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Navigating the COVID-19 crisis: Ensuring business sustainability and growth in an uncertain environment

Lubricants sector

May 2020

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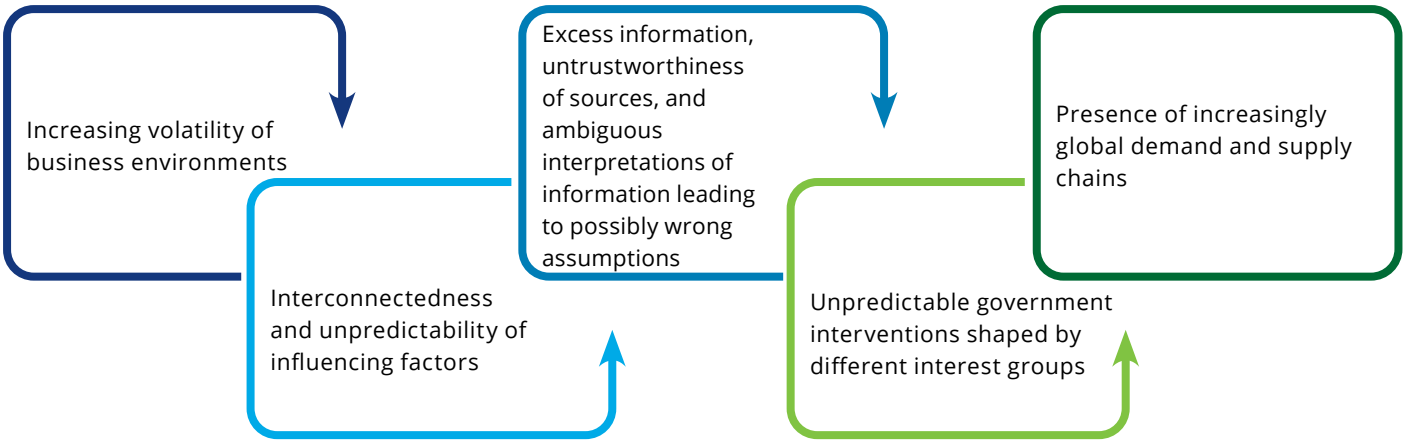
The situation and the challenge

The COVID-19 pandemic has pushed humanity and the global economy into a crisis not seen since 'The Great Depression'.[1] Due to the high infection rate and impact on public health systems, governments have enforced nationwide lockdowns, thereby significantly impacting agricultural harvesting and production, manufacturing supply chains, trade, services, and how people work and enjoy.

This development is disrupting value chains, communication, and co-operation amongst business ecosystems, significantly affecting livelihoods. Moreover, it is difficult to estimate when these lockdown/staying at home norms (applicable to ~50 percent of the world's population)[2] would be relaxed completely, resulting in even more uncertainty about the future of many of these affected businesses.

In these uncertain times, companies seek clarity on what could constitute a robust strategy to deal with short- to mid-term implications (6–24 months) stemming from COVID-19. Companies are facing challenges due to the following:



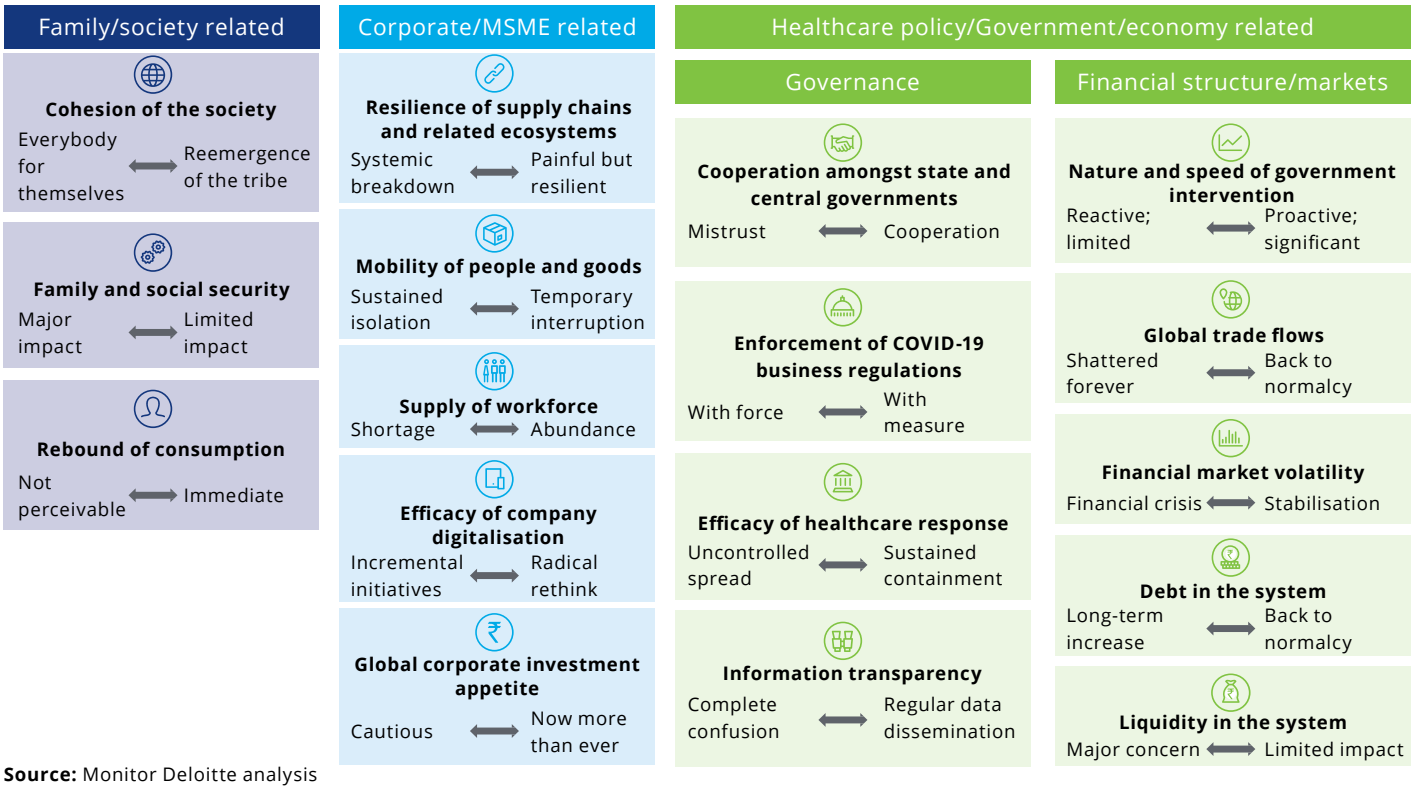
The unknowns

The first step towards identifying the short- and mid-term outcomes of COVID-19 for business environments and building out strategies to prepare for them is to identify the unknowns that have the potential to influence these outcomes.

The unknowns may revolve around changes in the family unit/society, such as values, ethics, and ways of working (e.g., need for social distancing, role of altruism). They could also be around economic impact of the pandemic on the society at large (e.g., loss of jobs, pay cuts, realignment of expenses), efficacy of healthcare response (e.g., healthcare policy and hospital response) and structure and integrity of processes and systems within companies (e.g., ability to digitise work processes, while ensuring data security, supply chain ability). There may also be uncertainty in the way governments respond and take actions to manage the crisis and how the corporate landscape shapes up, including permanent shifts in customer demand, flexible employment models, employee's social security, etc. Additionally, uncertainty also exists in the manner in which people react to the crisis, including development of support systems, perspectives on what is safe and not safe, changing immediate and long-term priorities, etc. Figure 1 illustrates the unknowns across key dimensions that are applicable for most industries in India, and are likely to play a crucial role in shaping the picture of next 6–24 months. Out of these, the following are the four 'biggest' unknowns:

- How long will the pandemic last? Will a vaccine/robust treatment protocol become available?
- For how long will controls on free movement of people and goods last?
- How pervasive will the knock-on effects be?
- How good will policy makers/ local government machineries be at keeping the 'lights-on' and responding in a lean and agile manner to a changing environment?

Figure 1. Key unknowns in the future of COVID-19 business environments



Source: Monitor Deloitte analysis

Why scenarios

Decision makers face formidable challenges, as taking the long view has never been harder. They have to make the best possible judgement calls every day while the world continues to be uncertain, volatile, and ambiguous. One way is to develop robust and strategically relevant scenarios that respond to, and take advantage of the many plausible outcomes for the future.

While predicting the future is impossible, anticipating plausible scenarios in these circumstances is even more robust than predicting traditional forecasts for the most optimal future—preparing for a reasonable 'worst-case' scenario rather than a simple extrapolation exercise. In contrast to forecasting, scenarios examine what is most uncertain and surprising, as a mechanism to generate insight and provoke action regarding future-focused risks and opportunities. Scenarios are a tool to uncover blind spots and broaden perspectives about alternative future environments in which today's decisions might play out.

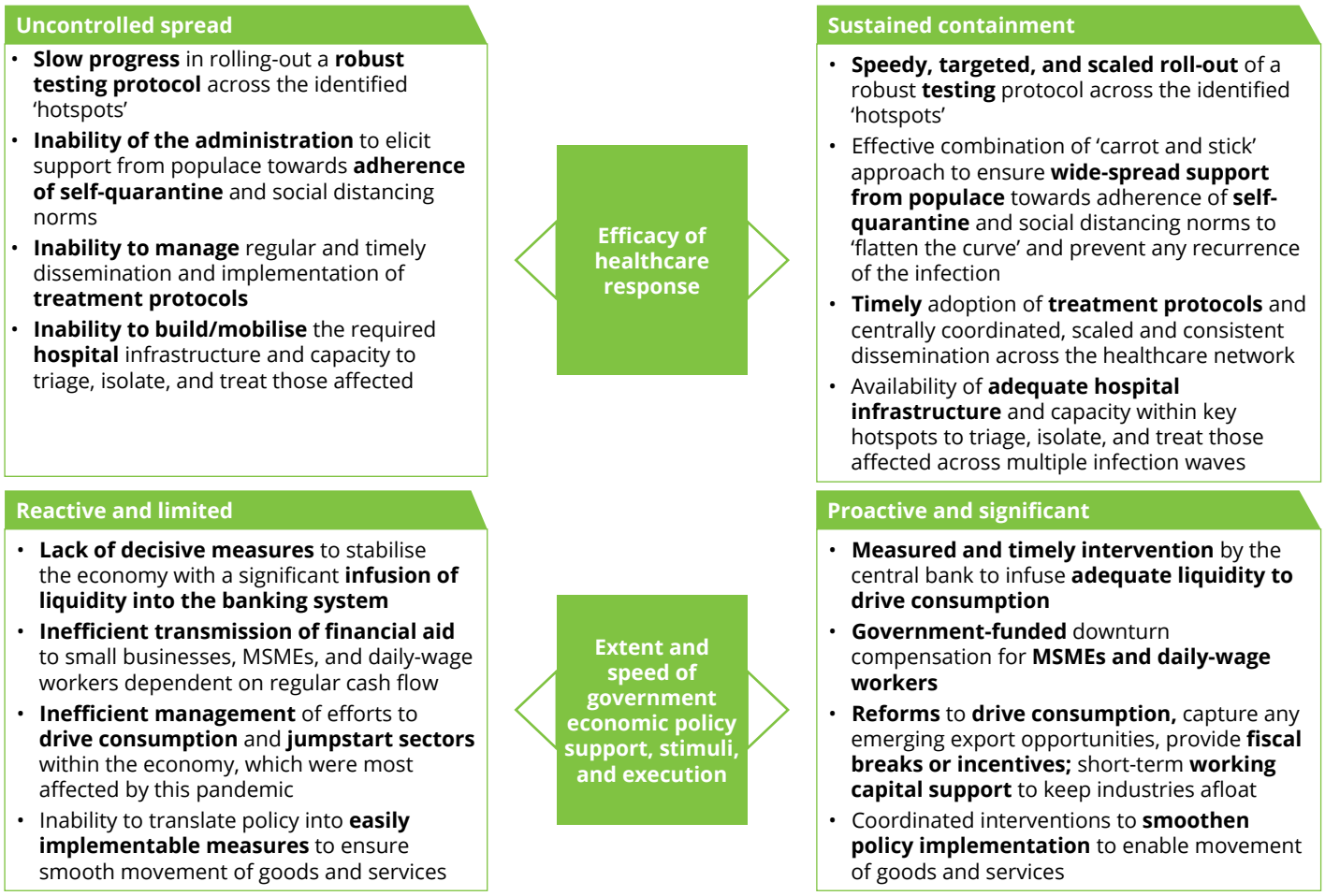
Scenario framework for the COVID-19 situation

Monitor Deloitte's proprietary scenario planning process begins with defining the focal question that captures the core issue to be explored through the scenarios. In the current circumstances, we identify the focal question to be—**'How will the future of COVID-19 affected business environments shape up in India? What will be the impact on the lubricants sector?'**

Having identified the major unknowns that may impact the future business environments, we proceed to identify the two most critical uncertainties—the unknowns that are most relevant and have the most potential to define future scenarios. Based on our analysis and findings, the **'Extent and Speed of Government Economic Policy Support, Stimuli and Execution'** and the **'Efficacy of Healthcare Response'** are the most critical uncertainties in the present situation (Figure 2).

'Extent and Speed of Government Economic Policy Support, Stimuli and Execution' measures the economic response level from the government and related bodies (including Reserve Bank of India, Ministry of Commerce and Industry, NITI Aayog, Securities and Exchange Board of India, etc.). It would cover

Figure 2. Critical uncertainties and their endpoints



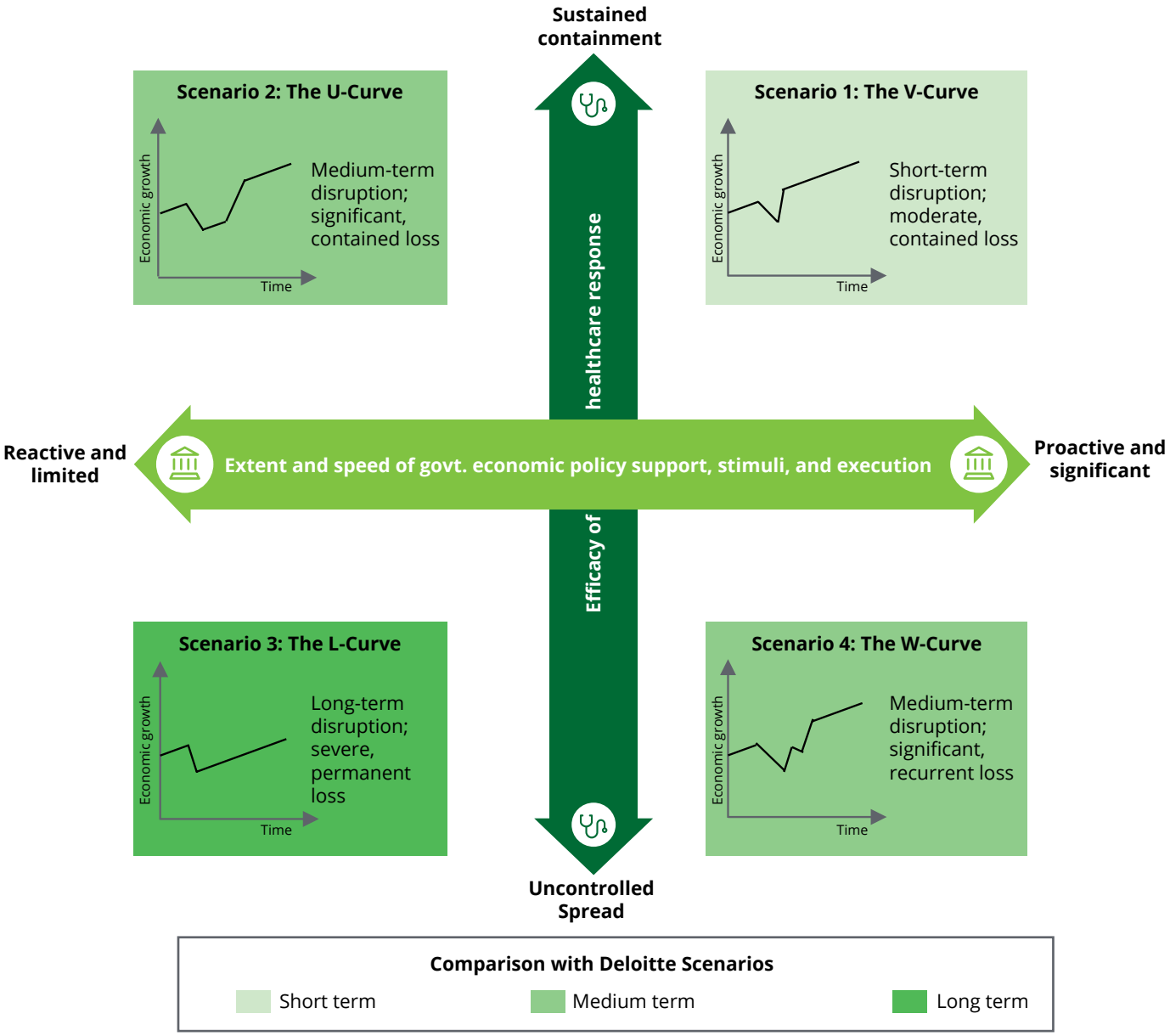
Source: Monitor Deloitte analysis

fiscal stimulus, supporting impacted industries, keeping job losses to a minimum, providing credit to Micro, Small and Medium Enterprises (MSMEs), injecting liquidity to drive consumption, etc., and ensuring effective, efficient, and timely execution. **'Efficacy of Healthcare Response'** measures the extent to which pandemic spread can be controlled through healthcare measures, including robust testing and treatment protocols, social distancing, lockdowns, and availability of adequate hospital infrastructure. It includes initiatives taken by Indian Council of Medical Research (ICMR), hospitals, and related bodies. While the former set of interventions is more likely to create a **'push'** in the economy, the latter set of interventions would help create a **'pull'** from the consumer's end.

The uncertainties, along with their two extreme end points when superimposed, give rise to four plausible scenarios of the future.

These scenarios can be mapped directly to **Deloitte's proprietary COVID-19 scenarios** being short-, medium-, and long-term disruptions and are described in Figure 3.

Figure 3. The four plausible scenarios of the future



Source: Monitor Deloitte analysis

Scenario - 1

The V-Curve (Short-term disruption) Successful containment of the virus, supported by strong policy response prevents permanent structural damage; returning consumer confidence coupled with an agile response by businesses after removal of restrictions results in sharp recovery.

Scenario - 2

The U-Curve (Medium-term disruption) The virus' spread is contained but not supported by adequate/timely economic stimulus to support failing businesses. Structural damage to the economy impacts the fundamental dynamics of many industries, and the consumer confidence gets affected resulting in long-lasting effects followed by slow and muted recovery.

Scenario - 3

The L-Curve (Long-term disruption) The virus continues to spread and cause disruption globally and in India. Improper healthcare response coupled with inadequate economic stimuli leads to major structural damage to the economy and long-term recession; there is permanent loss of output as firms go bankrupt and employment, production levels, and consumer confidence take a long time to revive.

Scenario - 4

The W-Curve (Medium-term disruption) The virus continues to spread, but strong policy response keeps the economic growth afloat; recurrences of the pandemic are seen, but businesses adapt through mini-recoveries, coupled with rising consumer confidence, head towards a slow, near-complete recovery.

Possible consequences on India's overall outlook

Out of the four scenarios, we believe that either of Scenarios 2 or 4 are the more likely manifestations in the Indian context. In other words, participation of the government through policy support, adequate stimuli, and robust execution to support the economy in a comprehensive manner may step-up, as the contagion continues to spread and affect larger sections of the society without any signs of relenting. This section narrates the 'scenario stories' that are likely to pan out.

The U-Curve: The pandemic continues to spread globally for a prolonged period. It infects ~0.5 million of India's population by the end of 1.5 years, but with a low infection fatality rate. The restrictions on movement remain stringent until the end of 2020, with varying degrees of relaxation introduced for different businesses, and strict directives to maintain hygiene and social distancing norms. The impact of the pandemic remains for over two years, with a slow, tenuous recovery beginning only in FY2022, and remaining modest for the next four quarters. Across the globe, the recovery is unsynchronised with the Asian economies recovering faster.

Global supply chain disruptions cause stress on several industries that depend on imported raw materials, with some disruptions lasting for over six quarters before seeing any signs of recovery. The most impacted industries are likely to see prolonged liquidity crunch, restricted working capital, and reduction in production capacity due to withdrawal by investors and pressure from debtors. This may result in delayed supplier payments and several businesses filing bankruptcy, necessitating intervention by the government in the form of additional stimulus.

On the demand side, high unemployment, increased household debt, and lengthier lockdowns continue to impact consumer demand for goods and services, with most consumers putting off big-ticket purchases, such as automobiles, home purchases and renovations for the long term and significantly changing entertainment/leisure preferences. Even after the pandemic dissipates, consumers continue to be wary of major expenses and instead opt to increase their savings. Pent-up demand is likely to break through eventually, reviving well towards the end of FY2022.

The impact on financial health of businesses is likely to be significant, MSMEs default in large numbers, and big firms delay debt payments leading to an extreme financial crisis. As a result, capital markets shed off over a decade's worth of gains, and liquidity dries up in short-term money market. Several small banks come under significant stress as the money market goes dry and margins fall. In such a scenario, few choose to consolidate with larger banks. The reduction in policy rates to maintain liquidity leads to inflationary pressures coinciding with rising pent-up demand. **Overall, the country sees sub three percent growth for at least the next six to eight quarters, after which it slowly heads towards recovery.**

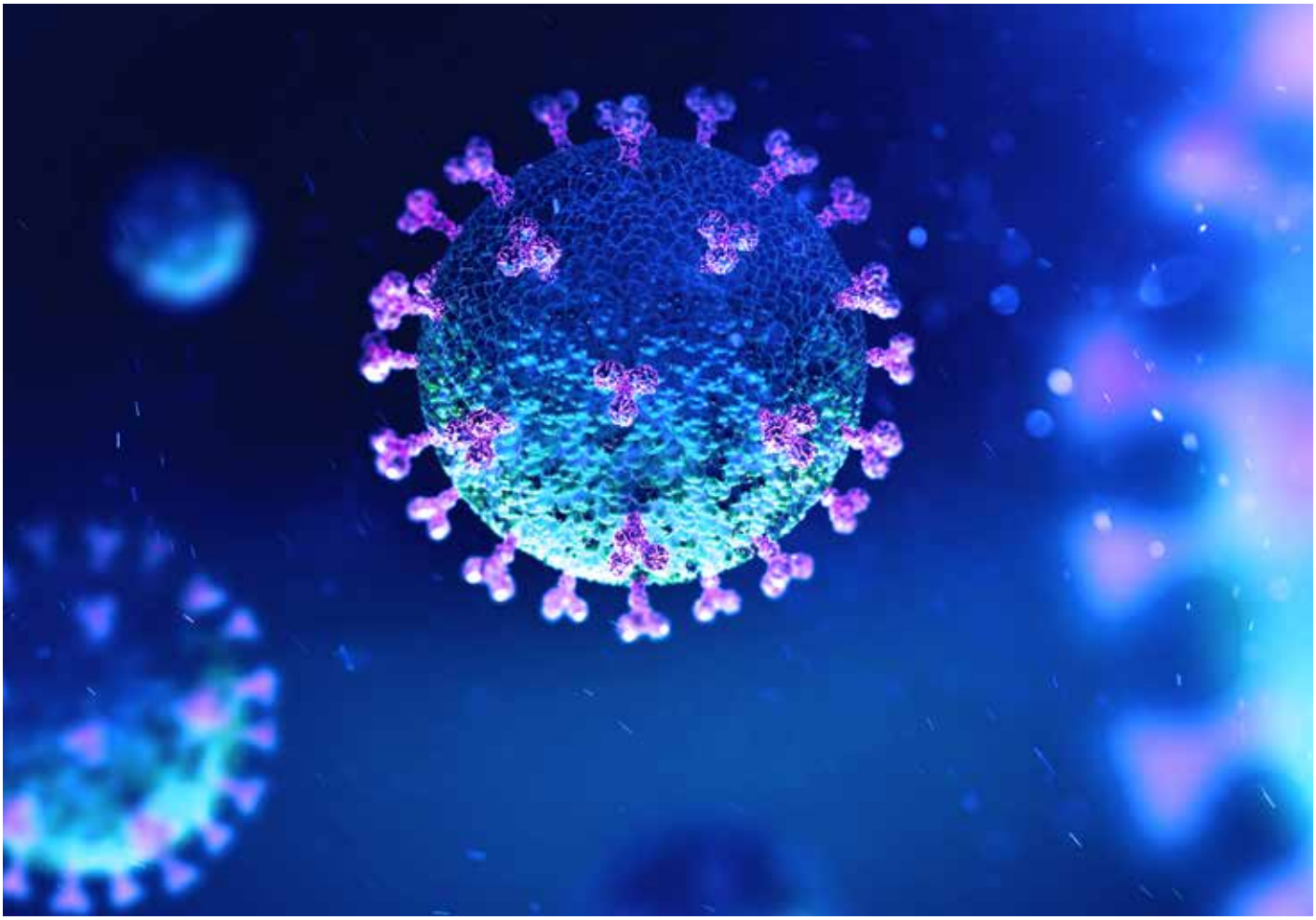
The W-Curve: In India, the virus infects ~0.75 million people over the next 1.5 years, but with lesser infection fatality rates than the global average. Movement restrictions continue to remain stringent, with major 'hotspots' locked down for over two quarters with varying degrees of restrictions. Businesses gradually resume operations in a phased manner, with continued emphasis on ensuring high standards of hygiene at workplaces. The impact of the ongoing slowdown is felt for the next three to four quarters, with recovery observed during the second half of FY2022. A higher likelihood of multiple subsequent outbreaks exists with the discovery of vaccine-resistant viral strains, but these are met by much better preparation and contingency plans by all the stakeholders—the government, the businesses as well as the populace. Full-fledged and synchronised recovery is seen from Q3 FY2022, as governments across the world enforce decisive policies to effectively 'flatten the curve' and minimise the impact on the economy.

Supply chain disruptions cause stress on several industries that are dependent on Chinese imports, as they strive to look at alternate supply sources. This creates an opportunity for Indian manufacturers, who look to build capabilities to indigenise production, reduce import dependence, and present the world with an alternative source for products. However, for this to materialise, industries

and the government must collaborate to set up the required infrastructure. Several industries endure severe slowdown and liquidity crunch for ~ three to four quarters. However, the government that plays a proactive role in ensuring smooth running of the economy, bails out/supports these industries through timely macro- and micro-interventions.

On the demand side, high unemployment, piling household debt, and lengthy lockdowns impact consumer spending until the end of 2020. There is a lag of three to four months observed in demand recovery post the removal of restrictions as people still fear falling sick. As a result, spending picks up in early FY2022, largely driven by pent-up demand, and recovers to near-2019 levels by mid-FY2022.

Financially, poor credit demand and collections results in worsening of Indian banks' balance sheet, with Non-Performing Assets (NPAs) jumping up to double digits. However, stress on the economy starts reducing after policy impact on demand and the positive impact of financial stimulus to manufacturing industries is felt from FY2022. **As a result, the first wave of economic recovery begins in three to four quarters,** potentially **followed by a longer, but less painful period of recurrent bouts of slowdown.**



Impact on the lubricants ecosystem

Impact of COVID-19 on the Indian lubricants ecosystem

Let us now discuss the likely implications of the COVID-19 pandemic on the Indian lubricants ecosystem (including raw material suppliers, lubricant players, contract/toll manufacturers, channel partners, and customers).

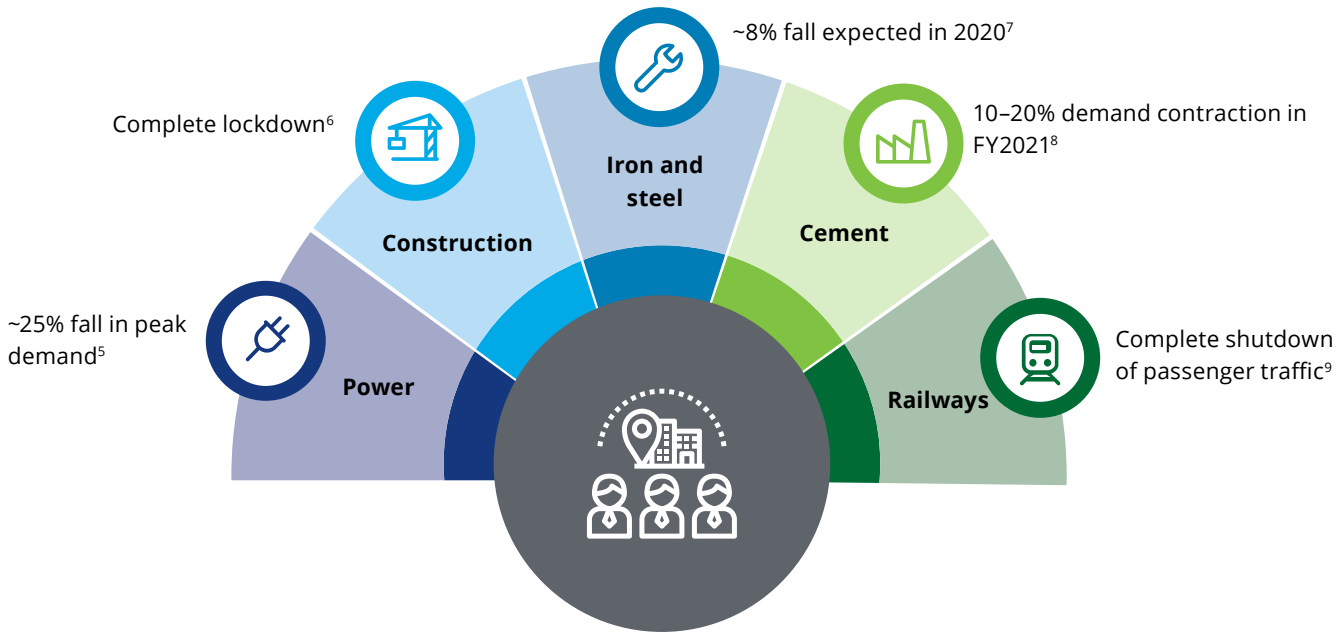
A significant slowdown in transportation and the movement of people has been seen due to the lockdown. Transportation of goods has been severely curtailed as distribution chains have almost come to a halt. Overall traffic for goods and people (both work and recreation) in India has seen about ~55–60 percent reduction on average from the baseline.[3] Fuel demand in India fell by >60 percent for the first fortnight of April.[4]

It is further possible that in both the W- and U- Curve scenarios, traffic is likely to see a significant reduction over the next four to eight quarters (depending on the scenario). Given the reduction in movement of commercial vehicles, the lube change intervals are expected to increase during this period. For passenger vehicles, the impact on lube change intervals is likely to be even more severe, with journey cycles changing drastically due to Work From Home (WFH) measures.

This situation is likely to be exacerbated further due to existing issues in the auto sector (even prior to the pandemic and the lockdown). The allied auto sector has already been under considerable stress over the past 12–18 months due to both cyclical and structural changes. Apart from the cyclical changes, the structural changes have had a major negative impact on the sector—demonetisation, Goods and Services Tax (GST), liquidity crunch, shift to shared mobility, Axle load reform, BS-IV to BS-VI, etc.

In addition, industrial activity in the lockdown period has shrunk. This has the potential to impact sales of various types of industrial lubricants, including transmission and hydraulic oils, metal working fluid, industrial gear oils, turbine oils, compressor oils, greases, agri-spray oils, other industrial lubes, etc. These lubricants are used across various industries, such as power, construction, metals and mining, iron and steel, chemicals, cement, railways, oil and gas, general manufacturing, etc. Considering that most of these industries have been impacted due to the lockdown, it is expected that the demand for industrial lubricants will also get impacted going forward. Figure 4 highlights the impact on a few of these industries.

Figure 4. Impact on key industries



Source: News articles, Monitor Deloitte analysis

As a result, stakeholders across the lubricants ecosystem are facing a prolonged slowdown. Base oil and additive suppliers have seen demand destruction across nearly all lubricant sectors, which is expected to put pressure on margins. The drastic fall in crude oil prices would only have a limited impact, since the key reason for fall in prices is lower demand across the value chain and further, lubricants are typically not in complete sync with crude oil prices. Hence, until demand recovers, lubricant players are likely to face headwinds in spite of lower crude prices.

Packaging material suppliers have also faced issues due to their inability to deliver inputs during the lockdown.

Although **refineries and additive manufacturing plants** have reduced their throughputs due to a fall in demand, the lockdown does not drastically affect their ability to continue running. However, major ports are facing issues due to congestion caused by stakeholders halting operations for the duration of the lockdown. Similarly, transporters responsible for moving goods are facing issues. Labour at many ports as well as loaders at logistics hubs and raw material plants consist of a significant number of migrant workers who have returned to their hometowns, affecting operations. This can lead to raw material shortages at the plants.

Lubricant manufacturers (including toll manufacturers) are facing problems with operations. Apart from the inventory of inputs needed to keep plants running during the lockdown, manufacturing and movement of stock is highly dependent on contract labourers who are currently unavailable. Going forward, especially **toll/contract manufacturers** are likely to face working capital issues due to a reduction in the movement of stock. Such manufacturers will likely be the first to stop production, as they have to continue to pay some of the factor costs. This is expected to hamper operations in the mid-term.

Channel partners are facing a drastic reduction in demand due to the lockdown. This has led to increased inventory levels with all channel partners and an inability to clear stocks. In addition, most of these partners are also de facto financiers for the commercial and industrial lubricants market, providing credit to keep the wheels moving. The destruction in demand is likely to result in both, defaults and inability to roll credit. **Bazaar channel** partners (~65 percent of the auto-lubricants market and ~25 percent to 30 percent of the overall market) are the most affected, and are likely to have severe working capital issues.

Industrial lubricant distributors have been significantly impacted due to reduction in demand because of curtailment of industrial activity, increased defaults due to closure of MSME units, and increased credit requirements.

Independent workshops (~15 percent of the auto-lubricants market) are facing similar issues on the demand front.

Auto Original Equipment Manufacturers (OEMs) (~20 percent of the auto-lubricants market) are under considerable stress, with the industry almost at a standstill due to the lockdown. Auto dealers have seen severe impact due to their inability to deliver vehicles during this period. Most of the dealers have 30–45 days of finished goods inventory. Further, dealers risk having to take on significant burden on their balance sheets to liquidate unsold BS-IV inventory, estimated to be worth ~INR 6,300 crore.[10] This has negatively affected the demand for lubricant factory fills.

However, with the introduction of BS-VI, OEM first fills and franchise workshops will need to stock up on BS-VI ready lubricants, increasing lubricant demand in the short term.

The prolonged lockdown has also put tremendous strain on the operations of other ecosystem players **(mobility solution providers, used-car players, and after-market service providers)** whose funding depends heavily on aggressive revenue growth projections. Shared mobility players (ride sharing, car sharing, ride hailing) may have to rethink their offerings, as customers may likely end up preferring private transportation modes that guarantee 'social distancing', at least in the short term. This may have a positive effect on lubricants demand in the future, due to the related rise in personal vehicle sales.

Implications for the Indian lubricants ecosystem

As discussed, considering the magnitude and scale of the COVID-19 pandemic, stakeholders across the lubricants ecosystem need to prepare, plan, and follow a structured approach to manage the crisis. While they may **respond** by taking some actions immediately, they must also prepare in advance to launch initiatives just after the lockdown ends to **recover** and capture maximum value and any pent-up demand.

In addition to these short- to mid-term actions, players also need to respond to permanent disruptions that this pandemic may have brought about (e.g., consumer behaviour) and changed the very way businesses operate today, and ensure that their businesses **thrive** with long-term interventions.

We discuss some areas (Figure 5) around which players need to act so that they are 'battle-ready' for their quest to revive the industry and their respective businesses, once the pandemic subsides.

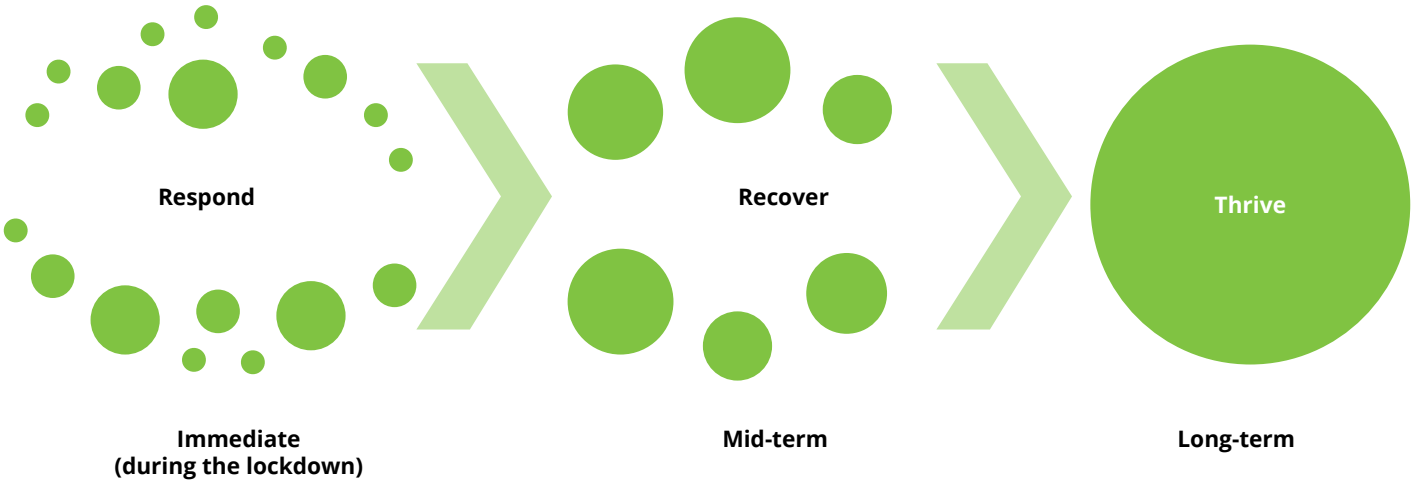
Respond

Considering the fact that India is already four to five weeks into the pandemic, it is expected that most companies would have already taken certain immediate steps to deal with the crisis.

Given the uncertainty around the pandemic and disruptions to traditional supplier and distributor chains, companies need to communicate effectively and in a consistent manner, solve any incidents and operational risks expeditiously, manage the way forward, and develop a contingency plan.

In addition, ensuring employee safety and well-being (via continuous communication, tele-counselling, remote working, health insurance, etc.) and changing ways of working to engage with channel partners (including ensuring adequate stock, financing support, new sales) are other key imperatives.

Figure 5. Three-point action plan for companies



Recover

Post the initial response and as the lockdown gets lifted gradually, companies need to develop a comprehensive strategy to return to the market and kick start the demand engine. Such an effort should focus on the key geographies, products, customers, channels, supply chain, and other go-to-market elements (as highlighted in Figure 6).

Identifying initial geographies to start sales: Given the varying severity of the pandemic across different regions and the possibility of a staggered opening of the lockdown (potentially starting with tier-2 and 3 cities, followed by major metros and industrial centres) as done in China, companies need to identify markets that are likely to open up first and develop plans to service them (including filling up the pipeline inventory, ability to retain or expand counter share, strengthen the ability of channel to generate/ service institutional demand, and any other enablers needed).

Ensuring product alignment with market needs: COVID-19 is expected to have a varying impact on the Commercial Vehicles (CVs), Passenger Vehicles (PVs), and two-wheeler segments, in terms of existing vehicle usage and future sales. In such a scenario, it is critical to identify which product segment is expected to recover the fastest and focus manufacturing and distribution in those areas.

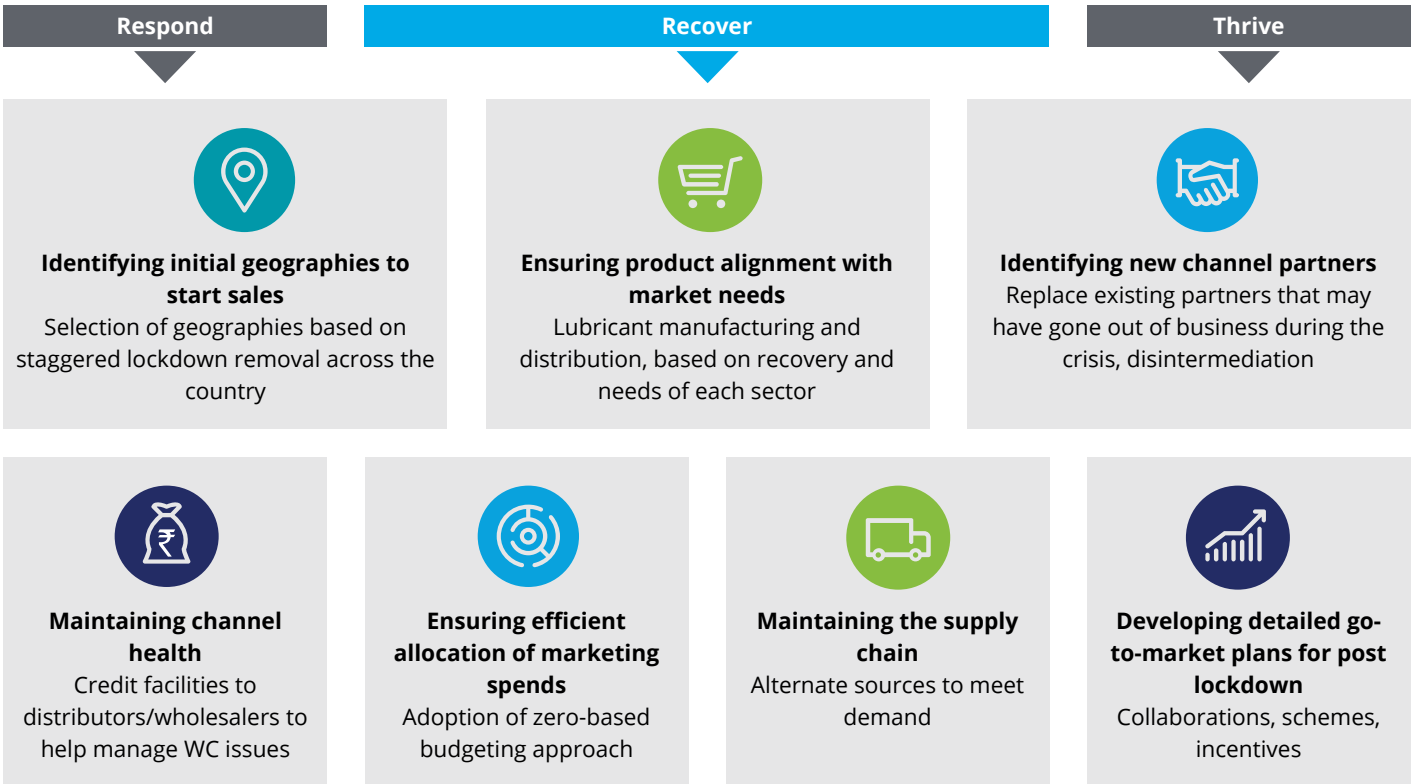
Additionally, companies would also need to focus product development on BS VI (based on government regulations) and industrial lubes (based on any changes in consumer need and demand). Companies should focus on high margin products with continued demand in industrial lubes, such as food grade lubricants.

Finally, it is possible that companies do not have the adequate raw materials to manufacture all types of lubes (e.g., imported inputs might be short). In such a situation, it is important to evaluate which other grades can be made/tweaked to meet customer demand in an effective manner.

Identifying new channel partners: Given the financial strain the crisis has put on the channel, a strong possibility that small counters/ distributors may not be able to survive the crisis exists. Hence, companies need to proactively identify opportunities to rationalise the channel and identify new distributors or increase market coverage from existing large and well-funded distributors. Companies may also evaluate a different distribution model with greater disintermediation or direct to consumer interventions.

Maintaining channel health: Given the fact that there is inventory build-up and delay in revolving customer credit in the channel due to reduced sales, distributors are likely to

Figure 6. Key elements of the 'Recover' phase for companies



Source: Monitor Deloitte analysis

face severe working capital issues. Companies may need to respond to this challenge by reviewing the channel partners' role and the associated economics, including extending credit to small-scale customers, distributors, and partners with appropriate checks and balances. Some examples could include releasing any pending incentive payments, providing credit facilities in partnership with Non-Banking Financial Companies (NBFCs), faster reconciliations, and reducing the need for deposits, etc.

Ensuring efficient allocation of marketing spends: Most companies have experienced a deep cut in their budgets because of the pandemic and the slowdown. As a result, companies should consider adopting a zero-based budgeting approach to identify clearly which promotions and schemes generate the maximum return and utilise the limited budget in those areas. Key to this would also be to re-look at the Above the Line (ATL)-Below the Line (BTL) mix using analytical models and then judiciously directing spends in those micro-markets and counters, which are likely to give maximum benefit keeping in mind competition strengths.

Maintaining the supply chain: Another key implication of a staggered rollout is the possible delay in opening of lubricant blending facilities/raw material suppliers located in industrial areas, which may still be under lockdown. In such a situation, companies may need to look at alternate toll manufacturers and raw material sources proactively, so that sufficient stocks are in place to deal with pent-up demand. This may also have an implication on the products that could be manufactured (keeping in mind intellectual property restrictions related to product formulations). Companies would also need to relook at the distribution network and related linkages in the short/medium term to factor in need to maintain high service levels during the staggered roll-out period.

Developing detailed go-to-market plans for post lockdown: Companies need to be ready to capture the demand when the market opens. This would involve creating detailed plans on all the above areas for each micro-market, realigning sales and supply chain efforts to the focus markets, launching various schemes in collaboration with the ecosystem, appropriately incentivising the sales team, and finding new ways of customer engagement (including service at home, loyalty programmes, digital apps, etc.).

Thrive

The themes and the illustrative responses mentioned are expected to help lubricant companies prepare for an expected **U-shaped recovery.** It is essential to note that this

expectation is built on the prevailing condition of the industry, an understanding of the pandemic's likely spread, the time it takes for containment, and the impact of these events on the industry specifically. However, the behaviour of the virus in reality (development of more robust strains vs. development of robust treatment protocols and vaccine) and the time it takes to contain the spread (four quarters vs. more than six quarters) are factors that are difficult to predict with any amount of certainty.

Hence, it is possible that the sector may head towards an even more **prolonged W-shaped recovery** instead, wherein a second bout of the pandemic follows the initial remission. Companies must look to **identify the onset of such a scenario** by tracking and observing certain leading indicators. This would help them to be well- prepared to respond to the second wave and minimise both financial losses and the ensuing structural damage to the value chain.

Additionally, it is critical to review how the situation unfolded in countries that were ahead of India in the COVID-19 curve, such as China and South Korea. Some of the indicators to understand which scenario plays out are listed below:

- Government support and economic stimulus packages (as percent of GDP)
- Traffic data in key markets as a surrogate for fuel consumption
- Change in infection rates and infection fatality rates
- Change in number/status of infection 'hotspots'
- Reinforcement/continuation of lockdown norms, especially in large cities, etc.
- Reports of recurrent waves in other economies
- Port cargo congestion handling data for key ports
- Success rates of different treatment protocols for COVID-19
- Delay in the development of a vaccine/discovery of alternate robust strains of the virus
- Frequent violation of social distancing norms in key markets

While the initiatives discussed for the U-shaped recovery remain valid even in the W-shaped scenario, companies must prioritise tactics needed to secure their supply chains and develop trigger-based micro-work plans in partnership with the network to ensure adequate response as the situation evolves.

Such a response would need to account for changing preferences of customers with regards to mobility, focus on the hyper-local model, shift from products to a products- and services-based model, adoption of an ecosystem/partnership based approach, increased focus on digital, and redesign of manufacturing and supply chain architecture.

What should companies do to manage the crisis?

Companies need to draw up specific multi-disciplinary plans to help 'recover' from the crisis, and ensure business growth and sustainability as the pandemic subsides. As a starting point to this exercise, companies must set up a **GRowTH office (Gain, Recover, Thrive).** This would typically be an extension of the COVID Crisis Command Centre, that most companies would have set up in the immediate aftermath of the pandemic to 'respond' to any operational risks or issues, and ensure employee well-being.

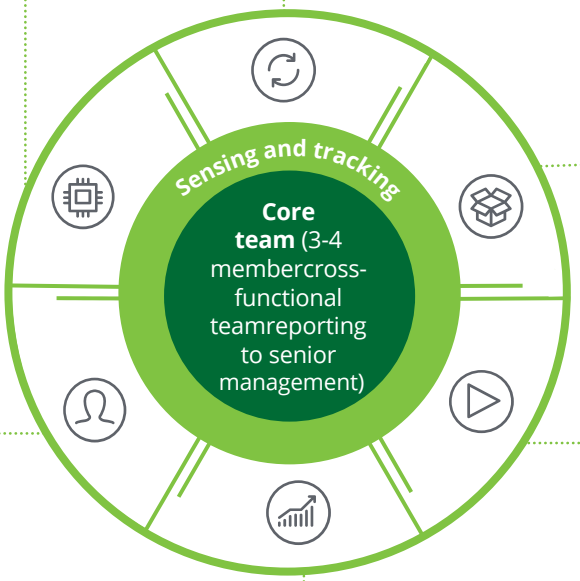
A **GRowTH Office** (Office) is made up of a three to four member cross-functional team, which reports directly to the CEO or Management Committee. The structure of such an office is highlighted in Figure 7.

Figure 7. Key focus areas for GRowTH Office

Technology & Digital
- Virtualization to enable traditional offline processes and systems to operate digitally?
- Utilizing digital interventions across the value chain via start-ups to rapidly scale-up (incl. apps, cloud, video, etc.)?
- Developing bespoke demand and price forecasting tools, operational control towers to manage decision making in micro markets?

Talent
- Ensuring employee well-being and any special benefits/ policies?
- Maintaining high employee morale, while working in a crisis scenario?

Sales
- Gauging health of channel partners (incl. need for financing)?
- Understanding need for additional distributors/ ecosystem partnerships?
- Developing detailed GTM to kick start demand engine post lockdown?



Supply chain
- Availability of all inputs (incl. imported) to continue production?
- Ensuring functional supply chain that minimizes stock outs?

Manufacturing operations
- Ensuring product mix is in line with changing market conditions?
- Managing production in case plant location is a COVID hotspot (e.g., via toll manufacturers)?

Marketing
- Managing change in media consumption habits of customers?
- Providing special promotions/ schemes to customers to capture pent-up demand?

Roles	
1	Develop a plan for the CEO/ Management Committee to manage the COVID crisis and ensure business sustainability and growth
2	Evaluate changing situation and emerging scenarios, based on various leading indicators and update CEO/ Management Committee on the same
3	Work with business/ functional leadership to roll-out specific tactics in line with evolving business scenario

Meeting cadence
- Weekly meetings with CEO/ Management Committee on key updates and any functional/ business issues
- Weekly problem solving meetings with business/ functions

Source: Monitor Deloitte analysis

The Office has the following three key roles:

1. As part of the first role, the Office would prepare a detailed plan to manage the crisis and ensure business sustainability and growth. This would involve understanding the business and financial implications of various scenarios that might play out in the market (as discussed in this paper). In addition, the Office needs to determine leading indicators for each scenario, and review specific implications on the company. Finally, the Office should also determine for each scenario specific strategic options, a set of actionable initiatives to be carried out, and an operational plan.
2. As part of the second role, the Office needs to continuously scan the market, review the overall situation, and track leading indicators to understand the scenario that is likely to play out. The response of the company would need to be adjusted accordingly.
3. In the third role, the Office would work with business and functional (including HR, IT, etc.) leaders to roll out and manage specific initiatives (based on aligned strategic options and operational plan as part of the first role) to deal with the crisis, minimise impact on customers and key stakeholders, and ensure business continuity and growth.

A detailed cadence should also be set up for such an Office. Typically, it should have a weekly review with the CEO/ Management Committee to take key decisions, track progress, and solve any issues/escalations. Additionally, the Office should also have once-a-week meetings with the business and functional leaders to identify problems and develop suitable solutions.

To conclude, the **GRowTH Office** would help manage the crisis, find suitable solutions to emerging issues, and ensure the company is ready to capitalise on the pent-up demand once the pandemic subsides.

End Notes

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