in the back of our mind that we wouldn't survive it. Or if we did survive, it would be as a vastly different organisation.'

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FC was now well and truly grounded, by a crisis of a magnitude that Skroo and his leaders had never faced before. Yet it reminded the MD of something, a long-lost sense from when he started the business. He had no idea what to do then either, but his rabble-rousing crew had solved problems on the fly, as part of an innovative, tight-knit team. Though his global empire had moved away from its foundation of free-thinking, and morphed into something slightly more conventional, he now realised that to survive they would have to go back to their roots, back to where it all began.

Back to their rebel instinct.