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COVID-19

Crisis response and business recovery

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Setting the scene:

Global scenarios and triggers

▶ Global scenarios (6-9 months)

Seasonal disruption

- ▶ Infections fall in China but accelerate outside China. Global pandemic peaks in May 2020.
- ▶ Disruption of production and supply chains remains significant in Q2; recovery starts late Q2/early Q3.
- ▶ Supply chains/transport links recover in Q4; 10-15% of supply chains permanently dislocated.
- ▶ Major events disrupted until containment achieved.
- ▶ Global growth slows significantly (0.5-1.0%)
- ▶ Security situation remains stable, law enforcement under pressure.
- ▶ Governments in Italy, Iran under pressure.

Prolonged disruption

- ▶ Outside China, pandemic spreads widely and globally. Containment efforts mixed.
- ▶ Concerns arise of a second wave when quarantines ease.
- ▶ Movement of people across borders *de facto* suspended globally.
- ▶ Goods flow, but with major logistical challenges. By Q3 2020, majority of supply chains need repair.
- ▶ Global economy enters recession.
- ▶ Deteriorating security environment in some places.
- ▶ Acute political challenges increase as the economic effects of COVID-19 restrictions is felt by economies and societies.

Uneven rebound

- ▶ Developed markets bring pandemic under control; developing markets remain deep in crisis.
- ▶ Lockdowns relax, in stages, in developed markets. Mobility severely restricted elsewhere.
- ▶ Security situation worsens in developing markets; foreigners and foreign companies targeted.
- ▶ Global economy remains in recession; improvement forecast for Q4.
- ▶ On-shoring of supply chains brings political fragmentation and protectionism. Supply and demand markets fail to meet.
- ▶ Geopolitical consequences are significant; inter-state tensions rise.

Global rebound

- ▶ Pandemic brought broadly under control and/or WHO announces end of pandemic status. Vaccine is developed.
- ▶ Restrictions on movement of people and goods gradually relax globally. Supply chains, transport links are restored.
- ▶ Business operations resume gradually.
- ▶ Global GDP rebounds in Q4. Global growth averaging 4.4% forecast for 2021.
- ▶ Political risks remain elevated. Rivalry resumes and intensifies between the US and China; international cooperation is fraught.
- ▶ Security risks remain elevated until all economies resume growth and employment levels normalise.

▶ Trigger monitoring

Likelihood			
Neutral	→	Likely	↗
Unlikely	↘	Met	✓

	Seasonal disruption	Prolonged disruption	Uneven rebound	Global recovery
Cases	New cases in China start to decline ↗ ✓ New cases outside China continue to increase ↗ ✓	Uncontained global spread causes rapid increase in new cases in most regions ↗ ✓	New cases in developed countries start to decline ↘ New cases in developing and emerging countries ex-China continue to increase ↗	New case count in China declines → New case count outside China declines ↘
Economy	Global growth forecast to slow significantly in 2020 (0.5-1.0%) ↗ ✓ Slow resumption of Chinese manufacturing ↗ ✓	Global economy forecast to enter recession in 2020 ↗ ✓	Global economy forecast to enter recession in 2020 ↗ ✓ School calendar resumes in developed markets →	Q4 2020 global growth shows signs of rebound. ↘ Global resumption of manufacturing capacity →
Supply chain		Supply chain disruptions result in shortages of intermediate and final goods ↗ ✓	Significant supply chain disruption outside China ↗	Supply chains re-established, though may be shorter/more local →
Travel	Major countries issue selective international travel restrictions ↗ ✓ Localised or regional restrictions on domestic movement ↗ ✓	Widespread restrictions on international travel ↗ ✓ Widespread restrictions on domestic movement ↗ ✓	Selective international travel restrictions ↘ Domestic travel restrictions relaxed in developed countries →	Resumption of international travel with screening protocols ↘ Domestic travel allowed to resume in most countries →
International meetings	Major international meetings and events are delayed or cancelled through mid-2020 ↗ ✓	International and multilateral meetings postponed indefinitely ↗ ✓	Some international meetings and events take place in late 2020 ↘	Major international meetings and events resume ↘
Politics		Crises of legitimacy puts governments under pressure; extraordinary policy/procedural measures ↗ ✓	Increased political fragmentation and protectionist policies ↗	Some governments remain under intense domestic pressure →
Security		Reduction of law enforcement capacity ↗ ✓	Isolated deterioration of security ↗	Security situation stabilizes in most places →
International relations			Increased tensions between developed and emerging/developing countries ↗	International cooperation remains fraught ↘
Treatment				Effective therapeutics developed → Vaccine developed →

Government action summary

Region	Country/ region				
Europe	Albania				
	Austria	15 May		14 Apr	
	Belgium	15 May		3 May	
	Bosnia/Herzegovina				
	Bulgaria				
	Croatia				
	Cyprus			30 Apr	May
	Czechia	2021		2021	6 Jun
	Denmark	15 May		10 May	15 Apr
	Estonia	15 May			
	Finland	15 May		15 Apr	
	France	15 May		11 May	11 May
	Germany	15 May		27 Apr	4 May
	Greece	15 May		4 May	10 May
	Hungary	15 May			
	Ireland			5 May	5 May
	Italy	15 May		3 May	5 May
	Kosovo			4 May	
	Latvia	15 May		12 May	12 May
	Liechtenstein			27 Apr	11 May

Flight restrictions	Port restrictions	Transit restrictions	Public gatherings	School closures
Disruption (target date):	None	Limited/localised	Significant/widespread	Severe/general

Region	Country/ region				
Europe	Lithuania	15 May		16 Apr	
	Luxembourg	15 May		20 Apr	11 May
	Malta				
	Montenegro				
	Netherlands	15 May			
	North Macedonia				
	Norway	5 May	5 May	5 May	27 Apr
	Poland	15 May		20 Apr	
	Portugal	15 May		1 May	1 May
	Romania				
	Serbia			17 Apr	
	Slovakia	15 May		7 May	
	Slovenia	15 May		18 Apr	
	Spain	15 May		9 May	
	Sweden	15 May	15 May	15 May	
	Switzerland			27 Apr	11 May
	Turkey				
	United Kingdom			7 May	7 May

KEY:



A bold box indicates a change in rating from the last report. The colour reflects the level of disruption at the time of publication.

Dates in the future indicate when a restriction is scheduled for further review or relaxation



Crisis response and business recovery

Crisis Management Overview

- Crisis preparedness and response -**
- Emotional stages of a crisis -**

COVID-19 Business Actions

- What measures companies are taking -**
- 4 crisis management best practices -**
- Incremental steps towards recovery -**

► Crisis preparation and response

Impacts:

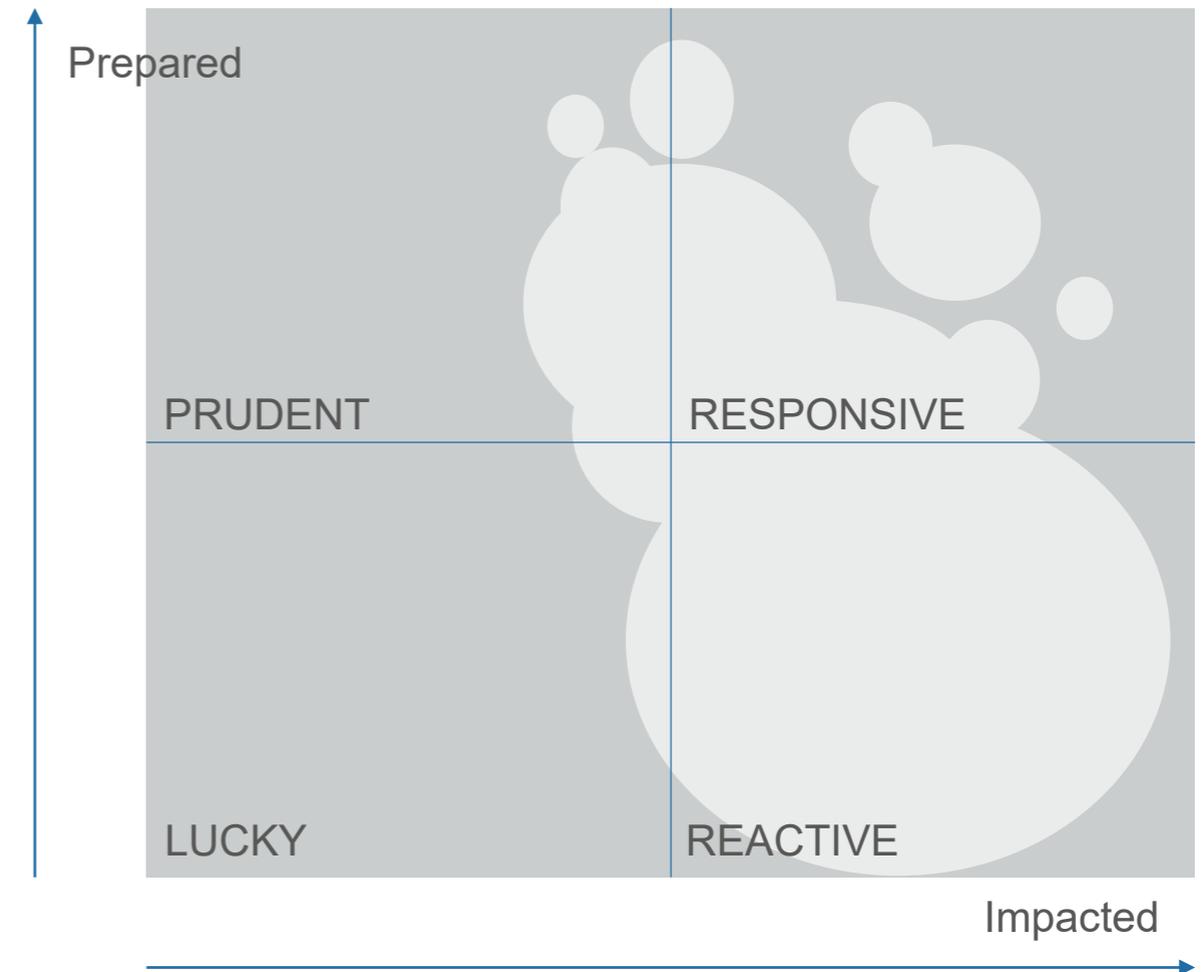
- On business: employees, customers, revenue, control
- On people: shock, denial, frustration, confusion

Prepared means being prepared for a **disruptive event**:

- Access to support and information
- Crisis communications plans
- Business continuity plans
- Crisis management team
- Trained and exercised
- Technology & tools
- Crisis experienced
- People focused
- Values
- Good governance
- Resilient organisation

The move towards **recovery** is impacted by crisis preparedness:

- **Reactive**: hope, wait and see, asking: why.
- **Responsive**: teamwork, advice, scenario planning, experimentation and testing, flexibility and adaptability, asking: what next.



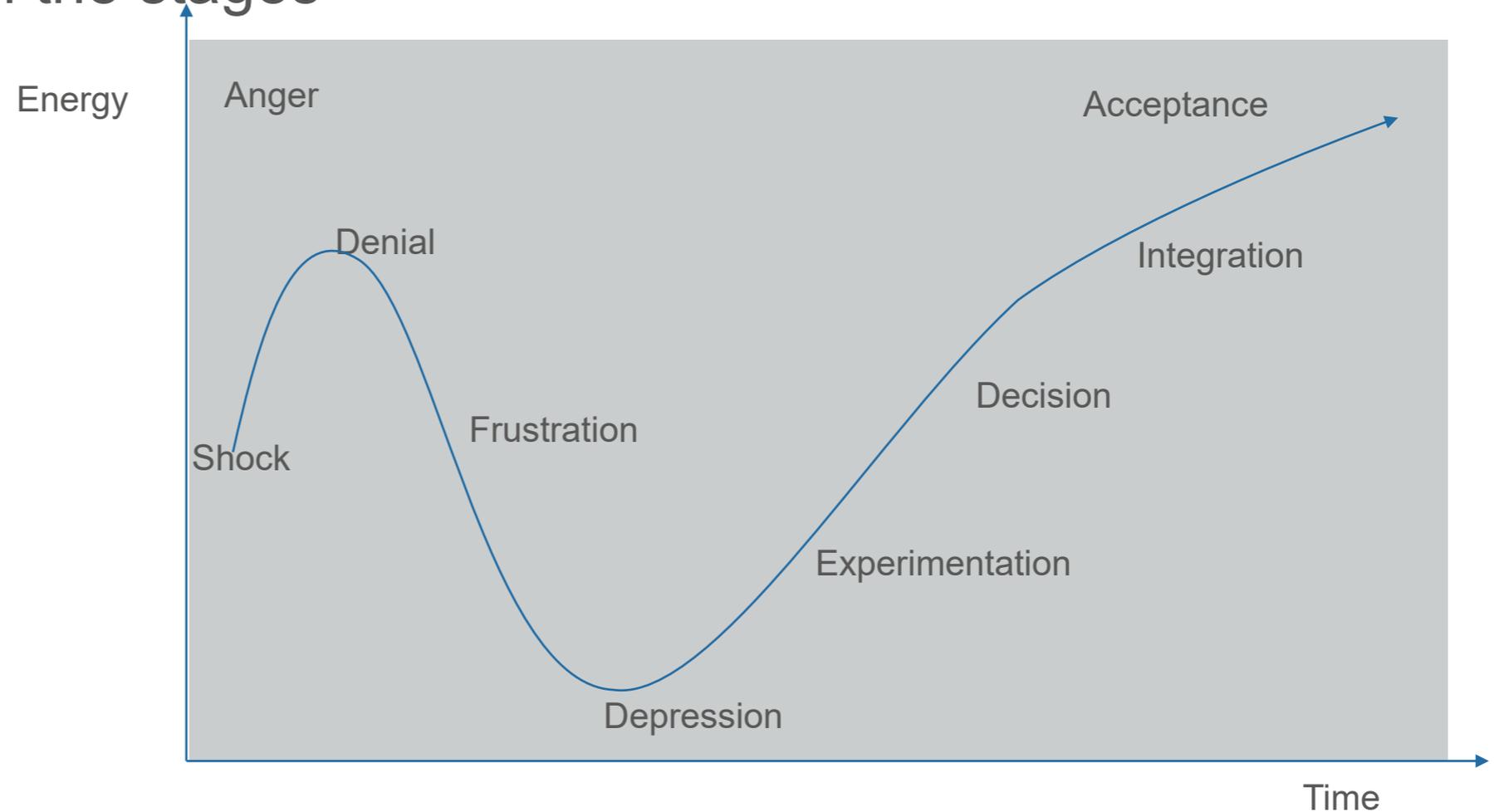
► Crisis: moving through the stages

Questions:

- What if this is the new normal?
- What if the worst is yet to come?

The Big Tent solution:

- Global solutions
- Use support networks
- Access specialists
- Share best practice
- Focus on recovery

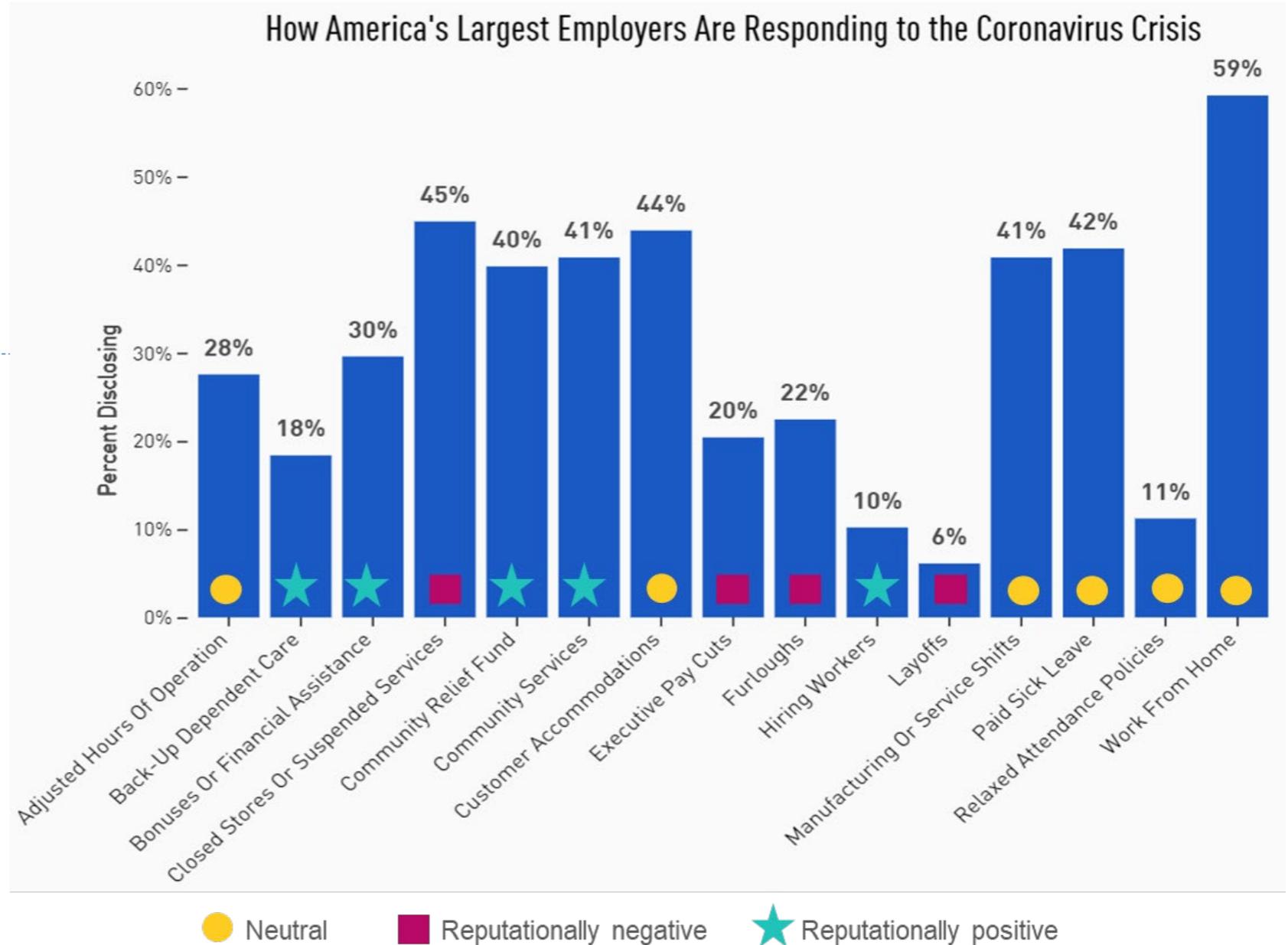


Source: Kubler Ross Change Curve

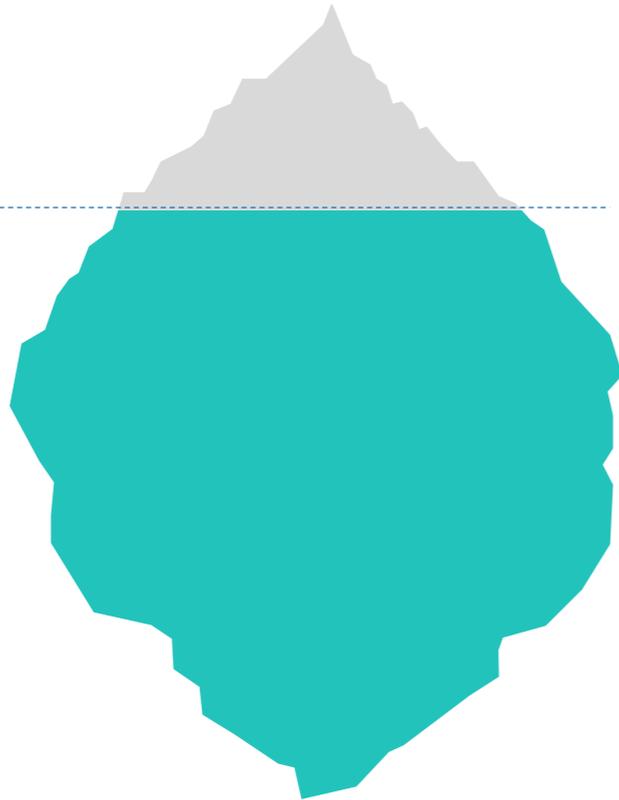
Current models suggest that the next pandemic is likely to come in three waves, with each wave sweeping across the globe in a matter of weeks and lasting as long as three months. (HBR 2006)

► How businesses are responding to COVID-19

Business responses are the tip of the iceberg. The real work is below the surface.



▶ 4 best crisis management practices for short and mid-term



Combine your financial forecasts with business continuity plans. Sync up your manufacturing and commercial projections. Regularly review and adapt.

Holistic scenario planning and forecasting

Keep prioritizing staff care

When creating business plans, do not lose focus on your most valuable asset: your people.

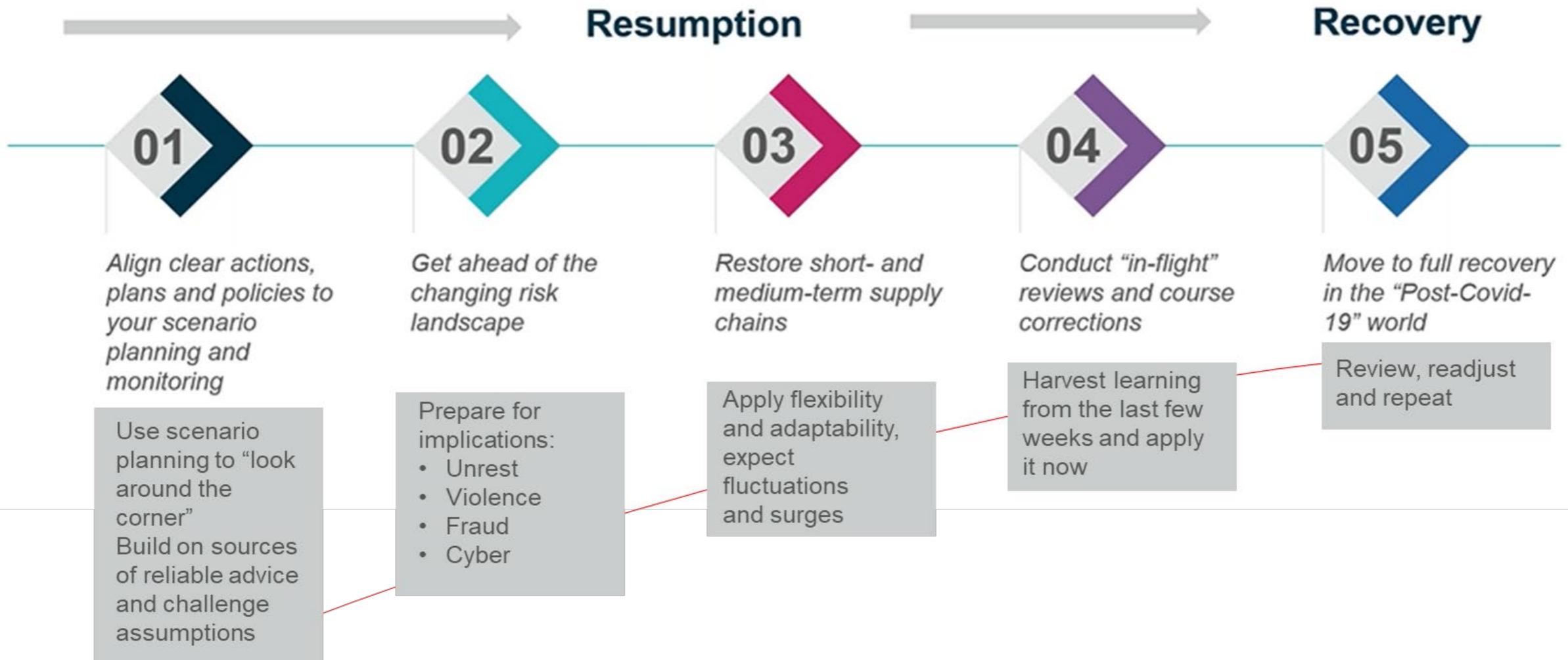
In-brief and phase in your alternates. CMT should focus on strategic, not operational actions.

Give your CMT a break

Coordinate your cross-business resumption

Consider setting up a Recovery Management Team. Build in new redundancies and cost efficiencies.

► What recovery looks like



We welcome your questions and comments!

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For more information please visit www.controlrisks.com/covid-19