



## In the eye of the crisis – and now what? Ten guidelines for navigating through uncertain times - Part 1

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In a crisis, the common laws and principles often no longer apply. What was once familiar and regular has become the least likely. How should one act in a crisis such as the current, and what should one pay attention to?

**Two dimensions** need to be considered: first, our immediate **concerns for our business**, and second, our **leadership behavior**, i.e., how we act, communicate, and decide as managers or leaders. What are the essentials to succeeding in both dimensions? The following list of ten guidelines is intended as a reminder – not because they are new, but because we risk forgetting them during our daily firefighting.

We need to keep an eye on both dimensions: The leadership behavior may not contribute to the P&L directly, but it is a very decisive factor for handling the crisis successfully in the long-term. It determines how you can keep up both **momentum** in your organization and the **endurance** of your employees.

### Four guidelines for managing your business in the crisis

#### 1. Cash is King – Securing liquidity and reducing costs to the essentials

The “blood” in an economy’s circulation system is money. In crises such as the current one, money becomes scarce, and therefore, governments and central banks inject liquidity into the economy.

Renegotiating payment terms, securing and using credit lines at your bank, and receiving federal and provincial funding has become imperative. It also means cutting costs. Which costs are essential, and which ones aren’t? Every cent matters.



This sounds straightforward, but the implementation is often more intricate the longer the crisis continues, and the "low hanging fruits" of the first weeks have already been harvested. You will then have to go deeper and develop more in-depth knowledge regarding how to negotiate with suppliers and banks and how to deal with the bureaucratic intricacies of public funding. Furthermore, cutting costs also requires questioning established behaviors and perspectives.

Depending on the size of your company, it may thus be worthwhile to set up a dedicated team that focuses on further improving your liquidity and costs, that builds up experience and competencies (especially regarding legal and tax issues), and that develops a creative mindset and approach. Innovation is now also necessary for managing your liquidity and costs.

## **2. The customers: your lifeline - Try to become closer to them, and to deepen your understanding of how you can now generate value for them**

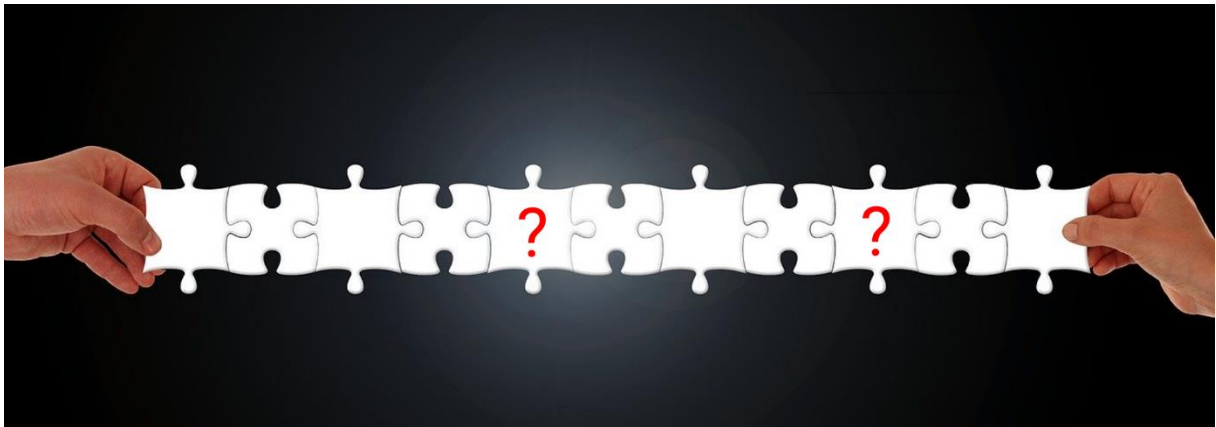
Stay close to your key customers, but without becoming a nuisance to them (which may also be a challenge). Ask yourself how you can create value for them. This could concern small issues in the daily business, but also more profound changes to the business model if you are able to develop new forms of collaboration with your customers.



Have a foot in your customers' doorframe to obtain critical information early. Your customers are not only sources for your revenues. They are also sources of relevant intelligence regarding the markets downstream. They are thus vital for your decisions and strategies.

### **3. Secure your supply chain – your suppliers are your partners and an essential pillar for surviving the crisis**

Your market position partially depends on your suppliers. Not every one of them is as well-positioned as you and might, therefore, falter as the crisis continues. Analyze your supply chain, and together with your suppliers identify their weak points and possible countermeasures. Don't be too reassured by suppliers who have not signaled a problem yet. The real stress will come two to three months into the crisis.



Not every one of your suppliers will immediately disclose his weaknesses. You need to develop trust, transparency, and a sense of partnership. Assure your suppliers that you won't exploit their openness after the crisis.

### **4. Don't reduce but adjust your innovation pipeline**

In crises, one only looks at costs and may thus be tempted to cut innovation budgets. But this can backfire once the crisis is over. Crises change market structures. They intensify competition, but they might also offer opportunities to capture market share. However, your products must address the specific needs of the post-crisis situation, and these needs might have changed due to the crisis.

So, don't reduce your innovation but tailor it to the post-crisis situation. What will your customers need most in a post-crisis situation? This should be your reference point, based on which you should reassess your innovation pipeline.

Questions or comments are highly welcome at: [wolfgang.lassl@puremanagementgroup.com](mailto:wolfgang.lassl@puremanagementgroup.com)