

COVID-19 RAPID CRISIS RESPONSE CHECKLIST

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LATEST AS OF 03/21/2020

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BCG'S COVID-19 RAPID RESPONSE CHECKLIST FOR LEADERS

TEAM HEALTH & SAFETY

Reduce risk of transmission

Support those who are/ may be infected

Reduce stress and boost morale

Ensure compliance with regulatory requirements

BUSINESS STRENGT

Preserve build trust

Reinforce to supply

Adapt rese meet busi

Monitor & market an dynamics

Prepare fo scenarios

EXECUTION CLARITY

Coordinate and scale response and planning adaptively

Engage the organization

Empower the team

Lead with purpose & integrity

S 'H	FINANCIAL Resilience	Designed to be digestibl comprehensive for leade owners and operators
top line and at with customers	Manage cash and liquidity	Treat this as a rapidly evolving document, current version as of 3/21
ability	Ensure cost discipline	CLICK HERE TO ACCESS THE MOST RECENT VERSION OF THIS CHECKLIST
sources to iness needs & respond to nd competitive	Revise financial plan and perform scenario- based stress tests	Help us enhance this critically import checklist by sharing your perspective our survey CLICK HERE TO PARTICIPATE IN A 5 MINUTE BENCHMARKING SURVEY
or bounce-back		Additional COVID-19 related thinking & material
		CLICK HERE TO ACCESS

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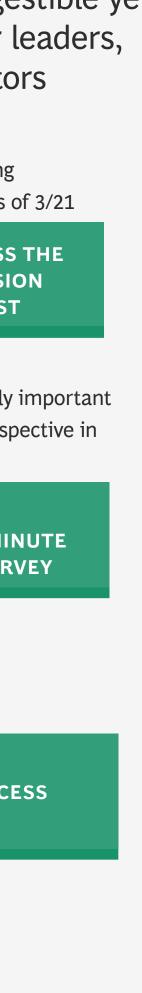




TABLE OF CONTENTS

1 TEAM HEALTH & SAFETY

- Reduce risk of transmission
- Support those who are/may be infected
- Reduce stress and boost morale
- IV Ensure compliance with regulatory requirements

BUSINESS STRENGTH

- Preserve top line and build trust with customers
- Reinforce ability to supply
- Adapt resources to meet business needs
- N Monitor & respond to market and competitive dynamics
- Prepare for bounce back scenarios

FUNCTION-SPECIFIC CONTENT

HR & People Priorities

PEOPLE PRIORITIES

REMOTE WORKING

Supply Chain & Operations

SUPPLY CHAIN

LATEST AS OF 03/21/2020

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3 FINANCIAL RESILIENCE

- Manage cash and liquidity
- Ensure cost discipline
- Revise financial plan and perform scenario-based stress tests

4 EXECUTION CLARITY

- Coordinate and scale response and planning adaptively
- Engage the organization
- Empower the team
- Lead with purpose & integrity

Corporate Finance & Strategy

CASH OFFICE

Marketing, Sales & Pricing

COMMERCIAL RESPONSE

SALES









1 TEAM HEALTH & SAFETY

Reduce risk of transmission

A. Hygiene and cleaning

- Adjust workplace cleaning protocol (e.g., increase in-office cleaning, reinforce station changeover SOPs)
- Conduct health/temperature check for employees/ visitors at workplace where warranted
- Communicate personal hygiene good practices; educate on social distancing measures
- □ Provide masks, wipes etc. for onsite employees
- B. Separate teams to ensure they work in different, satellite locations and/or non-overlapping time slots (e.g., every other week)
- □ Implement A-team/B-team splits for onsite operations
- Restrict use of office for certain groups (e.g. visitors, non-critical personnel) and reduce in-person meetings (e.g., trainings, daily operations stand-ups), face-to-face interaction, and social gatherings
- Establish work-from-home (WfH) policies where possible and ensure appropriate technological infrastructure support (e.g., IT solutions, VPNs, virtual meetings including video-conferences)
- Adjust travel policies (e.g., reduce non-essential travel– especially to highly impacted areas, reduce cross-facility travel and third-party presence) and modify sick leave policies to align incentives and encourage precaution

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Support those who are/may be infected

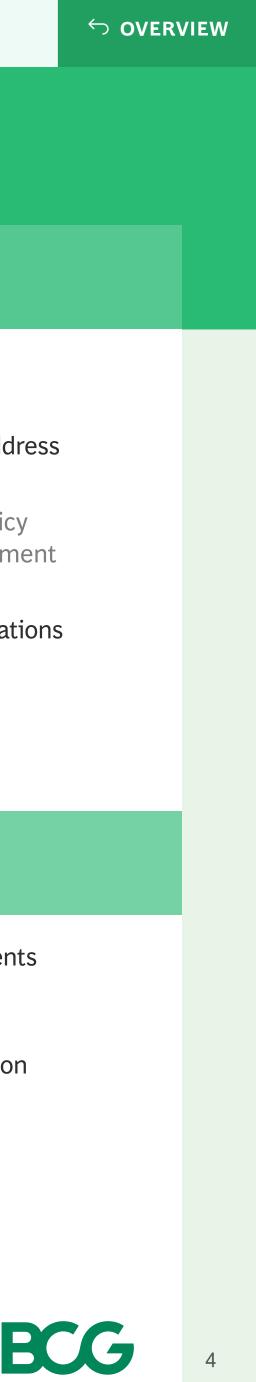
- Introduce employee self-quarantine policy based on travel history/health status
- Create a safe channel for employees to notify company about an infection
- Provide contact information for tele-docs for remote counseling (and expand availability if needed)
- Establish policies around forced time off in case of infection/quarantine and refine paid time off policies
 —and return guarantees—to prevent sick employees from coming to work
- Identify, monitor, and protect critical personnel, roles, and activities

Manage stress and boost morale

- Communicate proactively about all aspects of the business and efforts undertaken
- Organize information sessions and calls to address employees' questions
- Prepare for changes in environment (e.g., policy changes in the case of a reduction in government services such as school closures)
- Start thinking about target-setting and implications for compensation in a time of uncertainty

IV Ensure compliance with regulatory requirements

- Ensure compliance with regulatory requirements (e.g., OSHA, FMLA, ADA in the US)
- Engage with work councils and unions as appropriate for respective region(s) of operation



2 BUSINESS STRENGTH I/II

Preserve top line and build trust with customers

- A. Establish demand-side rapid response team to monitor marketing, sales and pricing implications
- □ Model top line revenue implications and adapt go-to-market strategies (e.g., implications for salesforce effectiveness)
- □ Monitor key metrics to prevent capitalizing on the crisis for short-term gains (e.g., price gouging)

B. Understand changing customer needs

- □ Reach out to customers to understand their situation and needs; communicate clear plan to mitigate risks and ensure business continuity
- \Box Observe and respond to shifts in customer behaviors; use 01' and 08' shocks to predict likely shifts
- □ Define actions/messages to show confidence and ensure ability to deliver to customers (e.g., multichannel, people-light approaches)
- □ Build confidence with customers in small (e.g., sanitizer at POS) and big ways (e.g., mass outreach, adjust return policy)

C. Refocus product and service offering

- □ Evaluate opportunities to ensure stronger linkages with key customers (e.g., via contracts, discounts, financial support)
- □ Resource less affected channels, products and services appropriately (e.g., focus on online vs. offline retail)

Reinforce ability to supply

D. Establish supply chain rapid response team to monitor and update assessments and actions

- □ Prioritize public health and safety-critical products and services and ensure alignment and awareness upstream and downstream
- □ Mobilize central "war room" to evaluate and address supply vulnerabilities and monitor risk daily
- □ Actively communicate to minimize business disruption from supply constraints (review impact on manufacturing, suppliers-tier 1/2/3, logistics)
- □ Implement product/service allocation processes for constrained assets and/or supplies
- □ Plan for reductions in range of offerings to reduce complexity while maximizing stakeholder/customer benefit

E. Understand liquidity and business position of key suppliers and associated risks

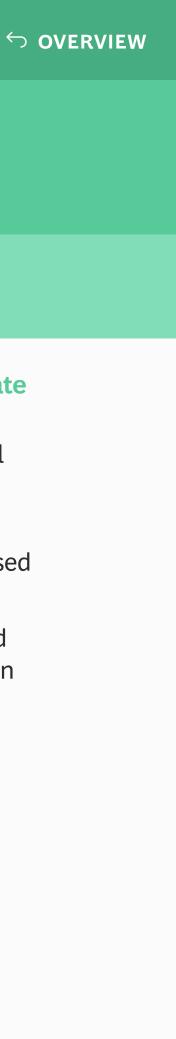
- □ Create "COVID-19 Supplier Audit", assess critical vendors (also consider vendor risk given location, size, operational processes, etc.), and provide action oriented feedback
- □ Provide financial/non-financial support to value chain partners (if feasible)

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F. Identify and mitigate risks with both immediate and mid-term view

- □ Activate alternatives and contingencies for critical components, operations, and logistics routes
- □ Plan for near- & long-term impact in conjunction with lead times & value chain (critical S&OP focused on 3-12 mos., not just immediate term)
- □ Evaluate alternative demand/supply scenarios and their impact on capacity, and determine mitigation strategies (new local sourcing, etc.)
- □ Shift inventory position to manage impact of near- & long-term market/health scenarios (e.g., safety stock/forward buying, space constraints)
- □ Ensure proper safety precautions inbound from suppliers and outbound from facilities with consideration to lead times





IV

2 BUSINESS STRENGTH II/II

Adapt resources to meet business needs

- □ Identify and prioritize critical products/services needed for rapid response
- □ Focus on critical constraints in internal as well as external value chain elements
- □ Assess and manage Shared Service Center risks to ensure business continuity, in particular when offshored/outsourced
- □ Where possible, explore opportunities to partner with other companies to optimize resources (e.g., delivery companies borrowed staff from physical restaurant chains in China)

Monitor & respond to market and competitive dynamics

- □ Leverage lessons learned from other countries where the crisis has progressed further (e.g., China)
- □ Track competitors' situations and actions to inform strategic, operational, and financial decision making
- □ Examine sector viability: Identify collaboration opportunities to accelerate resolution (e.g., collaboration to develop COVID-19-vaccine)
- □ Redefine budgets and targets as frequently as possible and necessarily (e.g., daily, weekly, monthly) by geography/market/segment
- □ Leverage intelligence (e.g., activate your salesforce for customer/distributor outreach surveys) to identify "inflection point" (when the situation gets stabilized and consumption confidence returns) & ramp up/ redirect sales activities, inventory, trade support, and marketing

LATEST AS OF 03/21/2020

Prepare for bounce-back scenarios

- □ Identify company-specific scenarios informed by potential macroeconomic scenarios (e.g., "W", "U", "L", "V")
- □ Ensure appropriate capacity (internal or external) to respond to potential shifts in demand
- □ Actively assess acquisition opportunities (e.g., distressed assets, countercyclical investments)
- □ Explore opportunities to configure "comeback marketing campaign" in advance, quickly pick up ad spending post-epidemic (craft new product and service story and create new selling points)
- □ Prepare for bold moves and implement learnings with regards to business model modifications







3 FINANCIAL RESILIENCE

Manage cash and liquidity

A. Establish liquidity office to forecast cash flows and manage/mitigate risks

- □ Ensure rigorous, prudent cash management and governance and reduce non-critical uses of cash
- □ Prepare for significant changes to cash conversion cycle (e.g., cash terms with key suppliers and customers)
- □ Adjust working capital (inventory management and payment terms) to ensure ongoing delivery of high-priority products/services
- □ Review debt retirement schedule and covenants
- **B. Stress-test cash flow from financing/investing** based on market scenarios
- □ Secure and/or access financing options (e.g., credit lines, revolvers); engage with debt holders/banks to discuss potential for extended financing
- □ Assess credit risks to current accounts receivable
- □ Review of commitments, MAC clauses and Force Majeure options

C. Assess viability of current investment roadmaps and dividend policy and share repurchase plans

- □ Postpone non-critical capital expenditure
- □ Rationalize short/medium-term capital spending unless it offers a clear longer-term competitive advantage
- □ However: Identify opportunities to bring forward asset enhancements if cash/liquidity is not an issue and asset not/only marginally utilized due to outbreak (e.g. store/hotel renovations, servicing of equipment)

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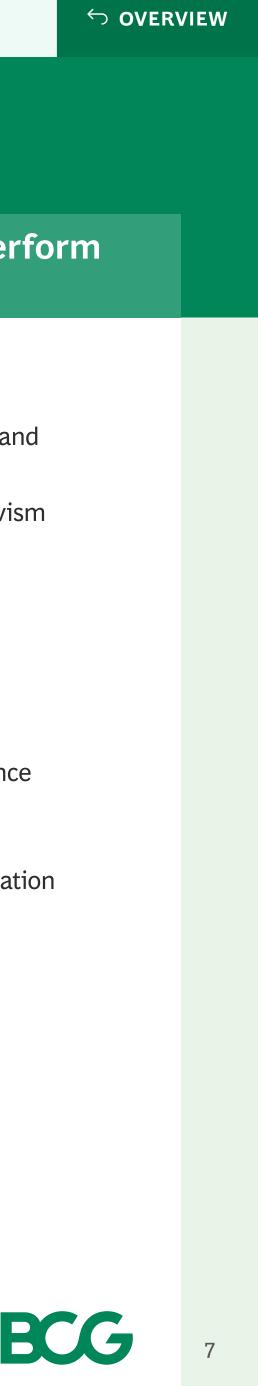
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Ensure cost discipline

- □ Ensure procurement control tower in place (e.g., PO authorization processes, active management of open POs and delivery schedules)
- □ Variabilize cost to as great an extent as possible (e.g., enabling voluntary LOAs, slowing or pausing discretionary hiring)
- □ Understand employee base (e.g., best attendance records, longest history with company) to prepare for uncertain future
- □ Avoid conducting business-as-usual under pre-crisis assumptions (e.g., signing lease agreements or renewals)
- □ Mitigate or redirect discretionary spend to build financial flexibility (such as marketing; however, avoid removing all ads and cautiously select marketing channels during epidemic)

Revise financial plan and perform scenario-based stress tests

- □ Conduct scenario planning and develop action plan accordingly
- □ Perform financial and liquidity stress test and conduct rollings forecasts
- □ Engage with shareholders and assess activism vulnerability
- □ Revise target-setting and objectives (e.g., sales targets, production plans, related KPIs)
- □ Communicate financial resilience to key stakeholders
- □ Reset investor expectations around guidance (e.g., top-line, EPS) with a focus on the medium-term
- □ Explore alternative and deferred compensation models for high-earning colleagues



4 EXECUTION CLARITY

Coordinate and scale response and planning

- A. Set up a central, cross-functional, rapid-response team (PMO) to make clear decisions, and monitor/take control of the situation (enabled with necessary decision authority and sufficient staffing to take a day-to-day agile approach to navigate changing environment)
- □ Identify critical processes and key resources (HR, Finance, Procurement, IT, Legal, Real Estate etc.)
- □ Set up daily rapid response meetings to provide fact-based analysis to enable fast, high quality decision making

유 ^{옷·유} CLICK HERE FOR SAMPLE RAPID RESPONSE PMO **STRUCTURE**

- B. Develop concrete action plans based on 3-5 mediumterm scenarios (i.e., "W","U","L", "V") and clearly communicate action plans to key stakeholders
- □ Macro: Vary scenarios by shape and severity of broad economic impact
- □ Internal/company-specific: Build view on potential impacts to team, P&L, cash flow, and balance sheet
- □ Identify, track, and mitigate existing and new risks

Protect leadership continuity

CLICK HERE FOR MORE ON \sim **TEAM HEALTH & SAFETY**

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Empower the team

- communicate!
- □ Provide clear direction on operational boundaries and principles (e.g., owned and shared accountabilities, decisiveness, entrepreneurial mindset, act rapidly & flexibly and be engaged) to enable frontline leaders to execute
- □ Establish a two-way communication / Q&A channel

Engage the organization

□ Tell your employees what they should be doing in order to prevent organizational paralysis, confusion and misinformation communicate, - communicate,

- □ Gauge current sentiment within organization (e.g., via short online survey, dedicated communication channels, cascading team calls)
- □ Provide honest and frequent 360-communication through multiple channels
- □ Set up a digital information hub for all the latest policies and information
- □ Unlock discretionary effort beyond regular roles and responsibilities by suggesting "if you want to be involved in X, then contact Y"

Lead with purpose and integrity

- □ Find ways to support your employees, community and society
- □ Reinforce your vision, mission & purpose and/or highlight critical elements of your company's value to customers
- □ Leverage your resources/network to make a difference by providing products and services (beyond monetary donations) to affected people at your company and in your communities



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9