

POST-PANDEMIC READINESS:

FIVE STRATEGIC PRIORITIES TO
SUCCEED IN THE NEW WORLD



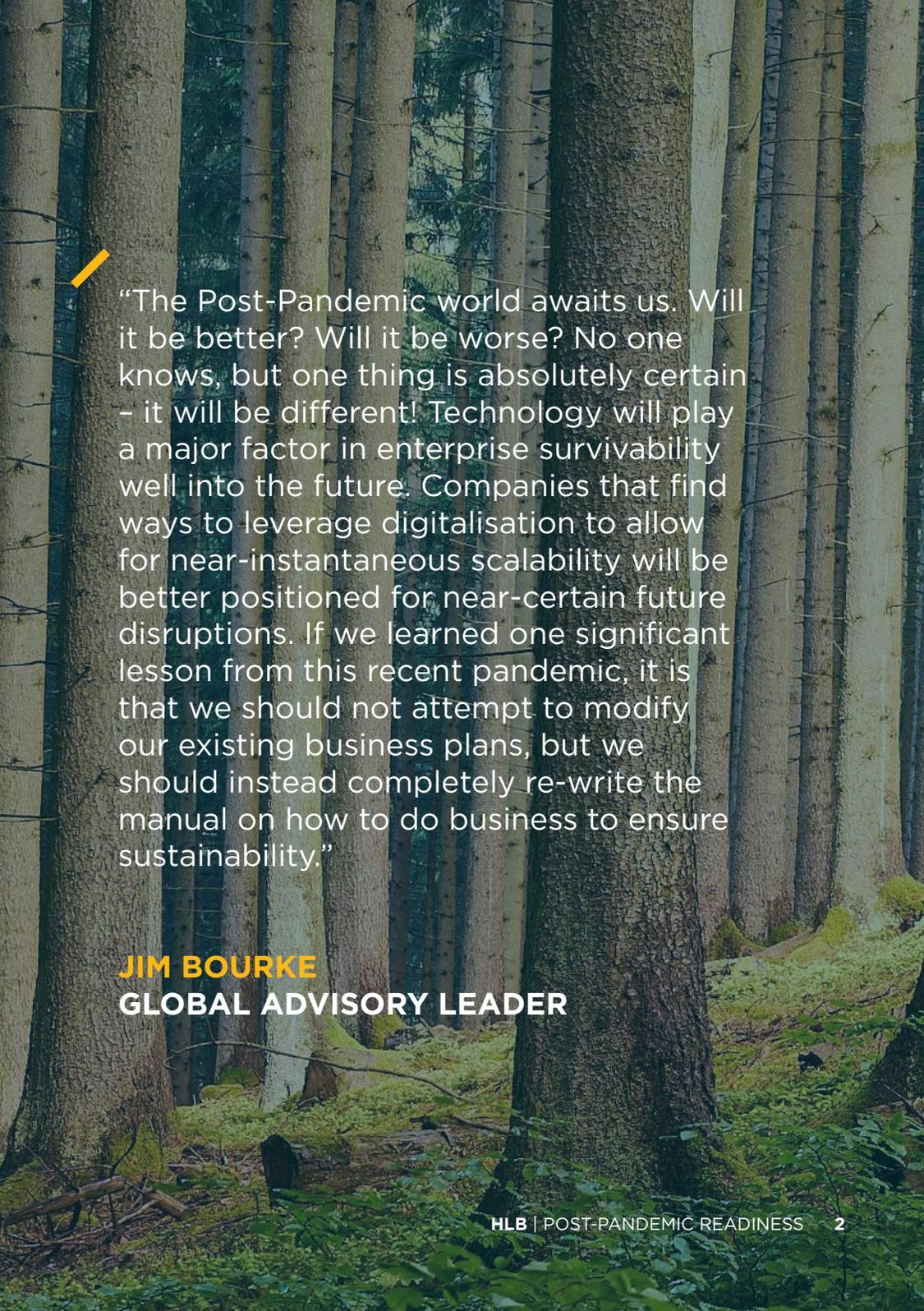
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“The Post-Pandemic world awaits us. Will it be better? Will it be worse? No one knows, but one thing is absolutely certain – it will be different! Technology will play a major factor in enterprise survivability well into the future. Companies that find ways to leverage digitalisation to allow for near-instantaneous scalability will be better positioned for near-certain future disruptions. If we learned one significant lesson from this recent pandemic, it is that we should not attempt to modify our existing business plans, but we should instead completely re-write the manual on how to do business to ensure sustainability.”

JIM BOURKE
GLOBAL ADVISORY LEADER

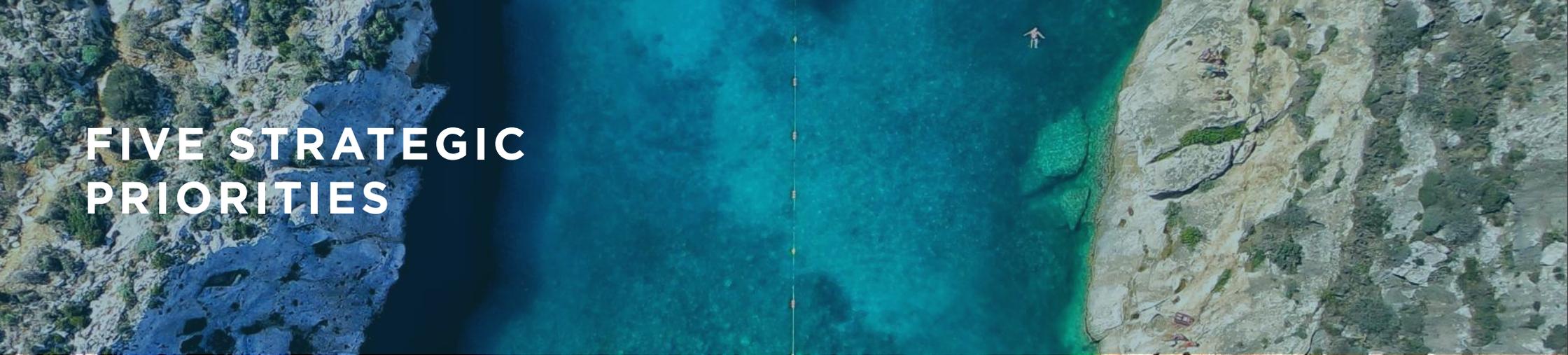
THE POST-PANDEMIC WORLD ARISES

At the dawn of the new decade, business leaders could not have foreseen the shock wave called COVID-19 that was about to hit the world. Pre-pandemic, HLB surveyed business leaders from more than 50 countries during the final quarter of 2019. From our findings, economic uncertainty emerged as the top concern among respondents. Today, a new world emerges; a post-pandemic world in which business leaders don't just face the economic down-turn they were anticipating, but a far more disrupted global economy and business environment all together.

How do we navigate this new world? What is the road to economic recovery going to look like? What are the implications for my business? What is the long-term effect on consumer sentiment and behaviour?

While a V-shaped economic recovery would be the best outcome for most, there is the possibility recovery will be more sluggish. Without a vaccine or widespread immunity, there is the risk of a second wave of infections, which could lead to a second decline in economic activity or even another wave of lockdown measures. This is a doom scenario that requires great resilience to weather the storm yet again.

But post-pandemic challenges go beyond economic uncertainty and recovery. There are permanent changes to how societies operate and businesses across all sectors need to pivot and adapt to succeed in the new world. Greater agility is the superpower separating the successful business models from those who will fall behind in the near future.



FIVE STRATEGIC PRIORITIES

To increase your post-pandemic readiness and win in the new world, we have identified five strategic priorities to unlock business transformation. As we head down the future path of uncertainty, the risk of sitting tight and not investing in transformation results in a number of risks which ultimately lead to lost market share.

So, what does business transformation look like? Business leaders must adopt greater agility to anticipate change and mitigate its impact. To drive change, tough questions need to be asked within boardrooms. This report helps you do so. The five strategic priorities we discuss in this report come with the questions that need to be explored and the high-level objectives you should be aiming for.

The five strategic priorities to increase your post-pandemic readiness are:

- 1. Digital acceleration**
- 2. Workforce transformation**
- 3. Consumer acumen**
- 4. Cost management**
- 5. Supply chain reinvention**

1. DIGITAL ACCELERATION

While business transformation through digital technologies has been on the CEO agenda for over a decade, the lockdown measures in response to COVID-19 have forced businesses across all sectors to rapidly adopt technology enabled processes to keep operations running remotely. From home-working arrangements to online sales and distribution channels, they are here to stay. Businesses that do not prioritise digitisation and the adoption of new technology will fall behind the competition and will not be able to keep up with the needs and demands of customers and employees alike.

THE OBJECTIVE

To succeed in the post-pandemic world, CEOs need to accelerate the digitisation of their operations. They must take a holistic approach to building a digital enterprise, from acquiring the skills needed in-house and investing in technology infrastructure, to ensuring cyber security and transitioning staff into a digitally-led work environment.

TOUGH QUESTIONS TO ASK ABOUT DIGITAL ACCELERATION:

- ✓ Does your business have a digitalisation roadmap?
- ✓ Has the lockdown period uncovered weaknesses in your cybersecurity?
- ✓ Do you have the in-house skills needed to accelerate digitalisation and digital adoption within your business?
- ✓ Is your IT infrastructure ready to operate the business remotely?

2. WORKFORCE TRANSFORMATION

The well-being of your workforce is directly linked to business performance. In the post-pandemic world, interactions between people in both the physical workplace as well as via digital collaboration platforms must be adjusted to fit a more agile working model. This also includes more flexible arrangements to up or down-size the workforce more easily depending on business needs. Key to success is fostering a flexible and open culture within the organisation.

THE OBJECTIVE

CEOs must transform their workforce into a leaner model that allows up- and downsizing of teams with more ease depending on the business needs. Teams need to adopt digital collaboration platforms and new ways of interaction in restricted physical working environments.

TOUGH QUESTIONS TO ASK ABOUT THE FUTURE OF WORK:

- What does the future of work look like?
- How do we build a leaner workforce model that allows more flexibility based on business needs?
- How do we drive a cultural shift towards digital collaboration and greater agility?
- What is the impact of restricted physical and remote working workplaces on productivity and staff well-being?

3. CONSUMER ACUMEN

Findings from HLB's Global Survey of Business Leaders revealed that pre-pandemic, just 24% of business leaders planned to focus on customer acumen in 2020 to strengthen their business. But in a post-pandemic world, we identify consumer acumen as one of the five strategic priorities in order to succeed. The wants and needs of your customers today are likely to look different from what they did before. With consumer spending in decline, B2C businesses in particular need to make sure their products, sales channels, customer service and brand messages meet the new demands of their customer base.

THE OBJECTIVE

Brands need to maintain customer loyalty and trust. To maintain loyalty, products and services need to be adjusted to new customer demands. To win trust, businesses need to communicate what measures they have put in place to keep their staff and customers safe.

TOUGH QUESTIONS TO ASK ABOUT CONSUMER BEHAVIOUR AND ACUMEN:

- What is the long-term impact of the pandemic on consumer sentiment?
- If needs and demands shift rapidly, are we ready to meet them?
- How do we reassure trust and maintain customer loyalty?
- What have we learned about our customer service and management?

4. COST MANAGEMENT

The foreseeable future remains uncertain, and in times of uncertainty, cash is king. The pandemic has shed light on the importance of cash preservation and cost control. Strategic cash control and cash management will be key to survival of businesses during times of change. The key to your continued survival will be your ability to quickly adapt to unanticipated disruption.

THE OBJECTIVE

Business leaders should centralise cash where possible and optimise operational efficiency and productivity.

TOUGH QUESTIONS TO ASK ABOUT COST MANAGEMENT AND EFFICIENCY:

- ✓ How do we cut cost without cutting quality?
- ✓ What is the long term impact of short term cost cutting?
- ✓ How do I optimise my international tax strategy to ease cash flow?
- ✓ What parts of our operations can we automate to boost productivity and save cost or increase profit margins?
- ✓ How do we centralise cash availability?

5. SUPPLY CHAIN REINVENTION

The pandemic has uncovered a variety of issues and inefficiencies in global supply chains. One common challenge is replacing or augmenting manual processes which are dependent on the action of individuals. For example, manually inputting information—whether it be for purposes of filling orders or completing a multitude of tasks—can get easily delayed and slow the supply chain process. Data analyses to inform procurement processes and decision-making on inventory requirements can be made more efficient through the use of digital technology.

THE OBJECTIVE

Business leaders must augment manual processes within the supply chain as much as possible. Smart use of technology such as AI and Blockchain can make inventory checks and keeping track of shipping far easier.

TOUGH QUESTIONS TO ASK ABOUT SUPPLY CHAIN MANAGEMENT:

- ✓ Where can we cut human intervention and augment our supply chain?
- ✓ What are the weaknesses in our supply chain that the COVID-19 crisis has uncovered?
- ✓ Are there benefits in sourcing closer to home?
- ✓ Do we need to rethink our procurement processes for sourcing suppliers.

RETHINKING COMPETITIVE ADVANTAGE

The pandemic changed the paradigm of competitive advantage. Operational agility, lean supply chains, deep understanding of customers and a high level of remote work readiness are now the key factors to success. This gives smaller, more nimble players in the market an edge over the larger, more established ones for whom change often comes at a slower pace. We believe a growth mindset and greater agility are the key ingredients to success in the post-pandemic world, separating tomorrow's leaders from the competition.

Technology will play a major factor in enterprise survivability well into the future. Companies that find ways to leverage digitalisation to allow for near-instantaneous scalability will be better positioned to mitigate future disruptions. If we learned one significant lesson from the pandemic, it is that we

should not attempt to modify our existing business plans, but we should instead re-write the manual on how to do business to ensure sustainability.

Strategies based on binary outcomes — having a widely available vaccine by the end of 2020 or not — are a risky endeavour. Instead, focussing on the areas identified in this report will boost agility and allow a business to pivot more easily when challenging times hit. Failing to transform and move with the changes taking place in the market will result in lost market share and competition overtaking you.

IF NOT NOW, THEN WHEN?

If one thing is certain in today's uncertain business environment, it is that the world will not return to how it operated pre-pandemic. The time is now for business leaders to recognise the need for greater agility to succeed. Failing to take action on the five strategic areas identified in this report may result in a long-term disadvantage for businesses across a wide range of sectors.

GET FUTURE READY

Our advisors across 158 countries are ready to support your business and help prepare you for the post-pandemic world.



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