

# COMPETITIVE ADVANTAGE IN A CRISIS

Post-Pandemic CI Strategy Playbook



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GROUP

## TOUGH CHOICES REQUIRE KEEN INSIGHTS

The global outbreak of COVID-19 forced organizations to act swiftly in response to the immediate threat of an unprecedented global health crisis. The next phase will be more nuanced and demanding of leaders who face tough choices. Those choices can be made on a hunch and in a vacuum, or they can be informed and guided by market intelligence. In that vein, we have prepared this concise playbook that includes suggestions and best practices for:



Setting priorities



Assessing business essentials



Identifying opportunities



Understanding recovery assistance programs



Uncovering risks



Creating sustainable cost structures

## FOUR KEY STEPS

LEVERAGING INTELLIGENCE	SHAPING REAL ESTATE STRATEGY	NAVIGATING GOVERNMENT RELIEF	CREATING SUSTAINABLE COST STRUCTURES
<p>Your checklist for getting started, including the essentials you should expect from your research and intelligence function.</p>	<p>With remote work experience and data, employee concerns and preferences, and new government mandates for maintaining safe workplaces, enterprise leaders are re-assessing their real estate needs.</p>	<p>Making sense of the new landscape of government programs, tax measures and their implications can strengthen your sustainability, support your talent management efforts and boost your competitiveness.</p>	<p>We present four ways to leverage data and market intelligence to align expenses with forecasts and benchmarks for all critical resources.</p>

The outbreak of COVID-19 put immediate pressure on businesses and the global economy. Supply chains were disrupted, employees have had to manage new demands, and customer relationships have suffered. The principal enemy as we move past this crisis is uncertainty as to where the situation will go from here, undermining consumer confidence and financial markets while threatening to paralyze decision-making.

Gathering and utilizing reliable and relevant information is the best way to combat uncertainty. With actionable insights, the following are steps you can take immediately:



### 1. Stop reacting; start planning

Firefighting is a drag on performance in the best of times. A crisis adds greater risk of getting bogged down reacting to past events. Get ahead of the issue by making sure your intelligence resources are working proactively.



### 2. Consider the source

Identify the most credible and trustworthy sources and monitor them for relevant insights, while avoiding the trap of trying to read everything.



### 3. Get answers to key performance questions

- What is your client exposure?
- Where are the best opportunities to grow your business?
- What are competitors doing (benchmarking), and how can you enhance your brand positioning?
- What risks demand immediate attention?



### 4. Focus on markets, clients and revenue

Most businesses have suffered revenue losses already, and if the economic recovery is slow or weak, it's likely that additional current and forecasted revenue will disappear. Leverage every competitive resource and advantage you have while strengthening weaknesses in regard to client relationships, competitors, emerging threats, and new market opportunities.



### 5. Evaluate functions that could be outsourced or managed professionally

- Outsourcing and managed service providers and outsourcing companies have systems and processes in place to assume some or all of the administrative burden and risk.
- If you are hesitant about hiring, it's an option to fill gaps, pursue or complete special projects, and leverage the service provider's best practices and experience.
- Work can be done remotely, you gain capacity that can scale as needed, and in many cases you can save money.

## SHOULD YOU CHANGE YOUR REAL ESTATE STRATEGY?

The COVID-19 outbreak disrupted businesses and work routines across the globe by forcing organizations in many sectors—including legal, financial and other professional services—to rapidly shift to remote working models.

We now see indicators that senior leaders in the C-suite and boardroom are considering the long-term implications, in order to balance cultural and operational needs with employee concerns and personal preferences.



### 1. Has the shift to large-scale teleworking re-defined your requirements?

- If your professionals were able to complete their essential work remotely, it raises the question, “What sort of workplace footprint do we really need?”
- There may be an opportunity to reduce fixed costs over the long term—an idea that becomes more attractive as the likelihood of recession increases.



### 2. How will clients—their business and their relationship with you—be affected?

- Real estate costs aren't the only factor in play—your clients are working through their own considerations, and these should be taken into account.
- What changes are they considering to their own footprints and ways of working, and how will that impact your interactions with them and your business model?



### 3. What employee support resources would you need to make an adjustment?

- A more permanent shift in remote working policies could mean substantial changes for your workforce.
- What support, training and resources might they require to make a permanent transition successful?



### 4. What will the commercial real estate market look like post-COVID-19?

- Analysts are predicting a more protracted slowdown for commercial real estate in the office and co-working categories, with likely impacts to costs and supply.
- What opportunities and risks would these changes mean for you?

## MAXIMIZING BENEFITS AND FINDING OPPORTUNITIES

Governments have responded to the crisis with a swift—and rapidly evolving—set of programs and tax and regulatory changes that could hinder or help your business. Making sense of this new landscape and its implications can boost your sustainability and competitive position.



### 1. What direct and indirect relief measures are available to you?

- Federal governments, as well as state, regional and local governments have rushed forward with multiple measures to support businesses as COVID containment measures reduce economic activity in many sectors.
- Because these supports could boost liquidity, reduce your cash burn rate, and mitigate short-term pressures, it's important to understand what's available and what makes sense for your business situation.
- Navigating and untangling these programs can be a challenge—at the federal level alone there is an overwhelming volume of information about programs and regulatory measures (US [100+ links](#), Canada [+3 dozen links](#)), and that's before you start looking at states, provinces and local entities—and changes are occurring daily.
- Your financial department will require an effective research, vetting, benchmarking and planning process to maximize your benefits.



### 2. Are there additional supports available to help your staff?

- New supports are available to support individuals as well, ranging from financial relief to increased flexibility for some to access benefits or co-work.
- Ensuring that your workforce understands and can make use of appropriate supports will protect employees while improving your company's position during the recovery period.



### 3. How does emergency relief impact your value chain and are there opportunities?

- These stopgap measures will result in relative winners and losers among industries and individual entities, including your clients, customers and suppliers.
- Keeping a close eye on how relief efforts affect those upstream and downstream will reveal new opportunities, as well as provide an early warning of risks.



### 4. Will government interventions require adjustments to your routes to market or your regulatory and government relations posture?

- Most of the COVID emergency measures are intended to be short-lived, but the effects of new government controls and their influence on the private sector will be felt for a long time.
- Analyzing the long-term consequences and building these factors into your forward planning processes will guide you through the recovery phase.

## REALIGN EXPENSES WITH FORECASTING, BENCHMARKING AND PLANNING



### 1. Analyze the external environment to develop business projections for the next phase

- The COVID crisis has reshaped the market landscape more rapidly than previous crises—frustrating efforts to model business activity in the early days—but forecasting is critical for effective recovery planning.
- Long-term indicators suggest that the recovery will be faster in some sectors than others—McKinsey’s [April B2B survey](#), for example, found US leaders of larger businesses in that sector relatively optimistic, with 50% planning to maintain or increase spending.



### 2. Benchmark against your peers and competitors for context and metrics

- Tracking the actions of your closest peers and competitors during the current crisis can provide guideposts for your own moves and planning—from context about what level of response is average to fostering ideas you may not have originally considered.
- Similarly, tracking where these businesses are planning to spend, and where they may be finding savings, can help you maintain your own competitive edge.



### 3. Consider your space requirements

- As we [noted previously](#), the shift to remote operations at the peak of the crisis provided a crucible for testing virtual or flexible delivery solutions.
- Increasing your virtual operations in certain areas may free up valuable space to accommodate new growth—or additional cost savings through a smaller footprint.



### 4. Assess critical resources and plan for the future

- Consider all of your business resources and make decisions about which are essential, which are useful under certain conditions, and which are no longer necessary.
- Now is also the ideal time to ensure that your organization is getting the best value for those critical and useful resources, [optimizing your spend](#) in these areas for the days ahead.

## THREE ESSENTIAL QUESTIONS FOR RECOVERY AND GROWTH

During the height of the pandemic, organizations were forced to act swiftly. Recovery begins with more breathing space for strategy, innovation and planning. Two key variables will shape the future business climate of any organization: liquidity and virus containment. We have plotted those variables and mapped their consequences below.

**Liquidity:** Cost cuts and freezes were the immediate actions to protect cash flow. Moving forward, the focus will turn to credit access to fuel long-term sustainability and growth.

**Virus containment:** While looking to rebuild and shift to a new normal, businesses that fail to prepare for a possible second wave will be at high risk for a negative outcome. Continued monitoring of this topic should remain a priority.

Questions and scenarios that will impact the baseline business environment:

### 1. How deep will the curve go?

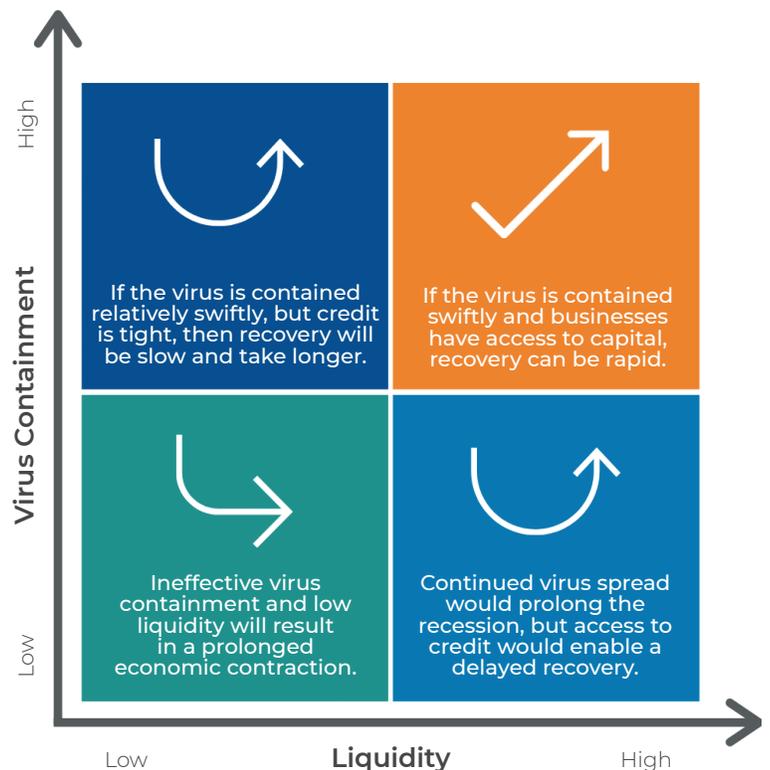
The depth of the curve will provide context for your immediate decisions about spending, as well as your assessment of the health and needs of current and prospective customers.

### 2. How long will the recession last?

Estimating the length of the economic contraction will enable you to model revenue, protect cash flow, and set expectations for your workforce and suppliers.

### 3. How rapidly will the recovery happen?

Being prepared—whether your recovery outlook is rapid or gradual—will enable you to maximize long-term opportunities for growth.



## ADDITIONAL RESOURCES

### Reliable COVID-19 and Coronavirus Resources

- [ArcGIS Live dashboard](#) featuring CV-19 case data by geography.
- [U.S. Centers for Disease Control and Prevention \(CDC\)](#) for guidance on containment measures.
- [World Health Organization](#) for rolling updates on global situation.
- [Wall Street Journal](#) and your subscriptions to other business media for market news.

### Shaping Real Estate Strategy

- [COVID-19: Immediate and long-term effects on RE could be substantial](#) – Richard Lowe, IPE
- [COVID-19 Will Turbocharge Legal Industry Transformation](#) – Mark Cohen, LegalMosaic

### Navigating Government Relief

- [The state in the time of Covid-19](#) – The Economist
- [Coronavirus Will Change the World Permanently](#) – Politico
- [Cost of COVID-19: A Rough Estimate of the 2020 US GDP Impact](#) – Mercatus Center

### Creating Sustainable Cost Structures

- LAC spend management report, [Spend Management Approach to Business Resilience](#). Three ways to navigate the pandemic economic recovery.

## For more information or customized research support:



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