

# PLAN B BUSINESS CONTINUITY PLAN PROCESS FACING TURBULENT TIMES



# WHAT HAPPENS WHEN THE UNEXPECTED HAPPENS?



2002 – Bubble.com

2008 - Financial crisis

2009 - Bird flu - 2010

2020 – Coronavirus Covid -19

**Has the current board of directors handled previous crises, and gone on to strengthen the company?**

# WHY IS IMPORTANT TO HAVE A CONTINGENCY PLAN IN ORGANIZATIONS?

## BUSINESS CONTINUITY PLAN (BCP)



### Objective:

- Protect critical and operational processes.
- Decrease the impact of losses
- Reduce risks

### BUSINESS IMPACT ASSESSMENT

- Prioritize the critical processes
- Estimate the magnitude, what is the operational and financial impact



# THE STEPS: CONDUCT A CRISIS AUDIT AND CREATE A CRISIS PLAN

## CRISIS AUDIT

1. Select A Crisis Management (S.W.A.T. Team).
2. Convene the team for a brainstorming session.
3. AGENDA
  1. Focus on the four key crisis categories for: natural disasters; Health; Technology Failures; Economic and Market Forces Relationships.
  2. Identify the crises with the most significant impact.
  3. Evaluate how robust existing arrangements are, using the rationale and expertise of those involved

S.W.A.T. We use the analogy of Special Weapons And Tactics. The special forces with the elite of different fields to solve together a complex task.

## CRISIS PLAN

1. Identify **OBSTACLES AND FAILURE POINTS.**
2. Create a resource plan.
3. Create a communication plan.
4. Explore and Agree **SOLUTIONS.**

# HOW DO CEO'S ACT IN A DOWNTURN?

## CASE 1 - NO CONTINGENCY PLAN

**Situation:** October 2008

The media were reporting an impending international financial crisis, which would happen within the next three years.

Cut expenses by 40%:

1. **Staff cuts:** 40% of staff cuts at all levels
2. **Reduce Production and Stock Levels:** Reduce stock by 40% across the board without specific criteria
3. **Research Budget Cut:** Reduce the research budget by 40% without specified criteria
4. **Social Responsibility Budget Cut:** Reduce the CSR budget by 40% without specific criteria

## CASE 2 - WITH A CONTINGENCY PLAN

**Situation:** October 2008

The media reports that international financial institutions will hit a crisis point within the next three years..

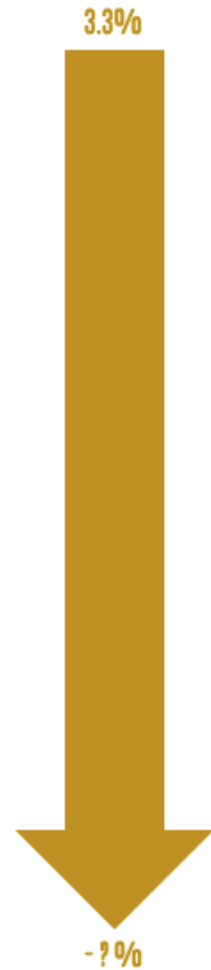
Cut expenses by 40%:

1. **Staff Selection:** Use criteria that retains talent that can mitigate the negative market effects and boost growth, post-crisis.
2. **Reduce Production and Stock Levels:** Reduce stock such that it will not have an adverse impact on production levels.
3. **Reduce Research Budget:** Select research budget allocations that will move projects forward post-crisis.
4. **Social Responsibility Budget.**

## PROJECTED WORLD GDP GROWTH

## LEVEL OF IMPACT FOR YOUR BUSINESS

## EXAMPLE ACTIONS YOU CAN TAKE



### LEVEL 1: MISSING PLAN

- Noticeable changes in customer behavior
- Flat to mild decline in revenue
- Manageable disruption in operations and business continuity

- **Defend against revenue declines:** shift marketing spending to optimize demand
- **Stabilize operations to the new normal:** Ensure security of supply
- **Plan urgent cost cuts to conserve cash:** implement hand brakes on spending and no - regret cost reductions

### LEVEL 2: SEVERE DOWNTURN

- Dramatic impact to P&L with likelihood of multiyear effect
- Certain business units, geographics and channels no longer operating with positive contribution margin
- Uncontrollable operational disruptions

- **Defend against revenue declines:** employ aggressive promotion strategies, but avoid slashing prices indiscriminately
- **Stabilize operations to the new normal:** Temporarily close locations or suspend operations.
- **Plan urgent cost cuts to conserve cash:** implement aggressive break - the - glass cost reductions

### LEVEL 3: LIQUIDITY CRISIS

- Severe drop in revenue and negative cash flow risking near - term liquidity
- Future viability of parts of business in question

- **Defend against revenue declines:** consider permanently closing underperforming business units, geographics and sales channels
- **Stabilize operation to the new normal:** right - size operations to a smaller core
- **Plan urgent cost cuts to conserve cash:** conserve cash levels for controlled default

Source: WEF

# 3 STRATEGIC LEVERS TO CREATE PLAN B



## DIAGNOSIS

Contingency Plan:  
Identify necessary changes to internal processes and policies during times of crisis



## PROCESS AND POLICY ADJUSTMENTS

Senior management agrees with the essential criteria to use for contingency planning, whilst clarifying assumptions, and testing hypotheses.



## FINANCIAL CONTENCY PLAN

With the findings, design a financial action plan based on different scenarios to stabilize the cash flow, accounts receivable, spends on marketing, operations, and human resources.



THE FOLLOWING EXERCISE SHOWS THE ACTIONS THAT DIRECTORS WILL TAKE WHEN THE CRISIS IS ALREADY HERE. WE OBSERVE DIFFERENT POINTS OF VIEW BY APPLYING A CONTINGENCY PLAN.

Proposal

BBVA

-30%

- ❖ Cashflow Forecast Revision
- ❖ Headcount Reduction to 30%
- ❖ Reputation and Brand Management
- ❖ Reduce Overheads
- ❖ Focus on Commercialisation: Increase Investment in Innovation and Technology by 10%
- ❖ Review Market Segmentation
- ❖ Revenue Management: Evaluate and Limit Credit Facilities by 20%

Illustrative example 1



HOWEVER, WE HAVE TO THINK DIFFERENTLY FOR EACH COMPANY, THEY ARE DIFFERENT, AND WE HAVE TO EVALUATE EACH AREA OF THE BUSINESS DEPENDING ON THE COMPANY DNA, BUT ALWAYS MINDFUL OF THE COMPANY'S INTERESTS.

## Proposal



Brand 1  
20%

- CMO: 1. Evaluate results (competencies)  
2. Skills, Attitudes and Service  
3. Personnel Selection  
4. Growth  
5. Diversify Products  
6. Technological innovation

Brand 2  
70%

- HR: 1. Activities  
2. Unprotected areas  
3. Training  
4. Work environment, maintain production and incentive plan.

Brand 3  
10%

- LEGAL: 1. Analyze Risks  
2. Assess trade unión or public implications (MetroBus)  
3. Analyze Recruitment  
4. Verify compliance with obligations  
5. Negotiation, Strategy, Avoiding Lawsuits

Illustrative example 2

# THINK IN A STRATEGY THAT ALLOWS ABSORB EXTERNAL AND TEMPORARY SHOCKS BUT AT THE SAME TIME AFTER THE CRISIS YOUR COMPANY GET A STRONGER BRAND AND COMPANY

## Proposal



		-30%
		BEFORE: 5 days/week
QUANTITY + SALES	HR	<ul style="list-style-type: none"> <li>• (1.5)</li> <li>• Reduce the number of working days and avoid redundancies)</li> <li>• Retraining</li> <li>• Benefit: sustainable retention of talent and expertise</li> </ul>
	LEGAL	<ul style="list-style-type: none"> <li>• Transformation and Transition</li> <li>• Enhance Skills and flexible working practices</li> <li>• Re-negotiate terms with suppliers</li> </ul>
	COMMERCIAL	<ul style="list-style-type: none"> <li>• Consider and test the most relevant KPI'S</li> <li>• Evaluate and define new market opportunities (and niches)</li> <li>• Promote the brand</li> </ul>
	MARKETING	<ul style="list-style-type: none"> <li>• Return on Investment prudence</li> <li>• Specific segmentation</li> <li>• Build-in Loyalty Factors</li> </ul>

**Illustrative example 3**



**ORGANIZATIONAL DEVELOPMENT**  
**CONTINUOUS ATTENTION TO IMPROVEMENT**



# GATHER BUSINESS INFORMATION TO OBTAIN “HARD DATA.” EXPLAIN THE POTENTIAL ACTIONS ACCORDING TO THAT PRIORITY.

## High-potential, ease of implementation, most value-for-money with the least disruption

Determine the type of decision to be taken:

Based on the results of the assessment, we would recommend which investments and interventions represent the best opportunities.

## Sustainable development

Determine the path to obtain high levels of growth

Based on the results, we must examine choice the better way and the steps to get a total development

## Use different types of information.

This way, we understand the business pressures and concentrate on identifying the interventions with the biggest impact on the business.

Once we have the key information, we conduct a comprehensive analysis. It will allow us to identify the distinctive opportunities that support improved decision-making.

## Expansion Priority

Determine the type of decision to be taken

Decide which markets mean greater or lesser importance to the business

## Investment Priority

Determine the type of decision to be taken

Prioritize investments based on the size and impact on profit.

# HOW HORIZONES CAN HELP...

## 6 HAPPINESS ENGAGEMENT MONITOR

- Stress levels and overwork inhibit productivity and bonding with employees and customers

## 5 FINANCIAL SCENARIO MODELLING

- Lead an assessment of company exposure and stress test the P&L (e.g., scenario analysis across revenue, cost, cash and operations)
- Outline actions triggered by worsening scenarios

## 4 ORGANIZE YOUR SWAT APPROACH

- Launch the team, align on team, decision rights, develop CEO / board fast - tracked decision rights and clarify work streams
- Lead / coach the transformation office (such as building a list of actions; handbrake vs break - the - glass initiatives)
- Put a tracking tool in the place

## 1 WORKSHOP WITH YOUR SENIOR TEAM

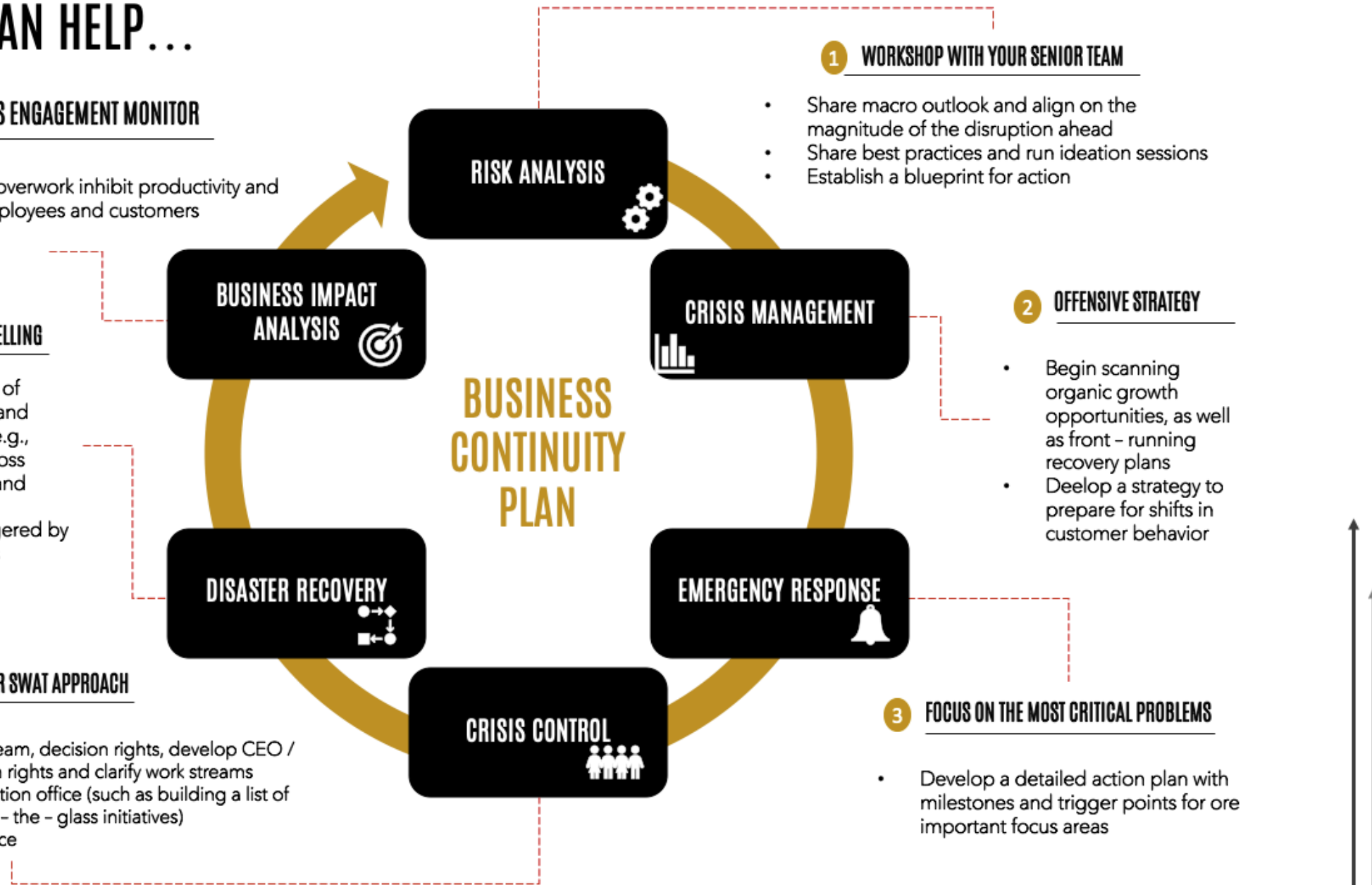
- Share macro outlook and align on the magnitude of the disruption ahead
- Share best practices and run ideation sessions
- Establish a blueprint for action

## 2 OFFENSIVE STRATEGY

- Begin scanning organic growth opportunities, as well as front - running recovery plans
- Develop a strategy to prepare for shifts in customer behavior

## 3 FOCUS ON THE MOST CRITICAL PROBLEMS

- Develop a detailed action plan with milestones and trigger points for ore important focus areas



# RIGHT NOW THE MOST CRITICAL POINT IS ADAPTING THE BUSINESS BASE ON **COSTUMER NEEDS** SOME SOLUTIONS THAT CAN BE USEFUL

## SOLUTION

### Growth Strategy

## PROBLEMS TO BE SOLVED

It works independently, no insights from other departments are used

### Commercial Strategy

Channels reconfiguration, there is a lack of elements to readjust the growth strategy

### G- Forces Workshop

Marketing and Sales Department work unsynchronized, now the e-commerce and marketing efforts needs to be re-inforced

## SOLUTIONS

### Shopper conversion

## PROBLEMS TO BE SOLVED

There are no functional and emotional drivers, under which customers are inclined towards a purchase

### Path to Purchase

The decision-making process of different types of followers is ignored (statistically)

## 1. BUSINESS ADAPTATION



## 3. COSTUMER ADAPTATION

## 2. MARKET ADAPTATION

## PROBLEMS TO BE SOLVED

Stress levels and overwork inhibit productivity and bonding with employees and customers

The factors that allow the highest demand to be shifted are not known

Foresight strategies are performed without predictive analysis models

## SOLUTIONS

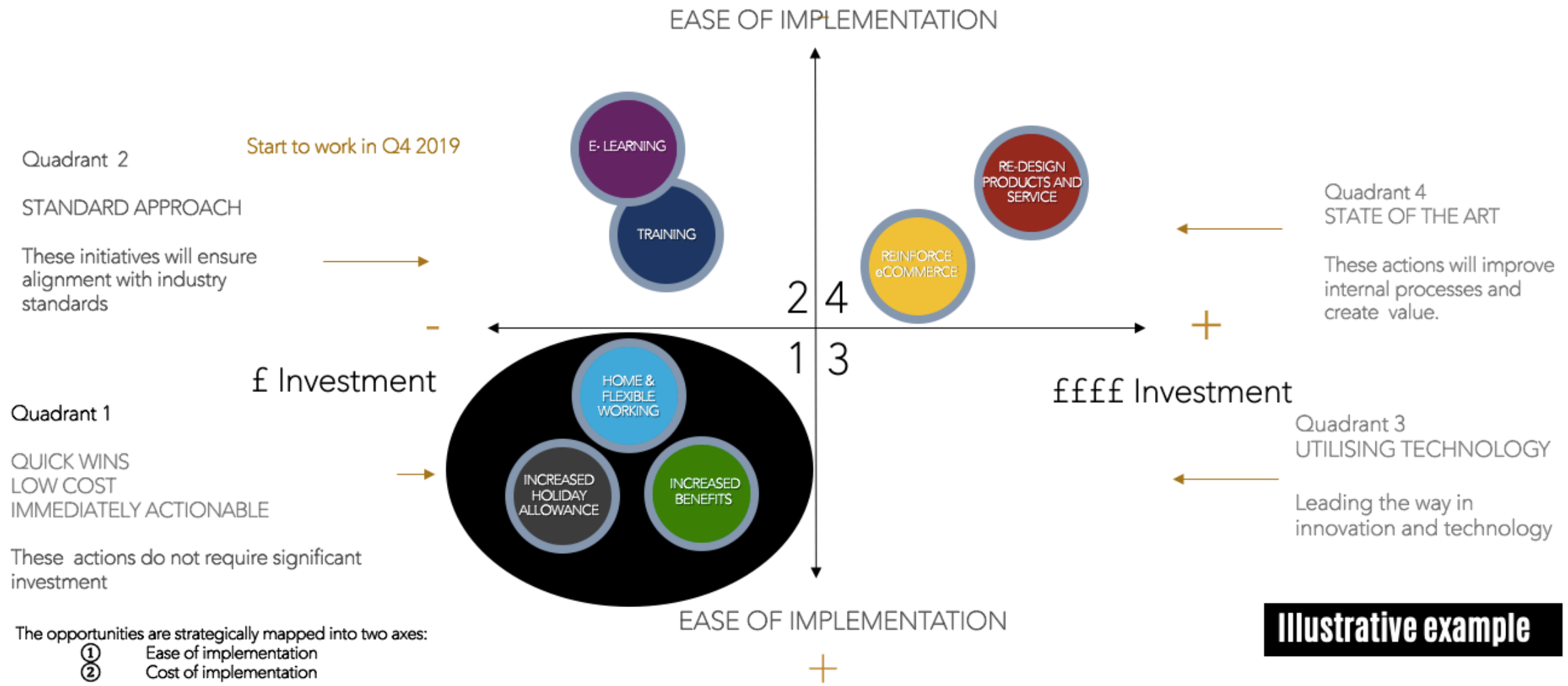
**Happiness Engagement Monitor**

**Pricing adjustment**

**Sales Forecast**

# USE AN IMPLEMENTATION MAP TO PRIORITISE QUICK WINS.

## THIS MOTIVATES ALL INVOLVED TO FOCUS ON CAPITALISING ON PERFORMANCE



**Illustrative example**



# ESTABLISH WITH YOUR SENIOR MANAGEMENT THE CONTINGENCY & CONTINUITY PLAN

## SET THE URGENT PRIORITIES CONSIDERING FORECAST AND RE-DESIGN THE SALES STRATEGY

### PEOPLE

### P&L

### REVENUE

### OPERATION

### COSTS

### OFFENSE

## PROTECT YOUR EMPLOYEES AND CUSTOMERS

- Set a conference with your employee to communicate the People base strategy
- Implement the best - known available practices for the employees and customers; overinvest

- Monitor global reports and other companies and continue to fine tune
- Create a financial forecast and work carefully

- Overcommunicate with full transparency
- Sincronize de Marketing and sales, now the e-commerce and marketing efforts needs to be re-inforced

- Set communication with your costumers to emit that your are close to thier needs.
- Don't Forget transmit an autentic brand experience

# WITH YOUR S.W.A.T. TEAM ESTABLISH THE MAIN ACTIONS TO AVOID LOOSE RESOURCES AND COSTUMERS



## GET SET UP AND MANAGE THE PROCESS



### Align your senior team with a daily call

- Host a workshop with senior leaders
- Measure the efforts of Marketing, Comms & Sales



### Establish a dedicated senior team in a war - room setting

- set up the team
- Specify work stream owners
- Establish decisions rights
- Put in place a complete tracking tool
- If needed, call in external experts to help manage situation



\* S.W.A.T. We use the analogy of Special Weapons And Tactics.  
The special forces with the elite of different fields to solve together a complex task.

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