

# Emerging stronger in a post-COVID-19 world

The post-COVID-19 world presents significant opportunities for organisations ready to capture them. Those who rise to the top in this new economy will not only rapidly restart operations and recover performance, but also use the opportunity to reposition their business and transform operations, enabling them to identify and convert new opportunities. To achieve these goals, organisations should establish a dedicated Transition Team, reporting to the CEO and applying a fast-paced and highly agile approach.

COVID-19 has shaken the world, affecting us all in deep and profound ways that we will endure well beyond lockdown.

Many organisations have managed to successfully navigate the new reality – rapidly adapting supply chain and production systems, scaling operations up and/or down, managing newly remote workforces and continually planning for tomorrow based on the new developments of today.

As lockdowns gradually loosen and organisations look to ramp-up and/or restart operations, they will need to carefully consider lessons learnt in the past and convert them into practical and sustained changes in operations to drive future success.

## The road ahead

The coming weeks and months are crucial for organisations and entire industries. They must not only reopen operations but also adapt to a new and evolving reality. The reality will be unique to their industry and context, requiring an agile approach and mindset.

Organisations that do this well will manage short-term performance better, gain an edge over their competition and capture any opportunities that present themselves. To achieve this, organisations should consider a three-step transition plan.

## Three-step transition plan

### 1. Restart operations

#### *Adjusting to the new reality*

The immediate priority for most is to generate cash flow and stabilise operations in a way that is safe for the organisation and its people.

### 2. Rebuild performance

#### *Adjusting operating model and cost structure*

Once operations have recommenced, organisations need to rapidly rebuild performance and drive savings in cost and capital spend, while institutionalising new ways of working.

### 3. Reposition the organisation

#### *Transforming operations and capturing opportunities*

Now that immediate concerns are addressed, organisations should leverage the momentum and urgency built in earlier phases to drive change and set up for long-term success. There is an opportunity to capture ground, but only if you move quickly.



Deploy the **Transition Team** to develop and execute the three steps, and align and drive action through the organisation

The pace of transition will be rapid and is likely to exceed what many teams are accustomed to. A dedicated Transition Team can help counter this by focussing on coordinating and driving action. The Transition Team is responsible for designing a comprehensive, yet highly prioritised action plan, aligning the Executive Team and communicating the plan with the broader organisation.

With the action plan in place, the Transition Team should work relentlessly to drive implementation and performance across the organisation through a weekly cadence safeguarding operations restart, ensuring high performance and setting the organisation up for long-term success.

## 1. Restart operations – adjusting to the new reality

*The immediate priority for most organisations is to generate cash flows and stabilise operations, in a way that is safe for the organisation and its people.*

### Get the right operations off the ground safely

At a time of heightened consciousness around the socioeconomic role of work and organisation, unexpected reversals to re-opens and upscaling add complexity and confusion for employees, investors, markets, customers and other stakeholders. As such, organisations should be cautious around how they open to minimise the risk of reversing course and/or re-shutting.

In sites tactically chosen to reopen, organisations should start with the minimum viable onsite workforce to minimise COVID-19 exposure and transmission risk. A thorough plan should be in place that explicitly outlines what happens if there is another outbreak in the region/city/work location. Site managers should leverage the Transition Team to help assess needs versus the risk of bringing each role or team back to site. All risks should be fully understood and have thorough and considered mitigation plans in place.

Once the decision is made to bring a role or team back to site, mitigation plans must be consistently and methodically managed to minimise residual risk. This process should also include continuous review and adjustment of standard operating procedures to reflect and adapt to ever-changing COVID-19 safety policies.

### Connect with stakeholders

For teams, returning to work — whether physically or remotely — is likely to prompt a wide range of reactions. Anxiety will likely be a key theme, especially in businesses that are struggling.

Leaders should connect now, often and in different ways with their workforce. Be transparent, foster dialogue and demonstrate empathy.

Equally, suppliers and other stakeholders want reassurance that the company is operating safely and sustainably. Invest in a communication plan, and keep messages simple and consistent.

### Reconnect with your commercial partners and rapidly understand their needs

Organisations will need to quickly identify and reconnect with key customers – understanding that your customers' organisation and needs are likely to have changed. Establishing open lines of communication and investing in partnerships with valuable, long-standing customers is critical to understanding their needs and reassessing corresponding sales strategies.

Given the situation is continuously changing, organisations need to:

- Increase agility in the sales force. Refreshing market strategies and customer plans every six months no longer work; organisations must analyse and adapt faster to capture opportunities.
- Leverage tactical pricing adjustments and discounts to regain volume and revenue quickly.
- Seek out new customers with high demand that are not currently well-served by competitors.

Work closely with operations to respond to the constantly changing environment. We believe there are significant opportunities to leverage learnings from COVID-19-related remote working to restructure the sales interaction model — gearing up on remote sales contact to increase touchpoints.



### Adjust your management system to the new reality

Many organisations have recently learnt they can manage their full meeting cascade remotely. Having a clear virtual meeting cascade and digital KPI dashboards that make performance transparent and accessible enables teams to have powerful conversations and drive performance remotely. If not already in place, organisations should work to rapidly develop and deploy them, which can be done within a matter of weeks.

The world and organisation will continue to evolve. Do not wait to develop a comprehensive plan – stay agile, start operating and continuously improve.

### Take action in sourcing

Whether reopening the plant gates or continuing to ramp back up, organisations need to quickly identify their most critical supplies and suppliers and prioritise security, reliability and flexibility.

Reconnect with suppliers and ensure they have the operational capacity and resilience to supply. Develop alternative supply options where the risk is high. Assess your critical obligations under ongoing supply agreements and seek additional flexibility to deviate where required.

Non-core commodity-like supplies with low switching costs now present the most rapid form of cost savings available to many organisations. Negotiate and switch aggressively to drive cash savings.



## 2. Rebuild the right performance – adjusting the operating model and cost structure

*Once operations have recommenced, organisations need to rapidly rebuild performance and drive savings in cost and capital spend, while institutionalising new ways of working.*

### Redefine priorities and pursue them relentlessly

As the dust settles, a critical next-step for your organisation is to redefine operational priorities and establish a laser-like focus on them across the organisation.

The budget is probably no longer realistic, priorities are likely to have shifted, and rapid action is required. Identify the handful of KPIs that are the most important to regain performance and establish ambitious, yet realistic targets for the organisation with a short-term time horizon (2-3 months). Cascade and share these KPIs across the organisation to ensure everyone is pulling in the same direction. Ensure meetings remain action-oriented and focus on achieving these KPIs.

### Drive rapid cost savings

At this point, many companies are facing challenging financial situations and are rapidly burning through cash reserves. As companies seek to resume and stabilise their operations, managers should assess the situation and take action. Long-term forecasts are still highly uncertain at this point. Rather than awaiting perfect data, act on information available now.

Consider negotiations with your large non-critical suppliers, rapid sourcing actions on the ‘long-tail’ of smaller suppliers and revision of contractor agreements, as well as targeted reductions in support functions.

### Right-size capital portfolio

As a reactionary measure, many organisations suspended a large share of capital projects. Before resuming operations, companies need to decide which capital projects to reinstate.

Organisations will want to develop a perspective on the medium-to-long-term project portfolio. We suggest reviewing the capital budget, mapping and prioritising upcoming projects and identifying projects to be considered for revision or right-sizing.

Substantial cost reduction opportunities can be captured by applying a structured, workshop-driven approach, addressing project scope and scale, material and contractor spend and project schedule.

### Institutionalise new ways of working

The sudden and necessary adoption of remote work has, in many cases, shown surprising benefits and demonstrated the power of digital. Rather than reverting to the ‘old normal’, companies should identify what works well and institutionalise these practises to lock-in benefits.

For example, a broad institutionalisation of video conferencing with large sales accounts can free up a large share of a salesperson's day – generating opportunities to reduce sales costs, increase touchpoints with customers and ultimately a revision of your sales strategy.

### 3. Reposition the organisation – transforming operations and capturing new opportunities

*Now that the immediate concerns are addressed, organisations should leverage the momentum and sense of urgency built in earlier phases to drive change and set up the organisation for long-term success. There is an opportunity to capture ground, but only if you move quickly.*

#### Execute the big changes to your operating model

This is the time to drive big changes as organisations now have the momentum and environment that allows them to do what would otherwise be more difficult or controversial.

As organisations gain clarity (albeit with remaining uncertainty) and based on new supply and demand projections, they should consider strategic changes to production systems, geographical footprint and people strategy. Given the lingering uncertainty, option value should be optimised where possible e.g. placing an asset in care and maintenance rather than disposing of it.

The Transition Team should work with managers to take decisive action on initiatives they want to implement as changes will be more difficult to implement as things

return to 'business as usual'.

#### Launch a comprehensive performance transformation

Organisations that fail to transform in the next 12-18 months are missing the opportunity to create a competitive edge. To align with the new reality, companies will need to simultaneously address operational and organisational levers across functions and divisions.

Further, the change in the competitive landscape has created challenges as well as opportunities. Well-prepared companies can benefit by gaining market share and exploring M&A opportunities.

In our experience, a well-structured transformation, owned and led by



the organisation, can generate substantial and lasting value – most of which can be locked-in within the first 12 months.

## Conclusion

As parts of the world begin to gradually reopen/ramp back up, organisations will have to act rapidly and decisively to resume operations and rebuild performance. Organisations should leverage this situation to strategically reposition themselves and transform the organisation – turning the challenge into an opportunity for long-term value creation.

To do this well, organisations may find it helpful to establish a Transition Team to develop, coordinate and execute our fast-paced three-step programme, working closely with the c-suite and enabling leadership to align and drive radical change throughout the organisation.



**Wim Walpot**

Wim is a Partner experienced in leading large-scale transformation programmes.



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