

Business owners around the world are asking themselves right now – ‘How should I respond to COVID-19?’ I spent 15 years in China, and have followed events very closely, to analyse and learn from winning strategies there. China was the first country to be hit by the pandemic, so how have Chinese companies adapted in the face of this new reality? Here I share those learnings, and provide a step-by-step guide to how you can plan and lead your company’s successful response.

HOW TO LEAD YOUR COMPANY THROUGH COVID-19

Introduction

The world has changed. Most change is gradual, but occasionally the environment switches overnight. COVID 19 is such an event. It has fundamentally changed the business landscape for everyone. There is no business not affected by it. Some of those changes may be temporary, and some present long-term opportunities and challenges.

Either way, the question we all face is: how to respond?

One of history’s most mis-understood quotes is: ‘Survival of the fittest’. It is often understood to mean that the most efficient or highest performing will succeed. In normal times that may be true, but that is not how evolution works over the long term. In fact, it is **those most able to adapt** that survive, and it is precisely because of environment-shifting shocks such as this.

When markets suddenly change, like they are now, fortune favours the bold. Early, decisive action pays huge dividends. Whilst others are unsure or dithering, this is the time to step up and **take action**.

So, how will you adapt your business in order to survive this change? I further challenge you to ask – how will you respond to COVID-19, in order to *grow* your business?

RESPONSE STRATEGIES

The strategy you adopt will depend on your industry, and how the pandemic affects your market. Like any shift, there are natural winners and losers from the COVID-19 epidemic. Each has its own maximisation strategy.

Beneficiary

Sectors such as medical, online, and providers of virtual services are enjoying a boom right now. Take the Cambridge Mask company (<https://cambridgemask.com>), run by CEO Chris Dobbing. Their one, single issue in this situation is how to ramp up production in order to meet supply. At Petra Coach, we have clients in sectors



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diverse as tinned food, hospital AI, and medical partitions, who are all experiencing spikes in demand.

Disrupted

This is where most companies sit. The temptation for these businesses is, like a turtle facing danger, to retract and sit it out. However, this approach foregoes opportunity, and leaves spaces for nimble competitors to occupy.

When the COVID-19 pandemic first hit China, some companies were quick to respond, and able to turn the situation to their advantage. For example, the dairy producer Yili, realising that people are no longer going to coffee shops, has heavily promoted their RTD (Ready To Drink) coffee range, so that people can drink coffee at home.



Harmed

Some sectors are being hit very hard. Anyone with a business in travel & tourism, hospitality, or events is facing a serious, even existential, crisis right now. Similarly, offline retail is seeing a heady mix of spikes in certain products, and collapse in others. This is a recent assessment from Boston Consulting on the impact of COVID-19 on different industries and sectors, including when they might be expected to recover:



The response strategy you adopt will depend on which of these categories you are in. Here is a high-level guide to your approach:



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	Beneficiary	Disrupted	Harmed
Offensive	Identify and rapidly remove bottlenecks, such as production increase, and marketing to increase awareness. Be prepared to throw money at problems, and take forceful, executive action	Brainstorm with the team and customers to find opportunity. Shift or develop products and services to reflect new demand, such as virtual services.	
Defensive	Anticipate the demand curve to be careful of over-production or over-capacity.	Finance team to remodel forecasts and update cashflow planning. Immediate cost review.	Immediate, significant cost reduction, and application for support. Cash is King.

FIRST RESPONSE

The first thing any company needs to do is to assemble the team, in order to establish a response strategy. Ensure that there is someone in the team leading efforts to handle the company's response. Reassure everyone that you will all get through this period together. Emphasise your company Core Values to show how they will guide your response. Then, your first task is to focus on **preparing the team for remote working**, including:

- Confirm the technology platforms you will use, specifically for video conference calls, and task management.
- Communication rhythms. When people are working from home, it's especially important to give their day and week structure and rhythm, and to ensure communication is maintained, such as through a Daily Huddle.
- Confirming policies on travel, sick pay, and working schedules.



The priority is to make sure that people maintain alignment and focus.

Once these basics are in place, you can then consider your strategic response to the situation, which will depend on industry, and can be divided into offensive and defensive strategies...



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OFFENSIVE STRATEGIES

Consider a couple of key questions: 'Where do the opportunities lie in this situation for you?', and 'How do you need to amend your strategy in order to be of value to customers in these new times?'

Your business strategy needs to update based on this situation. This includes which products you promote, how you communicate to the market, and your production and supply chain strategy.

Market Shifts

COVID-19 has a huge impact on society and people's behaviour. Schools and offices close, people are worried about their health, are encouraged to 'socially distance', and many families end up stuck at home. Think about how your market will be changed by this, what will it mean for your customers? Bear in mind some of the big trends this has created:

- People are stuck at home
- Teams have to work remotely
- Products are being delivered, not purchased in-person
- Huge shift to on-line, including many services previously provided in-person (from counselling to cookery classes)
- People highly conscious of health

Key question: 'What changes in in customer behaviour do you observe, and how do you need to respond?'

Marketing & Sales Channels

How you communicate with your customers during this period will have to change. Marketing is about following eyeballs, and they have moved. Reduce external communications, such as billboards, and focus on on-line and direct-to-home.

Here is an example of how Hersheys amended their marketing communications in China, in response to this shift:



In-store promotions



Tasting activities



Valentine's campaign



Online advertisement



Live broadcast



O2O Key-word search

The same is true for Sales Channels. Based on changing patterns of customer purchase, such as increase in home delivery, do you need to open new sales channels in order for people to purchase from you?



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Key Questions: “How do you need to shift marketing and sales channels in order to match changing customer behaviour patterns?”

Products / Services.

Given changes in your customers’ situation, can you amend or update your products and services to best meet this need? For example, if you are a services business do you have, or can you quickly develop, a virtual version of your service to offer to customers?

For example, Tencent are a large Chinese provider of online and mobile services, such as the dominant mobile platform Wechat. They have used the recent shift in the market to optimise and promote their video conferencing platform ‘Tencent Meeting’.



Key questions: Which of your products service will be most relevant at this time? Are there products in development or mothballed that would fit the new environment? Do you need to re-package or emphasise different elements of the product range?

CSR.



This is a time not just to worry about your own situation, but also to reach out to help those in more dire straits.

Take the example of Yan Zhi (pictured left), the richest man from Hubei province, heart of the original epidemic. He mobilised his team and company to purchase and fly in enough supplies to construct an entire quarantine facility.

It’s not just the recipients than benefit from this. It mobilises the team, and shows the world that you care and are willing to help when help is required.

There has been an outpouring of such support across China, with companies donating money, materials, and all forms of support to areas most stricken.

Key question: “Who can you help, and how?”



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DEFENSIVE STRATEGIES

You have to ensure that the business survives this period with its core intact, so that you can bounce back when normal trading conditions return. This means taking action across several fronts:

Costs

Re-assess budgets. Review cost items and make difficult decisions fast. Remember that cash is absolutely king in these situations, and ensuring a strong cash runway is paramount

Key Question: “Which costs can we eliminate in order to extend our cash runway?”

Supply chain.

Plan inventory levels and prepare to increase stock levels to avoid supply chain disruption. Identify and anticipate bottlenecks and supply chain disruptions. Reach out to supply chain partners to confirm situations, and identify / contact alternatives

Key Question: “Where is our single largest point of risk / failure in our supply chain?”

Build relationships

Now is the time to reach out to customers, suppliers and partners to understand how this situation is affecting them, and share what changes you’re making to help. If partners are struggling and you’re able to help, such as with payment terms, now is the time to do that.

Key Question: “How is this affecting our partners, suppliers, and customers?”

NEXT STEPS

Your immediate action should be to assemble your leadership team, and review your First Response, and your Offensive and Defensive Strategies in the face of this situation. Review all the key questions in each section of this article with the team, and create an action plan.

Then plan a weekly Status Meeting in order to:

- Update market insights. Share information as it comes in from the market
- Review progress. Resolve issues in your action plan and

Here is a **Checklist** of those items for you:

Initial Response

- Prepare team for remote working
- Agree on technology solutions
- Set communication rhythms



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- Confirm working policies

Offensive Strategy

- Market shifts. What do we see? How can we respond?
- Marketing & Sales Channels. How to follow the eyeballs and get to where my customers are?
- Products & Services. Which would be most valuable right now?
- CSR. Who can we help?

Defensive Strategy

- Costs (Cash)
- Supply Chain
- Partners, Suppliers & Customers



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