

COVID-19: Which critical choices should businesses make next? (2)



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Mass-testing by governments allied to strong vigilance procedures can mitigate some of these effects and avert the worst of recessionary futures. With a saw-shaped, slow return to growth, we can expect some improvement in both consumer and business confidence.

But a saw-shaped, choppy return to growth demands organizations be far better at dealing with unpredictable shifts in the business environment. It will demand flexibility, resilience and fast reflexes.

CHAPTER 1

What businesses should expect next

Three defining features

The next phase will not take us back to where we were before. The pandemic has caused permanent changes in the way individuals live, the way government serves its citizens, and how businesses operate. Things will never be the same again.

The next 12 to 18 months is a chance for business leaders to plan how to adapt and strengthen resilience, while reframing the enterprise to be ready for the new value-based economy that lies beyond.

Feature 1: More digital than ever

Digitalization was a 'can' before the pandemic. It's now a 'must'. COVID-19 has given many a crash course in digital, which creates significant opportunities.

Take telehealth as an example. The US's Medicare program, which covers more than 60 million elderly people, has allowed online patient visits. One global life insurance firm is partnering with medical screening providers to provide virtual medical examinations to prospective applicants. This will involve interacting with a nurse to answer medical questions via a video call, along with a pinprick blood test that will be sent to labs for testing.

Companies will also need to accelerate their moves to automate processes from manufacturing to the back office. Robotics can help optimize operations, reduce cost and increase speed.

Different businesses have used Robotic Process Automation (RPA) bots to improve processes in the current period. A Central American bank has employed RPA to speed up processing for a COVID-19 loan forbearance program, while some of the world's largest airlines have employed bots to help manage surging demand of customers cancelling flight reservations.

Feature 2: More collaborative

What's next after COVID-19 is likely to be characterized by a blurring of market boundaries - of new collaborations to share risk, to co-develop and cooperate - and by more customer intimacy. These new relationships will be both resilient and responsive.

Companies that have shown leadership and agility through the COVID-19 crisis can build on their positive actions to create stronger customer loyalty.

Many companies showed their ability to respond to the crisis quickly, from the German automotive-sponsored Formula 1 team which used reverse-engineered power units to provide CPAP machines for COVID-19 patients, to the French cosmetics firm producing hand sanitizer in response to a shortage in the market. That agility and ability to transform operations to meet sudden new demands provides companies with experience that they can apply to what comes next. Repurposing and transforming to grasp opportunities in a new reality while looking at ways to share know-how and resources provide competitive advantages to those who can master them.

Actions taken during the heat of the crisis can also help position business as a force for social good.

Big tech companies have collaborated to help trace virus infections and provide platforms for community action. This may do much to rebuild consumer trust and confidence

Collaborative, resource-sharing models do not only have the potential to improve enterprise resilience, but also reduce risk. COVID-19 has shown all too clearly the deficiencies in linear, remote supply chains and just-in-time inventory management. The value chains were lean, but they weren't flexible. By developing value networks, looking at reshoring, distributing dependencies and building clusters for research and development, companies can both accelerate innovation and insulate the enterprise from shocks.

Feature 3: A changing consumer and employee

The impact of the pandemic has created permanent change in the attitudes and experiences of employees and customers: none of us will be quite the same again.

Amid the many challenges of the pandemic, we can see some positive aspects. Reduced travel and industrial activity have resulted in dwindling nitrogen oxide and carbon oxide emissions, clearing the air, allowing fish to return to urban rivers, and allowing asthmatic children who do not suffer from

COVID-19 to breathe normally. In some industrialized cities, there have been new peaks in cycle hire as people reclaimed the roads.

How can business, working with government, progress the environmental agenda? What opportunities does this present?

One major global food and beverage company, for example, has ensured its response to the current crisis doesn't end as we emerge from it. In addition to donating more than \$40 million for meals to people at risk, it has recently signed the UN Global Compact "Business Ambition for 1.5°C" pledge, committing to an emissions reduction target across its value chain.

In other places, community action burgeoned as people reached out to unknown neighbors, to the vulnerable and immobile. How can businesses build on this charitable behavior?

Videoconferencing and team apps have become the norm for many employees working from home. For some, productivity has soared as staff have scheduled work when they are most productive; have gained back time from the daily commute; and have been able to integrate work and family life more easily. How can companies restructure work to take advantage of this experience? And how can they support and keep valuable employees whose experiences have been more difficult?

Businesses in sectors acutely affected by the pandemic are already focused on rebuilding trust with their customers.

Airlines, for example, are initiating enhanced between-flight cleaning regimes, sanitizing high touchpoints and installing hospital-grade HEPA (High-Efficiency Particulate Arresters) filtration systems that extract airborne contaminants such as COVID-19.

Sustainable consumption has become an even greater need during the crisis that is likely to have a lasting impact. The economic growth prerogative of pre-COVID-19 is also shifting to embrace other ideals - better wealth distribution, less environmental impact, more security and equilibrium for all. We can see a rebalancing of the trade-offs between financial gain and quality of life.

CHAPTER 2

What companies need to do

The four imperatives include a flexible workforce, an agile supply chain, adapting to a new kind of customer, and sustainable finance.

In the 'now' of the COVID-19 crisis, some companies are still in survival mode, focused on the health and wellbeing of their employees; the financial stability of their operations and establishing a center from which to manage risk.

"In this period of unprecedented uncertainty, optionality, agility and decisiveness are vital," says Kelly Grier, Chair and Managing Partner, EY US LLP and EY Americas Managing Partner. "Scenario planning that can give you plays that you can run quickly in response to change will help businesses deal with ongoing unpredictability."

A to-do list for "next" won't be uniform for companies in every sector or geography. The "next" phase looks different for companies in the airline industry, oil and gas and hospitality from companies in life sciences, food and technology, for example. Not all countries have been equally affected by COVID-19: some countries have experienced no lockdowns while others are likely to be severely restricted for several months.

What comes next is unknown, but it is almost certainly volatile. To prepare for this, we see two imperatives: adapt operations and increase resilience. ■

(continued in next edition)

Leading through the pandemic

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