

Business A Complex Adaptive System

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The entire humankind is passing through a most challenging time for its existence posed by COVID-19. This unprecedented situation is certainly taking its toll on the entire economy; across all businesses and walks of life. We are interacting with several industry players trying to understand the challenges / impact being faced by them. Currently there is a lot of uncertainty on the extent of damage and the time & resources it would take to be business as usual.

The current crisis has shown that the world's dependence on global supply chains is a weak link, especially for commodities with a concentration around what now seem to be vulnerable nodes. We could see a massive restructuring of supply chains: production and sourcing may move closer to end users, and companies could localize or regionalize their supply chains. Going forward, companies may accelerate their supply-chain transition from China to other parts of Asia.

These uncertain times can also spur leaders to reflect on what kind of organization, culture, and operating model they want to put in place, so they can avoid returning to previous patterns of behaviour and instead embrace the next normal.

I have pen down some of the strategic initiatives to be followed to harp through a current upheaval tide.

Initiatives During Lockdown

- 1. Create a robust network of teams that is empowered to operate outside of the current hierarchy and bureaucratic structures of the organization.**
- 2. Support and protect employees in this brave new world. Many institutions have put basic protections in place for their employees and customers.**
- 3. Interact with your customers regularly and be well prepared for future.**
- 4. Communication to customers; scenario-based risk communications.**
- 5. Talk to your suppliers, subcontractors and service providers to avoid last minutes surprises and confusion.**
- 6. Collaborate with customers to maximize cash flows.**

- 7. Interact with your employees regularly and keep them motivated and engaged (ground meeting, offline documentation and skill upgradation training).**
- 8. Plan actions to bring back workforce quickly after the lockdown.**
- 9. Explore alternative suppliers and service providers as back-up plan.**
- 10. Explore opportunities for employing local work force.**
- 11. Talk to your bankers and discuss a way out to ease out the financial burden.**
- 12. Prepare a plan to improve liquidity and cash-flow and create a priority checklist for payments and do payments.**
- 13. Renegotiate contracts with all relevant parties for mutual benefits.**
- 14. Ensure that machines are ready to start immediately after lockdown and plan for the spare parts, consumables and other support materials.**
- 15. Review your current processes, templates and checklist for all functions.**
- 16. Create a plan of action to protect your business from future crises.**
- 17. Create a business plan and do the detailed budgeting for the next financial year.**
- 18. Maintain the healthy relationships (Employees, Suppliers and Customers) with all stakeholders.**
- 19. Avail of ALL relief/deferment facilities available in insurance Payments, Saving Payments, GST Payments etc.**
- 20. Take Care of your Physical and mental health and ensure all the safety measures issued by government during the lockdown.**
- 21. Form a cross functional core working group responsible for leading the organisation's response.**

Initiatives Post Lockdown

- 1. Ensure that your plan for improving liquidity and cashflow are expected.**
- 2. Prioritize activities to get back workforce immediately.**
- 3. Visit your suppliers, subcontractors and customers to understand ground realities.**
- 4. Be flexible and offer necessary support to all supply chain partners.**
- 5. Focus on cash flows for the short term and profits later.**
- 6. Enable with information and empower frontline salesforce to expedite collections**
- 7. Take necessary steps to shorten your cash cycle.**
- 8. Take necessary steps to shorten your working capital cycle.**
- 9. Prioritize share of business based on credit arrangements.**
- 10. Maintain transparent communication with suppliers.**

- 11. Provide visibility on production plans, purchase order callouts and payment dates to enable suppliers to keep their plans current.**
- 12. Evaluate option of advance payments for suppliers facing cash crunch**
- 13. Analyse contract obligations to minimize exposures.**
- 14. Agile forecast refresh for changes in demand (product mix and geo/territory).**
- 15. Assess and adjust imbalance between evolving demand vis-à-vis supply (inventory, production and raw materials).**
- 16. Eliminate non-core spends and deferrable capex.**
- 17. Work with the banks to enhance borrowing limits.**
- 18. Align Business Continuity Plan (BCP) of outsourced service providers with organization's BCP.**
- 19. Understand insurance and residual exposure.**
- 20. Agree on a lite reporting pack and revised period-end calendar to re-align with Business and Finance capabilities.**
- 21. Focus on your employees and address them regularly – keep them positive and motivated.**
- 22. Maintain social distancing and make it a habit to wash hands frequently or use sanitiser for hand hygiene.**
- 23. Take care of your Physical and Mental Health.**
- 24. Ensure all the safety measures and precautions issues by the Govt post lockdown.**
- 25. Ensure all the adjustment in workstation to maintain social distancing and arrangement of Waste disposal, incineration arrangement for masks accordingly.**

The coronavirus pandemic is reshaping the global economy. Asia, the first part of the world affected by the crisis, is leading the way out of it. This is certainly the year that will challenge every assumption we held in the past.

We are hopeful and optimistic to see the ray of hope and opportunities after we pass the dark tunnel. I am very confident India has a bright future going forward