

COVID-19

Evolution of Pandemic,
Economic Barometer
and Kaizen Strategy

**Introduction
and
Executive
Summary**

**Evolution
of the
Pandemic**

*Perspectives
and Timescales*

**Evolution
of the
Economy**

*Economic
Barometer*

**Improvement
Strategy**

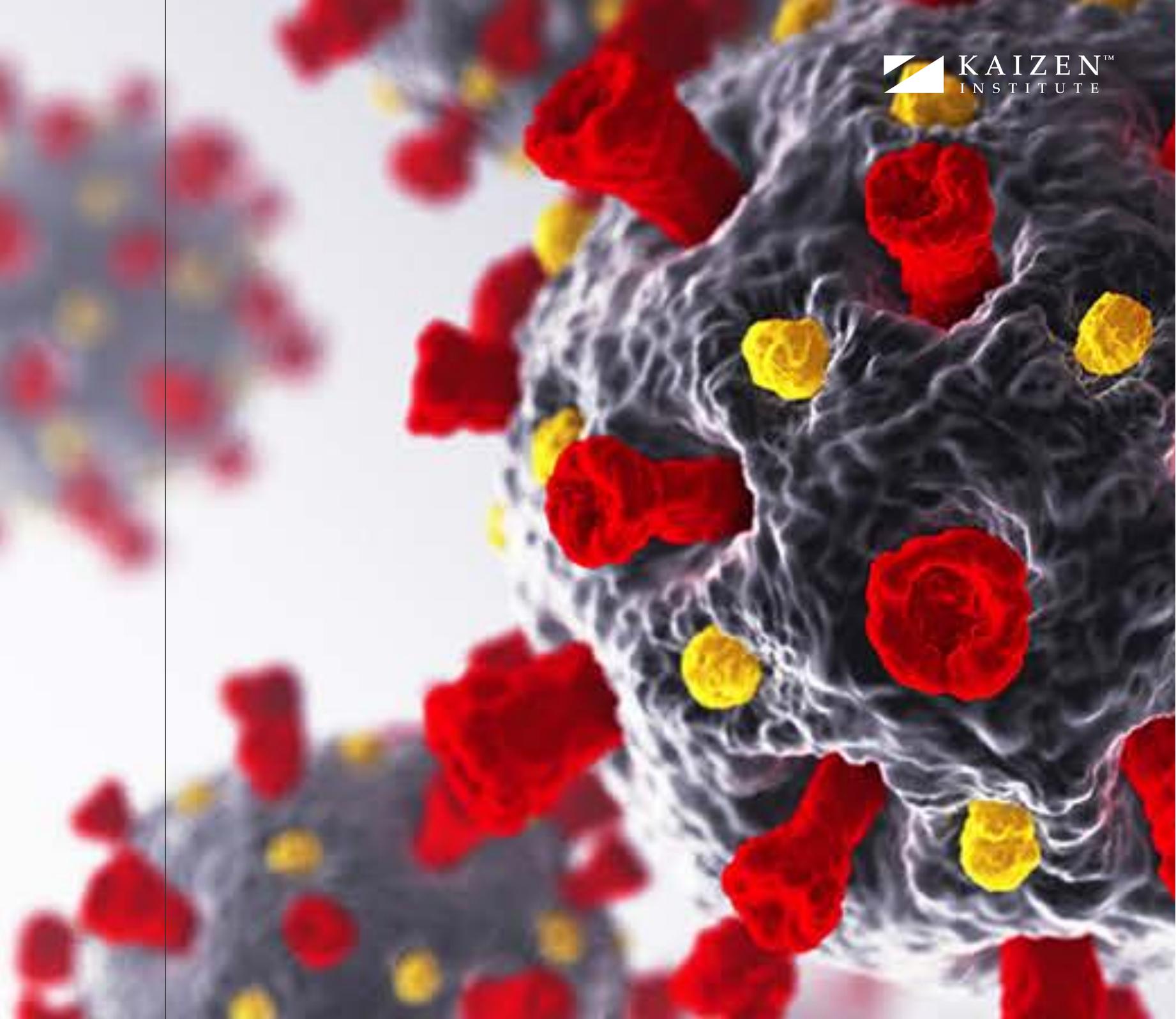
*Emerge
from the crisis
stronger*

**War Room
in times of
crisis**

*The use of a digital
war room to
manage all phases
of the crisis*

Conclusions

Introduction and Executive Summary



The COVID-19 crisis has taken the world by surprise. Healthcare systems have been disrupted and the global economy is suffering

The crisis has caused high mortality rates among high-risk groups and proceeds to overwhelm healthcare systems around the world. The lack of healthcare capacity at the peak of the outbreak risks contributing to an even greater number of casualties.

This health tragedy has effectively **shut down the economies of almost every nation**, through the impact caused by so-called “lockdown” policies, which are designed to slow **down and minimise further spreading of the virus**.

An analysis has been made as part of this report in an effort to discern the effects of the pandemic and its **impact on the businesses on a global scale**, with a particular emphasis on UK industry. (All data presented is accurate as of 12 April 2020.) The aim of the report is to indicate the **main phases of the pandemic**, and to **provide guidance for UK businesses** on how to react quickly and decisively during this crisis so that they can emerge stronger than ever before.

UK businesses should take advantage of the time available to them to develop their people and processes, regardless of whether or not people are working remotely during this time

The effect of the governments containment measures on UK business are overwhelming. This crisis has brought a deplorable situation to many companies, facing situations that they could not have predicted.

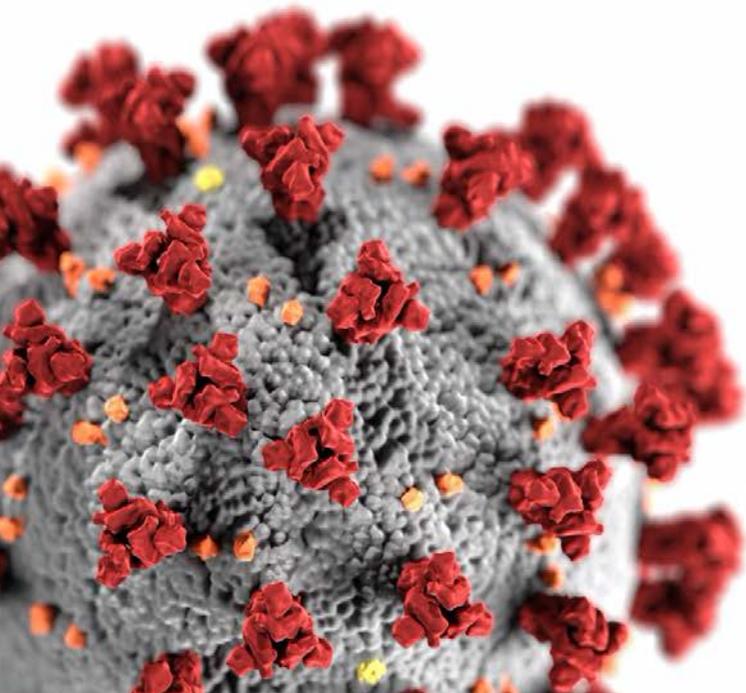
Based on the evolution of the pandemic in other countries, it is possible to **estimate a base scenario of phases and potential recovery stages**.

Based on these recovery phases, we present potential **improvement actions** that can be followed taking advantage of the availability of employees at this time.

There is talk of a “new normal” and the need to **review organisational strategy** in response to the new “change drivers” that have been created by the crisis.

The base scenario suggests that recovery **starts in the third quarter**, however it is possible to prepare now, because **“what doesn't kill us, makes us stronger”**.

Dan Alexander
Managing Director
Kaizen Institute UK



Executive Summary

An analysis of the **evolution of the pandemic** across the world leads us to believe that the lockdown policies are working, and it is expected that countries will follow a path comprising of five phases presented in the table opposite in an attempt to mitigate the impact of the pandemic to the best of their ability.

The data on the **evolution of the economy** obtained through the economic barometer indicates, as anticipated, a sudden loss of confidence in the economy, with expectations of necessary job losses and a full recovery only towards the end of the year.

The negative impact of a crisis of this magnitude will be felt by many, and it is unlikely that any business will emerge completely unscathed. This unprecedented period of history does, however, bring with it many opportunities, and the **prospect of businesses emerging stronger and more competitive than before is not entirely out of the question.**

In this report, suggestions for how a typical UK business can **improve** during this time are presented, alongside guidance for these businesses to assist them in their **preparations** ahead of the time when this crisis comes to an end.

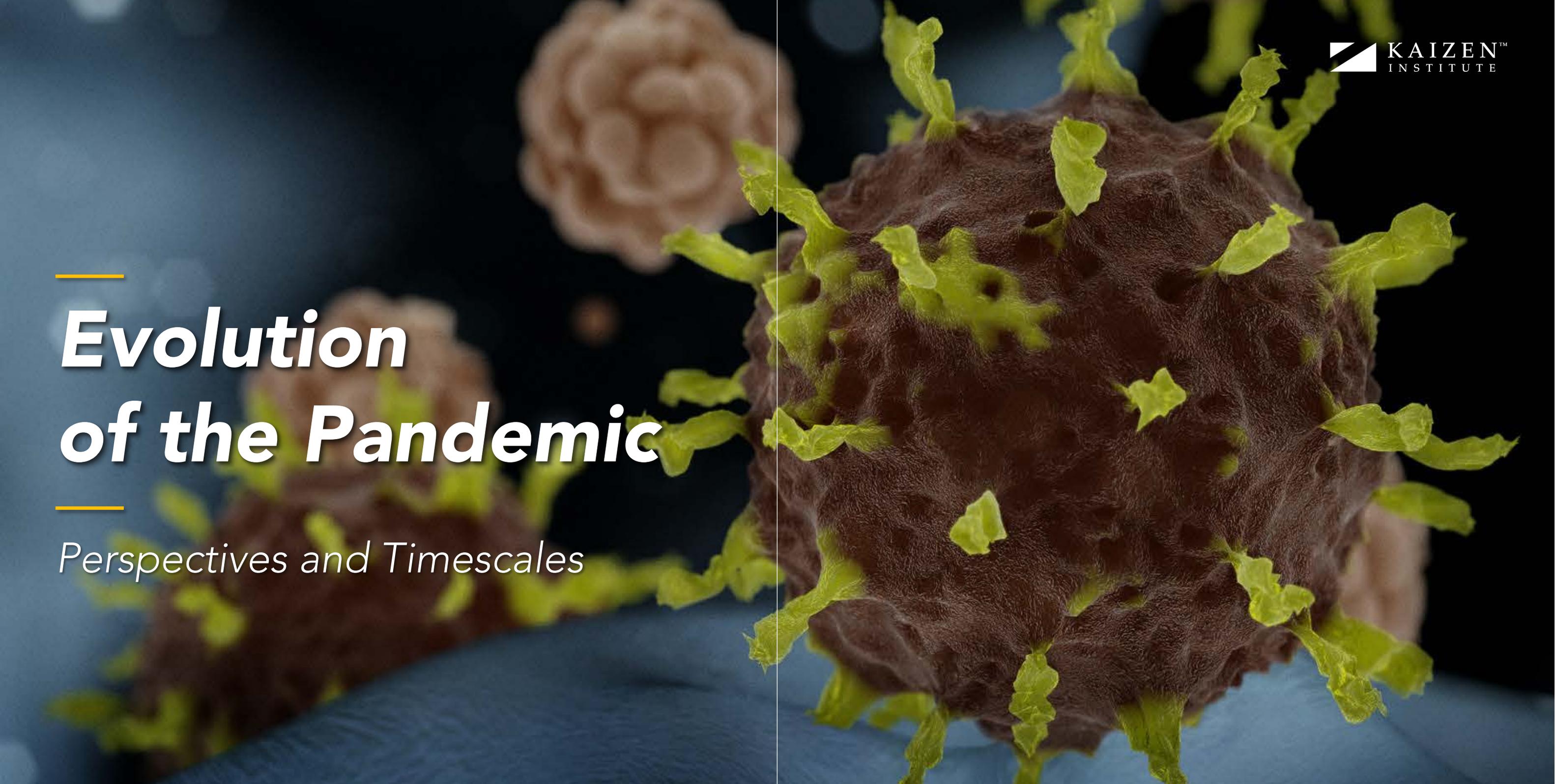
One such improvement suggestion that should be considered more of an imperative is to **set up and operate a crisis management “war room”** throughout the remainder of 2020, if not into the early part of 2021.

If everything comes together as hoped, **2021 may well be a year of substantial growth.**

	PHASE I: DENIAL	PHASE II: DISRUPTION	PHASE III: RESOLUTION	PHASE IV: RECONSTRUCTION	PHASE V: REIMAGINATION
Phase Description: Start and End Point	<ul style="list-style-type: none"> The detection of the first case until... ...a state of emergency is declared (<i>lockdown</i>) 	<ul style="list-style-type: none"> The state of emergency being declared (<i>lockdown</i>) until... ...such time that the number of daily new cases starts to decline 	<ul style="list-style-type: none"> The point in time where the number of daily new cases starts to decline until... ...the state of emergency is officially brought to an end 	<ul style="list-style-type: none"> The end to the state of emergency until... ...50% of businesses have recovered to a pre-crisis state 	<ul style="list-style-type: none"> The point in time where 50% of businesses have recovered to a pre-crisis state until... ...100% of businesses have recovered to a pre-crisis state
Phase Timescale: Start Date and Duration	<ul style="list-style-type: none"> 31 January 2020 7 to 8 weeks 	<ul style="list-style-type: none"> 23 March 2020 6 to 7 weeks 	<ul style="list-style-type: none"> 8 to 11 May 2020 5 to 6 weeks 	<ul style="list-style-type: none"> 15 June 2020 12 weeks 	<ul style="list-style-type: none"> 7 September 2020 16 weeks
Recommended Improvement Actions	<ul style="list-style-type: none"> Implement crisis war room Improve emergency operations Improve project management during period working from home Reinforce digital marketing 	<ul style="list-style-type: none"> Improve Daily Kaizen for employees working from home Implement Kaizen Energy for employees working from home Review pricing strategy Improve equipment maintenance 	<ul style="list-style-type: none"> Increase employee versatility Ensure efficiency post-crisis Resize supply chain Improve sourcing and suppliers 	<ul style="list-style-type: none"> Improve customer experience Improve selling capacity Improve service and support operations (agile organisation) Accelerate new product development 	<ul style="list-style-type: none"> Review business strategy Reinvent innovation strategy

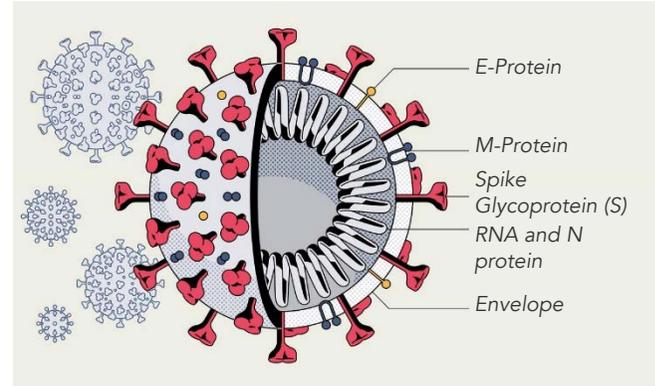
Evolution of the Pandemic

Perspectives and Timescales



The COVID-19 pandemic, believed to have originated in China some time before December 2019, has spread rapidly to almost every country on the planet

Governments have been forced to implement lockdown policies in an attempt to slow down and minimise any further spread



The coronavirus that is responsible for the COVID-19 disease has contributed to the worst health crisis for over a century.

Although the mortality rate is higher for the elderly, it is young people who are most likely to contract the infection.

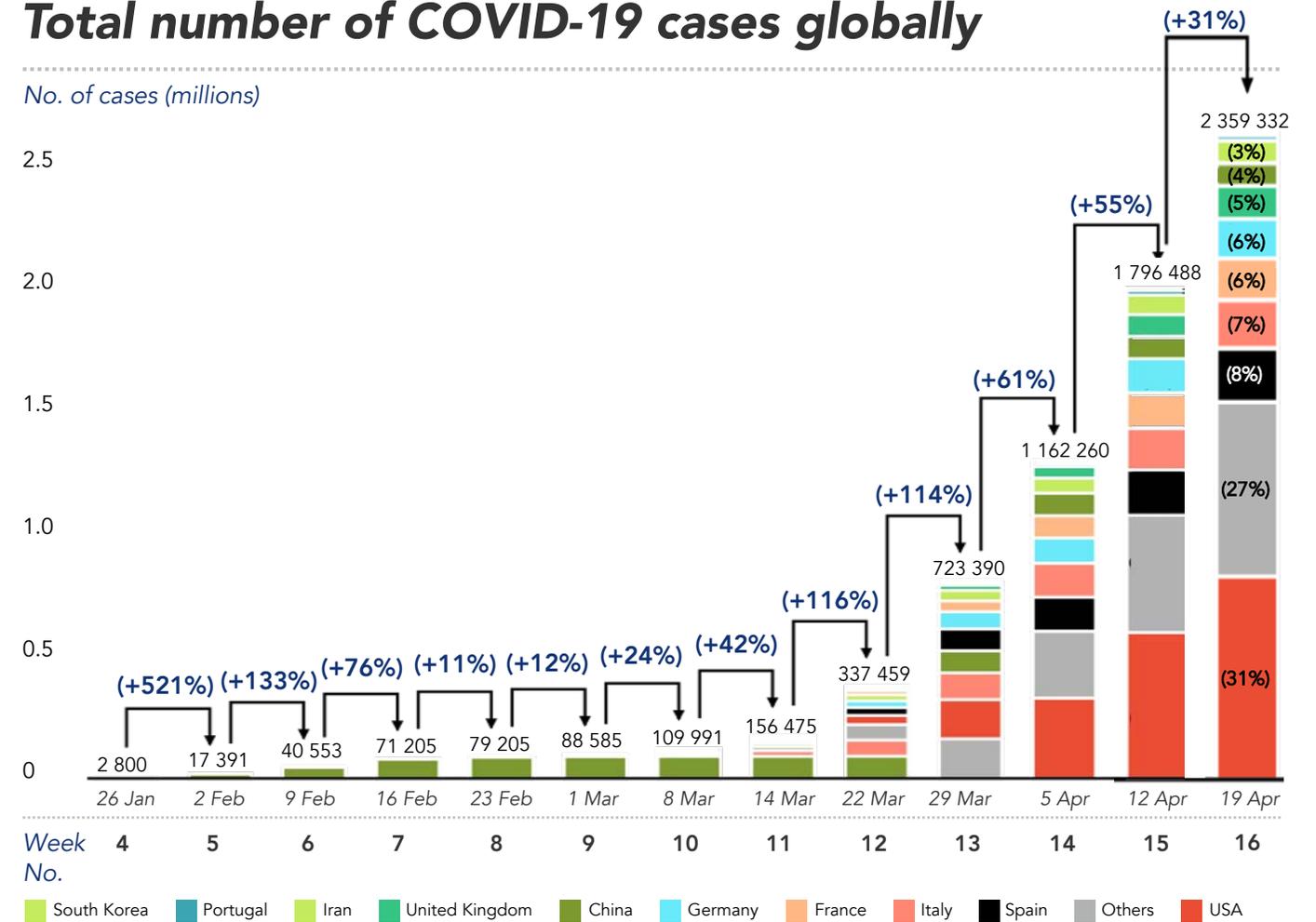
The treatment capacity in hospitals is limited and has already been reached in a number of European countries, where a lack of ventilators, personal protective equipment (PPE) and medical staff burdens health care systems even further.

The aim of every nation has been to decrease the rate of transmission of the disease (the number of newly infected).

Lockdown policies are widely regarded as the best way to save lives, given the limited capacity of health care systems, and a severe likelihood of exceeding this capacity even before the “peak” of the pandemic.

Total number of COVID-19 cases globally

No. of cases (millions)



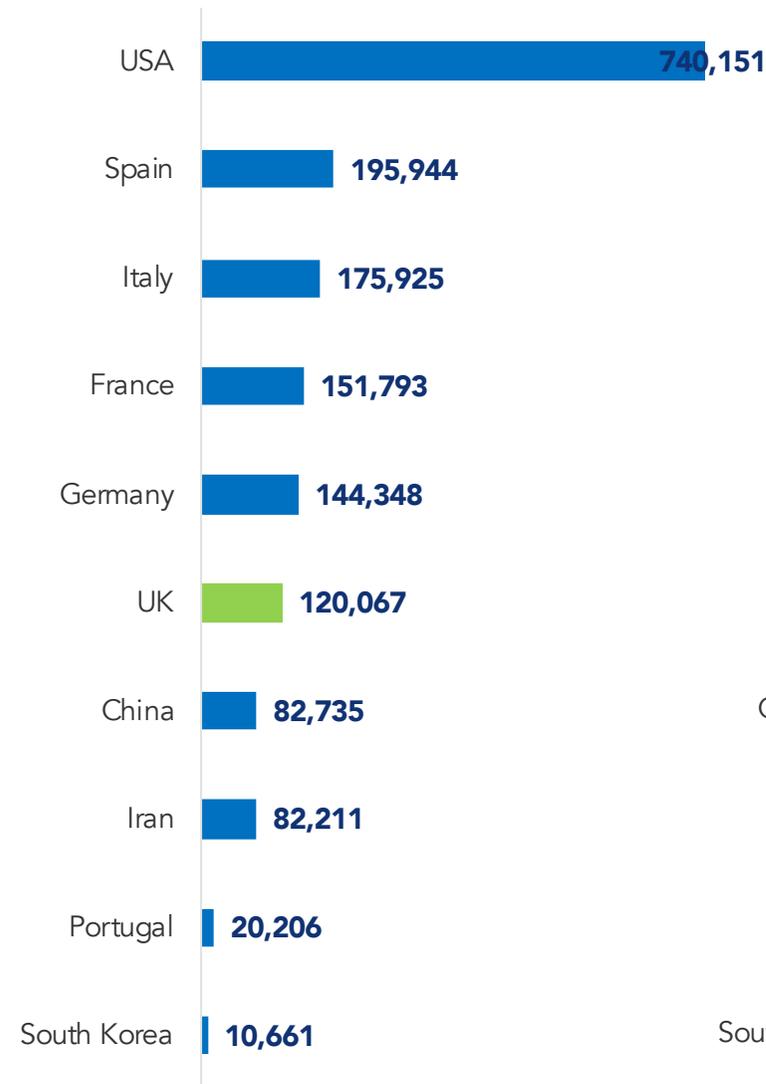
Since the first case was reported in Wuhan, China, on 8 December 2019, the virus has spread rapidly throughout the world.

As of 12 April, the USA had reported the highest number of cases.

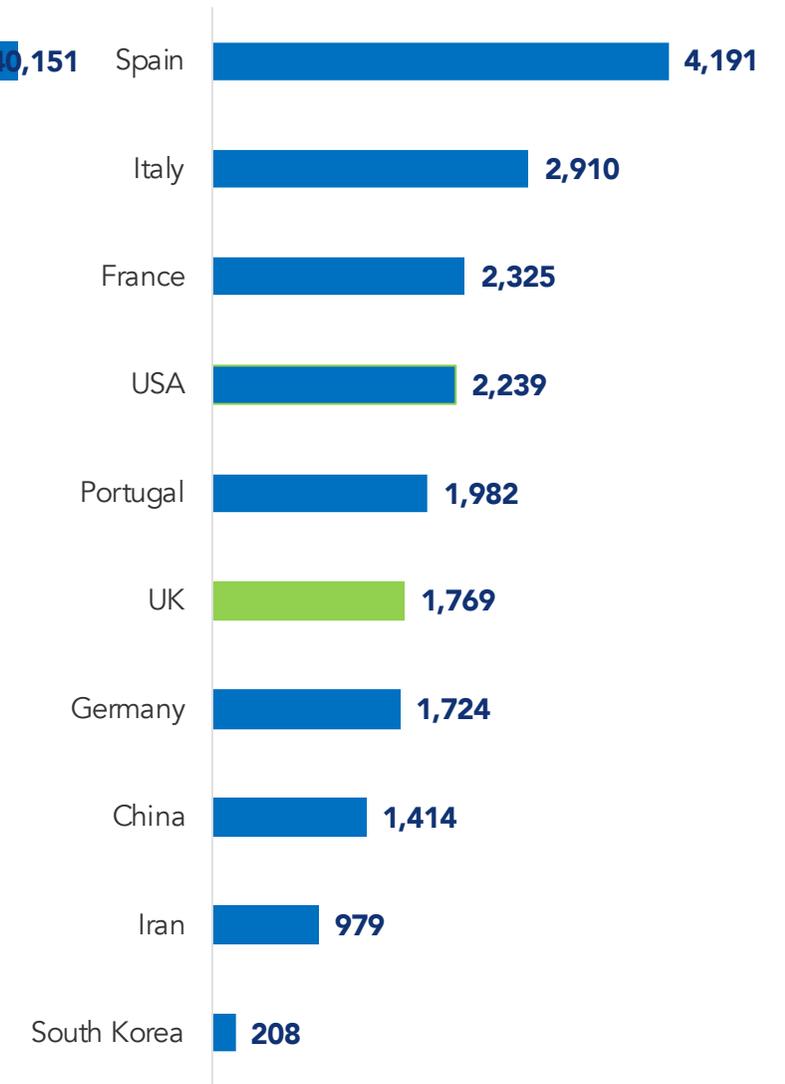
Although the USA has reported the highest number of cases, it is Spain that has the highest number of cases per capita

- Data accurate as of 12 April 2020
- The risk of the virus spreading further in countries with high population densities is very high
- In Europe, early analyses appear to indicate that lockdown restrictions have had a positive impact on slowing the rate of transmission
- In the USA and countries where a full-scale lockdown has not yet been implemented, restrictions are expected to be tightened further

Total cases per country



Cases per million inhabitants



Let us review the impact of the lockdown restrictions in China:

The main indicator of effectiveness is the number of daily new cases

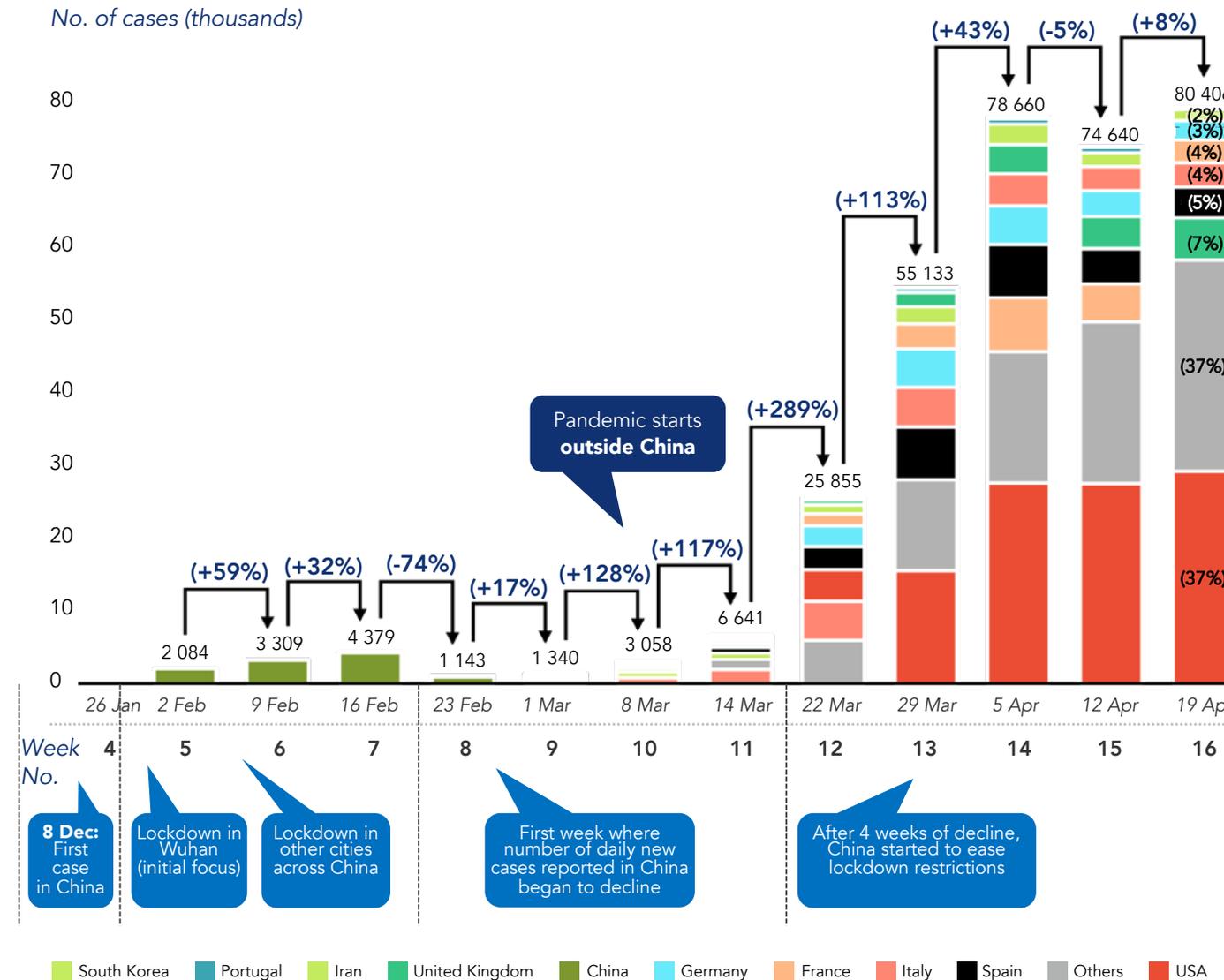
PHASE	DURATION
Phase I: From first reported case in Wuhan to lockdown	6 weeks
Phase II: From lockdown until number of daily new cases starts to decline	4 weeks
Phase III: From number of daily new cases starting to decline to easing of lockdown restrictions	4 weeks
Total duration of continuous disruption in China	14 weeks

Conclusions:

- It could be considered that areas of the country were forced into lockdown much too late
- Implementing lockdown in a timelier manner could have reduced the total duration of continuous disruption by 4 weeks
- The bulk of the disruption may well last 3 to 4 months (depending on the timeliness and effectiveness of public containment measures)

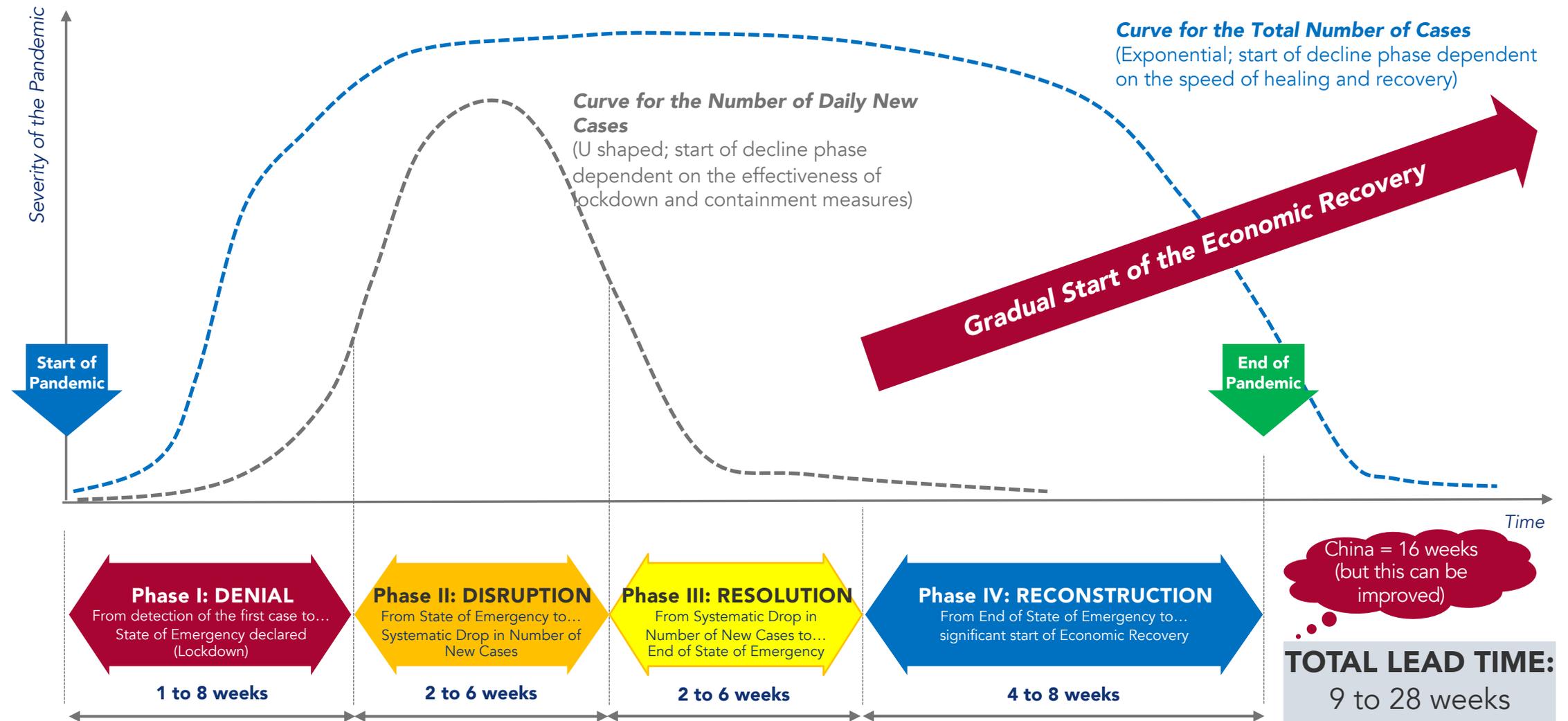
Total number of COVID-19 cases globally

No. of cases (thousands)



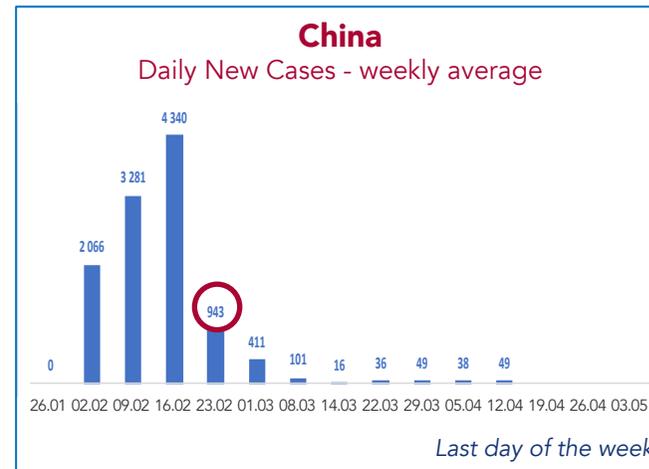
Based on the evolution of the pandemic in China and the containment measures adopted, we can see that China went through the following phases in its bid to curb the spread of the virus across the country

Pandemic Evolution Curve

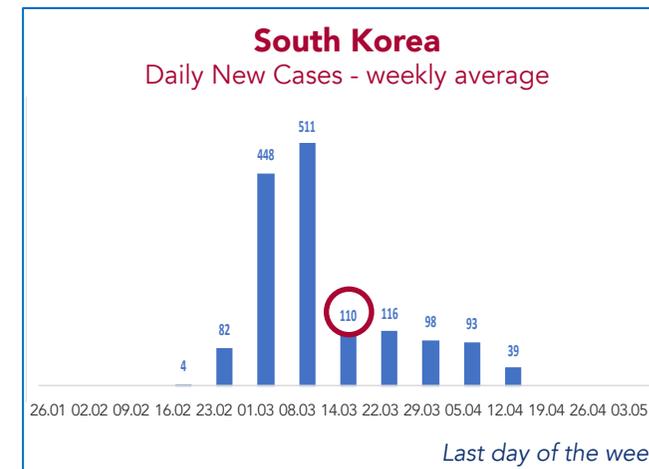


An analysis of Phase III start dates: Resolution in several countries...

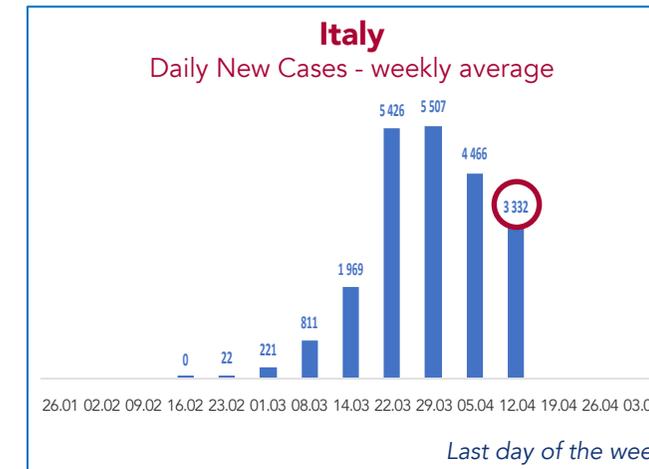
...reveals a starting point for the sudden drop in the number of new cases, due to the effects of the lockdown



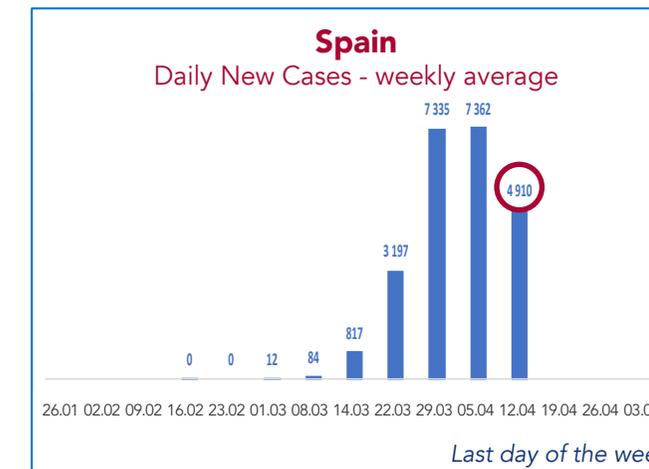
4 weeks until the total number of daily new cases starts to drop



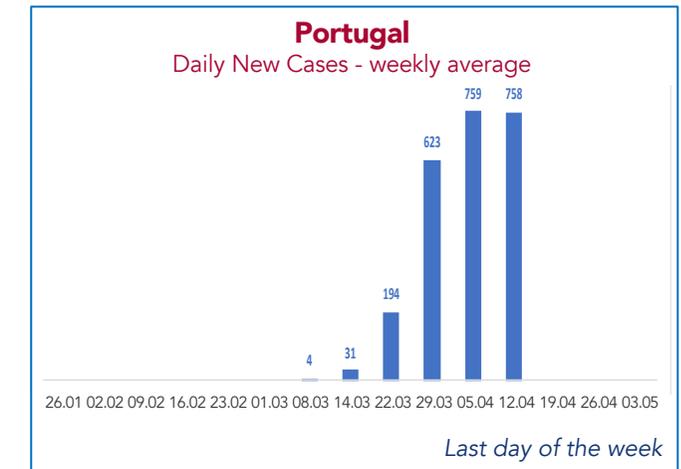
4 weeks until the total number of daily new cases starts to drop



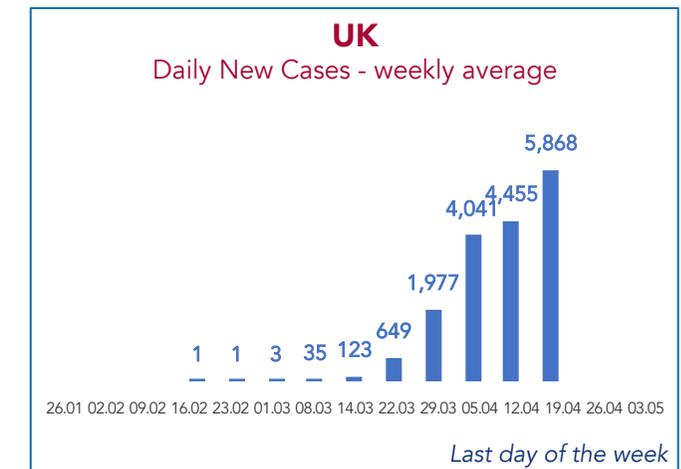
7 weeks until the total number of daily new cases starts to drop



6 weeks until the total number of daily new cases starts to drop



Reached a plateau: Possible drop in number of cases from 13-19 April



The number of daily new cases has not yet reached a plateau

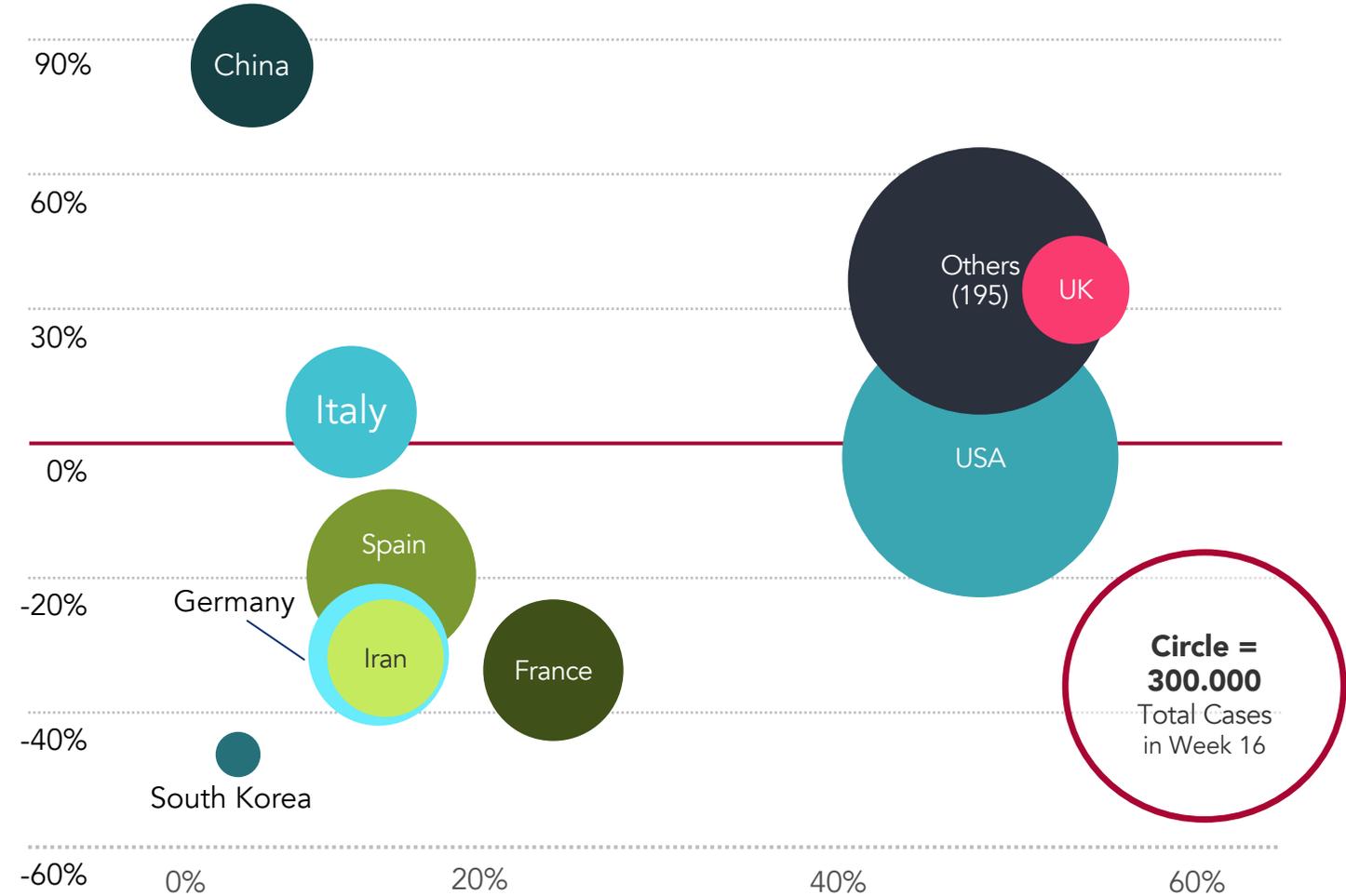
The pandemic shows signs of slowing down across much of Europe, particularly in France, Spain, Germany and Italy

However, in the UK, the number of daily new cases is not yet stable

- The pandemic has **lost momentum in Asia**
- In the largest **European countries** there are **signs of a slowdown**, except in the UK
- In the **USA**, over the last week, it appears that the **number of new cases has stabilised**
- Across the **rest of the world**, there is **widespread growth** across **195 countries** at the time of this publication

Total Cases vs New Cases: Evolution Wk 15 to Wk 16

% Evolution of Daily New Cases Week 15 > Week 16



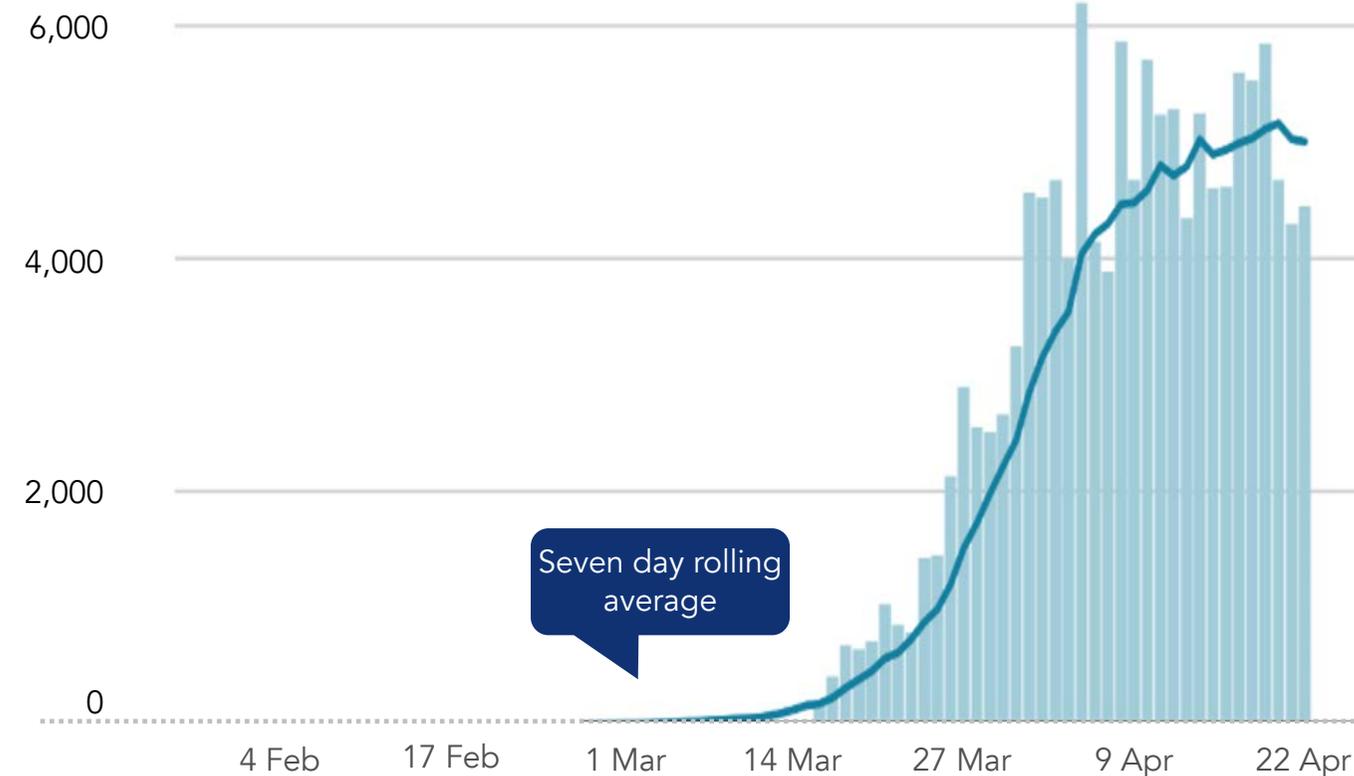
% Evolution of Total Cases Week 15 to Week 16

Circle = 300.000
Total Cases in Week 16

There are hopes that the UK will soon show signs that it is coming to the end of Phase II: Disruption, which will only happen in the event that there is a systematic reduction in the number of daily new cases

- The **number of new cases** (seven day rolling average) is hoped to reach a plateau before the planned end to the first stage of the UK government lockdown (23 March).
- Should this be the case, the lockdown restrictions should be lifted, and the country enter into **Phase III: Resolution**.
- The **economy has been contracting** since late March, as a result of the disruption caused by the state of emergency.

Daily confirmed cases of coronavirus in the UK



Figures now include cases among key workers and their families, as well as patients
Source: Department of Health and Social Care, updated to 22 Apr 09:00 BST BBC

The number of daily new cases in the UK has not yet reached a plateau, but hopes that this time should come within the next couple of weeks remain

- It can be seen that the speed of response to the outbreak of the virus since the first death has not been uniform across all European nations
- The larger European nations, e.g. the UK, France, Germany and Italy, generally took longer to respond
- Countries like Austria and the Czech Republic were quick to react with additional measures, such as the compulsory wearing of masks in public

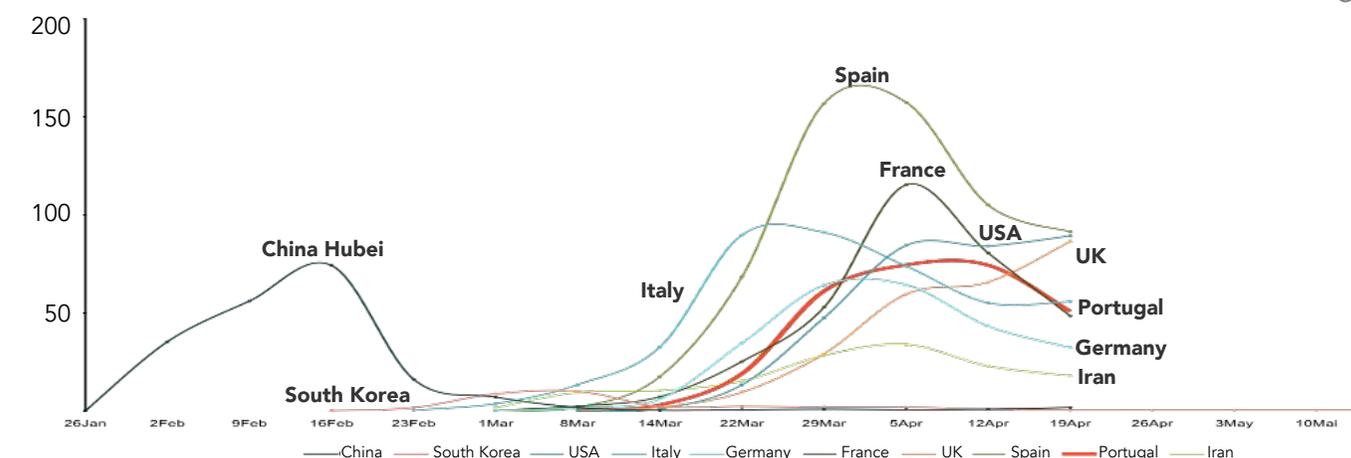
Speed of Response

No. of days since first death and extent of lockdown policies

	PUBLIC EVENTS SUSPENDED	SCHOOLS CLOSED	NON-ESSENTIAL BUSINESSES CLOSED	NON-ESSENTIAL DISPLACEMENT FORBIDDEN	LAND BORDERS CLOSED	INTERRUPTION OF NON-ESSENTIAL INDUSTRY
Austria	0	3 days	4 days	4 days		
Belgium	3 days	4 days	6 days	6 days	10 days	
Czech Republic	0	0	0	0	0	
France	15 days	31 days	29 days	32 days		
Germany	11 days	6 days		13 days	7 days	
Greece	0	0	5 days	12 days	4 days	
Hungary	0	1 day	3 days		2 days	
Italy	12 days	12 days	18 days	18 days	18 days	36 days
Poland	0	4 days	3 days	13 days	3 days	
Portugal	0	0	0	0	0	
Spain	6 days	11 days	11 days	12 days	12 days	26 days
United Kingdom	12 days	18 days	16 days	19 days		

COVID-19 Daily new confirmed cases: 3 day average

The number of confirmed cases is lower than the total number of cases. (Cause: limited testing)



Source: European CDC – Update of the situation worldwide – Last update on the 4th of April at 11:30 (GMT). OurworldInData.org/coronavirus CC BY | Note: The evolution average is the average over a period of 3 days - the confirmed cases on the date mentioned and the ones for the day before and after. Example: the value for the 26th of March is the average of days on the 25th, 26th and 27th of March. The last value shown is calculated as the average of confirmed cases on the respective date and the day before.

In conclusion, we can estimate, based on the available data, a possible duration for the various phases in the UK

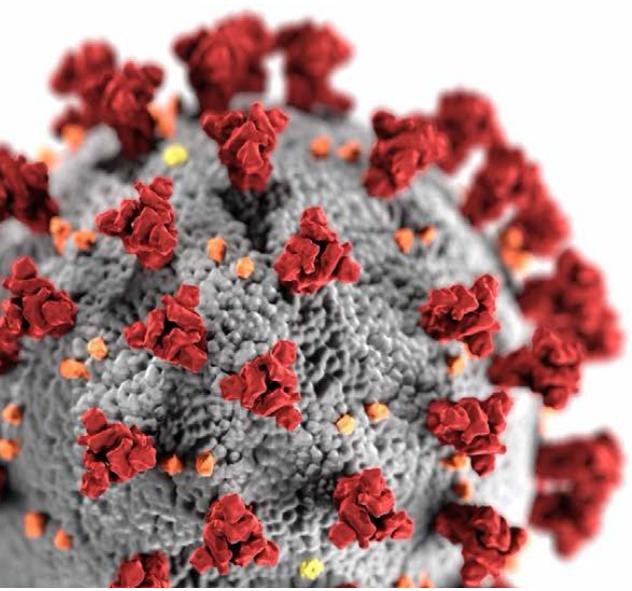
However, for the complete elimination of pandemic, progress in healthcare systems will be necessary, namely cheap / available tests, clinical treatment tested to control more serious cases in high risk groups and innovation in terms of vaccines.

WEEK	50	51	52	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22
DATE	9-15 Dec	16-22 Dec	23-29 Dec	30-5 Jan	6-12 Jan	12-19 Jan	20-26 Jan	27-2 Feb	3-9 Feb	10-16 Feb	17-23 Feb	24-1 Mar	2-8 Mar	9-15 Mar	16-22 Mar	23-29 Mar	30-5 Apr	6-12 Apr	13-19 Apr	20-26 Apr	27-3 May	4-10 May	11-17 May	18-24 May	25-31 May
COUNTRIES																									
China	Phase I: first case in Wuhan 6 wks						Phase II: start of lockdown in Wuhan 4 wks				Phase III: decline in number of new cases 4 wks				Phase IV: end of lockdown – start of economic recovery Today										
Italy					Phase I: first case of hospitalisation (Chinese tourist)						Lombardi Focus		Phase II: entire country on lockdown				Phase III: decline in number of new cases								
France							Phase I: first case of hospitalisation (brought in from China)						Phase II: nationwide containment measures						Phase III: start of drop in new cases						
Spain							Phase I: first case of hospitalisation (German tourist)						Phase II: state of emergency				Phase III: start of drop in new cases								
Germany							Phase I: first case of hospitalisation (brought in from Italy)						Phase II: nationwide containment measures				Phase III: start of drop in new cases								
USA									Phase I: several cases of hospitalisation								Phase II: nationwide containment measures								
Portugal											Phase I: first case (brought in from Italy)				Phase II: state of emergency										
UK							Phase I: first case of hospitalisation (brought in from China)						Phase II: nationwide containment measures						Estimated Phase III: start of drop in new cases						

Evolution of the Economy

*Economic
Barometer*

The COVID-19 crisis took European businesses by surprise. Almost a month after a state of emergency was declared, the degree of confidence of managers in the economy was an average of 8.4 (on a scale of 1 to 20, where 0 is the lowest and 20 is the highest).



The Kaizen Barometer is promoted by the Kaizen Institute and is comprised of a panel of more than 220 CEOs and Directors of European companies.

The purpose of this initiative is to listen to current issues of relevance for the economy, as well as to assess the challenges and constraints that directors face, especially as a result of the pandemic that constitutes a totally unexpected situation.

All issues include a set question, which allows the measurement the degree of confidence in the economy. Other issues related to current topics are included. This edition is made up of large companies (70%), SMEs (25%) and public organisations (5%).

55% of companies have already cut or will cut jobs due to the pandemic, 60% of managers predict that it will take a minimum of 6 months and more likely a period of more than 12 months to resume the same level of pre-COVID-19 activity

In this edition, it was indicated that the vast majority of directors considers that the measures that have been taken by the government to support companies are not enough. It should be noted that a little more than half of the companies do not plan to use a line of credit to support their cash flow.

Another of the topics covered was the billing of companies in March, with 78% of companies reporting amounts below budget but 74% managing to reduce costs.

One of the highlights of the Barometer is the evidence that almost all of the companies surveyed have employees working remotely and more than 60% of the remote working teams report a lower efficiency in their performance. 87% of directors expect a drop in the results of their organisations in 2020 when compared to 2019.

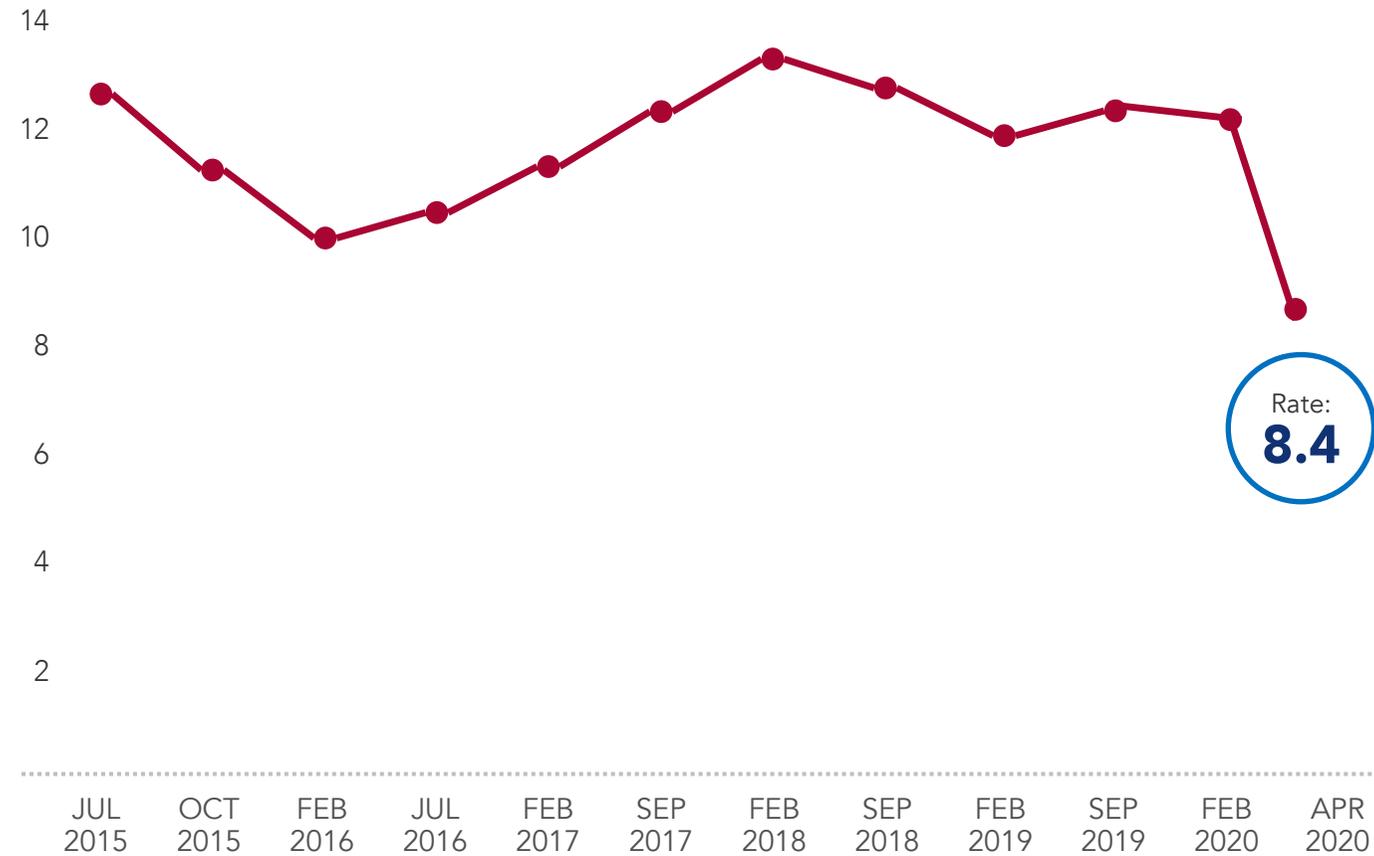
We would like to thank all members of the Kaizen Barometer.

Euclides A. Coimbra

Senior Partner & Managing Director
Kaizen Institute Western Europe
United Kingdom - Ireland - Portugal - Spain - France - Malta

1.

On a scale of 0 to 20 (0 being the lowest and 20 being the highest), what is your level of confidence in the national economy at present?



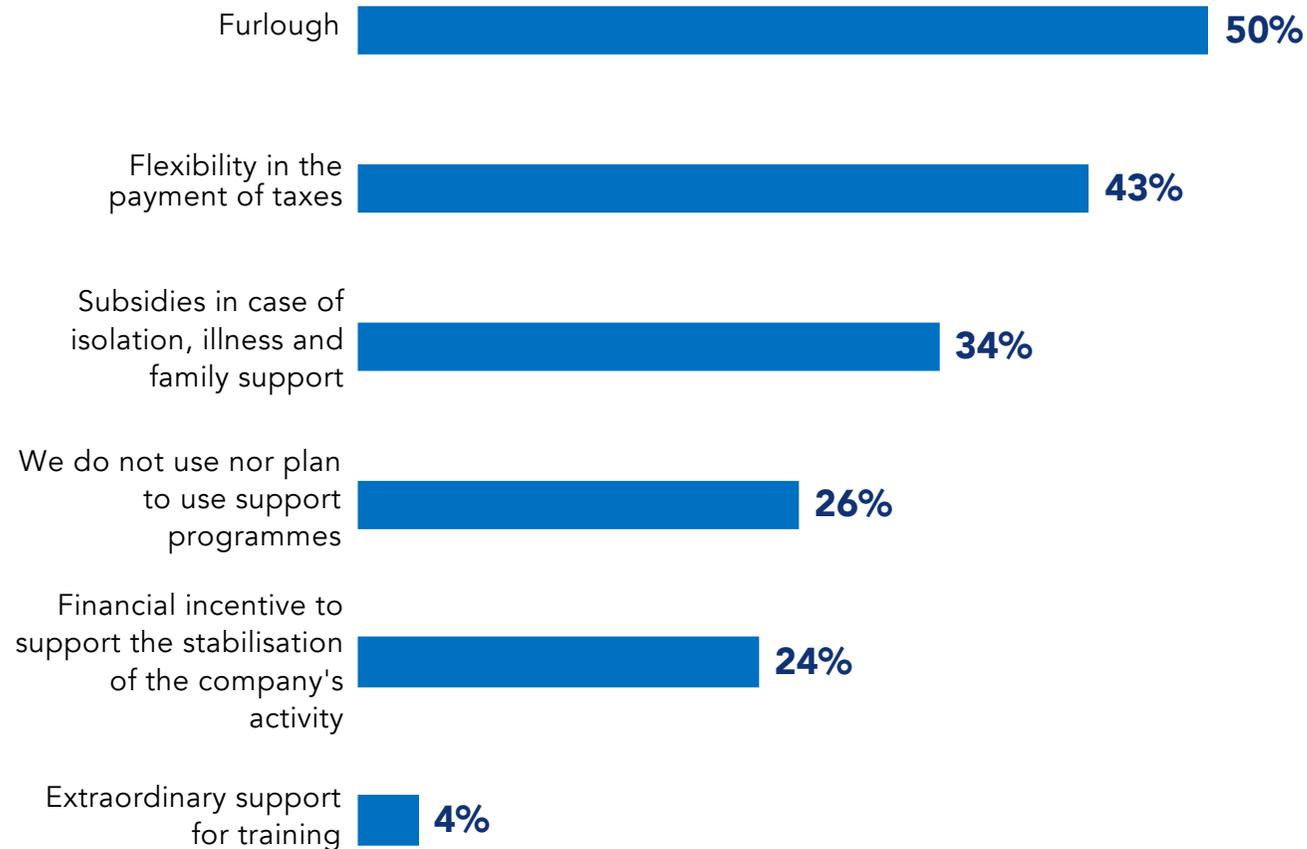
2.

Do you consider that the measures taken by the government to support companies are enough?



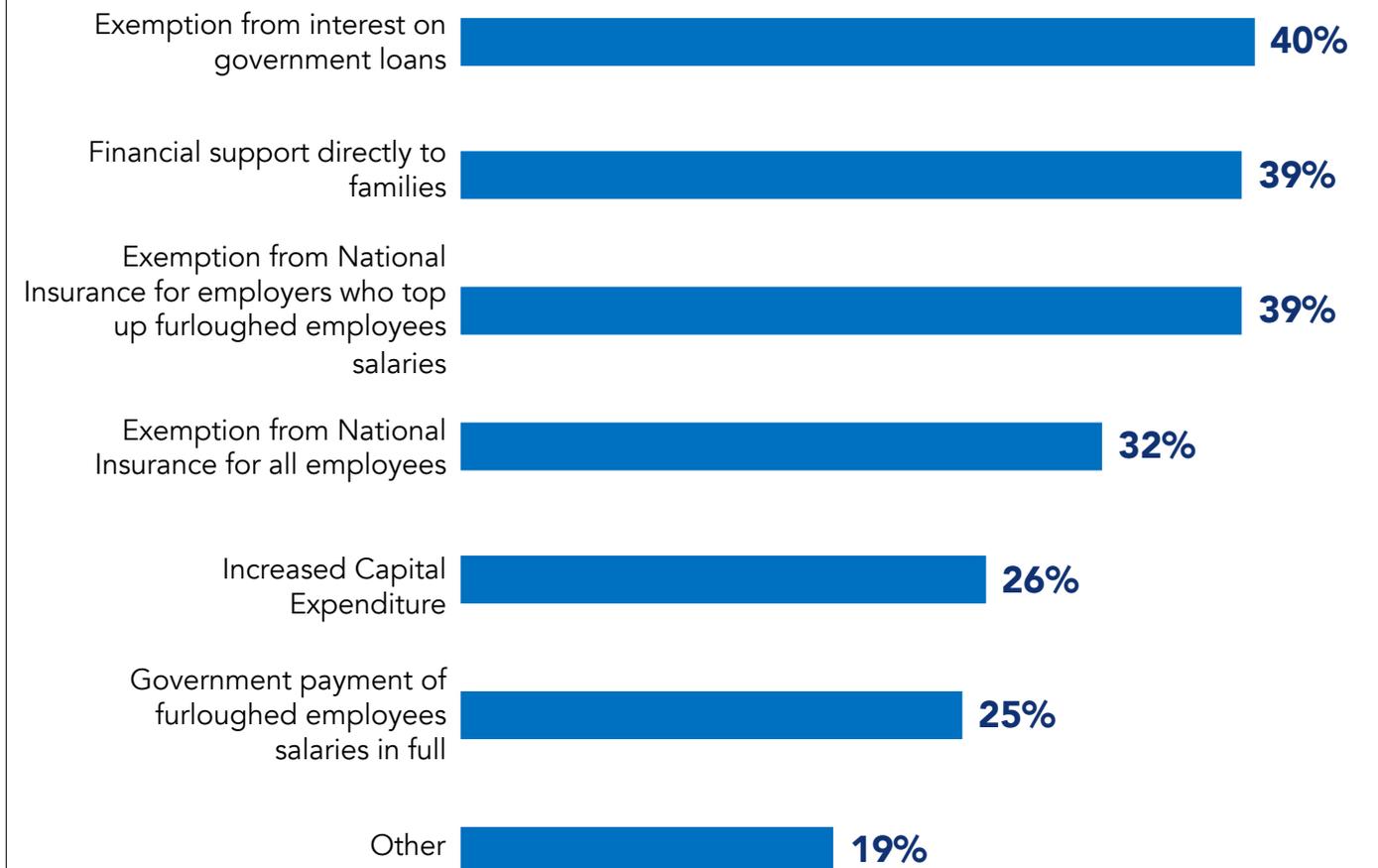
3.

Identify the support programme(s) provided by the government that your company has already used or plans to use:



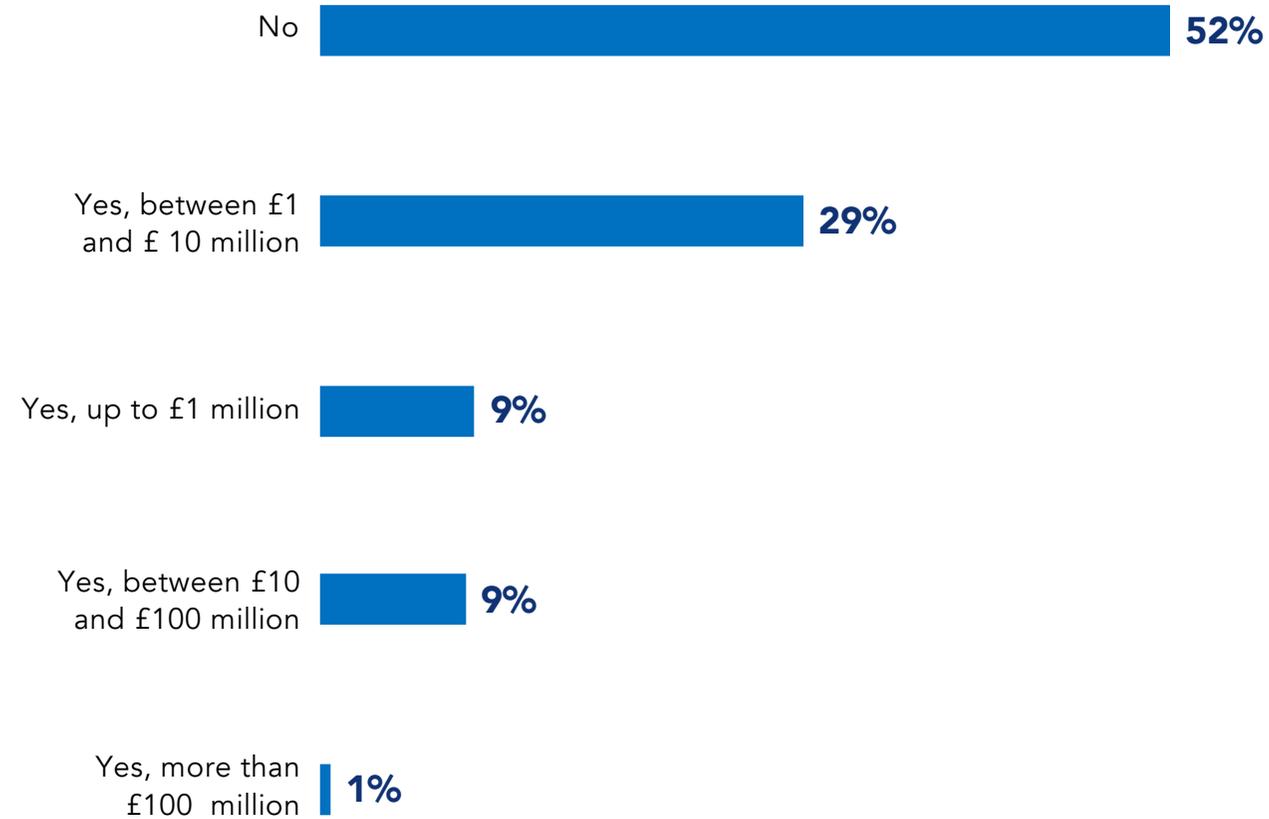
4.

What are the additional support measures for companies that you consider the government should provide?



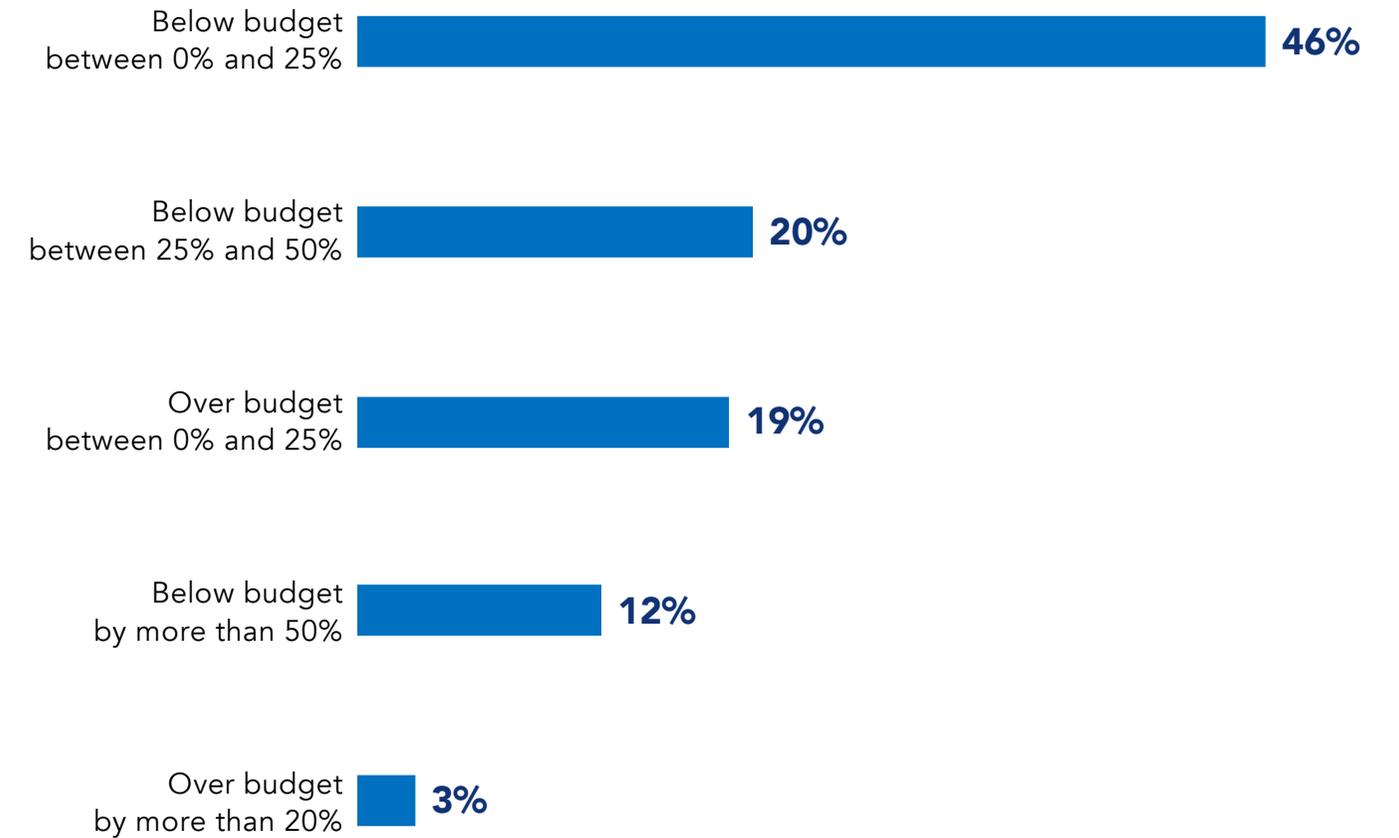
5.

Is your organisation going to request lines of credit to support its cash flow?



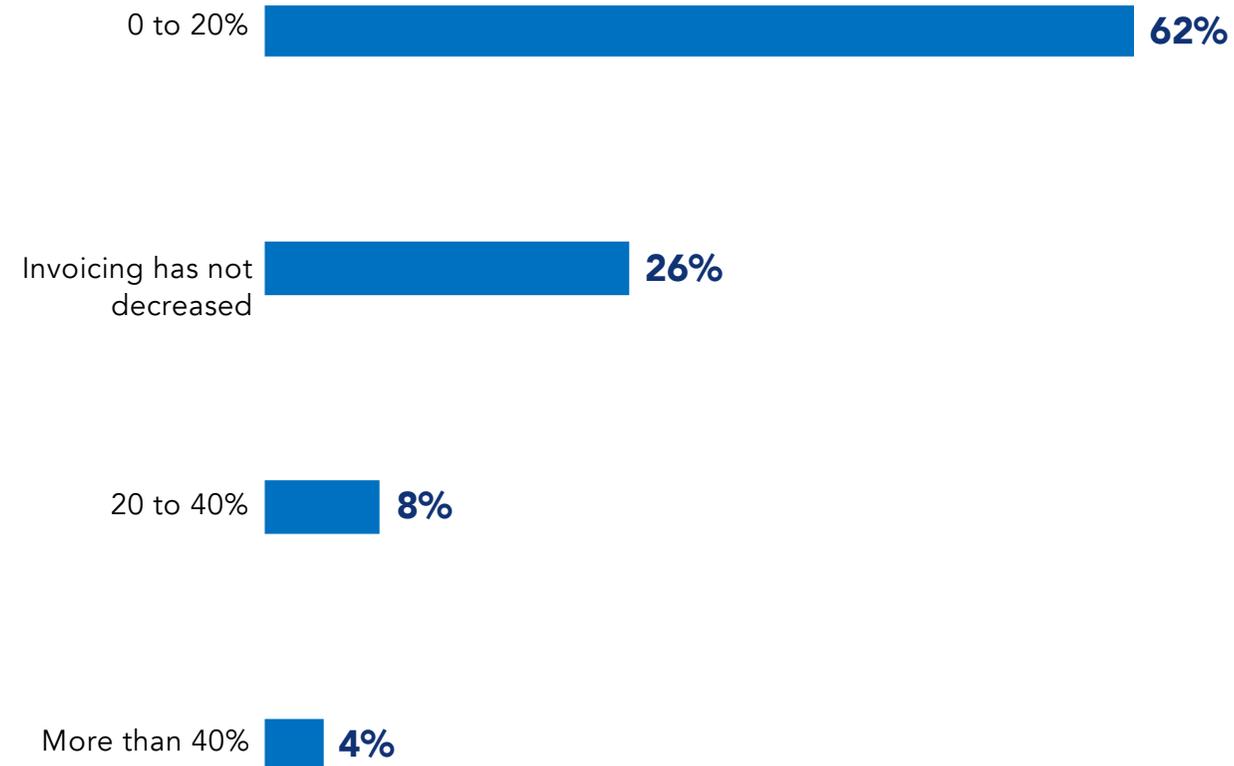
6.

What is the impact of the current context on your company's Turnover in March?



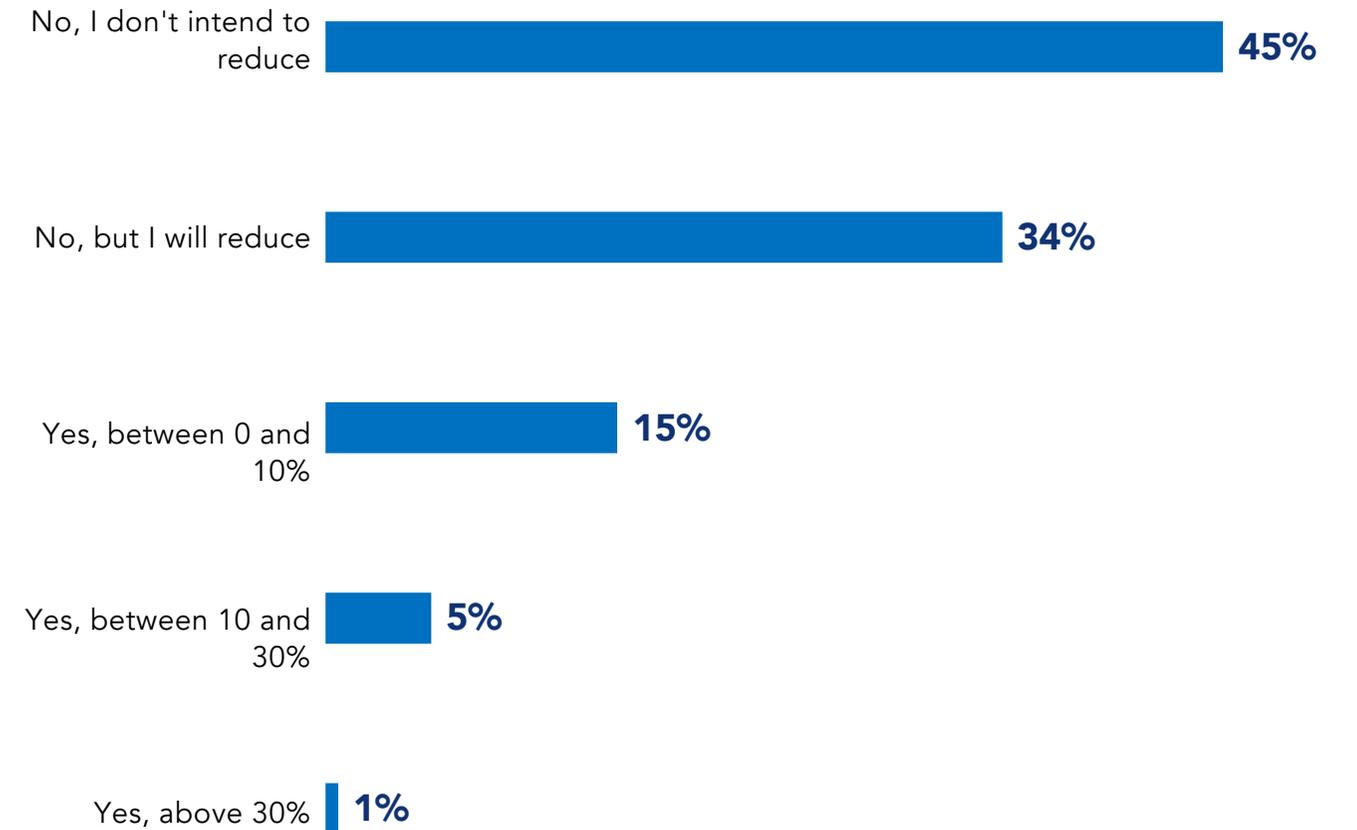
7.

What percentage of costs were you able to reduce in order to combat a decline in Turnover?



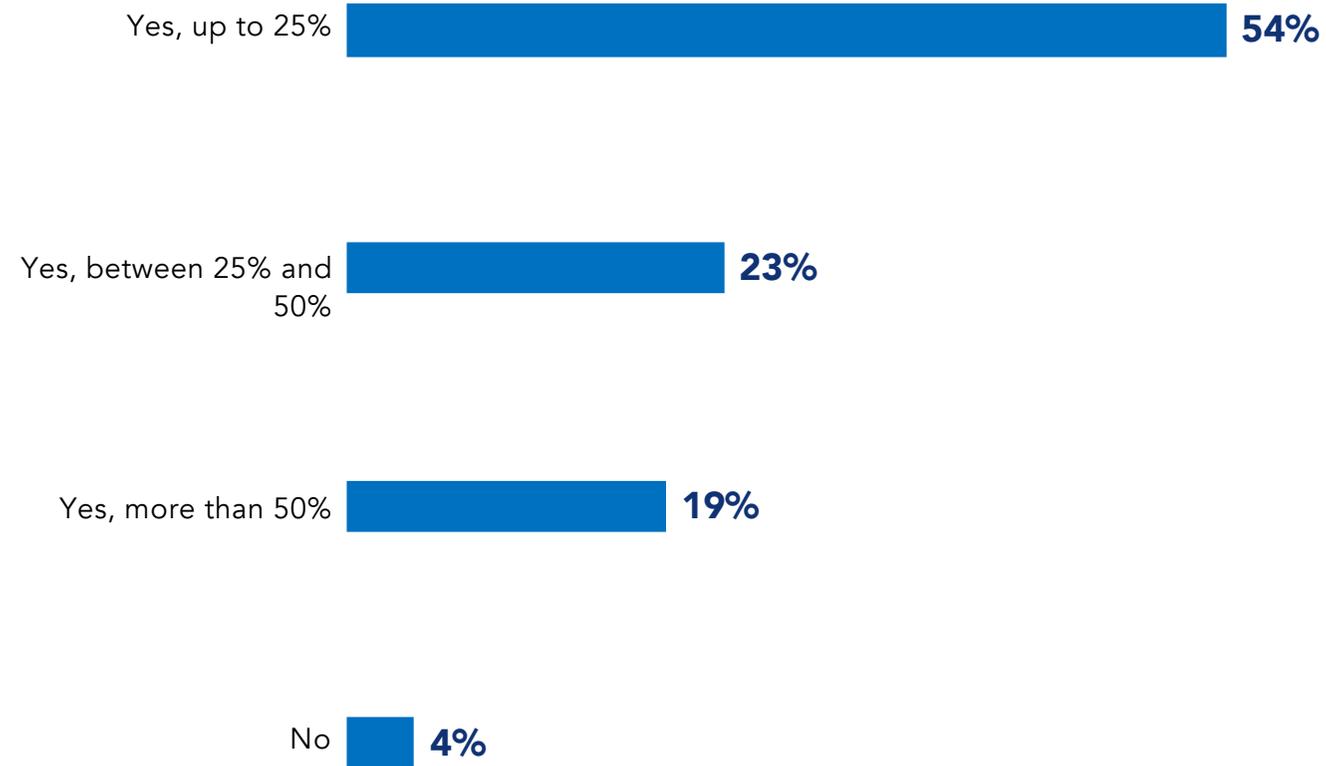
8.

Since the start of the pandemic, did you reduce the size of the labour force in your organisation?



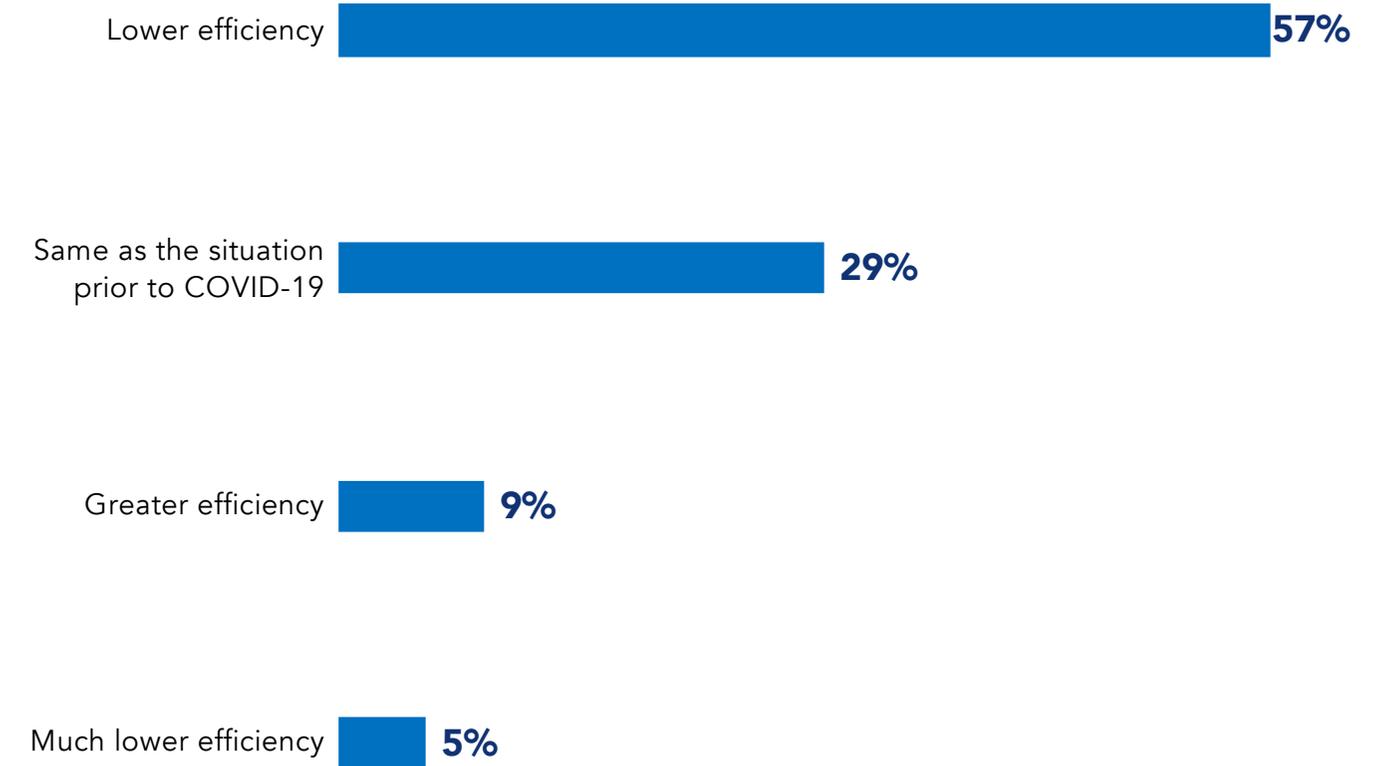
9.

Are your employees working from home?



10.

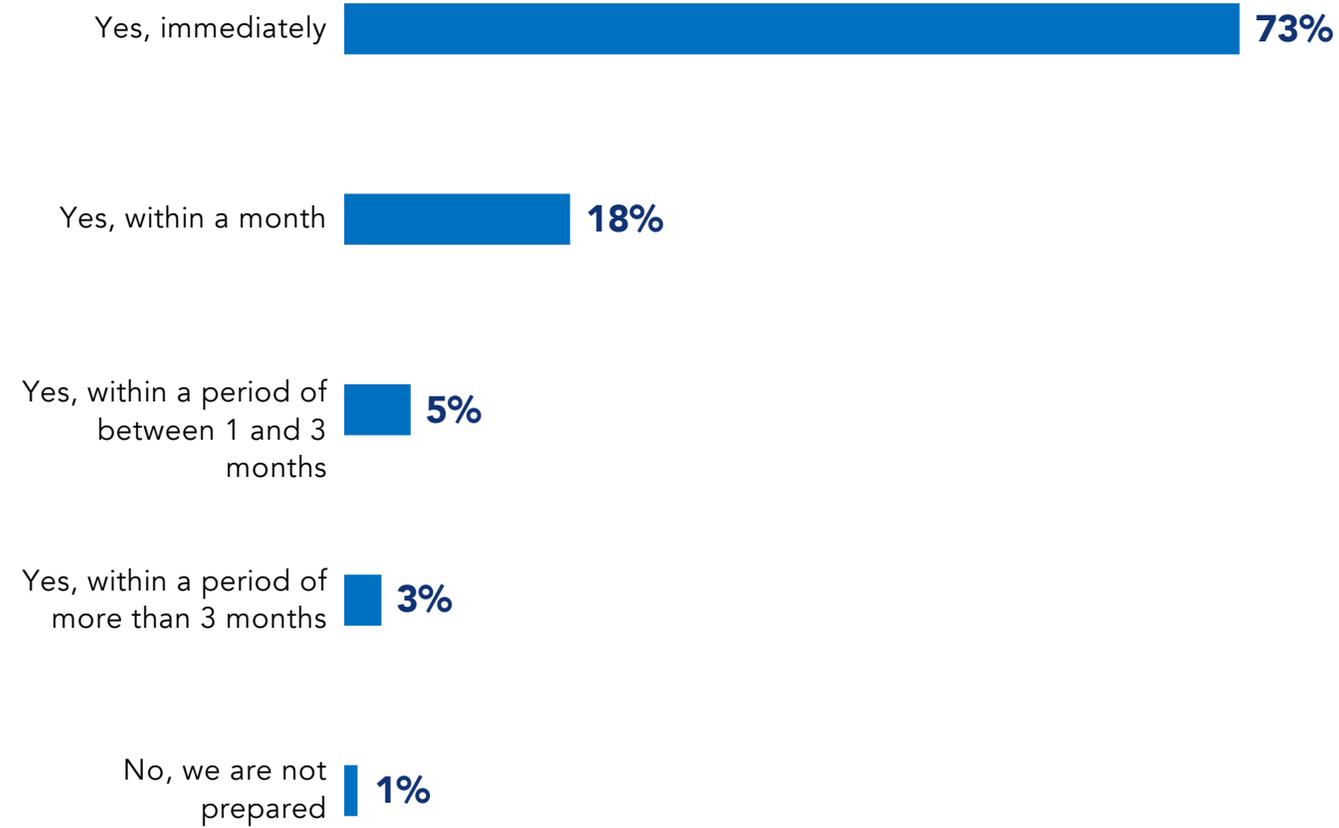
What is the efficiency of the team when working from home?



11.

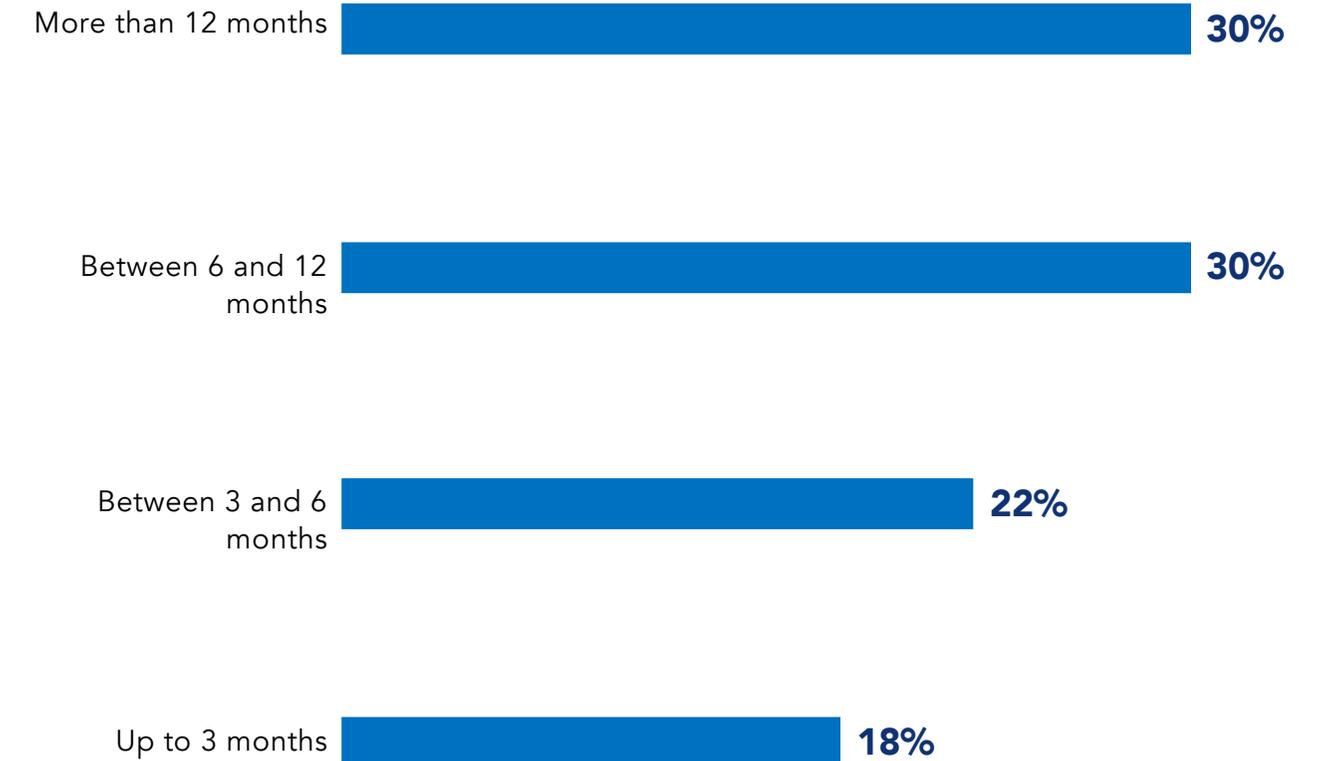
Are your operations prepared to work at full capacity, complying with the social distancing regulations?

(adaptation of jobs, shift work, internal circuits, use of PPE, material handling, limit of people per area, contacts with external entities, among others)



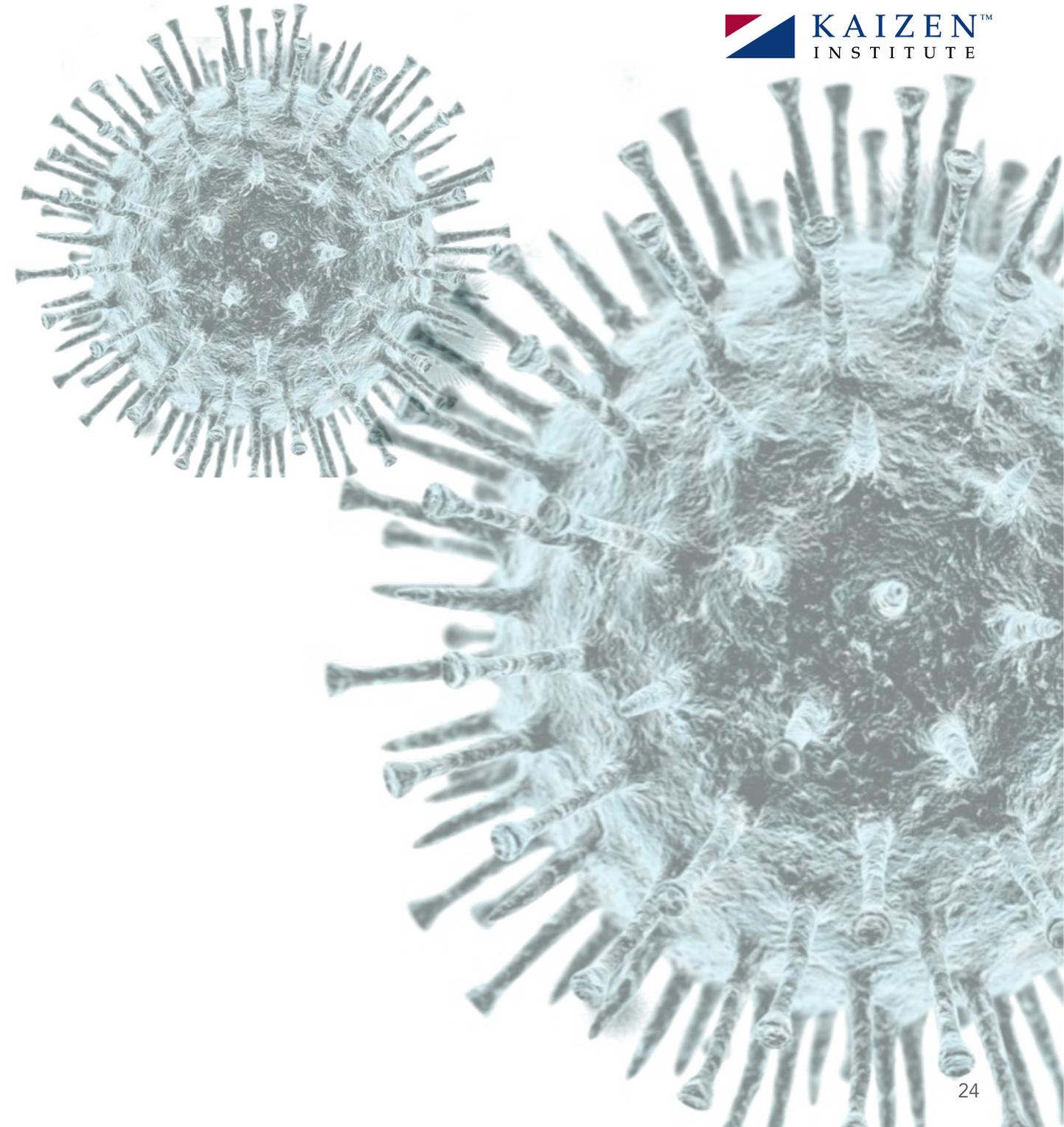
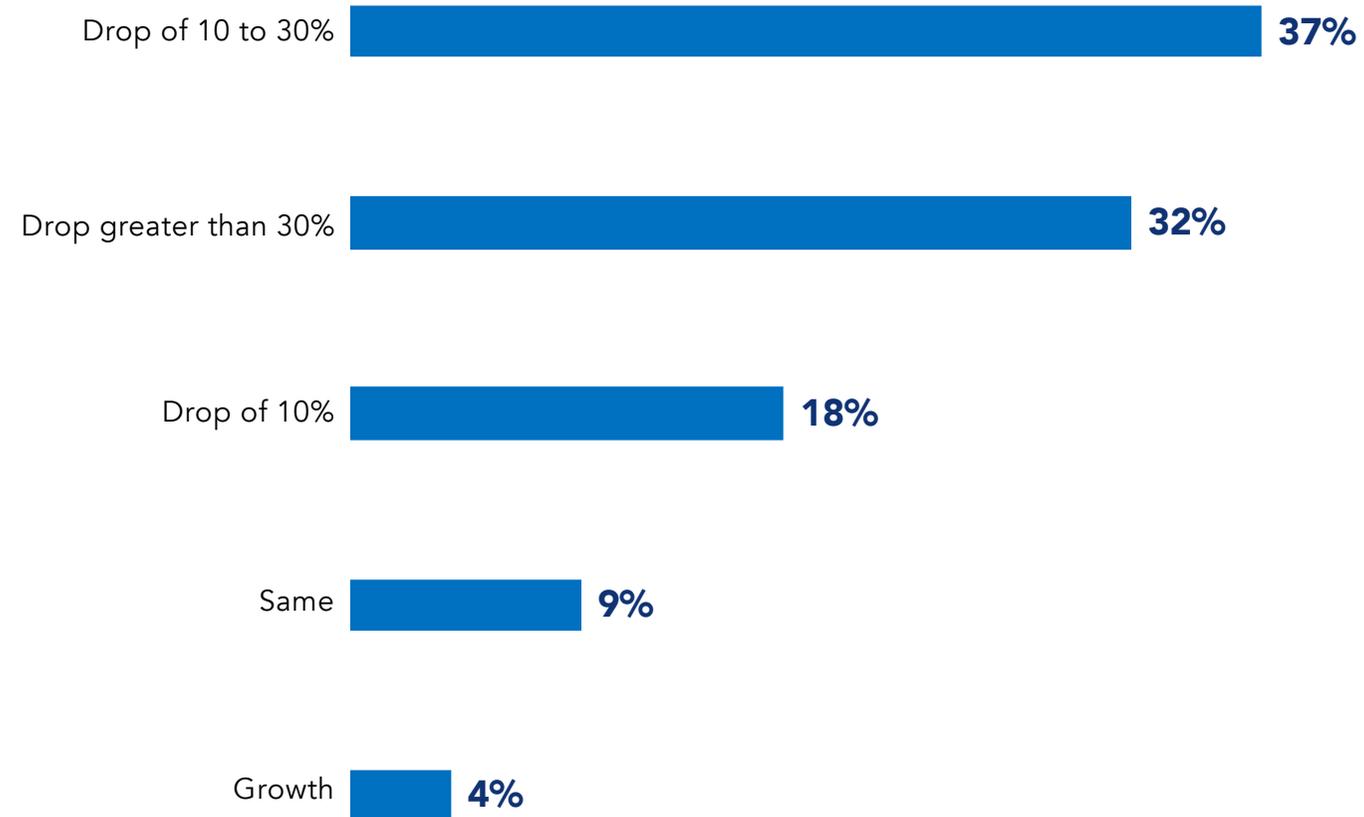
12.

When do you expect your company to recover to the same level of activity as before prior to COVID-19?



13.

What outcome do you predict for the results of your organisation in 2020 when compared to 2019?



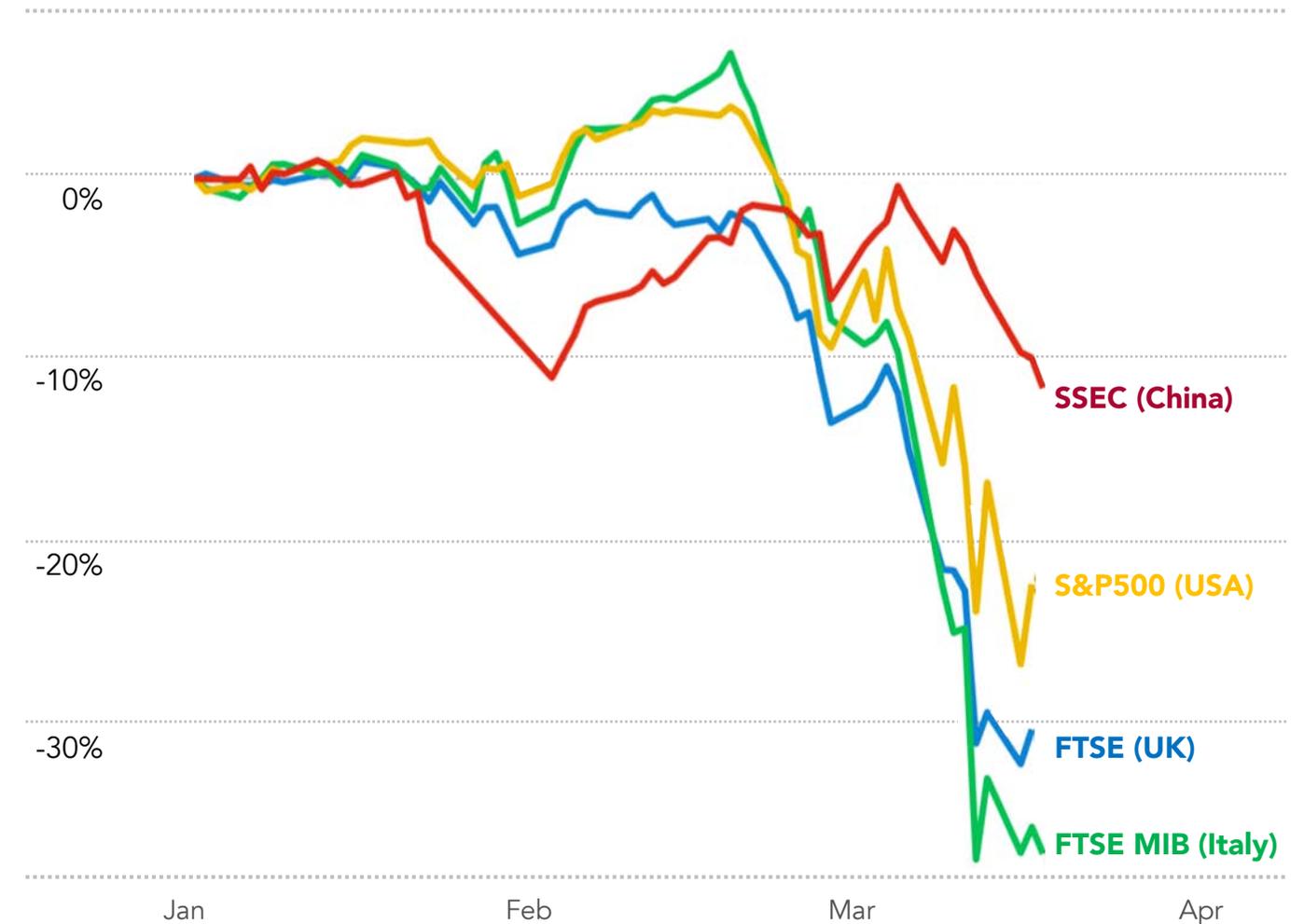
In conclusion, we can see that an economic recession is very likely to accompany the start of the pandemic

- A global recession is inevitable, possibly also in emerging markets
- Uncertainty, panic and lockdown policies cause a huge reduction in demand
- The impact on demand is greater than the initial shock of slowing supply chains
- The investment of many companies (especially SMEs) and the spending of many families depend heavily on the availability of cash
- Large declines in demand will force many companies to close, leading to an increase in layoffs and further decline in demand
- The economy is in a downward spiral



High Value Decline in the Stock Exchange in 2020

% change since start of 2020



Last update: 2020-03-18

Sources: yahoo Finance, Investing.com, own calculation

In the UK, the effect of social confinement policies has caused a reduction in economic activity



DEMAND SHOCK:

- Isolation measures with a strong impact on consumption. Reduced consumer confidence.

OFFER SHOCK:

- Closure of factories and logistical chains causing shortage of supply in the short-term. Investment reduction.

FINANCIAL SHOCK:

- Liquidity restrictions cause cost cutting, shrinkage of investments and reduced consumption.
- Credit paralysis for companies and individuals.

Retail & Entertainment

-75%*



Trends for places like restaurants, cafes, shopping centers, theme parks, museums, libraries, and movie theaters.

Transit Stations

-71%*



Trends for places like public transport hubs such as subway, bus, and train stations.

Grocery & pharmacy

-30%*



Trends for places like grocery markets, food warehouses, farmers markets, specialty food shops, drug stores, and pharmacies.

Workplaces

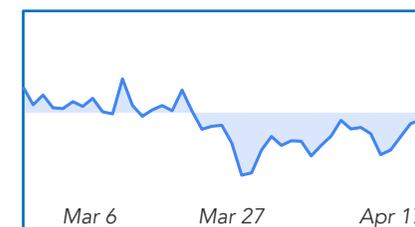
-68%*



Trends for places of work.

Parks

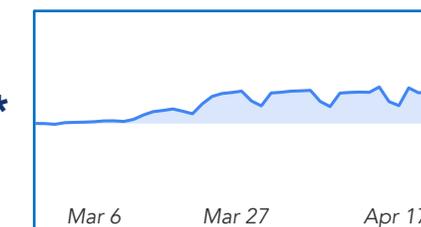
-33%*



Trends for places like national parks, public beaches, marinas, dog parks, plazas, and public gardens.

Residential

+29%*



Trends for places of residence.

*Compared against the baseline Google Sector Mobility Data in UK

The impact on liquidity and profitability in 2020 will affect all sectors, but with some differences



MOST AFFECTED SECTORS

- **Tourism and Aviation** see abrupt declines with the almost total halt to tourism and closing of borders. Strong impact on liquidity and profitability (cancellations, lack of cash reserves).
- **Automotive** has experienced a strong impact on liquidity but with a moderate ability to recover profitability (heavy fixed cost structure and strong reduction in demand). The ongoing recovery in China may mitigate losses. Resumption will depend on the speed of regeneration of the logistics chains and the resumption of consumption.
- **Financial Services** have seen a moderate impact on short-term liquidity but with a limited recovery in profitability in 2020.

LEAST AFFECTED SECTORS

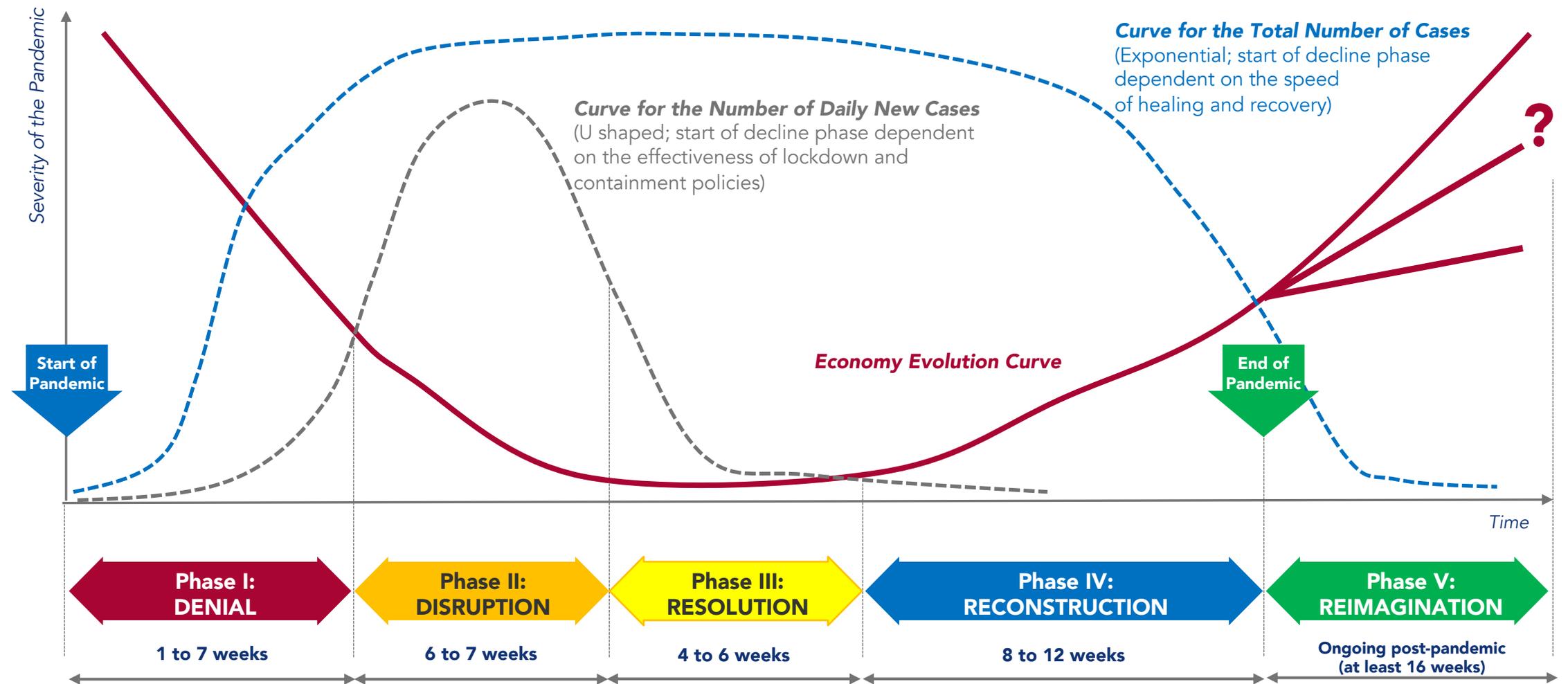
- **Retail** is undergoing a steep reduction in demand with an impact on liquidity but peak stocks and increased demand online can help mitigate this effect.
- **Food Industry** impacts centre on existing stock levels and harvesting practices, however customer demand has increased. Factories are relatively unaffected by social confinement.
- **Logistics** businesses have seen an increase in demand from online sales, implying an increase in the proportion of home deliveries. Industrial logistics, especially automotive, are negatively affected.
- **Construction and Pharmaceutical Industry** have seen a moderate impact on liquidity, with the ability to recover sales after the crisis, even in 2020.



The Economy Evolution Curve follows a "U" in sync with the Pandemic Curve and will likely continue well beyond the end of the pandemic

Budgetary and monetary stimuli, along with advances in the healthcare system, will contribute to a full recovery of the economy at the end of this year and strong predictable growth for 2021.

Economy Evolution Curve



TOTAL LEAD TIME

WILL DEPEND ON THE CAPACITY AND CAPABILITY FOR A DIFFERENTIATED AND EFFECTIVE RESPONSE TO DISRUPTION

We can describe reference scenarios - stages of crisis and the forecasting of dates and timeframes

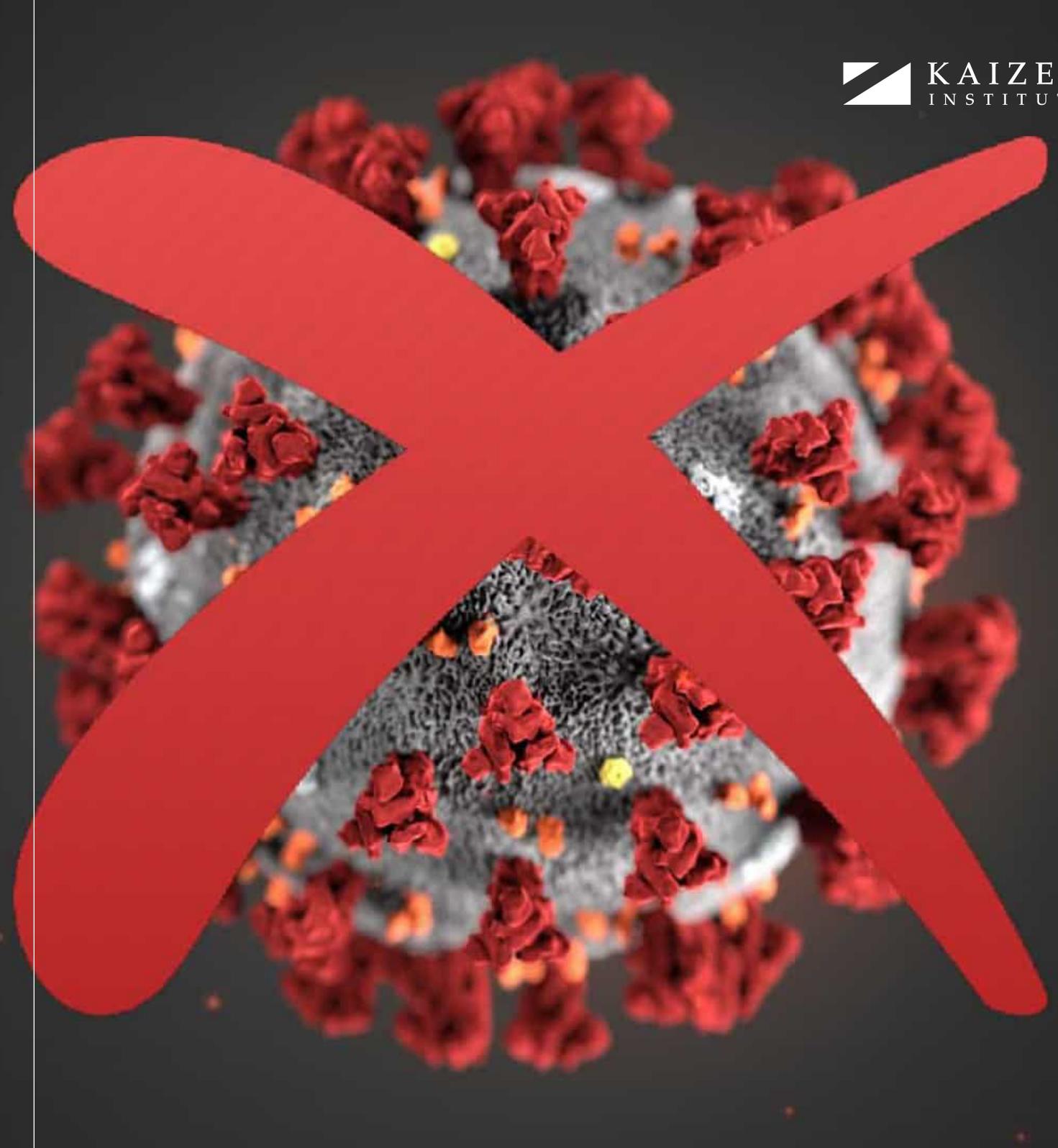
This description is based on data open to the public and based on the forecasting of a base scenario in which the recurrence of contagion is not considered significant.

The presented scenarios are considered very likely, but not absolutely certain.

	PHASE I: DENIAL	PHASE II: DISRUPTION	PHASE III: RESOLUTION	PHASE IV: RECONSTRUCTION	PHASE V: REIMAGINATION
Beginning and End of each Phase	<ul style="list-style-type: none"> First case detected on ... State of Emergency declared (<i>lockdown</i>) 	<ul style="list-style-type: none"> State of emergency declared (<i>lockdown</i>) until... A period of 1 week where a sharp decline in the number of daily new cases is seen 	<ul style="list-style-type: none"> A period of 1 week where a sharp decline in the number of daily new cases is seen during... State of emergency officially brought to an end 	<ul style="list-style-type: none"> State of emergency officially brought to an end on... 50% of businesses recover to pre-crisis state 	<ul style="list-style-type: none"> 50% of businesses recover to pre-crisis state by ... 100% of businesses recover to pre-crisis state
Description	<ul style="list-style-type: none"> Gradually, the harsh reality of having to halt sales and operations begins to set in There is a state of denial about the criticality of the crisis Initiation of urgent action planning as the loss of customers and the need to cease operations increases 	<ul style="list-style-type: none"> Officially, the country grinds to a halt and almost all businesses are affected A state exists where attempts are made to minimise the disruption of the pause and ensure that we respond in the most supportive way Initiation of actions to minimise downtime and maintain work (at home or on site if absolutely necessary) 	<ul style="list-style-type: none"> We enter the phase of "flattening" and "decline", during which we initiate talks about the lifting of the state of emergency There is a growing state of hope that things can return to normal in quick fashion Beginning of preparation for replacement and reconstruction actions 	<ul style="list-style-type: none"> Officially, we enter the pre-crisis situation reconstruction phase A state exists where attempts are made to prevent the problem from recurring and ensure that businesses return to normal in quick fashion Initiation of actions to prevent recurrence and facilitate recovery 	<ul style="list-style-type: none"> The intention is to ensure that we are indeed returning to normal, and as soon as possible A state exists where changes in the market are predicted, and legislation and opportunities set in sight Initiation of actions to guarantee speed and effectiveness of reconstruction
Forecast of Dates and Duration	<ul style="list-style-type: none"> Started: 31 January Actual duration: 7 weeks 	<ul style="list-style-type: none"> Started: 23 March Expected end: 11 May (lasts 7 weeks) 	<ul style="list-style-type: none"> Expected start: 11 May Expected end: 15 June (lasts 5 weeks) 	<ul style="list-style-type: none"> Expected start: 15 June Expected end: 30 August (lasts 12 weeks) 	<ul style="list-style-type: none"> Expected start: 31 August Expected end: 30 December (lasts 4 months)

Improvement Strategy

*Emerge from
the crisis stronger*



How to take advantage of the crisis with Continuous Improvement activities to ensure that companies emerge from the crisis with a competitive advantage



CHANGE

+



BETTER

=



CONTINUOUS IMPROVEMENT

- USE THE CRISIS TO DEVELOP PEOPLE AND PROCESSES
- THROUGH BEING INNOVATIVE AND STRIVING FOR IMPROVEMENT WHILE WORKING REMOTELY, AND LEVERAGE THE AVAILABILITY OF EMPLOYEES
- PREPARE A VERTICAL START-UP AND STRATEGIC RESPONSE TO THE "NEW NORMAL" THAT IS SOON TO COME INTO PLAY

Take advantage of the COVID-19 situation with improvement and preparation actions in order to emerge from the crisis stronger



Take advantage of COVID-19 with Improvement Actions

Kaizen in Innovation and Sales (1/2)

ACTIONS	GOALS	WHY	HOW
Reinforce Digital Marketing during Times of Crisis	<ul style="list-style-type: none"> • Generate leads through digital channels • Increase the achievement of marketing campaigns 	<ul style="list-style-type: none"> • Reach potential customers through the promotion channels that are available during times of crisis • Maintain engagement with customer databases during the crisis • Anticipate contact with potential customers 	<ul style="list-style-type: none"> • Map marketing initiatives and define goals for the different phases of the crisis • Design the digital marketing strategy and the customer journey in the different channels • Establish a digital lead qualification process • Determine the marketing mix: owned, paid and earned media • Configure processes, build digital assets and implement marketing automation tools • Develop dashboards to monitor and optimise the results
Accelerate New Product Development	<ul style="list-style-type: none"> • Reduce the product development cycle time • Manage projects efficiently and effectively 	<ul style="list-style-type: none"> • Introduce new products promptly, efficiently and effectively using a series of phases to achieve a profitable sales growth post-crisis • Develop knowledge that can be incorporated into new products and processes in the future 	<ul style="list-style-type: none"> • Virtual boards for Kaizen projects • Transfer all the elements and processes of project management to digital media • Implement the necessary research processes to solve technical trade-off problems • Develop learning cycles and integration events
New Methodologies to Improve Selling Capacity	<ul style="list-style-type: none"> • Maintain and increase sales rates • Improve the effectiveness of sales meetings in the context of the crisis and post-crisis • Shorten the business cycle time 	<ul style="list-style-type: none"> • Track sales leads using visual management • Develop sales arguments adapted to the new needs of customers • Train the sales team to increase their skills and motivation • Transfer activities to other areas of the organisation in order to maximise the time available for sales 	<ul style="list-style-type: none"> • Building sales funnel • Value Selling: <ul style="list-style-type: none"> • Characteristic - Benefit Analysis • Differentiation Points • Benefit Monitoring • Key issues and needs analysis • Arguments for Objections • Analysis of time and territory and evaluate profiles of salespeople • Sales team organisation • Development of sales standards and support

Take advantage of COVID-19 with Improvement Actions

Kaizen in Innovation and Sales (2/2)

ACTIONS	GOALS	WHY	HOW
Improve Customer Experience	<ul style="list-style-type: none"> • Improve customer experience • Increase customer satisfaction and brand loyalty 	<ul style="list-style-type: none"> • Eliminate <i>pain points</i> associated with the service provided during the crisis • Ensure consistency in customer experience between the various channels and in different phases • Satisfy functional and emotional needs of customers 	<ul style="list-style-type: none"> • Voice of Customer (VOC) collection methods • VOC application and compilation of other data such as reviews and statistics • Customer experience mapping • Pain point identification • Improvement action plan
Review Pricing Strategy	<ul style="list-style-type: none"> • Adjust pricing strategy • Improve margins 	<ul style="list-style-type: none"> • Improve results by eliminating price losses (price leakages) • Compare the benefit and price with the leading players in the market • Define the market position post-crisis 	<ul style="list-style-type: none"> • Analysis of product price positioning • Main attributes desired by customers • Commercial performance vs. competitors • Price loss identification/mapping • Decision rules/feedback • Definition of alternatives to restructure discounts, and terms and conditions
Reinvent Innovation Strategy	<ul style="list-style-type: none"> • Generate a flow of disruptive ideas for innovation • Implement an idealised management funnel • Capture strategic insights and specify winning value proposals 	<ul style="list-style-type: none"> • Create new ideas and processes to explore post-crisis that can generate more profit • Extend the scope of innovation to various features: product, process, organisation and technology 	<ul style="list-style-type: none"> • Innovation strategy definition • Creation of an innovation team • Development and integration of insights • “Idea generation” techniques • Classification and prioritisation of ideas • Rapid prototyping with customer feedback

Take advantage of COVID-19 with Improvement Actions

Kaizen in Organisation and Strategy (1/2)

ACTIONS	GOALS	WHY	HOW
Improve Project Management for Employees Working from Home	<ul style="list-style-type: none"> Increase the efficiency of project management in remote teams Build virtual project management rooms according to Kaizen's <i>Obeya</i> room method 	<ul style="list-style-type: none"> Maintain cohesion and effort for the teams working from home Improve and make project management processes more effective during the crisis 	<ul style="list-style-type: none"> Virtual boards for Kaizen projects Transfer all elements and processes of project management to digital media Implement lean project management standards in working from home
Implement Kaizen Energy for Employees Working from Home	<ul style="list-style-type: none"> Increase energy and motivation levels of the employees working from home 	<ul style="list-style-type: none"> Create conditions to enable working more efficiently at home Improve work-life balance 	<ul style="list-style-type: none"> Norms of motivation and personal energy in 4 pillars: physical, emotional, intellectual and life mission
Increase Employee Versatility Development and Training	<ul style="list-style-type: none"> Increase employee capacity and versatility Prepare for a fast and efficient post-crisis start-up 	<ul style="list-style-type: none"> Take advantage of employee availability during the crisis to eliminate existing gaps in knowledge and skills 	<ul style="list-style-type: none"> Elaboration of a skills matrix for each team Development and execution of a training plan for the acquisition of new capabilities

Take advantage of COVID-19 with Improvement Actions

Kaizen in Organisation and Strategy (2/2)

ACTIONS	GOALS	WHY	HOW
<p>Improve Daily Kaizen for Employees Working from Home</p> <p>Implement remote dynamic supervision and increase the efficiency of daily management process</p>	<ul style="list-style-type: none"> • Increase efficiency of teamwork • Improve Daily Kaizen dynamics for teams working from home 	<ul style="list-style-type: none"> • Maintain team cohesion and efforts in remote working environment • Practice Daily Kaizen while working from home in order to seize gains in team management efficiency 	<ul style="list-style-type: none"> • Virtual Daily Kaizen boards • Rules for virtual meetings • Remote working tool practice • Implement a “team of teams” dynamic
<p>Review Business Strategy</p> <p>Consider new “change drivers” leveraged by the crisis</p>	<ul style="list-style-type: none"> • Check whether the business growth strategy is still valid or should be adjusted 	<ul style="list-style-type: none"> • Adapt the business strategy to the trends and changes soon to be realised • Explore new opportunities for business models (markets, customer value, digital efficiency, etc.) 	<ul style="list-style-type: none"> • <i>Hansei</i> (reflection) on the current strategy • Change driver analysis • What-winner-looks-like analysis • <i>Hoshin</i> strategy operations matrix

Take advantage of COVID-19 with Improvement Actions

Kaizen in Operations (1/2)

ACTIONS	GOALS	WHY	HOW
<p>Ensure Efficiency in Post-Crisis Start-Up</p> <p>Achieve pre-crisis turnover promptly</p>	<ul style="list-style-type: none"> Shorten deadline for reaching pre-crisis production/sales levels Redesign operations to ensure a profitable, fast and efficient start-up Ensure availability of supplier materials and services Ensure employee safety Maximise turnover in the current year 	<ul style="list-style-type: none"> Quickly increase productivity during start-up Handle all details to minimise lead and waiting times in Production and Sales Understand and adapt to the new market needs Quickly adapt to customer needs 	<ul style="list-style-type: none"> Definition of new market demand scenarios Redesign of operations in accordance with current regulations and contingency plans (definition of capacity and new working methods) Quick setup checklists Daily monitoring of operations
<p>Improve Equipment Maintenance</p> <p>Use downtime to optimise equipment</p>	<ul style="list-style-type: none"> Use downtime to increase the efficiency of facilities and equipment Prepare everything to achieve high levels of <i>Overall Equipment Efficiency</i> (OEE) at start-up Restore equipment to a fully functioning state Use available resources with planned tasks and interventions 	<ul style="list-style-type: none"> Maximise the availability and reliability of equipment and processes at the lowest possible cost Take advantage of forced shutdown to plan maintenance interventions in advance Preserve the start-up without any stops and breakdowns (contribution to vertical start-up) 	<ul style="list-style-type: none"> Planning and prioritisation of interventions (schedule and resource allocation) Implementation of maintenance plans (repairs and replacements) Maintenance management system improvement Training of teams in techniques and working methods
<p>Resize Supply Chain</p>	<ul style="list-style-type: none"> Resize internal operations and the supply chain Adapt production to the new product paradigm Adapt the operation to the new rules of the organisation 	<ul style="list-style-type: none"> Adapt to customer needs Adapt to new internal rules due to COVID-19 Reduce the losses Adapt the product/service to market needs 	<ul style="list-style-type: none"> Production flow improvement Internal logistics improvement External logistics improvement

Take advantage of COVID-19 with Improvement Actions

Kaizen in Operations (2/2)

ACTIONS	GOALS	WHY	HOW
Improve Service/Support Operations Increase efficiency and reduce costs in service/support operations	<ul style="list-style-type: none"> • Increase team productivity • Increase motivation • Increase customer satisfaction • Free up unused workspace • Reduce the carbon footprint and improve the environment 	<ul style="list-style-type: none"> • Implement a delivery-oriented culture rather than working hour culture • Improve work-life balance • Have access to a wide range of flexible work options • Increase the productivity and flexibility of the work carried out 	<ul style="list-style-type: none"> • Review of organisation and hierarchy in work • Redesign of processes to improve digitisation • Standardisation of tasks and digital media • Design the “organisation of the future” (post-COVID-19)
Improve Sourcing and Suppliers	<ul style="list-style-type: none"> • Maintain and improve the supplier service level • Search for supply alternatives • Minimise the effects of the crisis on the supply chain 	<ul style="list-style-type: none"> • Reduce the dependency on suppliers for vital goods and services • Minimise the risk to supply that could arise as a result of the crisis • Take advantage of the current situation to investigate new sources and build partnership relationships 	<ul style="list-style-type: none"> • <i>Assessment of existing suppliers</i> • <i>Approach to alternative suppliers</i> • <i>Insourcing vs. Outsourcing analysis</i> • <i>Key supplier development plans</i>

Crisis Phase and Kaizen Improvement Roadmap for COVID-19

Here we merely present suggestions. We advise you to select the ones that are most relevant to your business and that allow you to emerge from this crisis stronger, taking advantage of the time for regeneration.

	PHASE I: DENIAL	PHASE II: DISRUPTION	PHASE III: RESOLUTION	PHASE IV: RECONSTRUCTION	PHASE V: REIMAGINATION
Phase Description: Start and End Point	<ul style="list-style-type: none"> The detection of the first case until... ...a state of emergency is declared (<i>lockdown</i>) 	<ul style="list-style-type: none"> The state of emergency being declared (<i>lockdown</i>) until... ...such time that the number of daily new cases starts to decline 	<ul style="list-style-type: none"> The point in time where the number of daily new cases starts to decline until... ...the state of emergency is officially brought to an end 	<ul style="list-style-type: none"> The end to the state of emergency until... ...50% of businesses have recovered to a pre-crisis state 	<ul style="list-style-type: none"> The point in time where 50% of businesses have recovered to a pre-crisis state until... ...100% of businesses have recovered to a pre-crisis state
Phase Timescale: Start Date and Duration	<ul style="list-style-type: none"> 31 January 2020 7 weeks 	<ul style="list-style-type: none"> 23 March 2020 7 weeks 	<ul style="list-style-type: none"> 11 May 2020 5 weeks 	<ul style="list-style-type: none"> 15 June 2020 12 weeks 	<ul style="list-style-type: none"> 7 September 2020 16 weeks
Recommended Improvement Actions	<ul style="list-style-type: none"> Implement crisis war room Improve emergency operations Improve project management during period working from home Reinforce digital marketing 	<ul style="list-style-type: none"> Improve Daily Kaizen for employees working from home Implement Kaizen Energy for employees working from home Review pricing strategy Improve equipment maintenance 	<ul style="list-style-type: none"> Increase employee versatility Ensure efficiency post-crisis Resize supply chain Improve sourcing and suppliers 	<ul style="list-style-type: none"> Improve customer experience Improve selling capacity Improve service and support operations (agile organisation) Accelerate new product development 	<ul style="list-style-type: none"> Review business strategy Reinvent innovation strategy

Example of Kaizen Actions: Improving Emergency Operations



Keep the business running



Create new operations quickly



Increase screening and testing capacity



Improve stock management of critical articles

COVID-19 DRIVE-THROUGH TESTING



STOCK MANAGEMENT TOOL



KAIZEN INSTITUTE

- Detail – Ongoing Purchases
- COVID-19 Requirements
- Distribution Management
- General Report

PATIENT FLOWS



FIELD HOSPITAL



GOALS

- Increase performance of emergency activities
- Design viable solutions for cost, quality and service level
- Shorten the total process time for the customer/user

WHY

- Ensure compliance with hygiene and safety standards
- Adapt operations to current reality and primary needs
- Contribute to the common purpose of accelerating the fight against the pandemic and preserving public health

HOW AND WHO

- Identification of the main emergency operations
- Layout design for emergency operations
- Standardisation of tasks
- Employee training
- Stock management and logistics supply





War Room in times of crisis

The use of a digital war room to manage all phases of the crisis

Example of a COVID-19 War Room for Assembly and Operations



Simple way to manage the crisis



Increased productivity for all involved



Reduce decision response time



Improve team spirit and collaboration between different areas

GOALS

- Daily Crisis Management
- Increase productivity of all involved
- Decrease the lead time for decision-making

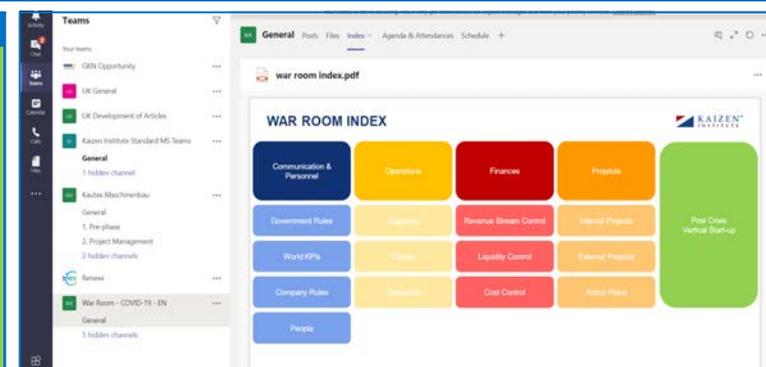
WHY

- Improve teamwork and collaboration between sectors/teams
- Improve and make the crisis management process more effective

VIRTUAL TABLES

CRISIS MANAGEMENT FRAMEWORK

People and Communication	Operations	Finance	Projects	
1 Thanks and Safety	4 Providers	7 Revenue Control	10 Internal Projects	13 Verification of conditions in start-up of operations - post-crisis
2 Tracking of People	5 Customers	8 Liquidity Control	11 External Projects	
3 Evolution of legal aspects	6 Operations	9 Cost Control	12 Action Plan	



HOW AND WHO

- Assembly and monitoring of virtual boards
- Daily virtual meetings



1. Crisis "War Room"

People and Communication

GOVERNMENT AND LOCAL AUTHORITY RULES

General communication from **official government websites**, where people can keep up-to-date with the latest news and some internal company rules.



1 - HEALTH AND SAFETY		Responsible:	CLIENT LOGO
		Date update:	
Rules of government			
Link	https://covid19.min-saude.pt/relatorio-de-situacao/		
Rules internal gives company			
Rule 1	To wash and disinfect hands often		
Rule 2	Availability to work with clients in person respecting national and company regulations for contingency plans		
Rule 3	Keep contact with our customers and projects remotely (Microsoft Teams, if possible)		
Rule 4	Prevention of trips to the office (except under special authorisation)		
Rule 5	Keep up with work plan (training, marketing and development)		

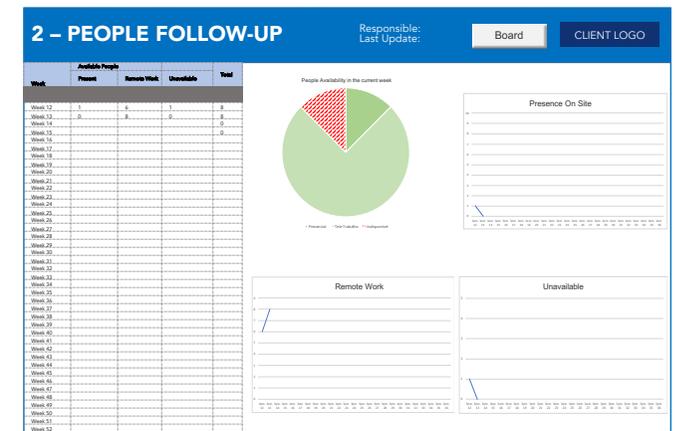
WORLD INDICATORS

Global indicators of the evolution of the worldwide pandemic.



PEOPLE

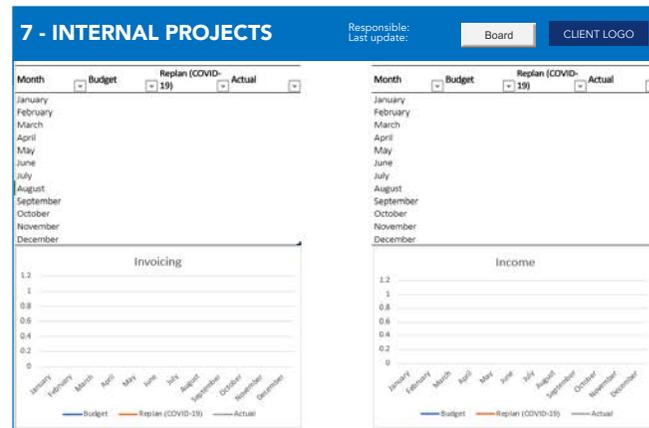
Dynamic dashboard that allows the team to manage how many people are on-site, how many are working from home and how many are unavailable.



1. Crisis "War Room" Finance

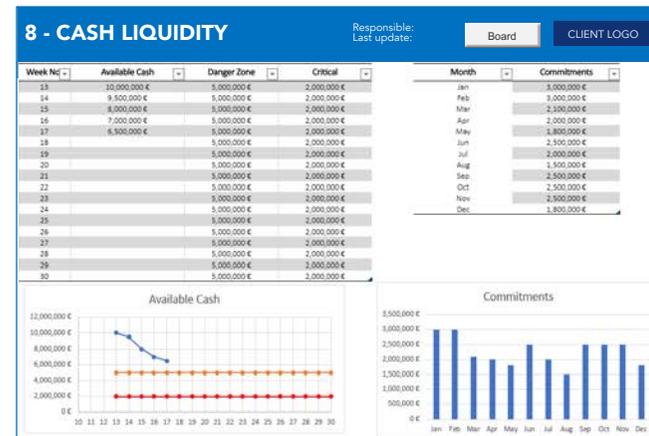
REVENUE CONTROL

Financial KPI to track **actual vs. budgeted revenue** and subsequent **rectified budget**.



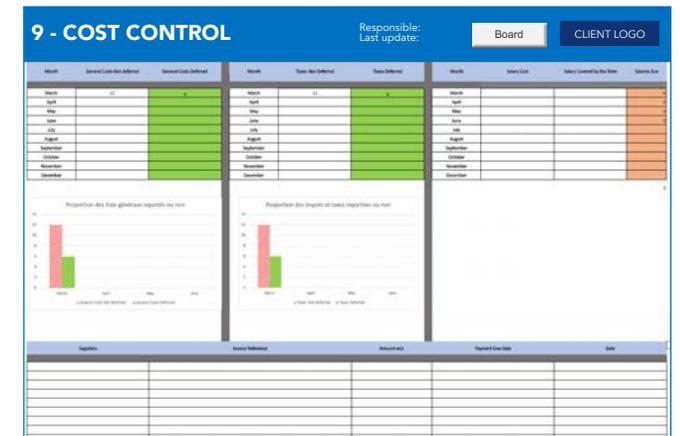
LIQUIDITY CONTROL

Financial KPI to **monitor the liquidity**; warns the team when the money available reaches the critical point.



COST CONTROL

Single sheet that allows the team to **track general and extraordinary costs** during the crisis phase.



1. Crisis "War Room" Projects

INTERNAL PROJECTS

Sheet that allows the team to monitor all internal projects and control them in terms of delivery vs. initial and adjusted plan (due to the crisis), e.g. Financial PR Implementation.

10 - INTERNAL PROJECTS							Responsible: Date update:	CLIENT LOGO
Projects	Leader	Priority	Covid-19 Status (cancelled, limited operation, normal operation)	Global status	Final date	Deliverable	Results	
xxx	xxxx	High	●	●	31 mar			
xxx	xxx	High	●	●				
xxxx	xxx	High	●	●	02 Apr			
xx	xxx	High	●	●	19 mar			
xxxx	xxxx	High	●	●	Apr 30			
xxxx	xx	High	●	●	25 mar			
xx	xxxx	High	●	●				
xxxx	xxx	Low	●	●				

EXTERNAL PROJECTS

Sheet that allows the team to monitor all external projects or with external entities and control them in terms of delivery vs. initial and adjusted plan (due to the crisis).

11 - EXTERNAL PROJECTS							Responsible: Date update:	CLIENT LOGO
Projects	Priority	Covid-19 Status (cancelled, limited operation, normal operation)	Global status	Final date	Deliverable	Results		
xxx	Average	●	●	●	●	●		
xxx	Average	●	●	●	●	●		
xxx	Low	●	●	●	●	●		
xxx	High	●	●	●	●	●		
xxx	Low	●	●	●	●	●		
xxx	Low	●	●	●	●	●		
xxx	Low	●	●	●	●	●		
xxx	Low	●	●	●	●	●		
xxx	Low	●	●	●	●	●		
xxx	Low	●	●	●	●	●		
xxx	Low	●	●	●	●	●		
xxx	Low	●	●	●	●	●		

ACTION PLAN

Comprehensive action plan comprised of action plans from all other sheets from the war room (from financial KPIs to internal projects).

12 - ACTION PLAN						Responsible: Date update:	CLIENT LOGO
Theme	Action	Responsible	Date Launch	Final date	Status (PDCA)		
Projects internal	xxxx	xxxx	18-Mar	20-Mar	P		
Control gives liquidity	xxxx	xxxx	18-Mar	19-Mar	P		
Projects internal	xxx	xxxx	18-Mar	19-Mar	P		
Projects internal	xxx	xxxx	18-Mar	18-Mar	THE		
Projects internal	xxx	xxxx	18-Mar	18-Mar	THE		

1. Crisis "War Room"

Post-Crisis

*"Rather than a flower
you must become the
dirt that makes the
flowers bloom"*

Japanese Proverb

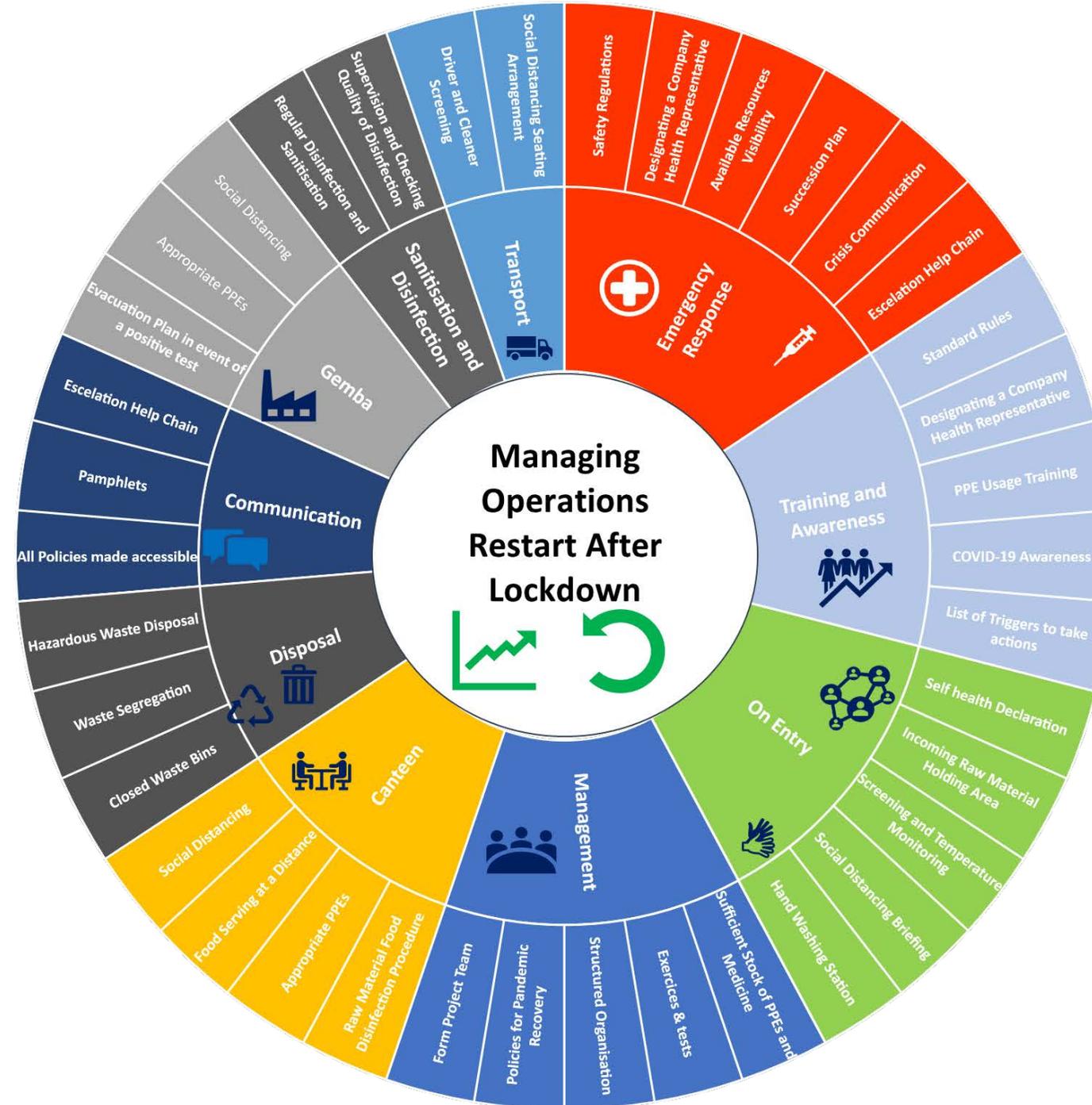


VERTICAL START-UP CONDITION CHECK

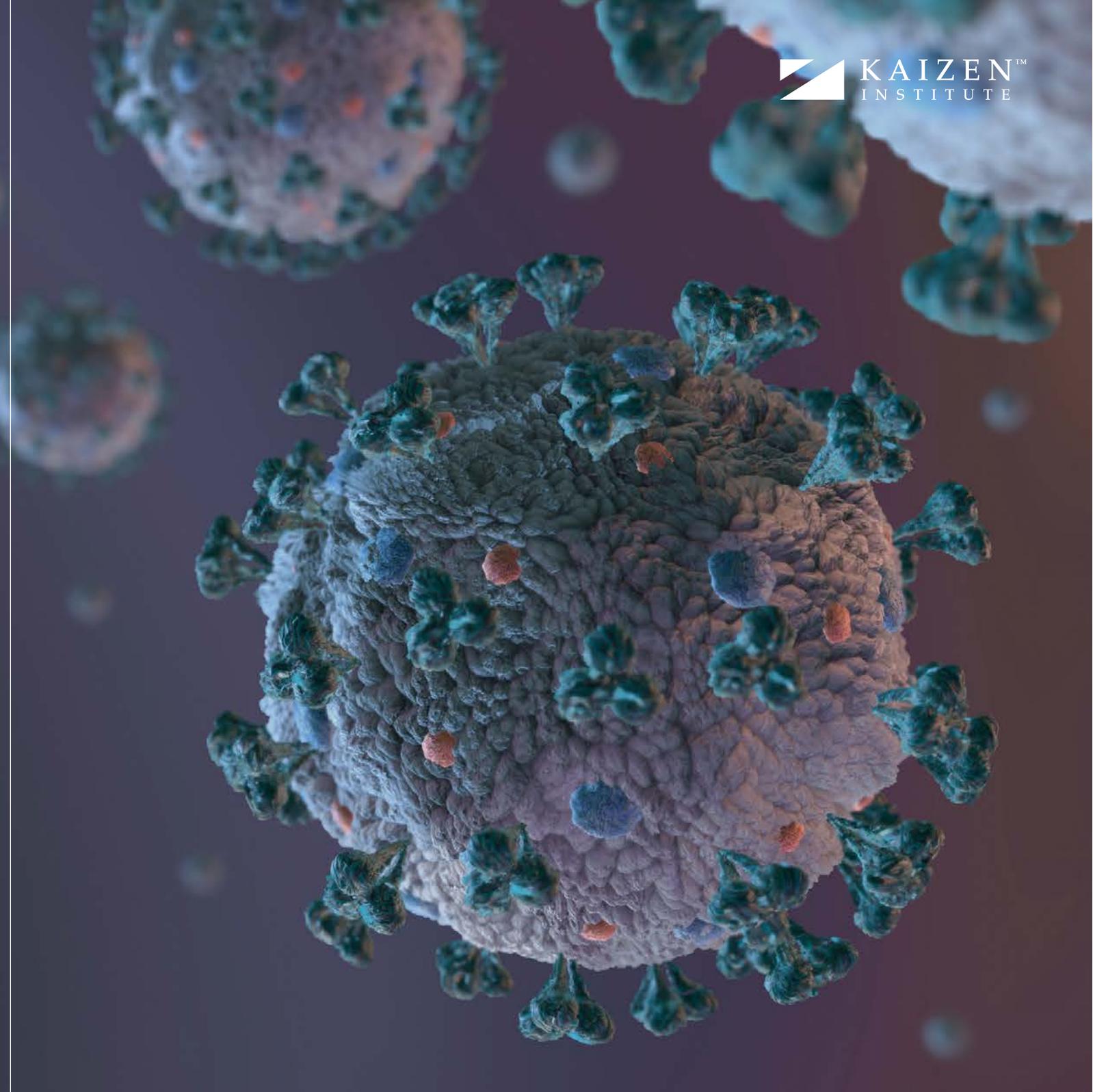
Sheet that allows the team to **check and prepare the conditions** necessary to **restart operations**, e.g. employees, suppliers, internal operations, customers, etc.

VERTICAL START-UP CONDITION CHECK							CLIENT LOGO
Requirements	W 15	W 16	W 17	W 18	W 19	W 20	Comments
People:							
- Availability of people	●	●	●	●	●	●	
- Definition of standards (company*)	●	●	●	●	●	●	
- Definition of standards (individual*)	●	●	●	●	●	●	
Supplier:							
- Supplier 1	●	●	●	●	●	●	
- Supplier 2	●	●	●	●	●	●	
Internal Operations:							
- Presses	●	●	●	●	●	●	
- Logistics	●	●	●	●	●	●	
- Assembly	●	●	●	●	●	●	
Customers:							
- Customer 1	●	●	●	●	●	●	
- Customer 2	●	●	●	●	●	●	

Example of a Restart Management Model



Conclusions



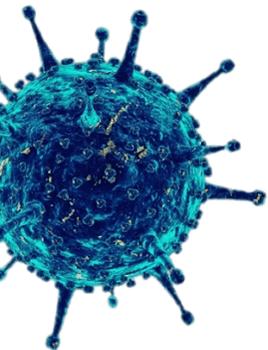
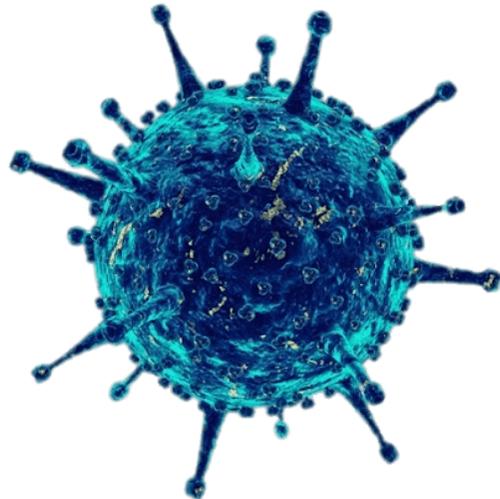
Conclusions

EVOLUTION OF THE PANDEMIC

- As of 19 April, the UK was going through the **Disruption Phase**, with the UK government having announced an extension of the original 3-week lockdown period by at least another three weeks - the number of daily new cases is not yet constant but hopes remain for signs of an impending **rapid decline** by the start of May.
- We have entered a phase whereby **confidence in returning** to normal is growing and this will, more than likely, culminate in the end of the state of emergency in mid-May.

ECONOMIC DEVELOPMENTS

- The timelines for **the recovery of the economy** will be diverse between sectors, and will also depend on the recovery of our closest commercial partners.
- The most likely scenario for a **complete recovery** points to the **end of this year**, notwithstanding differences between sectors.



IMPROVEMENT STRATEGY

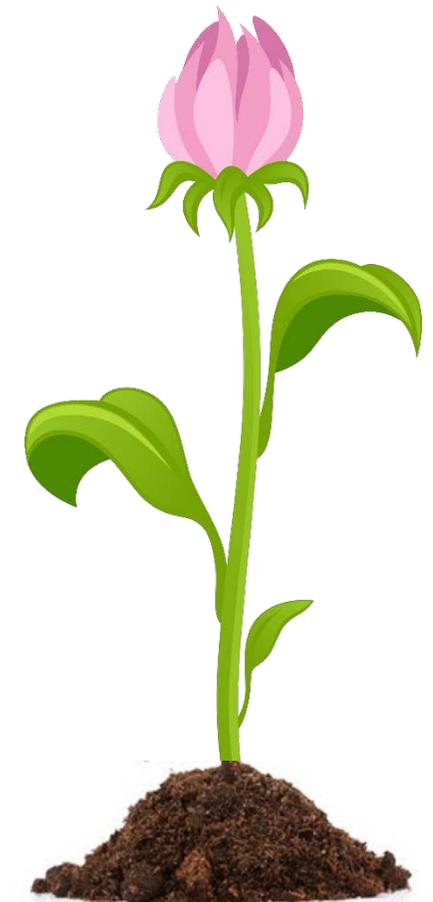
- With strong incentives to support the recovery of the economy, and with the adequate control of the pandemic, conditions are created such that 2021 can be a year of great growth.
- Competitiveness based on differentiating advantages can, and should, be developed even during the crisis in order to be able to return to normal operations stronger.

CRISIS WAR ROOM

- **This year** will be remembered for a long time for its **unusual characteristics and detrimental effects**.
- **Change is accelerating** and companies need to respond **quickly and effectively**.

A MESSAGE OF HOPE

- “Rather than a flower you must become the dirt that makes the flowers bloom.”





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