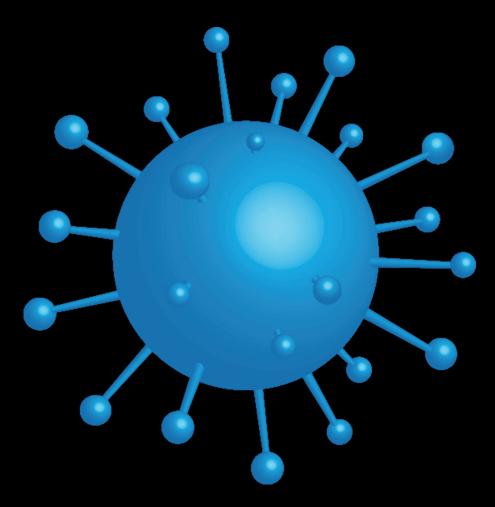
# Deloitte.

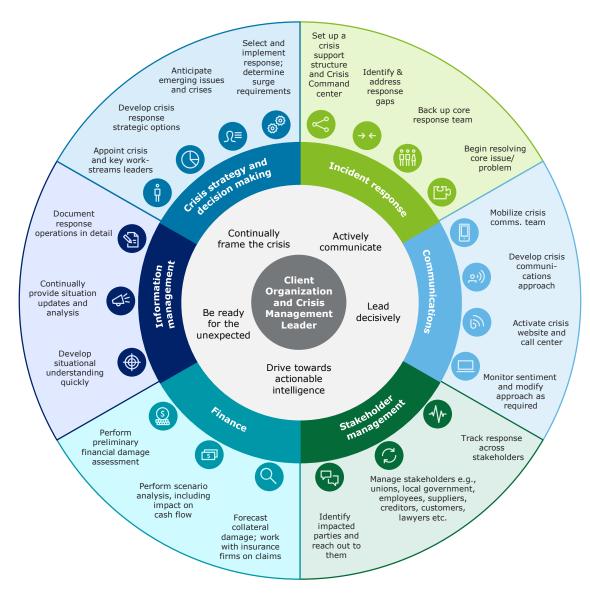


### From crisis to recovery

Understanding and managing a "new normal"

Peter Dent March 2020

### Holistic Crisis Response Strategy



### Leading organizations in a crisis take specific actions across these three dimensions

Priorities ——	Time Frame			Accountability
	RESPOND	RECOVER	THRIVE	
	Prepare/Manage Continuity	Learn and Emerge Stronger	Prepare for the Next Normal	]
Command Centre	<ul> <li>Institute crisis and resilience planning</li> <li>Nominate task force leadership team (and back-up)</li> <li>Activate and empower COVID-19 Command Centre</li> <li>Itemize organizational vulnerabilities by impact and value</li> <li>Develop and launch Communications Plan and Strategy</li> <li>Activate and communicate Pandemic Preparedness strategy</li> <li>Scenario plan to determine decisions to make today or defer</li> </ul>	Activate recovery contingency plan if required     Reflect on lessons learned and rebuild with resilience     Formalize and update crisis and resilience playbook     Embed relevant Command Centre protocols into BAU	Institute crisis and resilience planning as BAU     Update crisis playbook to reflect COVID-19 lessons learned     Organizational design for resilience and flexibility     Regularly refresh vulnerabilities assessment	CEO
Talent & Strategy	Optimize corporate HR policy – leave, travel, global mobility     Review employment contracts for potential issues     Implement and monitor safe/flexible working arrangements     Prioritize strategic choices and investments	<ul> <li>Reimagine talent strategy and operating model</li> <li>Adopt "above-the-bar" regulatory/governance protocols</li> <li>Manage rapid employee return and ramp-up (future state)</li> <li>Execute on strategic growth, partner and M&amp;A ambitions</li> </ul>	Rework employment arrangements to reflect next normal     Employee education and training in crisis and resilience     Consider shape of business models and ecosystems of the future     Build scenario thinking/sensing into strategic decision-making	CEO with CHRO, CSO
Business Continuity & Financing	Ensure actions uphold Responsible Business principles Implement cash conservation and recovery actions Evaluate working capital and liquidity requirements Rapid working capital optimization and credit solutions Control discretionary operating costs and capex Negotiate more flexible financing terms with lenders Communicate with other key financial stakeholders Understand impacts on contractual obligations (e.g., loss quantification, force majeure) Gather documentation for contract negotiations and claims Implement cash tax strategies/leverage government incentives	Initiate claims and contract dispute resolution     Ramp-up to normalized financial reporting     Ensure internal audit resources reallocated based on risk     Right size and operating model of support function (e.g., fixed vs variable resources; manpower vs technology)     Implement equity raising and low-cost debt refinancing     Exit of non-core and under-performing assets	Maintain robust financial forecasts and scenario planning     Stress test corporate model and capital structure     Build resilience into operations and financing	CFO, COO CRO, GC CTO
Supply Chain	Identify supply chain risks and potential disruptions     Develop contingency plans for operational disruption     Understand demand and supply side shocks and develop inventory strategies to buffer volatility and risk	Establish multi-tier supplier network visibility to risks     Collaborate with customers and suppliers to synchronize operations to priorities within constraints     Manage inventory and cash flow through agile execution	Establish control towers to predict, sense and prescribe risk responses     Restructure supply chain to improve resilience     Implement Industry 4.0 and Digital Supply Network (DSN) solutions to improve end-to-end visibility, synchronization, optimization, and agility	соо, GC СТО
Customer Engagement	Engage with key customers to support business continuity     Reinforce loyalty by protecting and rewarding customers     Secure commercial and financial support from customers     Develop communication strategy with front line employees	Review orders vs commitments and inventory     Use advanced technology in customer communications     Reset receivables cycle and collections process and KPIs	Establish open communication channels with customers     Evaluate capacity/incentives to provide financial support     Develop contingency plans for financial disruption     Reimagine the operational model to strengthen customer engagement	смо
Digital Capabilities	Assess and address systems and cyber vulnerabilities     Enable data-driven insights and situational awareness     Develop real-time sensing/red flag reporting dashboard	Update digital properties to synch with availability     Design digitally-enabled flexible work arrangement     Optimize e-commerce and customer/channel strategy	Implement digitally-enabled future of work including for business processes and back-office functions     Reflect on lesson learned and share best practices	CMO, CIO CFO, CHRO GC, CTO

### ...while leveraging the learnings of those experiencing the same crisis conditions

Command Centre

#### Command Centre stand up to centralize communication and decision-making

For Auto manufacturers grappling with the move to electric and reduced demand from China, COVID-19 has come as an unwelcome shock. Disruption of lean supply chains had an immediate impact, halting production in some cases, and the fear of financial stress and potential failure of smaller suppliers is causing alarm across the industry. In early February, one major OEM turned to Deloitte for support in addressing these concerns. We stood up a Command Centre and are now working through the issues and providing targeted support where required to help maintain production and balance supply in response to more volatile market demand.

**COMMAND CENTRE, AUTO SECTOR, EMEA** 

Talent & Strategy

#### Training support for a smooth transition to remote work arrangement

For many Chinese enterprises, remote work has become the only option to resume work during the epidemic. A large state-owned bank sought support from Deloitte to help their employees quickly adapt to the remote work arrangement. Deloitte developed and delivered a series of training courses which were tailored to different target groups – employee, management team, and HR. The courses covered key operational aspects including business development, work management, customer management, team management, and HR policies. Deloitte's training support helped ensure a smooth transition to remote work arrangement and maintain productivity at all levels.

**TALENT & STRATEGY, FINANCIAL SERVICES, CHINA** 

Business Continuity & Financing

#### Managing financial stability to support business continuity through uncertainty

In February, a leading green energy supplier—an audit client based in the PRC and listed in Hong Kong—engaged Deloitte to provide working capital and debt restructuring advisory services. The client was seeking to obtain waiver and amendment consent from lenders on the possible material uncertainty on going concern. In addition to assessing the company's financial position and debt servicing ability, Deloitte also formulated their communication strategy to increase transparency to lenders and obtain their consent.

**BUSINESS CONTINUITY & FINANCING, CHINA** 

Supply Chain



#### Leading supply chain assessment and innovation to prepare for disruption

A major retailer with a high degree of vendor concentration in China was concerned about the potential for a prolonged supply chain disruption. They turned to Deloitte to assist them with developing a real-time pandemic preparedness strategy. This included structuring a global "command and control" structure, communication framework and tools. Deloitte is helping stress test the business continuity plans globally, identifying gaps and potential vulnerabilities in the supply chain, and developing contingency plans. We are also deploying cognitive sensing technology to get an early indication of changing trends and to create situational awareness to support fast executive decision-making as events unfold.

SUPPLY CHAIN, CONSUMER RETAIL, US

Customer Engagement

#### Framing crisis communication strategies to reinforce brand image

A multinational financial services company with operations across China wanted to further formalize their approach to Crisis Communications with stakeholders. They spoke to Deloitte to better understand the typical frameworks that can be used. We were able to take them through our five step Crisis Communications framework, and then perform a gap analysis of their current practice to this. This has enabled the client and Deloitte to work together to rapidly enhance the clients approach to communicating with stakeholders at this important time.

CUSTOMER ENGAGMENT, FINANCIAL SERVICES, CHINA

Digital Capabilities

#### Conducting Cognitive Sensing to detect COVID-19 operational and reputational risks

A state government agency was interested in proactively monitoring COVID-19 outbreaks in near real-time to enhance their ability protect and safeguard their citizens. They engaged Deloitte to enhance their resiliency and crisis response program, including augmenting their sensing capabilities. Deloitte configured their cognitive risk sensing dashboard to provide locational intelligence on emerging COVID-19 outbreaks in near real-time to help the government agency detect disruptions that could impact their citizens' safety and security, as well as their trust in the state's ability to handle the crisis.

**DIGITAL CAPABILITY, STATE GOVERNMENT, US** 

## Deloitte.

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