Navigating your business and your workforce through the Coronavirus Challenge
Introductions

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THANK YOU FOR JOINING US
Topics today

Theme – Contingency Planning with workforce focus

• Attacking the unknown with a plan
• Pre-planning activities
• Multiple contingency plan development
• Keys to survival and recovery
• Resources and guidelines
First things First

Speak to the emotions:
Fear-confusion-frustration-panic

Empathy:
Compassion-assurance-calm

Leadership:
Synchronized non-verbal, verbal and optimism. Model your good parent self
Scenario Planning

• Eliminate the noise and distractions
• Take a deep breath and set aside time
• Understand that “The market can remain irrational longer than you can stay solvent.”- John Maynard Keynes
• Understand the interactions with cash flow and expenses so you can manage their impact on potential scenarios
• Gather relevant business data
• Stick to the facts
Planning

• The vital ingredient for business
• Planning is something you already do well.
• Understanding that information, planning and reactions reside in a dynamic fluid world of constant change
• Rapid adjustment is the new normal
What matters most

- Employees
- Cash
- Customers
- Making it to recovery

- In that order!
Solidarity and Solvency

• After scenarios are developed:
  – preview with key leader
    • revise as necessary
    • communicate the fluid nature of planning

• Maintain solvency
  – communicate with Vendor and Lenders
  – negotiate trade terms
  – defer/decrease/freeze expenses
Creating a description of your current reality

• Your sales level compared to year end 2019
• Your marketplace since year end
• What are your customers saying
• What are your competitors doing
• What is your workforce status
• Have you spoken to your support network
Reality check

- You are surrounded by chaos and media information overload
- Black Swan Events
- Complex Adaptive Systems
- Know that it can get significantly worse than your worst case scenario
- Narrow your focus, be pro-active and be a source of reason for all those around you
Using what we know

Lessons from the past
• Over communicate
• Maximize the use of your cash
• Develop multi-level contingency plans (bad, worst and desperate)
• Be creative around employee utilization

Lesson from today
• Social media is a blessing and a curse
  - threat of miss-use
  - challenging to be relevant
  - good and bad news spreads rapidly
  - helps being transparent to customers and workers
Gathering the facts

Using the Year End Financials – (as base)

- Create a pro-forma statement as of 3/20/20
- Create a pro-forma at 60% of 3/20/20 level
- Create a pro-forma at 15% of 3/20/20 level

Develop a business analysis

- marketplace at year end and then today
- Customers at year end and then today
Begin writing

From my “Margin of Safety Plan”

In our business, I think our Margin of Safety is driven by the following:

- Team Communication with key leaders
- The size and frequency of our cash flows from customer
- The ability to increase our profit margins
- Our ability to accelerate receivables
- Our ability to borrow cheap money
- The ability to impact and lower our expenses, more immediately
- Government assistance
Expand the narrative

• Financial impact analysis
  - Identify and detail the threats
  - develop customer by customer challenges and remedy’s
• Cash days
• Current ratio’s
• Dash board tracking
Create Plans for different level of business

Your financial position creates different opportunities and decisions
(Using your 3/20/20 Pro forma financials)

- What happens to cash and people at
  - at 60% of your 3/20/20 level
  - at 15%
  - at 0%
  - at recovery
Begin with the end in mind

• Create your recovery plan first
• Pick a target date and time
• Project an image of that turnaround
• Identify the resources and people you will need
• Easier to communicate good news than bad
Detail the scenario’s

- Focus on People and cash at each level:
- Establish trigger points
- Pre-make the hard decisions
- Plan as if you won’t get outside help
- Focus on disaster prevention
- Incorporate your level of risk tolerance
Plan backwards

If already at worst case

• Do what ever it takes to keep an employee and a customer
• Find new business channel
• Find different customers
• Find creative ways to use employees
• Find a new partner
If business in slow decline

- Manage cash flow
- Explore options:
  - receivables
  - expenses
  - hour and days worked
  - alternative sources of support
Work at Home (telecommunications)

• Link your computer to protected server (home network?) via VPN
• Use digital meeting options
• Communicate via texting and other smartphone options
• Ask employees for feedback on potential of taking work home
• Provide a list of support services contacts
• Provide peer mentors to help first time home workers
If workforce needed in plant/office

• Create your version of rules like the following:
  - stay at home if you are sick
  - cover your cough/sneeze
  - do not share food/drinks
  - travel only to customers
  - limit meeting size and time (stand up only)
  - keep social distance whenever possible
Before implementing workforce reductions

• Explore additional cash reserve options
• Look at expanding your line of credit
• Calculate your days of grace until cutbacks
• Ask for volunteers to no pay leaves
• Consider your most at risk workers first
• Consider phased reductions
• Have information for outside support sources
  - PA shared work program
Once you have a plan

- Communicate to employees and customers
- Share in groups— in person – digital channels
- Set up feedback options
  - phone #
  - text messaging #
  - specific individuals
- Questions from customers-suppliers
- Emergency contacts
Resources for help

- SEWN Program
- PA CareerLink offices
- Rapid Response
- County EDC’s