What We Are Being Asked To Do

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Management teams have rightly spent the first 2-3 weeks of the Covid-19 crisis focusing on employee wellbeing and ensuring business viability / continuity. Their industry and the initial strength of their balance sheet are two major factors that are influencing how well companies cope with the bounded uncertainty created by Covid-19.

A third factor, that management has more control over, is how they spend their time now to increase the odds of outperformance following the immediate health crisis. For many CEOs the reduction of travel and cancellation of investor conferences, events and face-to-face meetings, has created more time, which can be used to reflect on: which of the trends and behaviours we are seeing accelerate in the Covid-19 world are here to stay, and what does this mean for me and my business? We shared our perspectives on some of these in our recent post 5 Lasting Changes CEOs Need to Be Planning For Now.

Here are seven things that we're being asked to help our clients do as they look to be proactive and stay out ahead of the unfolding reality, so that they can emerge in the strongest position possible.

1. **Rebasing the strategic plan:** Rapid assessment of the short and medium-term impacts of Covid-19 for major business units, re-grounding the strategic and financial plan; and shifting resource allocation fast.

2. **Evaluating the best use of excess liquidity:** Financial analysis and scenarios to understand the relative benefits of different uses of capital, i.e. (1) reinvesting in businesses vs. (2) taking strategic stakes in companies or acquiring vs. (3) distributing through buy backs.
3. **Re-positioning to play into lasting changes in customer behaviour:** Understanding which observed changes in customer behaviour today are likely to persist post-crisis, and what changes are required to play offensively into these.
4. **Evaluating the importance and delivery of scale via mergers to compete for capital in the future:** Evaluation of the strategic and financial benefits of scale that the "new normal" might create for individual businesses (e.g., higher degrees of efficiency, lower enterprise volatility, lower risk of default, easier access to capital through capital markets) and working with management to ensure deal structures offer a fair value exchange.
5. **Positioning disposals that were already "on the cards" prior to the crisis but now can be done:** Understanding whether and how Covid-19 creates better conditions to reshape the portfolio through complex disposals and working with management to adjust the asset story and positioning, looking at demerger options or creating JV's to move assets off their balance sheet.
6. **Tightening the link between sustainability and business strategy:** Adjusting and broadening the framework for driving impact. Establishing a more strategic remit beyond ESG reporting; setting up the appropriate strategic oversight to ensure alignment, effectiveness and efficiency of impact and monitoring of progress with a total capital orientation i.e., Natural, Human, Social, Management and Intellectual.
7. **Increasing the effectiveness of core management processes:** Using think time and capacity created in corporate teams to upgrade and codify the "Strategic Resource Management System" to explicitly link the company purpose, sustainability objectives with strategy and be clear how it will be used to run the company i.e., how strategy development, resource allocation, senior talent management and performance management link together, where accountability sits and how trade-offs are managed.