

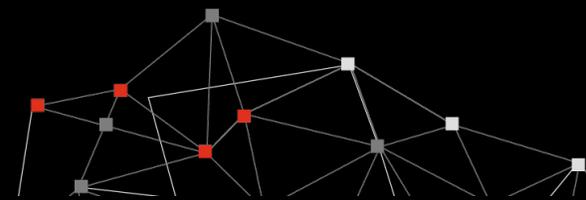
Beyond COVID-19

Reshape your business for growth

Shifting business and cost structures



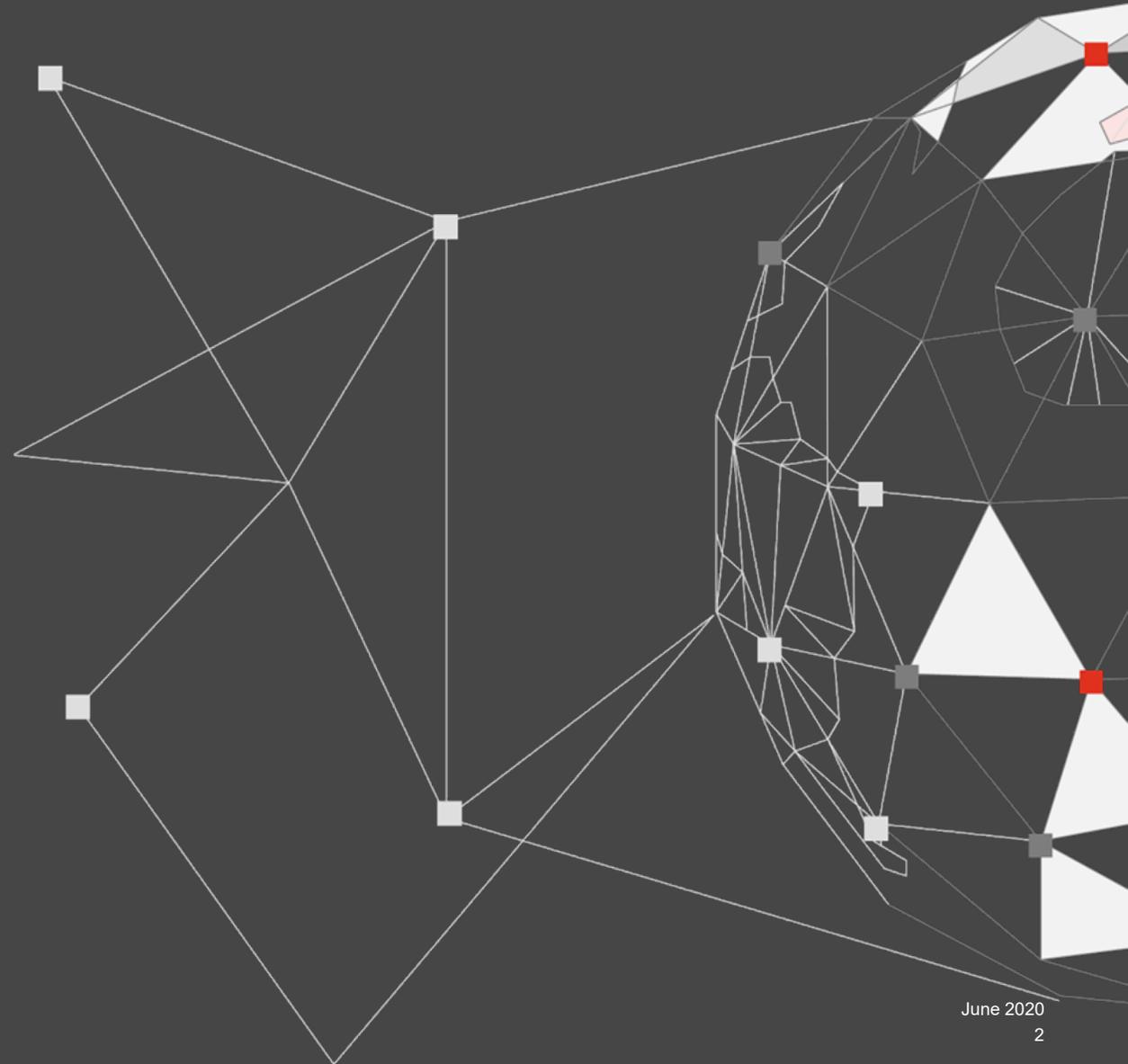
strategy&
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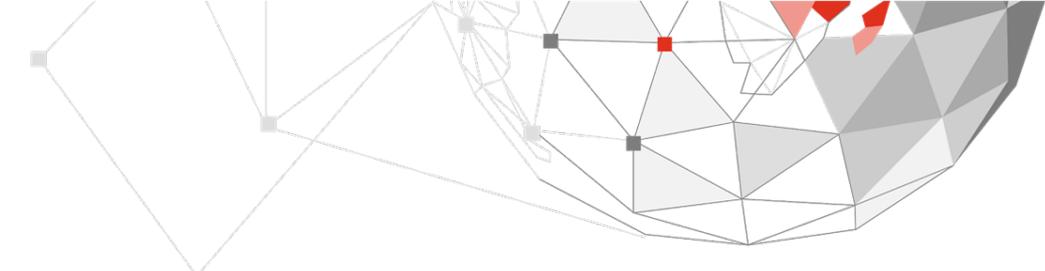


Redesign business and cost structure for more enduring strength and agility

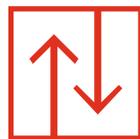
This crisis has upset past beliefs and models of costs. Costs that were once fixed in the minds of business leaders have become more variable (think office space) while capabilities that might have been differentiators in the past are now acceptable minimum offerings (automation and collaboration technologies).

As Vietnam settles into this new normal of “business as usual”, leaders must continue to balance between cutting costs in a way that doesn’t harm the business while redirecting costs to the drivers of growth. In order to prepare for future shocks, it is timely to revisit strategic priorities, look for what is different in the value chain and bring your people with you into the new way of operating.





Some lessons from past crises are helpful, but those playbooks should be refined for a dynamic situation specific to this pandemic.



Long-term shifts in consumer preferences: People expect greater options with digital experiences, so expectations around face-to-face contact will fundamentally change.



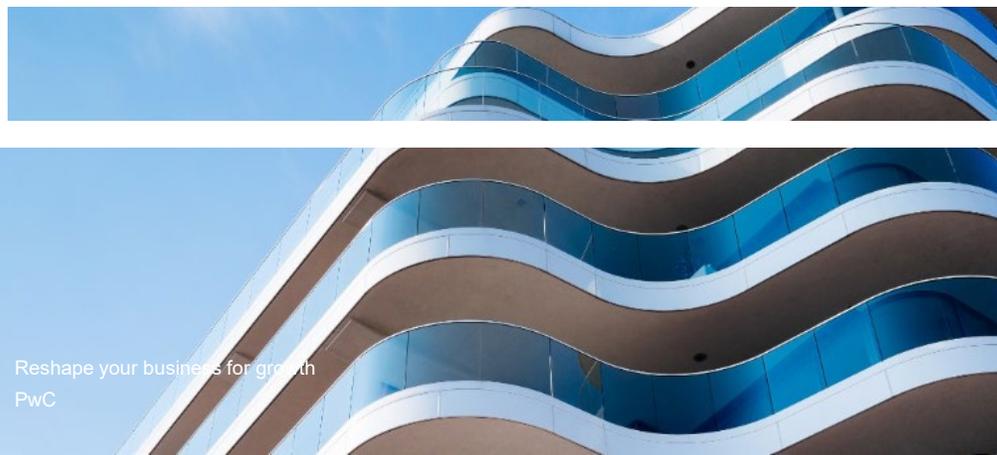
A more volatile and ambiguous business environment: Business leaders are investing as a way to withstand strong external forces and quickly recover from setbacks. They're committing to dynamic strategies that can help them become more resilient.



A shift in the nature of work: Employers are moving from fixed and predictable workforce models to more flexible, virtual and diversified models that support autonomy, flexibility and adaptability.



Erosion of trust in business: Company investments to protect health and safety, support business resilience and help secure data privacy may become competitive differentiators.



Three key actions to take now

that can help your business emerge fit for growth from this crisis



1

Revisit strategic
priorities

Redirect costs to the right growth drivers

First, answer some simple questions about strategy:

01

How has your market changed? What's happened to your customers, suppliers and competitors? What market trends or disruptors have accelerated?

02

What value propositions look promising in a post-COVID-19 world?

03

Can you articulate the few things your organisation needs to do better than anyone else in order to meet those value propositions? What will your competitive advantage be?

04

Are you investing enough in those few things? Where do you need to spend less so you have the funds to redirect costs to value-creating differentiation?

These questions should help you quickly frame your few must-haves — the handful of capabilities that differentiate your company in the market. **Doubling down in these areas helps ensure that no matter what the outcome**, your business has the right muscles to emerge stronger.

Begin to shape the future organisation: Case studies on how COVID-19 has accelerated the structural trends

Global food and beverage giant

Before

Balance physical and online commerce. Customers prefer a combination of in-store and online experiences.



What changed

- Buying behaviors shifted to more and higher-touch online interactions
- Less value for fixed costs in real estate



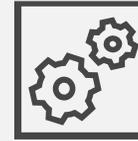
What they're doing

Shifting the value chain to support online business models, including faster direct-to-consumer distribution and virtual sales and marketing models.

Global industrial supplier

Before

Focus on efficiency with fixed manufacturing, supply chain and logistics. Maximise scale to achieve lower costs



What changed

- The need to optimise flexibility, resilience and scale
- Misaligned supply and demand caused a greater need for end-to-end visibility in the supply chain



What they're doing

Moving to distributed operations clusters, increasing focus on robotic-enabled manufacturing and logistics tools, and protecting the digital operations core, which is increasingly a table-stakes capability.

Financial services leader

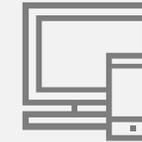
Before

Focus on high-touch, in-person customer service and a tailored, localised footprint



What changed

- Customers' expectations shifted to personalised and on-demand virtual services
- More willingness to share personal data, but higher demands for trust and security



What they're doing

Reshaping service models across customer segments, shifting to multi-country, low-cost virtual service hubs, and doubling investments in data security.

2

Look for what's
different across the
value chain to reset
your cost structure

Combine steps to get lean, so that it's possible to reinvest and grow

Work together to identify what's changed for good and how the business should respond. Leaders will need to solve the immediate problems, while keeping the ever-changing future in mind.

Actions in both the short and medium term will be a combination of “no-regrets” moves (low-risk moves that help in any scenario) and “strategic bets” that are high-reward moves in the scenario on which you're placing your bets.

Commercial: Coupled with digital acceleration, demand shifts have significant potential to change the competitive landscape

Research, development, sales and marketing, and mergers and acquisitions

After the financial crisis of 2008, consumers' perceptions of brands changed and drove permanent demand shifts toward lower-priced brands. At the same time, the perceived value of online channels increased.

What will this crisis bring? Anticipate demand shifts and envision the type of organisation you need to take advantage of them. Coupled with digital acceleration, demand shifts have significant potential to change the competitive landscape.

Actions to take (examples)



No regrets

- Shift marketing spend to channels gaining demand
- Prune low-return products, Stock keeping unit (SKUs) and customers
- Rebalance product and services portfolios — for example, accelerate innovation to support rapid rationalisation and substitution strategies



Strategic bets

- Cut complexity (e.g., service tiers) and tie innovation to new demand patterns
- Divest products and portfolios not fit for the future and fill capability gaps with opportunistic M&A
- Reset salesforce and customer engagement capabilities
- Accelerate integration of legacy and new business models (e.g., traditional vs. ecommerce, product vs. service, face-to-face vs. virtual)

Operations: Supply shocks have shifted the focus from efficiency to resilience and agility

Supply management, manufacturing, warehousing, transportation, service operations and customer service

The experience is forcing decisions about the long-term trade-offs of the cost-efficient, consolidated supply chains companies are used to running, when what they may need going forward is a more diverse and resilient supply base. In some industries, demand cratered almost overnight, leaving the viability of suppliers at risk. Faced with constrained or disrupted supply, many companies started paying premiums.

In service industries, such as Financial Services, work has moved from headquarters or processing centres to employees' homes. This change exposes companies with a high dependency on manual processes and/or physical documents, and potentially leaves them looking to catch up to rivals that have already digitised and automated their work.

Actions to take (examples)



No regrets

- Accelerate automation for service operations
- Support the viability of a few critical suppliers or providers
- Understand structural supply risk from shocks and improve resiliency or diversification (a small, but meaningful shift of paying more for less risk)
- Increase transparency to supply and operations performance to adjust quickly (e.g., through advanced tracking and decision-support tools)



Strategic bets

- Develop flexible supply, production and logistics networks
- Rethink complexity while the product mix is changed and adjust specifications from both supply and demand
- Develop capacity in new regions and support resiliency from a global supply base
- Invest in customer service digitisation

Enabling and compliance: Leaders are more clear on what truly matters to business performance and how they can best deliver it

IT, finance, human resources, legal, risk, compliance and procurement

A period of mandatory working from home has raised new questions about functional transformation. Departmental leaders focused their efforts on truly critical work and deferred nice-to-haves. Decisions that may have taken weeks in the past happened quickly. At the same time, leaders saw weaknesses in areas where they lacked automation and digital capabilities.

Confidence in remote work has increased too, which leads to another question: What are the benefits of assessing workforce, location and real-estate strategies all at once? The answers concern the size of big, corporate headquarters and campuses, their locations, their mix of talent and their ways of working — basically, everything to do with the office of the future for your enterprise.

Actions to take (examples)



No regrets

- Eliminate low-value work that was paused
- Replace manual tasks with automation
- Close gaps in security standards, IT infrastructure and collaboration tools for a remote workforce
- Evaluate third-party spend



Strategic bets

- Invest in end-to-end process improvement and digitisation
- Re-evaluate real estate occupancy for remote work
- Evaluate multi-country service delivery models, including diversity of supply both nearshore and offshore
- Reduce customisation to enable better interchangeable resources

Across the value chain: Review the potential of new workforce configurations

Workforce

Across the world, businesses are working with governments to help keep more people employed and accelerate business recovery.

The scale of this crisis requires CEOs to balance people's safety, well-being, engagement and productivity at work — even if the reality means your company may eventually need new workforce configurations, such as a changed mix of full- and part-time employees, plus more contingent or gig platform workers. CEOs will need leaders who can embrace the paradoxes of cost pressures, fears of automation, and the need to inspire and lead a diverse talent mix into the future.

Actions to take (examples)



No regrets

- Design total reward and benefit mix based on new needs
- Redeploy underutilized staff to newly high-demand areas
- Consider temporary furloughs, sabbaticals and reduced schedules before permanent layoffs
- Digitally upskill employees to work in new ways and with more remote interactions



Strategic bets

- Increase the mix of flexible talent based on new technologies, sourcing models or location strategies
- Update talent management and leadership development to incorporate new roles and competencies that embrace the digital world

3

Bring your people
with you into the new
way of operating

Lead with purpose toward a future where your company stays fit for growth

In the crisis, you saw people rally in real time. Leaders should take action to isolate the few behaviours you want to promote and sustain — ones that have allowed your teams to solve problems quickly — then build them into your new way of operating and promote them religiously, so that you can keep the level of energy and effort you'll need.

Changed behaviours resulting from the crisis include many examples, but here are a few standouts:

- Give teams autonomy to solve problems
- Collaborate across the normal boundaries of hierarchies and functions
- Show empathy, express gratitude and place value on learning
- Take accountability for decisions and raise the tolerance for imperfection

People believe in a positive future and want to actively contribute to it, yet it's important to acknowledge that there's no going back to what was.

Here are some steps to lead with purpose

01

Set the expectation that the future is unknown and fluid

02

Help people adapt quickly and confidently to what's likely going to be frequent transitions

03

Provide more opportunities for people to problem-solve with you

04

Serve in new ways that help make them more resilient to future change

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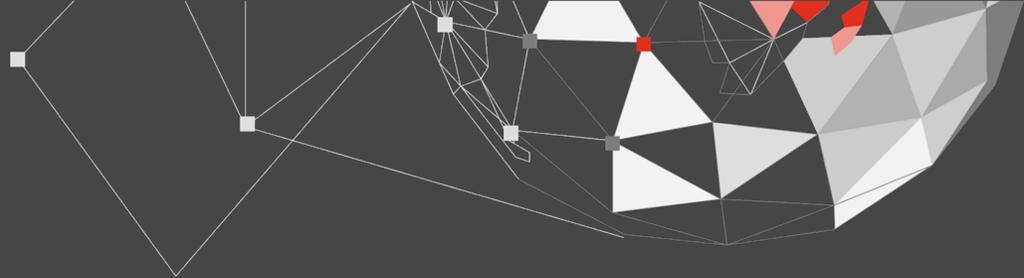
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