

Strategic Planning

Respond, Recover, and Thrive Beyond COVID-19

By Andrew Blau

The COVID-19 pandemic may be one of the most consequential events in our lives, and additional social unrest has only brought more complexity and urgency for leaders. Just as many members of the “greatest generation” felt the impact of the Great Depression and the Second World War long after, those living through these turbulent times will feel the aftereffects for many years, if not decades, to come. The same can be said for businesses around the globe. All industries—even those that remain successful through these unprecedented events—will be dealing with the repercussions for the foreseeable future. While it is impossible to know what COVID-19 and recent social unrest will leave in their wake, companies, with the oversight of their boards, must take action to move beyond merely responding to these events and toward recovering and eventually thriving.

Respond and Steady the Ship

Companies have used several tools to respond to the extraordinary challenges resulting from recent events. These tools include crisis management and business continuity plans, which many companies have had in place for years. While many crisis management plans may not have anticipated events of this scale, they are likely to address challenges that are common to many crises. Companies have, for example, transitioned to remote operations, responded to customer needs by keeping the power on despite nonpayment of bills, kept employees on the payroll and extended benefits to terminated employees, and retrofitted plants to manufacture medical supplies to help fight COVID-19.

While the respond phase is typically

executed by management, boards play a key role in guiding and overseeing management’s responses, including assessing whether short-term actions to manage continuity are in line with company values and longer-term strategies. In exercising this oversight role, board members can call upon muscle memory developed from addressing previous challenges to evaluate different scenarios and their implications, and guide management accordingly.

Navigating to Recover and Thrive

The actions companies take to respond to these crises also lay the groundwork for recovery and eventually thriving in the future. How can leaders link their short-term responses to longer-term aspirations?

When faced with unprecedented uncertainty, boards have a critical role to guide their businesses through uncharted waters and emerge stronger. Scenario planning is a useful tool for boards and executives to focus on key uncertainties and imagine what the future might look like. What if the virus is eradicated earlier than expected due to a coordinated response? What if some regions recover more quickly than others? What if some countries grow isolationist in the name of domestic safety? Boards can use scenario thinking to protect long-term shareholder value and take a more nuanced, future-informed view to calibrate risk and reward. Scenario planning can help assess changing conditions and enable leadership teams to move more confidently toward the future.

The world after COVID-19 and additional social unrest will likely be very different from what many executive teams expected when they first set their strategies.

As executive teams steer toward fresh opportunities, boards can assess whether any new strategy and the assumptions it is based on are aligned with the long-term interests of all stakeholders, including shareholders, customers, and employees.

Looking Toward Calmer Waters

It is understandable that some directors may feel powerless in the face of unprecedented uncertainty in the world. Boards and their management teams should work together to adapt to whatever the next normal may be. Boards will need to be agile, leveraging tools like scenario planning to build new muscle memory and address challenges and opportunities of the current crises. Doing so can help companies not only respond, but also recover and thrive in a world remade by COVID-19.

For additional insights, read *The World Remade by COVID-19: Scenarios for Resilient Leaders* at www.deloitte.com/worldremade.



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