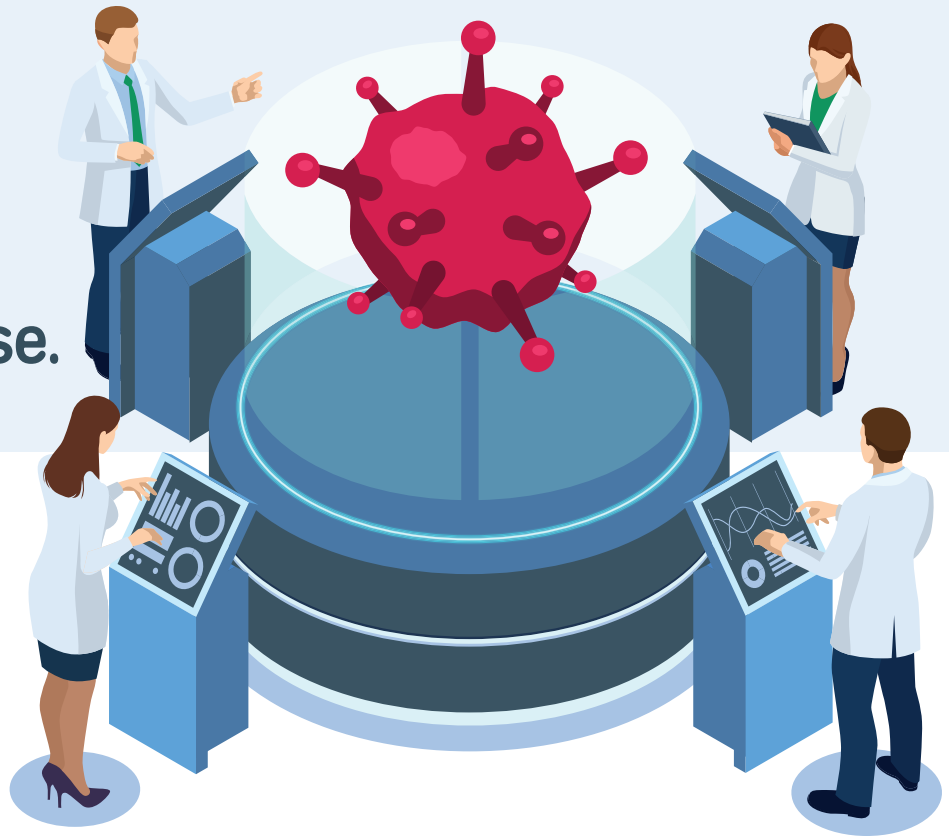




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Seven strategic concepts to sharpen your COVID-19 response.



As the COVID-19 pandemic continues to disrupt life and economies around the world, business leaders need to think creatively about the new challenges and opportunities they now confront. This effort must go hand-in-hand with managing day-to-day activities and taking care of the people in your organization. At BroadBranch, we have come up with seven concepts to consider as you plan your response. These ideas are based on tried and true strategic techniques most appropriate for leadership teams to firm their grip on uncertain situations.

1. Scenarios

The COVID-19 crisis has raised short and medium-term business risk to extraordinary levels. Scenario planning can help contextualize this risk and jumpstart your strategic response. Framing three to five likely-outcome scenarios for your business covering a 1-3 year timeframe can help ensure a comprehensive perspective. Your scenarios should represent a reasonably

likely range of outcomes. Each scenario should be distinct in its primary characteristics and should, in part, be delineated by specific numerical inputs (e.g., GNP levels, GDP growth, industry revenue, unit output estimates, etc.). Name each scenario (e.g., Rollercoaster, Molasses, and Takeoff—being colorful can help) and use them as a backdrop for further discussions. Another interesting technique is to write three hypothetical future headlines for each scenario indicating the increased likelihood of each scenario relative to others. Predicted headlines can become reality, and thinking them through in advance can be informative and a powerful tool for planning.

2. Value chain awareness

Most businesses are generally aware of the behavior of their direct suppliers and



customers. Often the behavior of entities further up the value chain (supplier's suppliers) and down the value chain (buyer's buyers) can have important effects. In turbulent times, examine your complete value chain to better understand your current and near-term risks. When a team lacks familiarity with industries up and down their value chain, clarifying information can often be ascertained using online resources. For more detailed questions, expert networks or BroadBranch Advisors can be helpful.

3. Blind spots

In turbulent times, blind spots emerge. Organizations can acknowledge the existence of blind spots, but often brush them aside as “too hard to figure out” or “not that likely.” But finding these blind spots and carefully evaluating how to address them can be extremely valuable. Often, setting an estimated financial impact threshold can facilitate an effective process (e.g., if the blind spot risk has an

impact of less than \$1MM in profit, ignore for now). A common blind spot during crises like COVID-19 is the impact of regulatory changes on business (e.g., the unprecedented European travel ban and its timing).

4. Silver linings

Be on the lookout for silver linings—opportunities that emerge in response to a crisis. Examples include new customer acquisition, product diversification, inorganic growth, new cost-cutting strategies, and more. To maximize creative thinking about silver linings, have everyone on your team take a few minutes to brainstorm ideas. Compile a list of 15+ suggestions on a whiteboard or shared document, then ask everyone to write down their 5 to 7 favorites. Tabulate and deepen conversations around the

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best ideas. Decide what investigative steps are needed to pursue your favorites and delegate those activities to the right people.

5. Decision trees

Decision trees are a visual method of displaying possible outcomes based on events that may be within or beyond your control. They are an old-school tool, but one with heightened usefulness in ambiguous times. There are three primary benefits to using decision trees. First, the process of making a decision tree forces you to identify the key inflection points. Second, the tree helps you think through the implications of how these inflection points will interact and ultimately play out. Third, decision trees give you an effective way to communicate your perspectives.

6. Idled physical assets

Companies should catalogue resources recently idled by COVID-19

and assess whether they can be re-purposed. Warehouse space could be rented out while production is shut down. Office space could be sublet to healthcare organizations or companies seeking to create greater social distance in their workplaces. Physically mobile assets, like trucks, could be cleaned and loaned to other organizations. Consider how to use all assets to respond to new opportunities—especially when you have a time-to-market advantage because of existing facilities and assets.

7. Creative human resourcing

The COVID-19 challenge presents opportunities to deploy existing resources in ways not previously considered.

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Personnel can be applied to tasks that normally present staffing difficulties. For example, many businesses need to spend time documenting and optimizing processes. In some cases, you may need new or additional resources to capture near-term opportunities. Consider hiring sidelined/displaced employees from adjacent industries. Amazon, for example, is absorbing 100,000 employees from a variety of shut-down service industries to support the surge in demand for warehousing and delivery services. Lastly, consider how to loan employees to other firms, non-profits, or governments to meet their near-term needs.

Next steps.

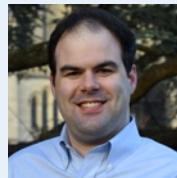
We hope you and your organization can address the challenges presented by COVID-19. The seven tools outlined can be used to lead productive conversations about your response to the virus. To the extent you would benefit from the expertise of BroadBranch Advisors as a contributor to or facilitator of your efforts, please get in touch.



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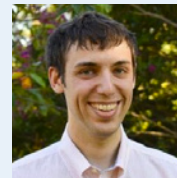
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