BOSTON CONSULTING GROUP

COVID-19 Rapid Response Checklist

AS OF: MARCH 13, 2020

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 strength

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

Financial resilience

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

Execution clarity

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

Designed to be digestible yet comprehensive for leaders, owners and operators

Treat this as a rapidly evolving document, current version as of 3/13

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Help us enhance this critically important checklist by sharing your perspective in our survey

Click here to participate in a 5 minute benchmarking survey

Additional COVID-19 related thinking & material

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Team health & safety

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Category	Action items
Reduce risk of transmission	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 ❑ Provide masks, wipes etc. for onsite employees 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
Support those that 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 counselling (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., how do policies change 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
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

Business strength (I/II)

Go to Business Strength (II/II)

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Category	Action items
Preserve topline and build trust with customers	Establish demand-side rapid response team to monitor marketing, sales and pricing implications ❑ Model topline revenue implications and and adapt go-to-market (e.g., implications for salesforce effectiveness) ❑ Monitor key metrics to prevent capitalizing on the crisis for short-term gains (e.g., price gouging) Understand changing customer needs ❑ Reach out to customers to understand their situation and needs; communicate clear plan to mitigate risks and ensure business continuity ❑ 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) 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 (I/II)	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 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 w/ 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 (e.g., safety stock/forward buying, space constraints) to manage impact of near & long term market/health scenarios ❑ Ensure proper safety precautions inbound from suppliers and outbound from facilities with consideration to lead times

Business strength (II/II)

Go to Business Strength (I/II) | Return to overview

Category	Action items
Reinforce ability to supply (II/II)	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)
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 ❑ 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) ❑ Re-define 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 spend
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

Financial resilience

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Category	Action items
Manage cash and liquidity	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 Stress test cash-flow from financing / investing based on market scenarios ❑ Secure and/or access financing options (e.g., credit lines, revolvers) ❑ Assess credit risks to current accounts receivable ❑ Review of commitments, MAC clauses and Force Majeure options 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)
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 ❑ Revise target-setting and objectives (e.g., sales targets, production plans, related KPIs) ❑ Communicate financial resilience to key stakeholders ❑ Explore alternative and deferred compensation models for high-earning colleagues

Execution clarity

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Category	Action items
Coordinate and scale response and planning	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 etc.) ❑ Set up daily rapid response meetings to provide fact-based analysis to enable fast, high quality decision making Develop concrete action plans based on 3-5 medium term macro-economic 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 (see section Team Health & Safety)
Empower the team	❑ Tell your employees what they should be doing in order to prevent organizational paralysis, confusion and misinformation-- Communicate, communicate, communicate! ❑ Provide clear direction on operational boundaries and principles (e.g., owned and shared accountabilities, decisiveness, entrepreneurial mindset, act rapid, flexible & engaged) to enable frontline leaders to execute ❑ Establish a two-way communication / Q&A channel
Engage the organization	❑ Gauge current sentiment / concerns 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 & responsibilities by suggesting "if you want to be involved in X, then contact Y
Lead with purpose & 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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