

Self-Disrupting Your Business in COVID-19's New Normal

Thursday, May 14, 2020



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ENABLING **TRANSFORMATION**

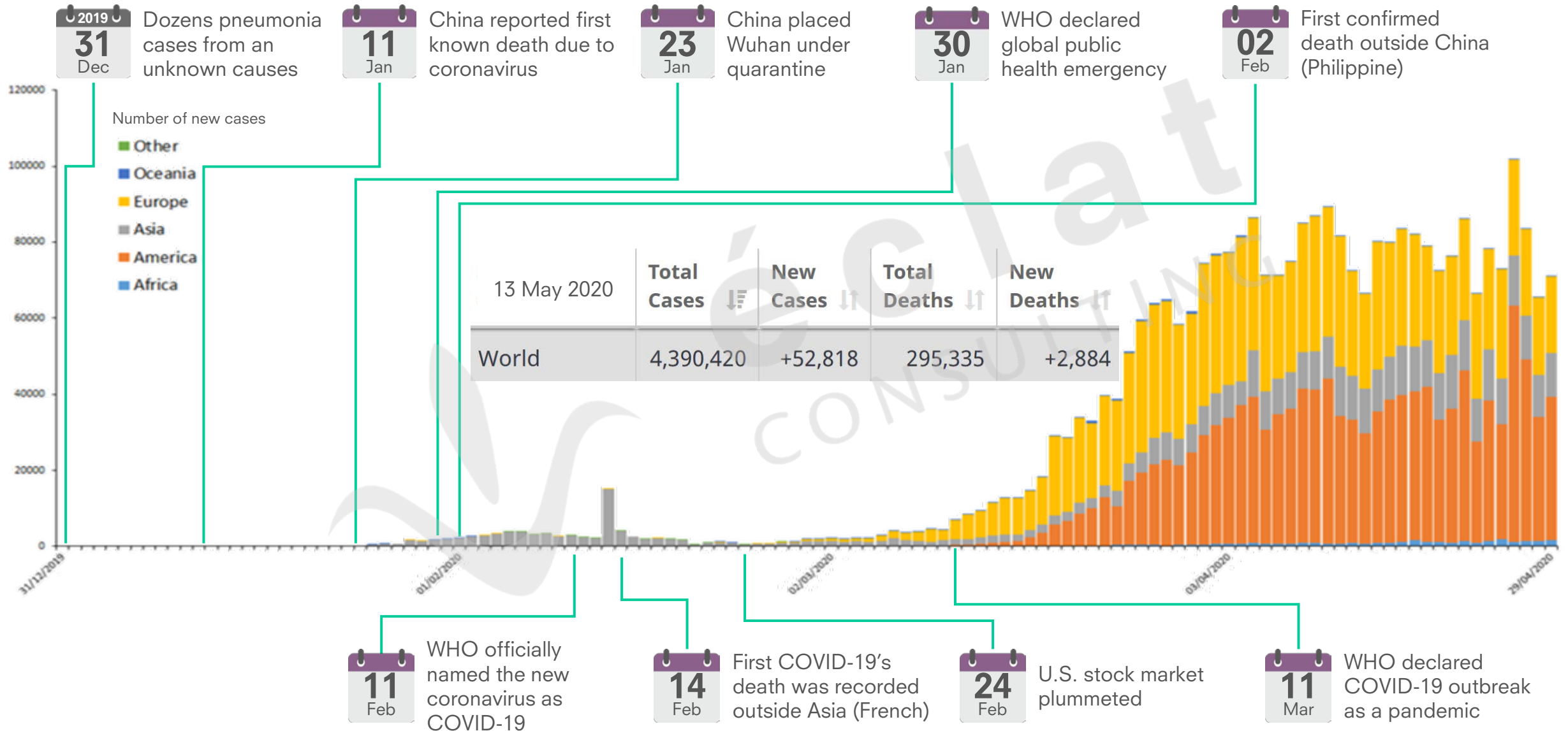
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WHY:

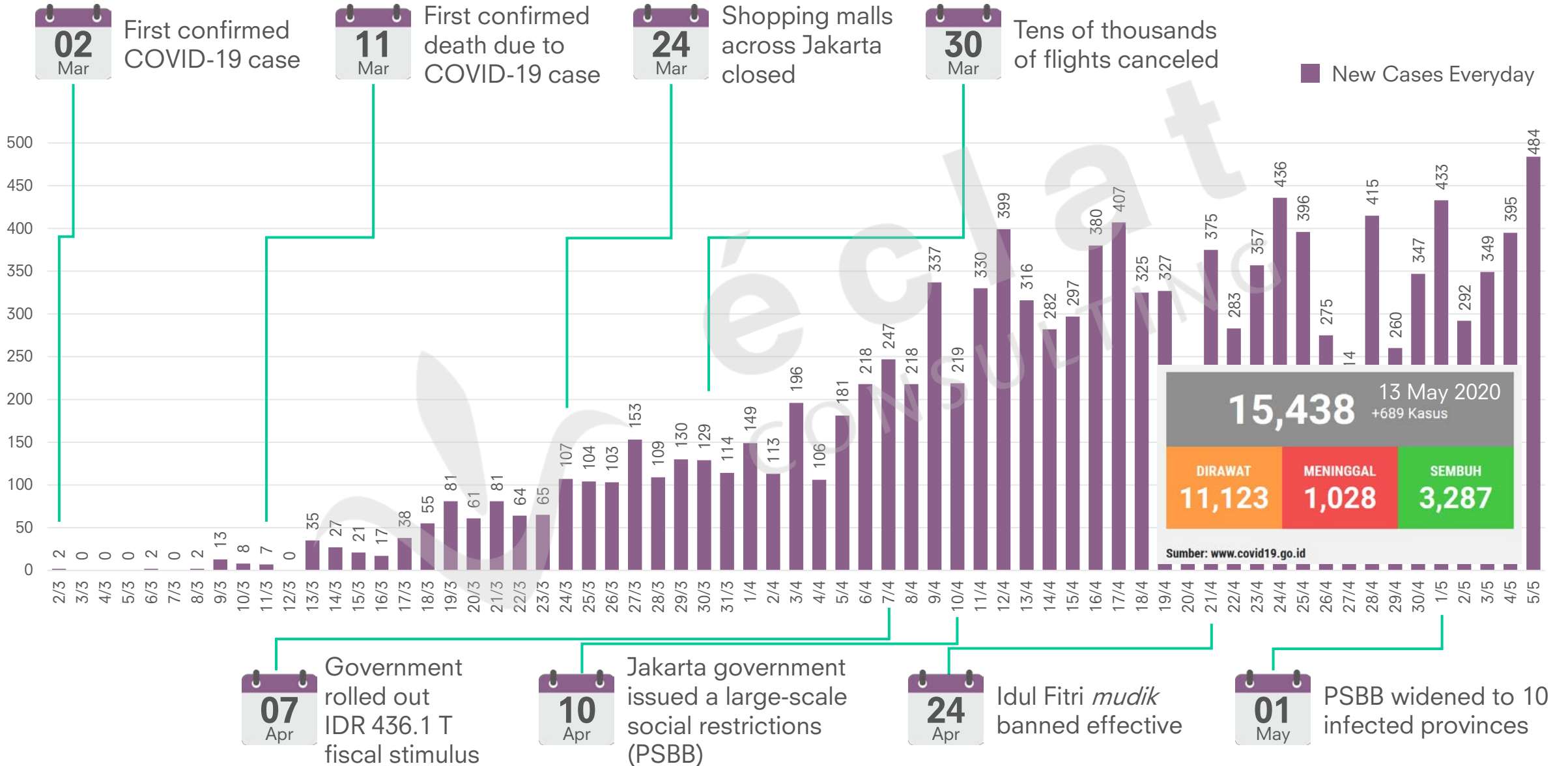
**From Health Crisis to
Economy Crisis**

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COVID-19 Timeline: GLOBAL



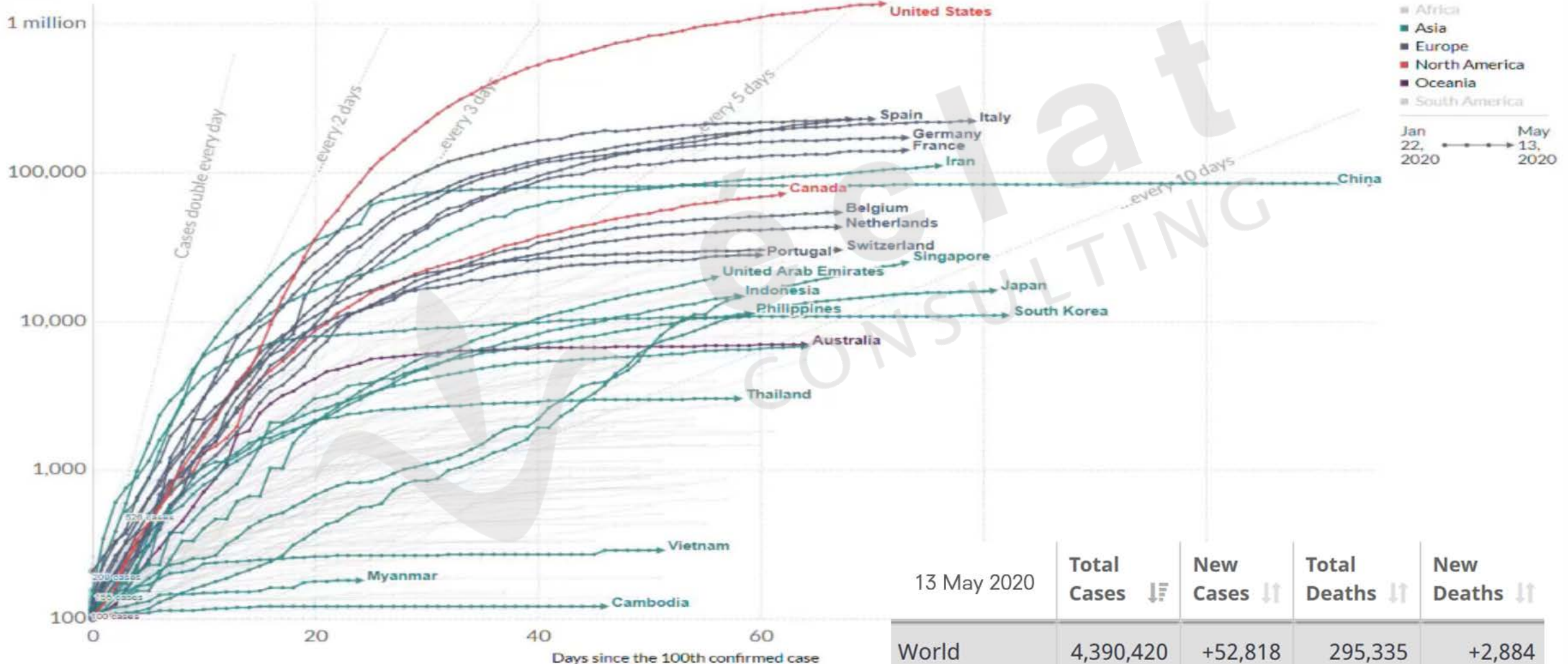
COVID-19 Timeline: Indonesia



Total confirmed COVID-19 cases: how rapidly are they increasing?

The number of confirmed COVID-19 cases is lower than the number of total cases. The main reason for this is limited testing.

LOG

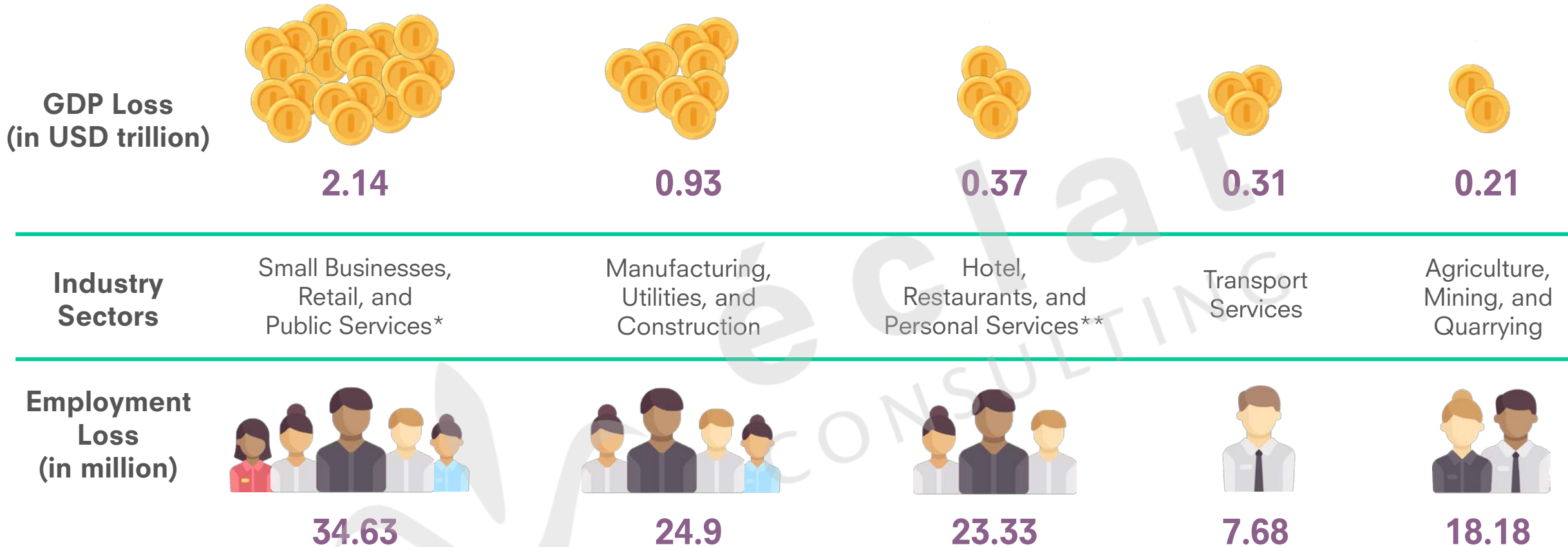


13 May 2020	Total Cases ↓	New Cases ↑	Total Deaths ↑	New Deaths ↑
World	4,390,420	+52,818	295,335	+2,884

Source: European CDC - Situation Update Worldwide - Last updated 13th May, 11:15 (London time)

OurWorldInData.org/coronavirus • CC BY

Economic Potential Loss: GLOBAL



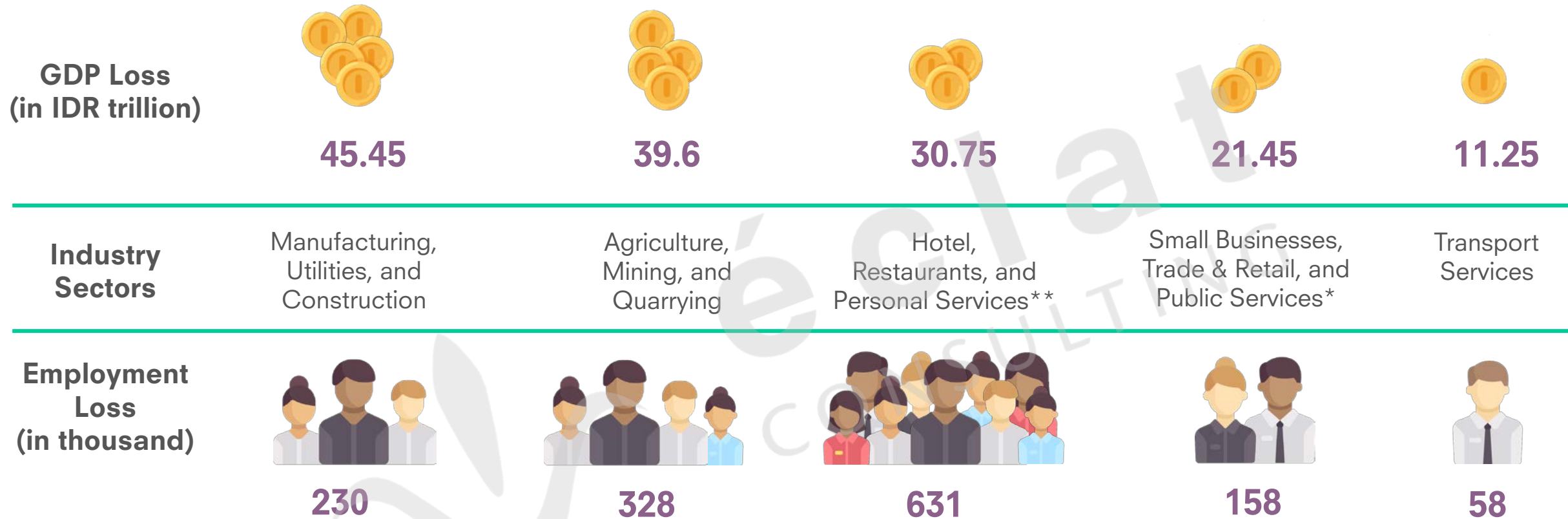
Assumptions:

6 months travel ban and 5% declines in domestic consumption growth.

* Public services: services for communities, e.g. education (schools and universities), postal services, telecommunications, etc.

** Personal services: services to consumers, e.g. hair salon, automotive repair, daycare, laundry, public accounting, gyms, etc.

Economic Potential Loss: INDONESIA



Assumptions:

6 months travel ban and 5% declines in domestic consumption growth.

* Public services: services for communities, e.g. education (schools and universities), postal services, telecommunications, etc.

** Personal services: services to consumers, e.g. hair salon, automotive repair, daycare, laundry, public accounting, gyms, etc.

Current Situation



Oil demand down by **20%** worldwide
→ price dropping to the lowest level in **18 years** in the global market.



As of April 20th, **90% cut down in international flight, up to 70% seat reductions.**



Predicted **USD 3.96 T**, **4.8% loss of global GDP**, equivalent to **total GDP** of **ASEAN** and **Australia** combined.



Predicted **109 - 190 mio** people lost their jobs globally (for comparison, **Indonesia's total labor force 130 mio**).

This 'New Normal' is **V**olatile, **U**ncertain, **C**omplex, and **A**mbiguous.



WHAT:

Shifts in consumer
behavior

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Short Quiz



MBA-ish - Workplace Satire 🗝️

@MBA-ish

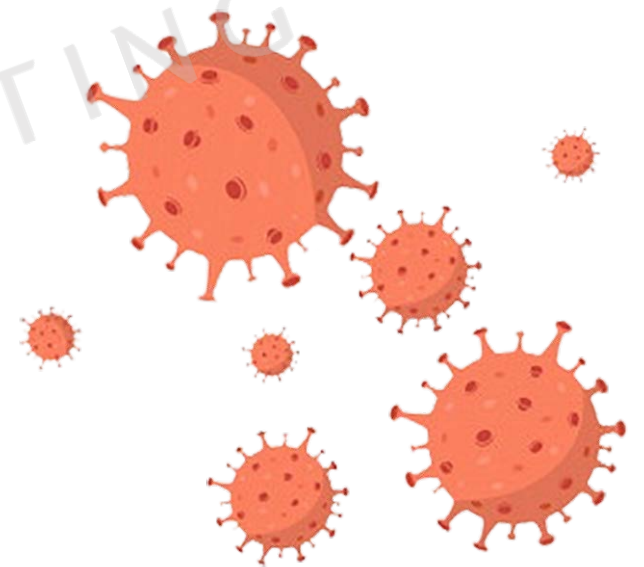
Who led the digital transformation of your company?



A. CEO



B. CTO



C. COVID-19

1 Remote working is here to stay

2 Internet becomes more crucial than ever

3 Work life (im)balance

4 Even more anxiousness/loneliness and depression

8 Post-COVID-19 Major Shifts

5 Damaged trust in hygiene of people and products

6 Unprecedented levels of global unemployment

7 Extended travel restrictions, even within a country

8 Our personality & identity will help us do our job remotely

Remote working is here to stay

Shift

- **Benefits** of WFH **gain tractions**;
- Both **productivity** and **well-being** remain **the same** (if not **improved**).



Fact

- US employees would **WFH** even after the pandemic.
- **Remote workers are 13% more efficient** than their office-based peers.
- However, Gartner survey says that **76% managers** complained about their team's **productivity & engagement** during remote work."
- **Money saved** on **travelling & office space**.



IMPACT

- Demand for **WFH** option will increase (for **white-collar** jobs);
- Organizations must **anticipate** and **adapt** to this as an option to **maintain** or even **increase productivity**:
 - **Advanced equipment, machines**, and **video/audio setups** will be required;
 - **Policies** and **SOPs** will need to follow;
 - **Office space reduction**;
- Watch out for **zoom fatigue**, as it may impair concentration.



Internet becomes more crucial than ever

Shift

Physical distancing forces organizations to **connect through video** chat (as alternative ways).



- **Internet** traffic has **increased** by **25% in US**, by **20% in Indonesia**;
- **Cyber crime** incidents have **also** increased.
- **Learnings, social gatherings, art performances** are conducted via **online**.

Fact



IMPACT

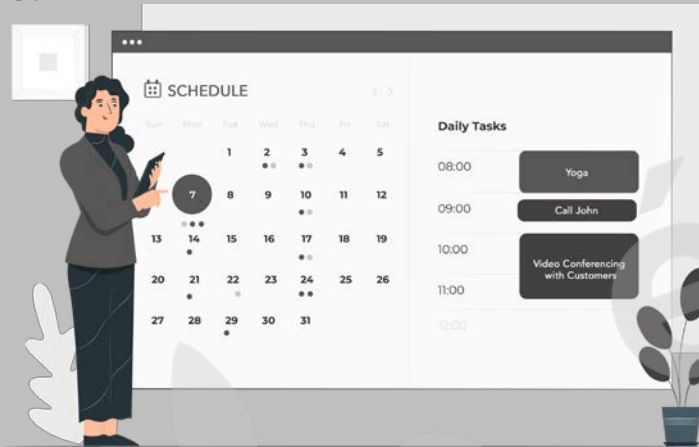
The internet connection demand will dramatically increase:

- for **more security**;
- for **more bandwidth** and **reliability**;
- for **faster speed**.

Work life (im)balance

Shift

WFH phenomena **blurs** the line between **work-** vs. **private-**life.



Fact

- Lockdowns make the **working hours longer** for many.
- Yet, some feel it **improve** their **physical & mental health**, as well as **well-beings**.
- **Sustained and intense attention exhaust** us throughout the **video call**.



IMPACT

Everyone must become wiser in choosing between **staying productive vs. healthy**, **balancing** office work, house work, family-time, hobbies, & exercises.

3

Even more anxiousness, loneliness, and depression

Shift

- Many people feel **more isolated, lose their jobs, cut working hours, get sick, face relationship issues.**



Fact

- US' Disaster Distress Helpline received **338% increase in call volume** in March 2020, compared with February 2020.
- In Australia, Lifeline call **up by 21%** in March 2020.
- People show **more empathy & caring**, yet **hate crime & violence increased.**
- **19% of remote workers** called **loneliness** as **biggest struggle.**



IMPACT

- Exhibit **care** towards **employees' physical, emotional, and spiritual health;**
- Keep in touch, but **rethink social/community gatherings;**
- Until a vaccine is available, **interaction** with **+65-year-old** people will be **severely restricted.**

4

Unprecedented levels of global unemployment

Shift

- Many must **rethink** their **career**;
- They **cannot switch** to any struggling competitors in the **same industry**.



Fact

- Around the world, giants such as uber, Airbnb, Boeing, TripAdvisor have **laid off** or put employees on **indefinite leave**; **25 mio jobs** in **airline industries** are at risks.
- By April 20th, 2 mio Indonesian from 116 thousand companies, have been effected
- On March 21, US Labor Department reported unemployment claims of **3.3 mio** & expected to rise by **another 1.5 mio**; exceed **Great Recession** of March 2009, **665,000** and October 1982, **695,000**.

IMPACT

- Many **switch to entrepreneurial side business** to boost family budget;
- Numbers of **remote upskilling** and **training** are climbing.



Extended travel restrictions, even within a country

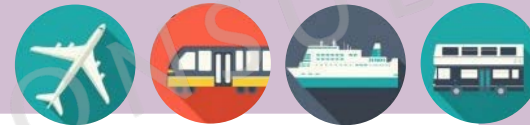
Shift

- **Travel exposes risks** of not being able to return;
- **Traveler may not be covered** in a foreign land should another outbreak occur.



Fact

- **62% airplanes** around the world are **grounded**.
- A survey says that travelers will wait for **at least 6 months** after virus contained before travelling.
- Indonesian Travel Agents Association (Astindo) recorded **90% drop in sales** by mid March, and **booked losses** in February **around IDR 4T**.
- **96% of global destinations** have **travel restrictions**.



**SURAT EDARAN
GUGUS TUGAS
No. 4 Tahun 2020**

IMPACT

- **Business travel** might **not be essential** anymore, replaced with video conferencing.
- In Indonesia, flights require a 4-hour **extended preparation time in advanced**;
- **Traveling abroad** might **not worth** the **quarantine** requirements;

- **Local tourism** will **flourish**;
- The **rural** and **remote** will become **luxury** escapes;
- **Staycation** & **visual tourism** become favorable options.



Damaged trust in hygiene of people and products

Shift

- Everyone expects formal **proof** of **hygiene** and current **health status**;
- **Retail** businesses and product **distributors** will **evolve** to **delivery** concept (rather than in store).



Fact

- **PSBB** requires people to keep **social distancing** & wear **masks** outside home;
- **Public places** require **temperature check** & even **barriers**;
- **Gojek** & **Grab** have provided **contactless** food delivery service.



IMPACT

- **Packaging** redesigns;
- Sharing **personal health & vaccine records** becomes mandatory;
- Retail & hospitality focus on **cleanliness**;
- **Contact-free** deliveries and drop-offs;
- **Supply Chain Advancement** (e.g. shops bundling deliveries to same home address).

A new way to captivate audiences

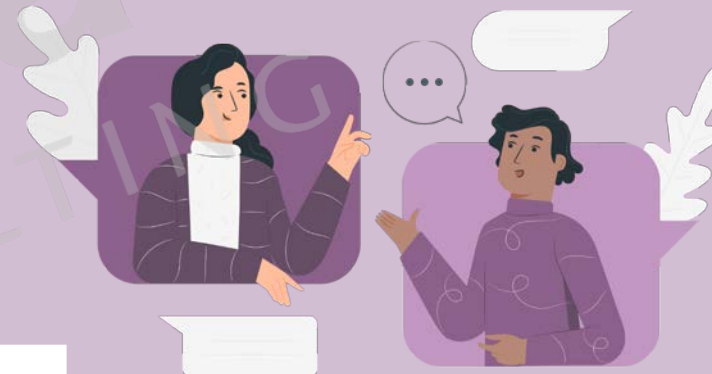
Shift

- **Fashion** is no longer playing a **major part** in our identity & professions.



Fact

- Many use **background effect** during their online meetings to **personalize** themselves.



IMPACT

- People use **digital alteration** in **conveying** their **identity & uniqueness**.
- **Zoom-able** is **catching up** with **Instagram-able**.



HOW:

What To Do Now



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CHANGE READINESS, ACCEPTANCE, & FINE-TUNING (CRAFT) MODEL

“Prepare”
Assess and **analyze**
the impact of
COVID-19 pandemic
on your organization.



“Shift”
Formulate and **execute**
detailed plan to bring
business operations
back on track.

“Stabilized”
Learn what works
and does not work,
then **calibrate**
your execution
to ensure growth
and sustainability.



CHANGE READINESS

Industry Impact Analysis

Aspects

Factors

Result



Personnel

Employees have to work together on site

Hygiene is critical

Man power driven

Percentage of low-skill workers is high

Physical contact with customer is essential



Impact on personnel



Operations

Large Gathering are essential

Close human interaction is essential

Hygiene is critical

Dependent on travel (business and leisure)

Physical contact with customer is essential



Impact on operations



Supply Chain

Dependent on import/export

Dependent on raw material supply

Warehouse is crucial

Sensitive to distribution channel disruption

Dependent on delivery to consumer



Impact on supply chain



Financial

Service or product is a tertiary need

Dependent on other (external) companies revenue

Dependent on other (group) companies revenue

Dependent on consumer mobility

Dependent on external funding



Impact on financial

Link will be provided

Industry Impact Analysis: OVERALL

	Personnel	Operations	Supply Chain	Financial	Overall Assessment
Travel & Transportation	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Retail (non-fast moving)	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Restaurants	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Retail (FMCG)	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Manufacturing	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Pharmaceuticals	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Public Service	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Energy & Resources	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Non-profits	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Media & Entertainment	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Banking, Financial, & Insurance	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
Universities & Colleges	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
High Tech & Telecommunications	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●
E-commerce	●●●●●	●●●●●	●●●●●	●●●●●	●●●●●

Impact Level

None

Low

Moderate

Major

Severe





CHANGE ACCEPTANCE

1. **Budget Reallocation** - Budget cut for non-priority spending and reallocation for COVID crisis.
2. **Non Fiscal Policy** - Simplify export-import procedure to ensure goods availability.
3. **Preemployment cards & labour intensive program** - Increase budget for Pre-work cards and propagate Labour Intensive Program.
4. **Social protection** - Additional incentives for Sembako Card; free Electricity Bills, discounts for certain households.
5. **Economic Stimulus Package** - Reduction of income tax (PPH) and value added tax (VAT) for SMEs and certain sectors.
6. **Installment delays** - Reduction of interest and delay of installments for a year, both from the banking and non-bank financial industry.
7. **Financial support for medical workers** - Increase budget for medical supplies (test kit, reagents, hand sanitizer, APD, ventilator, etc) and incentives for medical workers (doctors, specialists, nurse, etc).

Terms & Conditions

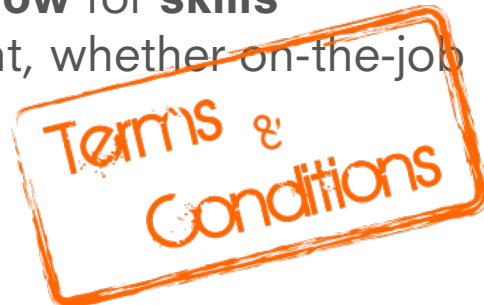
GOVERNMENT SUPPORT





CHANGE ACCEPTANCE

- **WS (Work Sharing)** is a three-party agreement involving **employers, employees** and **Service Canada** designed to help employers and workers **avoid layoffs** when there is a temporary reduction in the normal level of business activity that is beyond the control of the employer.
- WS program allows employers to avoid temporary layoffs by:
 - Offering **income support** to workers who are eligible for Employment Insurance (EI) benefits and who work a temporarily reduced work week;
 - **Shortening the work week** by a minimum of 10% and up to a maximum of 60%.
- WS policy recently **expanded** to **allow** for **skills enhancement** during WS agreement, whether on-the-job training or off-site courses.



GOVERNMENT SUPPORT: CANADA EXPERIENCE



<https://www.canada.ca/en/employment-social-development/services/work-sharing.html>





CHANGE ACCEPTANCE

Determine Your STRATEGY

	Act now	Start small	Think big
	Short term defense Months 0-6	Mid term mitigation Months 7-18	Long term growth Months > 18
Severe	<p>"Survive"</p> <ul style="list-style-type: none"> Maintain the business to save the company at all cost 	<p>"Slow Recovery"</p> <ul style="list-style-type: none"> Recover the company by securing operational cash flow 	<p>"Staged Rebound"</p> <ul style="list-style-type: none"> Recover the business step-by-step, e.g. starting with most profitable revenue channel
Major	<p>"Strive"</p> <ul style="list-style-type: none"> Explore "hidden treasure" while saving the company 	<p>"Pivot through Innovation" -</p> <ul style="list-style-type: none"> Nurture new business opportunity by using technology or other means 	<p>"Regain Competitiveness"</p> <ul style="list-style-type: none"> Reposition competitiveness in the market through innovation
Moderate	<p>"Defend"</p> <ul style="list-style-type: none"> Maintain existing business to save the company 	<p>"Reinvent Disruptive Innovation"</p> <ul style="list-style-type: none"> Reinvent winning ways of running the operations and/or originating new business ideas 	<p>"Secure Competitiveness"</p> <ul style="list-style-type: none"> Scale up disruptive innovation to secure competitive position in the market
None / Low	<p>"Ride the Wave"</p> <ul style="list-style-type: none"> Make the most out of the current situation as the opportunity to grow 	<p>"Push for Growth"</p> <ul style="list-style-type: none"> Maximize opportunity and capability to acquire bigger market share 	<p>"Leverage Competitiveness"</p> <ul style="list-style-type: none"> Take advantage of competitive position to thrive in the market



CHANGE ACCEPTANCE

Immediate actions to address **personnel** aspect:

Action

Protect your people. Health and hygiene come first: if your people don't stay healthy, you don't have a company.

Example

Starting on May, Kroger, one of the US' largest retailers, will provide workers with a **self-administered test** kit or an appointment at drive-thru locations run by Kroger Health, the health-care division of the company.



Personnel



CHANGE ACCEPTANCE

Immediate actions to address **personnel** aspect:

Action

Establish remote-working practices, not just the basics but how to work effectively and productively while maintaining social distance.

Example

Most of Indonesian companies were instructed their employees to **work from home**.



Personnel



CHANGE ACCEPTANCE

Immediate actions to address **personnel** aspect:

Action

Engage your staff. Be **inventive**, Be **honest**, be **transparent**, and **convey** that you share their concerns.

Example

Go-Jek announced they will cut their **executives' and employees' salaries** to give financial support to the **drivers and partners**.



Personnel



CHANGE ACCEPTANCE

Immediate actions to address **personnel** aspect:

Action

Work sharing. Lower your employees workload and encourage them to split their tasks to their coworkers would be a huge moral boost.

Example

70% of US workforce were to offer a **work-sharing** option, where employers cut employees' hours **instead of laying them off.**



Personnel



CHANGE ACCEPTANCE

Immediate actions to address **operations** aspect:

Action

Establish a rapid response room and step up communications. It's important to have a virtual response room, an all-in-one, decision-capable "place" (which will probably be online).

Example

Traveloka established a special team to monitor the latest developments regarding the health emergency and to ensure that the company's day-to-day operations remain normal.



Operations



CHANGE ACCEPTANCE

Immediate actions to address **operations** aspect:

Action

Build contingency operational plans. The resilience of critical system operations is vital to your organization's mission and survival.

Example

Anne Avantie started to produce **personal protective equipment (PPE)**.



Operations



CHANGE ACCEPTANCE

Immediate actions to address **operations** aspect:

Action

Enhance IT systems. Your IT infrastructure will be under stress as most of your workforce shifts to telework.

Example

Zoom buys **security company**, aims for end-to-end encryption.



Operations



CHANGE ACCEPTANCE

Immediate actions to address **supply chain** aspect:

Action

Identify and secure logistics capacity, estimating capacity and accelerating, where possible, and being flexible on transportation mode, when required.

Example

Meat sellers in China ramped up **imports** from around the world as supplies tightened.



Supply chain



CHANGE ACCEPTANCE

Immediate actions to address **supply chain** aspect:

Action

Develop a robust risk management process and diversify supplier network.

Enterprises should map out supply chain networks from end consumers to tier-N suppliers.

Example

Toyota has collaborated with the suppliers across each country and region for building a disaster resilient supply chain. They build “resilient supply chain” network.



Supply chain



CHANGE ACCEPTANCE

Immediate actions to address **financial** aspect:

Action

Stress-test the top line, P&L, and cash flow. Establish detailed modeling of your top five markets to estimate how they will develop and to gauge key sensitivities in the P&L.

Example

Prudential Indonesia have conducted a stress-test to anticipate the short- and long-term impact of the pandemic.





CHANGE ACCEPTANCE

Immediate actions to address **financial** aspect:

Action

Reduce the burn rate wherever possible. Stop salary increases, freeze hiring, layoff low performers, reduce marketing during pandemic.

Example

Indonesian airlines lay-off employees, ranging from **pilots, flight attendants, technicians** to other **supporting crew**, as reported by Indonesia National Air Carrier Association (INACA)



Financial



CHANGE ACCEPTANCE

Immediate actions to address **financial** aspect:

Action

Focus on cash management to strengthen liquidity. Your financial strategy should be to **preserve cash above all.**

Example

SoftBank to sell assets to raise as much as **\$41 billion** over the coming year to buy back stock and slash debt



Financial



CHANGE ACCEPTANCE

Determine Your ACTION

Aspects: 1) Personnel 2) Operations 3) Supply chain 4) Financial			
	Short term defense Months 0-6	Mid term mitigation Months 7-18	Long term growth Months > 18
Severe	"Survive" 1) Keep core business process personnel; Limited support personnel 2) Limited operations 3) Find replacement of materials 4) Focus on cash in hand	"Slow Recovery" 1) Maintain minimum ops teams; Limited support personnel 2) Staged ops recovery 3) Localized suppliers 4) Fundraising / invite investors	"Staged Rebound" 1) Full team ops 2) Start normal ops 3) Recover supply chain 4) Secure war-chest up to next 12 mo.
Major	"Strive" 1) Reduce the head count of low performers 2) Reduced operations 3) Diversify materials 4) Cut non-essential OPEX	"Pivot through Innovation" - 1) Full team ops 2) Re-adjust operations norm 3) Evaluate and adjust procurement 4) Roll-out re-budgeting	"Reposition" 1) Re-skill employees 2) Full operations with new norm 3) Diversify suppliers network 4) Normalize cash flow
Moderate	"Defend" 1) Stop hiring 2) Keep normal operations 3) Diversify suppliers network 4) Postpone planned projects	"Reinvent Disruptive Innovation" 1) Re-skill employees 2) Increase operation efficiency 3) Conduct end-to-end supply chain risk assessments 4) Invest on re-adjusted projects	"Secure Competitive Position" 1) Maintain synergy 2) Maintain operation efficiency 3) Plan on collaborative and fulfillment capabilities from suppliers 4) Re-assess financial risk management
None / Low	"Ride the Wave" 1) Protect health & safety of your employees 2) Increase operations output 3) Map current Supply Network 4) Invest on planned projects	"Push for Growth" 1) Upskill employees for the growth 2) Plan to develop new products/ services 3) Map -n Supply Network 4) Invest in growth areas	"Leverage Competitive Position" 1) Hire people to support growth 2) Develop new products/ services 3) Secure Supply Network 4) Develop M&A plan



CHANGE FINE-TUNING



The goal of the **Prepare–Shift–Stabilize** cycle... is to turn the 'new normal' world that's:

- **Volatile** (high magnitude and rapid rate);
- **Uncertain** (unclear outcomes);
- **Complex** (various key decision factors);
- **Ambiguous** (unclear about meaning of events);

into **data, information, knowledge, and wisdom** that serve as guidance for more **well-informed problem-solving** and **decision-making** to ensure sustainability.



CHANGE FINE-TUNING

V

Volatility

U

Uncertainty

C

Complexity

A

Ambiguity



V

Vision

U

Uniqueness

C

Collaboration



A

Assurance

Battle of **VUCA**



CHANGE FINE-TUNING



Battle of VUCA

V
Vision

U
Uniqueness

C
Collaboration

A
Assurance



*“ Ing Ngarso Sung Tulodo
Ing Madyo Mangun Karso
Tut Wuri Handayani “*

“As you guide in front, set examples.
Alongside them, kindle their spirit.
From behind, give them support.”

- Ki Hadjar Dewantara

Lead with
Innovation

Lead to
Completion

Lead through
Collaboration

Lead with
Determination



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