
How to reset costs and reshape your business for growth

A Fit for Growth guide
to respond to and
emerge stronger from
the **COVID-19** crisis

Introduction

CEOs were already juggling cost challenges before the COVID-19 outbreak. Then the world's 20 largest economies went on lockdown within an eight-week window. Optimism for a quick recovery has evaporated and one big question looms: **How to prepare for a future that will be forever changed, but is still not fully known?**

Most companies will work to protect the bottom line, while also building more resilience and agility into the organization.

But **while cost-cutting is necessary, it will not be enough. Even worse, done the wrong way, it can harm a company's chances of survival.**

Leaders also have to pivot value propositions, figure out ways to grow and identify new sources of revenue to find their place in the future. This involves cutting costs in a way that doesn't harm the business, while **redirecting costs to the drivers of growth: the capabilities that differentiate a company.**

The global pandemic has **upset past beliefs and models about costs.** On one hand, **costs that were once fixed** in the minds of business leaders **have become more variable** (think office space), while capabilities that might have been **differentiators in the past are now just table stakes** (automation and collaboration technologies). So much has changed that strategies may need to shift in new ways to redesign the business and cost structure for more enduring strength and agility.

Contacts

Our global *Fit for Growth** leadership team is ready to help



Vinay Couto
Global leader,
Fit for Growth Platform
+1 312 213 6753
vinay.couto@pwc.com



Deniz Caglar
Principal, PwC US
+1 312 420 8569
deniz.caglar@pwc.com



Dr. Michael Wagner
Partner, PwC Strategy& Germany
+49 170 2238 539
michael.wagner@pwc.com



Matt Mani
Principal, PwC US
+31 6 22 79 19 63
matt.mani@pwc.com

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Fit for Growth for the new normal

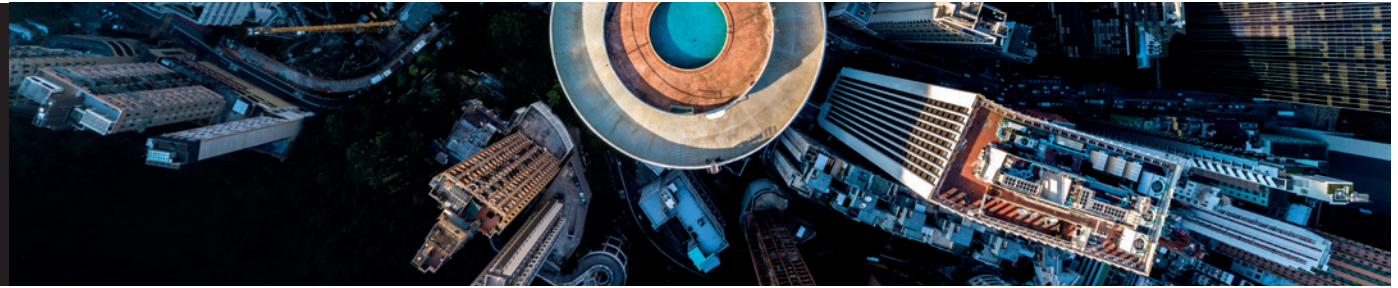
Fit for Growth provides a powerful and complete approach to be ready for the new normal and emerge stronger



Develop a clear-eyed strategy



Revisit your strategy and be clear on your must-haves to win in the future – regardless of any economic scenario



Double down on your differentiating capabilities



Sustain your focus on your strategy growth pillars/ must-haves that will be relevant in any economic environment



Radically transform your cost structure



Revisit your entire cost structure to establish short-, mid-, and long-term actions to fundamentally adjust for the future



Reimagine your operating model



Reimagine how you organize and collaborate – using technology accelerators and strengthening resilience



Accelerate your cultural evolution



Actively engage the organization to define the required behaviors to build on cultural strengths and own the actions to shape the future



Develop a clear-eyed strategy

New normal considerations will require all businesses to reassess strategic priorities across the value chain



Commercial strategy



Pricing adjustments to account for increased costs and/or changes in volumes

Evolving sales processes and tools for increased remote selling and digital channels

Optimizing discounting, incentives and credit terms to enable restart and glide path to the new normal

Portfolio strategy



Revisiting and refreshing product and solutions portfolio to ensure relevance in post-COVID-19 world

Assessing if any industry and market trends have accelerated (e.g., e-commerce, digital models)

Evaluating life cycle and profitability of business and market positions

Identifying opportunities to pick up growth-enabling assets

Operational strategy



Quantifying changes in real estate and workforce strategy (e.g., increased remote working, facility utilization)

Assessing supply chain strategy (e.g., supplier resiliency, revisit make vs. buy, distribution costs)

Adding resiliency into the business model (e.g., reevaluate footprint and manufacturing strategy)

Workforce strategy



Designing new employee health and wellness policies and guidelines (e.g., tracking of potentially impacted staff, paid sick leave policies, healthy working guidelines)

Implementing changes in shift policies, work hours, working norms and practices and remote work policies

Regulatory strategy



Evaluating government programs to assess pros and cons of participation and impact

Incorporating potential long-term shifts in policy that may impact choices on footprint, workforce, tax and overall strategy

Financial strategy



Resetting financial targets given additional costs of operations (e.g., due to new health and safety norms, operations costs)

Establishing cost and cash management discipline the across company

Optimizing the balance sheet to build sustainability

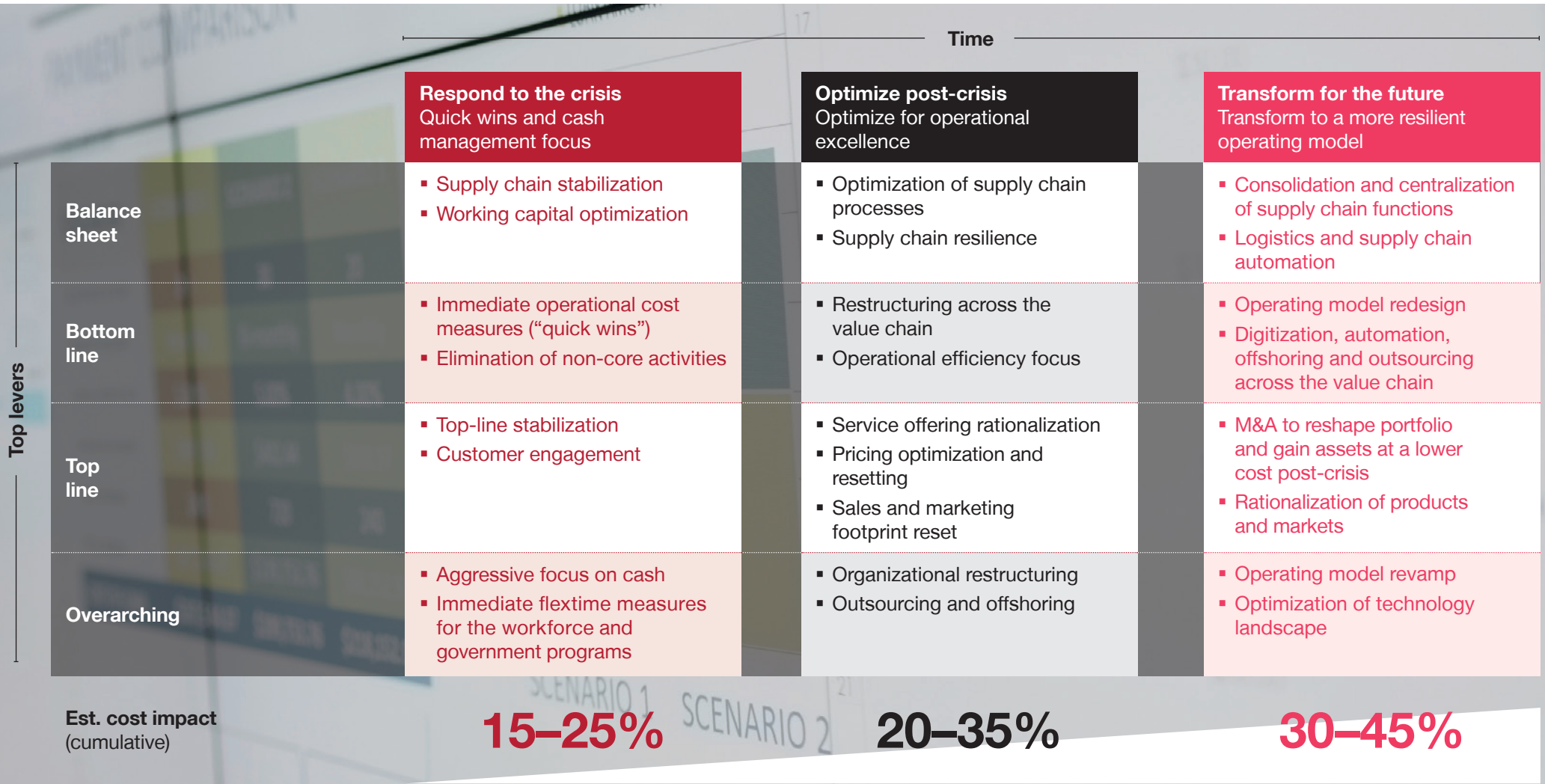
Double down on your differentiating capabilities

Zero-base your entire cost structure to reset future cost and clarify where to invest and how to pay for it



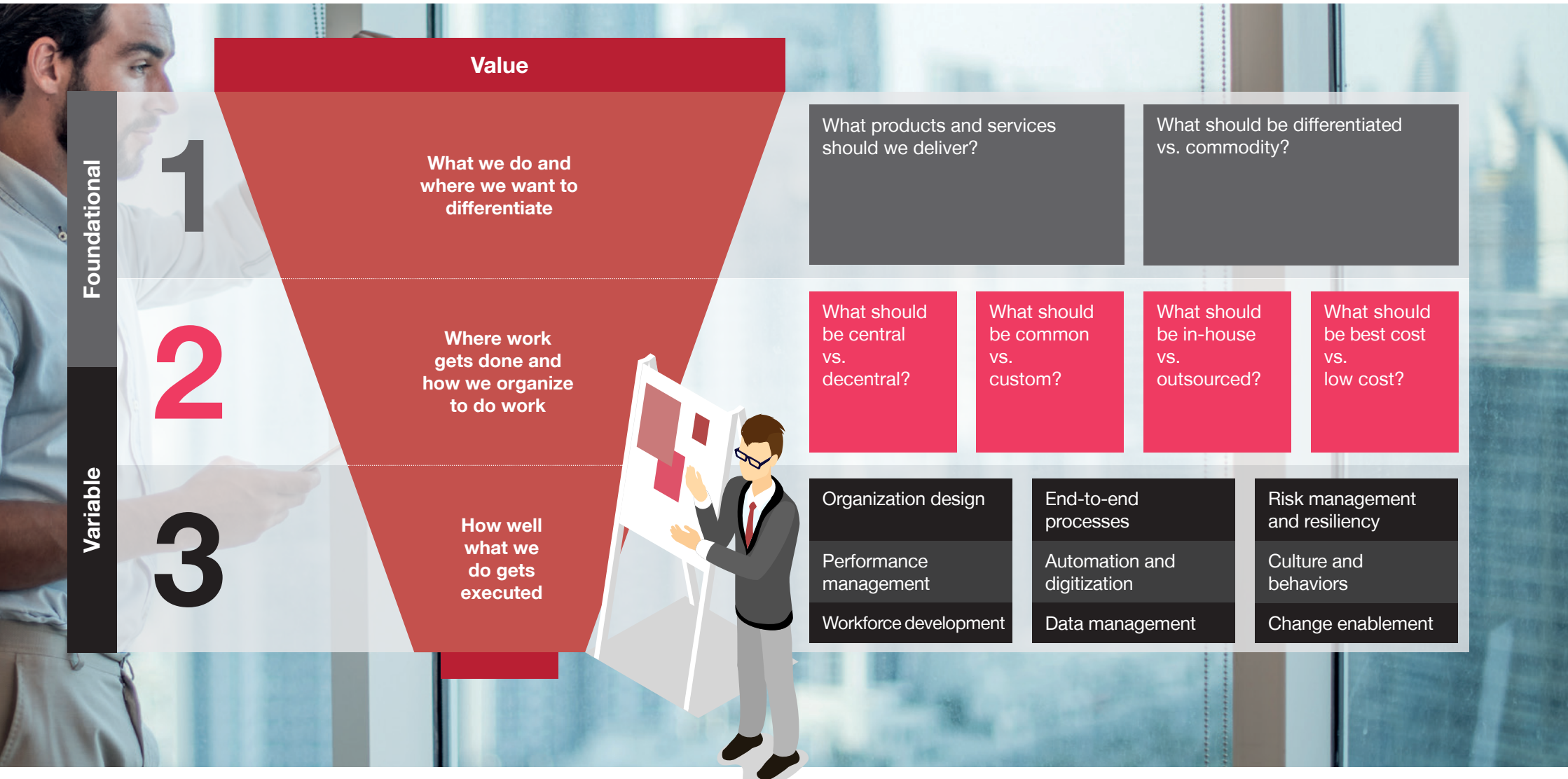
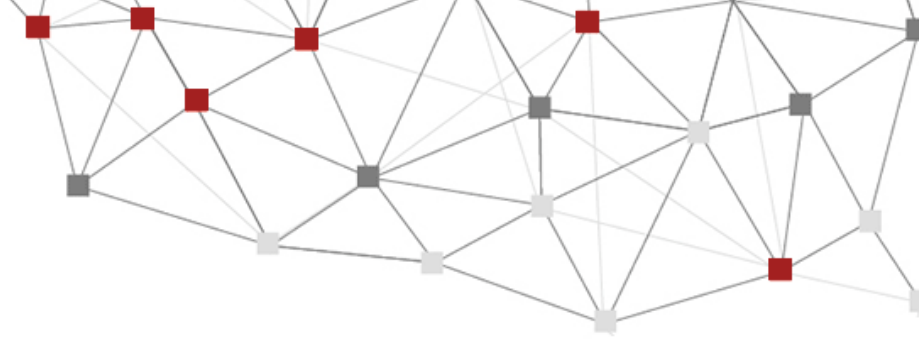
Radically transform your cost structure

Carefully structure cost actions over the short-, mid and long-term to prevent excessive and/or insufficient reactions



Reimagine your operating model

The crisis provides the opportunity to consider improvement levers to reset and accelerate your operating model



What products and services should we deliver?

What should be differentiated vs. commodity?

What should be central vs. decentral?

What should be common vs. custom?

What should be in-house vs. outsourced?

What should be best cost vs. low cost?

Organization design
Performance management
Workforce development

End-to-end processes
Automation and digitization
Data management

Risk management and resiliency
Culture and behaviors
Change enablement

Accelerate your cultural evolution

Actively engage the organization and own the actions to shape the future



Finally, successful execution hinges on engaging the organization to understand the new normal and sign-on



Show empathy

- **Acknowledge how people feel** – understand the human impact on them
- **Visibly demonstrate care for people** in the decisions you make and how you implement actions for change
- Share the **“why”** behind your business decisions



Be courageous

- **Stand in your purpose** and values to help defeat fear and uncertainty
- Take **bold decisions**
- Use the opportunity to **accelerate necessary actions**, even if unpopular



Engage the team

- **Be transparent** in sharing the situation, challenges and opportunities
- **Invite people to** shape the ideas and **contribute solutions**
- **Involve leadership** at all levels to engage and communicate



Assume responsibility

- Take **personal ownership** of the required transformation
- Acknowledge reality and focus on the next **best decision**
- **Align leadership incentives** to push for performance



Act with urgency

- Drive toward actionable insights and analyses and **be decisive**
- **Use the future to shape the present** – act deliberately
- **Be willing to adapt** strategies and align resources quickly

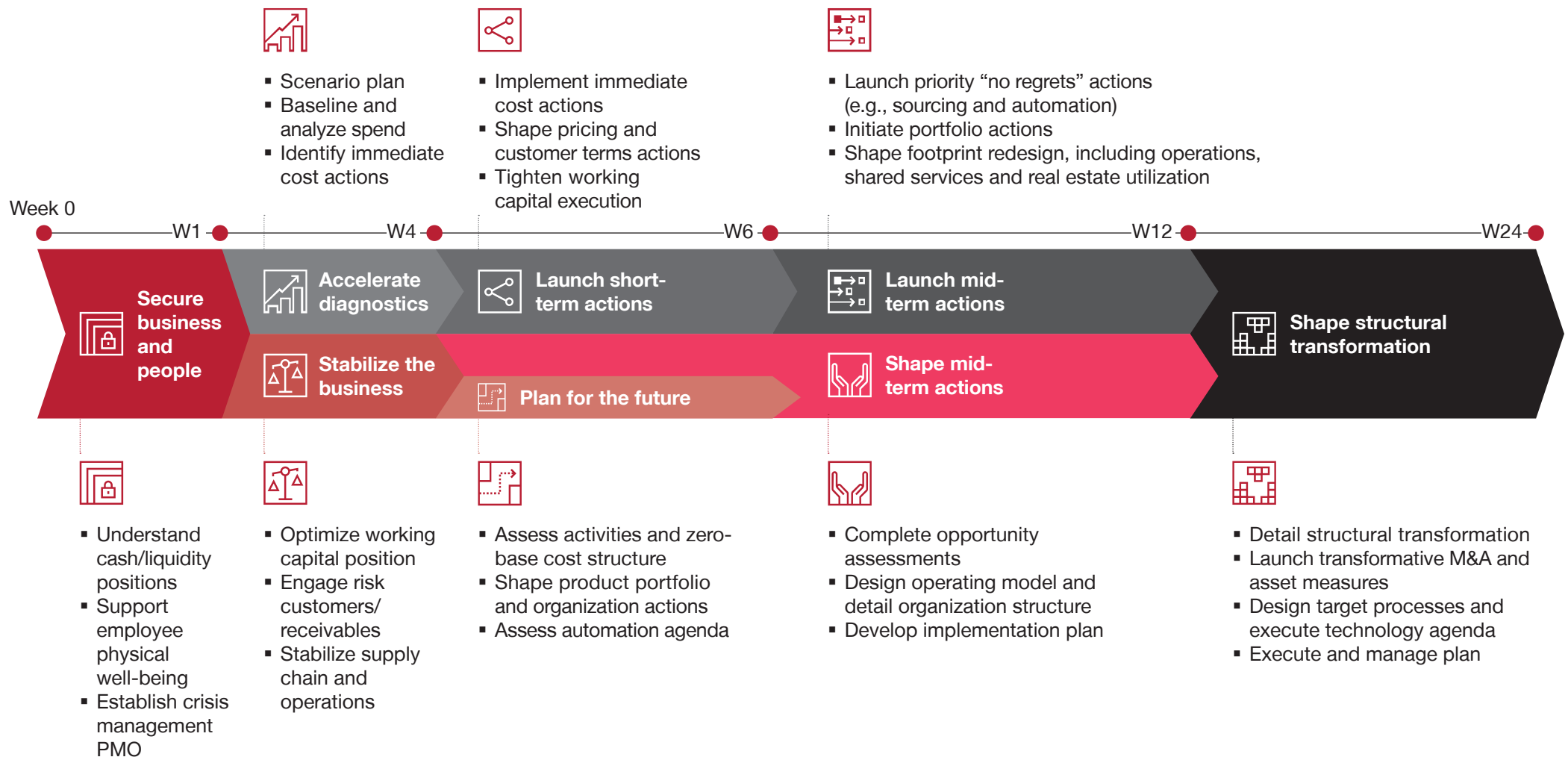


Be transparent

- Keep employees connected and **engaged**
- Continuously **frame the case for change** and communicate authentically with straight-talk
- **Reassure** stakeholders with actions, but also showcase realistic outlook

An accelerated approach

The *Fit for Growth* approach helps generate first results quickly – while shaping the path to emerge stronger

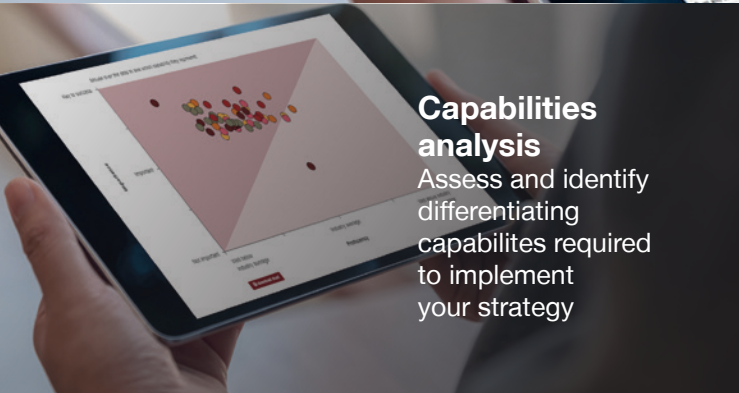


The power of digital assets

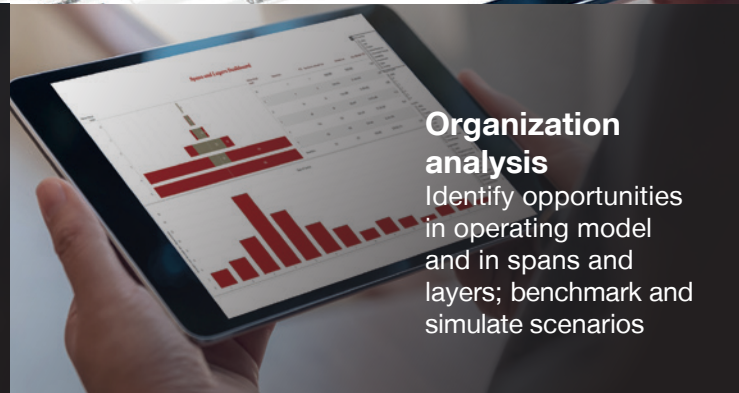
The *Fit for Growth* approach leverages a suite of digital assets, deployed virtually, to enable rapid analysis and actionable insights



Spend analysis
Deconstruct general ledger data to identify where, when and how you can optimize spend



Capabilities analysis
Assess and identify differentiating capabilities required to implement your strategy



Organization analysis
Identify opportunities in operating model and in spans and layers; benchmark and simulate scenarios



Process analysis
Highlight white spaces for process standardization and automation in technology



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