The essence of resilient leadership:
Business recovery from COVID-19

Embedding trust into the recover playbook

April 22, 2020
Resilient leaders view *Recovery as a journey* for their organization, teams and stakeholders

**FIVE IMPERATIVES WITHIN “RECOVER” TO GUIDE THE BUSINESS FROM “RESPOND” TO “THRIVE”**

1. **1 – Understand the Required Mindset Shift**
   - Success in Recover requires shifting the team's mindset from crisis, contingency and reacting to program, planning and reinventing.

2. **2 – Identify and Navigate the Uncertainties and Implications**
   - Crisis has introduced major uncertainties to be navigated/anticipated, especially changing social, institutional, investor, customer and human contracts.

3. **3 – Embed Trust as the Catalyst to Recovery**
   - Capitalizing on/building trust is essential to lead followers through the unknown; trust is human and multi-dimensional: physical, emotional, financial and digital.

4. **4 – Define the Destination, and Launch Recover Playbook**
   - Defining success in Recover requires leaders to make a series of choices and then run short sprints to advance to the desired destination.

5. **5 – Learn From Others’ Successes**
   - Recovery is unchartered territory and therefore observing and learning from others' recovery strategies is critical.
As they embark on Recover, resilient leaders shift the organization’s mindset from *today to tomorrow*

### 1 – Understand Required Mindset Shift

<table>
<thead>
<tr>
<th>...FROM RESPOND</th>
<th>...TO RECOVER</th>
<th>...IMPLICATION FOR JOURNEY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Situation</td>
<td>Unpredictable</td>
<td>“Interim” normal</td>
</tr>
<tr>
<td>Focus</td>
<td>Inward-looking</td>
<td>Market-facing</td>
</tr>
<tr>
<td>Management</td>
<td>Crisis management</td>
<td>Program management</td>
</tr>
<tr>
<td>Planning</td>
<td>Contingency planning</td>
<td>Scenario planning</td>
</tr>
<tr>
<td>Attitude</td>
<td>Reacting</td>
<td>Reinventing</td>
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</table>

Start by defining the destination at the end of Recover
Articulate the destination as stakeholder outcomes
The Recover PMO may need a different skill set
Model to align financial resources to the ramp up of operations
Opportunity to energize team by imagining successful future and embracing trust as the catalyst
The Essence of Resilient Leadership: Embedding Trust into the Recover Playbook

2 – Identify and Navigate the Uncertainties and Implications

<table>
<thead>
<tr>
<th>Uncertainties</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changing social contract</td>
<td>Changing societal expectations of corporations to ensure the viability of all stakeholders</td>
</tr>
<tr>
<td>How is the implicit contract with employees being re-written relative to safety, remote work arrangements, etc.?</td>
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<tr>
<td>How have the expectations for the scale, scope, speed and scorecard for achieving the Business Roundtable’s commitments to balance the needs of all stakeholders changed?</td>
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<tr>
<td>Changing roles – and rules – of institutions</td>
<td>Businesses are doing government, government is doing business, and NGOs are doing both</td>
</tr>
<tr>
<td>What previously-governmental / business roles will businesses be expected to assume? What rules will change?</td>
<td></td>
</tr>
<tr>
<td>How will new alliances and partnerships within the ecosystem change business and operating models?</td>
<td></td>
</tr>
<tr>
<td>Will Public-Private Partnerships (3P) be the new path forward on how businesses and governments co-operate?</td>
<td></td>
</tr>
<tr>
<td>Unpredictability in financing sources, uses and capital markets</td>
<td>Needs are difficult to forecast amidst wide economic scenarios; sources shift amongst investor groups, institutions, and governments; capital moving across markets</td>
</tr>
<tr>
<td>Sources: What are the intermediate and long-term sources of financing (public and private) – and how will government investment be accounted for given the new economic realities? How businesses can raise additional funds by disposing non-core assets?</td>
<td></td>
</tr>
<tr>
<td>Uses: What is the range of cash resources an organization requires amidst uncertainty of the magnitude, intensity, and duration of economic recovery and aftershocks?</td>
<td></td>
</tr>
<tr>
<td>Capital Markets: How will availability of funds for investment and returns shift among public markets, private equity, vulture investors, and governments?</td>
<td></td>
</tr>
<tr>
<td>Permanency of customer behavior changes</td>
<td>How has the pandemic permanently altered behaviors, experiences, expectations, and the role of digital engagement</td>
</tr>
<tr>
<td>Which elements of the customer experience have changed as a result of COVID-19 and which will remain?</td>
<td></td>
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<tr>
<td>How have customer behaviors toward digital engagement changed and what are the business implications?</td>
<td></td>
</tr>
<tr>
<td>How will supply chains, ecosystems, and alliances change to adjust to this new reality? How can you use M&amp;A to respond to permanent changes in supply and demand?</td>
<td></td>
</tr>
<tr>
<td>Expectations for physical, emotional, financial, digital safety</td>
<td>The crisis has heightened stakeholders’ sensitivities to safety along four dimensions</td>
</tr>
<tr>
<td>Physical: How safe are physical locations, such as plants, offices, restaurants, and stores, and the broader environment for delivery workers, for example?</td>
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<tr>
<td>Emotional: How will emotional and societal needs be safeguarded?</td>
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<tr>
<td>Financial: How will financial well-being be preserved?</td>
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</tr>
<tr>
<td>Digital: How safe is consumer information, particularly considering cyber threats as the world disperses to remote work arrangements?</td>
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</table>
Resilient leaders understand that trust is foundational to their organizations’ Recovery

3 – Embed Trust as the Catalyst to Recovery

Trust is a tangible exchange of value...

It has no value in isolation, and represents value only in an interaction/relationships with others.

It is accretive: invested wisely and prudently, it grows in repeated affirming experiences; invested poorly, it rapidly depreciates.

It yields results such as economic growth and shareholder value, increased innovation, greater community stability, and better health outcomes.

...Trust is human and multi-dimensional

Resilient leaders understand that Recovery is a human experience and in order to shift the mindset to Recovery, they need to understand the Four Human Dimensions of Trust:

- Physical: trust that your physical space is safe.
- Financial: trust that your financial concerns are being served.
- Emotional: trust that your emotional and societal needs are being safeguarded.
- Digital: trust that your information is secure.

Resilient leaders consider the following questions:

- Which dimensions matter most in Recover to each of our stakeholders, and what will matter to them as we shift into Thrive?
- Are we communicating our intentions clearly and transparently to our stakeholders – even when we don’t have all the answers?
- Can we competently deliver on what we are promising to our stakeholders?
- How are we monitoring and measuring our progress in addressing stakeholders’ needs across the four dimensions of trust?
Resilient leaders guide their teams to make and deliver clear *choices* on the *destination* and *outcomes*.

### 4 – Define the Destination and Launch Recover Playbook

#### Define the destination at the end of Recover
- What does success look like at the end of Recover?
- Immediate steps to take decisively now?

  - Envision what “success” looks like at the end of Recover
  - Answer the core strategic questions
  - Identify and execute immediate quick wins

#### Anticipate the macro outcomes
- Define success in terms of macro outcomes rather than internally-focused functions

<table>
<thead>
<tr>
<th>OUTCOMES</th>
<th>CORE STRATEGIC QUESTIONS</th>
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<tbody>
<tr>
<td>RECOVER AND GROW REVENUE</td>
<td>Should we engage customers for acquisition or maintenance? How customer behavior changes are likely to be permanent?</td>
</tr>
<tr>
<td>INCREASE MARGINS AND PROFITABILITY</td>
<td>Should we manage for profit or resilience?</td>
</tr>
<tr>
<td>OPTIMIZE ASSETS, LIABILITIES, AND LIQUIDITY</td>
<td>Should we operate for cash or profit?</td>
</tr>
<tr>
<td>ACCELERATE DIGITAL TRANSFORMATION</td>
<td>How can we move faster toward digital transformation?</td>
</tr>
<tr>
<td>SUPPORT THE WORKFORCE AND OPERATING STRUCTURE</td>
<td>How has the social contract with employees changed?</td>
</tr>
<tr>
<td>MANAGE STAKEHOLDER EXPECTATIONS</td>
<td>How have social and institutional expectations changed?</td>
</tr>
</tbody>
</table>

#### Run short sprints
- Set up 4 to 6-week sprints since the market and uncertainties are changing rapidly in order to re-vector the Recover activities

- Consider the *where* and the *when* of business model changes

  - Design from the heart...and from the head
  - Mission First
  - Speed over elegance
  - Own your narrative
  - Embrace the long view

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Resilient leaders focus on **pressing issues while establishing the Recover Playbook**

**Workforce-related questions:**
- When and how to bring back the workforce balancing health with financial need?
- What is the new composition and size of our workforce?
- How to instill trust in the new employer-employee social contract?

**Deloitte Recommendations:**
- Reinforce company’s purpose, potential, and perspective.
- Implement workforce strategies: reflect (lessons learned), recommit to physical and emotional safety, re-engage (offer flexibility), rethink (challenge workplace assumptions), reboot (reinvent the HR function for resilience).
- Focus HR’s expertise on critical compensation, performance management, and promotion realities specific to the recovery period.

**Supply Chain-related questions:**
- When to restart manufacturing and broader supply chain operations? Which businesses are still viable?
- How to manage working capital as operations restart and inventory and orders ramp up?
- How to ensure operational flexibility?

**Deloitte Recommendations:**
- Set up a “control tower” to monitor for supply chain risk, customer service, logistics, factory, and quality control.
- Create a market sensing capability to support ongoing scenario planning and anticipate disruption.
- Focus on maintaining cash flow, proactively anticipate bankruptcies, and acquisition opportunities.

**Business Continuity & Financing-related questions:**
- How to plan when the nature, timing and speed of recovery is so uncertain?
- How to think through and best position for radical reshaping and restructuring?
- What support might our business partners need, as we are all “in it together”?

**Deloitte Recommendations:**
- Design around human needs: physical, emotional, financial and digital.
- Redesign consumer experiences to blend physical with digital interactions and channels (i.e. telemedicine for physician visits).
- Accelerate digital storefront capabilities.
- An empathic approach to consumer interactions will require agility and adaptability.

**IT & Digital Investment-related questions:**
- What critical technology capabilities are required to equip and enable a physical, remote or hybrid workforce?
- How to accelerate remote, cyber and digital capabilities to prepare for a new future workplace model?
- How to prepare the organization for the next major disruptive event?

**Deloitte Recommendations:**
- Prioritize and accelerate the standardization of remote collaboration tools and training programs; and establish a real time monitoring cyber command center to protect remote work environments and employees.
- Develop a Future Ready and Resilience Playbook to include: digital innovations, 48 hr-customer support centers, trusted technology ecosystem, cloud platforms and technologies, IT sensing capability.
- Incorporate “digital twin” capabilities to reimage the business and determine future capabilities.

**Consumer-related questions:**
- How to deeply understand the permanent shift in consumer buying behavior in Recovery?
- How to redesign the business model to embed trust and deliver on all elements of trust?
- What is the impact on our cost structure and infrastructure (i.e. physical locations or stores)?

**Deloitte Recommendations:**
- Build a ‘liquidity buffer’ given likely future volatility, including in capital markets.
- Work with a dynamic risk / opportunity matrix to evaluate priority actions and plans.
- Be alert to M&A opportunities and ensure your own plans are clear and coherent.
- Stay focused on business and capital planning fundamentals; they’ve not changed.

*Detailed methodologies are available for Workforce, Supply Chain, IT and Digital, Business Continuity and Financing, and Consumer topics.*
Organizations entering into Recover are **creating new business models**

### 5 – Learn From Others’ Successes

#### Global virtual delivery models

Organizations have adapted global transformation programs from in-person physical to virtual delivery centers, ensuring they invest for the future and are ready for recovery...

<table>
<thead>
<tr>
<th>AMERICAS-BASED TELECOM COMPANY</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Americas-based telecom company decided to continue the implementation of its large-scale critical SAP S/4HANA ERP during the crisis.</td>
</tr>
<tr>
<td>• The organization leveraged a strategic partner to develop a robust contingency plan and command center, shifting from on-site to remote working.</td>
</tr>
<tr>
<td>• A global team continues to deliver on all planned key program milestones without any business disruption and has launched Phase 2 via the remote delivery model.</td>
</tr>
</tbody>
</table>

#### Strategic alliances and ecosystems

Organizations are looking to ecosystem and alliance partners to access professional talent and support employment...

<table>
<thead>
<tr>
<th>NATIONAL US AIRLINE CREATES JOB PORTAL WITH EXTERNAL ROLES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Large US airline company wanted to support its employees impacted by the crisis find opportunities to replace or supplement their income.</td>
</tr>
<tr>
<td>• Created an internal job site, advertising roles at a number of large US corporations who required an increased workforce.</td>
</tr>
</tbody>
</table>

#### IT and digital infrastructure

Organizations are strengthening their cyber security technology and practices to build and strengthen trust amongst their stakeholders...

<table>
<thead>
<tr>
<th>LARGE EDUCATIONAL INSTITUTION IN ASIA-PACIFIC</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Asian Pacific university provided remote desktop access to students as an urgent response to being unable to attend in-person classes.</td>
</tr>
<tr>
<td>• Platform was compromised for a few days following rollout, which required immediate containment and eradication measures to address the initial vulnerability.</td>
</tr>
<tr>
<td>• Subsequently, a project has been undertaken to enhance the university’s digital identity and cloud/remote access solutions, recognizing that remote learning will be the “new normal” for the foreseeable future.</td>
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</tbody>
</table>
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APPENDIX A:
Day 1 Workforce Readiness
Resilient leaders develop a measured and thoughtful approach to **Day 1 Readiness** focused on bringing employees back to work effectively and efficiently.

A **structured approach to re-entry planning** focuses on **critical functions and roles** that require physical work environments, to determine workplace mix, and enable the implementation of physical, emotional and psychological safety measures.

### How should we frame the workforce scenario planning required?

- **Determine functions, work, and roles** that need to return to the workplace to be effective vs those who can work remotely. Use rigor in determining those essential to working physically in the workplace as this enables application of safety measures.

- **Assess the type of work teams need to do in person**, including duration, as an input to space planning and safety design.

- **Provide support to teams working remotely**. Define practices and policies for remote teams (e.g. working styles, norms, enabling technology); and deliver training on making home environment and remote working effective.

- **Model scenarios** that evaluate potential workforce and workplace options with a lens to productivity, cost, safety and operating conditions. Develop a staggered plan to get targeted people back into the workplace.

- **Develop and model guidelines** for testing, monitoring, space and facilities management, and visitor management geared towards productivity, mental and psychological safety.

### How do we get people back safely and maintain productivity?

- **Monitor latest guidance on testing, safety** and sanitation plans for near-term re-entry, and develop sanitation policies and build up required capabilities to monitor facilities.

- **Adjust workplace** as needed to provide for appropriate distance and hygienic behaviors, as well as consider concierge support to augment wellness and healthy & safety of employees.

- **Review and update HR policies, procedures and programs** as required, anticipating scenarios such as work refusals or family situations that make return difficult.

- **Understand and comply with government mandates and legal requirements**.

- **Establish feedback channels** to understand workforce concerns and conditions, assess worker sentiment frequently and transparently address the findings.

- **Build change management and communications plan** to drive confidence and motivation in workforce to return.

- **Assess what supplemental technology and tools** are needed to support collaboration and task management across onsite and remote team members.