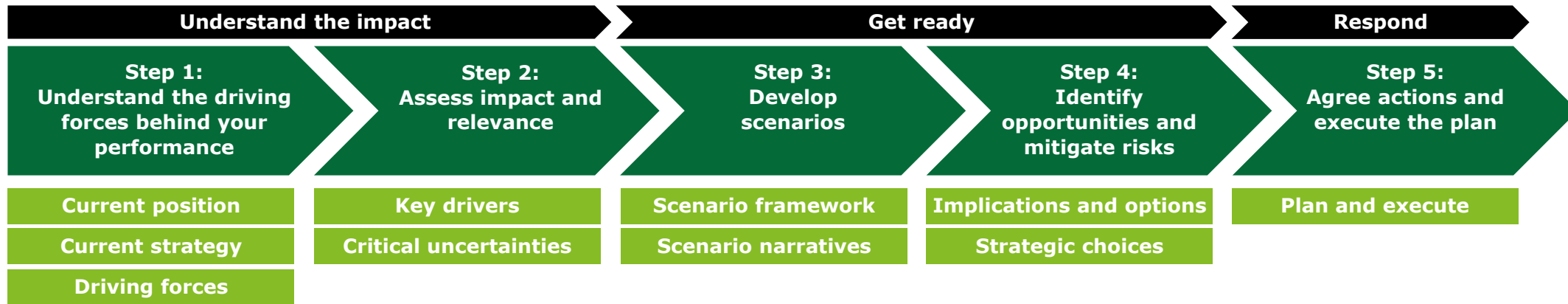


COVID-19 Resilience
Respond, Recover and Thrive: A Sectorial Perspective

April 2020

COVID-19 | Organisations that act now can minimise the economic damage from the pandemic



Influencing factors are fundamental sources of future change. Examples of COVID-19 specific influencing factors include rate of changes in the number of COVID-19 cases, travel restrictions, product suspensions, supply chain interruption, reduced consumption and working capital pressure.

In order to determine what influencing factors are likely to impact your performance, it is important to understand your COVID-19 affected performance and your in-effect strategy.

Influencing factors with high relevance and high impact sit within the zone of interest and are critical to your future performance.

Scenario planning is used as a basis for robust strategic decision-making. Scenarios take overwhelming uncertainty and create logical, consistent stories of how the situation might unfold.

The benefit of scenario planning is that it allows you to test your strategic response plan against a number of different outcomes and identify the key decision points for your organisation.

After determining the implications of different scenarios, you should develop strategic options and test them in each scenario.

Defining the risks and assessing new ways to mitigate them will ensure organisations are prepared to respond to each plausible scenario.

Sound strategic choices allow your organisation mitigate risks and seize opportunities recover and thrive.

The resulting plan of action might identify new ways of working and new ways to leverage your capabilities.

COVID-19 | A local perspective on key sectors

High impact
 Neutral or low impact
 Medium impact
 High demand/opportunity

👍 Positive driver
 🗨️ Negative driver

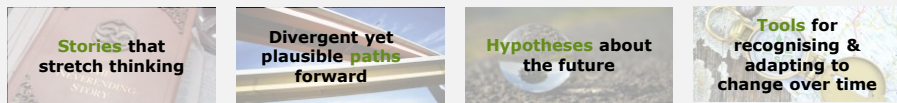
Sector	Extent of disruption		Influencing Factors				
	Next 4-6 weeks	Through 2020, assuming an effective response from the Government	Travel Restriction / Reduced Travel / Lockdown in NZ	Government support/ announced infrastructure plans	Supply Chain Interruption	Reduced Consumption/ Interruption to Retail Operation	Working Capital Pressure
Retail trade	Medium impact	Neutral or low impact	Negative driver		Negative driver	Negative driver	
Construction	High impact	Medium impact	Negative driver	Negative driver	Negative driver	Negative driver	Negative driver
Forestry	High impact	Medium impact	Negative driver		Negative driver	Negative driver	Negative driver
Agriculture & Fishing	Medium impact	Medium impact	Negative driver		Negative driver	Negative driver	Negative driver
Air Travel	High impact	High impact	Negative driver	Negative driver		Negative driver	Negative driver
Wholesale Trade	Medium impact	Medium impact	Negative driver	Negative driver	Negative driver	Negative driver	
Tourism	High impact	High impact	Negative driver				
Manufacturing	High impact	Medium impact			Negative driver	Negative driver	Negative driver
Telecommunications	High demand/opportunity	High demand/opportunity				Positive driver	
Electricity, Gas, Water & Waste	Medium impact	Neutral or low impact	Negative driver			Negative driver	
Transport, Postal & Warehousing	High impact	Medium impact	Negative driver		Negative driver		
Consumer Goods (Luxury Goods)	High impact	Medium impact			Negative driver	Negative driver	Negative driver
Rental and Real Estate Services	High impact	Neutral or low impact	Negative driver			Negative driver	Negative driver

COVID-19 | Strategic scenario planning

What is scenario planning?

Scenario planning is used as a **basis for robust strategic decision-making**. Scenarios take overwhelming uncertainty and create logical, consistent stories of how the world might unfold. Conventional approaches to planning often yield unsurprising and unchallenging answers, whereas scenario planning challenges assumptions and **provides organisations with more options to make better decisions**

Scenarios are:



Why is scenario planning important in the COVID-19 crisis?

Organisations can easily **become paralysed by the health, economic and social uncertainty** created by the COVID-19 pandemic. This unclear future has escalated the importance of rigorous scenario planning as a mechanism to provide organisations with the **confidence to act on their strategic choices**.

Sources of uncertainty include:

How long will we spend in Alert Level 4?	How will my industry be affected?	Will my customers be the same after the lockdown?	Will we "pinball" between alert levels?
Will the lockdown "flatten the curve"?	How will the NZ economy recover?	How long will Government stimulus last?	What sectors will survive and thrive?
What should I start doing now to be ready?	Which of my products and services will remain relevant?	How do I recognise and seize opportunities?	How can I deploy my workforce strategically?

Who to Contact



Chris Rodgers
Partner | Auckland
crodders@deloitte.co.nz
+64 21 220 3000



David Lovatt
Partner | Wellington
dlovatt@deloitte.co.nz
+64 21 490 016



Adithi Pandit
Partner | Wellington
apandit@deloitte.co.nz
+64 21 353 462



Annelieke de Wit
Manager | Auckland
andewit@deloitte.co.nz
+64 21 196 0295

Our collaborative approach to scenario modelling

	Phase	Description
Research and planning	1. Current position	Describe the current COVID-affected performance and prospects of the organisation and the appetite for action
	2. Current strategy	State the in-effect strategy (what is the actual strategy, not the strategy on paper)
	3. Driving forces	Research key factors and drivers most likely to influence performance across required time horizons
Scenario development and analysis	4. Select key drivers	Identify the key drivers most likely to affect future performance
	5. Critical uncertainties	Cluster and prioritise drivers into critical uncertainties and impact
	6. Scenario framework	Combine critical uncertainties into a scenario frame
	7. Scenario narratives	Define the narratives for each scenario
	8. Implications and options	Determine resulting implications and strategic responses
Strategic planning	9. Strategic choices	Confirm the strategic choice or response that are consistent across scenarios
	10. Plan	Develop and execute the action plans to realise your strategic choices

The principles of scenario planning:



Think outside in



Embrace uncertainty and diverse perspectives



Take a long term view

Complementary and related services

- | | |
|--|---|
| 1 Strategy validation or redevelopment | 5 Workforce scenario modelling and planning |
| 2 Operating model transformation | 6 Recovery co-ordination / PMO and action teams |
| 3 Strategic cost reduction | 7 Change management |
| 4 Restructuring | 8 Organisation learning & development |