



CEO CHECKLIST & FINANCIAL MANAGEMENT GUIDELINES

April 2020



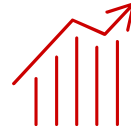
CEO checklist:

We recommend organizing efforts around the following six urgent priorities



PROTECT YOUR EMPLOYEES AND CUSTOMERS

- Priority #1: Implement the best known safety/protection guidelines available for both employees and customers – overinvest in safety
- Monitor global health guidelines, other companies - and continue to fine tune
- Over-communicate with full transparency
- Determine how to support communities by leveraging assets during crisis



MODEL YOUR EXPOSURE; STRESS TEST P&L AND LIQUIDITY

- Outline macro scenarios by market, translate to revenue decline and stress test the P&L and balance sheet
 - Units, revenue, costs
 - Cap Ex, working capital, cash/liquidity
 - 13 week, 4Q outlook
- **Build extreme downside scenarios (worse than your team can envision)**
- Outline major operational actions that impact liquidity
 - Do now 'handbrake' actions vs. do-later 'break glass' initiatives
- Manage investor Relations



DEFEND AGAINST REVENUE DECLINES

- Take a customer centric view to this situation – how will you build trust, loyalty and market share through and beyond this crisis?
- Build specific revenue mitigation actions for core revenue stream declines
- Pivot resources to pockets of current and future growth, online and beyond



STABILIZE OPERATIONS TO "NEW NORMAL"

- Understand supply exposure, and analyze and prioritize actions
- Stabilize supply chain of physical goods from likely geographic and labor disruptions
 - Manufacturing, distribution, suppliers, suppliers to suppliers
- Build contingency operational plans for all aspects of business
 - Front line facilities, costs, variable labor staffing
 - Cross regional variations in utilization
 - HQ, IT
- Iterate as crisis unfolds



PLAN URGENT COST TAKE-OUT, PRESERVE CASH & BALANCE SHEET

- Spend handbrakes
 - Immediate actions (e.g. hiring freeze, op ex, cap ex, working capital)
- Set aggressive 'break glass' cost actions triggered by more extreme revenue scenarios
 - This is (may be) about saving the company – no ideas are too extreme
- Mid-term, outline a plan to lean out the cost structure for the future – more automated, more variable, more shock resistant



PLAY OFFENSE, NOT JUST DEFENSE

- Define how you will outperform competitors and take share through and beyond the crisis
 - M&A roadmap
 - Product/service/customer intimacy investments
- Prepare for 'bounce-back' and recovery
 - E.g. Marketing investment, leveraging macro trends for "if, then" moves
- Plan for and leverage a 'leap-frog' change in customer behaviors
 - Especially digital

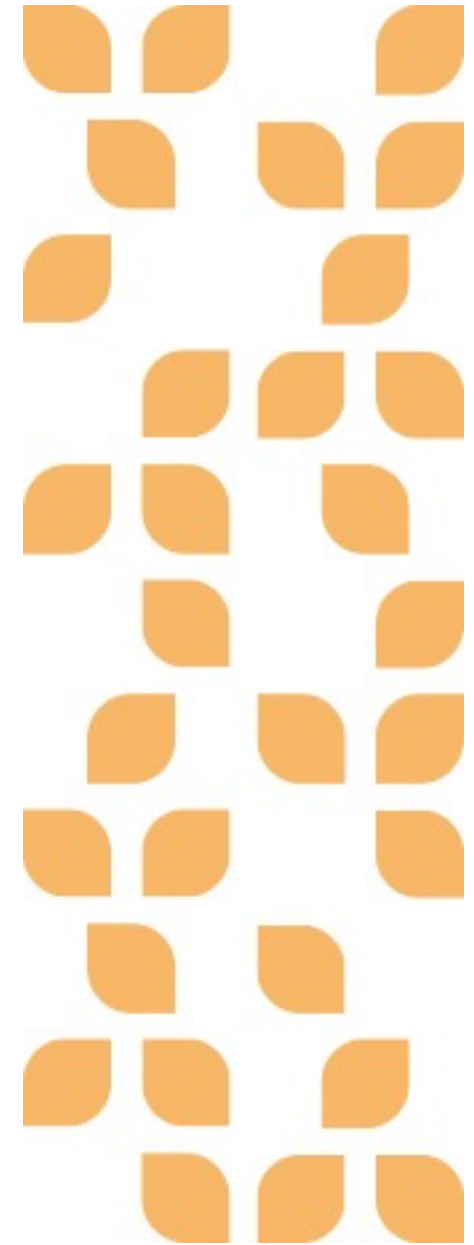
Financial Management Actions – COVID 19 Response

- Focus on cash flow and working capital investment to improve liquidity
- Identify potential cost saving opportunities
- After modeling and stress testing your P & L and liquidity, proactively communicate with lenders, trade creditors and investors
 - Provide candid assessment of your situation and desire to work with them to get through the current situation
 - Is there an ability to borrow additional funds to support working capital/cash needs?
 - Is there flexibility to revise the existing loan repayment terms?
 - Are vendors flexible on payment terms?
 - What support, if any, can investor(s) provide?



Financial Management Actions – COVID 19 Response

- **Receivables**
 - Contact customers to confirm ability to meet current obligations, understand which products they still need or need more of
 - Modify credit terms where appropriate to improve potential for collection on outstanding receivables
 - Should modified credit terms be instituted on new orders/C.O.D when appropriate?
- **Inventory**
 - Plan for appropriate level of purchasing based on forecasted needs
 - Avoid excess investment in inventory unless potential source of supply is at risk
 - Liquidate slow moving or excess inventories

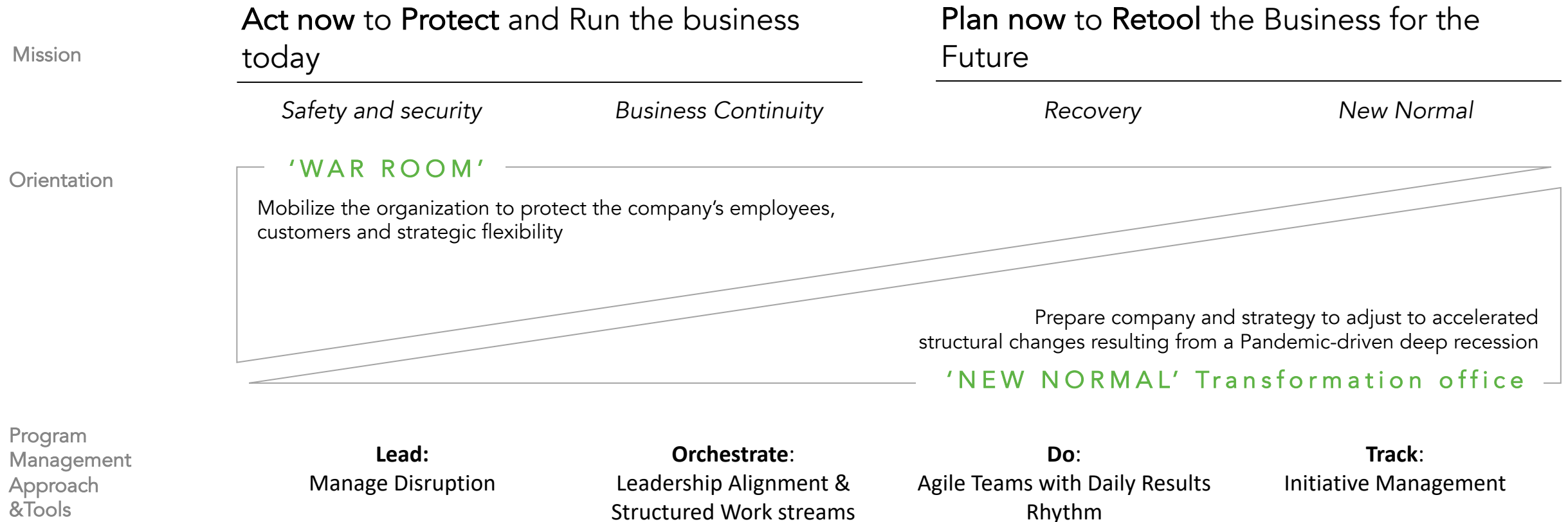


Financial Management Actions – COVID 19 Response

- **Payables**
 - Contact vendors to request extended credit terms and adjust payment terms on amounts owed when feasible
- **Capital Expenditures and Equipment Maintenance**
 - Prioritize and delay when feasible any equipment purchases- put on hold loan disbursements approved for capex
 - Reduce or eliminate scheduled maintenance if appropriate
 - Identify assets you can deploy differently



We have assembled a "COVID-19 Response" to support CEO priorities, with a combination of "Act Now" and "Plan Now" actions



Companies must do both simultaneously, right balance between the two missions depends on industry, company and geography. Some segregation of responsibility for these two missions will engage your full leadership team and create focus

We have assembled a “COVID-19 Response” set of solutions to support CEO priorities, with a combination of “Act Now” and “Plan Now” actions

Act now to Protect and Run the business today

Safety and security of our people and communities

Business Continuity

Action Plan

Balance sheet

Preserve cash and manage liquidity

Cost structure

Prepare for multiple scenarios requiring different levels of cost reduction; Take **No-Regrets Actions**

Customers

Invest in **customers** and frontline **employees**; Hone **value propositions**; Digitize marketing and selling

Operations

Stabilize operations including adjustments in sourcing, production and supply chain

People and organisation

Safeguard your people and contingency-plan your workforce while adopting Remote Ways of Working

Strategy

Triage in-flight initiatives; respond to government actions; use resources to **help Societies and Communities** defeat COVID-19

Plan now to Retool the Business for the Future

Recovery

New Normal

Action Plan

Optimize NWC for mid to long-term; Prepare for **opportunistic transformative M&A**

Target and achieve **sustainable cost structure**

Address emerging needs and behaviors with **new value propositions** and **digital capabilities**

Restructure to create greater visibility, flexibility, and resiliency

Adapt operating model to New Ways of Working

Refresh **future-back vision** and execution agenda; strengthen crisis management capabilities; navigate new regulatory environment