Respond, Recover, Thrive
The impact of COVID-19 on the economy
A view from Thailand
The impact of COVID-19 on the economy

**Current situation**
- Although first detected in Wuhan, China, the COVID-19 outbreak is now truly global in scale: on 11 March 2020, it was officially declared a pandemic by the World Health Organisation (WHO).
- With multiple shifting epicentres, the number of confirmed COVID-19 cases outside China exceeded the number of confirmed cases within China for the first time on 16 March 2020.

**Overall economic impact**
- As a result of the COVID-19 outbreak, global GDP projections for 2020 have plunged from 3% to 1.8%.
- The global tourism sector is grappling with the most immediate and direct impacts on the back of travel restrictions and flight cancellations, but other sectors such as Automobiles & Auto Parts have also been adversely impacted.
- Nevertheless, sectors such as Pharmaceuticals & Biotechnology are outperforming.

**A closer look at five of the world’s largest economies**
- In line with the global economy, economic growth is expected to slow down significantly in five of the world’s largest economies: China, United States, European Union, United Kingdom, and Japan.
- As China is a major supplier of intermediate goods, a domino effect is cascading across the global supply chain.

**A view from Thailand**
- Thailand’s economy is expected to experience an immediate and direct impact from the COVID-19 outbreak due to its relatively higher reliance on the travel and tourism sectors, as well as high levels of exports and imports.
- Thailand is also experiencing supply chain disruptions as a result of factory closures and transportation restrictions. This problem is exacerbated by its high reliance on intermediate goods from other markets hit by the COVID-19 outbreak, including China, Japan, and South Korea.
Current situation
**Truly global in scale**
First detected in Wuhan, China, the COVID-19 outbreak was officially declared a pandemic by the World Health Organisation (WHO) on 11 March 2020

**Number of countries with confirmed COVID-19 cases**

![Graph showing the number of countries with confirmed COVID-19 cases from 1 January to 16 March, with a significant increase from mid-February onwards.](image)

Source: World Health Organisation
Multiple shifting epicentres
The number of confirmed COVID-19 cases outside China exceeded the number of confirmed cases within China for the first time on 16 March 2020

Number of confirmed COVID-19 cases

Source: World Health Organisation
Multiple shifting epicentres
As of 16 March 2020, newly confirmed COVID-19 cases mostly concentrated in Italy, Iran, Spain, Germany, and France.

Number of confirmed COVID-19 cases on 16 March

Source: World Health Organisation
**Understanding case-fatality rates**

Although COVID-19 has a lower case-fatality rate than other outbreaks, it can vary significantly depending on access to treatment.

**Case-fatality rate comparison across outbreaks**

<table>
<thead>
<tr>
<th>Outbreak</th>
<th>Case-fatality Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ebola</td>
<td>50%</td>
</tr>
<tr>
<td>MERS</td>
<td>34%</td>
</tr>
<tr>
<td>Smallpox</td>
<td>30%</td>
</tr>
<tr>
<td>SARS</td>
<td>10%</td>
</tr>
<tr>
<td>COVID-19</td>
<td>3%</td>
</tr>
<tr>
<td>Seasonal Flu</td>
<td>0.1%</td>
</tr>
</tbody>
</table>

**Worldwide case-fatality rate for COVID-19**

Source: Bloomberg, World Health Organisation
Overall economic impact
Gross Domestic Product (GDP) takes a hit
As a result of the COVID-19 outbreak, Global GDP projections have been revised downwards from 3% to 1.8%

Projected global GDP growth rate in 2020

- Economic growth rates in China and other major economies have slowed down in the backdrop of the WHO declaration of COVID-19 as a global pandemic.
- The stimulus effect of government policies is likely to be weakened during the early phases of the COVID-19 outbreak as the focus will be on containment.
- Asset prices are likely to continue to decline despite the lowering of interest rates in many countries.

Source: Siam Commercial Bank Economic Intelligence Centre
Stock markets tumble
Since the beginning of 2020, stocks have plunged by around 30% as fears of COVID-19’s impacts rock markets worldwide.

Stock market indexes as of 18 March 2020

Across the globe, markets went into shock as fears about the COVID-19 outbreak were compounded by news of an oil price war between Saudi Arabia and Russia.

Source: ShareCast
Global survey data revealed a broad-based drop in factory output across all main product groups.
Worldwide output fell at the steepest rate since comparable data first became available in late 2009 for consumer goods, intermediate goods (inputs supplied to other companies), and investment goods.

The plunge in investment goods output is especially noteworthy because it reflects a marked drop in new orders from businesses worldwide for plant, machinery, and other capital equipment.

Source: IHS Markit, JPMorgan
Growth in services weakens to slowest pace since May 2009
Services sector experienced record plunge in February 2020

Global Services Purchasing Managers’ Index

- Global survey data revealed supply-side disruptions and shortages, as well as weakened demand for many services.
- This trend was especially pronounced for consumer services, which witnessed the highest incidence of negative impacts as the travel and tourism sectors bore the brunt of the COVID-19 outbreak.

Source: IHS Markit, JPMorgan
Tourism sector faces the most immediate impact
The World Tourism Organisation (UNWTO) estimates that international tourist arrivals could experience a growth rate of -3% in 2020 globally, a drastic decrease from early January growth estimates of 3-4%.

Revised 2020 forecast for international tourist arrivals

Travel restrictions and flight cancellations, in addition to reduced travel demand, especially in China – one of the world’s largest outbound travel markets – is expected to result in a contraction of the global tourism industry.

Source: World Tourism Organisation (UNWTO)
Outperformers and underperformers
Automobiles & Auto Parts face steepest decline in output, while Pharmaceuticals & Biotechnology outperform

Global Sector Output Index in February 2020
Note: An index over 50 represents expansion, an index of 50 represents zero growth, and an index below 50 represents contraction

• Eight out of 23 sectors saw record declines in output. The steepest decline was reported by the Automobiles & Auto Parts sector, which witnessed its steepest drop in production since late 2009. The sector's existing malaise and weak car demand had been exacerbated by the impact of factory closures and supply chain disruptions in China.

• Other sectors seeing record declines in activity include Metals & Mining, Chemicals, Machinery & Equipment, Household & Personal Use Products, Transportation, Tourism & Recreation, Technology Equipment, and Food.
A closer look at five of the world’s largest economies
Drastic fall in GDP growth rates expected
In line with the global economy, economic growth is expected to slow down significantly in five of the world’s largest economies: China, United States, European Union, United Kingdom, and Japan

Projected 2020 GDP growth rates as of March 2020

Source: Siam Commercial Bank Economic Intelligence Centre
**Policy response**

Central banks have implemented expansionary monetary policies and introduced a slew of other measures to counter the impact of the COVID-19 outbreak

### Measures deployed by central banks

<table>
<thead>
<tr>
<th>Interest rate</th>
<th>People's Bank of China</th>
<th>Federal Reserve</th>
<th>European Central Bank</th>
<th>Bank of England</th>
<th>Bank of Japan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest rate</strong></td>
<td>Interest rate maintained at 4.05%</td>
<td>Interest rate lowered to 0.25%</td>
<td>Interest rate maintained at -0.5%</td>
<td>Interest rate lowered to 0.1%</td>
<td>Interest rate maintained at -0.1%</td>
</tr>
<tr>
<td><strong>Reserve requirement rate</strong></td>
<td>Lowered reserve requirement rate</td>
<td>Lowered reserve requirement rate</td>
<td>Reserve requirement rate cut to zero</td>
<td>Lowered capital requirements for UK banks</td>
<td></td>
</tr>
<tr>
<td><strong>Quantitative easing and other measures</strong></td>
<td>• One-year loan prime rate (LPR) lowered by 10bps to 4.05%</td>
<td>• USD 700 billion worth of asset purchases</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Slash in rate of emergency lending at the discount window for banks by 125bps to 0.25%</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• EUR 750 billion asset purchase program, covering public and private sector securities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• JPY 1.3 trillion government bond purchase</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Siam Commercial Bank Economic Intelligence Centre, The Wall Street Journal, CNN
Supply chain disruption
A domino effect is cascading across the global supply chain as China is a major producer of intermediate goods.

Manufacturing Purchasing Managers’ Index in February 2020
Note: An index over 50 represents expansion, an index of 50 represents zero growth, and an index below 50 represents contraction.

<table>
<thead>
<tr>
<th>Country</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>51.1</td>
</tr>
<tr>
<td>United States</td>
<td>51.9</td>
</tr>
<tr>
<td>European Union</td>
<td>47.9</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>53.3</td>
</tr>
<tr>
<td>Japan</td>
<td>48.8</td>
</tr>
</tbody>
</table>

Overall impact on supply chain:
- Strict COVID-19 containment measures have led to restricted labour mobility and factory shutdowns in many Chinese cities, halting production and causing major disruptions to the global manufacturing supply chain.
- Supply chain producers face a shortage of intermediate goods that they import from China as components for production.
- Retailers are unable to import some finished goods from China and other countries affected by COVID-19, leading to decrease in sales.
- In February, factory shutdowns only occurred in several EU countries. As a result, the direct impact of the COVID-19 outbreak on the supply chain impact remained low at this point in time.
- However, widespread border closures in March have since significantly disrupted the closely-linked EU supply chain network.
- Despite the growth of manufacturing output and recovery of domestic demand in a climate with less political uncertainty, supply chains are still reeling from the delays in raw material deliveries in February.
- Given their high reliance on imported intermediate goods, especially from China, producers have found it challenging to maintain levels of production.

Most affected sectors:
- Automotive, machinery, electronics, and pharmaceuticals
- Automotive, machinery, and precision instruments
- Automotive, machinery, and chemicals
- Automotive, and machinery
- Automotive, and machinery

Source: IHS Markit, Siam Commercial Bank Economic Intelligence Centre, European Commission, UNCTAD
A view from Thailand
Thailand’s GDP growth projections revised downwards to -0.3%
Exports and imports likely to take a major hit as a result of the COVID-19 outbreak

Projected GDP growth rate in 2020

Source: Siam Commercial Bank Economic Intelligence Centre
**Thailand’s policy response**
Interest rate slashed to a historical low of 0.75%

**Historical interest rates from 2010 to 2020**

- The Bank of Thailand has slashed its interest rate by 0.25 percentage point to 0.75% effective 23 March.
- The objective was to reduce interest burdens on borrowers affected by the outbreak and alleviate liquidity strain in the financial markets.
- The central bank had already cut its policy rate by a quarter point once this year in February.
- Even after the 2008 global financial crisis, the lowest interest rate level the bank had maintained was 1.25% from April 2009 to July 2010.

Source: Bank of Thailand, Siam Commercial Bank Economic Intelligence Centre, Nikkei Asian Review
Thailand’s economy is expected to experience an immediate and direct impact from the COVID-19 outbreak. This is due to its relatively higher levels of exports and imports, as well as high reliance on the travel and tourism sectors.

**Exports and imports as a percentage of GDP**

<table>
<thead>
<tr>
<th>Country</th>
<th>Exports %</th>
<th>Imports %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand</td>
<td>100%</td>
<td>101%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>69%</td>
<td>101%</td>
</tr>
<tr>
<td>South Korea</td>
<td>46%</td>
<td>99%</td>
</tr>
<tr>
<td>Philippines</td>
<td>32%</td>
<td>99%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>28%</td>
<td>99%</td>
</tr>
<tr>
<td>Japan</td>
<td>12%</td>
<td>100%</td>
</tr>
</tbody>
</table>

**Travel and tourism contribution to GDP**

<table>
<thead>
<tr>
<th>Country</th>
<th>Tourism %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thailand</td>
<td>12%</td>
</tr>
<tr>
<td>Taiwan</td>
<td>4%</td>
</tr>
<tr>
<td>Philippines</td>
<td>2%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>1%</td>
</tr>
<tr>
<td>South Korea</td>
<td>1%</td>
</tr>
<tr>
<td>Japan</td>
<td>1%</td>
</tr>
</tbody>
</table>

Source: KKP Research
Drastic reduction in international tourist arrivals expected

Travel restrictions and COVID-19 fears are expected to cause a significant dip in Thailand’s international tourist arrivals that will end its five-year growth streak since the 2014 coup.

International tourist arrivals

Source: Bank of Thailand, Siam Commercial Bank Economic Intelligence Centre
Contraction projected for most tourism-related businesses in Thailand
Tourism services, accommodation, and air transportation are amongst the most affected

Growth rates of selected tourism-related businesses in 2020

<table>
<thead>
<tr>
<th>Tourism services</th>
<th>Accommodation</th>
<th>Air transportation</th>
<th>Tour agencies</th>
<th>Food and beverage</th>
</tr>
</thead>
<tbody>
<tr>
<td>-3.5%</td>
<td>-2.4%</td>
<td>-2.3%</td>
<td>-1.5%</td>
<td>-1.2%</td>
</tr>
</tbody>
</table>

Source: Siam Commercial Bank Economic Intelligence Centre
Thailand is experiencing supply chain disruptions as a result of factory closures and transportation restrictions

This problem is exacerbated by its high reliance on intermediate goods from other markets hit by the COVID-19 outbreak, including China, Japan, and South Korea

Supply chain disruption in Thailand

Factors causing supply chain disruption

- Factory closures
- Transportation disruption

Reduction in Thailand’s export production for both intermediate goods and final goods

High reliance on the import of intermediate goods from China, Japan, and South Korea which have also been hit by the COVID-19 outbreak

Most affected products

- Steel, wood, agriculture, and food
- Electrical appliances, electronics, and automobile

Source: Siam Commercial Bank Economic Intelligence Centre
**A silver lining**

Despite COVID-19’s overall negative impact on economic growth, several sectors such as insurance, logistics, and communications are benefiting from increased growth.

**Sectors positively impacted by COVID-19**
- Insurance
- Logistics (including delivery services)
- Communications (Internet & e-Commerce)

**Sectors adversely impacted by COVID-19**
- Transportation
- Accommodation
- Recreation
- Oil & Gas
- Alcoholic Beverages

**Source:** Siam Commercial Bank Economic Intelligence Centre
Respond, Recover, Thrive
Top-of-mind issues

Addressing six major organisational needs

Deloitte has taken the pulse of CxOs around the world to develop a deeper understanding of the most pressing issues facing organisations today.

What are we hearing?

• Boards of Director are frequently asking management what they are doing to prepare for a downturn
• Downturn scenarios will be central sensitivities for the next annual budgeting season
• Few senior leadership teams have guided an enterprise through a downturn - 11 years ago they were only running divisions or business units

We have identified six major needs that organisations will need to respond to in these volatile times.

- **Set the foundation**
  Create a resilient and agile organisation that is prepared for volatile times
- **Defend and drive revenue**
  Identify opportunities to improve top line growth
- **Reduce and manage costs**
  Increase margin and operating profit to counteract impacts to revenue
- **Optimise assets, liabilities and liquidity**
  Curate portfolio of assets, strengthen balance sheet, and manage for cash
- **Accelerate digital**
  Use technology and data to enable growth, decrease costs, and become an insights-driven organisation
- **Manage expectations**
  Align and fulfill stakeholder expectations, and proactively address risks created by volatile conditions
Respond, Recover, Thrive

Five fundamental qualities at the heart of resilient leadership

In the face of certain challenges and a still uncertain set of risks, business leaders are rightly concerned about how their companies will be affected and what they have to do next. We have pooled the insights of Deloitte leaders in affected areas around the world to provide practical insights for chief executives and their leadership teams in taking appropriate action. Ultimately, we believe that there are five fundamental qualities at the heart of resilient leadership that will enable an organisation to recover from COVID-19 – regardless of the extent of its impacts.

**MISSION FIRST**
Stabilise today, and harness both the energy and the constraints of volatile conditions to spark innovation tomorrow.
- How are you turning the COVID-19 crisis into an opportunity to emerge stronger?

**SPEED OVER ELEGANCE**
Decisive action – with courage – is often more essential than getting it perfect.
- How are you empowering your teams to take courageous action in a volatile environment?

**DESIGN FROM THE HEART**
Seek and reinforce solutions that align to your purpose, your societal obligations, and serve the heart of the organisation.
- How are you demonstrating to your employees, customers, communities and ecosystem that you have their best interests at heart?

**OWN YOUR NARRATIVE**
Paint a picture of a compelling future and path forward that your stakeholders can support and rally around
- How are you proactively filling the information vacuum to combat the spread of misinformation and rumour?

**EMBRACE THE LONG VIEW**
Stay focused on what's on the horizon to instill confidence and steadiness across your ecosystem
- How are you anticipating and responding to the new business models likely to emerge post COVID-19?
The heart of resilient leadership
Resilient leaders are then defined by *what they do* along three dimensions

**Command centre**
- CEO with CHRO, CSO
- COO, GC
- CTO, CMO, CPO

**Talent & strategy**
- CDO
- CEO, CRO, CTO

**Business continuity & financing**
- CFO, COO
- CRO, GC
- CTO

**Supply chain**
- CDS, CTO

**Customer engagement**
- CMO

**Digital capabilities**
- CDO, CHRO

**Prioritise**
The seven functional areas most at risk during a crisis

**Time frame**
Thoughtfully selecting when to pivot from Respond to Recover to Thrive

**Accountability**
Defining who is responsible and accountable in the business

---

RESPOND
- Prepare / Manage Continuity

RECOVER
- Learn and Emerge Stronger

THRIVE
- Prepare for the Next Normal

**Priorities**
- Accountability
- Time Frame

**RESPOND**
- CHRO

**RECOVER**
- CEO, CMO

**THRIVE**
- CEO, CRO
The heart of resilient leadership
Resilient leaders in a crisis take specific actions across these three dimensions

<table>
<thead>
<tr>
<th>Priorities</th>
<th>Time Frame</th>
<th>Accountability</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Command centre</strong></td>
<td><strong>Prepare / Manage Continuity</strong></td>
<td>Institute crisis and resilience planning</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Review employment contracts for potential issues</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Prioritise strategic choices and investments</td>
</tr>
<tr>
<td></td>
<td><strong>Recover</strong></td>
<td>Optimize corporate HR policy and leave, travel, global mobility</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Review orders vs. commitments and inventory</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Use advanced technology in customer communications</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reset receivables cycle and collections process and KPIs</td>
</tr>
<tr>
<td></td>
<td><strong>Thrive</strong></td>
<td>Engage with key customers to support business continuity</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reinforce loyalty by protecting and rewarding customers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Secure commercial and financial support from customers</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Develop communication strategy with frontline employees</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Assess and address cybersecurity threats and vulnerabilities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Develop real-time sensed/flag reporting dashboard</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Update digital properties to synchronise with availability</td>
</tr>
</tbody>
</table>

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**RESPOND**
- Institute crisis and resilience planning
- Nominate task-force leadership team (and back-up)
- Ensure actions uphold Responsible Business principles
- Identify supply chain risks and potential disruptions
- Establish multi-tier supplier network visibility to risks
- Establish control towers to predict, sense and prescribe risk responses

**RECOVER**
- Review orders vs. commitments and inventory
- Use advanced technology in customer communications
- Establish multi-tier supplier network visibility to risks
- Establish control towers to predict, sense and prescribe risk responses

**THRIVE**
- Use advanced technology in customer communications
- Establish multi-tier supplier network visibility to risks
- Establish control towers to predict, sense and prescribe risk responses
- Establish open communication channels with customers
The heart of resilient leadership

Resilient leaders will need to evaluate actions within the context of geographic location and sector.

CASE STUDY: China took decisive actions to contain the impact of the crisis on their sectors. While the country was clearly impacted in Q1 FY20, there is evidence of recovery.

<table>
<thead>
<tr>
<th>Short term Impact in Q1 2020</th>
<th>Recovery scenario Impact predominantly in H1 2020, recovery through H2 2020 (assuming normalisation in rest of world)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority impact sectors</td>
<td>Scenarios</td>
</tr>
<tr>
<td>Automotive</td>
<td>Reduced/ restricted travel        Production suspended        Supply chain interruption        Reduced consumption        Working capital pressure</td>
</tr>
<tr>
<td>Consumer Goods (Clothing &amp; Essentials)</td>
<td>M</td>
</tr>
<tr>
<td>Consumer Goods (Luxury Goods)</td>
<td>H</td>
</tr>
<tr>
<td>Transportation and Hospitality</td>
<td>H</td>
</tr>
<tr>
<td>Technology (Hardware)</td>
<td>H</td>
</tr>
<tr>
<td>Real Estate</td>
<td>H</td>
</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>H</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>H</td>
</tr>
<tr>
<td>Healthcare</td>
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</tr>
<tr>
<td>Oil &amp; Gas</td>
<td>H</td>
</tr>
<tr>
<td>Life Sciences</td>
<td>H</td>
</tr>
<tr>
<td>Healthcare</td>
<td>H</td>
</tr>
</tbody>
</table>

H: High impact
N: Neutral or low impact
M: Significant disruption/financial impact
O: High demand/opportunity

Key learnings from leading companies in the Chinese market...

- Leading companies in China established emergency response teams right away in order to assess the risks and formulate response strategies after conducting robust scenario planning, which significantly improved epidemic response mechanism and toolkits.
- After the initial outbreak, companies began implementing flexible work arrangements for middle and back office staff in order to minimise on-site work while meeting basic operational requirements. With remote work capabilities being stress tested, overall opportunities for improvement were identified and addressed. A digital employee health declaration system was also launched by some companies in order to track employee well-being and to be in compliance with administrative reporting requirements.
- Companies immediately began to update / develop business continuity plans to understand contractual obligations, evaluate financial impacts and liquidity requirements, formulate debt restructuring plans, and optimise assets to help restore financial viability. Another core focus was to understand financial impacts across the entire value chain.
- Companies in China accelerated investment in digital trading solutions to combat supply chain interruptions, overcome logistics and labour shortages, and local access limitations in order to ensure product supply for the domestic market. Operational agility and data quality were critical in supply chain scenario planning.
- Companies quickly moved to maintain open and ongoing lines of communication with their customers on the impacts of COVID-19 to the business and the emergency actions implemented. This working in partnership has built confidence amidst the uncertainty.
- Companies are revisiting the current e-commerce landscape and developing digital roadmaps for the short, medium and long term. Companies realised digital capabilities needed to be implemented across the entire organisation in order to embed resilience. Some leading companies in the service industry promoted "no touch" experiences in order to shift away from "brick-and-mortar" presence.

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**Command centre**

**Talent & strategy**

**Business continuity & financing**

**Supply chain**

**Customer engagement**

**Digital capabilities**
The heart of resilient leadership
...while *leveraging the learnings* of those experiencing the same crisis conditions

Command centre stand up to centralise communication and decision-making
For Auto manufacturers grappling with the move to electric and reduced demand from China, COVID-19 has come as an unwelcome shock. Disruption of lean supply chains has had an immediate impact, halting production in some cases, and the fear of financial stress and potential failure of smaller suppliers is causing alarm across the industry. In early February, one major OEM turned to Deloitte for support in addressing these concerns. We stood up a command centre and are now working through the issues and providing targeted support where required to help maintain production and balance supply in response to more volatile market demand.

**COMMAND CENTRE, AUTOMOTIVE, EMEA**

Training support for a smooth transition to remote work arrangement
For many Chinese enterprises, remote work has become the only option to resume work during the epidemic. A large state-owned bank sought support from Deloitte to help their employees quickly adapt to the remote work arrangement. Deloitte developed and delivered a series of training courses which were tailored to different target groups – employee, management team, and HR. The courses covered key operational aspects including business development, work management, customer management, team management, and HR policies. Deloitte’s training support helped ensure a smooth transition to remote work arrangement and maintain productivity at all levels.

**TALENT & STRATEGY, FINANCIAL SERVICES, CHINA**

Managing financial stability to support business continuity through uncertainty
In February, a leading green energy supplier—an audit client based in the PRC and listed in Hong Kong—engaged Deloitte to provide working capital and debt restructuring advisory services. The client was seeking to obtain waiver and amendment consent from lenders on the possible material uncertainty on going concern. In addition to assessing the company’s financial position and debt servicing ability, Deloitte also formulated their communication strategy to increase transparency to lenders and obtain their consent.

**BUSINESS CONTINUITY & FINANCING, CHINA**

Leading supply chain assessment and innovation to prepare for disruption
A major retailer with a high degree of vendor concentration in China was concerned about the potential for a prolonged supply chain disruption. They turned to Deloitte to assist them with developing a real-time pandemic preparedness strategy. This included structuring a global Command Centre structure, communication framework and tools. Deloitte is helping stress test the business continuity plans globally, identifying gaps and potential vulnerabilities in the supply chain, and developing contingency plans. We are also deploying cognitive sensing technology to get an early indication of changing trends and to create situational awareness to support fast executive decision-making as events unfold.

**SUPPLY CHAIN, CONSUMER RETAIL, US**

Conducting cognitive sensing to detect COVID-19 operational and reputational risks
A state government agency was interested in proactively monitoring COVID-19 outbreaks in near real-time to enhance their ability to protect and safeguard their citizens. They engaged Deloitte to provide situational awareness to support fast executive decision-making as events unfold.

**DIGITAL CAPABILITY, STATE GOVERNMENT, US**

Framing crisis communication strategies to reinforce brand image
A multinational financial services company with operations across China wanted to further formalise their approach to crisis communications with stakeholders. They spoke to Deloitte to better understand the typical frameworks that can be used. We were able to take them through our crisis communications framework, and then perform a gap analysis of their current practice to this. This has enabled the client and Deloitte to work together to rapidly enhance the client’s approach to communicating with stakeholders at this important time.

**CUSTOMER ENGAGEMENT, FINANCIAL SERVICES, CHINA**

Supply chain

Customer engagement

Digital capabilities
Key takeaways

Five practical guiding principles to help you thrive in these volatile times

1. Guiding principle 1: Think about multiple futures
   Planning is not about getting rid of uncertainties but about understanding and being aware of them. Precisely define multiple future scenarios, characterise the threats and the opportunities they represent for your business and quantify their potential impacts. Specific tools could include trend analysis, scenario planning, and stress-testing methodologies.

2. Guiding principle 2: Be decisive and specific
   There is no off-the-shelf plan, you will need a tailored plan for your company’s specific business model and current context. Downturns strengthen the competitive edge of the prepared players and deepen troubles for unprepared. Having a plan will help you differentiate from the competition, and thus come out of the downturn stronger. Strategies could include optimising portfolios (fix, sell, or close), accelerating inorganic growth, revisiting risk management strategies, and re-examining tax strategies.

3. Guiding principle 3: Get a clear view on the end goal and the journey
   Now that you have a clear plan, it’s time to establish your path. From business model assessment – cost competitiveness, what should be changed and what should be preserved – to your envisioned goal. Specific areas to consider could include operating model re-configurations, SG&A cost reduction, delivery services optimisation (shared services), automation opportunities assessment, and vendor or contract reviews.

4. Guiding principle 4: Act as soon as possible
   Make your organisation directionally right – quickly – rather than precisely right but too late. While the specifics are important, they should not be a roadblock to management working efficiently to make decisions about how to thrive in a downturn.

5. Guiding principle 5: Remain curious and flexible
   The next downturn will likely be different and bring about new kinds of disruption. While it is critical to have a clearly defined strategy, it is also vital to be able to adapt it quickly. Bringing flexibility to your organisation and processes, and curiosity to your work culture should be fundamental pillars of your battle plan.
   Indeed, a potential downturn could create the burning platform often needed to jumpstart digital transformation as companies seek to decrease costs, improve organisational agility, and attract/retain customers. Businesses should also think critically about how they can become truly insights-driven organisations to enable them to more effectively identify and pursue growth opportunities, improve margins, and manage volatility.