

How to plan for a COVID-19 recovery

Mindful that in these everchanging times it is impossible to predict the future, as leaders, now is the time that we must look to see what we can do to anticipate it! We believe that it would be prudent for global companies to have a predictive mindset and be proactive in the decision-making processes so as to preserve continuity and build resilience. In the wake of so much uncertainty, we should focus on framing potential action plans mindful that further lockdowns may manifest.

Looking at what has been done to date, there has predominantly been a massive shift to remote work supported by videoconferencing, something that is likely to continue and possibly become the norm! Extrapolating, we can anticipate that the widespread adoption of virtual work will change the face of commercial travel, with impact on travelling (be it by air, rail or other) and accommodation. At-home consumption of goods and services will lead to structural changes in e-commerce, grocery shopping, and entertainment. And virtual access to critical services will create new ways of delivering health care and even education.

Preparation to win the battle must start now

The post-COVID world will come with its own unique set of obstacles and opportunities. Though the road ahead will be difficult, we know that it is possible to gain advantage and even market share during times of adversity. To get ahead, leaders need to be focused, realistic and driven in their preparations to restart. It is possible to get out in front of this rapidly changing and unpredictable situation and lay the groundwork for survival and indeed success.

With restart fast approaching, preparations need to start now. Most proactive companies will be actively at restarting and what it will look like for them: What can we do to safeguard our workers, our customers, and our workplaces? Are there any at-risk employees who need to be catered for differently? Do we have any critical services that we rely on third parties to deliver? (can they deliver those services?) How can we start working on the long-lead-time items such as PPE, cleaning supplies and equipment? What materials are coming from other affected parts of the world? What company policies (sick leave, home working etc) need reviewing and updating? These are just some of the questions that they will be thinking on.

As global companies tackle the ongoing and evolving situation, we have identified four priorities to be considered.

1. **Act now.** One of the adjustments companies have to make is to initiate or expand flexible work arrangements and other policies that allow people to work remotely and safely. Companies should look to reorganise or reallocate resources, to establish employee wellbeing programs and policies that support a safe working environment.

Companies should produce regular communications that align with current government and local health authorities' policies.

Where companies must have workers on site or in direct contact with customers, it is important to provide infection transmission protection measures including social distancing, multiple hand wash stations, appropriate PPE where needed, providing disinfectant wipes so that commonly used surfaces can be wiped down by employees. It may also be possible to rationalise the numbers of employees on site at any given time by splitting shifts. Even with all these measures, there will no doubt be businesses that will experience workforce challenges and disruptions.

2. Have a clear vision. Most businesses are likely to experience significant disruption to operations and will face business underperformance throughout the duration this COVID-19 crisis. There will likely be disruption to supply chains which in turn will affect production commitments. To help address these challenges, companies may want to:

- **Evaluate short-term liquidity.** Companies will want to instil a cash flow monitoring discipline. They will want to maintain strict discipline on working capital, collecting receivables and managing inventory build-up. Companies will need to review overall operating costs and consider slowing down or curtailing all non-essential expenses. Throughout this crisis, companies should maintain regular contact with suppliers to identify any manage potential risks.
- **Understand risks and respond quickly.** Companies will need to monitor direct cost escalations and their impact on overall product margins, intervening and renegotiating, where necessary. Companies need to be mindful of the pressures that may be impacting their customers, suppliers, contractors and other partners.
- **Evaluate alternative supply chain options.** Companies that source parts or materials from suppliers in areas significantly impacted by COVID-19 will want to look for alternatives. Companies should consider the initial disruption as well as post-crisis scenarios given the potential for demand spikes.

3. Rationalise to demand. Adapt to demand-focused capability and adjust your commercial efforts and your offering to what the customer needs now. Clear, transparent and timely communications are necessary when creating a platform to reshape the business and to secure ongoing support from all stakeholders.

- **Customers** - Companies will want to keep customers apprised of any impacts to product or service delivery. If contractual obligations cannot be met as a result of supplier or production disruption, it is important to maintain open lines of communication to revisit timelines or invoke "force

majeure” or “act of God” clauses. Such proactive action will help to mitigate punitive damages or liabilities associated with disrupted customer obligations.

- Employees - For employees, communications plans should try to find the balance between caution and maintaining a business-as-usual mindset.
- Suppliers - Companies need maintain regular contact with suppliers regarding their capability to deliver goods and services during the COVID-19 so that the company can consider alternative supply chain options in a timely manner. (Build agility into your supply chain)
- Creditors and investors - Companies will want to review terms and conditions on loan contracts to identify sensitive debts and avoid vital technical debt breaches.
- Government and regulators - When communicating with relevant stakeholders, companies should consult with their legal teams for advice on potential exposures.

4. Build enterprise resilience. Once the COVID-19 outbreak is controlled, companies should review and renew business continuity plans (BCP). They should assess how the existing BCPs worked and look to take ‘lessons learnt’. If there are deficiencies, companies must identify root causes. Companies should look to putting in place contingency plans to build solid resilience to be able to better respond to future crises.

Plan for recovery now, not later

The COVID-19 crisis was impossible to predict for conventional wisdom and forecasting had bracketed COVID along with SARS and MERS which had little or no effect on their businesses. Having said that there will be many lessons taken from this pandemic that proactive companies will learn from.

At this time, companies should be making decisions and taking positive actions with recovery in mind. Longer term, companies will need to consider how robust their business, management team and initiatives were in facing the crisis.

One of the biggest lesson’s companies will learn when planning for recovery is how closely their businesses relate to their customers fortunes! (something that they are unable to control).