Responding to COVID-19: Strategizing during periods of uncertainty

As we continue to respond to COVID-19, our global crisis framework can help you strategize during periods of uncertainty. As organizations move through the crisis response life cycle, we review ways you can set up your workforce strategy, digitize the customer experience and prepare for the right deals. Our goal is to help you manage your business and emerge stronger from this crisis.

Crisis response life cycle

While we’re seeing organizations transition from mobilize to stabilize, we understand it’s hard to move into the strategize phase. Organizations are uncertain about when and how they should stand down their crisis teams. It’s important to have structure around your response efforts and a strategy around which work streams you need to keep on top of to weather the storm.

Mobilize
- Health and safety
- Workforce and mobility
- Communication strategy
- Crisis management and business continuity

Stabilize
- Operations/supply chain
- Contracts/third parties
- Opportunities to transform
- Forecasting and liquidity

Strategize
- Mergers and acquisitions
- Cost transformation
- People strategy
- New business models
Getting fit for growth

To emerge stronger, organizations need to reduce costs while protecting the capabilities they need to win in the recovery. But this is easier said than done. Our Fit for Growth approach helps you make the right cost reductions while investing in areas that will help you win with customers.

The key is to have the information you need at your fingertips. Real-time, data-driven diagnostic tools can quickly pull data from ERP systems to assess business areas like people and organization, process optimization, automation, spend benchmarking and competitive analysis. This can help you make the most of your efforts to strategize for the future by looking at your workforce strategy, digitization of your customer experience and mergers and acquisitions.

Workforce strategy

What should you be thinking about as you transition back to business as usual? Organizations that have been forced to work remotely may face a more flexible work environment, while those that need people to physically come to work have to think very differently about shift planning and safety.

Consider the following questions as you strategize and plan your return to work:

01 Strategy and capabilities
   a. How has your environment and strategy changed in the near and long term?
   b. Do you know what capabilities your organization needs to support your revised strategy?

02 Workplace and environment
   a. How should your technology road map or real-estate strategy change?
   b. Should you continue with remote work in the future?

03 Automation and sources of talent
   a. Do you need to upskill your teams on new ways of working?
   b. Are there areas you should automate?
   c. Will your use of contract labour change?

04 Employee experience and safety
   a. How will you address physical and psychological safety?

05 Measure and improve
   a. How will you know how you’re progressing?
Digitization of the customer experience

How can organizations address digital experiences now that it has become a primary channel? It’s important to make digital channels frictionless and drive business through this new normal. Through thoughtful design, you can increase revenue, reduce cost and improve customer loyalty and lifetime value.

Do you have a digital presence?

If you have a digital presence, optimize your experience to increase customer acquisition and find new customers to grow market share.

If you don’t have a digital presence, the key is to get something up fast. It doesn’t need to be perfect, as you can improve on it later.

Mergers and acquisitions

Buying

It's important to focus on speed, insight, tactics and closing certainty when acquiring in a distressed environment.

01 Speed
  a. Streamlined internal approval processes
  b. Cross-compentency teams, including external advisors and restructuring experts
  c. Accelerated diligence focused on key risks and assumptions

02 Deeper insight
  a. Market intelligence to identify opportunities early
  b. Turnaround, value creation and industry expertise
  c. Data analytics and third-party data sources

03 Tactical advantages
  a. Acquiring “fulcrum securities” in advance of restructuring
  b. Providing debtor-in-possession financing
  c. Acting as a stalking-horse buyer
  d. Using restructuring expertise to get the right tax structures and mitigate risk

04 Closing certainty
  a. No financing conditions
  b. Minimal or no “confirmatory” due diligence or closing conditions
  c. Offer structure and deal terms appropriate for a restructuring transaction

Selling

In times of distress, speed is of the utmost importance, as things rarely get better as a result of a long process.

01 Don’t procrastinate: Maximize your runway.

02 Keep your options open for as long as possible.

03 Make it easy for the buyer: Have a value-creation and synergy plan supported by data.

04 Maximize upfront preparation to minimize time in the market. Move quickly.

05 Have a management incentive and retention plan to ensure alignment of interests.

06 Make sure you have a communication plan for all key stakeholders.

07 Approach the right buyers: Make sure they have the willingness and capacity to transact.