SPP

Transforming out of a crisis

into a better future

Phil Noble and Clara Yates, **December 2020**

Thoughts for now and tomorrow

Organisations are facing significant challenges, both now and also into the future, as a result of COVID-19. We offer some thoughts on the things that organisations can be doing to respond to these challenges. We also offer some ways to think about positioning your organisation for a sustainable recovery.
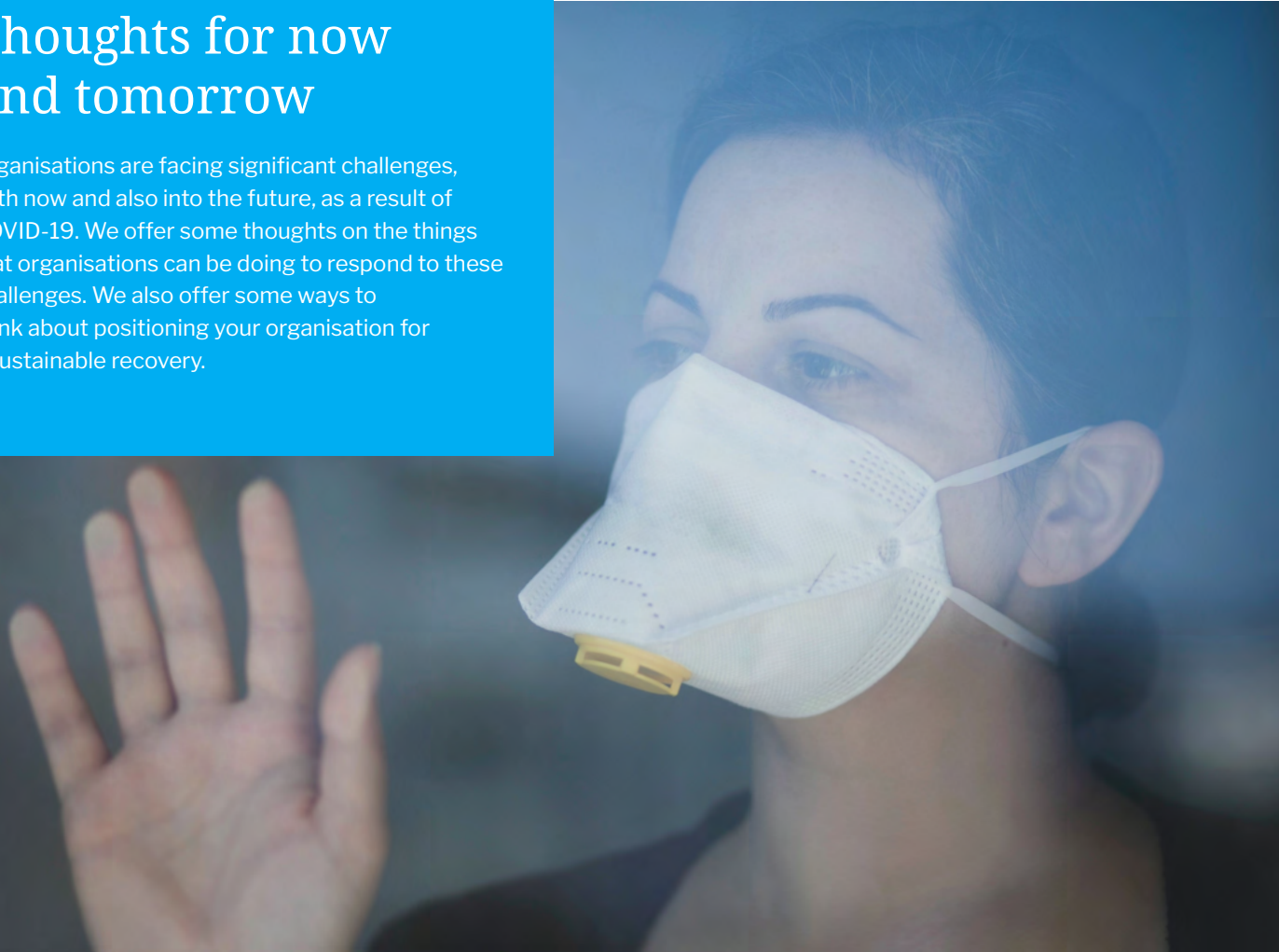
The Covid-19 crisis drives a multitude of challenges.

Organisations are facing a range of immediate concerns, including impacts on current working arrangements, volatile changes in customer demand, disruption to the supply chain, financial instability, and significant mental health issues. On top of that – there are also a range of longer term considerations that organisations must start putting their minds to. These include changes in product, service and channel preferences, longer term changes to working arrangements, a stronger drive for diversification, and even changes in international frameworks for cooperation.

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The exhibit below summarises some of these challenges.

Challenges

Now

...and into the future

Impact on working arrangements

- Office closures
- Remote working and changes required
- Staff sickness and OH&S issues

Changing product, service and channel preferences

- Preference for locally made products
- Ongoing/more permanent shift towards digital channels
- Shift towards in-home services

Reduced and/or volatile customer demand

- Lower discretionary spend due to higher unemployment and economic uncertainty
- Social distancing measures driving reduced activity
- Store shutdowns/general retail lockdown

Changes in ways of working

- Demand for partial continuation of flexible working arrangements
- Understanding and adaptation of online working and re-embracing f2f connection

Supply chain disruption

- Transportation restrictions
- Factory shutdowns/disruptions
- Ongoing cleanliness/cleaning challenges

Greater drive for diversification

- in markets such as Education that are reliant on international students
- in markets such as travel and leisure that may re-focus on local markets

Financial instability

- Lower market yields on investments
- Greater focus on cash reserves
- Reduced EBIDTA/Earnings driving lower investment into core business

Re-focus on health, welfare and family

- Broader societal focus back to basics
- Increased appreciation of healthcare system and healthy living

Significant Physical and Mental Health Challenges

- Physical –infection and physical challenge
- Mental – due to working from home over long periods of time and isolation, as well as general anxiety

Greater international co-operation and readiness and potentially, greater controls

- Awareness that co-operation is needed across borders for health-related issues
- Greater focus on data and data analytics to support response
- Greater controls

Executives need to carefully prioritise their focus

In weighing up what to do next, leaders need to ensure they are focused on the right critical/strategic decisions. This might mean getting support on matters that may not need immediate attention but may be critical in the long run, so that as the situation evolves, the organisation has been developing its capability and readiness in parallel. The exhibit below highlights a simple action prioritisation framework to consider.

Higher focus   Medium focus   Avoid

PRIORITY		Reaction	Response	Begin Recovery
	Critical Strategic activities and actions	**Primary focus** War-cabinet decisions and maintain watching brief at all times	**Secondary focus** Move to decisions that need to be made for the next quarter – agree triggers and frameworks early, should build on reactive focus areas	**Start work very soon** In the classic "importance vs urgency" framework these decisions are often left too late. Consider getting resource support to address early
	Hygienic Must do activities	**Keep up/do** May need overarching sponsorship, but then where possible hand off to trusted hands	**Stabilize** Get plans in place so as not to be a distraction – likely need to guide here after the initial "storm", and then hand off	**Aim to sort via BAU** Push these decisions to BAU Managers as soon and as much as possible to make sure they are in train and "back to business"
	Can do without (may be for development)	**Stop doing** Immediate pause (may need to shift)	**Minimal effort if at all** Consider continuing to stop, for focus	**Give to others to do** Only do if strategic or developmental, bringing back onto the agenda slowly
	TIMELINE	**Today**	**3 months**	**6 – 12 months**

Existing skills and capabilities can be leveraged

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Looking through a 4 dimensional lens, leaders can define a plan of attack.

Firstly, priorities should be clearly set, and agreed with senior leaders. Secondly, the day to day cash and customer position should also be taken into account. Thirdly, people are critical – whether that is enhanced communication, or a greater focus on wellbeing. Finally, activities surrounding the recovery and response effort, should be viewed as a series of projects, taking advantage of any existing transformation or PMO toolkit.

4P's of response

Priorities
– Determine what areas of the business should be the focus
– Consider a framework for prioritisation (e.g. as shown within this document)
– Optimise resource allocation
– Maintain general awareness of priorities, publish these as required/share

Position
– Understand your organisation's cash position
– Run a variety of scenarios on cumulative cash balance – know what levers to pull
– Review cost reduction & deferral options
– Use analytics/BI to share key data points
– Keep a specific eye on risks – update a rolled up risk matrix regularly

People
– Maintain ongoing and open communication with staff most likely on a daily basis
– Ensure staff wellbeing – clarity around ways of working, changes, and hygiene factors
– Use a crisis as an opportunity for new leadership opportunities
– Generally exhibit a higher degree of balanced but positive feedback

Projects
– Use tools in the PMO/transformation toolkit to attack the problem
– Consider a "war room" approach (even online)
– Continue to work in an agile way with daily stand-ups
– Use key milestones & deliverables (over sprints or other timeframes) to achieve specific goals
– Be clear on roles and responsibilities
– Keep it simple – use action lists!

Transformation capabilities can and should be leveraged

Your organisation likely already has significant capabilities internally within the team that can be leveraged at this time to help respond to the crisis. These include the project management and agile toolkit, data manipulation skills, flexible ways of working that may already be in place, data-driven decision making, and people skills.

Capability Areas

Key Skills

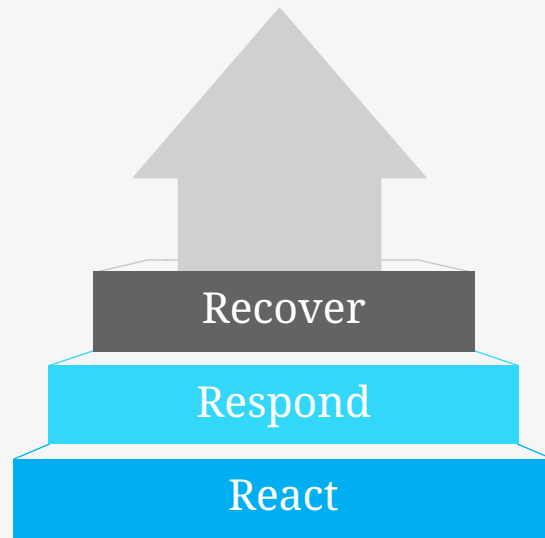| Capability Areas	Key Skills
Project Management Skills including PMO and Agile	• Quick forming of teams, and sharing of roles and responsibilities • An understanding and ability to work in a deadline driven environment • Effective scheduling of activities and estimation of timing and budget
Data management, manipulation and presentation	• Capturing and quickly working with complex data sets • Visualising data for presentation • Presenting to a senior audience
Flexible/adaptable ways of working	• The ability to dial-up or down depending on the immediate problem at hand (work longer, then seek relief) • Efficient remote working
The ability to make decisions based on data, quickly	• Sharing information with all the relevant parties, agreeing the context and making a quick and appropriate decision • Problem solving by bringing together disparate data (and sometimes diffucult to understand data)
Strong people skills	• Empathising with and understanding others • Motivating and enthusing a team • Effectively communicating at all levels, and all levels of understanding • Showing humility and vulnerable but definitive leaderhship

Thinking about the challenge across business functions

Actions across functional areas will be key to navigating the crisis successfully. Considering each function, and its likely response, and then braking this down into 3 phases: **React, Respond,** and **Recover** – provides further prompts as to the sorts of tasks the organisation should be taking on at each step. The exhibit below provides a summary along these lines.

Recover

Respond

React

Key Business Functions:	REACT ▶	RESPOND ▶	RECOVER ▶
People	• Re-allocation of staff • Implement flexible work arrangements	• Training and Staff development • Identify likely long-term shifts in ways of working	• New employee onboarding • Implement new, long-term working arrangements
Finance Management	• Review of cash position • Quick wins (e.g cut discretionary costs) • Scenario planning	• Cost reduction and cost base review • Re-set on commercial targets • Understand investment priorities	• Invest in growth areas • Implement changes to support greater operational efficiency
Risk Management	• Optimise workforce utilisation • Optimise supply chain	• Diversify supply chain • Increase focus on data management • Increase focus on controls	• Monitor conditions
Customer Lifecycle	• Focus on customer retention • Re-assess marketing and communication activities	• Re-align customer re-engagement strategy aligned with new strategic priorities	• Identify longer term shifts in customer behaviour • Focus on customer growth
Strategy Development	• Review strategic priorities – are they still relevant?	• Refresh of go forward strategy • Re-prioritise strategic initiatives and identify growth opportunities	• Implement new strategic priorities to take best advantage of changed operating conditions
Operating Model	• Review operating model • What aspects are vulnerable? What capabilities can be leveraged?	• Re-design existing operating model elements	• Transition operating model to new environment

Many operating models are going to need a restart

Organisations should ask – does their post-crisis operating model stand up to scrutiny? By utilising the "menu" that an operating model framework presents – organisations can ask some basic questions about the ability of their operating model to refresh and meet the needs of a changed environment.

Strategy	Operating Model Elements	Questions Post Crisis / Into The Recovery Phase
"	**Activities** – Major functions and processes – Capabilities – Delivery ecosystems – KPIs and outputs	• Has the crisis highlighted any capabilities needing attention? • Do specific functions need a "restart"? • Do some partners (delivery partners) need a refresh? • Are the new KPI's / focused outputs required in the new world?
Does your go forward strategy need a refresh in light of current and future challenges?	**Commercial (Business Model)** – Economics: revenues and costs – Sources of surplus – Major sales/delivery partnerships – Ongoing capital funding	• What changes need to be embedded in business economics? • Have the business sources of surplus changed – needing a rethink? • Are sales channels needing to be rebuilt?
Has the fundamental nature of the customer base changed?	**Structure** – Governance – High-level organisational design	• What onging governance / oversight is required during recovery? • Are temporary roles still needed?
Does the value proposition need revisiting?	**Infrastructure** – Supporting systems, IT and infrastructure map – Major capital assets	• Has the shift to home/online working changed IT architecture requirements? • How does the organisation capitalise on any move to online channels?
Is the brand still viable?	**People** – Roles and responsibilities – Individual competencies	• Do roles within the structure need permanent change? • What individual competency gaps have been identified as a result of the crisis?

Value to customers and internal stakeholders

What should you be doing next?

Each of these elements should be considered in a practical way – but all in all – **it is clear that most organisations will need to find new ways to operate, in an environment that is unlikely to stabilise for some time.**

About SPP

Strategic Project Partners is a generalist, strategy consulting firm. We support organisations to solve complex strategic and operational challenges.

Established in 2005, SPP has delivered successful outcomes for a broad range of commercial and Government sector clients.

SPP's Consumer practice brings customer first capabilities to helping our clients profitably grow.

We serve retailers and branded goods, leisure, sport and media clients.

Our services cover:

- Market opportunity identification and assessment
- Brand portfolio and channel strategy optimisation
- Pricing strategy for profitable growth
- Mobilising go to market sales and promotional investment
- Data and analytics strategy and activation

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