

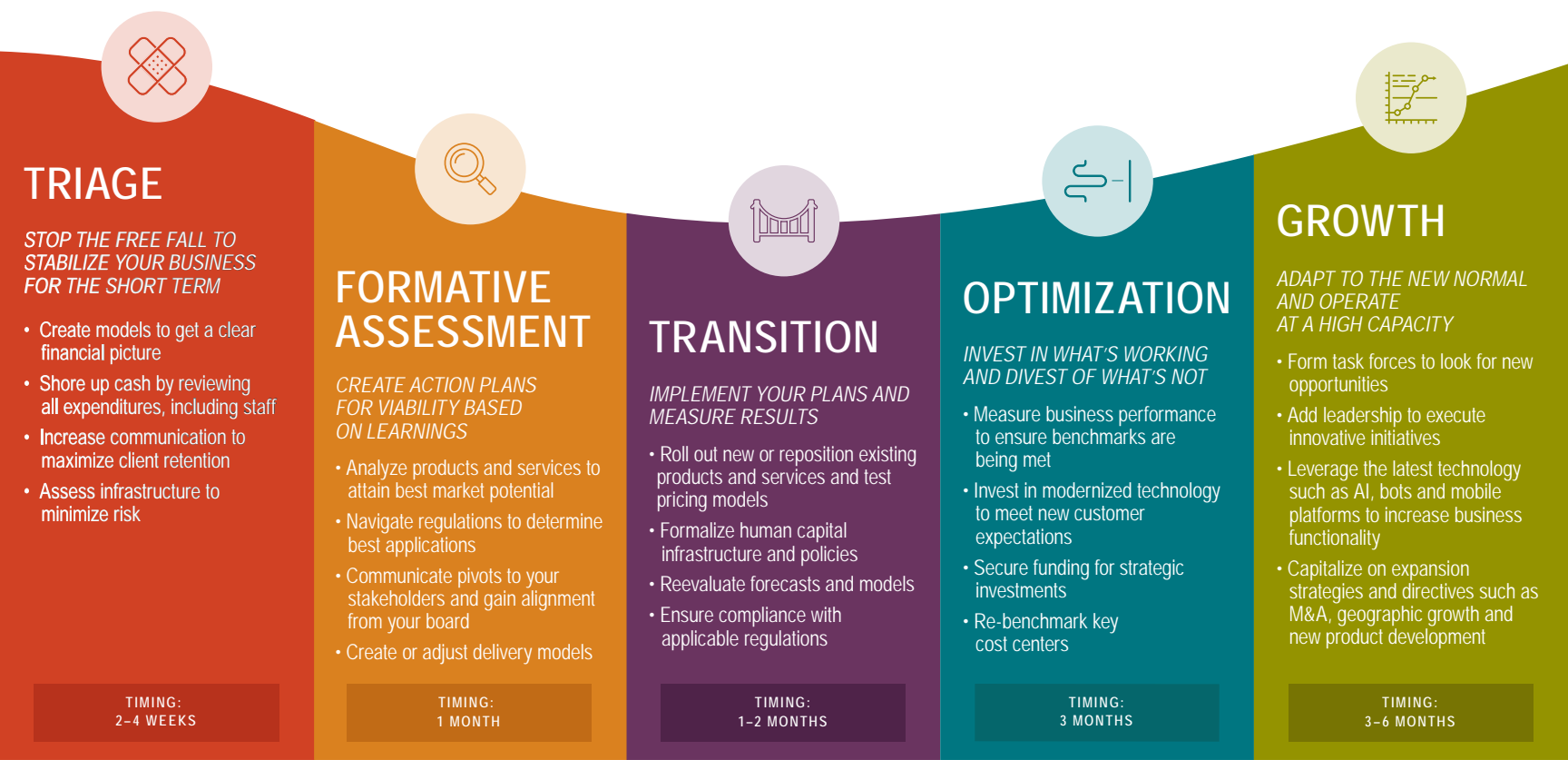
NAVIGATE  
YOUR  
BUSINESS  
TO ITS  
NEW NORMAL

# How Are You Dealing With COVID-19?

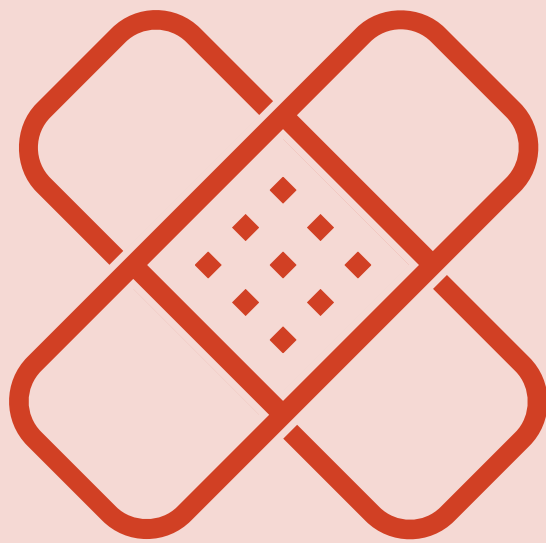
Keeping your business running through typical disruption is challenging, but when faced with a crisis like the coronavirus pandemic, it seems insurmountable. Each business and industry will have its own unique path out of this crisis. It may be V-shaped, with a sharp but brief period of decline followed by an equally rapid upturn. It may be U-shaped, with organizations struggling longer before eventually climbing to a new normal. Or, it could be L-shaped, with a prolonged period of turbulence before recovery.

Whatever your path to your new normal looks like, you may find yourself in some or all of five stages: triage, formative assessment, transition, optimization and growth. Each stage has its own set of challenges and opportunities. In the pages that follow, we will take a closer look at each one and describe specific actions to take along the way.

The organizations that act swiftly to assess, change, take advantage of market opportunities and invest in the right places will be the ones to make it through this or any other business disruption and thrive on the other side.

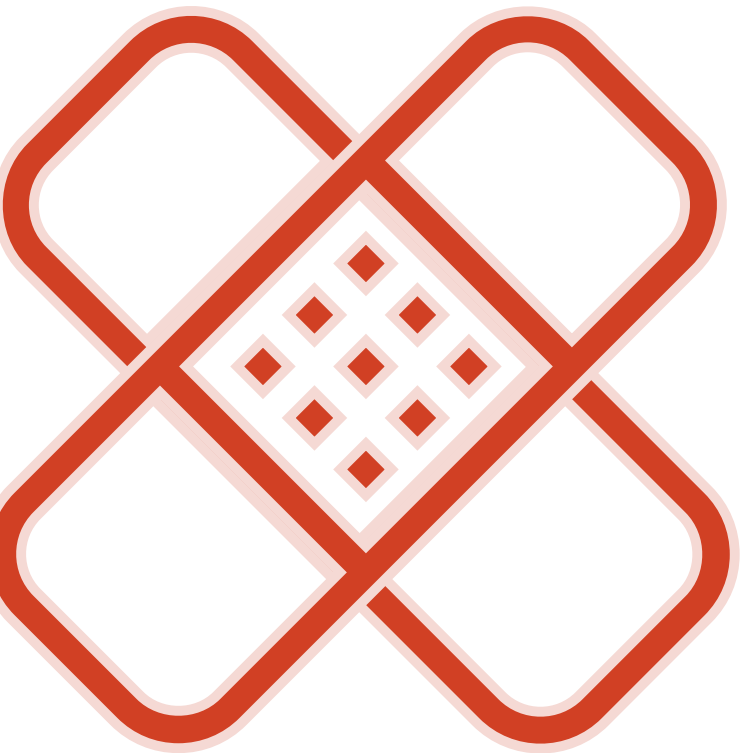


# 1 / TRIAGE



# Stop the Freefall to Stabilize Your Business for the Short Term

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The COVID-19 pandemic hit faster than anything in modern history, and businesses had to quickly assess their vulnerabilities. The first step was conducting a financial model and risk analysis to get an idea of the potential impact of the crisis. Companies had to focus on retaining most, if not all, of their customers to keep revenue flowing in while determining how they could cut costs.

This included scaling back on expenses such as staff (while being careful to keep high-performing employees in place for the long-term life of the business) as well as navigating the maze of government assistance. For some, triage revealed that a restructure was the best course of action in order to survive.

# Strategies for Businesses in Triage

## Plan for communicating through the crisis

Update clients, vendors and your workforce as often as necessary in the short term.

## Maximize customer confidence and retention

Over-communicate about how you will continue to meet customer goals and keep a close eye on invoicing and collections.

## Get quick access to capital

Evaluate if a government stimulus program, merger or acquisition, or venture capital/private equity funding is right for you.

## Review all expenditures, including your staff

Consider all the options available to you for scaling back, from furloughs to layoffs or salary cuts.

## Check your technology infrastructure

Look at how secure your systems are, find any possible weaknesses and work to fix them.

## Evaluate your supply chain

Predict possible disruptions in the transport, manufacturing or accessibility of your products or changes in service vendors.

## Create a short-term crisis plan

Assemble the right leaders into a crisis management team and build a plan to get you through the next few weeks.

## Goalposts to Reach

The goal for businesses during triage is stabilization. This includes getting a better understanding of your company's complete financial picture and a short-term plan for cashflow and workforce continuity. You want to stop the bleeding by maximizing client retention, minimizing infrastructure risks and modeling various crisis scenarios. In the next stage, you'll start thinking more strategically as you plan for the long-term life of your business.

# 2 / FORMATIVE ASSESSMENT



# Create Action Plans for Viability Based on Learnings

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It was chaotic and you're exhausted, but after the first few weeks of the coronavirus crisis, you managed to more or less stabilize your business. It's time to listen to your team, customers and the market to determine how you're going to pivot and make plans to adapt to the new normal.

Your planning should consider short-, mid- and long-term outlooks. Things have changed dramatically up to this point, but sales may continue to fluctuate. You'll need to assess how ongoing changes and reactions to your products or services will affect your organization over the months and years to come. Your assessment will reveal how you should respond, which will most likely include modifying your product and service lines and may even include a complete wind-down of the business. Be careful not to plan in a vacuum but to seek input from your board, investors, vendors, peers and employees.

# Strategies for Businesses in Formative Assessment

## Analyze your products or services in the current market

Identify any gaps in your revenue generation and margin streams and plan for how to fill them.

## Check for holes in your internal processes

Gather data on strengths and weaknesses and collaborate with your trusted advisors to address them.

## Make investments in your operations

Adjust your people, processes and technology to enable your business to continue to function remotely for the long term.

## Continue to navigate regulations

Bring on specialized expertise or partners if needed to help you make the most of the government assistance available to you.

## Adjust how you utilize staff

Look for ways to increase efficiencies so that your most critical business functions are best supported.

## Explore your contractual obligations

Identify and gather all agreements with outside vendors and landlords to determine where you may have flexibility.

## Ramp up communications

Make sure your stakeholders are on board or informed about your new or adjusted business decisions.

## Determine the market value of your business

While the long-term effect of this crisis is yet to be seen, benchmark where you are now.

## Consider all options for your organization's future

In some cases, an exit or business wind-down may be the best decision.

## Goalposts to Reach

The goal for businesses during formative assessment is to build an actionable plan forward. This includes outlining a path for product or service viability, including a communications strategy, and getting your board and investors to agree with it. It also includes solidifying relationships with employees and vendors. In the next stage, you'll begin implementing your plans.



# 3 / TRANSITION



# Implement Your Plans and Measure Results

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You've assessed and planned for the future of your business in a COVID-19 world. Now it's time to see if those plans are viable. Implement them, then step back and watch how the market responds. This stage is really a temperature check of how well your new product or service is performing. If the reaction is favorable, you are on solid footing and can keep refining. If not so favorable, it's back to the drawing board to make additional strategic changes to your business.

# Strategies for Businesses in Transition

## Test your pricing models

Invest in additional sales operations tools or human capital to best support prospects during the buying cycle.

## Adjust your customer communications

If you will be servicing them differently, explain why and build up trust.

## Create flexible people policies

Implement workforce guidelines that reflect new requirements based on the changed business environment.

## Train employees on new procedures

Educate your staff on new or revised processes around safety.

## Pay attention to regulations

If you have received federal relief funds, make sure to follow any reporting requirements.

## Adapt your finance processes

Maximize cash collections and ensure invoices are timely under your new service model.

## Reforecast your human capital needs

Home in on what specialized skills you will need and how you can redeploy work or ramp up recruitment if required.

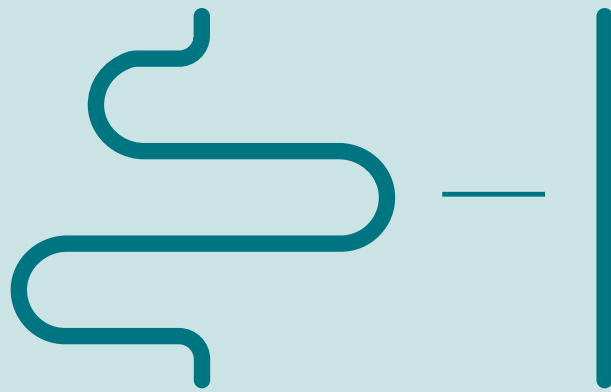
## Reevaluate financial forecasts

Pay attention to market trends and, if necessary, revamp your brand to be better regarded in your industry.

## Goalposts to Reach

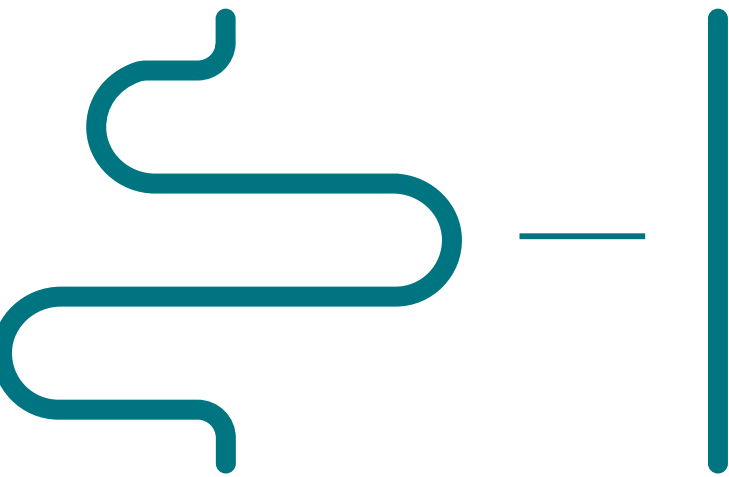
The goal for businesses during transition is the establishment of a viable product or service delivery plan that is performing favorably in the market. This includes an indication that your plans are working, your decisions have been favorable, and your business is following all current laws and regulations. In the next stage, you will optimize for efficiency.

# 4 / OPTIMIZATION



# Invest in What's Working and Divest of What's Not

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Nothing ever goes exactly as planned, so as you continue to measure your business performance, invest further in the things that are working and divest of the things that are not. Your goal is to maximize the performance of your transformed company and build in safety nets, so you have a more sustainable and efficient model going forward than you did going into this crisis. The next time disruption hits, you want to be ready. Remember to continuously update your board and investors on your progress.

# Strategies for Businesses in Optimization

## Review trends and refine forecasts

Analyze your business performance in this new world in real time and reforecast your financial results.

## Shift messaging in your communications

Continue to improve your customers' experiences with your products or services to spur additional adoption.

## Re-benchmark key cost centers

Take a look at all your major spends, including internal departments and vendors, and secure funding for needed adjustments or shed those that are too costly.

## Retool your supply chain

Fill any gaps in delivering your products or services to your customers.

## Update people policies

Make transition policies evergreen where applicable and consider eliminating policies that have proven to be outdated.

## Reanalyze technology capabilities and needs

Look for ways to increase efficiencies and adapt to new customer expectations.

## Examine M&A possibilities

Consider inorganic growth opportunities to enhance your capabilities or fill gaps in your business functions.

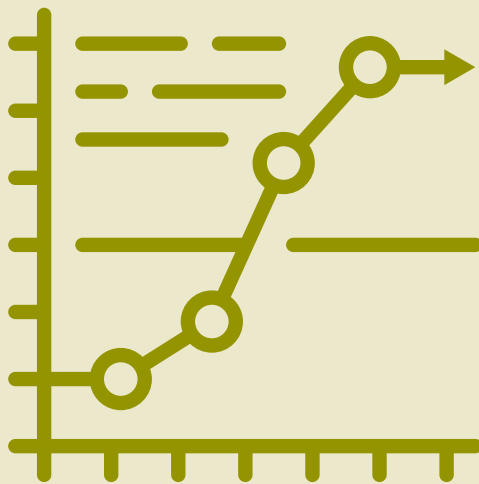
## Check the market value of your business

Get an updated view of what your business is worth now that the market is responding well to the changes you've made.

## Goalposts to Reach

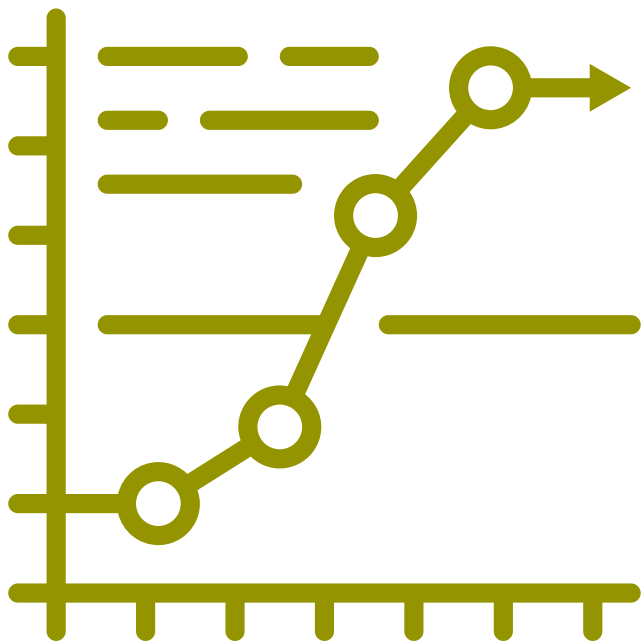
The goal for businesses during optimization is sustainability. This includes meeting performance and board expectations (such as having most business units operating at normal capacity), adjusting for additional improvements and starting to grow back market share. In the next stage, you will seek out ways to accelerate all the progress you've made.

# 5 / GROWTH



# Adapted to the New Normal and Operating at High Capacity

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Congratulations, you've reached a point many business owners thought would never come. Your business is operating at a high capacity, you are meeting or exceeding forecasts, and you may be looking to expand into new products, services or geographies. By now, if you are truly going to win in the new normal, you need to have built and invested in tangible changes that have innovated your business. After all, your goal was not just to survive this crisis but to come out on the other side better positioned for profitability and for meeting new challenges head on.



# Strategies for Businesses in Growth

## Refocus on technology innovation

Continue to invest in modern platforms and further enable your team to work from anywhere on any device.

## Automate your business workflows

Explore the use of newer processes in technology to increase efficiencies in the way you deliver your products or services.

## Enhance customer experiences

Leverage the latest technologies to improve the way customers interact with your organization.

## Ramp up recruitment and retention efforts

Expand your workforce to secure specialized skills and add leadership positions to execute innovative initiatives.

## Expand organically and inorganically

Form task forces to look for new opportunities and capitalize on strategies and directives such as M&A, geographic growth and new product development.

## Goalposts to Reach

The goal for businesses in the growth stage is to be better positioned for profitability and to have grown market share. This includes meeting or exceeding financial forecasts, successfully launching new products or services and expanding the specialized skills of your workforce. But don't stop there. Engage in a continuous transformation and growth mindset.

# Rapid Response, Actionable Insights

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Moving successfully through these stages requires swift action. As most businesses do not have an in-house team in place to support this, having the right business partners is critical.

You can count on us to assemble the right resources and education to help your organization through this unprecedented time. No matter what stage your company is in, we will give you actionable insights that support you in mitigating risk and optimizing operations. At Armanino, we have the experience and the resources to help you not only recover but grow.



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