



Corporate Solutions Spain

R3- RESILIENCE, RESTRUCTURING AND REINVENTION OF SMALL AND MEDIUM-SIZED ENTERPRISES (SME) FOR COVID-19 CRISIS AND RECOVERY PLANNING

WORLDWIDE SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs) ARE BEING PARALYZED, DISRUPTED AND FACING HUGE CHALLENGES TO SURVIVE DUE TO THE COVID-19 PANDEMIC. THE EFFECT ON EACH INDIVIDUAL SME OR CLUSTER VARIES GREATLY BY COUNTRY, REGION, SECTOR AND GOVERNMENT RESPONSE TO EASE THE TRANSITION AND RECOVERY PERIOD. A MAJORITY OF INDIVIDUAL SMEs AND SUPPORT INSTITUTIONS (CHAMBERS OF COMMERCE, BUSINESS AND TRADE ASSOCIATIONS, REGIONAL AND NATIONAL SUPPORT AGENCIES, CONSULTANTS, AUDITORS AND LEGAL ADVISORS, ETC.) ARE SCRAMBLING TO FIND HOW TO RESPOND TO THE CRISIS, AND IN A LARGE PROPORTION OF CASES HOW TO RESTART OPERATIONS UNDER THE EXPECTED NEW AND RESTRICTED CONSTRAINTS (WORKFORCE, SUPPLY CHAINS, DOMESTIC AND EXPORT MARKETS, PRICING, DISTRIBUTION, ETC.).

WE PRESENT BELOW A METHODOLOGY IN THREE STEPS, OR PLANS, WHICH WE CALL **R3: RESILIENCE+RESTRUCTURING+REINVENTION**.

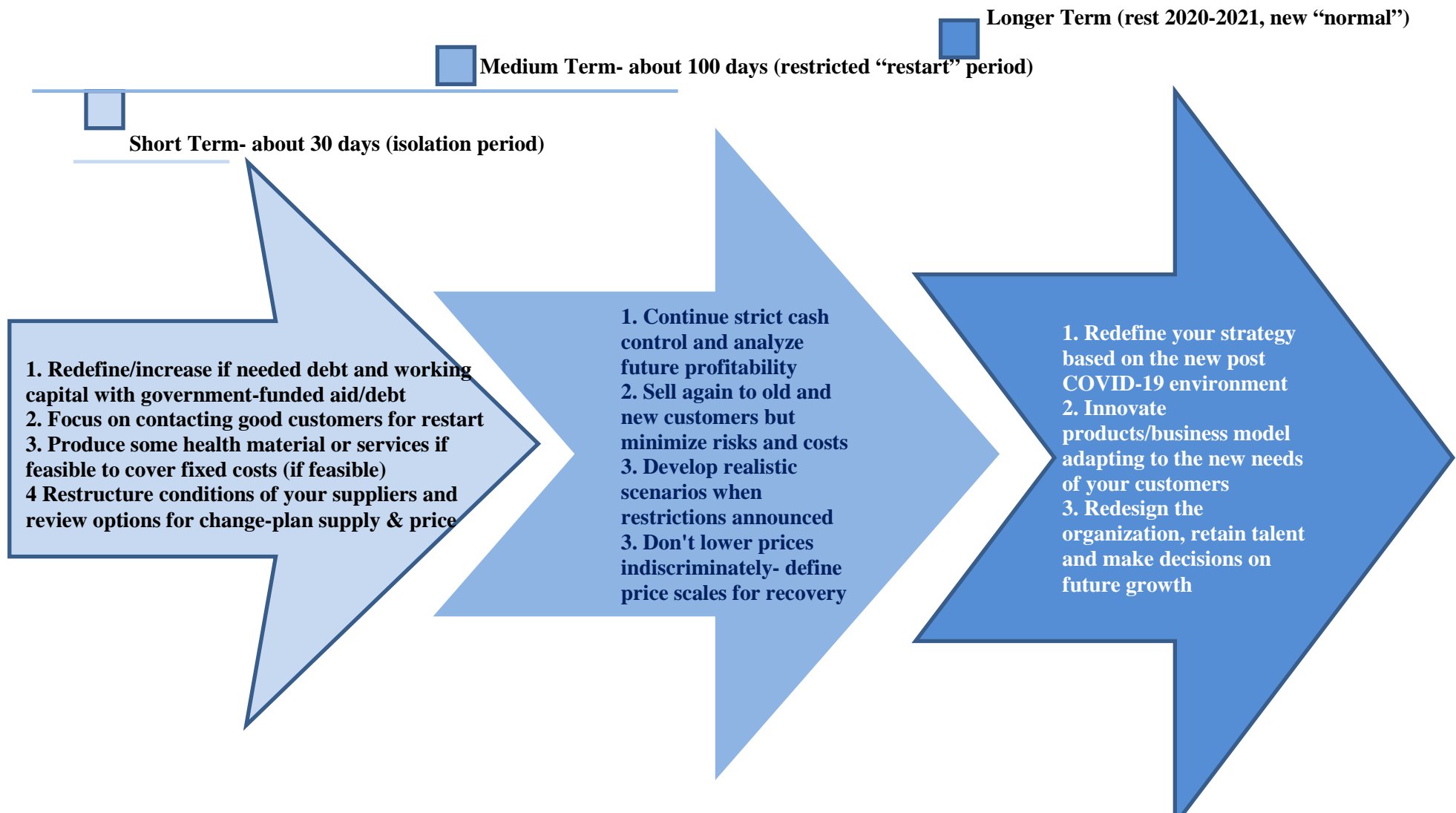
RESILIENCE STANDS FOR THE SHORT TERM PLANNING DURING THE CONFINEMENT PERIOD WITH PARALYSIS OR SEVERE RESTRICTIONS; **RESTRUCTURING** FOR MEDIUM TERM OPERATIONAL RESTART UNDER RESTRICTIONS; AND **REINVENTION** FOR THE LONGER TERM ADAPTATION OF THEIR BUSINESS MODEL TO THE POST COVID-19 WORLD WITH AN EXPECTED CHANGED WORLD AND LOCAL ENVIRONMENT. THESE THREE PLANNING HORIZON PERIODS ARE DESCRIBED BRIEFLY BELOW WITH SOME CHECKLISTS FOR SHORT AND MEDIUM TERM ACTION. IT IS A SUMMARY OF A LONGER METHODOLOGY APPLIED BY OUR CONSULTING COMPANY IN SME AND CLUSTER DEVELOPMENT PROJECTS IN VARIOUS COUNTRIES. CONTACT US AT JULIOF@CORPSOLUTIONS.NET OR OTHER OFFICES OF WWW.TENSTEP.COM.



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In the short term the enterprise will need to take decisions during the isolation/paralysis short period and plan the medium term (restricted restart of operations, dependent on each region's local conditions on return to work, distancing and protection, available suppliers and services, etc. Three phases are envisioned:





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In the short term a checklist of potential actions and crisis measures will help plan the isolation period (probably in most regions next 15-30 days) and restricted “operational restart” period (depending on each region another 60 -100 days):

	CHECKLIST OF POTENTIAL ACTIONS FOR SHORT AND MEDIUM TERM RECOVERY PLANS POST COVID-19 ISOLATION (20 -100 DAYS)
1	Divestment/closing unprofitable business units or products lines
2	Acquisition or merger with collaborators or even competitors
3	Divestment of non-strategic assets (if there is a second hand market)
4	Tight control of budgets and costs (weekly cash flows)
5	Reduction of overhead costs - maximize government aid available
6	Debt restructuring with financial entities and suppliers
7	Stress customer collection for those that are still “open”
8	Supplier payment “optimization” (but maintain for recovery period)
9	Options for stocks reduction- liquidation
10	Simulate scenarios of risk management and defaulting some debts
11	Redefinition of the value proposition of our products in “new normal”
12	Product redefinition to adapt to new customer requirements and moods
13	Launch and test new products and services if low and no investment
14	Focus on good clients and abandonment of bad ones



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15	Focus on saleable products and abandonment of “nice to have” ones
16	Launch a new customer promotion/ loyalty COVID-19 campaign
17	Focus on good geographical areas and abandon “closed” ones
18	Improved marketing efficiency to selected clients who will be maintained
19	Increased sales to loyal customers with new incentives
20	Sales force efficiency improvement (and explore changes and agents)
21	Redefining channel strategy; explore margins for future
22	Redefinition of pricing strategy post-COVID: avoid wholesale decreases
23	Capacity adjustment to expected sales in recovery and “new normal”
24	Offshoring of products and services
25	Improve productivity/automation of future production in “new normal”
26	Improved purchasing management, renegotiate conditions, etc.
27	Explore greater externalization/subcontracting of production or activities
28	Strategic talent management of key employees; devise incentives
29	Structure and workforce resizing to “new normal”
30	Implement changes in the management team and agree with shareholders their new roles and contributions!!!



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In the medium and longer term both strategic and operational and financial decision will have to be made so as to define a realistic RECOVERY PLAN:

