



COVID-19 Rapid Response Checklist

AS OF: MARCH 13, 2020

BCG's COVID-19 Rapid Response Checklist for Leaders

	Team health & safety	Business strength	Financial resilience
Execution clarity	<ul style="list-style-type: none">Reduce risk of transmissionSupport those who are / may be infectedReduce stress and boost moraleEnsure compliance with regulatory requirements	<ul style="list-style-type: none">Preserve topline and build trust with customersReinforce ability to supplyAdapt resources to meet business needsMonitor & respond to market and competitive dynamicsPrepare for “bounce back” scenarios	<ul style="list-style-type: none">Manage cash and liquidityEnsure cost disciplineRevise financial plan and perform scenario-based stress tests

Designed to be digestible yet comprehensive for leaders, owners and operators

Treat this as a rapidly evolving document, current version as of 3/13

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Dimension	Category
Team health & safety	Reduce risk of transmission
	Support those who are / may be infected
	Reduce stress and boost morale
	Ensure compliance with regulatory requirements
Business strength	Preserve top-line and build trust with customers
	Reinforce ability to supply
	Adapt resources to meet business needs
	Monitor & respond to market and competitive dynamics
Financial resilience	Manage cash and liquidity
	Ensure cost discipline
	Revise financial plan and perform scenario-based stress tests
Execution clarity	Coordinate and scale response and planning adaptively
	Engage the organization
	Empower the team
	Lead with purpose & integrity



Category	Action items
Reduce risk of transmission	<p>Hygiene and cleaning</p> <ul style="list-style-type: none"> <input type="checkbox"/> Adjust workplace cleaning protocol (e.g., increase in-office cleaning, reinforce station changeover SOPs) <input type="checkbox"/> Conduct health/temperature check for employees/visitors at workplace where warranted <input type="checkbox"/> Communicate personal hygiene good-practices <input type="checkbox"/> Provide masks, wipes etc. for onsite employees <p>Separate teams to ensure they work in different, satellite locations and/or non-overlapping time slots (e.g., every other week)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Implement A-team / B-team splits for onsite operations <input type="checkbox"/> Restrict use of office for certain groups (e.g. visitors, non-critical personnel) and reduce in-person meetings (e.g., trainings, daily operations stand-ups), face-to-face interaction, and social gatherings <input type="checkbox"/> Establish work-from-home (WfH) policies where possible and ensure appropriate technological infrastructure support (e.g., IT solutions, VPNs, virtual meetings including video-conferences) <input type="checkbox"/> Adjust travel policies (e.g., reduce non-essential travel--especially to highly impacted areas, reduce cross-facility travel and third party presence) and modify sick leave policies to align incentives and encourage precaution
Support those that are / may be infected	<ul style="list-style-type: none"> <input type="checkbox"/> Introduce employee self-quarantine policy based on travel history/health status <input type="checkbox"/> Create a safe channel for employees to notify company about an infection <input type="checkbox"/> Provide contact information for tele-docs for remote counselling (and expand availability if needed) <input type="checkbox"/> Establish policies around forced time-off in case of infection/quarantine and refine paid time off policies - and return guarantees - to prevent sick employees from coming to work <input type="checkbox"/> Identify, monitor, and protect critical personnel, roles, and activities
Manage stress and boost morale	<ul style="list-style-type: none"> <input type="checkbox"/> Communicate proactively about all aspects of the business and efforts undertaken <input type="checkbox"/> Organize information sessions and calls to address employees' questions <input type="checkbox"/> Prepare for changes in environment (e.g., how do policies change in the case of a reduction in government services such as school closures?) <input type="checkbox"/> Start thinking about target-setting and implications for compensation in a time of uncertainty
Ensure compliance with regulatory requirements	<ul style="list-style-type: none"> <input type="checkbox"/> Ensure compliance with regulatory requirements (e.g., OSHA, FMLA, ADA in the US) <input type="checkbox"/> Engage with work councils and unions as appropriate for respective region(s) of operation

Category	Action items
Preserve topline and build trust with customers	<p>Establish demand-side rapid response team to monitor marketing, sales and pricing implications</p> <ul style="list-style-type: none"> <input type="checkbox"/> Model topline revenue implications and adapt go-to-market (e.g., implications for salesforce effectiveness) <input type="checkbox"/> Monitor key metrics to prevent capitalizing on the crisis for short-term gains (e.g., price gouging) <p>Understand changing customer needs</p> <ul style="list-style-type: none"> <input type="checkbox"/> Reach out to customers to understand their situation and needs; communicate clear plan to mitigate risks and ensure business continuity <input type="checkbox"/> Observe and respond to shifts in customer behaviors; use '01 and '08 shocks to predict likely shifts <input type="checkbox"/> Define actions/messages to show confidence and ensure ability to deliver to customers (e.g., multichannel, people-light approaches) <input type="checkbox"/> Build confidence with customers in small (e.g., sanitizer at POS) and big ways (e.g., mass outreach, adjust return policy) <p>Refocus product and service offering</p> <ul style="list-style-type: none"> <input type="checkbox"/> Evaluate opportunities to ensure stronger linkages with key customers (e.g., via contracts, discounts, financial support) <input type="checkbox"/> Resource less affected channels, products and services appropriately (e.g., focus on online vs. offline retail)
Reinforce ability to supply (I/II)	<p>Establish supply chain rapid response team to monitor and update assessments and actions</p> <ul style="list-style-type: none"> <input type="checkbox"/> Prioritize public health and safety-critical products and services and ensure alignment and awareness upstream and downstream <input type="checkbox"/> Mobilize central “war room” to evaluate and address supply vulnerabilities and monitor risk daily <input type="checkbox"/> Actively communicate to minimize business disruption from supply constraints (review impact on manufacturing, suppliers-tier 1/2/3, logistics) <input type="checkbox"/> Implement product/service allocation processes for constrained assets and/or supplies <input type="checkbox"/> Plan for reductions in range of offerings to reduce complexity while maximizing stakeholder / customer benefit <p>Identify and mitigate risks with both immediate and mid-term view</p> <ul style="list-style-type: none"> <input type="checkbox"/> Activate alternatives and contingencies for critical components, operations, and logistics routes <input type="checkbox"/> Plan for near & long term impact in conjunction w/ lead times & value chain (critical S&OP focused on 3-12 mos., not just immediate term) <input type="checkbox"/> Evaluate alternative demand/supply scenarios and their impact on capacity, and determine mitigation strategies (new local sourcing, etc.) <input type="checkbox"/> Shift inventory position (e.g., safety stock/forward buying, space constraints) to manage impact of near & long term market/health scenarios <input type="checkbox"/> Ensure proper safety precautions inbound from suppliers and outbound from facilities with consideration to lead times

Category	Action items
Reinforce ability to supply (II/II)	<p>Understand liquidity and business position of key suppliers and associated risks</p> <ul style="list-style-type: none"> <input type="checkbox"/> Create "COVID-19 Supplier Audit", assess critical vendors (also consider vendor risk given location, size, operational processes, etc.), and provide action oriented feedback <input type="checkbox"/> Provide financial/non-financial support to value chain partners (if feasible)
Adapt resources to meet business needs	<ul style="list-style-type: none"> <input type="checkbox"/> Identify and prioritize critical products/services needed for rapid response <input type="checkbox"/> Focus on critical constraints in internal as well as external value chain elements <input type="checkbox"/> Where possible, explore opportunities to partner with other companies to optimize resources (e.g., delivery companies borrowed staff from physical restaurant chains in China)
Monitor & respond to market and competitive dynamics	<ul style="list-style-type: none"> <input type="checkbox"/> Leverage lessons learned from other countries where the crisis has progressed further (e.g., China) <input type="checkbox"/> Track competitors' situations and actions to inform strategic, operational, and financial decision-making <input type="checkbox"/> Examine sector-viability: Identify collaboration opportunities to accelerate resolution (e.g., collaboration to develop COVID-19-vaccine) <input type="checkbox"/> Re-define budgets and targets as frequently as possible and necessarily (e.g., daily, weekly, monthly) by geography/market/segment <input type="checkbox"/> Leverage intelligence (e.g., activate your salesforce for customer/distributor outreach surveys) to identify "inflection point" (when the situation gets stabilized and consumption confidence returns) & ramp up/redirect sales activities, inventory, trade support, and marketing spend
Prepare for "bounce back" scenarios	<ul style="list-style-type: none"> <input type="checkbox"/> Identify company-specific scenarios informed by potential macroeconomic scenarios (e.g., "W", "U", "L", "V") <input type="checkbox"/> Ensure appropriate capacity (internal or external) to respond to potential shifts in demand <input type="checkbox"/> Actively assess acquisition opportunities (e.g., distressed assets, countercyclical investments) <input type="checkbox"/> Explore opportunities to configure "comeback marketing campaign" in advance, quickly pick up ad spending post-epidemic (craft new product and service story and create new selling points) <input type="checkbox"/> Prepare for bold moves and implement learnings with regards to business model modifications

Category	Action items
Manage cash and liquidity	<p>Establish liquidity office to forecast cash flows and manage/mitigate risks</p> <ul style="list-style-type: none"> <input type="checkbox"/> Ensure rigorous, prudent cash management and governance and reduce non-critical uses of cash <input type="checkbox"/> Prepare for significant changes to cash conversion cycle (e.g., cash terms with key suppliers and customers) <input type="checkbox"/> Adjust working capital (inventory management and payment terms) to ensure ongoing delivery of high-priority products / services <input type="checkbox"/> Review debt retirement schedule and covenants <p>Stress test cash-flow from financing / investing based on market scenarios</p> <ul style="list-style-type: none"> <input type="checkbox"/> Secure and/or access financing options (e.g., credit lines, revolvers) <input type="checkbox"/> Assess credit risks to current accounts receivable <input type="checkbox"/> Review of commitments, MAC clauses and Force Majeure options <p>Assess viability of current investment roadmaps and dividend policy and share repurchase plans</p> <ul style="list-style-type: none"> <input type="checkbox"/> Postpone non-critical capital expenditure <input type="checkbox"/> Rationalize short/medium-term capital spending unless it offers a clear longer-term competitive advantage <input type="checkbox"/> However: Identify opportunities to bring forward asset enhancements if cash/liquidity is not an issue and asset not/only marginally utilized due to outbreak (e.g. store/hotel renovations, servicing of equipment)
Ensure cost discipline	<ul style="list-style-type: none"> <input type="checkbox"/> Ensure procurement control tower in place (e.g., PO authorization processes, active management of open POs and delivery schedules) <input type="checkbox"/> Variabilize cost to as great an extent as possible (e.g., enabling voluntary LOAs, slowing or pausing discretionary hiring) <input type="checkbox"/> Understand employee base (e.g., best attendance records, longest history with company) to prepare for uncertain future <input type="checkbox"/> Avoid conducting business-as-usual under pre-crisis assumptions (e.g., signing lease agreements or renewals) <input type="checkbox"/> Mitigate or redirect discretionary spend to build financial flexibility (such as marketing, however, avoid removing all ads and cautiously select marketing channels during epidemic)
Revise financial plan and perform scenario-based stress tests	<ul style="list-style-type: none"> <input type="checkbox"/> Conduct scenario planning and develop action plan accordingly <input type="checkbox"/> Perform financial and liquidity stress test and conduct rollings forecasts <input type="checkbox"/> Revise target-setting and objectives (e.g., sales targets, production plans, related KPIs) <input type="checkbox"/> Communicate financial resilience to key stakeholders <input type="checkbox"/> Explore alternative and deferred compensation models for high-earning colleagues

Category	Action items
Coordinate and scale response and planning	<p>Set up a central, cross-functional, rapid-response team (PMO) to make clear decisions, and monitor/take control of the situation (enabled with necessary decision authority and sufficient staffing to take a day-to-day agile approach to navigate changing environment)</p> <ul style="list-style-type: none"> <input type="checkbox"/> Identify critical processes and key resources (HR, Finance, Procurement, IT, Legal etc.) <input type="checkbox"/> Set up daily rapid response meetings to provide fact-based analysis to enable fast, high quality decision making <p>Develop concrete action plans based on 3-5 medium term macro-economic scenarios (i.e., "W","U","L", "V") and clearly communicate action plans to key stakeholders</p> <ul style="list-style-type: none"> <input type="checkbox"/> Macro: Vary scenarios by shape and severity of broad economic impact <input type="checkbox"/> Internal / company-specific: Build view on potential impacts to team, P&L, cash flow, and balance sheet <input type="checkbox"/> Identify, track, and mitigate existing and new risks <p>Protect leadership continuity (see section Team Health & Safety)</p>
Empower the team	<ul style="list-style-type: none"> <input type="checkbox"/> Tell your employees what they should be doing in order to prevent organizational paralysis, confusion and misinformation-- Communicate, communicate, communicate! <input type="checkbox"/> Provide clear direction on operational boundaries and principles (e.g., owned and shared accountabilities, decisiveness, entrepreneurial mindset, act rapid, flexible & engaged) to enable frontline leaders to execute <input type="checkbox"/> Establish a two-way communication / Q&A channel
Engage the organization	<ul style="list-style-type: none"> <input type="checkbox"/> Gauge current sentiment / concerns within organization (e.g., via short online survey, dedicated communication channels, cascading team calls) <input type="checkbox"/> Provide honest and frequent 360-communication through multiple channels <input type="checkbox"/> Set up a digital information hub for all the latest policies and information <input type="checkbox"/> Unlock discretionary effort beyond regular roles & responsibilities by suggesting "if you want to be involved in X, then contact Y"
Lead with purpose & integrity	<ul style="list-style-type: none"> <input type="checkbox"/> Find ways to support your employees, community and society <input type="checkbox"/> Reinforce your vision, mission & purpose and/or highlight critical elements of your company's value to customers <input type="checkbox"/> Leverage your resources/network to make a difference by providing products and services (beyond monetary donations) to affected people at your company and in your communities

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