

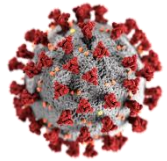


# **NAVIGATING THE COVID-19 CRISIS**

CHECKLIST FOR MANAGEMENT AND OWNERS

APRIL 2020

# NAVIGATING SAFELY TO THE WORLD AFTER THE COVID-19 CRISIS



COVID-19 outbreak starts

Today



**Protect employees and customers**

**Ensure survival of business**

**Prepare for timely ramp-up**

**Spring stronger to new normal**



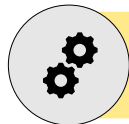
**People**

Safeguard employees and customers

Make people feel close despite social distancing

Communicate to keep everyone up-to-date

Build trust and cooperation on crisis experiences



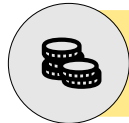
**Operations**

Limit immediate effects of disruption

Protect cash in and minimize cash out

Plan ramp-up timing and actions with stakeholders

Capitalize systematically on lessons learned



**Financials**

Conduct quick review of financials to stay afloat

Stress-test liquidity and seek emergency funding if needed

Arrange capacity for working capital ramp-up

Optimize funding for longer time horizon

 = Primary focus

# FIRST, SET UP PROCESSES TO PROTECT EMPLOYEES AND CUSTOMERS



## SAFEGUARD EMPLOYEES AND CUSTOMERS

### Set up processes and guidelines to protect workforce and customers

- Create and communicate hygiene guidelines and make necessary hygiene and cleaning related equipment available
- Limit face-to-face interactions and meetings onsite
- Make possible to keep physical distance by adjusting way of working in compact and closed working space (e.g. number of workers, protection)
- Provide clear travelling and work-from-home guidelines and ensure required infrastructure
- Adjust sick-leave policies to prevent people from coming to work if feeling sick
- Ensure all the time compliance with regulatory requirements

### Ensure continuous flow of communications and information sharing

- Set up communication channels and forums for employees to ask questions and inform infections
- Inform customers with your up-to-date safety practicalities



## LIMIT IMMEDIATE EFFECTS OF DISRUPTION

### Set up coordination team to manage information flow and critical decision making

- Coordinate all COVID-19 related actions across the company through single coordination team
- Build team consisting of members from all relevant functions (e.g. HR, sales and marketing, supply chain, finance) and mandate to make decisions
- Identify the most critical issues across all operations and support functions in defining necessary actions

### Identify risks in supply chain and customer needs and try to secure logistics

- Identify risks in supply chain and vulnerable suppliers and monitor situation frequently
- Identify customers' changing needs and make clear plan to ensure deliveries to the most critical customers
- Set up supply chain team to actively mitigate risk of supply constraints and define allocation principles for products/services in case of missing assets/supplies



## CONDUCT QUICK REVIEW OF FINANCIALS TO STAY AFLOAT

### Maintain liquidity when business environment starts to change

- Forecast cash flows
- Contact different financiers (banks, investors, public authorities) to discuss flexibility of financing terms and to access new financing streams
- Enforce strict cash management
- Reassess starting and continuing of investment projects and other capital spending
- Review force majeure contract terms to understand customers' and your own options for cost savings



# AFTER PEOPLE ARE SAFE, TAKE ALL NECESSARY ACTIONS TO ENSURE SURVIVAL OF YOUR BUSINESS



## MAKE PEOPLE FEEL CLOSE DESPITE SOCIAL DISTANCING

### Maintain endurance and spirit of employees

- Keep up long term positive vision during tough times
- Communicate transparently main business impacts and action taken to manage situation
- Ensure that employees' questions are answered in the specific communication channels and forums

### Refine new working methods and safety protocols

- Improve both onsite and virtual ways of working processes based on lessons learned (e.g. use of technology champions to ensure digital adoption, share best practices among colleagues)
- Encourage employees to maintain social connections virtually and remove barriers of social interactions
- Identify and share actions that increase work-from-home efficiency



## PROTECT CASH IN AND MINIMIZE CASH OUT

### Manage top line and adjust offering

- Assess changes in customer needs and align offering as well as sales channels accordingly
- Improve customer journey and communication to show your ability to deliver safely (e.g. training employees, multichannel communication)
- Ensure service to the critical customers and give flexibility if it enables customers to stay afloat
- Build sales scenarios and change pricing or use campaigns to boost sales
- Monitor competitors' strategic movements

### Secure ability to supply

- Reassess production capacity and compare with updated sales estimates
- Optimise supply chain based on identified immediate and long-term supply risk (identify alternative suppliers, reassess inventory size and location, new logistics routes)

### Contribute to the society

- Make focused actions that benefit sustainability of your business environment, community and society (e.g. support value chain members)



## STRESS-TEST LIQUIDITY AND SEEK EMERGENCY FUNDING IF NEEDED

### Secure liquidity in all different scenarios

- Stress-test cash flow adequacy based on different relevant market scenarios
- Reassess customers' credit risks
- Adjust investment plan by identifying non-critical items
- Analyse working capital requirements and identify possibilities for cash release in inventories or payment terms
- Renegotiate financing with financial institutions to cope with the adjusted plan and requirements

### Adjust costs according to changed demand conditions

- Define required resources to meet updated business needs
- Optimise inventory levels based on updated demand estimates and define new procurement guidelines with responsible persons
- Plan cost-reduction measures if necessary



# STAY PREPARED FOR A CONTROLLED RAMP-UP WHEN THE TIMING IS RIGHT



## COMMUNICATE TO KEEP EVERYONE UP-TO-DATE

### Plan for focused ramp-up of the organization

- Plan which key employees are needed first according to the customer and supplier needs
- Keep up frequent employee communications to keep everyone up-to-date and engaged

### Keep focusing on employee safety

- Maintain high safety procedures
- Monitor internal safety and governmental guidance constantly



## PLAN RAMP-UP TIMING AND ACTIONS WITH STAKEHOLDERS

### Adjust strategy and operations to the new normal

- Analyse what has changed in the marketplace
- Analyse how competitors have been impacted and how they are likely to act
- Get the owner's commitment to the changed plans

### Plan for customer actions

- Analyse customer readiness for the ramp-up
- Keep customers informed about service availability and new services
- Create means to keep loyal customers happy when the full service is not available

### Ensure that the key suppliers are able to deliver during the growth

- Plan for capacity and communicate the need to the suppliers beforehand
- Cooperate with the suppliers that prioritise you and concentrate purchases if necessary



## ARRANGE CAPACITY FOR WORKING CAPITAL RAMP-UP

### Plan financial needs for the focused growth

- Revisit financial plans to make sure that they support the planned ramp-up
- Ensure adequate financial buffers for different ramp-up scenarios, particularly keeping an eye on the working capital requirements

### Manage financial risks

- Assess financial risks in different ramp-up scenarios and create action lists to be followed if risks realise



# KEEP THE MOMENTUM GOING AND CAPITALIZE ON THE LESSONS LEARNED TO COME OUT STRONGER



## BUILD TRUST AND COOPERATION ON CRISIS EXPERIENCES

### Capitalize on opportunities to solidify culture

- Organize debriefings or other opportunities for the employees to share their experiences
- Empower employees to innovate new ways of working and cooperating with colleagues

### Improve communications and decision-making

- Analyse management actions during the crisis and identify improvement opportunities especially in roles and management processes
- Assess the cooperation between the Board and the management during the crisis and identify improvement opportunities especially in communications and decision-making
- Make sure that communication channels to customers and other key stakeholders are available also in possible future crises



## CAPITALIZE SYSTEMATICALLY ON LESSONS LEARNED

### Reinvent and reinforce business and operations

- Bolt the best practices (such as the use of digital collaborative tools) adopted during the crisis into the internal operations and use the momentum to improve practices even further
- Identify revealed weaknesses of the supply chain and improve its resilience e.g. by enhancing monitoring and communication over the whole supply chain as well as increasing diversity of suppliers in the most vulnerable parts of the chain
- Identify opportunities to meet the customer needs that were revealed or created during the crisis

### Maintain preparedness for possible second waves, future pandemics and other crises

- Create a risk management plan that includes an assessment of key risks as well as actions and responsibilities for continuously monitoring and otherwise preparing for them
- Create a plan for responding to realised risks, including concrete actions and responsible persons



## OPTIMIZE FUNDING FOR LONGER TIME HORIZON

### Reset capital structure for new normal

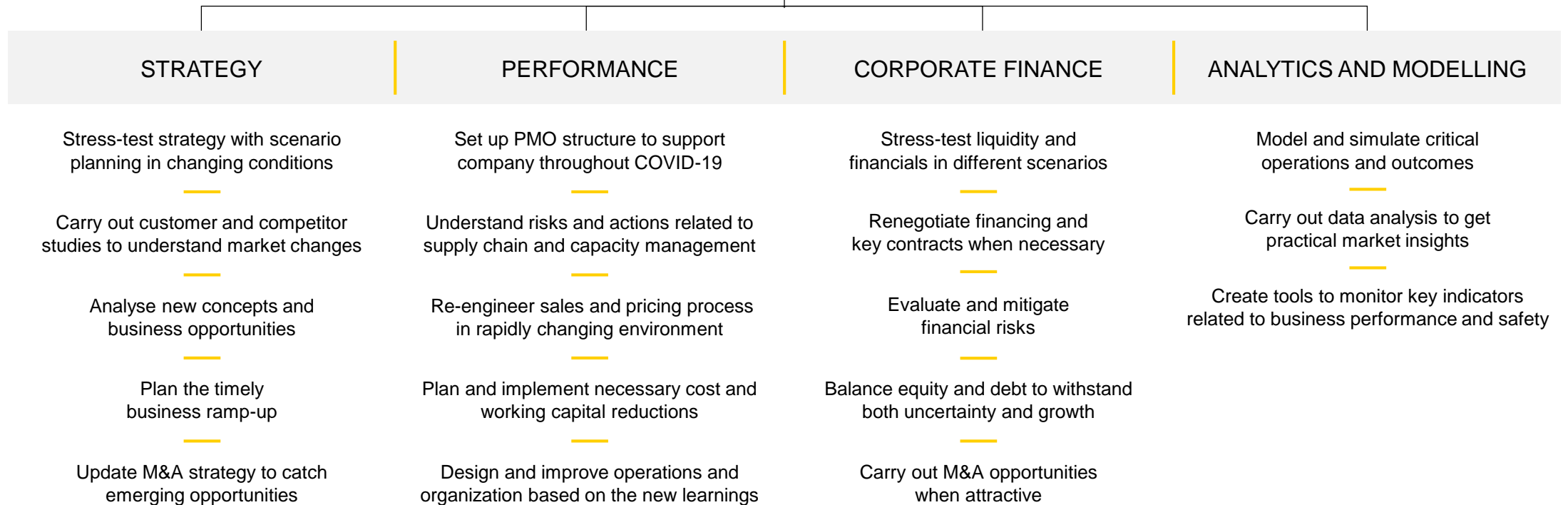
- Update the P&L and cash flow forecasts when the situation has stabilized
- Optimize the capital structure to reflect the updated view on opportunities and risks

### Sort out remaining crisis funding arrangements

- Replace the emergency funding sources with more suitable and cost-efficient arrangements
- Make sure that public funding arrangements are properly handled (e.g. reporting requirements are met)



# HOW SPRING CAN HELP YOU NAVIGATE THROUGH THE TURBULENCE?





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