

WORKFORCE CONTINGENCY PLANNING



*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 smart phone 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

The background of the slide features a faint, light blue compass rose centered over a circular scale with degree markings. The scale has numbers like 30, 60, 240, and 270. The compass rose has eight points, with the cardinal directions (N, S, E, W) being more prominent. The overall aesthetic is clean and professional, with a blue color scheme.

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