INTRODUCTION

The COVID-19 public health event, and similar 21st century threats impacting business continuity, requires plans for immediate action while management and boards may face an extended period of financial and operational uncertainty. The current crisis is one of those times when core operational impacts demand immediate leadership attention and rapid decision-making. Even organizations with robust emergency response and business continuity plans are under operational and financial stress to continuously prioritize, analyze, and adapt. Ankura has identified ten focus areas that should be top of mind with business leaders for accelerated consideration and execution during the current crisis. In this whitepaper, we share the key short-term actions, identified risks, and future considerations as the world transitions from current crises to a new “next normal”.

The ten identified focus areas are meant to act as a wholistic approach to crisis preparedness and operational continuity in and beyond the current state environment. There is minimal clarity for organizations seeking to plot a course. We endeavor to play our part in providing expertise to improve organizations’ odds as they refine ongoing strategies for the future.

A NOTE ON TERMINOLOGY:

In order to provide clarity throughout this whitepaper, we use the term “crisis” as an umbrella term for COVID-19 and correlated volatility. We use the phrase “next normal” to highlight the as-yet unforeseen future state beyond the initial crisis. This “next normal” does not refer to life pre-COVID-19. Rather, it is to be envisioned as the unfolding future state geopolitically and economically, in which organizations will reposition to operate.
ACTIONS FOR THE NEXT 30 DAYS

Pursue Thirteen-Week Cashflow Forecasts: Organizations must immediately pursue a robust thirteen-week cashflow forecast, identifying fixed and variable expenses. In the current environment, this forecast should coincide with a line-by-line review of key expenses, with C-suite driving strategies designed to deal with relevant items (e.g., navigating rent negotiations as a non-fixed expense).

Tighten Delegation of Authority: In addition to participating in relevant C-suite reprioritization efforts, CFOs need to immediately reevaluate, revise, and tighten Delegation of Authority in this period of crisis. As appropriate, they must consolidate control of expenditures and establish immediate cost containment directives. Though this effort rests with the CFO, it should not live in a vacuum. Key functional leaders should provide input.

Steer a Conservative Course: Financial leaders should caution operators to reduce optimism and pursue a conservative course to protect liquidity. Additionally, leaders should identify any non-core assets and inventory, liquidating when possible to increase cash-in-hand.

Clarify CAPEX: From a capital requirements perspective, any discretionary capital expenditures (CAPEX) needs to be eliminated. There also needs to be clarity around nondiscretionary CAPEX. If there is a revolving line of credit, leaders should be cognizant of how best to utilize this facility.

KEY RISK FACTORS

Lack of Clarity for Reopening: Given a lack of clarity on timelines and associated costs, organizations will need to carefully manage when and how they sequence reopening considering local, state, and federal guidelines. Mis-sequencing, or attempting too many activities at once, will place organizations at risk. Organizations should maintain a conservative approach to reopening efforts, tamping down unfounded optimism. The “next normal” will not look like the business environment pre-COVID-19.

Difficulties Raising Capital: Difficulties raising additional debt or equity capital are expected. Most organizations will likely continue to be challenged to raise additional capital for the foreseeable future.

KEY CONSIDERATIONS FOR THE FUTURE

Assess Ongoing Changes: Business leaders will need to continually be aware of the ongoing socioeconomic situation as the national and international community transitions from the immediate effects of being in-crisis to the “next normal.” Agility will be required.

Act with Risk, and Liquidity, in Mind: Striking the delicate balance between employee safety and the economic ramifications of reopening, organizations will need to consider ongoing risks and their impacts on liquidity. As the “next normal” begins to establish itself, companies will want to continue acting conservatively, maintaining a certain level of reserve in the prevailing context.
ACTIONS FOR THE NEXT 30 DAYS

Assess Workforce to Reprioritize Strategy: Define how your workforce can execute relevant strategic activities considering health and safety constraints, across individuals, teams, functional groups, and the overarching organization.

Focus on the Right Costs: Optimize workforce costs through focused analytics. Cost reduction does not necessarily equate to a reduction in headcount, as there may be other fixed and variable costs assessed in the initial cost analysis. Tighten financial controls and escalate decision-making. Were the workforce to be impacted via a strategic reduction, there are reasonable ways by which rightsizing can occur (e.g., furloughs, PTO, and sabbaticals).

Accelerate Performance with the Right Human Capital Levers: Pursue accelerated performance in-crisis by examining and executing on key human capital levers. Consider both salaried and hourly workforce in connection with current customer demand and redefine key performance indicators (KPIs) and operating procedures as necessary to accelerate the meeting of performance objectives.

Consider Culture: Consider the organization's unique culture and the impact of crisis on employees. Determine approaches to effective corporate communication to guide teams through volatility and manage expectations.

KEY RISK FACTORS

Siloed Functional Efforts: Siloed responses and execution within functions can occur when leaders are not clearly and consistently communicating on strategic activities.

One-Dimensional Cost Reduction: One-dimensional cost-cutting and its negative cultural implications can be harmful. Leaders should not take a single financial lens to cost-cutting (e.g., headcount reduction). A focused, non-strategic reduction in the workforce has severe cultural implications, with organizations exiting the current crisis potentially bereft of critical high-value talent. There are additional legal, customer, and brand considerations to consider when cost-cutting through generalized workforce reductions.

Shifts in Customer Demand: Changes in customer demand in-crisis (and beyond) will impact the relevant essential human capital requirements going forward. Leaders must be aware of shifts in customer demand transitioning into the “next normal”.

KEY CONSIDERATIONS FOR THE FUTURE

Talent and “Next Normal” Strategy: As organizations transition to the next normal, they will necessarily be operating differently. There will be long-term shifts in business models and customer experience efforts. As leaders define ongoing strategy, it will be important to link strategic activities through the appropriate talent pool. Leadership teams must work together to refine what human capital requirements have increased, decreased, or remained relatively stable throughout the crisis period.

Prepare for, and Mitigate, Organizational Burnout: For many organizations, in-crisis execution will put enormous strain on leaders and teams. To transition to the “next normal,” leaders need to emphasize the reconstruction of work-life boundaries, as well as encourage the maintenance of their employees’ physical and mental health.

Restore Culture and Reinforce “Next Normal”: Depending on necessary cost reductions or business model transitions during the crisis period, leaders may need to restore cultural expectations and reinforce “next normal” strategy with employees. This includes consistent, clear communication on reprioritized strategic initiatives and the future vision for the firm.

A component of this effort should include quantitatively reexamining human capital to understand the different resources required to drive evolving value propositions.
ACTIONS FOR THE NEXT 30 DAYS

Assess Mobile Workforce and Help Desk Support: From a mobile workforce perspective, it is crucial to identify and build the structure for ongoing help desk support. The ability to provide white glove touchpoints in the office is unavailable; flexible and potentially sustaining alternatives need to be developed.

Provide Cybersecurity Guidance and Training: Cybersecurity leaders must create guidance and rapidly train employees on the increased risks pertaining to phishing, malicious text, and other forms of cyberattacks associated with COVID-19. Additionally, cybersecurity policies will need to be updated in-line with increased telework and work-from-home initiatives.

Further, employees must be provided with appropriate guidance on password complexity across systems.

Reexamine and Test Existing Technology and Security: Organizations must reexamine how they are using existing technology to enhance security, as well as patching core systems to ensure risk reduction.

KEY RISK FACTORS

COVID-19 Related Cyberattacks: There is a substantial increase in COVID-19 related malicious attacks. March 2020 saw phishing attacks increased 667%. Leaders will need to communicate and reinforce appropriate protocols for protecting their organizations.

Telework Technologies & Cyberattack Risks: Telework technologies are experiencing heightened cyberattacks. Leaders will need to communicate relevant security protocols, as well as carefully consider the level of security needed within their selected platforms.

KEY CONSIDERATIONS FOR THE FUTURE

Continue Cybersecurity Efforts: Organizations will need to consider how best to provide ongoing security for new and existing technologies, including telework solutions. This may require reprioritization of previous strategic initiatives to pave the way for necessary cybersecurity efforts.

Secure Home Office Environments: Depending on how the “next normal” is defined, working from home will likely become far more commonplace. Accordingly, organizations need to ensure the appropriate infrastructure and provide guidance as to the best means to secure home office environments. Additionally, device management for remote workers will need to be taken into consideration (e.g., “Bring Your Own Device” policies and capabilities).

Accelerate the Migration to the Cloud: While many organizations were already migrating, or planning to migrate, their technology platforms to the cloud-based storage, COVID-19 has accelerated the need to pursue a cloud-based strategy.
ACTIONS FOR THE NEXT 30 DAYS

Determine Private Insurance Coverage: Organizations will need to coordinate and pursue sources of potential recovery from private insurance policies (e.g., business interruption policies), as for many government funding streams the amount of actual or potential insurance recovery can reduce or eliminate funding eligibility.

Strategize & Pursue Government Funding Sources: Companies will need to track federal and state funding sources for which they may be eligible and determine whether those funds will be directly allocated by a government agency pursuant to an established formula or will require an application. Where an application is required, organizations will need to be able to submit a comprehensive application as quickly as possible, balancing a need to ensure approval of the application with, often, securing a place in line to receive funding.

Design & Execute on Compliance Program: Enterprises must assess their existing compliance programs to ensure they have the requisite structure and systems in place to demonstrate compliance with the variable and nuanced requirements of government funding streams. Receipt of government funding is often followed by extensive, searching audits. A robust compliance program mitigates audit-related risks, in particular “claw backs” or “de-obligations” where a government agency demands a funding recipient to pay back all, or some portion, of funds that were awarded because of non-compliance.

KEY RISK FACTORS

Delays in Government Aid: Distribution of certain federal government funding streams could be significantly delayed. Therefore, organizations must have liquidity strategies in place while awaiting results.

Ineligibility for, or Inadequacy of Funding: Many federal funding streams place strict limitations on the definition of “eligible” entities (e.g., FEMA Public Assistance generally limited to units of state/local government or 501 entities; HUD business funding usually limited to “small businesses” as defined by SBA). Likewise, some funding streams may not be able to fully meet the substantial demands of the market (e.g., additional funding recently allocated to the SBA loan program).

Lack of Compliance Programs: Organizations unfamiliar with the receipt of government funds may not have compliance functions and systems equipped to address the variable, nuanced compliance requirements associated with government funding.

KEY CONSIDERATIONS FOR THE FUTURE

Government Funding as a Partial Solution: Even for organizations that are eligible for certain government funding streams, that funding likely will not be enough to address the organization’s needs arising out of the COVID-19 pandemic. While government funding can be part of an organization’s solution, it should be one part of a more comprehensive and holistic recovery approach.

Observe & Respond to Future Funding Opportunities: With government funding programs effective on different cadences, organizations will need to remain vigilant in continuing to assess whether new funding opportunities have reached the market.

Promote Awareness for Potential Future Audits: Organizations that have looked to, or plan to look to, government funding as part of their solution to recovering from the impacts of COVID-19 should remain aware of future audits and should take steps to evaluate their compliance program to ensure they are prepared for audits.
ACTIONS FOR THE NEXT 30 DAYS

**Align on Crisis Response and Stakeholders:** C-suite leaders must collectively align on their crisis responses and determine appropriate messaging across relevant stakeholders. They must identify the key stakeholders and messaging required to support employees, customers, financial stakeholders, organization boards, and other partners.

**Develop Communication Strategy:** Once messaging and stakeholders are defined, leaders must develop a communication strategy and plan covering messaging, channels, and communication cadence. The most critical communications must come from the leadership team to establish trust and authority.

**Select and Blend Communication Channels:** Formal and informal outreach should be blended, with teams leveraging new and old channels when appropriate (e.g., email threads and video conferencing happy hour calls). Leaders should communicate honestly and transparently, discussing the crisis’ impact while taking a tone of resolution and hope. Communicate what is known, what is not yet known, and the steps necessary to pursue stability in the face of change.

**Focus on Key Crisis Communication Attributes:** When defining crisis communication, leaders should focus on the following attributes: empathy, transparency, simplicity, context, and follow up actions. For example, from a customer perspective, organizations should clearly and concisely provide information on safety, operational continuity, and availability of products and/or services. When possible, communications should leverage visual elements to simplify messaging and provide additional context.

KEY RISK FACTORS

**“One-Sizing” Communications:** Organizations are at risk of “one-sizing” communications, but one size does not fit all stakeholders. There will be different contexts across internal and external stakeholders, depending on the industry, geography, and market environment.

**Overcommunication:** Organizations should not overcommunicate without consciousness of relevant context. For example, do not promise store reopening without clear internal context and internal strategizing. Iterative communication is recommended, as it allows a tailored message considering ever-changing circumstances.

**Reactive Communications:** Leaders should proactively pursue a crisis communications strategy before the appropriate narrative is circumvented by misinformation or rumors. Fear and anxiety abhor a vacuum, and stakeholders will fabricate a message if left without context and structured communications. Additionally, leaders must remain vigilant to communicate in a unified and authoritative fashion, while balancing empathy for all impacted parties.

KEY CONSIDERATIONS FOR THE FUTURE

**Define the Vision and Communicate the “New Normal”:** Leaders must define the vision for their organization’s “next normal,” strategically communicate and reinforce the vision across their organization and to relevant external stakeholders.

**Develop Decision-Making Agility:** Leaders need to reframe their decision-making criteria and process to focus on agilely responding to ongoing events. When possible communicate decisions with simplicity, clarity, and empathy.
**ACTIONS FOR THE NEXT 30 DAYS**

**Leverage Cross-Functional Teams:** Initiative leaders will need to leverage cross-functional teams to execute crisis-focused initiatives rapidly. Focus on initial buy-in for these crisis initiatives and connect them to the overarching strategies designed to protect the business throughout in-crisis volatility. Additionally, consider a faster-paced cadence of communication for highly critical initiatives (e.g., touchpoints twice daily).

**Reprioritize Work Efforts:** Reprioritization of work efforts will remain the norm throughout this crisis period. Leaders will be required to make tough calls and reallocate resources when necessary. It can be helpful to leverage adaptive, agile governance structures to drive decision-making. Leaders should enforce clarity on decision-making rights and escalate issues quickly to remove roadblocks. For example, one partnering organization has created a forum for rapid problem solving leveraging a virtual communications platform.

**Balance Accountability & Empathy:** Employees will be balancing the pressures of work in the context of ongoing anxiety surrounding in-crisis risks and safety. Enforce accountability while balancing empathy. Make sure goals are communicated clearly while remaining available and responsive to concerns and feedback.

**Train for Remote Work Efforts:** Teams will require training on communicating and executing from remote locations. Leaders must communicate expectations on response timeframes and the best channels for specific work efforts.

**Define & Develop New Management Models:** Leaders need to define and develop new models for managing, evaluating, and coaching resources through virtual channels. Whenever possible, create space for human connection, balancing task-focused efforts and people-focused talent development.

**KEY RISK FACTORS**

**Mis-Prioritization in Crisis:** Leaders must be prepared for rapid strategy reprioritization as the crisis evolves. Difficult decisions will have to be made to de-emphasize formerly critical initiatives for the rapid execution of newly identified efforts.

**Slow Execution:** Leaders must closely monitor critical strategy execution and provide clarity of purpose and direction, as resources strive to execute in the face of volatility.

**Miscommunication & Under Communication:** It is vital that leaders communicate with clarity on work efforts and expectations to reinforce appropriate action. The odds of miscommunication or missing communication increase in times of high volatility and stress.

**Missing Voices/Input:** Virtual meetings can reduce holistic inputs from a full team. Work to capture the “quiet” or “missing” voices in the virtual room to make sure valuable perspectives are not lost.

**KEY CONSIDERATIONS FOR THE FUTURE**

**Plan for Future Scenarios:** Leadership teams should be prepared to plan for multiple virtual work scenarios moving forward. Tasks formerly considered not possible virtually may transition more easily than expected to virtual execution. Other efforts may still require in-person execution, requiring leaders to carefully consider and coordinate efforts to protect the health and safety of employees.

**Examine New Processes for Ongoing Innovation:** There will be opportunities uncovered in the development of in-crisis virtual project execution. Leaders should assess any relevant lessons learned from reorganizing, reinventing, and reinforcing these new practices. There are potentially long-term practices that can be leveraged to drive effective and efficient project execution.

**Continue Pursuing Digital Innovation Strategies:** Virtual execution will likely broaden in the evolving “next normal.” Leaders should continue to intentionally strategize and pursue digital innovation opportunities for both employees and customers, depending on the products and services they offer.
ACTIONS FOR THE NEXT 30 DAYS

Transition to Intermediate Planning: With typical business continuity plans having a lifespan of thirty days, many organizations are now coming to the end of their initial short-term plans. With that in mind, it is time to pursue intermediate planning efforts necessary to continue operations as the current crisis unfolds. For example, there will be certain operational efforts at risk for some organizations pursuing work from home strategies. Such risks need to be considered, planned for, and mitigated.

Perform After-Action Review: For the initial short-term continuity efforts underway, leaders should perform an after-action review or look-back (what worked versus what did not work, in-flight adjustments, and updates to relevant plans) and consider the lessons learned. These lessons should then be applied to intermediate planning and ongoing continuity efforts.

Consider the Impact of Labor Laws: Throughout operational and business continuity planning and execution, organizations must consider the impact of labor laws in crisis. Regulatory changes (both increased and decreased requirements) will impact work patterns and shift rotations.

Balance Supply/Demand Factors: Very few companies are remaining static from a supply and demand perspective. Either there is a contraction in demand or an increase in demand. Organizations should look at fatigue factors and health and safety issues tied to demand increases, as traditional strategies, such as overtime, will only be sustainable for six weeks before performance and safety deteriorate. This will be especially of concern for the healthcare industry in the context of COVID-19.

Monitor Supply Chains Closely: In the short term, leaders need to closely monitor supply chain operations in the context of in-crisis constraints. Consider supplier relationships, supply/demand dynamics, customer requirements, etc. This analysis needs to occur in the context of geography as well (local, national, global).

KEY RISK FACTORS

Reactionary Approaches to Planning: Organizations are at risk of reacting in the current crisis without considering ongoing continuity planning for the next 60 days. Lack of planning can lead to a cycle of reactionary activity and sub-optimal operational efforts. Additionally, organizations need to consider the potential seasonality of COVID-19 and the corresponding impact on their operations.

Ongoing Supply Chain Constraints: Ongoing supply chain constraints, and cascading ramifications across industries and geographies, should be of primary concern for leadership teams seeking to plan for the “next normal” and relative stability.

Ongoing Human Resources Constraints: Ongoing human resource constraints should likewise be of concern to leadership teams. There are risks associated with outsourced resources, employee attrition, and the loss of critical skillsets associated with the evolving crisis.

KEY CONSIDERATIONS FOR THE FUTURE

Reposition Business Continuity Planning and the “Next Normal”: In traditional business continuity planning, there is conceptually a “return to normal” post-crisis. With COVID-19, there will not be a return to a pre-pandemic state. Instead, leaders will need to pursue “next normal” operations, planning for the pitfalls that arise as the future evolves.

Consider Cost Ramifications of Reopening Businesses: As discussed in the Liquidity and Business Planning section, there are cost ramifications to reopening businesses in the “new normal.” This burden could lead to liquidity issues for some organizations, and leaders should plan and prepare accordingly.

Pursue Uncovered Efficiencies: There is the possibility that new efficiencies have been uncovered for operations forced to innovate and redefine what “essential” looked like in-crisis. Depending on the workforce and operating environment, these efficiencies can be capitalized upon for long-term impact. Additionally, there are opportunities to further assess operations for long-term optimization across functional areas and product or service offerings. There could be accelerated, and scaled changes made to increase top and bottom line growth considering the “next normal”.

Customer Demand Risks and Opportunities: Ongoing demand will fluctuate beyond the initial COVID-19 crisis. As customer demand shifts, organizations must be cognizant of the impact on its business model and supply chain.
**ACTIONS FOR THE NEXT 30 DAYS**

**Monitor Geopolitical Events:** Organizations must carefully monitor geopolitical events and activities that impact on their operations, supply chains, and labor forces. These important geopolitical considerations include the global responses to COVID-19, the status of U.S. trade negotiations, and the potential for conflict over scarce resources. In the U.S., this will include a careful consideration of the timing and pace of state reopenings, the ramifications therein, and the impact that the 2020 general election will have on the distribution of government aid and other resources to both states and businesses.

**Model and Develop Scenarios:** Leaders will want to develop plans using internal and external scenario planning models that take geopolitical considerations into account. If the U.S. adequately navigates the COVID-19 crisis, but the rest of the world does not, businesses that do not plan for that may put their recovery at risk. Moreover, in an election year, the political allocation of scarce resources could have negative impacts on regional, state, and local economic recovery. Organizations and businesses should develop scenario-based courses of action to appropriately respond to a potential second wave of infections. Organizations will likewise need to develop and model scenarios for their workforces and supply chains that are subject to ongoing trade negotiations, COVID-19 related labor shortages, and COVID-19 inspired supply chain disruptions in order to mitigate ongoing risks.

**KEY RISK FACTORS**

**Reopening Too Early:** Currently, the highest risk factor for economies is the reopening of markets too quickly, with limited access to testing and contact tracing. The second biggest risk is that of a second wave of infections in the fall that strain weakened public health infrastructures.

**Uneven Global Recovery:** A U.S. economic recovery that manifests while the rest of the world still seeks to combat the infection will struggle to materialize fully as international supply and demand shocks continue to dampen consumer demand and the availability of labor and supplies.

**Slowed Recovery for the Services Sector:** In the U.S. and beyond, there is a real risk that the services sector will face a difficult and slow recovery over other sectors.

**KEY CONSIDERATIONS FOR THE FUTURE**

**Political Allocation of Scarce Resources:** State and local governments will need to prioritize resources towards the regions, states, industries, and companies that contribute the most to the economy and its recovery. Consideration and priority will be given to those that can potentially accelerate or maximize the economic recovery and to those whose loss would create national security, public health, or economic risks.

**Geopolitical Considerations:** An array of differing and uncoordinated recovery approaches, decisions, responses, and policies threaten to derail or delay the global economic recovery required for a robust U.S. economic recovery. In this environment, it becomes increasingly difficult to forecast the pace and shape of recovery. Further, tensions between nations can threaten trade, cross-border operations, and supply chains, while simultaneously diminishing the availability and unencumbered flow of labor and supplies.
ACTIONS FOR THE NEXT 30 DAYS

Preserve Documentation: Organizations need to assemble relevant resources for preserving documentation, tracking and measuring losses, and preparing claims. An ongoing log should be maintained. Additionally, organizations should track all relevant customer inquiries and cancellations for comparison to relevant forecasts, outlooks, and backlogs.

Track Direct Expenses: Organizations should carefully track direct expenses incurred to maintain operations and labor expenses.

Pursue Rapid Application: Business leaders should pursue rapid application to relevant coverage sources, both private and government.

Monitor Ongoing Legal Efforts: Additionally, organizations need to closely monitor legal efforts associated with business interruption claims associated with: the CARES Act, Paycheck Protection Program (PPP), and private insurance coverage.

KEY RISK FACTORS

Inadequate Private Insurance Coverage: Organizations should recognize the risk that private insurance may not provide adequate coverage. Most business interruption (BI) and contingent business interruption (CBI) insurance policy claims are being denied, due to COVID-19 being a disallowed loss trigger and nullifying this risk transfer vehicle. Additionally, government coverage may not provide adequate resources for all organizations.

Slow Response and Application: Organizations take risks by not acting rapidly applying for private and government aid, either due to excessive conservatism or by failure to document losses appropriately.

KEY CONSIDERATIONS FOR THE FUTURE

Examine Demand and Impact on Business Interruption Coverage: Companies submit for business interruption coverage on a yearly basis. For businesses seeing demand either expand or contract, it will be important to review and consider whether their operating environments need greater or lesser coverage in the “new normal.”

Consider Hiring “Cover Counsel”: To best negotiate BI and CBI insurance coverage going forward, explore engaging cover counsel – law firms that specialize in interpreting and negotiating insurance policy triggers, conditions, exclusions and limits – to create policies that are more likely to respond to COVID-type “acts of god.”

Monitor Ongoing Efforts to Protect Against Future Risk: Organizations and associations, such as the risk management society RIMS, are pursuing legislative and other actions to protect against future risk associated with COVID-19. Business leaders should remain cognizant of these efforts.
ACTIONS FOR THE NEXT 30 DAYS

Transition from Recovery to Reconstitution: Business recovery planning and execution occurs in the first 30 days of a disruption event. As this crisis evolves, many organizations are exiting their initial recovery phase and must pursue business reconstitution: the act of transitioning to operating within the parameters of the “next normal.” The highly unique nature of the COVID-19 crisis will make this reconstitution effort volatile, complex, and potentially ambiguous.

Determine & Prioritize Reconstitution Strategies: Leadership teams need to identify the decision-making criteria necessary to define and prioritize their portfolio of reconstitution strategies. This process includes evaluating recovery efforts and considering what needs to evolve.

Plan Scenarios for Essential Business Functions & Performance: Based on knowledge of current market shifts, as well as forecasted potential shifts, organizations will need to scenario plan to identify and refine essential business functions and performance requirements in the context of overall volatility.

Re-Evaluate KPIs: Out of scenario planning, leaders must reevaluate the key performance indicators (KPIs) used to drive performance forecasting and compensation models. Set up an adaptive process for reviewing these KPIs and adjust in the context of the ongoing crisis. Additionally, market guidance will need to be reconsidered for public companies.

Focus on Vendor Assurance: Organizations must focus on vendor assurance, considering which vendors continue to operate, what constraints exist, and the relational dynamic driving pricing. When weaknesses in the supply chain are revealed, leaders must develop contingency plans to ensure organizational and customer needs are met.

KEY RISK FACTORS

Workforce Continuity: Workforce health, safety, and continuity will continue to be a risk for business reconstitution planning and execution.

Disruption of Essential Operations: Operational risks associated with minimum required “essential” functions and performance must be taken into consideration as leaders define scenarios for the future.

Ongoing Supply Chain Risks: Continued supply chain risks, such as weakened vendor resilience and missing material links need to be taken into consideration, as leaders scan the external environment. Additionally, leaders should assess strategic supply chain reconsolidation in connection with national and international supply chain stressors.

Lack of Clarity for Reopenings: As previously considered in the section dedicated to Liquidity and Business Planning, as well as in Operations and Business Continuity, it is critical for organizations to closely monitor their liquidity in the context of changing customer behavior and the expenditures required to maintain essential operations.

KEY CONSIDERATIONS FOR THE FUTURE

Assess the Shape of Recovery: Leadership teams should closely monitor the ongoing evolution of recovery. Recognizing a responding to the overall shape of the recovery will be critical for timing reconstitution efforts.

Maintain Agile Strategic Planning: Leaders must be prepared to leverage an agile mindset around strategic planning, as strategic efforts may need to pivot to mitigate relevant risks and issues arise.

Consider Innovation Opportunities: As organizations pursue operating in the “next normal,” shifts in market share and consumer behavior provides opportunities for innovation. Leaders should consider the level of investment necessary to capture lessons learned from the crisis and shift business models in the context of ongoing risk, when relevant.
Contrasting Authors

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