



AFTER THE LOCKDOWN

A framework for entrepreneurs and
leaders to navigate COVID-19

By Puneet Advisory Services

PAS

Financial Services | Business Consulting

SETTING THE STAGE

1. Setting the Stage
2. Action Items and Framework
3. Checklist COVID-19
4. Common Themes
5. Sector Watch
6. Wrap Up & Q&A

Setting the Stage

PURPOSE


Framework to
Navigate the New
World Order

SPECIFIC ACTION
ITEMS FOR LEADERS

SPOTLIGHT ON
FOCUS AREAS

COVID-19
CHECKLIST

HAND-PICKED
SECTOR WATCH

 *No discussion on Government Relief*
No COVID-19 statistics/projections

Setting the Stage

Year of
COVID-19

Striking
A
Balance

Adjust our
Approach

Puneet Advisory Services (PAS)
Post-Lockdown Blueprint

Email me if you would like a copy of this presentation dushyant.dave@puneetindia.com

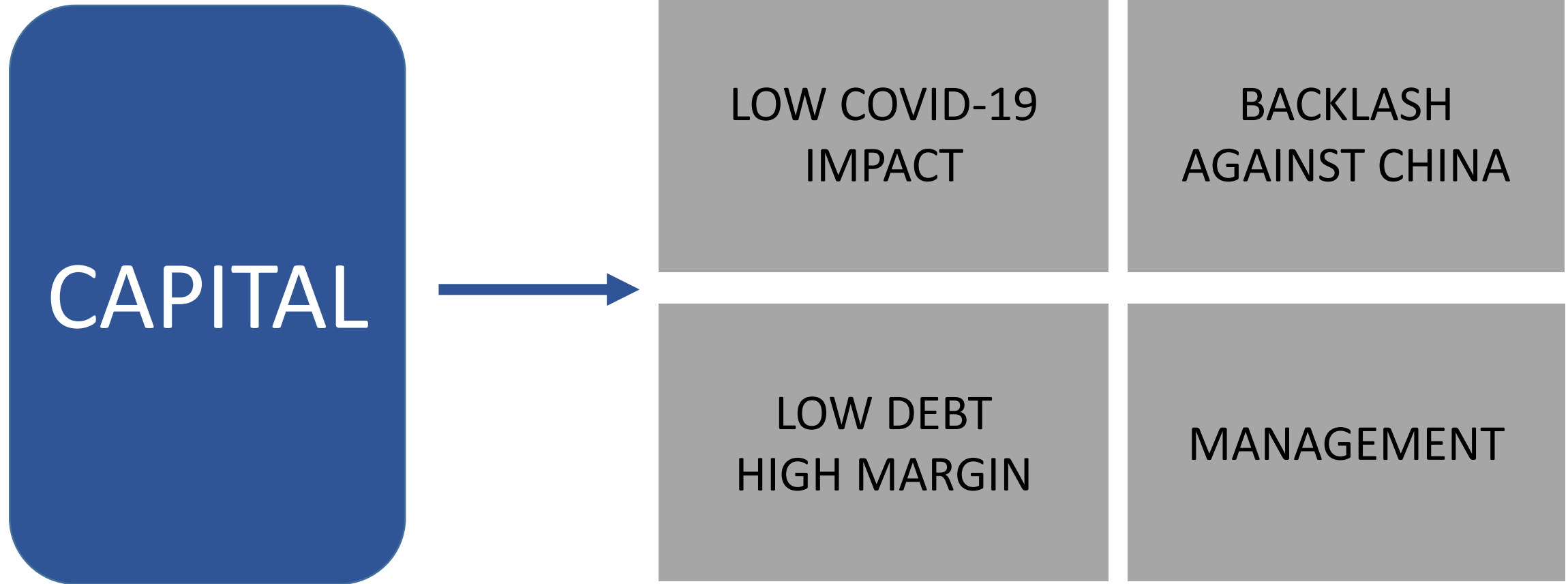
Setting the Stage: **Key Takeaways**

We are all
in the same
boat

Accelerated
Change

Follow the
Data

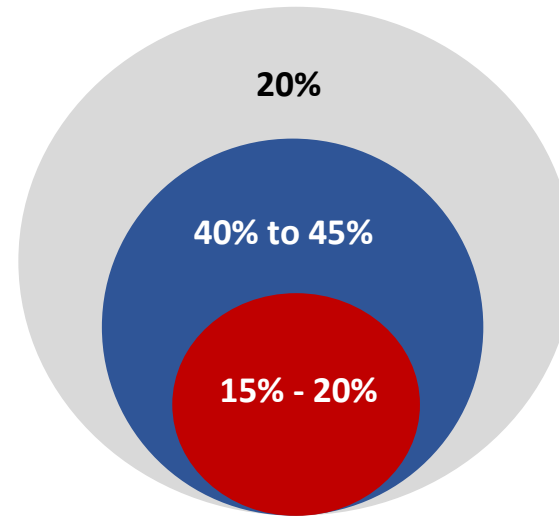
Setting the Stage: **Key Takeaways**



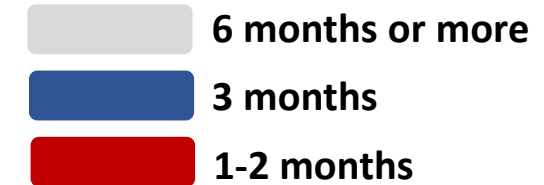
Setting the Stage: MSME Vulnerability

Not financially secure

MSMEs represent 95% of all businesses in India (70M in total) while employing 10% of the workforce (110M)



Cash Runway



- There is a distinct possibility that 40% of all MSMEs will have to shut shop (or start insolvency proceedings) within the next 18 months
 - In the US there are 26M newly unemployed workers in the last few weeks alone
- The harsh reality MSMEs face is lack of adequate external financial support to maintain “business continuity” as a going concern.
- Be prepared to make tough decisions, communicate with clarity and recognize these are necessary steps to survive

FRAMEWORK, CHECKLIST

Framework: What should you be doing today?

LEADERSHIP IN TIMES OF CRISIS

Raise Awareness

At the workplace, in your community, and among your supply chain partners, ensure everyone understands what they are dealing with.

Focus on:

- *Hygiene Standards*
- *Social Distancing*
- *Commit to this “new normal” for the long term*
- *Setup dedicated resources to deal with confirmed cases either within your company, or in “social proximity” of your team.*

Look for Leadership

No one has faced this situation before. Your company needs strong leadership at this time. Workforce safety, compliance and asset preservation are the three pillars around keeping the business as a going concern.

Focus on:

- *Establishing leadership roles*
- *Allocating specific responsibility*
- *Listening to your stakeholders*
- *Avoiding rash decisions*
- *Making data-backed decisions*

Contactless Work

Remote work is not sufficient. Actively reinvent your businesses to make as many tasks, processes and workflows contactless. We have all taken baby steps over the years, but the giant leap towards contactless work has now been forced upon us.

Focus on:

- *Implementing and going “all-in” with contactless work. FOLLOW the process*
- *Executing in a way that your business does not go back to the “good old days”*

Framework: What should you be doing today?

COMMUNICATE COMMITMENT TO DIGITAL CHANGE

Over Communicate

Managers may sense a lack of control, while employees may perceive a lack of guidance/leadership.

- Use this time to create structured communication channels and messaging so that everyone remains committed to your organization's shared vision.
- Setup focus groups, teams, committees, all-hands forums, training sessions and announcements on all modes of communication: Email, Chat, Video

Review HR Policies

Move away from "time-based" performance to "activity-based" performance measures. This is relatively easy to plan, but takes a mammoth effort to execute.

- Do you need to implement salary cuts? At what level/designations and for how long?
- Lay-off vs furlough (unpaid leave)
- Create "work plans" at individual and team levels that have specific, objective metrics that can be measured
- Rework all your HR/office policies for contactless work

De-Centralize

Supply chain, working models as well as IT/software architecture has revolved around "centralized cores" with decentralized nodes/end points. One of the key changes the COVID-19 pandemic will drive is towards flipping the script on this approach

- Blockchain technology in a world that remains socially distanced.
- Understanding that distributed systems are not sufficient, de-centralization is key
- De-centralize bottom-up for maximum impact

Framework: What should you be doing today?

CONTACTLESS WORK, CONTACTLESS SUPPLY CHAIN

Supply Chains

Setup a dedicated team to monitor all the players in your supply chain while ensuring you have contingency plans

- *Locate your suppliers, find alternates, ability to revamp/overhaul your operation*
- *How you will respond if Force Majeure is invoked*
- *Are you able to track in real-time?*
- *Identifying and Mitigating risks*
- *Identify alternate routes/modes of transport*
- *Recognize there are trade-offs to be made at this time – but there are opportunities*

Voice of the Customer

Customer Retention will move towards metrics driven by the public health and hygiene image you project

- *Talk to your customers!*
- *Document and analyze changes in your customer's perceptions/buying patterns*
- *Create and communicate new expectations and benchmarks*
- *Understand "at risk" customers who may, in your opinion, be lost due to this crisis and prioritize their retention above others*

Project Management

For goods and services both, a "project" is a familiar unit of measurement. Do a "teardown review" of all your active projects as an exhaustive exercise.

- *Study deliverables, timelines and constraints for all your projects*
- *What are you still able to deliver? How can you get extensions for others?*
- *Renegotiate service level agreements and contractual obligations*
- *How can you mutually/amicable terminate certain commitments?*

Framework: What should you be doing today?

ADJUST AND RE-ALIGN YOUR ROADMAP

Short Term Measures

There are steps you can take immediately to tighten cash outflows, plug leakages and spread the responsibility on cash flow management beyond the finance department.

Focus on:

- *Protecting revenue: Study key revenue drivers, key accounts, dead weights*
- *Project different scenarios and the various strategies you would activate in each one*
- *Unit Economics: Understand unit cost – get a cost audit performed to understand where to focus your energies*
- *Margins vs. Credit Period: Ensure positive cash flows*

Medium Term Measures

The time horizon has shrunk drastically. For the next 12-18 months, expect lots of volatility in all industries.

- *Quantify your financial stress*
- *Rework budgets and projections in smaller time frames (weekly would be ideal, monthly recommended, quarters are too long!) and measure actuals vs expected*
- *Preserve capital – only spend on CRITICAL ITEMS*
- *Go Lean: Dispose non-essential assets*
- *Study inefficiencies, eliminate them towards tightening cash*

Scenario Modelling

Model different scenarios to understand the trade-offs you need to make and the cost-benefit analysis associated with each scenario.

- *Avoid making this a theoretical exercise and look for insights/specific actions*
- *Use data to plot variations in best-case to worst-case scenarios (prepare at least 3 versions)*
- *Strive to achieve the balance between competing interests*
- *Optimize logistics based on transit time vs cost trade-offs based on customer feedback*

Framework: What should you be doing today?

TEARDOWN REVIEW

New Business Initiatives

Do the groundwork now to build new relationships and explore different avenues and verticals for your business.

Brainstorm with your stakeholders on how the landscape of your industry is going to fundamentally change.

Review market projections, keep your ear to the ground, and act decisively to spot and act on opportunities.

Working Capital

Deep Dive into your working capital needs. With major disruption in the WC cycle, businesses that succeed in remaining cash flow positive while reducing credit cycles across the board will succeed.

- *How will changes in payment terms affect delivery of goods/services?*
- *Are clients being billed at the right time?*
- *How can inventory be managed more effectively?*
- *Pay your suppliers on time!*
- *Incentivize your customers to pay early/on time – be creative!*
- *Work closely with your bank/s to avail benefits*
- *No daily/ad-hoc payments – consolidate and process at a fixed frequency*

Review Commitments

Based on past projections, your business has probably made certain commitments which must now be shelved (or at the very least, renegotiated/reviewed).

- *You may find that you do not wish to go ahead with some projects/expenses.*
- *To remain lean and conserve cash, review commitments with the right legal counsel.*
- *Remain empathetic in your conversations!*
- *Study illiquid investments and how you may rebalance your asset base and CapEx plans.*

Framework: What should you be doing today?

AND MORE....

Technology Investments

Customer-first approaches with deeply embedded workflows across all functions and departments, operating in a decentralized and secure environment.

- *Aim to be more connected while ensuring your data is secure and access is controlled with a dedicated focus on cyber-crime fighting!*
- *Commit to long-term change by choosing to invest in technology.*
- *Break down your entire business into building blocks and incorporate technology everywhere you can*

Tax Considerations

Work with your CA and your tax advisors to ensure your business is tax efficient

- *Effects on advance tax/ withholding tax payments*
- *Pursue refunds aggressively*
- *Payroll tax, social security consideration, GST payments, TDS deductions, PF contributions may all require a fresh look*
- *Watch out for Government incentives and relaxation in filing obligations/deadlines*
- *Support in the form of donations from to affected communities. Any incentives / relief must be factored in*
- *Tax considerations for remote working employees in different jurisdictions?*

Legal and Compliance

Ensure your business is compliant from a regulatory perspective as well as with its contractual obligations.

- *Perform a thorough review of all contracts and insurance covers.*
- *If there is any uncertainty/ambiguity, get professional legal advice – specially when considering invoking Force Majeure which has precedent with the SARS outbreak*
- *Engage with the key stakeholders and parties in your contracts in proactive discussions while understanding that your business must forge long-term relationships that are more valuable than short-term challenges in these times.*

Checklist

COVID-19 Preliminary Checklist

#	Some other essentials: A Checklist
1	<input type="checkbox"/> Contact Database: Names, mobiles, email addresses of all employees, customers, suppliers, service providers, IT, facilities, logistics
2	<input type="checkbox"/> Multiple Communication Channels: Do you have audio, video and text modes of delivery? Are you able to deliver at all levels (1:1, small teams, larger teams, office-wide, company-wide?)
3	<input type="checkbox"/> IT Infrastructure: Does everybody have the ability to work from home? Do they have the hardware/network services at their location to work effectively? What assistance can you provide?
4	<input type="checkbox"/> Key Point of Contact: Assign a leader to manage communications during the COVID-19 pandemic. Have them explain their roles, and what one can expect from him/her and what is expected from everybody. What will you when someone tests positive?
5	<input type="checkbox"/> Test Everything: Spend time testing your infrastructure capabilities at different levels
6	<input type="checkbox"/> Hygiene Expectations: Add this to your work policies, ensure the message successfully communicates what is expected, and create a culture around it that survives past the pandemic as well
7	<input type="checkbox"/> Impact Assessment: Prepare a laundry list “Areas of Concern” which requires inputs from everybody in your company – cross-functional inputs across the board. This list is the basis for all future actions – spend a lot of time on this, most companies have! Think about impact on customers as well
8	<input type="checkbox"/> Resource Assessment: Available Human Capital, Technology, physical assets, intangibles, vendors/suppliers, opportunities, additional needs. What do you have at your disposal and in your control TODAY?
9	<input type="checkbox"/> Going Concern: With your resource and impact assessment as starting points, assess risks and opportunities for going concern viability of your business
10	<input type="checkbox"/> Looking Ahead: Where do you want to be 1 month, 3 months, 6 months, 12 months and 24 months from now. These are the timelines you will need to consider with the pandemic. Play out different scenarios of when you estimate the “peak of the curve” to be for your business.
11	<input type="checkbox"/> Disruption Manager: Identify someone who is responsible to document and record “disruptions” over the course of these testing times.

COMMON THEMES

Common Themes: Leadership

BUILD RESILIENCE

Through

“Is I Maagen”

SOCIAL DISTANCE

but no

**EMOTIONAL
DISTANCE**

BUILD A MOAT

and

**RINGFENCE YOUR
CUSTOMERS**

Common Themes: Finance, Food for Thought

STRESS TEST

**POSTPONE NEW
LAUNCHES**

**STALLED
ACQUISITIONS,
STRESSED ASSETS**

**INTERNAL
RESTRUCTURING**

e-Invoicing

**SEPARATING
GOOD AND BAD
COSTS**

**\$ 1 Trillion
Problem**

**ATTRACTING
CAPITAL**

Common Themes: Data, Information

Information is not the same as Being Informed

INTELLIGENCE

RED TAPE

PREPARE

NEW TRENDS

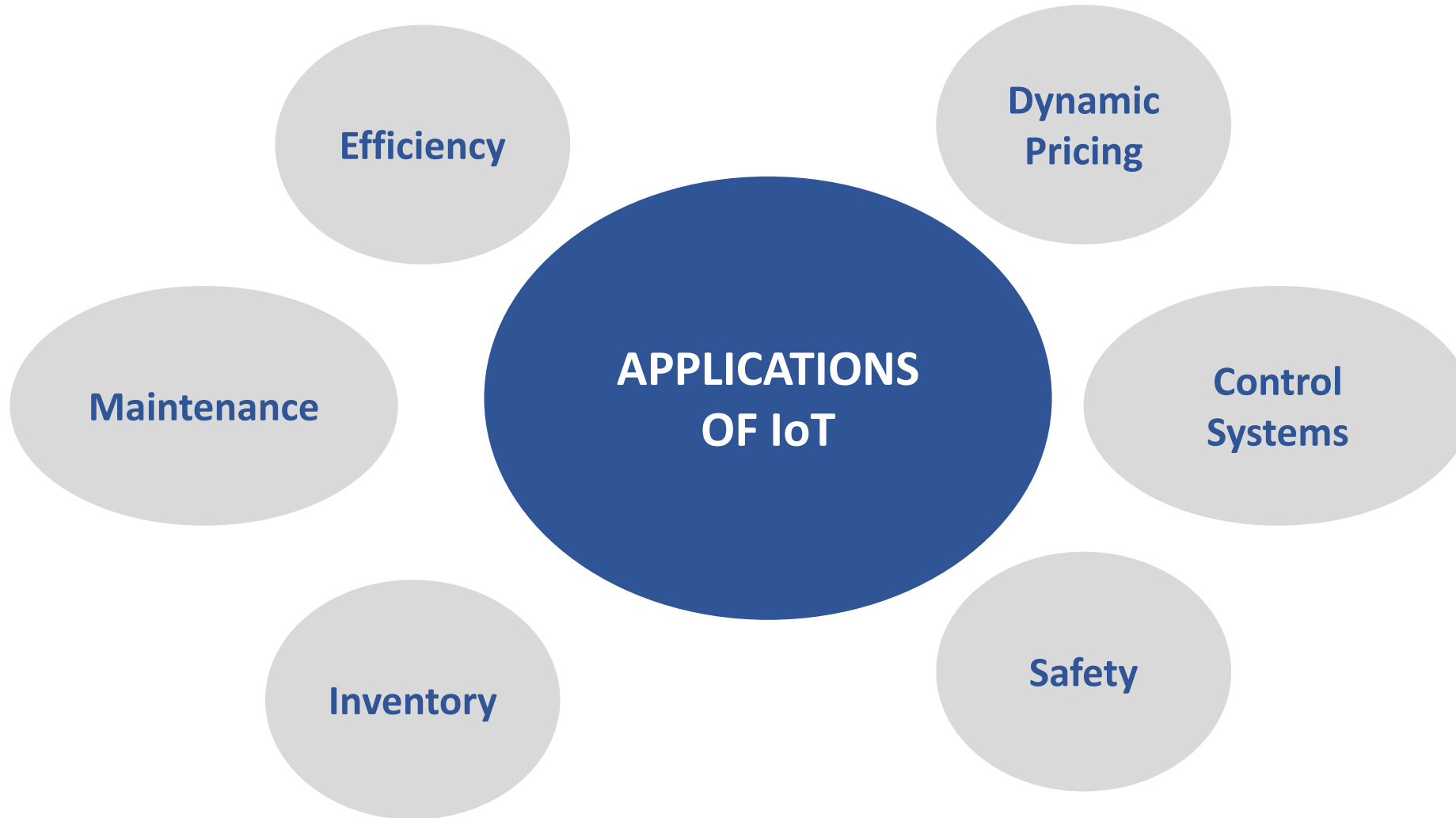
Measure rate
of metabolism

DON'T HIDE BAD NEWS

PAS

Financial Services | Business Consulting

Common Themes: Industrial IoT



Common Themes: Start conversations today!

Protect your team
Build confidence, 2-way communication
PROJECT POSITIVITY

START COMMUNICATING TODAY

What keeps your stakeholders up at night?
What are the fundamental changes they are making?
How are they assessing risk?

PR STRATEGY (includes internal communication)

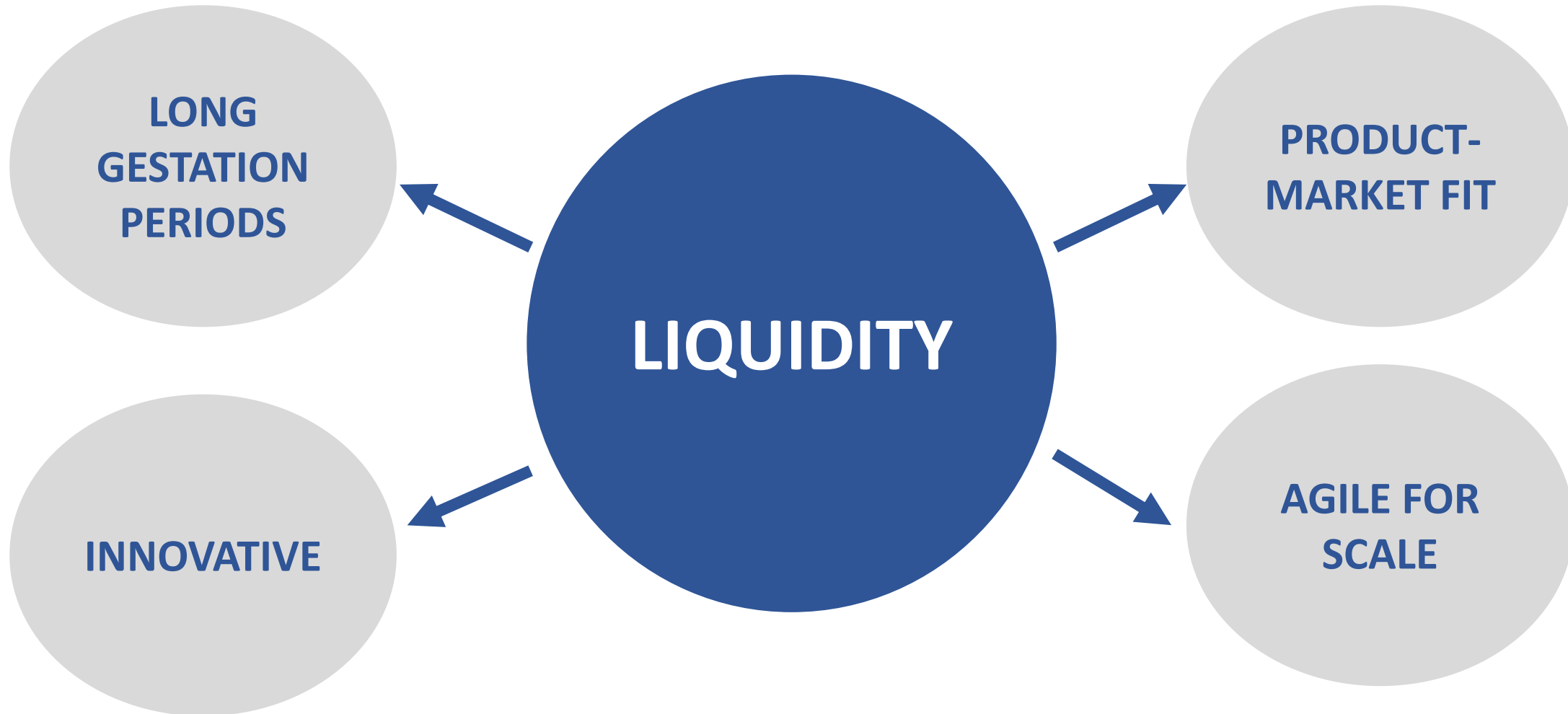
CONTROL THE NARRATIVE
Messaging Modes and Channels
Listening
Consistent Content

DON'T BE ALONE.

Use network effects to simplify and focus

ETIQUETTE AND DISCIPLINE

Common Themes: Startups



Common Themes: Note on Migrant Workers

- 110 M daily wage workers are struggling nationwide
 - 60% are concentrated in Mumbai, Delhi, Kolkata, Bangalore, Hyderabad and Chennai. Maharashtra is the state with the largest migrant workforce
 - Only 45% of these workers made a transaction in their bank account in the last 1 year - showing the complexity of the problem in distributing aid to these workers
- Many have been asked to leave their day jobs
 - Data in 2014 showed that 98% of all businesses in India employed less than 10 people.
 - That is a frightening statistic when you consider that businesses employing less than 10 people do not provide any social security cover such as ESIC/PF contribution
- These laborers are walking hundreds of miles to get home - where they remain isolated and without any daily wages
 - Companies employing less than 50 people (and in some states, 300 people) are free to retrench/lay off at will with no compensation required to be paid either
 - When the Government in UP provided 1000 free buses to take them home, the bus stop was overrun with police resorting to lathi charges to keep the crowd at bay
 - Migrant states are home to 43% of India's population, but have 18% of the test kit supply.
- The Government has put in place relief measures - but execution remains a tall order at this time, though efforts have been commendable nationwide

Common Themes: Rebooting

- Ensure there is a single entry point for workers, teams
- Practical planning around social distancing
 - Remember: there ARE relapses. The concept of immunity has not been reliably proven.
 - Separate transport arrangements or make stay facilities available for your workers, teams
- Take a survey of everyone who returns to work
 - travel history, symptoms are not there declaration, verify that they agree and understand the new workplace policy and more
- Sanitizer, Soap and hygiene principles implemented
- Few shifters, lower capacity, avoid crowding during shifts
- Institute a “No work – No Pay” policy to ensure you have buy-in and commitment from your team
 - Make sure you provide the resources for them to perform in a safe environment

SECTOR WATCH

PAS

Financial Services | Business Consulting

Sector Watch: Challenges and Opportunities

Manufacturing

CHALLENGES

- Where are the workers? Who will return, and when? There are enforced shutdowns, labour and supply chain disruptions, international trade tensions and reduced consumption
- Made in ___? Public perception matters and export/import is in a slump
- Suppliers relying on force majeure clauses [to excuse or delay performance]
- Sectors that are dependent on high imports (of raw material) such as electronics, consumer durables, pharms marble are facing bottlenecks and so are the export focused sectors due to a major drop in demand globally.

OPPORTUNITIES

- The power of ML, AI, IoT, Robotics, Automation, Neural Networks and Data Science (all the buzzwords!) must be harnessed
- India is behind the curve from a global perspective. This crisis may not stimulate overhaul of healthy units operating at capacity, but it presents an opportunity for older units (even if in distress) to reimagine their manufacturing operations with a focus on technology
- Reducing reliance on manual labor will signal a shift to more skilled workers (operating roles) . **Daily walk-ins to observe hygiene norms**
- Assess supplier's financial health and prepare contingency plans while developing alternate sources; **What about remote QC?**
- Develop more collaborative relationships with your suppliers.
- Delivery of all imports is being allowed after a cooling period 4 days for the cargo. In view of this restriction, the government could consider waiving off the demurrage and shipping charges imposed on the importers.
- **DIGITAL CLONES of your business – to simulate scenarios, rethink assembly sequences – reach out to us and we can tell you more!**

INDIA AS A CONTRACT MANUFACTURING HUB

Sector Watch: Challenges and Opportunities

Logistics

CHALLENGES

- Logistics and supply chains have been built around low cost (mfg in emerging economies), heavily-integrated global hubs and spokes whose success depends on economies of scale . This fails when trade tensions are high and national protectionism is on the rise
- Significant correlation between macro economic phenomena and the logistics industry which is not suitable at COVID19
- Additional checks at all ports and endpoints due to border security (even within countries) leads to delay
- Anticipating demand is difficult leading to wild fluctuations in logistics costs
- Air Cargo facing extreme uncertainty, while anticipating a surge in activity due to backlogs when normalcy resumes

OPPORTUNITIES

- A shift towards “micro supply chain systems” may be the way forward for many businesses which will reimagine the logistic industry and how its structured today
- Businesses may move towards smaller operating units that are nimble and flexible which suggests optimization in hyperlocal/shorter distances of travel is expected from logistics companies
- With GST already paving the way, the pandemic has also shown us the shortfalls of “centralized warehouses” and we may see such smaller manufacturing units closer to the point of purchase
- As businesses grapple with building operations that are modular in nature (with respect to volume, demand, cost, purchasing, labor requirements), the logistics companies may change their pricing models and offer modular freight rates
- Logistics companies can play a collaborative role with businesses to build the new operating models with a focus on innovation and not just cost reduction
- The aviation sector stands to gain if ATF is brought under GST to reduce fuel costs.
- Improved inventory management (subsidies anticipated in warehousing), adoption of technology will see innovative logistics companies thrive

Sector Watch: Challenges and Opportunities

Services: Aviation

CHALLENGES

- Aviation is one of the worst-hit sectors in India. More airlines are on the brink of bankruptcy with all planes grounded with extremely high fixed costs
- The fuel infrastructure and into plane charges are key cost elements for airlines which are crippling the business
- International travel may see a significant drop over the next couple of years while domestic travel may see a surge

OPPORTUNITIES

- With the aviation sector, considerable support from the Government is required and may be reasonably expected
- With imports stalled, expect a push towards “Make in India” initiatives which may dictate revamped airline routes/lanes.
- Aviation turbine fuel (ATF) needs to be brought under the ambit of GST at 12 per cent to provide immediate relief to airlines with full input tax credit on all goods and services.
- VAT on ATF by state governments (which ranges from 0 to 30 per cent) should be rationalised with immediate effect
- Various charges such as AAI and Private Airport Operators’ Space rentals, royalty, landing, parking, route navigation and route terminal charges need to be re-assessed and submissions made towards their waiver
- Expect air cargo needs to surge as global supply chains resume operations

Sector Watch: Challenges and Opportunities

Travel, Tourism, Hospitality

CHALLENGES

- The Services sector is reeling from social isolation with travel, tourism and hospitality affected the most
- Beyond some (not all) locations in metros, basic restroom facilities at restaurant, hotels, other entertainment venues are shoddy – often with no soap!
- Service sector workers are not always trained on hygiene standards leading to poor public perception
- The pandemic will force the next stage of this industry’s natural progression. Changes in this industry must be long-term.

OPPORTUNITIES

- Travel and tourism contributes to around 8.1 per cent to India’s employment, or 42.7 million jobs. 15% expected to be lost, but new opportunities being created along the way
- Expect a “Chief Hygiene Officer” role in these industries with a spurt in training, monitoring and depicting adherence to these principles (for the consumers)
- The focus needs to move to encouraging domestic tourism since international tourism will also depend on multiple factors.
- Consumers will make decisions based on your positioning/image
- If tourism entities (including airlines) may be classified as “priority sector lending,” it will go a long way in ensuring survival
- Develop appropriate messaging and advertising campaigns for tourism during the crisis.
- Once the crisis mitigates, Indian hospitality may be promoted aggressively with the right campaigns focused around customer’s perceptions around public health and safety

Sector Watch: Challenges and Opportunities

Services: Retail

CHALLENGES

- Perception of Scarcity dictates consumer behavior
- Navigating social unrest if effects are long-term
- Need-based supply chains (as against purchasing power) have never been designed. Healthcare workers, economically weaker segments etc need priority
- 47% of Indians are stressed today
- 69% of Indians are worried about disruption in daily lives

OPPORTUNITIES

- Showcase high standards of ethics, don't be opportunistic!
- Product-specific and Activity-based costing reports to drive data-backed decisions
- People are spending more time at home: Re-assess your marketing strategy to cater to those who are increasingly isolated, and in a familiar environment
- Finding meaningful ways to connect with consumers that can cater to their basic necessities with positive experiences
- Enter new markets with different logistics/supply chain models that can form new habits to replace the forced disruption – perhaps your business can carve out a niche
- Build trust, don't hide and focus on your messaging

Sector Watch: Challenges and Opportunities

Technology

CHALLENGES

- Legacy Systems with on-site infrastructure become difficult to service, repair and upgrade
- Lack of trust due to data privacy concerns when dealing with MSME
- Slow adoption of SaaS technology due to relatively low cost of in-house development and need for customization
- With different entities/players all having touch-points with a business, technology penetration is rarely seamless with a shift to “offline” at various stages in a process.

OPPORTUNITIES

- The world is on the cusp of a tremendous Technology Bull Run – perhaps limited to “Big Tech,” but there is significant potential
- Enabling contactless work is not limited to remote work. The opportunities range from tools to increase efficiency and productivity of remote teams, to robotics and automation. Across industries, businesses will be making technology investments where you will see an uptick in “collaborative co-development” as well
- integrating signals from sensors, data from customer engagements, and information from a range of business applications to provide actionable insights to business leaders on the go
- Provide solutions that combine aspects of mobility, collaborative work and cloud infrastructure and embed these in the daily work flows of the company
- It may have taken a pandemic, but we are now realizing the extent to which digitization can (and must) penetrate their businesses. Think Enterprise Resource Planning (ERP), predictive maintenance, CRMs, cloud computing, financial reporting, and more. Use tools such as Google for Work, Zoho Workspaces, Office 365 that offer enterprise-grade resources

Sector Watch: Challenges and Opportunities

Healthcare

CHALLENGES

- Globally ill-equipped to handle such a crisis
- Resource allocation dependent on purchasing power as against need. The poor have suffered in India, but so far have shown tremendous resilience and understanding
- No known cure for Coronavirus strains over many years
- Healthcare seen as “cost” that must be traded off against economic recession
- Distribution channels (of material as well as information) not adequate for epidemic/pandemics

OPPORTUNITIES

- CREATE NEW HABITS: hygiene, self care, use this opportunity to raise awareness
- Tremendous uptick in social media consumption of healthcare statistics related to COVID-19 and impact on the industry as a whole

SUCCESS STORIES

The lockdown decision was timely and far-sighted. The credit for readiness at a national level and the response levels have been overwhelmingly positive and created a new band of heroes in India's imagination.

WRAPPING UP

About Puneet Advisory Services (PAS)

- Puneet Advisory Services (PAS) is as an investment banking and business consulting firm in 1995
- Since 2016, our core focus has been in areas involving operational turnaround and financial restructuring.
- Key Differentiators:
 - Commitment to technology for our clients and in our approach
 - Domain Expertise
 - Established Network
 - Proprietary PAS Frameworks
- When should you get in touch with PAS?
 - You have a problem that needs solving – with specific expertise in battling crisis
 - Increase efficiency/process improvement OR reduce cost
 - When you are looking to raise capital or towards strategic partnerships

Wrapping Up: Closing Thoughts

- The first ones to suffer will be salaried employees and daily-wage earners.
 - We must plan for an unprecedented disruption nationally which may lead to a variety of social issues as well.
 - Loan deferment and interest moratoriums represent a good start, but the situation necessitates deep structural solutions.
- Focus on hygiene standards as a core value and be responsible citizens
- This feels like a war, and in a way it is. We look back at wartime presidents and Prime Ministers to find a way to deal with such a crisis and demonstrate resilience. For companies, the actions of their leaders will remain etched in everyone's memory and dictate the narrative for years to come – long after COVID-19 has been defeated.

Perhaps the only “right” way to look at this pandemic is to understand that we must all collectively press the “Reset” button and get organized!



THANK YOU

Write to us:
dushyant.dave@puneetindia.com
nishit.dave@puneetindia.com

PAS

Financial Services | Business Consulting

Q&A