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Key finance priority in post Covid era

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# Negative effects of the coronavirus are well known and every cloud has a silver lining....

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01

Covid-19 is the shock that is forcing everyone towards adopting digital in everything; Morgan Stanley projects average spend per online shopper to nearly double in India

02

Global supply chain is being redrawn as China has been the factory of the world for some time and the world has realised that it is not a good idea to keep all eggs in one basket

03

Policy reforms have been gathering pace as it has led India to initiate reforms that have been stuck in red tapes

04

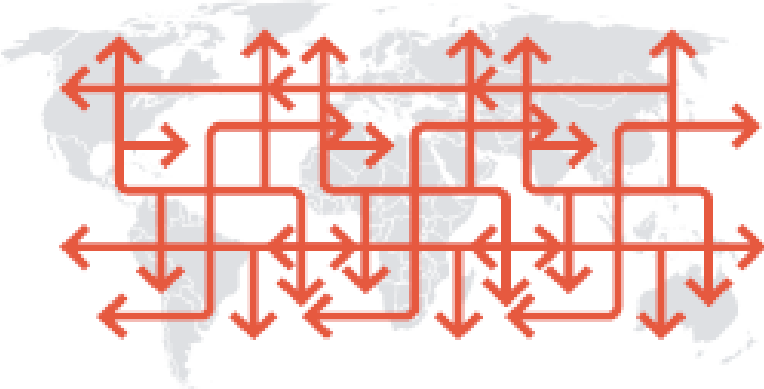
Nature of jobs have been transformed as lot of companies are rethinking on office spaces & on-site work



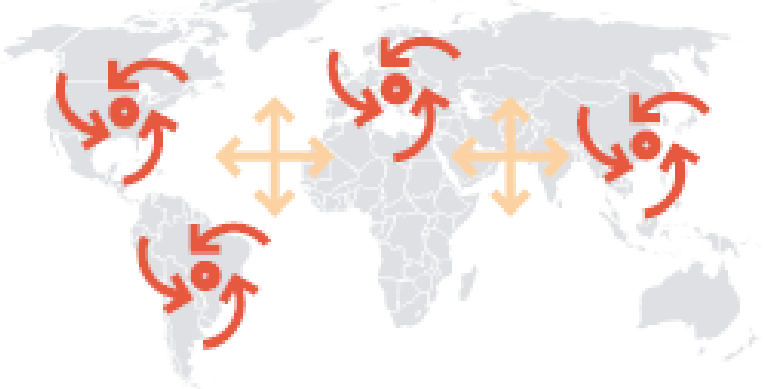
# With significant impact on supply chains, “GLOBAL” may be replaced by “GLOCAL”

Data source: Roland Berger

## GLOBALization



## GLOCALization



Global supply chain networks



Local supply chain networks

Global delivery footprint



Build where you sell

Global production networks



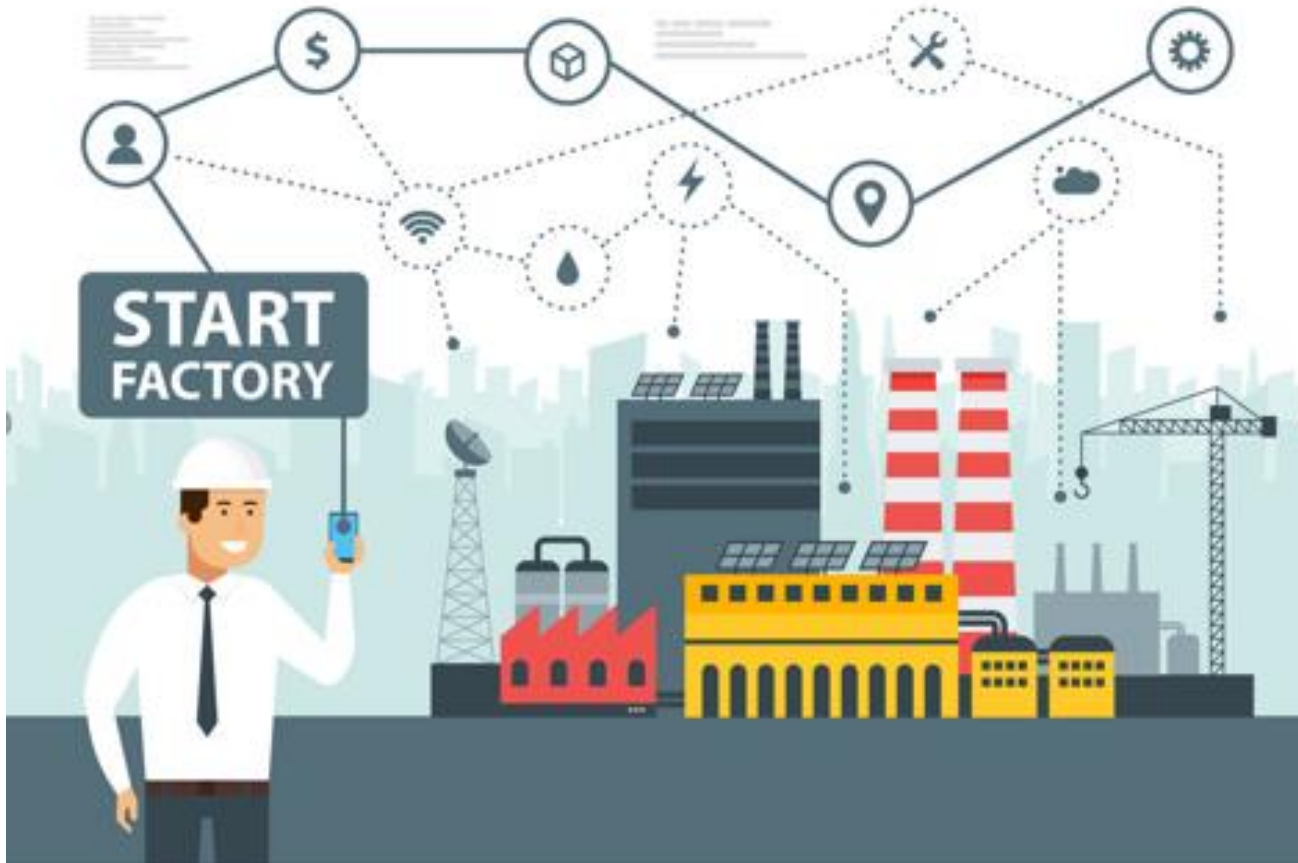
Localised production networks

Limited risk management



Sustainable risk management

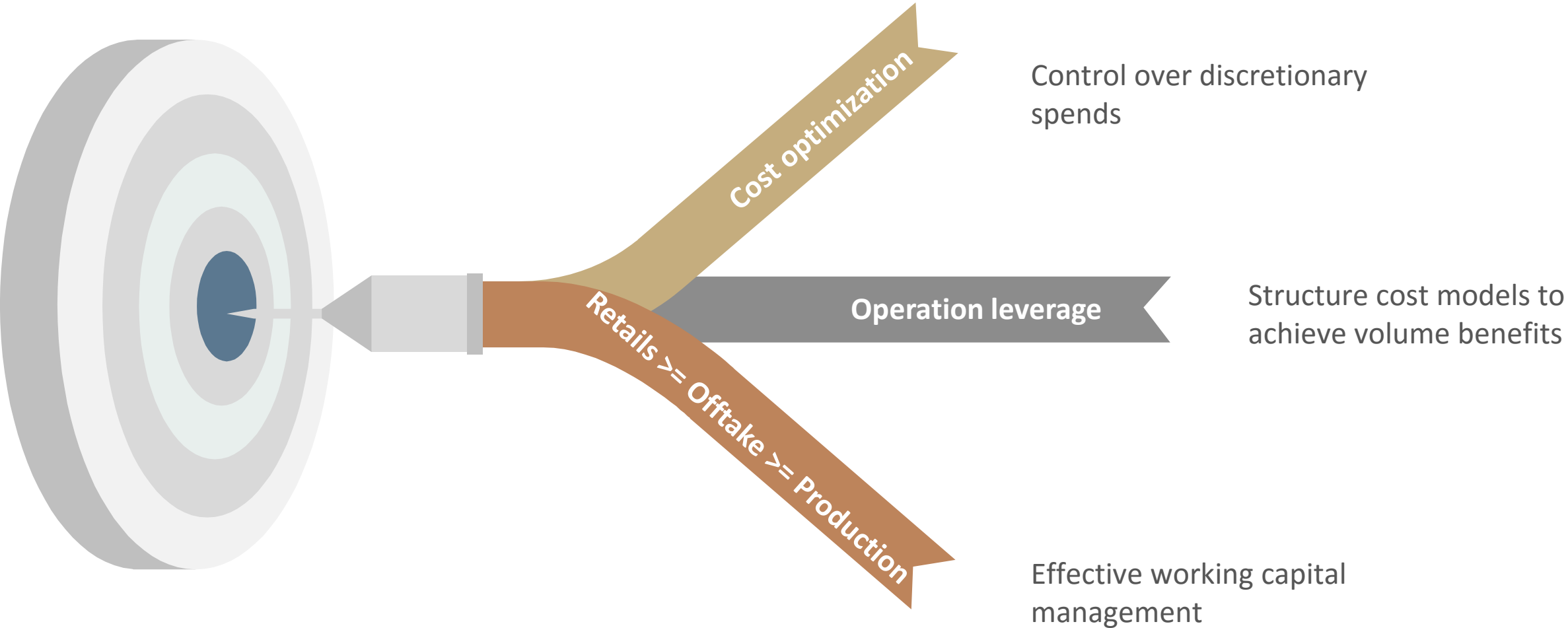
# Redesign our shop floor with fewer stations & greater digital interventions



- Collaborative robots will enhance & optimize manufacturing operations
- Technology will enable more remote & virtual working to help with the issue of social distancing
- Will substitute non value add labour intensive activities
- Automation will be a key component of the effort to revive domestic manufacturing

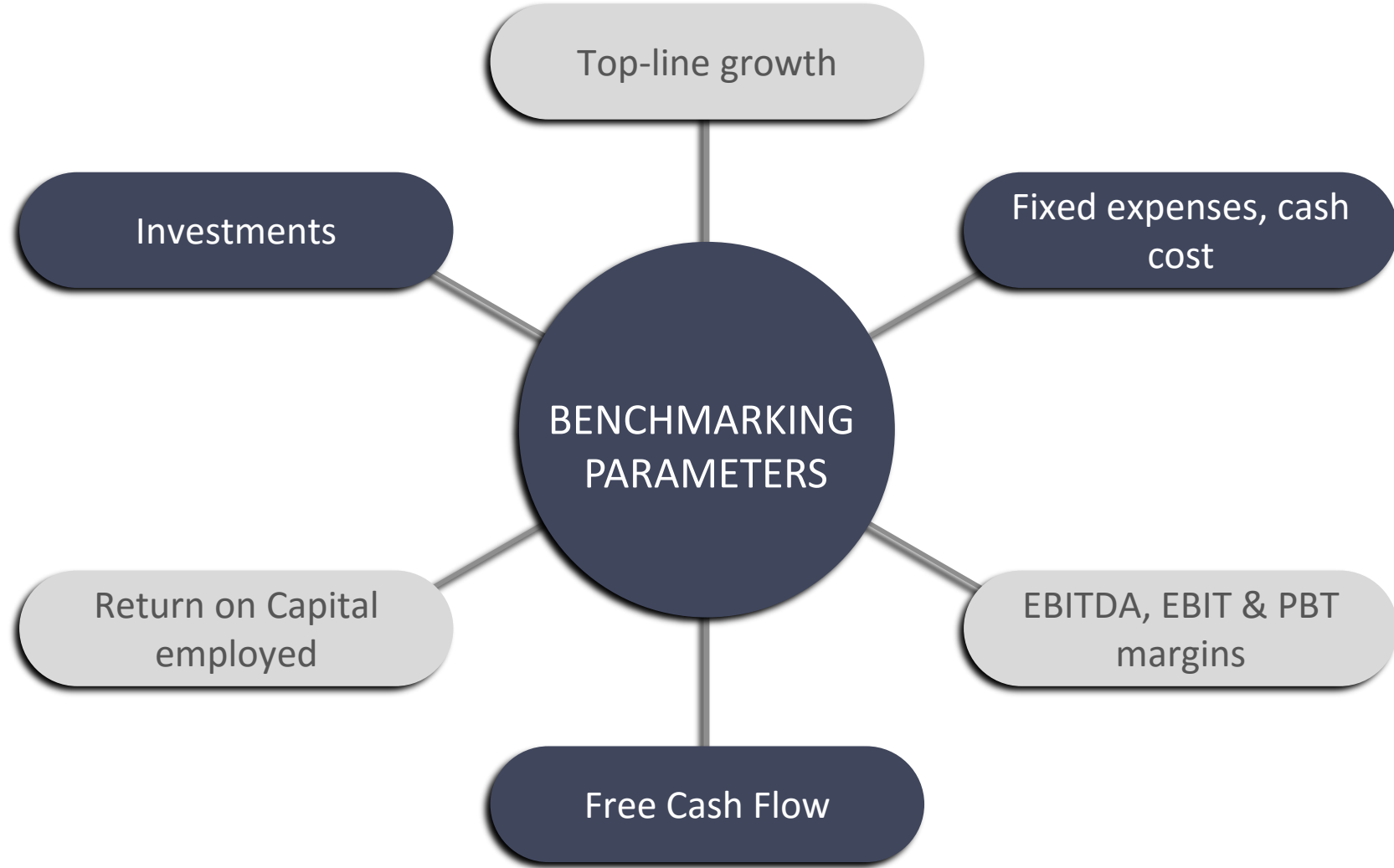
Tomorrow's environment will be different, but no less rich in possibilities for those who are prepared

# “Normal” isn’t available to us anymore & “business as usual” even less



The new reality taking shape is made of complexity, uncertainty & opportunities

# Benchmarking provides an inventory of creative changes that other companies have enacted

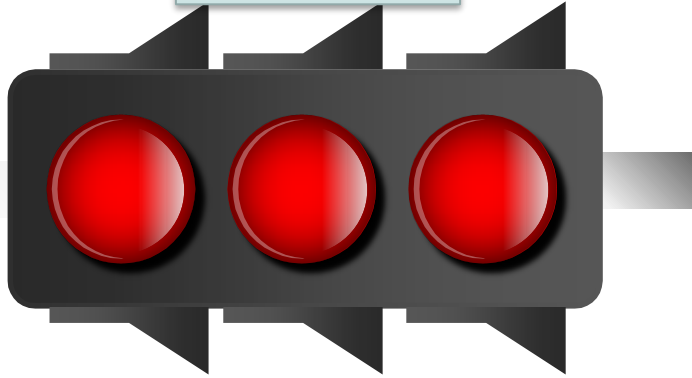


### Types

- External benchmarking with competitors & industry leaders
- Internal benchmarking... Better than our best (BTOB)

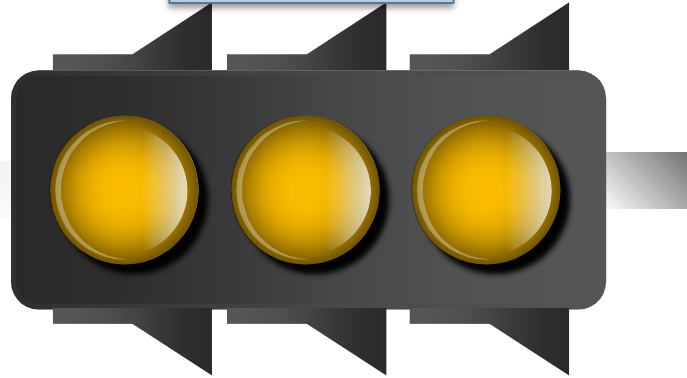
# To support business in the short term & enable recovery in the long term, we need to adjust our business processes to secure the future by focusing on ...

Red sets



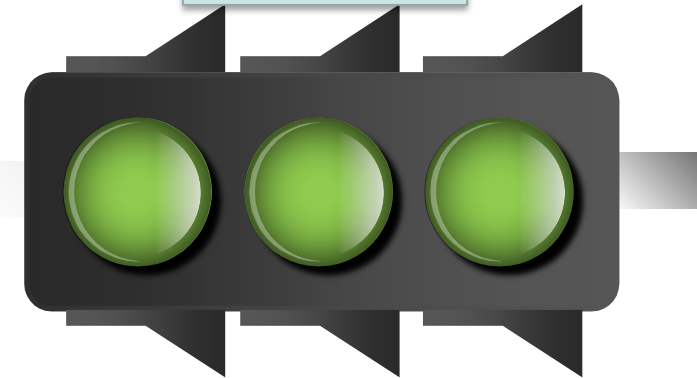
- Manpower positioning & cost planning with unexpected lockdowns being the new normal
- Cut down on capex spends by focussing on projects with high returns & to fulfil regulatory norms

Yellow sets



- Due to uncertainty, operational cost can be contingent in nature
- In case of logistic issues at vendor end, company may have to incur freight cost to avoid line stoppage

Green sets

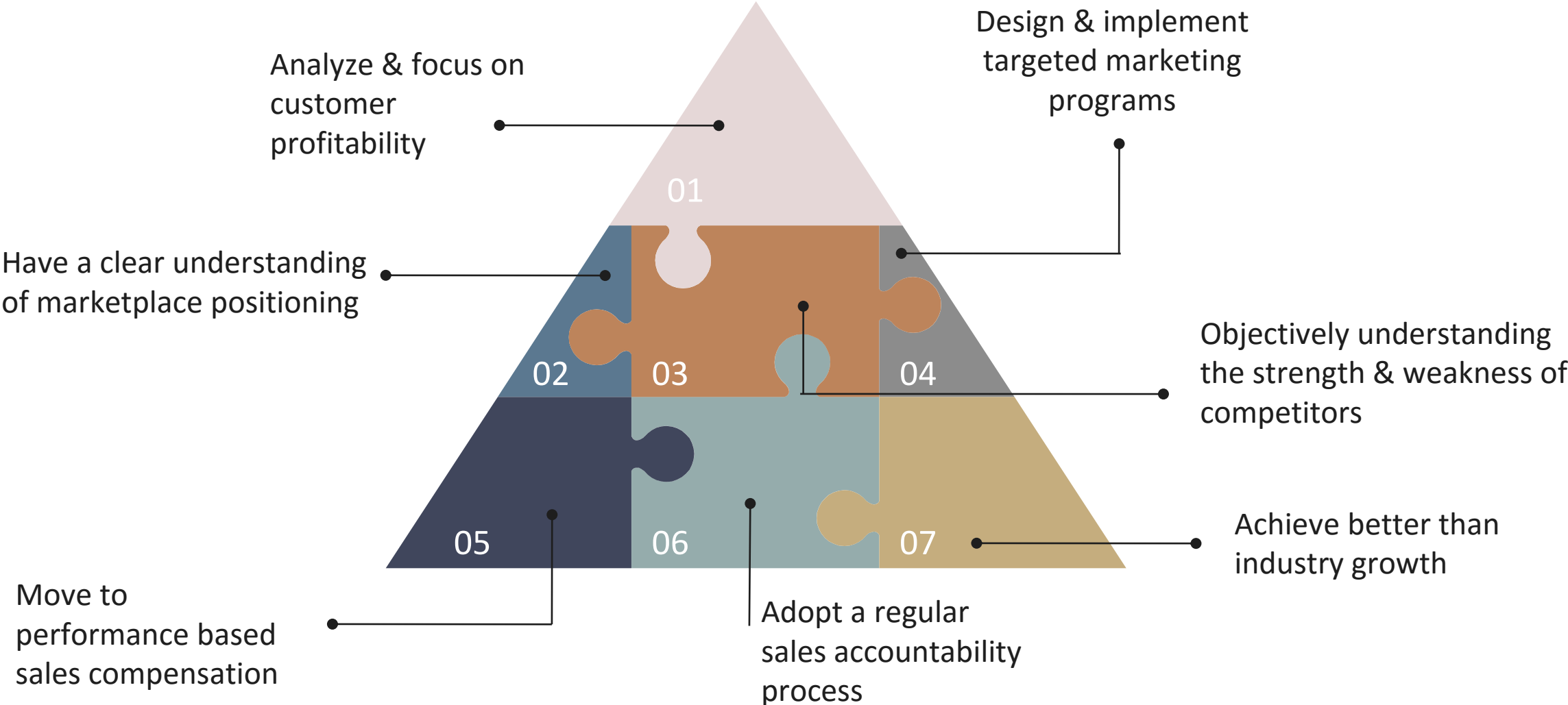


- All uncommitted and discretionary expenses to be avoided/curtailed.
- Committed, however not presently critical from business perspective, need to be deferred
- Expenses which meet our current business and social priorities or are unavoidable, need to be spent

**Traditional metrics & assumption are now irrelevant, we need to adopt new mantras & navigate through the crisis**

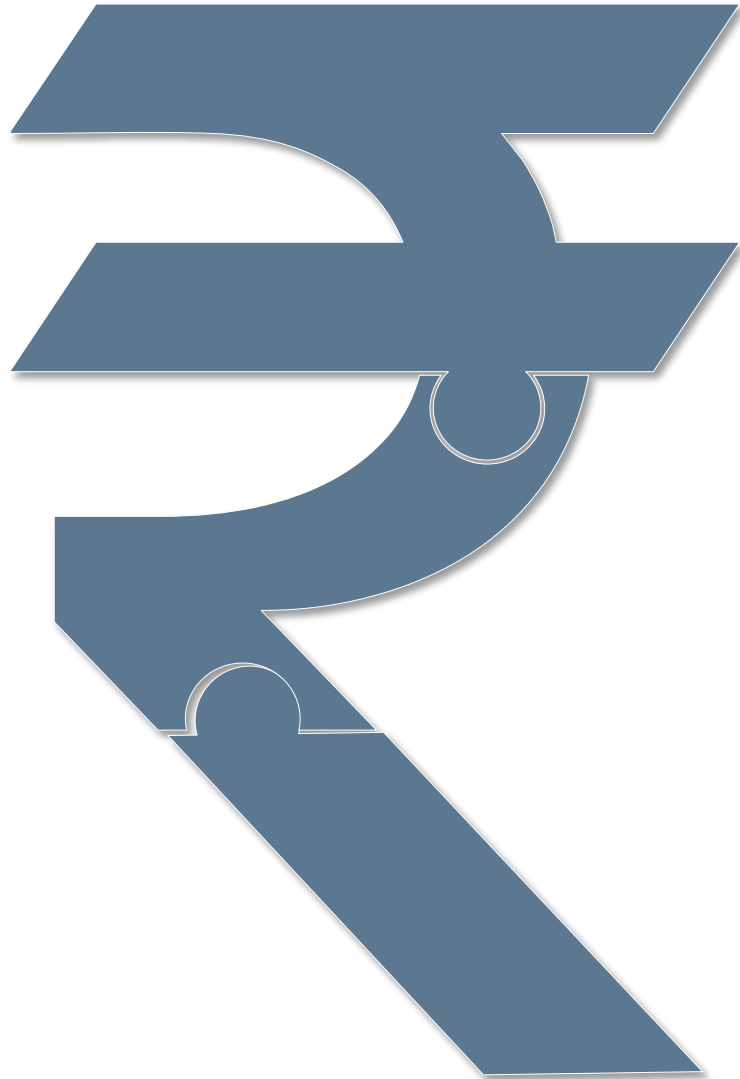


# Topline & market share growth – a key to achieve profitability



**7 mantras to work around for improved growth**

# As cash is the lifeblood of business, its conservation will help us to weather the COVID-19 storm & prepare us for future crisis



## ***Operation Expenditure***

- Cost optimization
- Revisit variable cost
- Aggressively managing indirect external spend

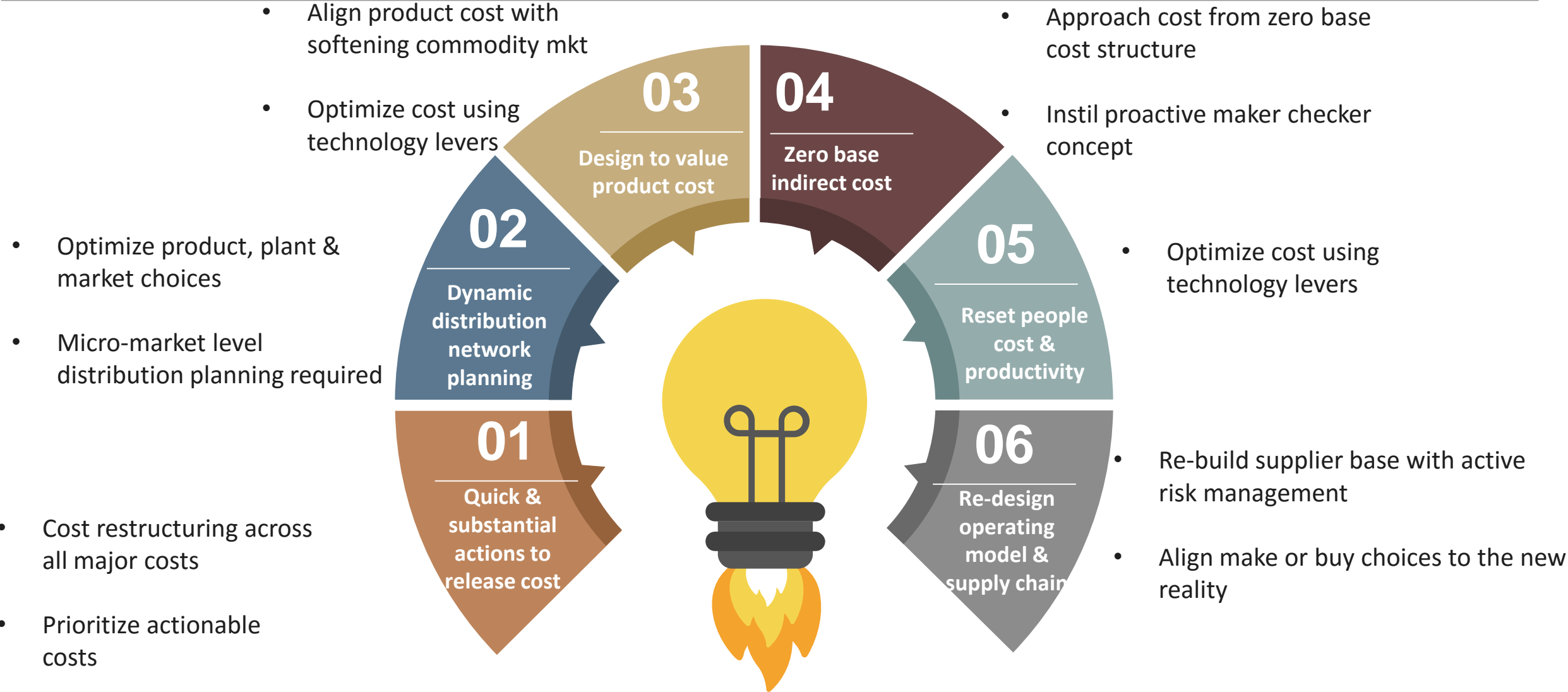
## ***Working Capital Optimization***

- Inventory – sales planning, advanced demand forecasting techniques
- Receivable – prioritize customers who pay on time, zero credit policy
- Payable – invoice discounting options

## ***Capex***

- Focus on projects with higher returns & to comply with regulatory norms
- Align with future company strategy

# Cost starting point is different across sectors – it is critical for organisations to recognise opportunities & loosen their baggage through cost optimization



Six guidelines to discover immunology & de-risk our business; Either we follow up or we fold up...

# Cross functional business control tower will enable quick pragmatic reactions and help us in prioritizing our spends



- Cross functional team under the leadership of top management has to be formed for securing cash
- Agile working mode with daily updates rather than lengthy reporting cycle needs to be followed (eg. daily cash flows)
- With multiple agencies participation & big data involved, decisions will be sufficiently backed up
- Forward looking scenario planning & forecasting for different durations & impact of the crisis, will help us to manage liquidity better

**With collective efforts we can outperform market, achieve desired profitability & secure cash**

# Key Themes – Securing Growth, Profitability and Cash



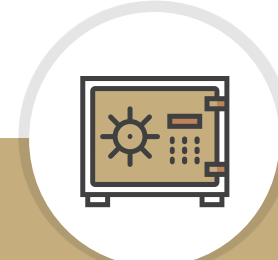
## Secure growth

- Innovative financing solutions
- Creatively bundle service offerings to create enhanced business value propositions and diversify revenue growth
- Focus on improving profitability of new business models and strengthen our competitive position



## Secure profitability

- Optimise break-even point for businesses thru' structural reduction in fixed costs
- Focus on reducing Engineering cost thru' better effectiveness and efficiencies
- Encourage austerity and maintain tight control over discretionary spends
- Leverage power of IT to reduce cost of operations



## Secure cash

- Judicious allocation of resources for capex and re-prioritize uncommitted spends
- Innovative financing solutions for value chain partners for improving liquidity at both ends
- Tighter inventory control by institutionalising structured approach and discipline in the ordering process
- Disposal of non-core / surplus assets

Play to win while remaining fit to compete; deep dive on each of the theme is need of the hour

# We are partnering the journey for decades...



**P4G**

Partnering for  
Growth

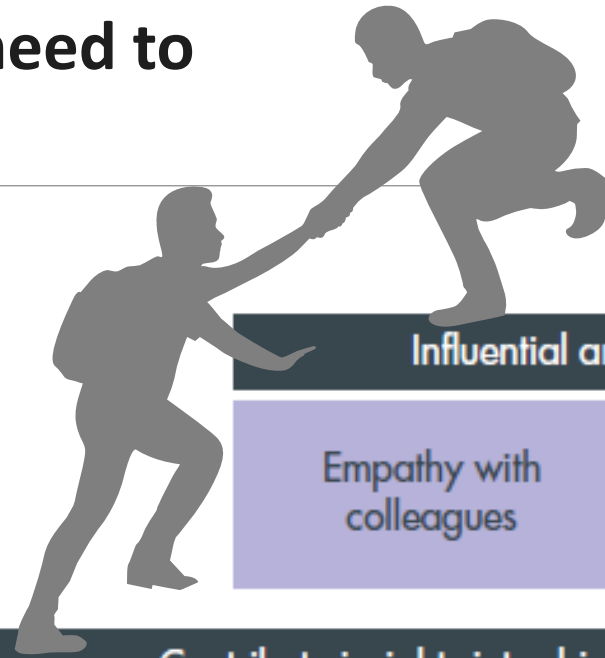
- Involvement in strategy formulation, implementation and communication;
- Involvement in commercial decision making and negotiations;
- Leading on business analysis;
- Trusted adviser and Critical friend; &
- Facilitator of productive business discussions

## Business Partnering



**Its time to work on quality & effectiveness of business partnering**

# Apart from domain experts, we need to become value partners



Influential and effective business partnering relationships

Empathy with colleagues

Compelling communication

Preparedness to challenge

Contribute insights into drivers of cost, risk and value

Passion for business

Commercial curiosity

Professional objectivity

Ability to integrate, apply and communicate

Business understanding

Analysis skills

Accounting skills

- Partnering attitude
- Partnering knowledge
- Communication Skills
- Professional Judgement
- Analytical skills
- Business Intelligence

Time to re-learn how to learn and improve our skills as business partners

# Focusing on key priorities will help us to manage disruptions, reboot our cost structure & will help us to thrive in uncertain times



1

Transparent cost baseline & clear view on addressable cost categories

2

Cost optimization over short/medium/long term plan with execution & owners

3

Monitoring & tracking of cost performance through benchmarking

4

Focus on liquidity by creating a cash culture within the organisation

5

Cost governance structure will be in place duly endorsed by leadership team



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*Every crisis is an opportunity.....  
An opportunity to rectify the causes, improve the  
response & avoid the same in future*

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