# **LEARNINGS & NEW NORMAL**

# FRAMEWORK OVERVIEW



1	Employees	A. DYNAMIC HR AND STAFFING	B. ADAPTIVE WORK	C. HEALTH AND WELLBEING	D. SENSE OF PURPOSE
2	Consumers	E. CATEGORY AND BRAND	F. INCENTIVES	G. CHANNELS	H. COMMUNITY
3	Business Models	I. RESILIENCE MODELS	J. ECOSYSTEM COLLABORATION	K. DATA AND ANALYTICS	L. ALLIANCES / PARTNERSHIPS

#### Looking for similar sections?

- Filter to any module in the "Covid-19 Framework" filter on the GLM for other module summaries
- Search "Learnings" in the GLM for all module learnings summaries
- Search "New Normal" in the GLM for all module new normal summaries

## **LEARNINGS SUMMARY OVERVIEW**



#### **Maintaining Business Continuity**

(Short-term)

# Managing the Crisis

(Medium-term)

#### Challenges/ trends

- All operations have shifted drastically; some companies seeing an unpredicted increase (i.e., grocery, retail sales of certain products) and others seeing a drastic halt in sales (i.e., food and beverage manufacturers with food service customers)
- Though companies are trying to cut costs, some fixed costs cannot be reduced
- Re-examine business models due to immediate changes in employees, demand, and channels

- Need to shed unprofitable areas and rapidly finance growing ones
- Shift from immediate business model changes to forecasting and budget planning for the rest of the year
- · Aim to increase financial resilience
- · Need for scenario planning

### Key learnings



- Conserve cash by cutting variable costs in various ways:
  - Negotiate reduced / delayed payments for rent where possible
  - Reach out to creditors to negotiate for more time for debt payments
  - Cancel extra orders from suppliers and negotiate a delay in payment
  - Re-examine executive pay
  - Carve out essential roles for workers to keep as many as possible
- Convert stores to support click & collect and online

- Shift investment focus from growth to stable profits
- Continue investments in post-COVID-19 environment to be focused on deliveries and contactless payment
- Initiate and conduct cost base reset (including leveraging COVID-19 efficiencies and learnings) for short-term cost reduction and for survival minimum
- Start investing to simplify and automate store operations, become leaner
- Continue to assess scenarios for financial development (be ready to seize opportunities)
- Consider more direct-to-consumer alternative business models that allow consumers to avoid or shorten in-store shopping trips

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# **NEW NORMAL HIGHLIGHTED INSIGHTS**



### Adapting to the New Normal

(3)

(Long-term)

# **Emerging Issues**

Highlighted importance of diversification

Need for more extensive scenario planning

2

Business disruption creating partnership / M&A opportunities

# Strategic implications

- A. Leverage proven ability to respond to COVID-19, brand strength, and geographical footprint to become distribution partners for other services (e.g., banks, insurers, telcos, car sales, and repair services). Retailers will get additional revenues, interactions / trips and loyalty as consumers can fulfil a wider range of their needs from the same source
- B. Manufacturers and retailers to develop partnerships / outsource some store aisles (e.g., brown and white goods)

- A. The need for frequent transparency and scenario planning that has happened during the outbreak will likely partially stick
- B. Develop scenario planning with pivot variables and key questions to drive a coherent strategy despite uncertainties
- C. Prepare financing for alternative and worst case scenarios
- Create additional capabilities for more rapid view of company financials – "visibility and control"

- A. Need for investment in new channels (ecommerce and others) and "roles" with investments and divestments
- B. Assess and conduct M&A and partnership deals to:
  - Clean, prune, fix: carve out and divest to cut underperforming operations and / or to raise cash
  - Seize opportunities to grow through acquisitions and / or alliances: "new business model" players, real estate locations, distribution assets, and competitors
- C. Embrace new default payment mechanisms
- D. Manufacturers to invest in survival of smaller retailers by supporting their finances (e.g., extending payment terms) to maintain future partnerships

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# HIGHLIGHTED CASE STUDIES

Case Study (CS) **Module Legend:**  **Employees** 

Digital and online

In store

In communities

Logo

Rewe



**Ebay** 

UP&

P&G, ITC, Hindustan Unilever & Nestle,...

P&G A





Alibaba



Lego



Name / Region





Signed syndicated credit

line with a consortium of

banks to ensure financial

flexibility and

independence





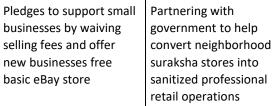
businesses by waiving

selling fees and offer

new businesses free

basic eBay store









Transformed some of the

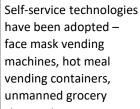
stores to dark stores to

meet demand of online

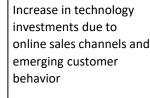
operations













Overview

**CS Module** 

**ESM Magazine, or** contact Sharon Bligh at The Consumer Goods Forum

**PR Newswire Article** Link, or contact Sharon Bligh at The Consumer Goods Forum

Dawn Elvin,

VP Global Pharmacy & Sales Personal Healthcare International Ahu Baskut Alyanak, Corporate Comms. Director Demir Aytac, Business

Alliance Executive

**COVID Innovations, or** contact Sharon Bligh at The Consumer Goods Forum

**BCG Henderson Institute Article Link,** or contact Sharon Bligh at The Consumer Goods Forum



**Migros Ticaret** 













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