

Rebuilding Your P&L: Ramp to Recovery

The COVID-19 pandemic has required rapid and, at times, drastic actions to ensure the viability of a business. These actions range from ensuring the health and safety of employees to securing financial and operational viability. With high uncertainty even after recovery is underway, companies should not view the changes they made as binary and to be 'turned back on', but rather as an opportunity to evolve as a business and apply lessons learned from what their model had become and what changes the pandemic dictated. As we think about our ramp-up to the next normal, now is the time to be even more nimble when rebalancing your P&L with empowered employees, customers, and suppliers to enable the flexibility that will be required as the global economy recovers.

KEY LINE ITEMS & ACTIONS TAKEN	CONSIDERATIONS FOR RAMPING TO RECOVERY
 <p>PAYROLL & BENEFITS</p> <ul style="list-style-type: none"> Temporarily reduce salaries Enact furloughs or layoffs Dismiss contractors Delay benefits (e.g., 401k match) Freeze hiring Reduce/eliminate health and wellness benefits 	<ul style="list-style-type: none"> ❑ Plan to compensate employees in a different way: instead of increasing base, create bonuses or shared upside incentives to keep salary expenses down while increasing employee engagement ❑ Accelerate automation: identify opportunities to automate work of idle employees or bring people back as contractors to keep costs more variable ❑ Prevent contractor cost swings: target high ROI projects that were disrupted or projects that saw detrimental impacts without contractors
 <p>TRAVEL & EXPENSE</p> <ul style="list-style-type: none"> Eliminate travel for business and training Cancel conference commitments Eliminate team building meals and events 	<ul style="list-style-type: none"> ❑ Hold the line on minimized T&E: consider conferences and business expenses as focused on the essential ❑ Reset T&E budgets: re-run annual planning exercise for the fiscal year ❑ Prioritize the right T&E: re-start spending based on value to the business and be clear on guidance
 <p>FACILITIES</p> <ul style="list-style-type: none"> Pause payment on leases or mortgages Defer renewal of leases 	<ul style="list-style-type: none"> ❑ Document lessons learned: embed organizational capabilities to work remotely to inform facilities strategy ❑ Reassess office footprint: balance live and virtual work and align to reduced office space footprint (e.g., sublease out excess capacity in near term, rationalize square footage long-term) ❑ Play to your advantage: obtain space where in-person work is an absolute necessity and monitor shifting dynamics in commercial real estate market for opportunities to renegotiate leases ❑ Seek market shifts toward tenant benefits: find space where your business has a cost advantage
 <p>R&D EXPENSES</p> <ul style="list-style-type: none"> Targeted reductions in long-term programs Defer starting new programs or projects 	<ul style="list-style-type: none"> ❑ Re-allocate engineers to the right priorities: consider cuts taken and whether those investments are a priority in the next normal ❑ Find the next normal: re-build your R&D expense budget based on next normal project
 <p>MARKETING</p> <ul style="list-style-type: none"> Reduce traditional marketing budgets Shift budget to public relations 	<ul style="list-style-type: none"> ❑ Run your marketing budget lean: refresh your approach with new marketing tactics where there were misses ❑ Align your customer experience: focus marketing efforts on trust and retention of top clients ❑ Plan a cohesive public relations plan: enact continuity communications throughout the fiscal year to match your public presence
 <p>IT</p> <ul style="list-style-type: none"> Increase worker flexibility tools Purchase assets and licenses to enable remote workers Expand business continuity risk plans 	<ul style="list-style-type: none"> ❑ Invest strategically to add remote work capabilities: align with real estate planning and workforce planning for new ways of working ❑ Enable RPA and automation to supplement the workforce: consider the strategic role of IT in automation for existing jobs and future jobs

Here at Jabian, our consultants are focused on guiding our clients into positions of strength in the next normal. If we can be of assistance to your business, please know Jabian is here to help. Contact us at planahead@jabian.com.