



Resilient: Confronting the COVID-19 crisis

Actionable insights to help businesses respond and recover

Episode 2: Crisis response and recovery

Mike Kearney, CMO, Deloitte Risk & Financial Advisory

Chris Ruggeri, Risk Intelligence National Managing Principal, Deloitte Advisory

Damian Walch, Risk Intelligence and Business Continuity and Resilience Managing Director, Deloitte Advisory

Ashish Patwardhan, Managing Director, Risk Intelligence and Crisis Management, Deloitte & Touche LLP

Mike Kearney: This is Mike Kearney, your host of Resilient. By the time you listen to this, things may have changed. Actually, they probably have changed.

As part of a new series on the Resilient podcast, we are shifting our focus to what's urgent now. And that, of course, is the evolving impact of COVID-19. This special series is all about providing actionable insights to help you think through what you're facing now and what to do next.

Today, I've gathered three Deloitte leaders to explore the COVID-19-related challenges in crisis response and recovery. We are recording this in remote locations. I'm in my home. I think the three leaders are as well, and so the audio may not be perfect. But that's okay, because what we're trying to do is get this to you as soon as possible, because we know this is a very fluid situation and we want to make sure that we're bringing you what really matters right now.

So let's get to it.

I have been on calls all week with clients who are really looking for advice. And today, I have three of my good friends and leaders from Deloitte who are helping our clients respond to COVID-19. First up is [Chris Ruggeri](#), Deloitte's Risk Intelligence leader. You may recall she joined us in our first episode. And then [Damian Walch](#), a Deloitte managing director in our Risk Intelligence practice, who focuses a lot of his time on a very important matter at this time, business continuity and resilience. And [Ashish Patwardhan](#)—somebody I've known for many, many years—

a Deloitte managing director, also in our Risk Intelligence practice, who spends a lot of his time in crisis management and strategic risk. So I'm going to be jumping around with the questions today. I'm going to start with Chris in her second appearance.

So, Chris, I guess in the last 24 hours, where are clients focusing their energy? And maybe more importantly, what are they struggling with at this point in time?

Chris Ruggeri: Doing scenario planning is critical, and reckoning those scenarios in ways that are practical. So in other words, nobody knows exactly how this pandemic will unfold. But there are specialist points of view available in the marketplace that provide a reference point. And to do some planning around how you will manage your liquidity, your capital, and at what points the level of threat to the sustainability of your business may be impaired, and start thinking about what levers that you may want to pull, and in what time frames. And then the second one, Mike, which is often overlooked, but critically important, is making sure that you open a dialogue with key stakeholders. So certainly with your bankers. If you're a public company, engaging with the investment community. And then also with your vendors and your customers and in other key stakeholders and in your business ecosystem.

Mike Kearney: Damian, you spend—and you have for the last several years—a lot of time advising organizations on business continuity. And the question I have for you—I've got a couple—but how effective have those plans been?

Damian Walch: In both cases I would say almost the same thing. I would put the old stuff aside, and I'd start, in some respects, from a blank piece of paper, but I'm not going to say paper. Organizations should be creating action plans, what we call playbooks, and they should be pushing them out on their mobile devices. They look at ... Everybody has their phones and their tablets all the time.

Use those vehicles instead of sending things through email. It's just not effective.

Mike Kearney: What's one example of something that you've seen where an organization has communicated through phone or mobile or whatever, just in the last few days, that that has been impactful or helpful?

Damian Walch: So here's a perfect example. We've been working with a lot of retail organizations and consumer products companies, and in that example they have these huge distribution networks, logistics centers, third-party logistics companies, and the ability to push action plans or playbooks to their mobile devices with consistent actions, consistent recommendations on how to respond to the event or respond to a scenario—that consistency of message is invaluable to those organizations.

Mike Kearney: Oftentimes those messages just pop right up on your phone where you don't even need to authenticate or put your password in. Is security an issue at all when you're considering notifications?

Damian Walch: It always is. It's always a consideration, and the security organization should be involved in a lot of the discussions that are going on. Especially we're seeing organizations look at the feasibility of work from home or having that remote workforce, so they have to be involved in really every aspect of that strategy.

Mike Kearney: Ashish, what are you seeing leaders do in terms of responding to the volume of velocity of that data? Or you can also take it, what should they be doing?

Ashish Patwardhan: So, Mike, I think there are three issues here, right? One is that there's just too much data coming in. Some of it is not accurate. And then the question really is, how does this impact us, right? If you were running a crisis response center—and effective

crisis leaders usually will have some sort of a monitoring and intelligence cell within their crisis management office, right? This is the cell that is responsible for kind of capturing information both from external sources, and hopefully reliable ones, and internal sources. And then most importantly, providing the impact that it has on the organizations' current response efforts. The ultimate report really should be the CEO should be getting a simple situation report or a dashboard which captures the actions going around the critical pillars for that organization. Usually that's people, suppliers, customers, finance, etc., so that the CEOs can make effective decisions.

Mike Kearney: And, Ashish, are you seeing a lot of clients stand up ... I don't know what the word you use, but these crisis management command centers that essentially facilitate that process? And if so, maybe if you could just talk about what's working and maybe what they're struggling with?

Ashish Patwardhan: Yes. I think organizations that have had robust crisis management capabilities, they've really kicked those crisis management command centers into operation soon enough when they were heard, or at least tracked the outbreak over the last few weeks. That's a challenge, really, here, compared to other events that clients may have faced, is the speed at which this crisis is evolving, right? And it's usually exceeding the speed of response. And organizations that are starting earlier have managed to keep the head above water. In groups, you've got the PMO that provides overall coordination in the prioritization reporting. There's a planning cell, which comprises all the different work streams—whether it's HR, finance, legal, etc. These are people responsible for creating the contingency plans. And then there's the monitoring and intelligence group I referred to. There's also a group that tracks kind of the activities that are happening across these different work streams to make sure that what's been promised as far as response activities

and mitigation activities are indeed being executed. So I think it's being able to organize a lot of this effort in a cohesive manner so that you stay above the chaos.

Mike Kearney: Chris, what do you see in terms of how clients are engaging their board? And what advice do you have for a leadership team in terms of what they should be communicating, the frequency, just other best practices?

Chris Ruggeri: Yeah, I think, Mike, one of the most important, and yet one of the most challenging aspects of the crisis is decision-making. You're under stress, you have time pressures. There's ... As Ashish pointed out, there may be misinformation, or you may not have necessary information you need to in normal times to make a decision. So I think the other aspect of having a crisis response center stood up is that it gives you a center for decision-making, and because one of the things that I think is often overlooked in a crisis is around decision-making. So let me give you an example. When you're embroiled in a crisis that's unfolding like this COVID-19 situation, and you just don't know what the duration of the event is going to be, every day you get new information, you get more information that may be moving closer towards making decisions where you have to trade off one element over another. So for example, imagine a situation where you're dealing with an increasingly threatened cash flow or you're confronted with a potential event or shortfall and you have to make decisions about how to conserve cash. Well, making decisions that potentially could put the brand and the reputation of the firm at risk could disrupt the customer relationship that may be difficult to recover once the crisis settles, or you might squeeze a vendor where you damaged that relationship. So having a decision-making authority that's clear and consistent is really important.

And then I think you also asked about the board. Certainly the board has ... The responsibilities of the board during

a crisis are amplified, because the risk profile of the company, by definition, has increased. And therefore, the board has a responsibility to be providing oversight over how the crisis is being managed, by whom, what the skill sets are, what the risks that are being dealt with are, how that's happening. And certainly, the board needs to demonstrate that it is providing and it's delivering on its duty of care and duty of loyalty. So it's important to have the board being updated on a routine basis, sometimes as often as daily, depending on how the crisis unfolds and escalates.

Mike Kearney: Let's move to Damian. Damian, I've been talking to a couple of clients that are really struggling with decisions on shutting down critical business operations. And I'm not talking about moving administrative folks, managerial folks from an office to home. I'm talking about where product is produced, distributed, and so forth. And I think some are struggling with that decision to shut down some critical business operations. What advice would you give to them?

Damian Walch: Yeah, let me hit a couple points on that, and I'm going to start with this. You talked about critical operations or locations that ... distribution centers, operation centers. I'll include trading facilities where there's traders and there's trade confirmations. You could talk about anything that is, I'll say, site-dependent. So the first thing I would say is, the leaders of the organization need to use direct, simple, straightforward business language. Too often they complicate the discussions when they're doing that. Secondly, Chris alluded to it before: decision criteria. What is the decision, the threshold to make a decision about closing or keeping a facility open?

Mike Kearney: Let me go back to Chris. Chris, obviously I think one of the things that COVID-19 in the crisis we're in has really brought to life is that we live in an interdependent and global marketplace, and our clients

absolutely do. What do you think leaders should be doing to check their broader ecosystems, their suppliers and third-party relationships to understand where there may be vulnerabilities today and then also in the future?

Chris Ruggeri: Yeah, it's a great question, Mike, and it's absolutely a vulnerability that some of the resiliency plans on paper did not really understand completely. We've evolved into a world where third-party relationships are more and more common these days, even for increasingly critical company functions and services. So having an appreciation of the resiliency plans of your vendors is critically important, and understanding, and it's part of your ... when you think about ... for a good example of that is in thinking about your supply chain. You may want to think about diversifying your geographical concentration if at all possible, or with a product set, or ... And it's not just stopping with third-party relationships. It's thinking about, you know, fourth and fifth parties at times, depending on the organization.

Mike Kearney: Yeah, I have a feeling "fourth and fifth parties" is going to be a term that we're going to hear a lot more after this.

So let me go to Ashish. Ashish, one of the things that I think we're seeing is, obviously, a lot of workers being relocated to their homes. And I think that brings up a challenge to continue to engage the workforce. What are you seeing companies do to engage the workforce so that they are still productive and are making an impact on the organization and their customers and clients?

Ashish Patwardhan: So, Mike, there are different ways organizations are tackling this. I mean, I think that the principal theme really should be one about constant communication with employees, making sure they understand whatever anxieties or concerns they may be having, and reacting with a sense of urgency to those concerns. But I've also seen some really creative options that organizations are using.

Then you've got this, this inspirational example where, I think, at a given time in the evening, the community comes out and essentially claps for a certain amount of time, recognizing the incredible effort that the clinical staff is putting in to deal with this emergency and COVID-19 patients and just to keep them more motivated. So I think it's fascinating how different organizations are doing different things to keep not just the employees engaged, but motivated.

Mike Kearney: Yeah. One of the things that I saw at a client that I talked to, which I think is important, is to help the employees have a sense of purpose during this time, because they go home, you know, they're obviously worried about their family and their friends. They're watching TV, they're seeing everything that's going on. And I think for most organizations, the work that employees are doing is still critical, but helping the employees understand why it really matters so that they could work through the crisis and emerge stronger is important. And I think what great leaders do is tie it back to a deeper purpose. And I've seen that at a couple of clients.

Damian, Ashish, I've got a question that I'm going to ask of both of you. Damian, I'm going to ask you to start, and I asked Chris this question in a previous episode we did yesterday. And that is, what advice do you have for leaders who are leading through an extraordinary time of uncertainty?

So, Damian, I'll start with you.

Damian Walch: Yeah. So I will say a couple things. First of all, you've got to be human. Be proactive with communications. Don't hide. Don't hide behind having to work from home. So proactive communications, reach out and talk to people. I would say one of the things that's been beneficial is some of the video technologies that we all have nowadays. And I would say get on the video, have your people see you as much as possible versus just hear you. Number two, think about not only their

well-being, but also your customer's well-being. Think from the outside in, not from the inside out. Those are the two big things that I would say right off the bat.

Ashish Patwardhan: You know, stay ahead. Don't be perceived as reactive by our employees or customers, because at that point, they will think that if others are making decisions for you, then you don't necessarily have their best interests in mind. So I think it's critical that leaders stay ahead of this crisis.

Mike Kearney: What can leaders do now to learn from this crisis so that they could build a more resilient organization in the future? So, Chris, once again, I'll start with you.

Chris Ruggeri: Don't assume that plans on paper will work in practice. Understand what some of the implications are, and also appreciate the fact that you will be encountering the unexpected, and be ready to move quickly, make decisions under uncertainty, and evolve as the crisis unfolds.

Mike Kearney: Damian, your turn.

Damian Walch: You know, I think Chris alluded to the idea of plans and testing plans. I would take it a step further. And leaders need to start to design for failure. They need to build strategies and architectures into systems and some diversity in their workforce and diversity in locations in order to ensure that a business service is available at all times. They have to design for failure.

Mike Kearney: Ashish, what are your thoughts?

Ashish Patwardhan: I think the key part here is, really, organizations should prepare for fast-moving risks where I think they've got capabilities around traditional risk management, enterprise risk management, etc. But I think these are situations, especially in today's volatile world, they're going to happen more and more. These are fast-moving risks. How can you

anticipate them better and, obviously, prepare, plan, and exercise for them?

Mike Kearney: One last question. And this is one I think is going to be important for the future and something I've already begun to see, and that is, oftentimes crisis really does create a lot of innovation. And what I'd love to hear from each of you is, what is one innovation that you have seen over the last couple of weeks that you think will be pulled into the future?

Ashish Patwardhan: So I think in the health care space, Mike, telehealth has been something that's been talked about, and organizations have piloted efforts. But I think this is a unique opportunity and I think proactive organizations have already rolled out telehealth options for their patients to come in and be seen. So that's an example where a crisis is motivating organizations to really invest and execute on the next kind of frontier issue.

Mike Kearney: You know, Ashish, it's so funny, there are certain things that organizations or industries work on for quite some time and then a crisis accelerates adoption. I think that's a perfect example.

Chris, you want to weigh in on the innovation that you're seeing that may be pulled into the future?

Chris Ruggeri: Yeah, Mike, I would double down on the technology aspect he's touching on, and specifically using technology—predictive technologies, whether it's cognitive tools or sensing tools or analytics—to anticipate what the future might look like and plan for it.

Mike Kearney: I want to thank Chris, Ashish, and Damian. They're unbelievably busy working with clients, but I really appreciate them sharing their insights. We all know that this is an unbelievably stressful and unpredictable time for all organizations and, quite frankly, people's situations are fluid, and nobody has all the answers, but as we learn, we will share with you.

Personally, I am trying to get enough sleep, trying to take care of myself, my colleagues, and spend some time with some loved ones, and given the fact that I'm at home, I'm getting to spend a lot of time with my family, but I hope you can find your own positive outlets in these trying times.

There's so much to consider and, honestly, we've only really scratched the surface, so stay tuned as we bring more insights from leaders across disciplines and go deeper into these and other defining issues facing businesses during this crisis.

For more insights across all aspects of this topic, look to [Deloitte.com](https://www.deloitte.com). you can also find us on [Apple podcasts](#), [SoundCloud](#), [Stitcher](#), [Google Play](#), and even Spotify.

And if you have any other stories you want to hear more about, suggest them at deloitte.com/resilient.

Until next time, stay safe and remain resilient.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the "Deloitte" name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.