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COVID-19: **How to prepare to** **emerge from the** **lockdown**

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Investors and companies are starting to think about how they can best emerge from the current crisis, as lockdown measures start to be loosened across Europe.

There are three key policy-related questions to consider:

1. How can business engage with some of the recent and ostensibly temporary changes in procurement practice, public sector service delivery, and regulation?
2. How might lockdown restrictions be lifted and how can business help inform this process?
3. How can business prepare for a very different policy and funding landscape once the worst of the crisis is over? What will be the new normal?

1:

How can business engage with some of the recent and ostensibly temporary changes in procurement practice, public sector service delivery and regulation?

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We have already advised lots of investors and companies on engaging with government and the public sector – whether to supply urgently needed products and services or communicating on how best to support specific sectors or business in general.

The private sector has demonstrated considerable flexibility and ingenuity in flexing their production lines and services to meet the crisis-related demands of public and private clients. But many companies are now asking us whether some of the recent and apparently time-limited changes might continue and how might this alter the risks and opportunities for their operating environments.

We regularly work with private equity backed businesses, most of whom secured investment on the basis of innovative business models and technology – which have typically helped clients meet COVID needs more rapidly and effectively than some more entrenched companies. The value of agile and responsive operations and workforces has become even more apparent.

Businesses can engage with these opportunities for the longer term in several ways:

By developing case studies of how they have helped in the crisis.

Lots of companies are doing this but rarely do these accounts emphasise how their particular business model, technology or innovative product or services have made it possible for them to respond well to the crisis. This is a good opportunity to establish competitive advantage and USPs with audiences that may otherwise not know the company or know what makes it different from many other competitors on procurement frameworks or approved vendor lists, etc.

By developing communications and marketing that highlight their more strategic offers alongside their more reactive offers.

For example, we have helped many companies address COVID opportunities created by urgent needs for often quite commodified services – recruitment, logistics, accommodation, testing, etc.

But these companies are also able to help clients with strategic advice and ongoing support on reconfiguring their service offer for the longer term, post-crisis environment.

This will create demand for service models that, for example, deliver much more on-line recruitment, rapid delivery of equipment and medicines to hospitals and individuals, and sophisticated virtual workplaces.

By using their credentials to engage with client groups and decision makers outside their regular procurement audiences.

Many companies have risen to the challenge of rapid and significant changes in what their public and private sector customers want.

The dramatic shift to on-line and remote working and service delivery has also shown how many back office and operational functions (logistics, HR, IT) are of critical importance, matters of strategic concerns for boards (as COVID has stress tested the resilience of their IT platforms and value chains) rather than mainly the preserve of functional teams, such as procurement.

This means there is an opportunity for companies to consider reaching audiences beyond their traditional ones in trade publications and appeal to senior business and public sector leaders on the basis of how they can make their organisations more agile and resilient. Compelling content and thought leadership (e.g. on the future of post-crisis service delivery in a sector) can help open doors and create opportunities with senior public and private sector leaders.

Where businesses have been able to offer innovative solutions proactively to specific needs arising in the public sector – for example, providing hotel beds to NHS workers or educational resources to disadvantaged children unable to attend school – they have also shown their willingness to help to meet social challenges. Where some public sector bodies who commission or procure from the private sector may have taken a sceptical view of certain providers or types of private provision, some businesses could find their position enhanced as a result of being able to demonstrate their social value by having prioritised serving local communities and demographics with pressing needs.

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How might lockdown restrictions be lifted and how can business help inform this process?

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Many European and Asian countries emerging from the lockdown are loosening restrictions on business in different ways. There is no obvious template for any local or national government to use.

As GK's Strategic Advisor, former minister David Laws, has written: 'Each country is asking itself how much "normality" can return while maintaining social distancing, and protection of vulnerable groups. But not all countries are delivering the same policy solutions.'

This means that there is an opportunity to suggest paths out of the lockdown – but as long as they are practical, enforceable (by businesses, police and officials), evidence-based and aligned with government parameters (on social distancing and hygiene in shops and workplaces, etc).

For many sectors, these paths will be developed and advocated by trade associations. Many businesses are not active in their trade associations, but the proposals that trade associations make on lockdown emergence could be critical. Many trade associations have long been regarded (by government and smaller, newer members) as representing mainly the interests of well-established larger members with a vested interest in the status quo. But there will be no instant return to the status quo for most sectors.

This is why individual businesses (even if they are relatively small) should engage actively with their trade associations and also, where they may have issues specific or especially relevant to their business, advocate in their own right, directly engaging with government and other stakeholders.

How might lockdown restrictions be lifted and how can business help inform this process?

Policies designed to help the economy emerge from the lockdown may actually benefit many smaller businesses, who may be able to control and track the interactions of customers and staff more easily than large ones.

And businesses that work predominantly with directly employed workers (rather than rely on a very casual labour force) may also be in a better position as they are likely to be able to develop, implement, track and enforce measures to reduce transmission rates more easily than with gig economy platforms. Communications about this could help reassure its customers and business partners, who may be anxious about how well third parties might be managing the emergence from lockdown.

Businesses should work out practical roadmaps for their sector to emerge from the lockdown – and make sure that they are not excluded from such roadmaps. We have worked with many trade associations, issue-specific coalitions and individual organisations to influence government policy, opinion-formers and other stakeholders

The government policy process to identify roadmaps will have to move at a rapid pace so it is important to be on the front foot and present concrete, detailed and well-founded solutions to the problem of balancing the task of restarting the economy while protecting public health.

Every country has taken slightly different approaches to this difficult balancing act. Most are opening up schools for certain age groups but there is substantial variation (and hence examples to cite) in other countries as they reduce restrictions.

In Austria, Larger shops, shopping centres and hairdressers reopened on 1st May, while in Germany masks have been mandatory in shops and on public transport since 27 April (though implementation and enforcement will vary). What the British government will consider will depend on expected compliance levels and the scope for enforcement.

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How can business prepare for a very different policy and funding landscape once the worst of the crisis is over? What will be the new normal?

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As we wrote in March, the long term policy impacts of COVID will be extensive. It will, for example, be difficult for government to reverse the business rate holidays for many businesses, and the regulation and welfare support of the self-employed is likely to change – as the crisis has highlighted how vulnerable and valuable the self-employed workforce is.

Approaches to public procurement may be revised in some areas: the crisis has shown how good procurement decisions can be made rapidly and safely outside normal processes – but it has also thrown into sharp relief the shortcomings of cumbersome, centralised services to procure urgently needed products and services.

Our March analysis discussed these changes in more detail, but how can business best prepare? There are three key elements:

Undertake a systematic assessment of how the tax, regulatory and policy landscape might change in any given sector.

In some sectors, the policy changes have been important but piecemeal and limited in scope and number. But the crisis has stress-

tested many sectors to what could be a breaking point and will prompt much more fundamental and urgent reviews than before (action on social care and Britain's high streets will be difficult to delay, for example.)

Our Policy Stability Index (PSI) helps businesses and investors assess the degree to which policy will deviate from the status quo. Our 2020 PSI assessments for a variety of sectors began with a 1st January baseline – we are now factoring in COVID measures and how this will affect policy over the short and long term.

Develop a vision for how your sector could be reinvigorated longer term.

For high street business and landlords, that could mean a vision based on a radically different approach to raising revenue (e.g. in terms of business rates but also rent reviews) and making change of use much easier.

For the health and social care sector, while a long-term settlement for adult social care is likely to be delayed once again, the fallout from the crisis may mean new regulatory and short-term funding reform to deliver more flexible and more home or community based delivery of services.

There are many other sectors where there is an opportunity to articulate a compelling case for significant change – and to do so as part of an urgent need to devise policies to restart the economy and ensure that sectors can emerge in as good health as possible – particularly against a backdrop of Brexit.

Develop a plan for your business that reflects what the current and likely policy landscape will be like

Many businesses have had to undertake major reallocations of resources and reconfigure their services. But these short term, largely reactive and operational changes may have to be longer term, partly because some sectors will be so slow to return to normal (hospitality, travel and leisure) but also because the crisis may force individual consumers and corporate clients to rethink how they will want services delivered longer term, once existing contracts end.

This presents good opportunities for businesses who can be active partners in rethinking and reconfiguring such services. Businesses will only be able to present themselves as such partners if they communicate accordingly, based on a well-grounded understanding of the new landscape.

In many crises, the legitimate policy response is to return to the status quo as soon as possible. But that is neither realistic nor desirable for many sectors in this situation.

The private sector has shown its ability to flex to new customer and regulatory demands. The next challenge is to show how it can work with government and others to rethink some key parts of our economy and society and how to get there.

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After nearly two months in lockdown, the UK is preparing for the next phase of the Government's response to the COVID-19 crisis. GK has been helping a number of businesses who can supply vital products and services to the Government and wider public sector to engage with key decision-makers.

Now businesses need to understand how the landscape will evolve again and what part they can play in shaping, responding to and delivering the Government's priorities for an exit from lockdown. This is another critical moment, and businesses need to be equipped and well-informed to navigate what comes next and emerge in a strong position.

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