Post-Covid19 recovery
‘Fast rebound approach’

April 2020
Foreword

Anticipate business resumption

Having considered the various ways Arengi could do its share in these uncertain times to support organisations navigating this crisis. We have focused on the end-of-crisis period, business resumption, and the risks & opportunities arising from this decisive period.

This document describes an approach to be tailored to your organisation and used to support decisions & actions to be carried out for the ramp-up as business operations resume. It may provide useful material to on-going analyses or initiatives, depending on the nature of your organisation and its situation.

Contents

This document comprises 3 parts, addressing 3 questions:

- How to capitalise on the multiple publications issued on the crisis & good practices?  
  Part I / page 4

- What does the approach consist in?  
  What are its main components and how to implement this methodology  
  Part II / page 7

- How to use Arengibox to deploy the approach?  
  Part III / page 15
If you consider this approach to be relevant to your organisation, our consultants are available to answer your questions and assist you (free of charge), starting with:

1. How the approach should be adjusted to your organisation
2. Preparing a ready-to-use Arengibox instance to support implementation
3. Assist you during implementation, if needed

GILLES PROUST
Mail: gilles.proust@arengi.fr
Tel: +33 (0)6 25 70 47 58

AUDREY LESUEUR
Mail: audrey.lesueur@arengi.fr
Tel: +33 (0)6 10 15 62 31

FANNY DREYFOUS-DUCAS
Mail: fanny.dreyfous-ducas@arengi.fr
Tel: +33 (0)6 10 15 62 31

LIONEL D’HARCOURT
Mail: lionel.dharcourt@arengi.fr
Tel: +33 (0)6 58 04 50 58

BENOÎT BOUGNOUX
Mail: benoit.bougnoux@arengi.fr
Tel: +33 (0)6 22 76 08 06

ETIENNE ANDRE
Mail: etienne.andre@arengi.fr
Tel: +33 (0)7 50 55 81 13
Capitalise on external insights & benchmark
The unprecedented crisis triggered by the Covid-19 outbreak has already taught a number of lessons – some, more or less obvious or established, on crisis management and resilience, others, less definitive on market landscape & dynamics in the aftermath of the crisis, and the ‘new normal’ taking shape.

A variety of publications are publicly available – professional associations, consulting firms, analysts, journalists, authorities… - each with its own angle and perspective, but displaying similarities in form and content. Below is a high-level summary of the key topics covered:

**Crisis management**
- **Organise**
  - Polycentric organisation, based on a network of teams with daily escalation to a cross-functional war room
- **Improve**
  - Scenario-based planning with multiple time horizons to direct short-, medium- and long-term actions (e.g. cash/treasury, HR, supply chain, customers relations, production, etc.)
  - In-depth analysis of changes induced by the crisis (e.g. workplace organisation, role of digital, supply chain, market structure, consumer behaviour, etc.) to identify components of the ‘new normal’ vs. temporary effects

**Business resumption**
- **Organise**
  - Separate teams to address urgent / short term issues on the one hand, and anticipate on post-crisis context on the other hand
- **Implement / Operate**
  - Scenario-based planning with multiple time horizons to direct short-, medium- and long-term actions (e.g. cash/treasury, HR, supply chain, customers relations, production, etc.)

**‘New normal’**
- **Organise**
  - Adaptive, decentralised, modular work organisation (remote work, back-up teams, transition teams, cross-functional teams, etc.)
- **Implement / Operate**
  - Scenario-based planning with multiple time horizons to direct short-, medium- and long-term actions (e.g. cash/treasury, HR, supply chain, customers relations, production, etc.)

**TOPICS**

- **HR**
  - Health & safety (distancing, PPE, management of remote work)
  - Regulatory compliance, furlough, governmental schemes, etc.
  - Specific / critical skills requirements & allocation
  + Work & workplace organisation / Committees, Boards meetings...
  + Remobilize, federate, inform
  + Future skills requirements (expertise & target org charts)/ Training

- **OPERATIONS / SUPPLY CHAIN**
  - Business continuity / adjustments to operating models
  - Logistics capacity / lead-times
  - Communication to & collaboration with supply chain eco-system
  + Supplier strategy & logistic routes (increase resilience of supply chain)
  + Partnerships / co-investments
  + Innovation (products, services, processes)

- **CLIENTS / PARTNERS**
  - Changes in consumer behaviour, new or reinforced market trends
  - Client trust: resilience, sustainability & corporate responsibility
  - New partnerships
  + New market landscape
  + Responsible co-operation with partners (identify vulnerable partners, shared actions, communication, etc.)

- **IS / IT**
  - Security (cyber)
  - Availability / service level of key IT vendors (incl. Cloud)
  + Accelerated digitization of operating models, products, services & processes
  + Robustness / resilience of infrastructure & systems

- **FINANCE**
  - Treasury & cash, budget reviews, (incl. credit management, supplier payment, governmental schemes, etc.)
  + Investments, diversification, innovation
  + Financing sources
  + Transparency of financial & non-financial reporting as trust enabler / competitive advantage

**Manage stakeholders**
- **Organise**
  - Engage in new / specific partnerships & initiatives with authorities, civil society, professional branch, supply chain ecosystem – traditional market-based mechanisms proving unable to address the crisis (and other societal challenges)
- **Implement / Operate**
  - Engage in new / specific partnerships & initiatives with authorities, civil society, professional branch, supply chain ecosystem – traditional market-based mechanisms proving unable to address the crisis (and other societal challenges)

**Address new or reinforced stakeholder expectations**
- Clients, general public, authorities, suppliers, business partners, etc.
Below is our selection of sources, among the many publications issued over the last week, all publicly available, with a focus on business resumption. This is a good basis to expand from -especially with industry-specific papers relevant to your organisation- and support the analyses to be conducted as part of the approach described in the following pages.

<table>
<thead>
<tr>
<th>Operational / short term</th>
<th>Strategic / medium term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adenium - Plan de reprise d’activité (French)</td>
<td>BCG – Sensing &amp; shaping the post-Covid era (English)</td>
</tr>
<tr>
<td>Kyu – Focus supply chain (French)</td>
<td>Roland Berger – Industry specific analysis (5 industries reviewed) (French)</td>
</tr>
<tr>
<td>Deloitte – Travel risk map (English)</td>
<td>McKinsey – A global view of how consumer behaviour is changing amid COVID-19 (English)</td>
</tr>
<tr>
<td>Deloitte – World map of governmental measures (English)</td>
<td></td>
</tr>
<tr>
<td>iTrust – Kit Cyber Covid-19 (French)</td>
<td></td>
</tr>
</tbody>
</table>
II
Implementing the ‘Fast Rebound Approach’
‘Fast Rebound’
Identifying key success factors for recovery & rebound

**Prioritise recovery drivers**

- **Assess your situation** at the end of the crisis, by market business or product line, country, market, site, division, etc.
- Structure an action plan
- **Implement, monitor & adjust collaboratively** your action plan over time (3-6 months), reflecting changes in internal / external context as recovery pick up pace, or slows down
- **Assess changes in your situation**, especially as regards competition and opportunities arising from this unprecedented situation
- **Have a comprehensive, high-level view** of the short term impacts of the crisis and provide material to share with governance bodies if applicable / required

ArengiBox, loaded with a « Fast Rebound Approach » framework, integrates a method to **assist management planning & tracking a recovery action plan**

Anticipate **risks & opportunities** arising from the recovery period

Prioritise actions allowing to secure recovery & seize opportunities to create / optimise stakeholder value during this period
Risk & opportunity mapping

- Assess & track the situation
- Support decision-making in resource allocation
- Monitor actions & inform governance bodies

**Situation matrix**
Plot entities vs. production capacity and market demand / expected service level

**Impact matrix**
Combine situation (1st matrix) with contribution to budget (revenue / EBITDA / operating margin / Cash...)

**Capacity**
- >125%
- 100% - 125%
- 75% - 100%
- 50% - 75%
- 25% - 50%
- 12.5% - 25%
- ALIGNMENT

**Situation**
- OVER-CAPACITY: Market share opportunity? Increase quality of service?
- BUSINESS AS USUAL
- UNDER-CAPACITY: Loss of market share? Degradation of quality of service?
- Opportunity
- « Business as usual »
- Capacity in line with demand
- Over-capacity
- Under-capacity

**Demand / expected service level**
- -25%
- -50%
- -75%
- -100%
- -125%
- >125%

**Budget contribution impact**
(revenue / EBITDA / op. margin, cash...) or mission / service level

<table>
<thead>
<tr>
<th>Budget contribution impact</th>
<th>€ 0 - 1m</th>
<th>€ 1 - 10m</th>
<th>€ 10 - 25m</th>
<th>€ 25 - 50m</th>
<th>€ 50 - 100m</th>
<th>€ 100 - 250m</th>
<th>&gt; 250m</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 5%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 - 10%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 - 20%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 - 50%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50 - 80%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&gt; 80%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Entity 1**
Approach
I – Pre-requisites

Define **granularity** / entities to be surveyed, e.g. subsidiaries, countries, sites, divisions, projects, product or business lines, clients, etc.

Adjust **assessment criteria** – drivers for capacity, demand / expected service level, contribution (see following pages)

Identify coordinators & contributors to the analysis, and information sources, both internally & externally
Approach

II – Assess end-of-crisis & recovery situation

Plot each entity based on production capacity & market demand / expected service level (example criteria below to be adjusted / tailored to your organisation)

- Effects of specific regulatory restrictions affecting activities— if any (e.g. lockdown progressively lifted)
- Remaining capacity vs. contribution to national / regional crisis response efforts
- Availability of human capital (including contractors, subcontractors)
- Availability of means of production (sites, equipment, utilities) / access to workplace
- Information systems (business / industrial systems)
- Procurement : available inventory & supply chain / suppliers’ capacity
- Logistics capabilities (in-house or subcontracted transport / warehousing)
- Availability of distribution channels (distributors, points of sale, third party logistics, etc.)
- Other

Support analysis with internal & publicly available, industry-specific benchmark data

<table>
<thead>
<tr>
<th>Capacity</th>
<th>Demand / expected service level</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;125%</td>
<td></td>
</tr>
<tr>
<td>-125%</td>
<td></td>
</tr>
<tr>
<td>-100%</td>
<td></td>
</tr>
<tr>
<td>-75%</td>
<td></td>
</tr>
<tr>
<td>-50%</td>
<td></td>
</tr>
<tr>
<td>-25%</td>
<td></td>
</tr>
<tr>
<td>-25%</td>
<td></td>
</tr>
<tr>
<td>-50%</td>
<td></td>
</tr>
<tr>
<td>-75%</td>
<td></td>
</tr>
<tr>
<td>-100%</td>
<td></td>
</tr>
<tr>
<td>-125%</td>
<td></td>
</tr>
<tr>
<td>&gt;125%</td>
<td></td>
</tr>
</tbody>
</table>

- Service level as required by a client
- Service level as required by authorities
- Project progress & milestones / stages of contract execution
- Status of concerned market(s) vs. Covid19 & lockdown (V-, U-, L-, W-shaped recovery)
- Position in value chain & time for demand to materialise
- Market inventory levels: delaying / buffer effect, or conversely increased demand to rebuild inventory
- Share of demand already addressed by other players, e.g. organisations from other regions, less affected by the crisis or with a head start in resuming operations
Approach

II – Assess end-of-crisis & recovery situation

Categorise entities in 5 situations depending on Capacity / Expected service level assessments

**OVER-CAPACITY**

**Situation**
- Potential capacity exceeding a weak demand, or required service level
- Loss of revenue
- Loss of margin (fixed costs, unsaturation charges, working capital etc.)
- Opportunity to improve quality of service (reallocation of resources)

**Drivers**
- Defer resumption of operations
- Reallocate resources on other activities / projects / sites / divisions / clients...

**ALIGNMENT**

**Situation**
- Capacity in line with demand / required service level
- Loss of revenues Limited margin impact
- Limited impact on quality of service

**Drivers**
- Manage / optimize / anticipate resumption of operations

**UNDER-CAPACITY**

**Situation**
- Capacity below (a potentially strong & increasing) demand / required service level
- Loss of revenues & market share
- Degradation of quality of service

**Drivers**
- Priority for resource allocation for resumption of operations
- Allocation & trade-off decisions regarding clients

**OPPORTUNITY**

**Situation**
- Capacity matching or exceeding a strong & increasing demand
- Increase in revenue market share gains
- Improved quality of service

**Drivers**
- Increase capacity to maximise opportunities
- Aggressive sales (market share gains)
  Review pricing / allocation approach (as allowed by ethics / compatible with CSR commitments)
**Approach**

II – Assessment of end-of-crisis / recovery situation

Combine with the situation matrix

- The entity’s **contribution** to the organisation's revenue, EBITDA, operating margin, cash...), or mission/service, or
- The **gap** (positive or negative) of each entity vs. its budget

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>« Business as usual »</th>
<th>Alignment</th>
<th>Over-capacity</th>
<th>Under-capacity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€ 0 – 1 m &lt; 5%</td>
<td>€ 1 – 10 m 5 – 10%</td>
<td>€ 10 – 25 m 10 – 20%</td>
<td>€ 25 – 50 m 20 – 50%</td>
</tr>
</tbody>
</table>

**Budget contribution impact**

(revenue / EBITDA / op. margin, cash...) or mission / service level
Approach

III – Elaboration & monitoring of recovery action plan

- **Prioritise & plan** recovery actions, considering the situation & contribution of each entity and available recovery drivers (resource allocation)

- **Monitor** actions with concerned stakeholders

- **Update** situation & impact matrixes – e.g. distinguishing different time horizons (3/6/9 months), or over FY 2020
Leverage on Arengibox to deploy the approach
Assess the end-of-crisis / recovery situation of your entities, identify recovery drivers.

Prioritise, monitor & adjust recovery action plans depending on impact assessments & associated trade-off decisions.
‘Fast Rebound Approach’ in Arengibox

Customisable dashboards to track recovery action plans in real time.