

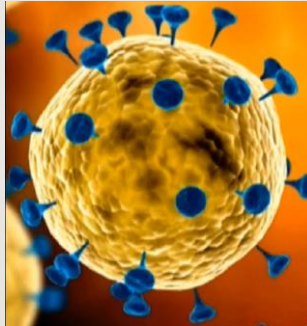


## Member Notice - WEBINAR

**Developing an agile supply chain in the COVID-19 Context. 2 April 2020**

[What does this mean for you?](#)

[Click here to view this email in a web browser](#)



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**Michael McLean FAICD, FIMC, FAOQ** - represents **AiGroup** on Standards Australia's technical committee QR-008 responsible for ISO 9000 family of quality management standards for supplier assurance in defence, infrastructure and mining sectors. An **AiGroup** Business Improvement Growth Consultant Supply Chains. [See Michael's BIG Hub profile and read his Case Studies](#)

HunterNet - Hunter Defence Task Force Secretary and Remote Webinar lead for Defence Supplier Readiness Seminars; Advanced Manufacturing Growth Centre Consultant for the AMTIL National Transport Export Growth Hub Management Consultant and Adviser <https://amtil.com.au/initiatives/export-hub/>

# AGENDA: DEVELOPING AN AGILE SUPPLY CHAIN IN THE COVID-19 CONTEXT. 2 APRIL 2020

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- Assessing stakeholder consequences from COVID-19 threats to a business.
- Revising what to Keep, Change and Create™ in current business plans and supply chain strategies.
- Refreshing the Business Continuity and Disaster Management Plans to manage risks to customers.
- Assessing what is Critical, Important or Desirable to sustain supply to customers and create agility.
- Revising Scenarios, "What-Ifs", Solving Complexity Problems and Ranked Criticality Deployment Plans for COVID-19.
- All ISO management system standards are embedded with risk-based thinking, risk management and risks and opportunities.

COVID-19 FEELS LIKE ....

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# WILL WE EVER GET BACK TO NORMAL LIFE AND WORK; WILL OUR BUSINESS MODELS CHANGE?

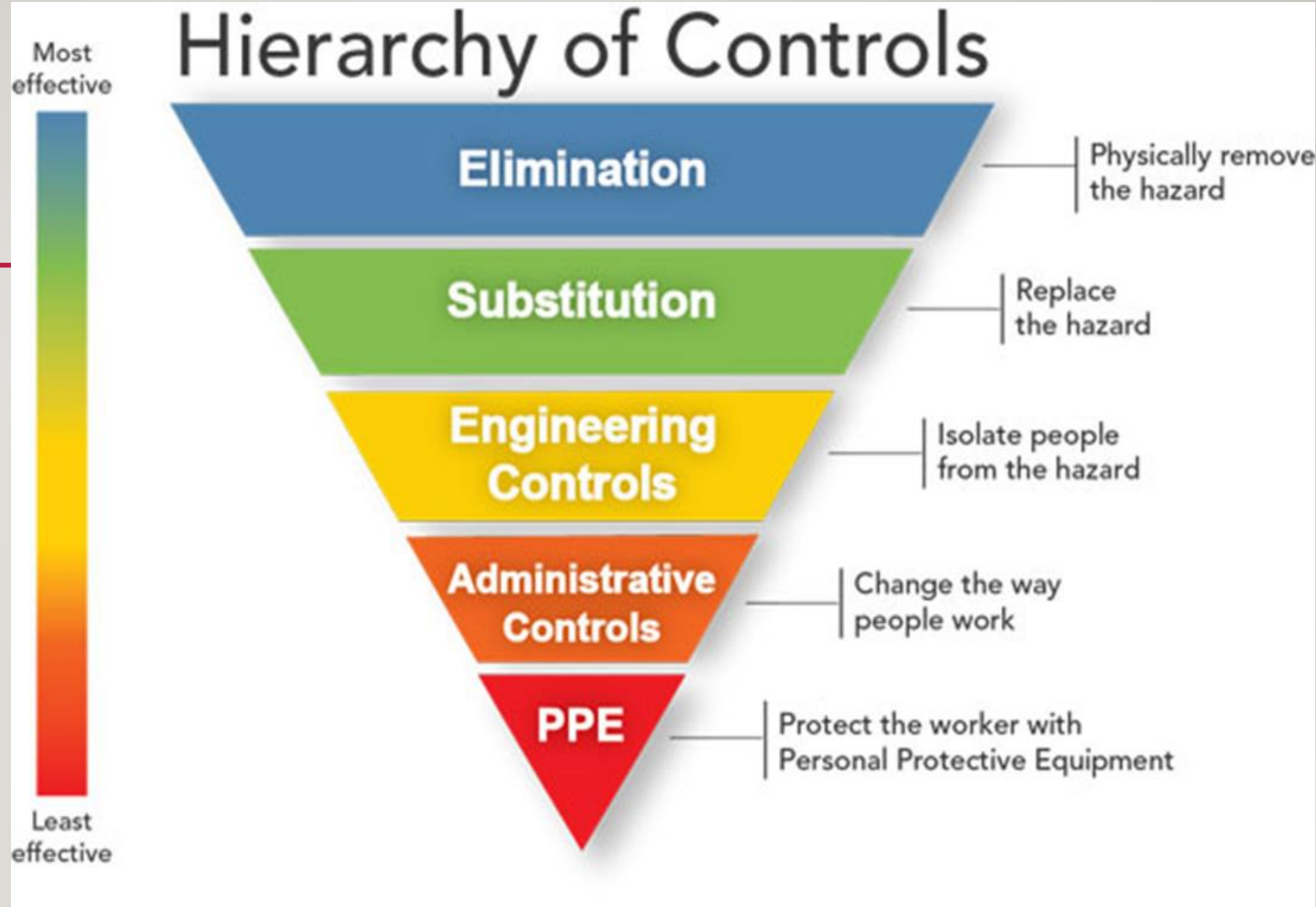
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BOTTOM OF THE  
PYRAMID NOW  
IMPORTANT IN  
COVID-19

REFERENCE:  
AS/NZS ISO  
45001:2018 OH&S  
MS STANDARD



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## BOTTOM OF THE PYRAMID NOW IMPORTANT IN COVID-19

<https://www.thoughtco.com/maslows-hierarchy-of-needs-4582571>



# Maslow's hierarchy of needs

**Maslow**, Abraham Harold. "A Theory of Human Motivation." *Psychological Review* 50.4 (1943): 370-396. <http://psycnet.apa.org/record/1943-03751-001>

# Is Agility More Important than Lean?

With the right vision, the two go hand-in-hand.

Rick Bohan

MAR 30, 2020

## FIRST A US ARTICLE OF A STEEL COMPANY THEN AN AUSTRALIAN FIRM

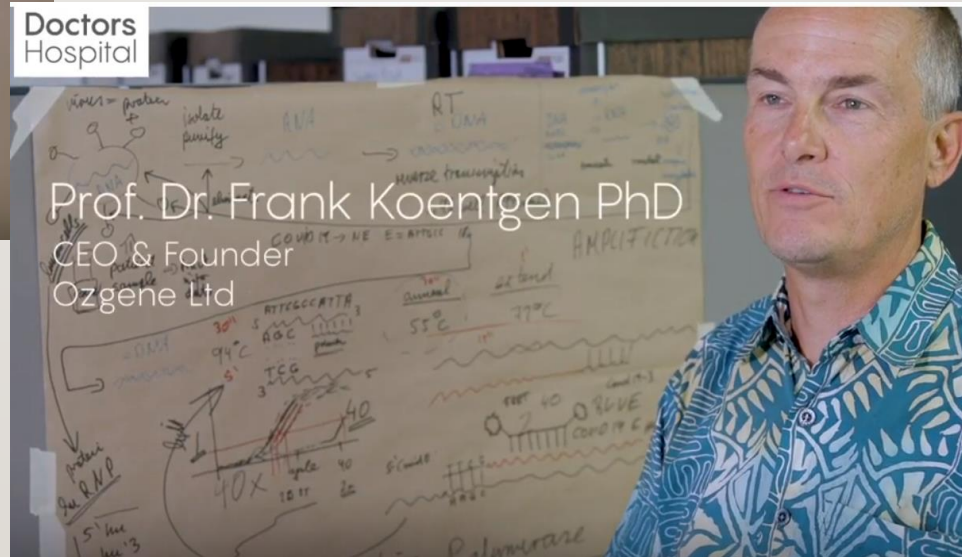
- Improved agility, not “leanness,” is associated with improved business results.
- “For example, when a customer orders steel, what lead time do we quote?”
- “Twelve weeks, give or take, depending on the application and the chemistry.”
- “And how often do we hit that 120-week target?”
- The engineer chuckled, “Pretty much never. We’re usually between 16 and 20 weeks and have been as far out as 30 weeks.”
- If we, through continuous improvement and innovation, get that down to a consistent eight weeks, *even if we still didn’t take a nickel out of our production costs*, what difference would that make?”
- **“We’d control the market.”**
- ***Even if we didn’t take a nickel out of our production costs.***



# Is Agility More Important than Lean?

<https://youtu.be/9-K1K9hr46A>


AN AUSTRALIAN FIRM FROM PERTH NOW IN INDIANAPOLIS AND CAYMAN ISLANDS 31/03/20




<https://www.caymancompass.com/2020/03/27/doctors-hospital-covid-lab-could-allow-broader-testing/>



# HOW DID OZGENE CLIENT BUILD ORGANISATIONAL CAPABILITY TO UPSCALE AND BUILD RESILIENCE?



**OZGENE**



- 20 year old BIO TECH company
- Create: Genetically Engineered Mice for medical research
- 7 years ago → average time 117 weeks
- Clients 100 % academic
- today: fastest **20 weeks** (average 28 weeks and dropping)
- Clients 50% commercial / 50% academic
- 2 factors: Ozgene proprietary Technology and Toyota Philosophy
- allowed: expansion into the EXPLORE side of the business

23-Oct-19 *humanize - stabilize - harmonize - improve - innovate* © Ozgene

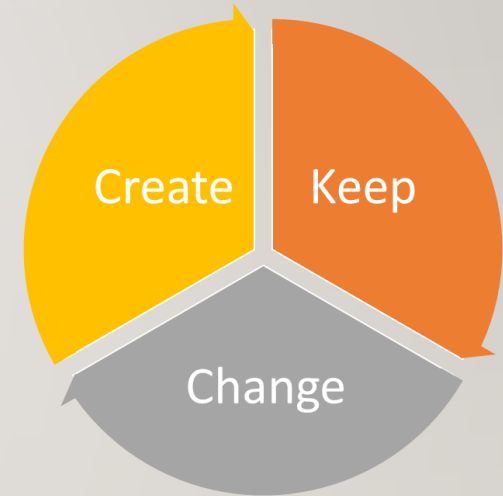
SHINGO CONFERENCE  
USA  
23 OCTOBER 2019.  
JOANNE DEYS:

- HUMAN FLOW
- INFORMATION FLOW
- TECHNICAL FLOW
- CASH FLOW

# KEEP, CHANGE AND CREATE™ MCLEAN MANAGEMENT CONSULTANTS

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Revising what to Keep, Change and Create™ in current business plans and supply chain strategies to COVID-



19



**Australian Government**

**IP Australia**

07 November 2018

<b>Trade mark number</b>	1918257
<b>Your reference</b>	MMC KCC
<b>Trade mark</b>	Keep Change Create
<b>Applicant name</b>	MCLEAN MANAGEMENT CONSULTANTS PTY LIMITED

**Q: REVISING WHAT TO KEEP, CHANGE AND CREATE™ IN CURRENT BUSINESS PLANS AND SUPPLY CHAIN STRATEGIES.**

<b>Keep, Change, Create™</b>	<b>Pre-COVID-19</b>	<b>COVID-19 Period</b>	<b>What is the difference?</b>
<b>Keep</b>	85%	___%	
<b>Change</b>	15%	___%	
<b>Create</b>	5%	___%	



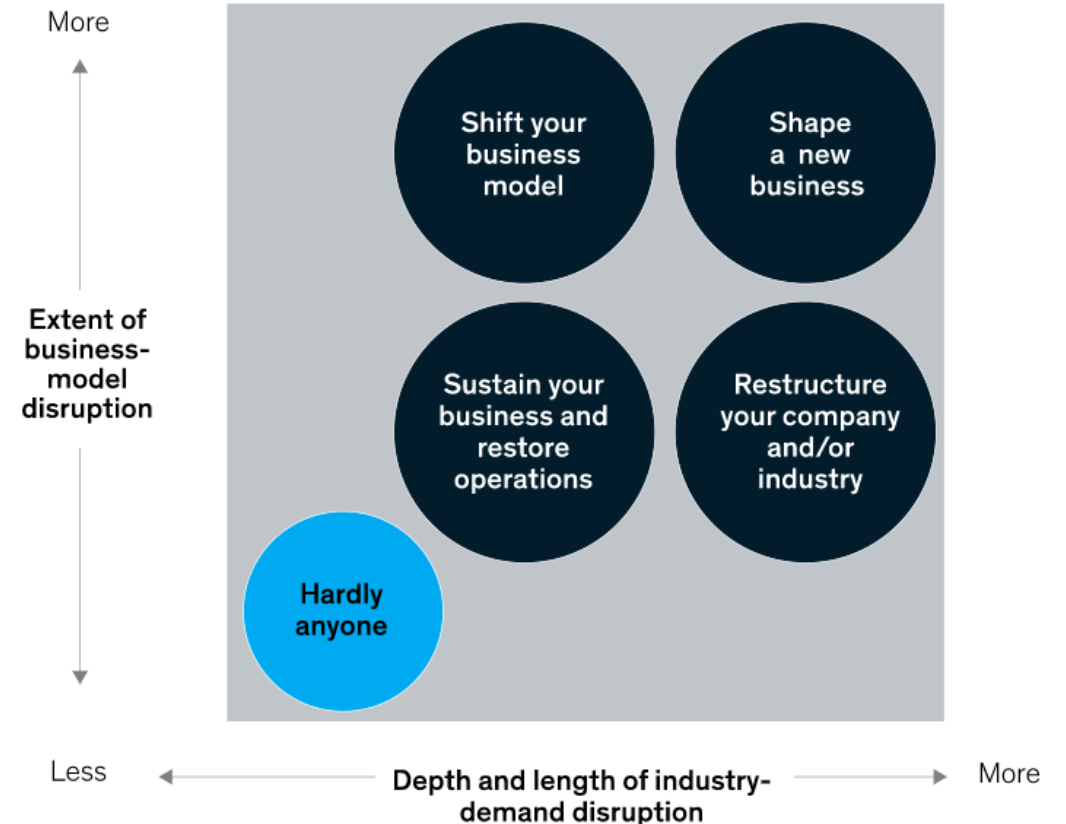
# A “KEEP, CHANGE, CREATE™” ADAPTATION - GETTING AHEAD OF THE NEXT STAGE OF THE CORONAVIRUS CRISIS

5 APRIL 2020 | ARTICLE. EXTRACT 1:2

<https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/getting-ahead-of-the-next-stage-of-the-coronavirus-crisis?cid=other-eml-alt-mip-mck&hlkid=67ba7b3cc4ca4d3bbe10db006b3c6335&hctky=2868028&hdpid=d52f8189-6d6f-4fd8-87ad-51442a8b1801>

Choose a strategic direction based on shifting disruption and options.

Broad direction of travel toward next normal

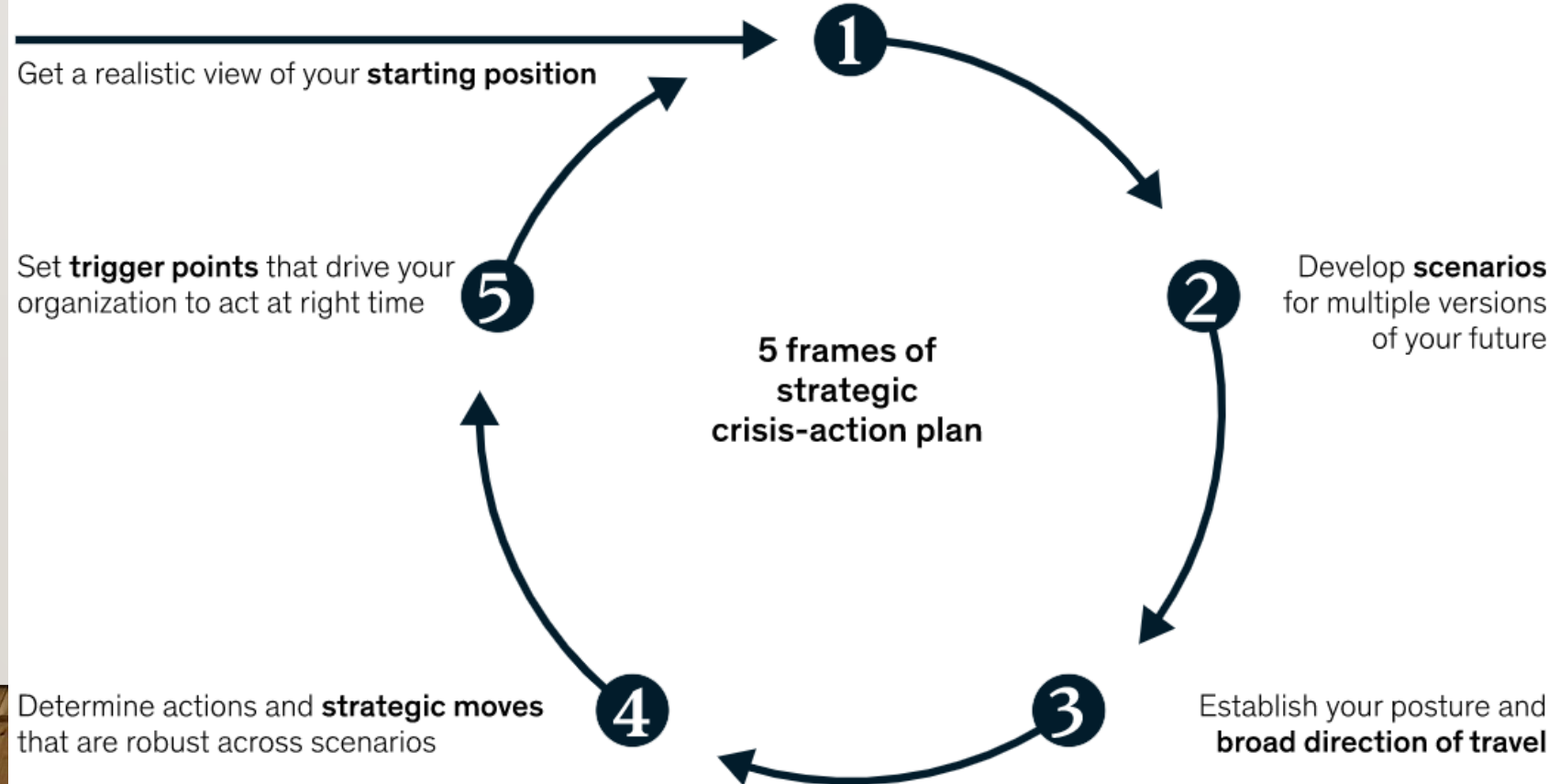


# A “KEEP, CHANGE, CREATE™” ADAPTATION - GETTING AHEAD OF THE NEXT STAGE OF THE CORONAVIRUS CRISIS

5 APRIL 2020 | ARTICLE. EXTRACT 2:2

<https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/getting-ahead-of-the-next-stage-of-the-coronavirus-crisis?cid=other-eml-alt-mip-mck&hlkid=67ba7b3cc4ca4d3bbe10db006b3c6335&hctky=2868028&hdpid=d52f8189-6d6f-4fd8-87ad-51442a8b1801>

An agile plan-ahead team can offer quick responses to rapidly changing circumstances, using five frames.



# COVID-19: Briefing note, March 30, 2020

## Our latest perspectives on the coronavirus pandemic.

COVID-19: Briefing note, March 30, 2020  
Our latest perspectives on the coronavirus pandemic.

McKinsey & Company

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New from McKinsey & Company



**COVID-19: Implications for business**

The image shows a detailed, 3D-rendered or microscopic view of a coronavirus particle. It is a spherical structure with a complex, textured surface composed of numerous small, interconnected units. The color is a light, translucent blue or white, set against a dark blue background. The overall appearance is that of a dense, multi-layered shell.



# Assessing stakeholder needs within the COVID-19 context

Demonstrating corporate purpose in the time of coronavirus

March 2020 | Article

“COVID-19 demands Boards and executives a moment of existential introspection: What defines their **company’s purpose**—its core reason for being and its impact on the world?

Examine exactly **what is at stake** for your employees, communities, customers, partners, and owners.

All will have urgent, rapidly evolving **needs that you should fully understand and prioritize**. Some of these needs will be new and require creative thinking. **Listen carefully to stakeholders that are well placed to inform you**”. **But How?**

<https://www.mckinsey.com/business-functions/organization/our-insights/demonstrating-corporate-purpose-in-the-time-of-coronavirus?cid=other-email-alt-mip-mck&hlkid=fbe09dbff56f4fd4a6fbf17fb8775477&hctky=2748952&hdpid=babb515c-f5f7-4c27-88c9-97b702911bc8>

FREE WEBINAR AND Q&A

## Leading Through a Crisis Day-by-Day

Wednesday, April 8, 2020

11:00 a.m. EDT / 8:00 a.m. PDT

**MIT**Sloan  
Management Review

*IN THIS WEBINAR, YOU'LL LEARN:*

THE THREE INTERDEPENDENT AREAS OF CRISIS-MANAGEMENT ACTIVITY THAT HELP FOSTER SUSTAINED HIGH — EVEN HEROIC — PERFORMANCE BY YOUR TEAM:

1. HOW TO THINK ABOUT ALL YOUR **STAKEHOLDERS** DURING UNCERTAIN TIMES.
2. FINDING A WAY TO **DEMONSTRATE YOUR LOYALTY, COMPASSION, AND COMMITMENT** TO WORKERS AND CUSTOMERS.
3. HOW YOU CAN **USE ASPIRATION** TO BRING OUT THE BEST IN YOUR TEAM.

# Context is important

<https://www.youtube.com/watch?v=Lg2dqFCU67Q>

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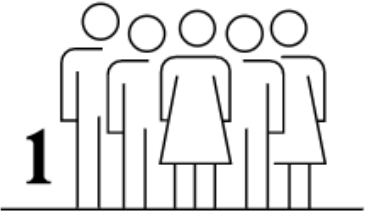


# COVID-19: Briefing note, March 30, 2020

## A construct for this Webinar



### The five horizons



#### 1 Resolve

Address the immediate challenges that COVID-19 represents to institution's workforce, customers, technology, and business partners



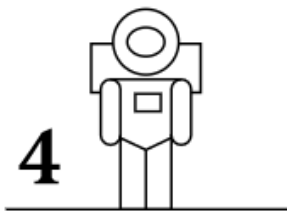
#### 2 Resilience

Address near-term cash-management challenges and broader resiliency issues during virus-related shutdowns and economic knock-on effects



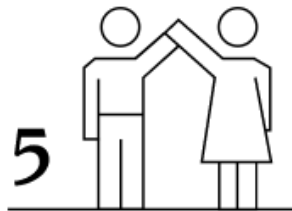
#### 3 Return

Create detailed plan to return business to scale quickly as COVID-19 situation evolves and knock-on effects become clearer



#### 4 Reimagination

Reimagine the next normal: what a discontinuous shift looks like and implications for how institutions should reinvent



#### 5 Reform

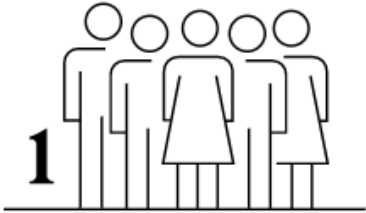
Be clear about how regulatory and competitive environments in industry may shift

# COVID-19: Briefing note, March 30, 2020

## Stakeholders or Interested Parties Analysis



### The five horizons



#### Resolve

Address the immediate challenges that COVID-19 represents to institution's workforce, customers, technology, and business partners

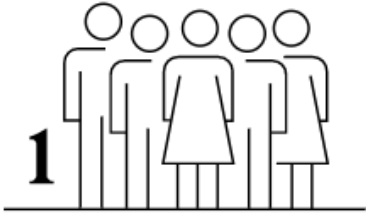
	Stakeholder or Interested Party	Customers	Owners	Staff	Society	Suppliers
Manager and / or Process Owner ↓	Stakeholders / IP needs during the COVID-19 Pandemic Period →	<ul style="list-style-type: none"> <li>_____</li> <li>_____</li> <li>_____</li> </ul>	<ul style="list-style-type: none"> <li>_____</li> <li>_____</li> <li>_____</li> </ul>	<ul style="list-style-type: none"> <li>_____</li> <li>_____</li> <li>_____</li> </ul>	<ul style="list-style-type: none"> <li>_____</li> <li>_____</li> <li>_____</li> </ul>	<ul style="list-style-type: none"> <li>_____</li> <li>_____</li> <li>_____</li> </ul>

# COVID-19: Briefing note, March 30, 2020

## Stakeholders or Interested Parties Analysis



### The five horizons



#### Resolve

Address the immediate challenges that COVID-19 represents to institution's workforce, customers, technology, and business partners

	Stakeholder or Interested Party	Customers	Owners	Staff	Society	Suppliers
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# Commonwealth Government on Resilience

<https://www.organisationalresilience.gov.au/HealthCheck/Pages/default.aspx>



## Resilience

Address near-term cash-management challenges and broader resiliency issues during virus-related shutdowns and economic knock-on effects

A screenshot of the Australian Government Organisational Resilience HealthCheck website. The page features the Australian Government crest on the left, the text 'Organisational Resilience' in the center, and a photograph of a modern glass skyscraper on the right. A navigation menu is located below the header, with 'HealthCheck' highlighted in blue. Below the menu, a breadcrumb trail reads 'Home » HealthCheck', and the main heading 'Organisational Resilience HealthCheck' is displayed in large, bold, black font.

  
Australian Government

Organisational Resilience



Home HealthCheck Resources Events Partners Contacts and links

Home » HealthCheck

# Organisational Resilience HealthCheck

# Commonwealth Government on Resilience

<https://www.organisationalresilience.gov.au/HealthCheck/Pages/default.aspx>

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## Resilience

Address near-term cash-management challenges and broader resiliency issues during virus-related shutdowns and economic knock-on effects

The HealthCheck will ask you to rate your organisation according to a set of low and high level descriptors for 13 resilience indicators.

These indicators are grouped under three overarching resilience attributes:

- 1. Leadership and Culture**
- 2. Networks and Partnerships**
- 3. Change readiness**

The HealthCheck is intended as a general guide only. Use of this tool does not constitute external assurance of the organisation's resilience capability nor does it constitute compliance with any benchmark.

**Users should seek professional advice as to their specific risks and needs.**

A report by The Economist Intelligence Unit

2015

2



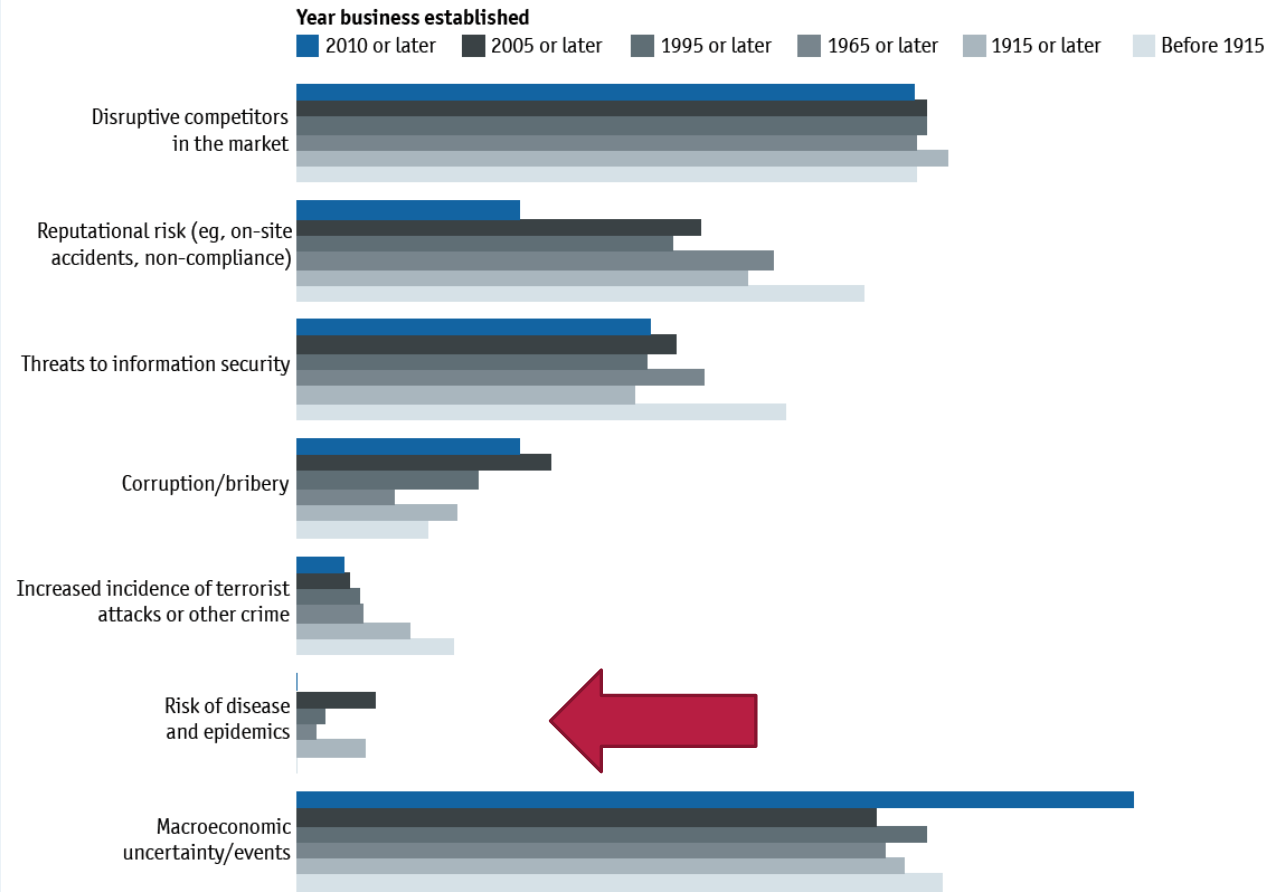
### Resilience

Address near-term cash-management challenges and broader resiliency issues during virus-related shutdowns and economic knock-on effects



**In your opinion, what are the biggest sources of risk against which your organisation needs to build resilience over the next three years? Please select three**

(% respondents)





2



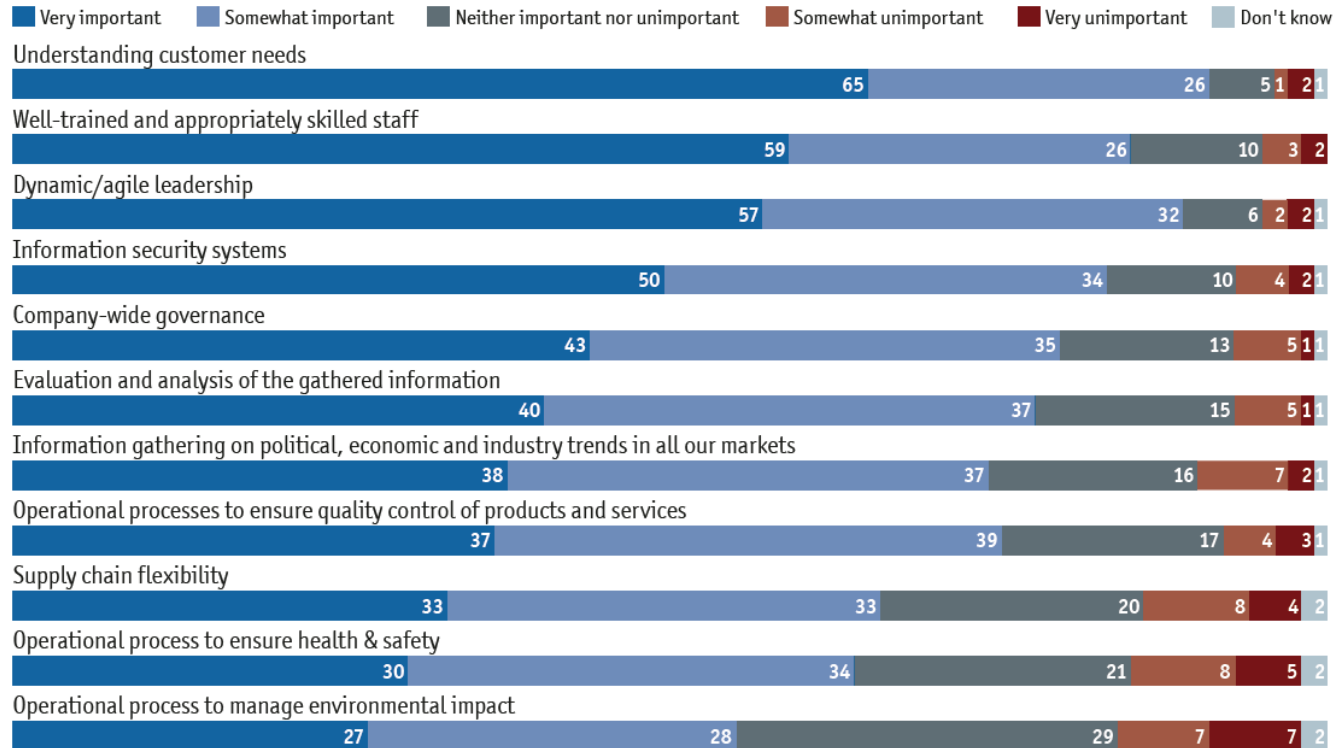
### Resilience

Address near-term cash-management challenges and broader resiliency issues during virus-related shutdowns and economic knock-on effects



**In your view, how important are each of the following factors in ensuring organisational resilience ?**

(% respondents)



# Organizational Resilience Index Report 2018

“ Organizational Resilience is the ability of an organization to anticipate, prepare for, respond and adapt to incremental change and sudden disruptions in order to survive and prosper ”

Source: BS 65000:2014, Guidance on Organizational Resilience

## 2



### Resilience

Address near-term cash-management challenges and broader resiliency issues during virus-related shutdowns and economic knock-on effects

Figure 2. Organizational Resilience Index 2018

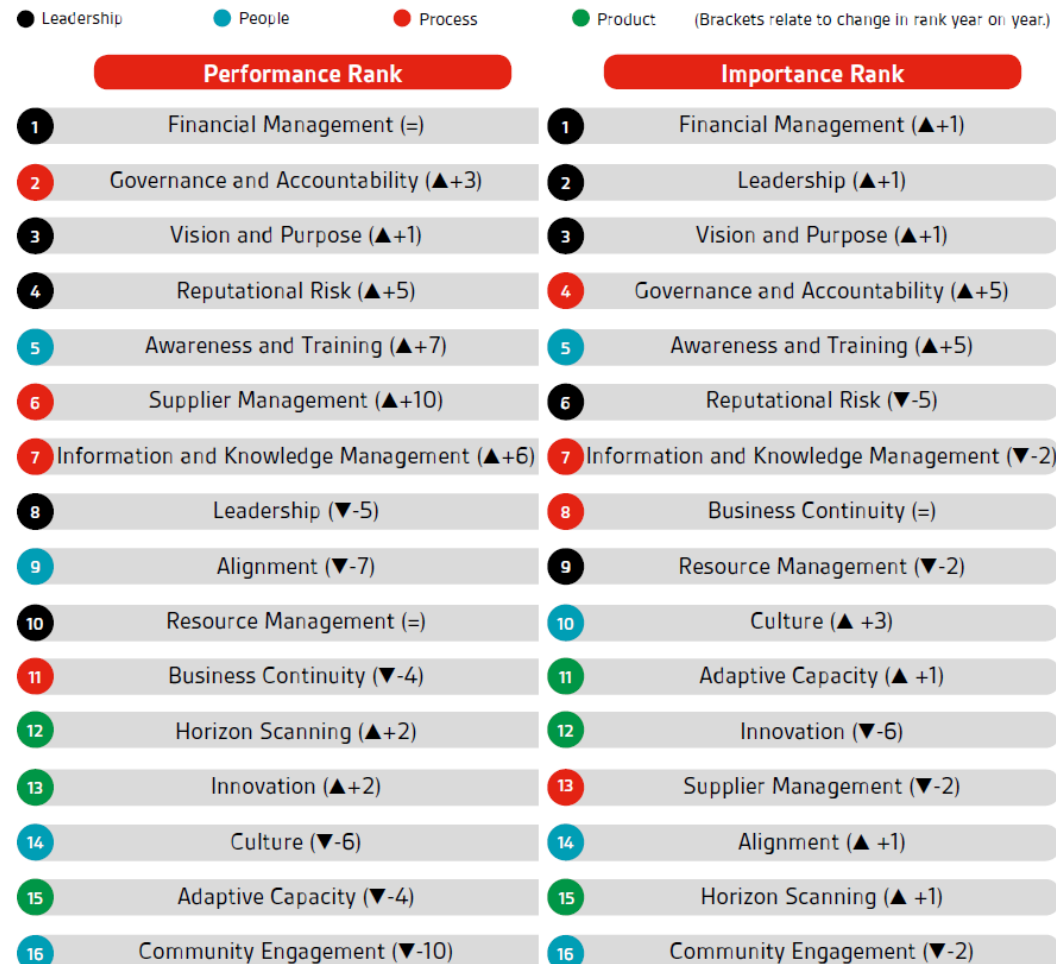


Figure 13. Sample spider diagram output from BSI Organizational Resilience benchmark tool

# Organizational Resilience Index Report 2018

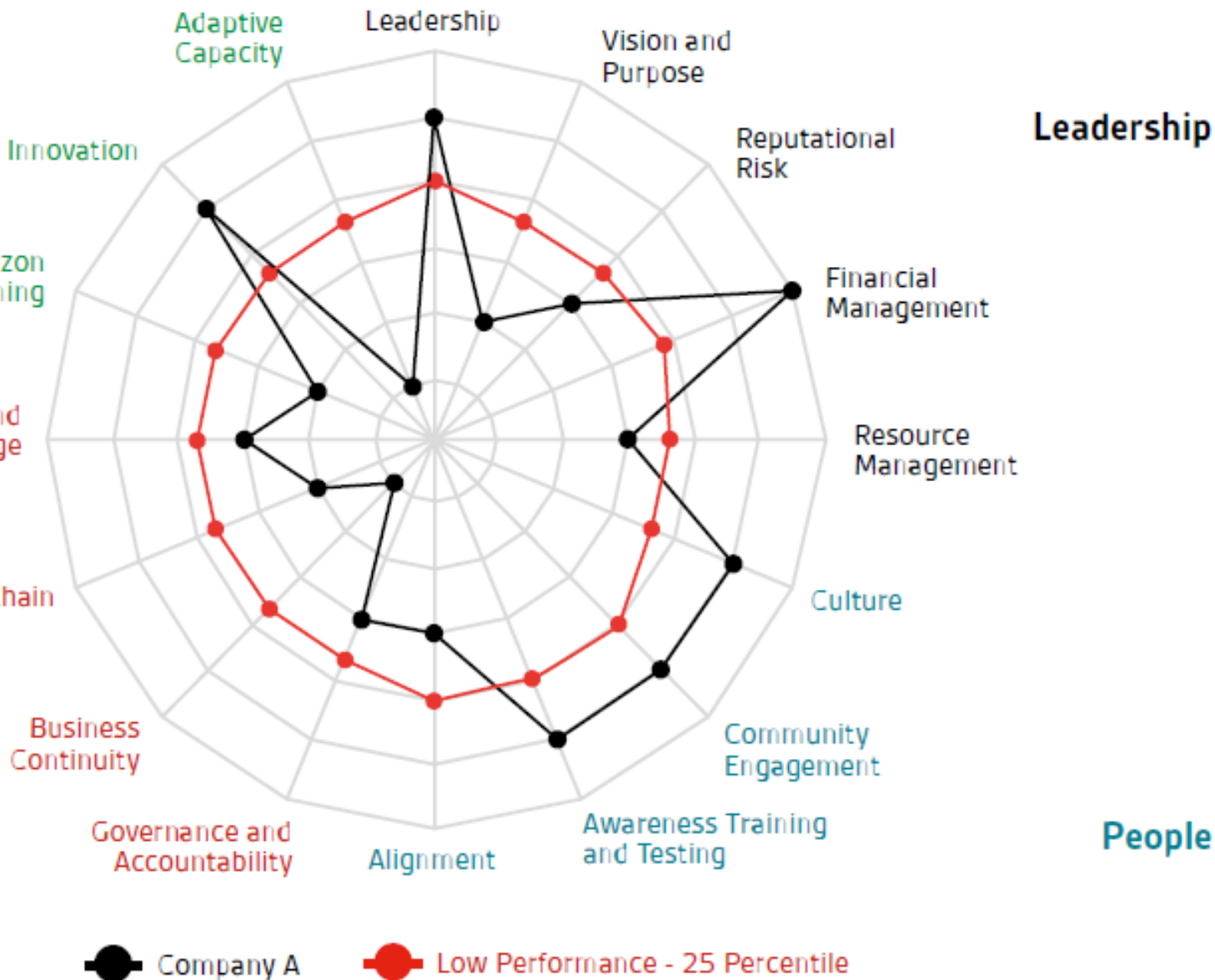


## Resilience

Address near-term cash-management challenges and broader resiliency issues during virus-related shutdowns and economic knock-on effects

Product

Process





# COVID-19: Briefing note, March 30, 2020

## Resilience

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### Resilience

Address near-term cash-management challenges and broader resiliency issues during virus-related shutdowns and economic knock-on effects

- 1. Protect your employees.*
- 2. Set up a cross-functional COVID-19 response team.*
- 3. Refresh and Practice the **Resilience and Business Continuity Plan***
- 4. Ensure that liquidity is sufficient to weather the storm.*
- 5. Stay close to your customers.*
- 6. Demonstrate purpose and values.*
- 7. Stabilise the supply chain.*

# COVID-19: Briefing note, March 30, 2020

## Business Continuity



### Resilience

Address near-term cash-management challenges and broader resiliency issues during virus-related shutdowns and economic knock-on effects

## ISO 22301:2019(EN) SECURITY AND RESILIENCE — BUSINESS CONTINUITY MANAGEMENT SYSTEMS — REQUIREMENTS

Provides a management system that helps reassure clients, suppliers, regulators and other **stakeholders** that the organization has sound **systems and processes in place for business continuity**

**TASK:** undertake a business recovery exercise to consider carefully what you would currently do should there be a disruption to any area of your business.

<https://www.iso.org/obp/ui/#iso:std:iso:22301:ed-2:v1:en>

# COVID-19: Briefing note, March 30, 2020

## Business Continuity



### Resilience

Address near-term cash-management challenges and broader resiliency issues during virus-related shutdowns and economic knock-on effects

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<https://www.iso.org/obp/ui/#iso:std:iso:22301:ed-2:v1:en>



# CENTRE FOR DEFENCE INDUSTRY CAPABILITY – MARCH 2020. BUSINESS CONTINUITY PLANNING

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<https://www.business.gov.au/cdic/news-for-defence-industry/let-us-help-with-business-continuity-management-planning>

The purpose of a Business Continuity Management (BCM) Plan is to document the procedures chosen to minimise the impact on business operating capability whilst key external factors are changing.

**Employees; Customers; Suppliers; ICT Capabilities; Visitors  
and Cash Flow**



# COVID-19: Briefing note, March 30, 2020

## Organisational Resilience



2



### Resilience

Address near-term cash-management challenges and broader resiliency issues during virus-related shutdowns and economic knock-on effects

## ISO 22316:2017 - SECURITY AND RESILIENCE – ORGANIZATIONAL RESILIENCE – PRINCIPLES AND ATTRIBUTES

Identifies the attributes and activities that support an organization in enhancing its resilience with:

- Principles providing the foundation for enhancing an organization's resilience;
- Attributes describing the characteristics of an organization that allow the principles to be adopted;
- Activities guiding the utilization, evaluation and enhancement of attributes.

# COVID-19: Briefing note, March 30, 2020

## Supply Chain Security



### 3

## ISO 28001 - SECURITY MANAGEMENT SYSTEMS FOR THE SUPPLY CHAIN — SECURITY, ASSESSMENTS AND PLANS — REQUIREMENTS AND GUIDANCE

- Identify the **threats** posed (security threat scenarios);
- Determine how likely persons could progress each of the security threat **scenarios** identified by the Security Assessment into a security incident.
- Develop and implement supply chain security processes;
- Establish and document a **minimum level of security within a supply chain(s) or segment of a supply chain**

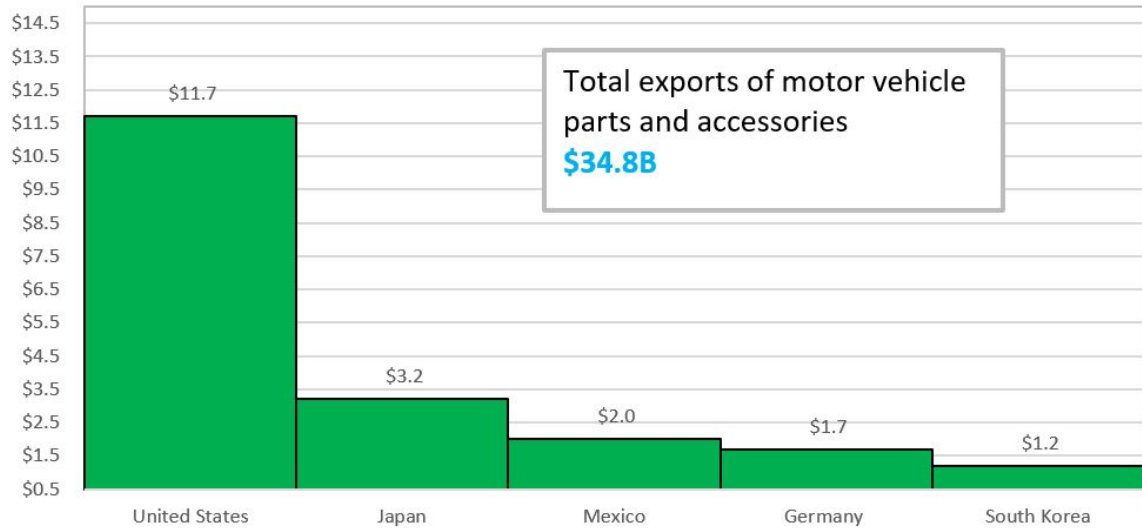
### Return

Create detailed plan to return business to scale quickly as COVID-19 situation evolves and knock-on effects become clearer



# CORONAVIRUS PANDEMIC HINDERS GLOBAL AUTOMOTIVE SUPPLY CHAINS. MAR. 25, 2020

2018 Chinese exports of motor vehicle parts and accessories  
(Billions USD)

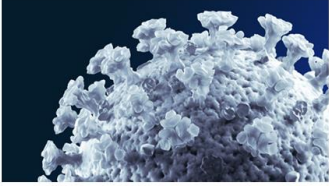


Source: UN Comtrade Database



[HTTPS://REALECONOMY.RSMUS.COM/CORONAVIRUS-PANDEMIC-HINDERS-GLOBAL-AUTOMOTIVE-SUPPLY-CHAINS/](https://realeconomy.rsmus.com/coronavirus-pandemic-hinders-global-automotive-supply-chains/)

New from McKinsey & Company



COVID-19: Implications for business

# COVID-19: Briefing note, March 30, 2020

## Moving from the COVID-19 Red Ocean to Blue Ocean

4



### Reimagination

Reimagine the next normal: what a discontinuous shift looks like and implications for how institutions should reinvent

INSEAD  
The Business School  
for the World®

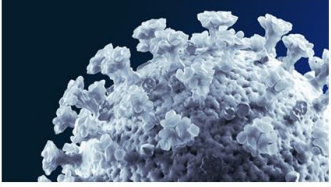
# KNOWLEDGE



What It Takes to Shift From  
Competing to Creating

Why nondisruptive creation is as important as disruption in seizing new growth.

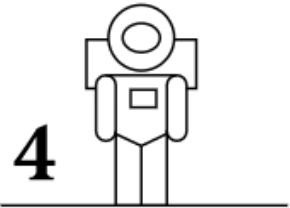
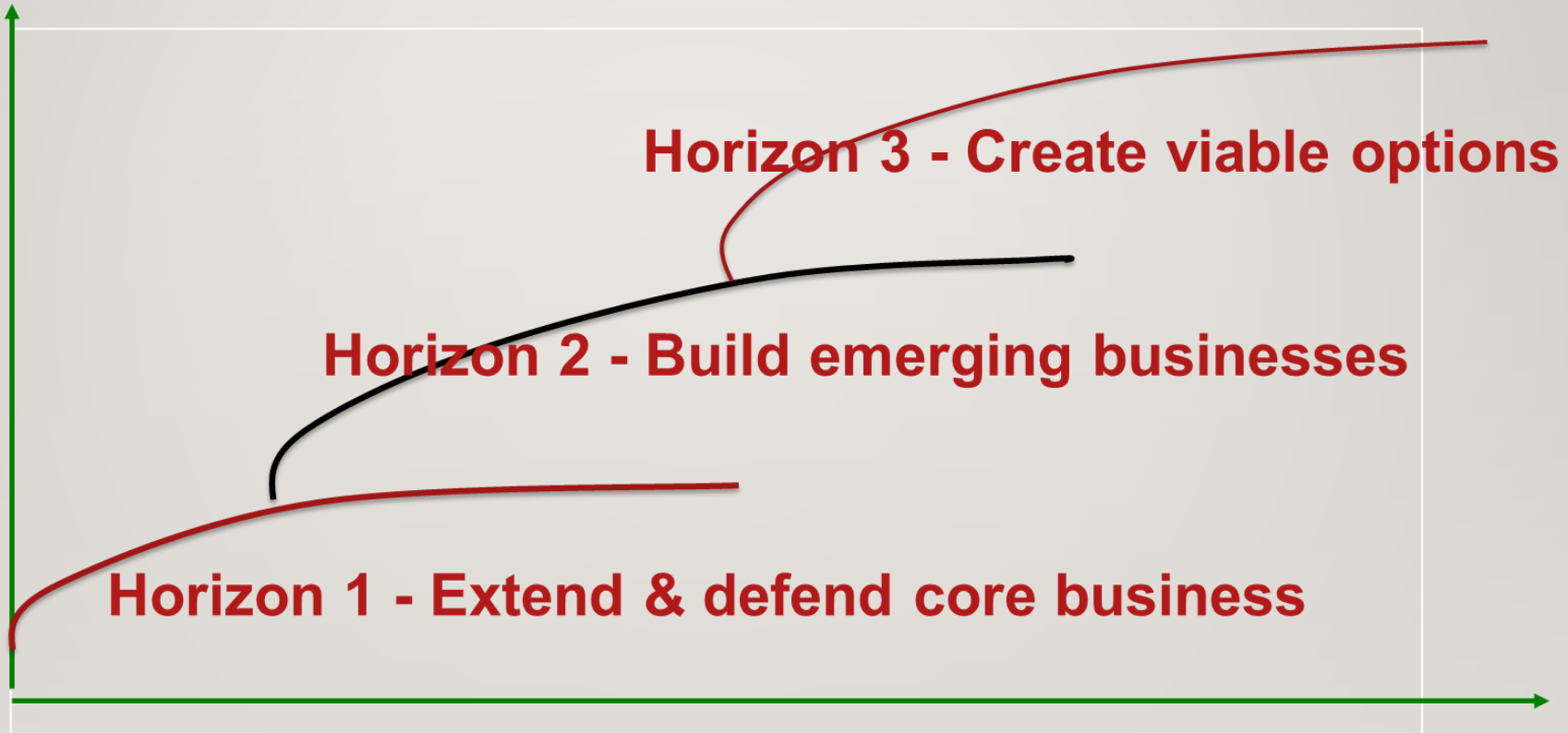




COVID-19: Implications for business

# COVID-19: Briefing note, March 30, 2020

## 3 Horizon Strategy in the COVID-19 Pandemic



### Reimagination

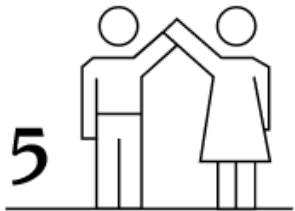
Reimagine the next normal: what a discontinuous shift looks like and implications for how institutions should reinvent

The Alchemy of Growth: Baghai, Coley & White, 1999



COVID-19: Briefing note, March 30, 2020

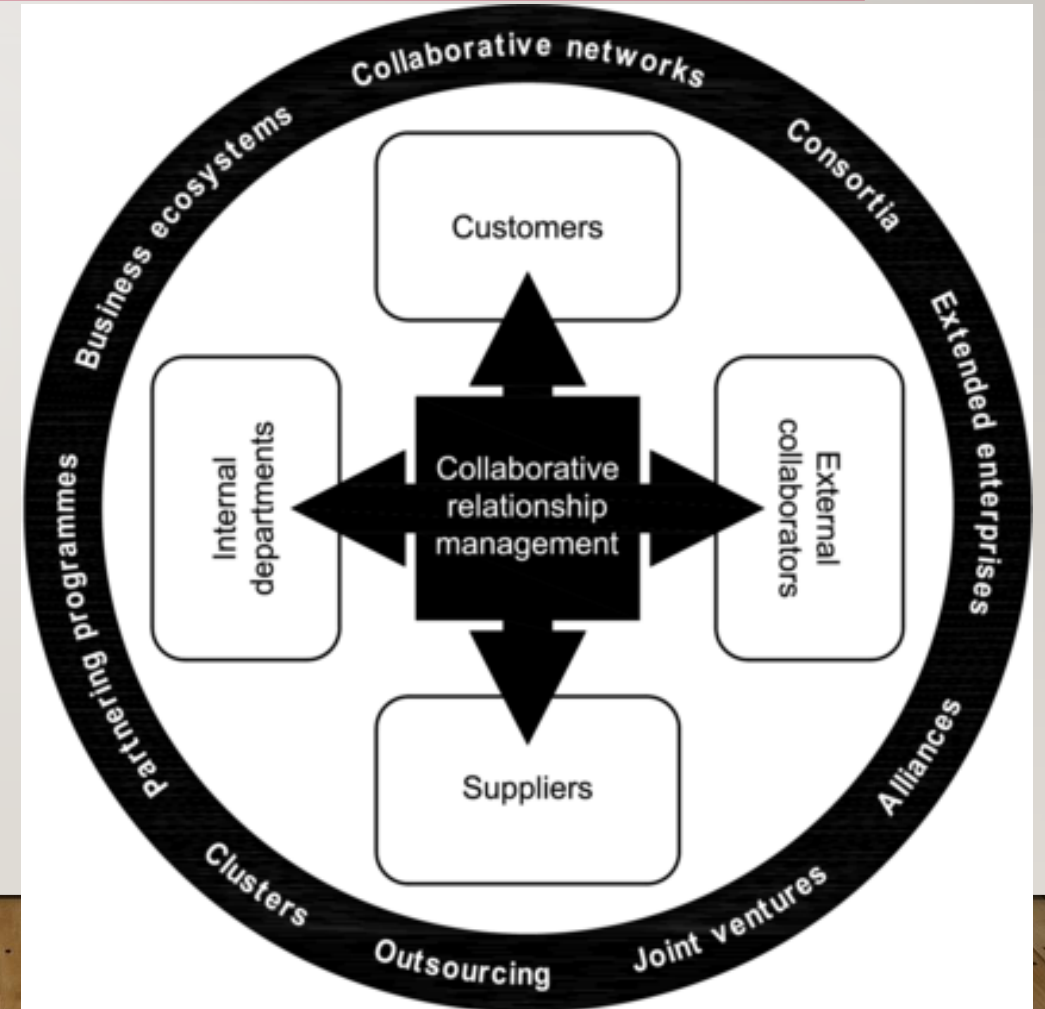
Collaboration maybe on Reform Executive COVID-19 Response Agenda



**Reform**

Be clear about how regulatory and competitive environments in industry may shift

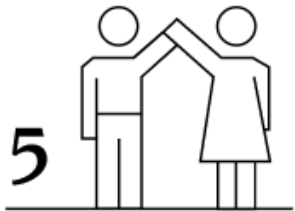
# ISO 44001:2017 Collaborative business relationship management systems — Requirements and framework



# COVID-19: Briefing note, March 30, 2020

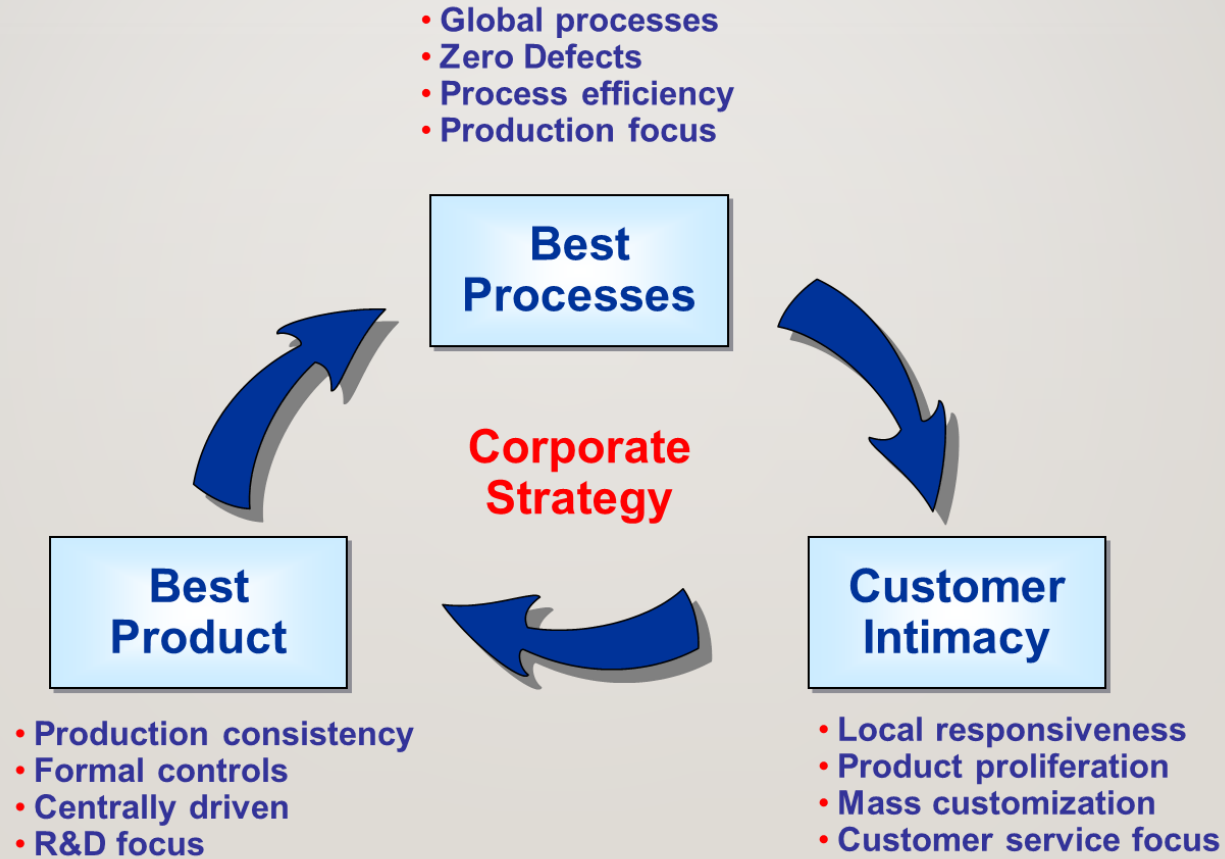
## Differentiation Strategies within COVID-19 Response

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### Reform

Be clear about how regulatory and competitive environments in industry may shift



## CORONAVIRUS: HOLDEN SPECIAL VEHICLES OFFERS TO HELP MANUFACTURE HOSPITAL VENTILATORS

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Holden's performance-car partner – HSV – which will continue to sell US vehicles here once the lion brand closes – says it can make emergency medical equipment using 3D printers in Australia.

The company that used to make **high-performance Holdens** has offered to help health authorities in Australia **manufacture makeshift emergency medical equipment** to treat coronavirus patients.





# RESMED MODIFIES FACTORIES, TRIPLES VENTILATOR PRODUCTION

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- ResMed, headquartered in San Diego, California, has modified its manufacturing plant in the Sydney suburb of Bella Vista in response to the deadly outbreak, switching over from the manufacture of sleep apnoea devices to make more ventilators and masks suitable for affected patients with lung damage.
- According to Mr Farrell, the company is aiming to at least triple the production of its ventilators and lift the production of its face masks by more than 10 times.
- The company's response to the coronavirus outbreak highlights a pattern emerging across global manufacturing, with companies adjusting their operations to produce goods in high demand because of the coronavirus outbreak.



# PACT GROUP JOINS THE FIGHT AGAINST THE CORONAVIRUS



- Pact Group joins the fight against the Coronavirus by commencing local production of hand sanitiser. Production is expected to be in full swing by mid-April, when the Group expects to be making about 2 million units of hand sanitiser per month.
- The sanitiser will be packaged in 500ml, 1-litre, and 2-litre bottles, as well as in 50ml tubes. All packaging will be manufactured by Pact Group.
- Production will take place at one of our Sydney facilities and filling will take place at three other factories in Sydney.

## Values – extract:

- We pursue opportunities for transformational change
- We act with speed and purpose



## CONTEXT OF THE ORGANISATION – ISO 9001:2015, ISO 14001; ISO 27001; ISO 45001; ISO 55001 ETC

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- External Issues – PESTEL Analysis – Political, Economic, Society, Technology, Environment, Legal
  - COVID-19 – may be time to add Geopolitical
- Internal Issues – SWOT Analysis – Strengths, Weaknesses, Opportunities, Threats



**Q:** DID YOU INTEGRATE YOUR SWOT WITHIN YOUR  
CONTEXT OF THE ORGANISATION – ISO 9001:2015, ISO  
14001; ISO 27001; ISO 45001; ISO 55001 ETC

---

External Issues – PESTEL Analysis – Political,  
Economic, Society, Technology, Environment, Legal

# CONTEXT OF THE ORGANISATION – ISO 9001:2015, ISO 14001; ISO 27001; ISO 45001; ISO 55001 ETC

## External Issues – PESTEL Analysis

SOME POSSIBLE DEFINITIONS	
<b>PESTEL Analysis</b>	Describes a framework of macro-environmental factors used in the environmental scanning component of strategic management. It is part of an external analysis when conducting a strategic analysis or doing market research, and gives an overview of the different macro-environmental factors to be taken into consideration. It is a strategic tool for understanding market growth or decline, business position, potential and direction for operations. These external factors can have an impact on our business but not the other way around, these are one-way interactions and can be positive or negative.
<b>Political</b>	Political factors relate to how the government intervenes in the economy. Specifically, political factors have areas including tax policy, labour law, environmental law, trade restrictions, tariffs, and political stability. Political factors may also include goods and services which the government aims to provide or be provided (merit goods) and those that the government does not want to be provided (demerit goods or merit bids). Furthermore, governments have a high impact on the health, education, and infrastructure of a nation.
<b>Economic</b>	Economic factors include economic growth, interest rates, exchange rates, inflation rate. These factors greatly affect how businesses operate and make decisions. For example, interest rates affect a firm's cost of capital and therefore to what extent a business grows and expands. Exchange rates can affect the costs of exporting goods and the supply and price of imported goods in an economy.
<b>Social</b>	Social factors include the cultural aspects and health consciousness, population growth rate, age distribution, career attitudes and emphasis on safety. High trends in social factors affect the demand for a company's products and how that company operates. For example, the ageing population may imply a smaller and less-willing workforce (thus increasing the cost of labour). Furthermore, companies may change various management strategies to adapt to social trends caused from this (such as recruiting older workers).
<b>Technological</b>	Technological factors include technological aspects like R&D activity, automation, technology incentives and the rate of technological change. These can determine barriers to entry, minimum efficient production level and influence the outsourcing decisions. Furthermore, technological shifts would affect costs, quality, and lead to innovation.
<b>Environment</b>	Environmental factors include ecological and environmental aspects such as weather, climate, and climate change, which may especially affect industries such as tourism, farming, and insurance. Furthermore, growing awareness of the potential impacts of climate change is affecting how companies operate and the products they offer, both creating new markets and diminishing or destroying existing ones.
<b>Legal</b>	Legal factors include discrimination law, consumer law, antitrust law, employment law, and health and safety law. These factors can affect how a company operates, its costs, and the demand for its products.

**Q:** DID YOU INTEGRATE YOUR CONTEXT OF THE ORGANISATION – ISO 9001:2015, ISO 14001; ISO 27001; ISO 45001; ISO 55001 ETC

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Internal Issues – SWOT Analysis – Strengths, Weaknesses, Opportunities, Threats



# Q: DID YOU DEVELOP AND REVISE YOUR SWOT WITH ACTIONS AND INCLUDE WITH THE STRATEGIC PLAN?

## Internal Issues – SWOT Analysis

				Ranked Weaknesses and Threats	Actions to address Weaknesses and Threats
		Helpful to achieving the objective	Harmful to achieving the objective		
Internal origin (attributes of the organization)	Strengths			1. _____ 2. _____ 3. _____ 4. _____	1. _____ 2. _____ 3. _____ 4. _____
	Weaknesses				
External origin (attributes of the environment)	Opportunities			1. _____ 2. _____ 3. _____ 4. _____	1. _____ 2. _____ 3. _____ 4. _____
	Threats				

# FORCE FIELD ANALYSIS FOR COVID-19 RESPONSES

Strengthen >	Status	<Constraints	Goal	Rank	Actions/Who
Labour Costs as a % of Products & Services	Enterprise Agreement	Due in April but seek delay when Cash Flow stable	5% cost downs		Cost-cutting programs including any non-core assets, products and / or services
Low Debt Ratio	No bank OD	Having to develop a new Business Plan for Banks	Reduce CAPEX		delay capital expenditures and review EBITDA
Supply Base	Single sources	Current supplier makes to QCD KPIs in contract	Revise Supplier Assessment Criteria		Update Supplier Quality, Cost and Delivery KPIs

COVID-19 final actions / initiatives to build short, mid and long-term resilience post COVID-19:

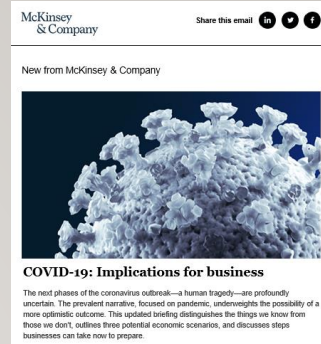
Short Term \_\_\_\_\_

Medium Term \_\_\_\_\_

Long Term \_\_\_\_\_

**Lewin K.** (1951) *'Field Theory in Social Science'*, Harper and Row, New York.

# Responding to COVID-19



March, 2020

*Expanding the Stabilize the “supply chain response”:*

- Consider rationing critical parts,
- Pre-booking rail/air-freight capacity,
- Using after-sales stock as a bridge until production restarts, gaining higher priority from their suppliers,
- Supporting supplier restarts,
- Updates to demand planning,
- Further network optimization, and
- Searching for and accelerating qualification of new suppliers



- "China has become a model case study in how to firstly contain the virus, by adopting strict top-down quarantine measures and locking down millions of people, and then getting the economy quickly back on its feet by applying direct Government assistance to help struggling small businesses stay alive after losing months of income."
- "the brunt of the damage from China's month-long shutdown is being felt by small private companies, and Beijing is trying to offset with emergency assistance. Travel agencies, which have to lodge a quality insurance deposit to get an operating licence in China, can apply to get 80% of that deposit back as an interest-free loan to keep their businesses afloat. The loans, which do not have any fees, do not need to be paid back for two years."

6 MARCH 2020 - AS COVID-19 (ALSO KNOWN AS NOVEL CORONAVIRUS) CONTINUES TO SPREAD AROUND THE GLOBE AND WITH A PANDEMIC DECLARATION IMMINENT, BUSINESSES ARE SCRAMBLING TO PREPARE FOR A POTENTIALLY ESCALATING SERIES OF EVENTS.

---

Director Professional  
Development

Directorship  
Opportunities

Self-  
assessment  
Tool

Director  
Nexus

Business Centre and Member  
Lounge

Company Director  
Magazine

MEMBERSHIP > THE BOARDROOM REPORT > VOLUME 18 ISSUE 3

# Coronavirus - how should your board respond?



**A Threat\*** is “something that is capable and has an Intent” Australian Signals Directorate. Quoted by Ex-PM Malcolm Turnbull at the New York ANZAC DAY luncheon address 2029.

---

- Boards should be reviewing long-term impacts and threats
- Boards have a role to play in taking a longer-term lens and actively monitoring the **changing nature of the threat\***, **anticipating and scenario testing** how the spread of the virus is likely to **affect their business and its stakeholders**, and in monitoring emerging threats.
- **Richard Goyder AO FAICD, chair of Qantas**, said at the **Australian Governance Summit** last week that COVID-19 represents all the things business does not like – uncertainty, unpredictability and adverse economic consequences. He says it’s important that organisations work with the facts and put in place the best plans they can.



Below is a list of questions boards should be discussing:

---

- Which plans need to be activated and when?
- Do our plans account for this type of ongoing threat? Do they contain an appropriate focus on employee wellbeing, supply chain disruption, short- and long-term financial impact?
- What support does management need? What is the best way to support them?
- Is the business communicating timely messages to both internal and external stakeholders?
- How are we monitoring the ongoing risks?
- Are we routinely revisiting and clarifying our priorities as the crisis evolves and the landscape changes?
- Is the business planning for post-pandemic communications and stakeholder impacts?
- Are we scenario planning and testing for any negative fallout?
- Are we adjusting revenue projections if necessary and taking action to boost financial resilience?

As the RAAF is buying the 72 Lockheed-Martin JSF F-35, the Australian Partners, Suppliers, and the RAAF must mitigate COVID-19 risks with situational awareness to sustain supply

**AIR FORCE** MAGAZINE

NEWS DAILY REPORT MAGAZINE DOCUMENTS ABOUT US AIR WARFARE SYMPOSIUM [Subscribe](#)

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Many forms of coronavirus exist among both humans and animals, but this new strain has caused alarm. Centers for Disease Control and Prevention graphic via the Military Health System.

**Coronavirus Starts to Impact DOD**

March 4, 2020 | By Jennifer-Leigh Oprhory

The novel coronavirus epidemic is starting to affect the Department of Defense on everything from recruitment to fighter production. Here's a look at its impact so far and how the Air Force is proactively working to counter the spread of the virus within its ranks.

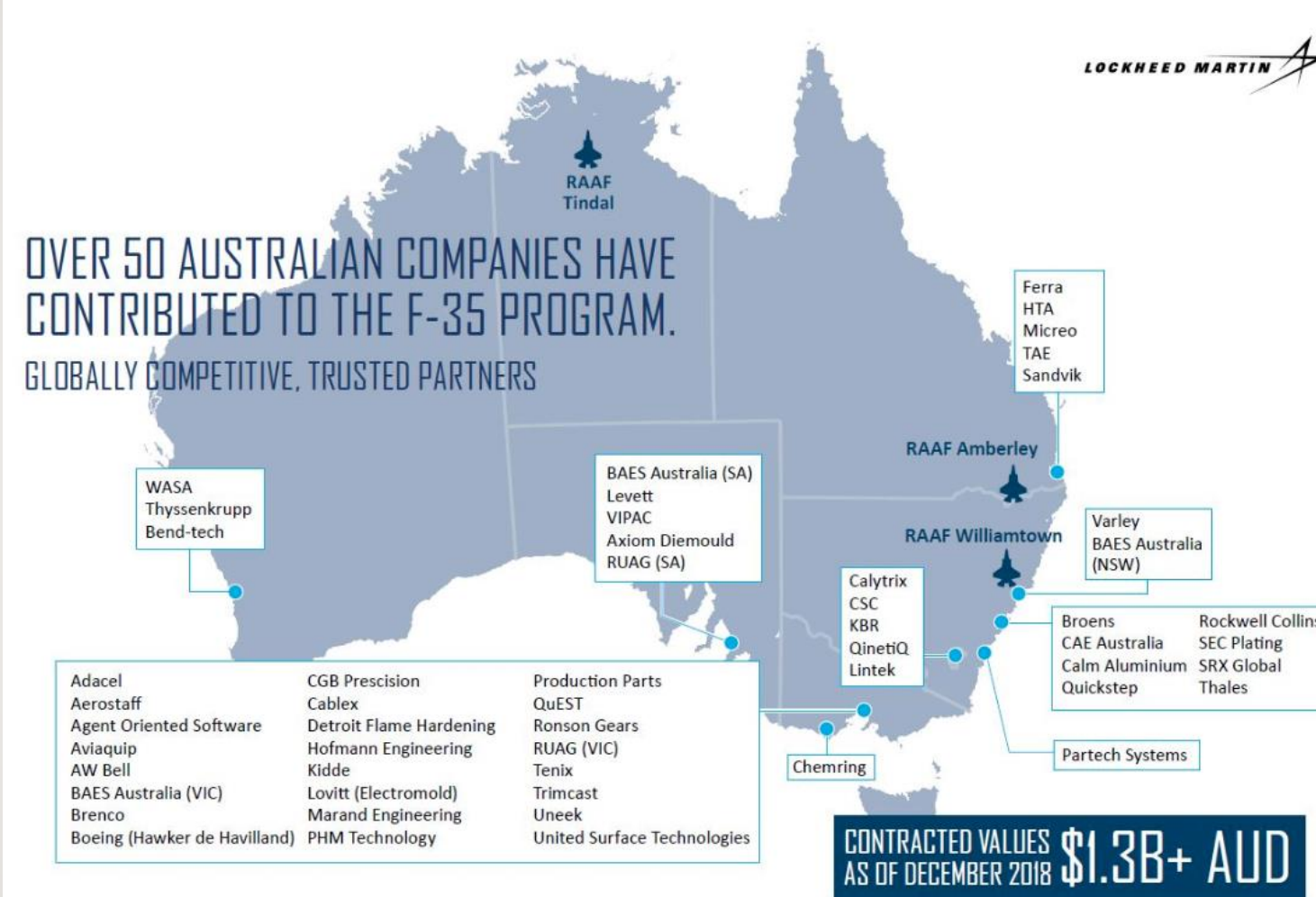
**F-35 Production**

**FAST ACQUISITION**  
The Air Force is leveraging emerging technologies and new legislation to accelerate acquisition decisions and streamline sustainment

*Find Out How*

**LOCKHEED MARTIN**

OVER 50 AUSTRALIAN COMPANIES HAVE CONTRIBUTED TO THE F-35 PROGRAM. GLOBALLY COMPETITIVE, TRUSTED PARTNERS



RAAF Tindal

RAAF Amberley

RAAF Williamtown

WASA  
Thyssenkrupp  
Bend-tech

BAES Australia (SA)  
Levett  
VIPAC  
Axiom Diemould  
RUAG (SA)

Calytrix  
CSC  
KBR  
QinetiQ  
Lintek

Chemring

Ferra  
HTA  
Micro  
TAE  
Sandvik

Varley  
BAES Australia (NSW)

Broens  
CAE Australia  
Calm Aluminium  
Quickstep

Rockwell Collins  
SEC Plating  
SRX Global  
Thales

Partech Systems

Adacel  
Aerostaff  
Agent Oriented Software  
Aviaquip  
AW Bell  
BAES Australia (VIC)  
Brenco  
Boeing (Hawker de Havilland)

CGB Precision  
Cablex  
Detroit Flame Hardening  
Hofmann Engineering  
Kidde  
Lovitt (Electromold)  
Marand Engineering  
PHM Technology

Production Parts  
QuEST  
Ronson Gears  
RUAG (VIC)  
Tenix  
Trimcast  
Uneek  
United Surface Technologies

CONTRACTED VALUES AS OF DECEMBER 2018 **\$1.3B+ AUD**

<https://www.f35.com/global/participation/australia-ip>

# BOSTON CONSULTING GROUP - LEADERSHIP, RESILIENCE, AND THE COVID-19 OUTBREAK

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## Lead Your Business Through the Coronavirus Crisis

- 1) Update intelligence on a daily basis.
- 2) Beware of hype cycles / news cycles.
- 3) Don't assume that information creates 'informedness'.
- 4) Use experts and forecasts carefully.
- 5) Constantly reframe your understanding of what's happening.
- 6) Beware of bureaucracy.

[https://hbr.org/2020/02/lead-your-business-through-the-coronavirus-crisis?utm\\_medium=Email&utm\\_source=esp&utm\\_campaign=covid&utm\\_description=featured\\_insights&utm\\_topic=covid&utm\\_geo=global&utm\\_content=202003&utm\\_usertoken=4c54c87883921447200053ae8d6648a8da9fae56](https://hbr.org/2020/02/lead-your-business-through-the-coronavirus-crisis?utm_medium=Email&utm_source=esp&utm_campaign=covid&utm_description=featured_insights&utm_topic=covid&utm_geo=global&utm_content=202003&utm_usertoken=4c54c87883921447200053ae8d6648a8da9fae56)



[HTTPS://HBR.ORG/2020/02/LEAD-YOUR-BUSINESS-THROUGH-THE-CORONAVIRUS-CRISIS?UTM\\_MEDIUM=EMAIL&UTM\\_SOURCE=ESP&UTM\\_CAMPAIGN=COVID&UTM\\_DESCRIPTION=FEATURED\\_INSIGHTS&UTM\\_TOPIC=COVID&UTM\\_GEO=GLOBAL&UTM\\_CONTENT=202003&UTM\\_USERTOKEN=4C54C87883921447200053AE8D6648A8DA9FAE56](https://hbr.org/2020/02/lead-your-business-through-the-coronavirus-crisis?utm_medium=email&utm_source=esp&utm_campaign=COVID&utm_description=featured_insights&utm_topic=COVID&utm_geo=global&utm_content=202003&utm_usertoken=4c54c87883921447200053ae8d6648a8da9fae56)

## Related Articles



UP NEXT IN **RISK MANAGEMENT**

### **What Organizations Need to Survive a Pandemic**

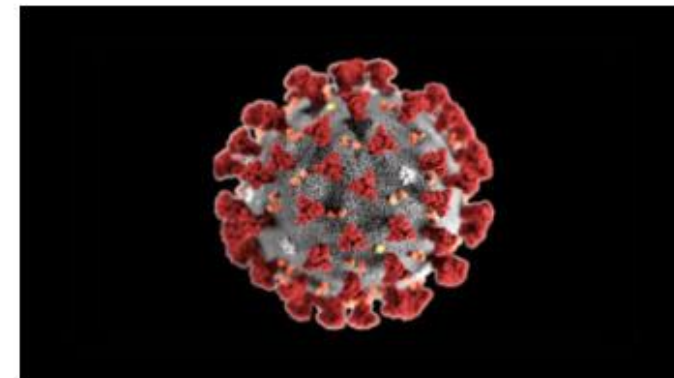
by Nitin Nohria



UP NEXT IN **OPERATIONS MANAGEMENT**

### **How Coronavirus Could Impact the Global Supply Chain by Mid-March**

by David Simchi-Levi; Pierre Haren



UP NEXT IN **HEALTH**

### **8 Questions Employers Should Ask About Coronavirus**

by Deana Allen; Jeff Levin-Scherz

## BOSTON CONSULTING GROUP - LEADERSHIP, RESILIENCE, AND THE COVID-19 OUTBREAK

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- **8) Use resilience principles in developing policies.**
- Our research on resilient systems shows that they generally have **six common characteristics which should be reflected in crisis responses:**
  - a) *Redundancy:* Access to additional manufacturing capacity can help smooth supply-chain fluctuations.

## BOSTON CONSULTING GROUP - LEADERSHIP, RESILIENCE, AND THE COVID-19 OUTBREAK

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- **8) Use resilience principles in developing policies.**
- **Six common characteristics which should be reflected in crisis responses:**
  - b) Diversity:* Having multiple approaches to fulfillment can be less efficient but more flexible and resilient in crisis situations. Equally a diversity of ideas can greatly enhance solution development.
  - c) Modularity:* Highly integrated systems may be efficient, but they are vulnerable to avalanches of knock-on effects or even total system collapse if disturbed. In contrast, a modular system — where factories, organizational units or supply sources can be combined in different ways — offers greater resiliency.



## BOSTON CONSULTING GROUP - LEADERSHIP, RESILIENCE, AND THE COVID-19 OUTBREAK

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- **8) Use resilience principles in developing policies.**
- **Six common characteristics which should be reflected in crisis responses:**
  - d) *Evolvability:* Systems can be built for optimization and peak efficiency or they can be built for evolvability — constant improvement in the light of new opportunities, problems, or information. Responses to dynamic crises like Covid-19 put a premium on evolvability.
  - e) *Prudence:* We cannot predict the course of events or their impacts for Covid-19, but we can envision plausible downside scenarios and test resilience under these circumstances.

## BOSTON CONSULTING GROUP - LEADERSHIP, RESILIENCE, AND THE COVID-19 OUTBREAK

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- 8) Use resilience principles in developing policies.
- Six common characteristics which should be reflected in crisis responses:
  - f) *Embeddedness*: Companies are stakeholders in wider industrial, economic, and social systems which are also under great stress. Those who fail to **look at their supply chains or ecosystems** holistically will have limited impact. Solutions that solve for an individual company at the expense of or neglecting the interests of others will create mistrust and damage the business in the longer term. Conversely, support to customers, partners, health care, and social systems in a time of adversity can potentially create lasting goodwill and trust. A key element of dealing with economic stress is to **live one's values precisely when we are most likely to forget them.**

# Q: IS IT TIME TO REVISIT YOUR ISO CERTIFIED MANAGEMENT SYSTEM?

---

Includes:

- Process-Approach for documenting and integrating multiple ISO and non-ISO management system standard requirements into an organizations business processes
- Risk-Based Thinking
- Risks and Opportunities
- Interested Parties / Stakeholders
- Context of the Organization:
  - External Issues – PESTEL Analysis – Political, Economic, Society, Technology, Environment, Legal
  - Internal Issues – SWOT Analysis – Strengths, Weaknesses, Opportunities, Threats\*



**Q: WHAT DID YOUR KEEP, CHANGE AND CREATE™ PLANS AND SUPPLY CHAIN STRATEGIES NOW REFLECT?**

Keep, Change, Create™	Pre-COVID-19	COVID-19 Period	What was the difference?
<b>Keep</b>	85%	40%	Purpose, Principles, Products, People, Positioning, Partnerships, Policies, Processes, Performance ----- -----
<b>Change</b>	15%	40%	People, Products, Pricing, Supply Chain, Positioning, Profitability, Performance ----- -----
<b>Create</b>	5%	20%	Positioning, People, Pricing, Products ----- ----- -----



# AN AIG, HUNTERNET, HUNTER DEFENCE TASK FORCE MEMBER FIRM'S QUAD CHART PRESENTING DEFENCE, MINING AND INFRASTRUCTURE CAPABILITIES

## T.W.Woods Quad Chart



### COMPANY / CAPABILITY OVERVIEW

Since 1966 – a 3<sup>rd</sup> Generation resilient family engineering business based in Tomago, NSW built through diversification:



- Purpose built Fabrication, Blast and Paint facilities strategically placed for the East Coast with Hunter River access and close to arterial roads to the Hunter Valley and beyond
- Project and Contract Management to ISO 10005 Quality Plans.
- Process Based Risk Management Systems including Cybersecurity, M1- ERP, Safety and Certified Quality System.
- Skills trades development with Trade Apprenticeship Pathways

### Industry Leadership:

- Chair of Ai Group Hunter Industry Leaders Council and Hunter Defence Industry Task Force Member.
- Recipient of Business Development and Energy Saving Grants.
- 10<sup>th</sup> Hunter Defence Industry 2019 Showcase Hunter Company

### CAPABILITY

- CAD/CAM Hi-Definition Plasma Cutting up to 4M x 15M, cuts 60mm thick
- Medium-Heavy Steel Fabrication
- 4500m<sup>2</sup> fabrication workshop
- Wear & Impact Resistant Plate
- Discrete Element Modelling
- 3D modelling, FEA, NDT
- Pressing – 6M x 1000T
- Rolling – 1000T, 3.2M, 150mm thick
- Specialist Welding – MIG, SubArc, TIG
- Abrasive Blasting – 2 chambers - 800m<sup>2</sup>
- Industrial Coatings – incl 360m<sup>3</sup> Bake Oven



### Contact

Clive Jones  
02 4964 8300

[clive@twwoods.com.au](mailto:clive@twwoods.com.au)

521 Tomago Road,  
Tomago NSW

[www.twwoods.com.au](http://www.twwoods.com.au)

### COMPETITIVE DISCRIMINATORS

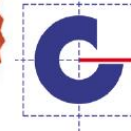
- Over 50 yrs experience
- Maritime / Mining / Infrastructure
- Pressure Vessel Maintenance & Repair
- Vertical Integration: In-house Design, Manufacture to Blast & Paint
- Bulk Materials Flow Design Optimisation, Transfer Chutes, Hoppers and Wear Materials specialists.
- Complex Shapes
- Unique Pressing & Rolling capabilities.
- River frontage for barge landings
- Shutdown and Urgent delivery specialists
- Innovation in solutions providing

### CERTIFICATIONS / ACCREDITATIONS



QMS Certification Services

JAS-ANZ



Hunter Manufacturing Awards Finalist for 8yrs



### CUSTOMERS AND PARTNERS

- All major Mines
- Defence projects (incl Varley)
- Coal Loaders
- Recycling Plants
- Waterways wharf and pier projects



### Partners:

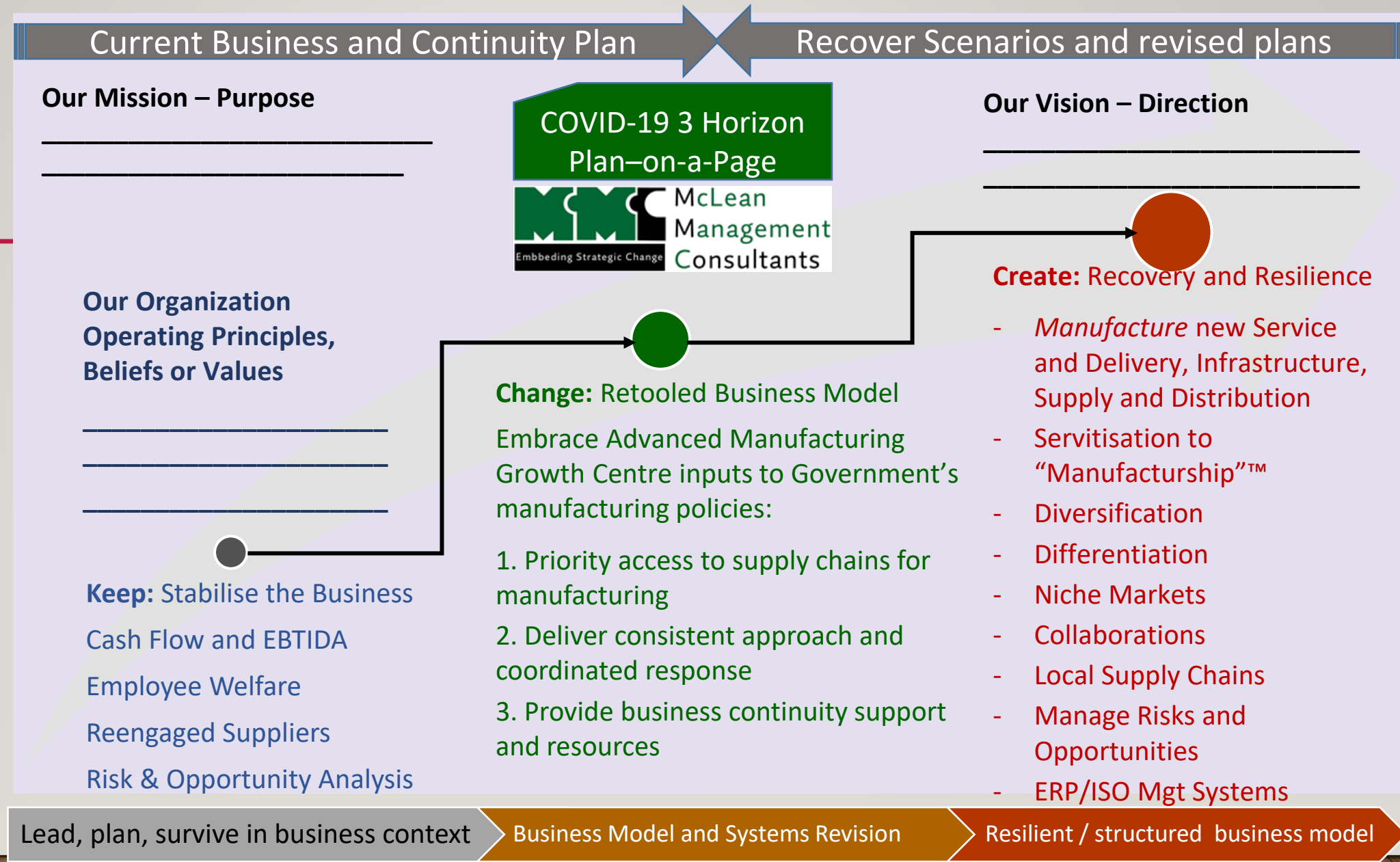
- UoN and PWCS alliance for Coal Ship Loader optimisation project
- Skala partnership innovating Recycling plant construction
- Chute Technology/TES partnership in design optimisation
- Arcosteel / Hardox Wear plate & Armour Plate materials alliances
- Overhaul specialists for majors including PWCS, NCIG, Yancoal, Glencore, Centennial, Delta Electricity, Waterways, Bingo,
- Product Innovation with Slasherteck in roadside equipment



**Q: WHAT IS YOUR REVISED '3 HORIZON' WITH 'KEEP, CHANGE, CREATE™'**

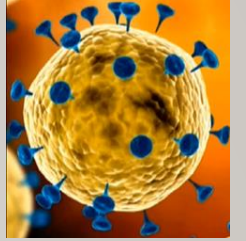
**AMGC 2 April 2020:**

- Manufacturing directly and indirectly employs over 10% of the Australian population
- Manufacturing industry output amounts to over \$110 billion annually
- This output is equivalent to ~6% of Australia's GDP





# SUMMARY :THE CHANGING BUSINESS CONTEXT AND OPERATING ENVIRONMENT.... CONTINUAL WHITE WATER



- These external factors have been on the Executive Agenda for Scenarios for some time:
  - Context of the Organisation – ISO 9001:2015, ISO 14001; ISO 27001; ISO 45001; ISO 55001 etc
    - External Issues – PESTEL Analysis – Political, Economic, Society, Technology, Environment, Legal
    - Internal Issues – SWOT Analysis – Strengths, Weaknesses, Opportunities, Threats\*
  - Conduct a Situational Awareness – perceiving environmental elements, volume and space to project future positions
  - Review your Competitive Advantage and Business Model reassessment with a Risk Management Context (ISO 31000)
  - Update your Stakeholder and Interested Party Analysis – Customers, Society, Owners, Employees and SUPPLIERS
  - FUD Factor – Fear, Uncertainty and Doubt; VUCA 1.0 – *Volatile, Uncertainty, Complex, Ambiguous* and VUCA 2.0 – *Vision, Understanding, Courage, Adaptability*
  - Ensure your data source are evidence-based for DIKW Hierarchy – Data, Information, Knowledge, Wisdom
  - Force Field Analysis – Agile Strategies to move from Current to Future State post COVID-19
  - Refer ISO standards and resources for Business Continuity, Organisation Sustainability and Resilience, Supply Chain Risks

\*Australian Signals Directorate definition of **Threat = Intent + Capability**)

# OTHER RESOURCES

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# OTHER RESOURCES – THREE HORIZONS EXAMPLES

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## IP AUSTRALIA STRATEGIC ROADMAP:

Ensuring Australians benefit from great ideas

<https://www.ipaustralia.gov.au/corporate-plan-2019-20>

1.

**HORIZON 1: 2018-22: Invest and Innovate**

2.

**HORIZON 2: 2022-26: Develop and Deliver**

3.

**HORIZON 3: 2026-30: Lead and Influence**



# OTHER RESOURCES – THREE HORIZONS EXAMPLES

[http://www.annualreports.com/HostedData/AnnualReports/PDF/OTC\\_KMTUF\\_2018.pdf](http://www.annualreports.com/HostedData/AnnualReports/PDF/OTC_KMTUF_2018.pdf)



# OTHER RESOURCES

## CORONAVIRUS COVID-19 ADVICE AND RESOURCES

COVID-19 (or Coronavirus) is having a major impact on industry in Australia and globally.

To assist you to address the issues and to keep you informed, we are developing and distributing advice and information on an ongoing basis.



<https://www.aigroup.com.au/business-services/covid19-coronavirus/>

The recent outbreak of Coronavirus (COVID-19) presents a significant challenge for health authorities and the community.

📄 Note from Innes Willox, Ai Group Chief Executive: Important information on Coronavirus and Ai Group action

These Member Advices are aimed at assisting Members to access relevant information. Members are urged to contact Ai Group to discuss any relevant workplace relations or work health and safety issues in their workplace.

- › 1 April – Information for business wanting to contribute to the COVID-19 response
- › 31 March – UPDATED JobKeeper Payment: Eligibility and further details
- › 30 March – UPDATED Information on state and territory border "closures"
- › 30 March – UPDATED What businesses can stay open?
- › 30 March – Award Advice: Clerks – Private Sector Award 2010 – New schedule
- › 30 March – UPDATED Information on state and territory border "closures"
- › 27 March – UPDATED State and Territory Government COVID-19 Stimulus Measures
- › 26 March – UPDATED When working from home doesn't work – Safety advice for manufacturers & distribution networks
- › 24 March – Shorter working hours arrangements, variations to enterprise agreements and stand down
- › 23 March – UPDATED Government Travel & Visa Advice
- › 23 March – School closures and the meaning of an 'unexpected emergency' for personal/carer's leave purposes
- › 22 March – Second Federal Government economic response
- › 17 March – Federal Government's economic response to Coronavirus (COVID-19) pandemic
- › 16 March – WHS and Workplace Relations Advice [🔗](#)
- › 16 March – Government Health Advice



### Ai Group Member Facebook forum

Ai Group has launched a Member-only Facebook Group which will be a forum for you to share your own experiences and become part of a network of members supporting each other during the current crisis.

[Join the Group](#) [🔗](#)



### COVID-19 Industry Experience

Let us know how COVID-19 has impacted your business & what you're doing about it

[Tell us more](#)

# OTHER RESOURCES FROM OUR PARTNERS

## DOWNLOAD THIS EBOOK: COVID-19 FAST RESPONSE PLANNING

Coping with disruptive changes. <https://abmsystems.com/>

<https://abmsystems.com/covid-19-insights-actions/tactical-planning-as-a-service/>

Organisations are throwing out their 5-year plans and developing very tactical scenario plans. The need for short-term planning has never been greater.

[Downlaod eBook](#)



Business Continuity is a critical issue and I have decided to share my problem solving methodology to add to your resources to solve the wicked complexities of a pandemic.

- 1 **Rapid Problem Solving Cycle for Complex Wicked Problems**
- 2 **Rapid Business Continuity Planning Cycle in a Pandemic**
- 3 **Business Continuity Planning Cycle Example for a Pandemic**

HiValue Strategies [boyle.bede@bigpond.com](mailto:boyle.bede@bigpond.com)

<http://thenewindustrialist.com.au/category/blog/bede-boyle/>

### HiValue Strategies – Solving Complex Wicked Problems

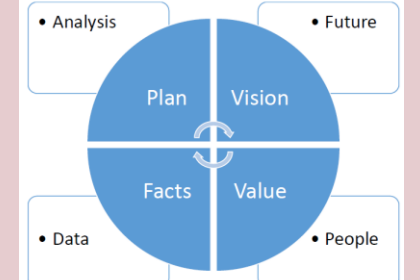
#### Coronavirus and Solving Complex Wicked Problems

The coronavirus is exposing and disrupting fragile interconnected global systems. Financial markets, supply chains, consumer behaviour, tourism, healthcare, and state, national and global events are all affected by the virus and present wicked problems.

A wicked problem is a problem that is difficult or impossible to solve because of incomplete, contradictory, and changing requirements that are often difficult to recognize. It refers to an idea or problem that cannot be fixed, where there is no single solution to the problem. Because of complex interdependencies, the effort to solve one aspect of a wicked problem may reveal or create other problems. [Wikipedia]

#### 1 Rapid Problem Solving Cycle for Complex Wicked Problems

The Rapid Problem Solving Cycle evolved over 30 years in work with executives to solve complex problems that threatened the economic viability of their enterprises.





## OTHER RESOURCES FROM OUR PARTNERS

### 2 April 2020. The World After COVID-19.

We have already responded to many requests from the Department of Health and the Department of Industry, Science, Energy and Resources, matching scarce resources in the supply chain with critical demand.

I would like to thank the Australian manufacturing industry for its astounding response. **This is truly a moment of collaboration and innovation in the face of a national crisis.**

For further information or to submit your expression of interest, visit the [COVID-19 Manufacturer Response Register](#).

Australia is witnessing how rapidly the manufacturing industry has mobilised to help fulfil critical needs and is quickly realising how vital it is to protect our **sovereign manufacturing capabilities**.

A country needs to be able to make complex things. This crisis demonstrates exactly that. Let's get on with the job.

<https://www.amgc.org.au/newsletters/a-message-from-jens-goennemann-apr2020/>



**Industry Edge**  
SPECIAL EDITION

**COVID-19 UPDATE**

# OTHER RESOURCES FROM OUR PARTNERS

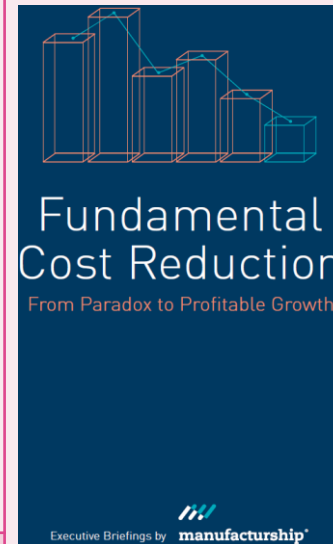
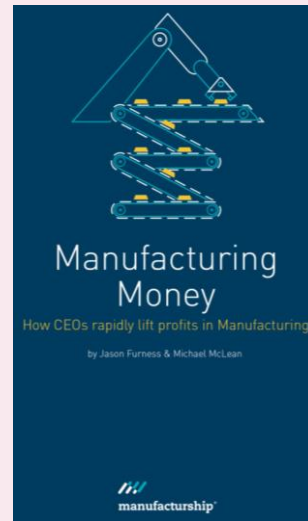
'Manufacturing Money' click [here](#):  
 Transforming Manufacturing  
[www.manufacturship.com](http://www.manufacturship.com)

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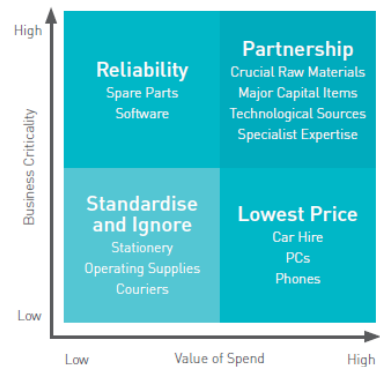


## The Executive Agenda for Total Cost Reductions

Cost Review and Strategy (Check✓)

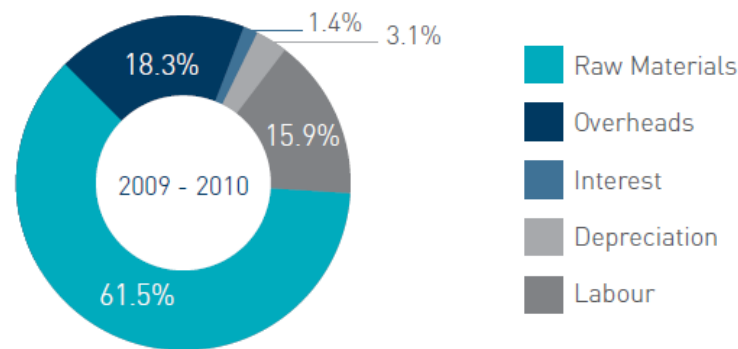
- Do you have an existing, documented, and communicated strategic plan?
- Do you collect data regarding your Strengths, Weaknesses, Opportunities and Threats (SWOT) before the strategic planning process?
- Does that SWOT analysis include an assessment of past strategy success?
- Do you have a Financial Driven culture or is the firm's strategy driving the business?
- Do you have an existing, documented, and on-going strategy for improving the cost base?
- Is there a well-defined and consistently understood process for optimising cost?

Supplier Positioning Matrix



Supplier Innovation and Involvement

Typical Cost Breakdown

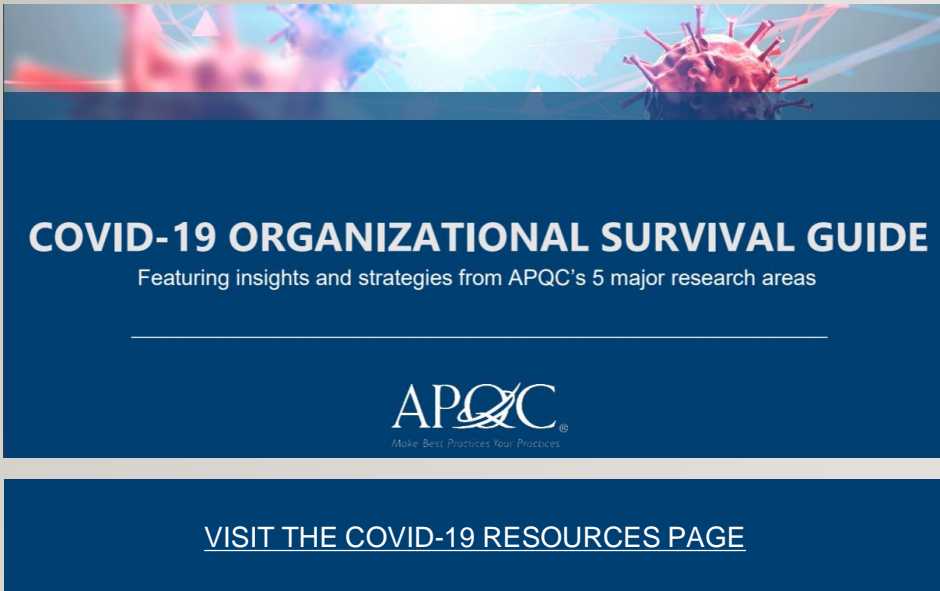


Source: ABS 8155 June 2011



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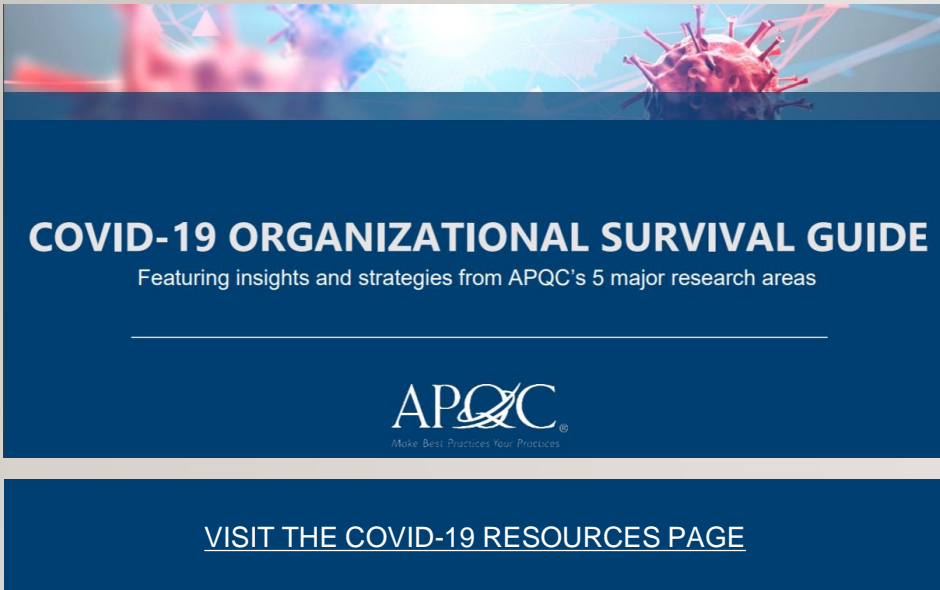
## Financial Management

No organization or finance professional can perfectly predict the future, including the scenario in which we now find ourselves. While many organizations are undoubtedly confronting a worst-case scenario in the COVID-19 crisis, this does not negate the importance of planning for the future—In fact, doing so even now is a critical step for organizational survival. Below, we discuss two tools in the FM toolbox that enable organizations to imagine and plan for situations like COVID-19: Scenario planning and business continuity planning. Further reading on these topics can be found in APQC's [Risk and the Finance Function collection](#).



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A graphic for a COVID-19 organizational survival guide. It features a blue background with a red and white virus particle illustration at the top. The text is white and includes the title, a subtitle, the APQC logo, and a call to action.

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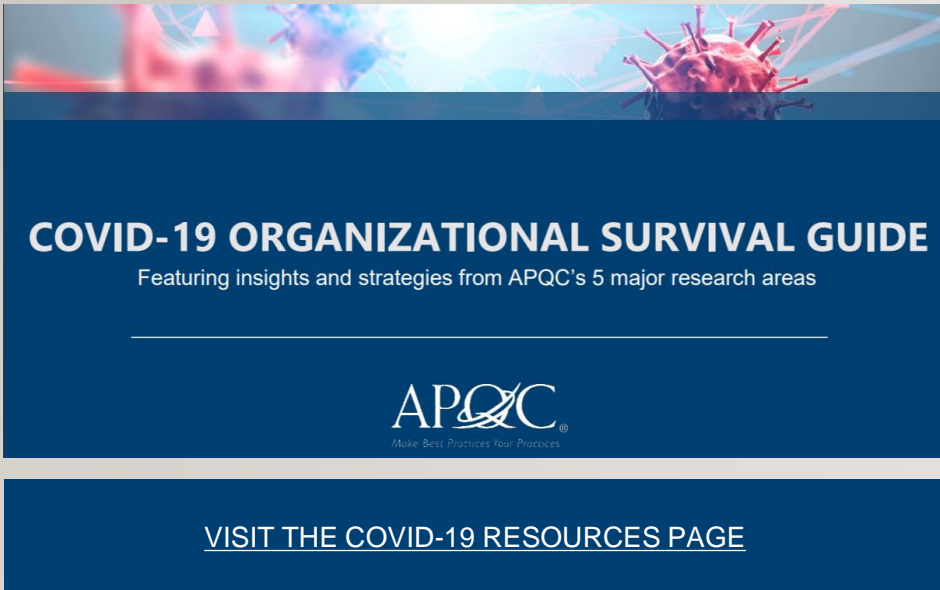
## FORMING A FINANCIAL CONTINGENCY PLAN

As part of a larger risk management approach that includes risk identification, scenario planning, and broader business continuity plans, APQC recommends three core steps for forming a financial contingency plan.

These steps are not only applicable to the COVID-19 epidemic but also other signals of an immediate downturn or significant market disruption.

- 1. Conduct explicit financial contingency analysis**
- 2. Create an inventory of liquidity options and prioritize resources**
- 3. Have a strategy for moving those resources in response to downturns**

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## Supply Chain Management

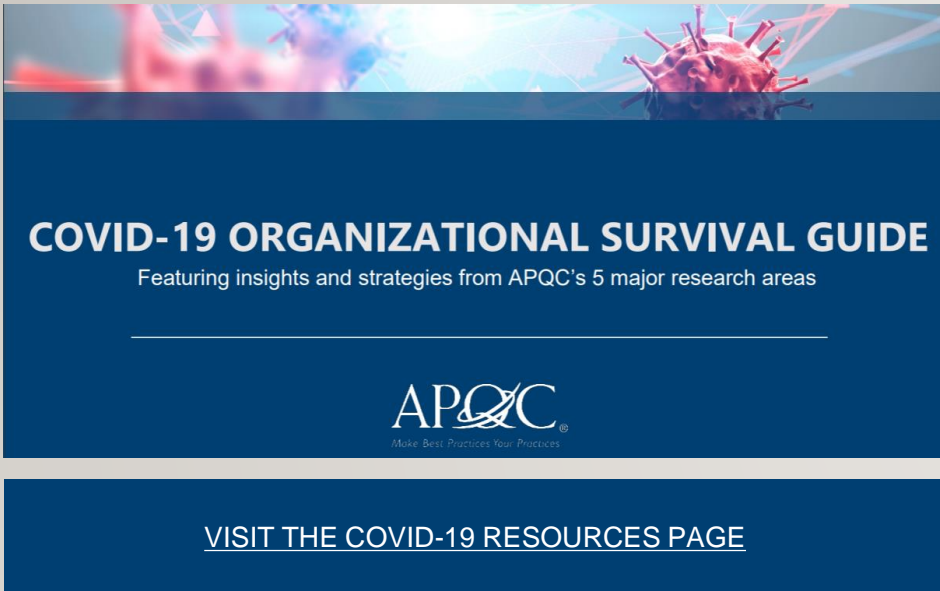
### Actions to Take

- » **Map your supply chain.** Where are your supply chain nodes, and where are your suppliers' suppliers and even their suppliers? This is a good practice to follow at any point, even when the pandemic eventually subsides.
- » **Monitor and measure your situation through close communication with vendors and suppliers.** The last thing you want to be doing in this moment is attempting to strong-arm suppliers with heavy-handed terms. Now is the time to focus on [collaboration and strong relationships](#) with your most critical suppliers. Your ultimate success is tied to their success.
- » **Create scenario plans.** Be prepared to answer a wide range of "what if..." questions now so that you have an action plan when they become reality. By now your organizations should have identified alternate suppliers and have a [supplier risk management](#) plan in place. If you haven't, start now to identify and qualify alternate sources of supply. Can they ramp up to the volume you need in the time you have?
- » **Check your contracts.** [How are they written?](#) What are your legal obligations? Can you give your suppliers room to innovate in the face of scarcity?



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## DEMAND IMPACTS

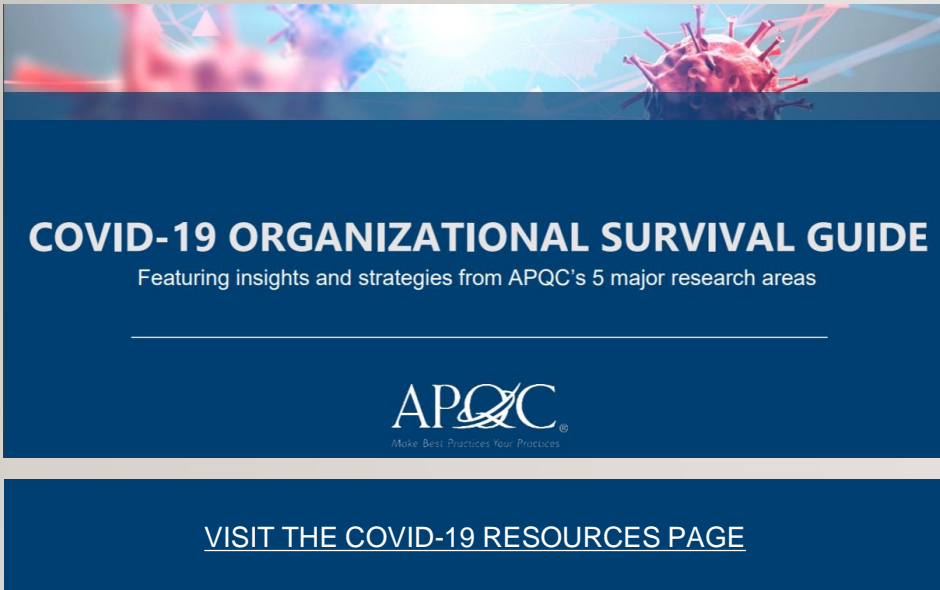
### Actions to take:

- » **Identify key customers** and talk to them about their [anticipated demand](#).
- » **Consider [demand shaping](#)**. Can you shift customers' demand away from products where you may be in a sole source or backorder scenario to products that you can more reliably manufacture or distribute? This can also apply to services.
- » **Strive for an integrated view of all your inventory across channels and locations**. Know what you have and where it is. [Leverage analytics](#).
- » **Subscribe to a digital alert system to stay updated on global changes**. You don't want to be the last to know the latest.



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A graphic for a COVID-19 organizational survival guide. The top part features a stylized virus particle in red and blue against a light blue background with a network of lines. Below this is a dark blue rectangular area with white text. The text reads "COVID-19 ORGANIZATIONAL SURVIVAL GUIDE" in a large, bold, sans-serif font. Underneath, in a smaller font, it says "Featuring insights and strategies from APQC's 5 major research areas". At the bottom of this dark blue area is the APQC logo, which consists of the letters "APQC" in a stylized font with a circular element around the "Q", and the tagline "Make Best Practices Your Practices" in a very small font below it. Below the dark blue area is another dark blue rectangular area with white text that says "VISIT THE COVID-19 RESOURCES PAGE" with a thin white underline under the text.

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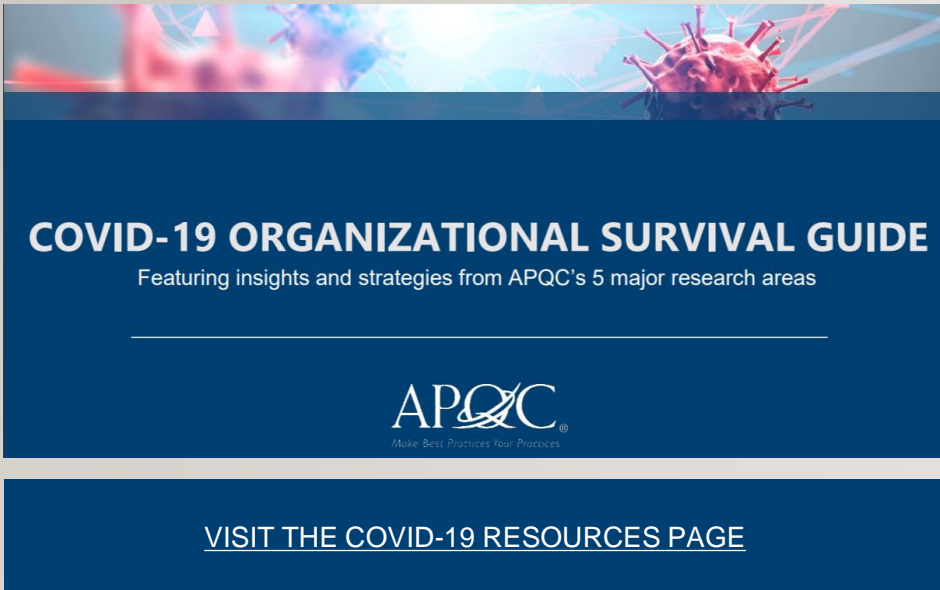
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## DEVELOPING EFFECTIVE SCENARIO PLANNING

- 1. Identify potential scenarios your organization might face.** Finance expert Steve Player recommends starting with 4-7 key scenarios, including one extremely bad scenario and one extremely good one.
- 2. Think through issues and opportunities.** It may feel difficult to imagine an “extremely good” scenario right now, but crisis often brings opportunity. The exercise of thinking through what could cause different scenarios provides a foundation to begin developing action plans to respond should these scenarios occur.
- 3. Look for leading indicators.** An organization that has spent time thinking through the issues and opportunities that cause a scenario to occur will be better able to identify leading indicators, track them, and use them to anticipate the scenario’s occurrence. Even now, scenario planning can be a source of competitive advantage that helps an organization act more quickly in response in response to disruption or opportunity.

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A banner for the COVID-19 Organizational Survival Guide. The top part features a stylized virus particle with red and blue spikes against a blue and white background. Below this, the text "COVID-19 ORGANIZATIONAL SURVIVAL GUIDE" is written in white on a dark blue background. Underneath, it says "Featuring insights and strategies from APQC's 5 major research areas". The APQC logo is centered, with the tagline "Make Best Practices Your Practices" below it. At the bottom, a dark blue button contains the text "VISIT THE COVID-19 RESOURCES PAGE" in white.

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## DEVELOPING EFFECTIVE SCENARIO PLANNING

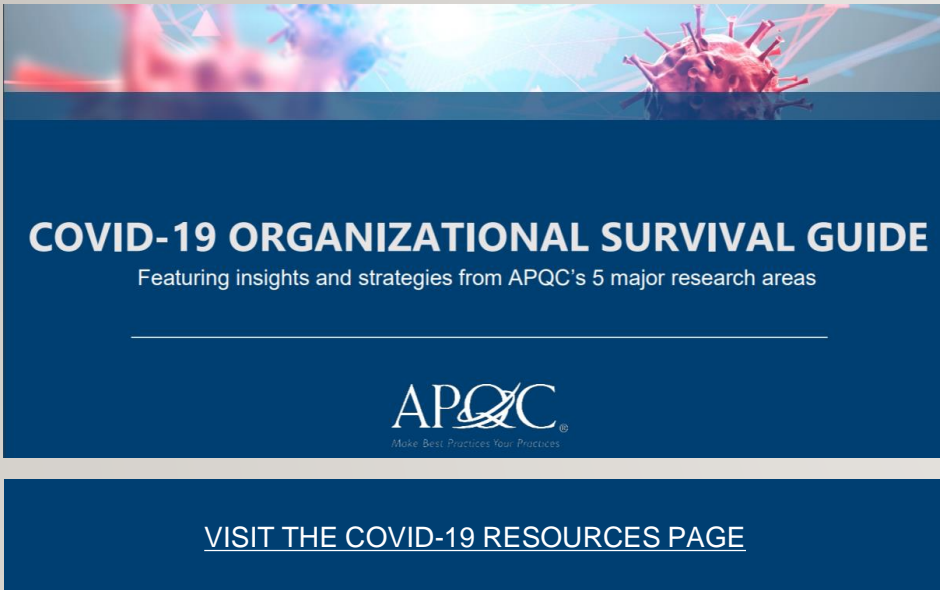
4. **Build your game plans.** The true value of scenario planning lies in the action plans that an organization develops in response.

Player said that it is critical for organizations to **develop a series of 'playbooks'** that include a collection of concrete plans and strategies for how an organization will respond in the event of a scenario's occurrence.

Even if the organization encounters a scenario it never anticipated, it may already have elements of a successful action plan within the plans it previously developed.

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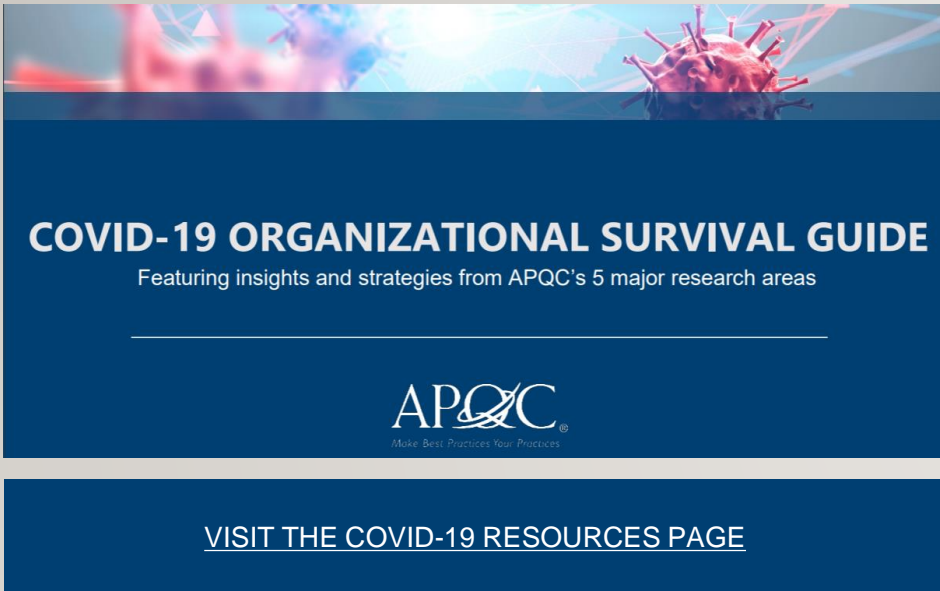
## **SOLVING THE RIGHT PROBLEMS THROUGH PROCESS ANALYSIS**

The second big role for process at this time is an organization's ability to **use process analysis and process risk assessments** to help the organization understand which processes are at risk at this time so it can develop contingency plans or solutions.

**Risk analysis usually focuses on two variables: likelihood and impact.** An item that is unlikely to happen or wouldn't be terribly disruptive may not warrant much process improvement or contingency planning.



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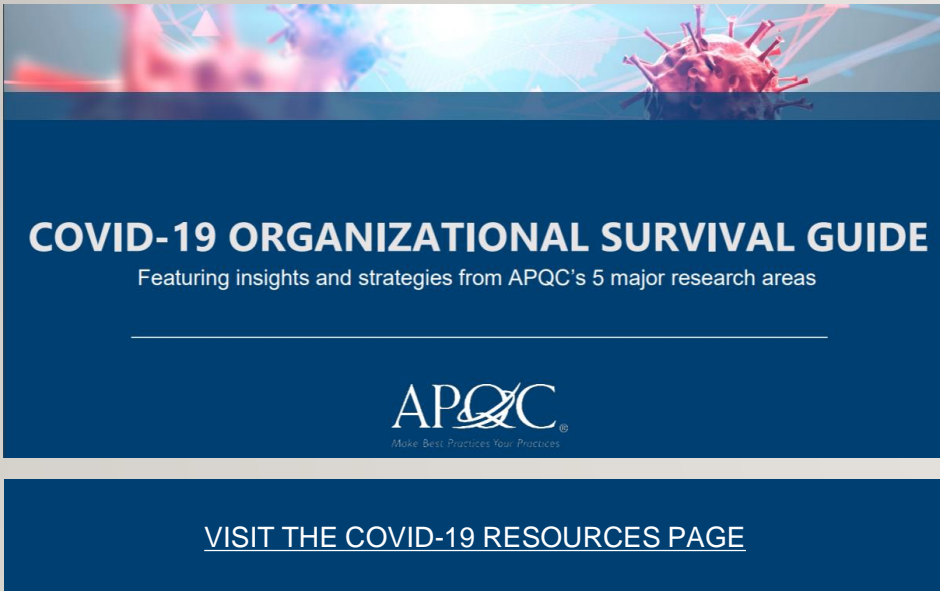
## SOLVING THE RIGHT PROBLEMS THROUGH PROCESS ANALYSIS

With a list of processes, an organization can begin gauging whether each risk is significant or negligible. For each risk, the organization should determine:

- » **Frequency**—How often might this risk occur?
- » **Predictability**—Can the organization predict when it will occur (seasonal, peak sales, etc.)?
- » **Forewarning and onset**—How gradually or suddenly will the issue become critical? Can the organization react in time?
- » **Duration**—How long will the event last (finite or until an action is taken)?
  - » **Consequence**—What is affected (product quality, schedule, equipment, customer satisfaction, etc.)?
- » **Potential dollar loss**—What's the monetary value at risk?

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## CREATING STABILITY THROUGH DOCUMENTATION

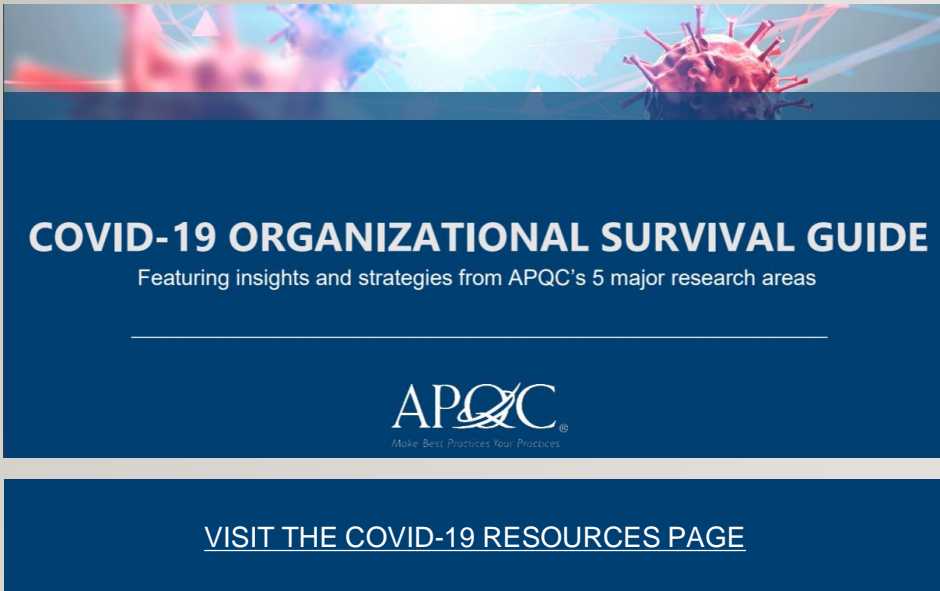
Process documentation is the codification of how an organization accomplishes its work. The types of documentation vary widely from simple checklists to complex process maps that also include business rules, roles, systems, and even inputs and outputs.

However, documentation is more than the mere capture of how work gets done. It is invaluable in times like these because it helps:

**1. Continuity and consistency.** Process documentation provides step-by-step guidance on how to execute work. This means people can step into roles as needed because they have the information to do the job at their fingertips

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## CREATING STABILITY THROUGH DOCUMENTATION

**2. Prioritization.** Process categorizations often happen during documentation and help us understand what processes are critical. This ensures an organization can prioritize the processes needed to deliver value and may want to assess to ensure they are still relevant for the current environment e.g. **three process categories— strategic, operational, or transactional** — to categorize and frequency of an activity and its contribution to the organization.

**3. Fast track automation.** Given the potential resource constraints and need to change an organization's processes to maintain social distancing, fast track some of their digital and automation efforts. Process documentation helps an organization fast track these efforts because the **current state** is already captured. Organizations are able to skip through some of the early steps in their automation efforts.