

Crisis Management - COVID19 Learnings for CEOs

JET ANTONIO AND
NATALIA VINOGRADOVA

Insights to help you prepare and sustain your business during a business interruption.

SynFiny Advisors has developed a series of Crisis Management Insights to help you strengthen and grow your business after having faced a major business interruption. Our objective is to provide a framework that allows any business (*no matter how big or small*) to maintain focus while dealing with the multitude of distractions that take you away from your core business. Our advisors' share their seasoned experiences and "been there, done that" practical advice to not only survive but thrive in a crisis situation.

Many companies and organizations will be placed under significant stress during periods of major business interruptions arising from unexpected situations like natural disasters, civil unrest, massive business and economic interruptions. Examples include the 1997 and 2008 global financial crises, and most recently, the COVID-19 pandemic. This insight provides business leaders with key guidance on what they need to do to sustain their teams and keep their business running through a major crisis.



Key Vulnerabilities and Concerns

With an impending crisis, it is critical for leadership to identify and reinforce areas vulnerabilities within their organization. These areas of concern may not be consistent from crisis to crisis; therefore, it is important to look at each crisis on an individual basis. Some common areas of vulnerability include:

- **Safety:** Ensuring the safety of your team is the first priority, in particular those engaged in production and customer delivery. For COVID-19, sourcing of protective gear and safety equipment was a challenge, as well as preventive measures.
- **Organization:** Be prepared to work differently. From unpaid leave, reduced staff and reduced wages to virtual work and supplier limitations, businesses must be flexible in the ways that they accomplish mission critical tasks. Waves of job, salary reductions and remote work can have significant impact on employee morale

and engagement. While manageable, keeping motivation and team effectiveness upbeat will be more difficult in the long term. HR is a critical asset while navigating the legal and labor law aspects of these issues.

- **Cash:** Good cashflow is essential to surviving a crisis. With rapidly declining revenues it is critical to tighten cost controls. And the cashflow issues are not restricted to your organization. Partners and suppliers with cashflow issues could also have an impact on your business.

How To Prepare

Identification of vulnerable areas is a great first step. The second step is to develop plans to reinforce vulnerable areas during a crisis. Some key considerations include:

- **Stay calm** - Import stress and export serenity. Staying positive is not easy in the crisis times but CEO sets the tone and people are looking up to lead team and their reactions will be influenced by what they see and hear from them.
- **Develop a rapid response plan** – Put actions in place to ensure your people are safe during the crisis. Reinforce operations for mission critical products and services so they are available during the crisis. Think through your critical processes, and in particular those that are unique/have limited number of people that can operate them. Each function needs to quickly evaluate its vulnerabilities and take action to address them via training, back-up support, creating job aids etc. Provide support for the local communities that you operate in.
- **Develop a communication strategy** – Clear and consistent communication is essential to ensure that team members know how to behave during a crisis. While being open about the issues and choices is not easy and needs to be carefully managed, it ensures organizational continuity. Establish a daily emergency team meeting between management and the GM/CEO so up-to-date information (e.g., crisis situation updates, changes to organizational priorities and objectives) is communicated through the organization (up and down the chain of command). These communications also provide

important “face-time” to the organization. Even when remote work is necessary, virtual technologies are widely available and easy to implement.

- **Focus on cash flow** – Careful tracking of receivables, expenses, inventories, and credit limits is essential during a crisis. Approaching your banks, suppliers and customers in advance has helped to soften the blow and avoid the worst outcome.
- **Support key long-term partners/supply chain** – While key focus of each organization is on ensuring its own physical and financial safety, providing support to the key long-term suppliers and customers can also be an important consideration. Forward looking businesses have developed programs to provide additional credit and/or discounts to ensure their supply and sales remain sustainable.
- **Learn from other regions** - Tried and tested playbooks from other countries and regions can help provide a great foundation for managing a crisis. For companies with intercontinental manufacturing footprints, the key questions to ask are: When were they hit? How hard were the hit? Different geographies will have different answers to these questions.

Post Crisis

Once your Rapid Response Actions are complete, the Leadership Team’s focus should shift towards post-crisis preparation. Some actions include:

- Study trends in the marketplaces where you operate. Look for shifts in consumer behaviour and dynamics in out-of-home and in-home consumption.
- Hold “Recovery Workshops” for your key teams to get them to focused and inspired about the future.
- Focus on the Fundamentals - Ensure You have a robust cash cycle and actions to preserve your cash balance. Delay or avoid non-essential spending.

Key Takeaways

- Take time to identify key areas of vulnerability that present risk to your mission critical operations.
- Reinforce vulnerable areas with additional resources and plans of action to keep operations running smooth during a crisis.
- After plans are in place and running, shift Leadership team's focus to post-crisis preparation. Look for opportunities to emerge from the crisis stronger than when it started.

Conclusion

SynFinny Advisors exists to bring talented “been there, done that” experience to bear on solving client problems. Each engagement results in measurable, pragmatic and actionable recommendations. We assist in developing Business Process Transformation scenarios to survive changing economic conditions and minimize disruption to your organization and business partners. Our approach is very simple, we Define, Design and Transform. And in doing so, transform your business from ‘existing’ to ‘exceeding’.

For more information, contact Jet Antonio (jantonio@synfinny.com) or Natalia Vinogradova (nyvinogradova@synfinny.com).

Other contributing authors to the “Crisis Management” series include the following:

- Jose A. Alonso - jaalonso@synfinny.com
- Natalia Beketova - nvbeketova@synfinny.com
- Doug Schupp - dvschupp@synfinny.com
- Susan E. Thomas - sethomas@synfinny.com