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The Heart of Resilient Leadership Responding to COVID-19



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In the crucible of crisis, resilient leaders are defined first by who they are....

Five qualities of a leader that distinguish between surviving and thriving amidst crisis

MISSION FIRST

Stabilize today, and harness both the energy and the constraints of volatile conditions to spark innovation tomorrow.

 How are you turning the COVID-19 crisis into an opportunity to emerge stronger?

SPEED OVER ELEGANCE

Decisive action – with courage – is often more essential than getting it perfect.

 How are you empowering your teams to take courageous action in a volatile environment?

DESIGN FROM THE HEART ...AND THE HEAD

Serve the heart of your organization, your purpose, and your societal obligations, while simultaneously making hard decisions to protect financial viability.

 How are you balancing both empathy and decisiveness to serve your employees, customers, communities and ecosystem?

OWN YOUR NARRATIVE

Paint a picture of a compelling future and path forward that your stakeholders can support and rally around.

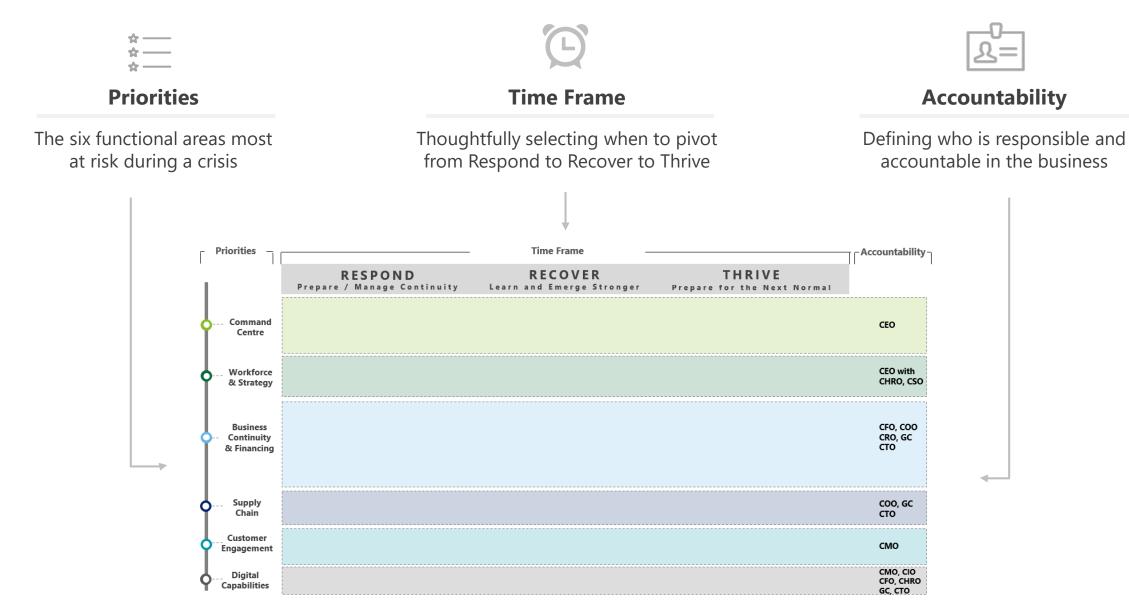
 How are you proactively filling the information vacuum to combat the spread of misinformation and rumor?

EMBRACE THE LONG VIEW

Stay focused on what's on the horizon to instill confidence and steadiness across your ecosystem.

 How are you anticipating and responding to the new business models likely to emerge post COVID-19?

Resilient leaders are then defined by what they do along three dimensions



Resilient leaders in a crisis take specific actions across these three dimensions

Detailed briefings further covering these priority areas can be found on **Deloitte.com**.

Priorities –	Time Frame ————————————————————————————————————				
1	RESPOND Prepare / Manage Continuity	RECOVER Learn and Emerge Stronger	THRIVE Prepare for the Next Normal		
Centre	□ Institute crisis and resilience planning □ Nominate task force leadership team (and back-up) □ Activate and empower COVID-19 Command Centre □ Itemize organizational vulnerabilities by impact and value □ Develop and launch Communications Plan and Strategy □ Activate and communicate Pandemic Preparedness strategy □ Scenario plan to determine decisions to make today or defer	 □ 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	
Workforce & 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 	Reimagine workforce strategy and operating model Adopt "above-the-bar" regulatory / governance protocols Manage rapid employee return and ramp-up (future state) Execute on strategic growth, partner and M&A ambitions	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 incentive	□ 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 agil 	COO, GC	
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 	CMO	
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	

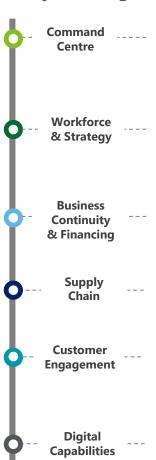
Resilient leaders will need to evaluate actions within the context of *geographic location and sector*

CASE STUDY: China took decisive actions to contain the impact of the crisis on their sectors. While the country was clearly impacted in Q1 FY20, there is evidence of recovery.

Short term	Impact in Q1 2020
Recovery Scenario	Impact predominantly in H1 2020, recovery through H2 2020 (assuming normalisation in
	rest of world)

	Scenarios		Influencing Factors				
Priority Impact Sectors	Short term	Recovery scenario	Reduced/ Restricted Travel	Production Suspended	Supply Chain Interruption	Reduced Consumption	Working Capital Pressure
Automotive	Н	М	X	X	X	X	X
Consumer Goods (Clothing & Essentials)	М	М		X	X	X	
Consumer Goods (Luxury Goods)	Н	М	X			X	X
Transportation and Hospitality	Н	М	X	X	X	X	X
Technology (Hardware)	Н	М	X	X	X	X	X
Real Estate	Н	N	X	X		X	X
Oil & Gas	Н	М	X	X	X	X	
Life Sciences	Н	0	X	X	X	X	X

Key learnings from leading companies in the Chinese market...



Leading companies in China established emergency response teams right away in order to assess the risks and formulate response strategies after conducting robust scenario planning, which significantly improved epidemic response mechanism and toolkits.

After the initial outbreak, companies began implementing flexible work arrangements for middle and back office staff in order to minimize on-site work while meeting basic operational requirements. With remote work capabilities being stress tested, overall opportunities for improvement were identified and addressed. A digital employee health declaration system was also launched by some companies in order to track employee well-being and to be in compliance with administrative reporting requirements.

Companies immediately began to update / develop business continuity plans to understand contractual obligations, evaluate financial impacts and liquidity requirements, formulate debt restructuring plans, and optimize assets to help restore financial viability. Another core focus was to understand financial impacts across the entire value chain.

Companies in China accelerated investment in digital trading solutions to combat supply chain interruptions, overcome logistics and labor shortages, and local access limitations in order to ensure product supply for the domestic market. Operational agility and data quality were critical in supply chain scenario planning.

Companies quickly moved to maintain open and ongoing lines of communication with their customers on the impacts of COVID-19 to the business and the emergency actions implemented. This working in partnership has built confidence amidst the uncertainty.

Companies are revisiting the current e-commerce landscape and developing digital roadmaps for the short, medium and long term. Companies realized digital capabilities needed to be implemented across the entire organization in order to embed resilience. Some leading companies in the service industry promoted "no touch" experiences in order to shift away from "brick-and-mortar" presence.

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

Command Centre

Workforce & Strategy

Business Continuity & Financing

> Supply Chain

Customer Engagement

Digital Capabilities

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 has 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 order to address these concerns, one major OEM stood up a Command Centre in early February that provided centralized support to help maintain production and balance supply in response to more volatile market demand.

COMMAND CENTRE, AUTO SECTOR, EMEA

Managing financial stability to support business continuity through uncertainty

In February, a leading green energy supplier—an audit client based in China and listed in Hong Kong—sought to obtain waiver and amendment consent from lenders on the possible material uncertainty on going concern. In addition to assessing its financial position and debt servicing ability, the company also formulated its communication strategy to increase transparency to lenders and obtain their consent.

BUSINESS CONTINUITY & FINANCING, CHINA

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 assessed various Crisis Communication frameworks and adopted one that improved upon their current practices. The company was able to rapidly enhance its approach to communicating with customers in a way that served to reinforce their brand image as the crisis evolved.

CUSTOMER ENGAGMENT, FINANCIAL SERVICES, CHINA

Training support for a smooth transition to remote work arrangement

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

WORKFORCE & STRATEGY, FINANCIAL SERVICES, CHINA

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 launched a real-time pandemic preparedness strategy which included structuring a global Command Centre structure, communication framework and tools. This project involved stress testing the business continuity plans globally, identifying gaps and potential vulnerabilities in the supply chain, and developing contingency plans. The company also embraced 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

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 to protect and safeguard their citizens. They enhanced their resiliency and crisis response program, including augmenting their sensing capabilities. They 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

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