

Act today and work towards recovery:

Part 1 of 6

Framework to move from crisis management to growth



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Strategies, tactics and framework to move from crisis management to growth

As the impact of COVID-19 pandemic is being felt by businesses globally, this is also the time to move urgently, to protect both the business and employees and to build the organizational resilience for sustainment. First and foremost, leadership should be seen as being human, caring and focused on the wellbeing of employees.

This is also the time to rebuild and demonstrate protocols and policies focused on organizational health and safety, including social distancing. Most companies have set up and activated rapid response teams to manage urgent initiatives and communicate regularly and openly with the workforce. To further build employee engagement, it is an opportune time to initiate crowdsourcing ideas, not just from employees but from suppliers and contractors as well.

Shock from coronavirus will likely reshape your organization, let us explore how you can stay on top of this evolving situation.

Dealing with this new reality and downturn

A major downturn creates an urgent need for organizations to support immediate business sustainment needs, while keeping an eye on the future. Most organizations will deal with this unprecedented challenge and cycle through a progression, from managing the crisis to organizational sustainment and talent retention to planning for future growth.

As immediate needs are met, options for (re)growth require parallel efforts to ensure that business capitalizes on emerging opportunities. The cycle will eventually move for most businesses from conserving cash to sales management and organic growth.

Each phase (see figure 1) requires a deep focus on the objectives, goals, planning, tactics, resources and timing to execute.



*Focus on staff
wellbeing*



*Routine and open
dialogue*



*Leverage collective
ideas*



Figure 1: Typical business phases during a downturn

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Each business cycle or phase (figure 2) will require attention to several key aspects, below is a brief summary of the main tasks and activities:

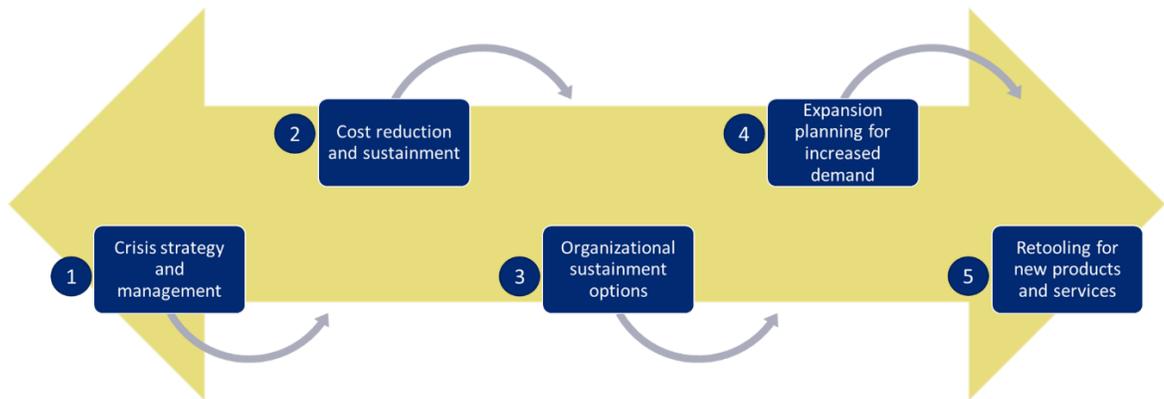


Figure 2: Framework for Moving from Crisis to Growth

The current business phase varies by industry and company based on the product mix and demands in the market. Below are a few common areas of focus based on past economic cycles:

1. Crisis strategy and management:

- Develop and manage a rapid 30-day execution plan with phased contingency plans
- Structure a robust initiative management program with regular communication
- “Does this change everything for you”; assess your business model and understand scenarios, identify risks/ challenges and mitigating actions in the supply chain
- Evaluate and implement remote and on-site planning and support efforts

2. Cash management and cost reduction:

- Assess supply chain risks, variable costs and prioritize them for rapid cost reduction
- Coordinate efforts on inventory, payables and receivables
- Rebalance the supply chain for cost optimization or alternative suppliers
- Evaluate margins by product and customers and rationalize key products and/or services

3. Interim operations and organizational sustainment:

- Make proactive and critical adjustments to labor costs
- Adjust staffing coverage and shift structures to mitigate individual contact
- Adapt management systems and methods to support the interim organization
- Develop an organizational recovery plan and triggers to ensure an effective return to normalized operations
- Conduct factual and frequent internal communications to address anxiety

4. Expansion planning for increased demand:

- Assess and evaluate manufacturing expansion needs, including for contract manufacturing
- Assess operational/ manufacturing efficiencies and implement rapid improvements to create capacity, optimize unit costs for existing and new production lines
- Establish an operational readiness plan and PMO to execute the changes
- Establish capital project planning and management controls for the expansion effort
- Install robust tracking of operating and capital spend

5. Retooling for new products and services:

- Validate the market demand, capacity requirements, available skills, business case and economic plans
- Establish an operational readiness plan to assess gaps, identify tasks/ actions including regulatory requirements, cost, resource and financial needs
- Accelerate cross-functional new product and service development efforts
- Apply a high degree of focus on product and service introductions to engage the market(s) prior to launch

After past market downturns there have been many successes and failures regarding business continuity. Generally, most of the failures derived from either the companies' initial dire financial condition or from inability to step out from crisis management and current operating models. These past recessions have highlighted the need to manage both the immediate needs of the organization and to look beyond the current state towards future sustainment and growth options. The depth of the current downturn may be even more challenging than before, but there will be a recovery in the aftermath and we need to be ready.

We have helped many clients with operational readiness, progressing through their business cycles from insolvency to overcapacity and sold-out demand. If you have questions or would like to discuss the approach and elements of framework, feel free to reach out to us using the contact information below.

About the authors

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