

7 Actions Businesses Need to Take Now

Your Playbook as the Economy Reopens





7 Actions Businesses Need to Take Now

As economies across the region start reopening, every business needs to reassess its strategy and operations to properly position for the recovery. Fortune favours the bold, and in order to get through this crisis, organisations must take decisive action. With that in mind, NetSuite conducted extensive interviews with hundreds of organisations, small and large, across all industries, over the past two months.

We've prepared a playbook to aid business leaders in taking decisive action and optimally positioning their organisations.

While no list can be comprehensive, **NetSuite's Brainyard** research team has aggregated the questions being asked and steps being taken by the best run and most agile organisations.

We break down the actions into the following areas:

1. **Business Model Assessment**
2. **Financial Check**
3. **Health/Safety/Legal**
4. **Scenario Planning**
5. **Customer Retention & Acquisition**
6. **Packaging/Pricing/Payments**
7. **Organisational Alignment**



Business Model Assessment

The first step is a comprehensive situational analysis of your business. This is a rigorous assessment of what has and has not changed, with particular focus on the elements that have withstood the shock and which ones have been adversely affected. Institute weekly tracking and measurement around your key performance and business indicators. Many of these KPIs may have changed in the aftermath of COVID-19. These KPIs will not only measure your current state but also help you make decisions on what to do next.



Checklist

- Review all key performance indicators (KPIs). What is the lifetime value (LTV) of a customer now, and how does that compare to your customer acquisition cost (CAC)? How do your customer acquisition costs vary relative to their respective channel?
- Establish and modify the baseline metrics that you will use to measure change. For example, if you are a seat-driven software business, how is user growth trending? Are you seeing a variance in daily active users (DAU) vs. monthly active users (MAU)? What is the most important metric that will signal a significant positive or negative shift in business?
- Examine the year over year, month to month, and week to week changes in these KPIs.
- Determine which of your customer segments are buying and engaged. (If you don't have enough internal data, there are a variety of external sources of industry segment health.) Given the damage done to certain sectors such as hospitality, travel and leisure, and oil and gas, it's critical to focus on the ones that are in a position to spend versus those that are in survival mode.
- Assess your sales channels and if possible, shift resources to best performing sectors.
- Analyse customer segments, business models and product or service offerings. If success has narrowed in those areas, it's time to reorient your workforce around them—that could mean all-hands-on-deck for sales, marketing, engineering, supply chain and other business processes.
- Talk to your customers and prospects. Listen to their concerns, challenges and priorities. Are there areas in which your solution could help the customer?



Financial Check

Managing cash flow is always a priority, but the current backdrop has elevated it to the forefront. Cash runway is of the utmost concern and should be calculated under different scenarios. While prognosticators speculate on the shape of the upturn, follow the mantra of hoping for the best but planning for the worst. Run multiple scenarios assuming: (a) revenue shortfall that you experienced in the March and April timeframe stays constant through the year, (b) the revenue shortfall persists

into the first half of 2021, and (c) revenue declines accelerate through the end of the year. Depending on the nature of your business, you may need to run additional scenarios that factor in seasonality, customer concentration, etc.

The economy may bounce back in the second half of the year and if so, you can adjust accordingly. However, if you do not proactively adjust early to a more dire situation, your business will not be in a position to survive.

Tightly managing payables and receivables can help any business augment working capital and serve as a bridge extending your runway additional month(s). Accounts receivable financing is readily available through banks or invoice factoring companies. If you have a good banking relationship, reach out to your account representative to explore credit options, including extending the loan amortisation time period or establishing/increasing asset based revolvers.



Financial Check (continued)

If you are a venture backed company, talk to your investors about raising additional funds at an attractive price, perhaps at the same valuation as the last round or through a convertible note. Venture debt is another avenue to explore, especially if you are a venture backed company. Venture debt is typically subordinate to senior debt from a bank, so it will carry higher interest rates (i.e. low double-digit annual interest rate) and financial covenants, but if it means the difference between running out of cash before the upturn manifests, then it may be a cost worth taking on.



Checklist

- Calculate your answers to these two fundamental questions: What is your operating expense run rate? If you aren't profitable, what is your cash burn rate?
- Exhaust all avenues with banks and non-banks to optimise total capital.
- Review cash flow projections and working capital needs. How long can you survive with current cash and credit?
- Continue to explore ways to defer payments on leases and toward suppliers, prioritising suppliers and vendors that are critical to driving top line growth. Can you extend payment terms with any suppliers?
- Re-examine customer acquisition costs (CAC) and total customer value (TCV). What is your revised LTV to CAC ratio? Has the CAC recovery time elongated? If so, you may want to reduce the CAC target.
- Continue to take action around expediting receivables, with an eye toward changing net payment terms, creating incentives for early payment, providing varied payment options and asking for deposits on custom orders.
- Get even leaner on inventory, scrutinising metrics like turnover and fill rate. And consider all avenues to liquidating stock. If you are a product company, have you adjusted for possible supply disruptions?
- Keep looking at funding avenues. Draw on lines of credit to extend your runway. Explore vendor financing and receivables financing, which has matured incredibly over the past few years. Revisit conversations with existing investors about additional investment at attractive terms. Remember: Timing is critical.
- Take a hard look at how workforce actions (furloughs and cutbacks) have impacted your ability to drive revenue, and tweak accordingly.
- When you have made your adjustments and appropriate assumptions, understand when you will need to raise your next fundraising round. Assume you'll need to start that process six months before that time.



Health/Safety/Legal

The biological crisis means the way every business operates will undergo some change. This will have a major impact on every constituent of your business. And it will require a diligent look at all health, safety and legal issues that arise from coming back to work, opening up for customers and engaging with your suppliers and partners.



Checklist

- Examine and work within local regulations on reopening facilities.
- Craft a facilities plan for your warehouse, plant and offices that includes an assessment of how closely teams work together, cleaning and hygiene supplies and cleaning services. Consider whether your environment dictates providing protective equipment (PPE) such as masks.
- Create health and safety policies and guidance for employees and customers, including posting signs and developing communications about physical interactions and hygiene. Assess your need to screen workers and/or customers as they come in contact with your facility and your confidentiality policies around doing so.
- Use technology wherever possible, such as implementing a contact tracing application and prioritising more prominent placement of health resources on your internal website or employee portal. Consider virtual “office hours” where employees can ask questions.
- Ensure you’ve communicated explicitly about how employees should report to human resources if they become sick or start experiencing any symptoms.
- Make sure to have scenarios mapped out in case an employee develops symptoms of the virus. Will you close the offices? How will you communicate what has happened, and what will happen next?
- Determine policies around paid sick leave and parental leave.
- Consider which travel restrictions your company will apply.
- Examine whether implementing shift work, or simply more flexible working hours, will help comply with the employee guidelines.
- Understand your obligations under government rules and regulations around paid leave for certain COVID-19 related situations.
- Stay up-to-date with changing government guidelines in countries where your business operates.



Scenario Planning

Forecasting is hard in normal times, and in this environment, it is downright difficult. Even so, you must build out a handful of scenarios that are based in reality and assume a wide range of outcomes. Every organisation must relook at its forecast for sales, expenses and cash flow and retest its assumptions. These scenarios should include modeling cash flow, burn rate and liquidity under multiple scenarios: if revenue declines 20% for the rest of the year; or 30%; or 50%. Model the impact if revenue does not recover swiftly and stays at depressed levels well into 2021.



Checklist

- Run sensitivity analysis on your sales and profit forecast, accounting for multiple downward scenarios. Pay particular attention to the levers that have an outsized impact. Is there one customer base or product that has an outsized impact?
- Determine your company's stance on future hiring. If there is a hiring freeze, which metric(s) will dictate lifting the freeze?
- Analyse which positions can be eliminated without a significant hit to business continuity. If not now, under which circumstances would additional headcount cuts be necessary?
- Review bonuses, commission payments and other employee related planned expense growth. With cash preservation paramount, does it make sense to replace cash-based bonus payments with equity in whole or in part?
- Don't ignore salary reductions, whether temporary (i.e. 1-3 months) or permanent, for senior management. If the reductions extend further, contemplate replacing salary with additional equity. If it's a temporary reduction, specify what needs to occur before it reverts to normal.
- Examine working capital, payable, receivable and all cash flow related assumptions. Have customers revised their payment terms?
- For many product-based companies, supply chain disruptions have been problematic. Factor into your plans continued interruptions and potentially increased costs, which will require modeling alternative scenarios and associated costs and delays. Where possible, look for second source suppliers, especially in long lead time components.
- Make sure your scenario planning includes building in further risks, including employees getting sick, continued or new supply chain interruptions, loyal customers going out of business and even secondary health outbreaks. Your models are only as realistic as your risk assessment.



Customer Retention & Acquisition

While it may be difficult, it's paramount that every organisation focuses on retaining and servicing existing customers, whether you are selling a product or a service. This also may be your best source of revenue since you already have an established relationship. New customer acquisition might be trickier, but this is where low-cost, guerilla marketing strategies can come into play for both business-to-business or consumer sales.



Checklist

- Focus efforts on industries or segments that are essential or least impacted. Pare back your efforts in areas in which the prospect is unable to buy. Much of that data is publicly available.
- Reassess how you go to market. Make sure to focus on your value as a partner and how you're caring for your employees, customers and community. Demonstrate how you're able to help.
- Reassess your pre-COVID marketing and sales messages, emails, cold-call scripts and any external branding.
- Take into account the uncertainty that current and potential customers feel. What could you do to alleviate worry? Can you offer money-back guarantees? If training is required, can you make that part of the deal? The more you compensate for unknowns, the better.
- Understand which marketing channels give the biggest bang for the buck. Driving demand through SEO is less expensive than simply buying search terms. Email marketing, properly targeted based on buyers' needs, can be immensely effective.



Packaging/Pricing/Payments

With so much disruption to business, taking a fresh look at your product or service packaging, pricing and payment terms is a useful exercise. Are you better off bundling more into your offering or simplifying unbundling? Can you offer promotion pricing or discounting to certain segments to spur demand? Does offering payment term flexibility or use of credit make sense? All options should be on the table as a catalyst to spur sales.



Checklist

- Be responsive but disciplined in your discounting. If you do offer a concession, ask for something in return, such as an extended contract term.
- Be thoughtful about passing on increases in raw material costs. At some point, it may become unavoidable, but cash-strapped customers will notice, so be prepared to explain increases and avoid even the appearance of price-gouging.
- Rather than simply cutting prices, consider bundling value-adds to increase loyalty while protecting margins and customer lifetime value.
- Assess whether you can create a subscription model for a lower monthly cost versus a large one-time payment.
- Consider alternative business models. Many software companies are offering extended free trials or upgrades in service tiers as a gesture of solidarity and support. Product-led software business models are increasingly popular anyway, so maybe now is the time to try this approach.
- Be creative. For example, selling \$100 gift cards for \$75 is a good deal for customers and ensures they'll visit once it becomes feasible.
- Give salespeople crystal-clear parameters on what constitutes a discretionary discount and what triggers approval by a supervisor or higher.
- Highlight initiatives your company has undertaken to support the community. Even before COVID-19, consumers cared about the social values behind the brands they purchased. That's elevated now.
- Can't accept online payments? At minimum, set up online payment options so there's a contactless option.



Organisational Alignment

Once you have gone through your checklist of actions, the last and extremely important step is to get your organisation aligned and focused. Ambiguity and uncertainty about the future is fine, but your business can have clarity in its strategy, tactics and objectives. Make sure you communicate frequently with your employees and present a clear vision externally to both customers and partners.

In recent surveys, it was gratifying to see that customer experience and satisfaction were typically among the three or four most important success factors selected by business leaders. COVID-19 has made the customer the *only* thing that matters.



Checklist

- Make sure that every department of your organisation understands the plan and is bought into and trained on its execution.
- Consider running town halls and all hands meetings, which are effective vehicles for internal communication. Executives and other decision makers are humanised in this format. Include time for Q&A, even fielding anonymous questions so employees aren't shy about asking tough ones.
- Answer those questions as plainly and as honestly as possible. Confidence, inspiration and transparency matter. You can have those and be uncertain about the future.
- Consider a weekly communication, like a newsletter that recognises contributions from around the organisation.
- If it makes sense, implement daily team huddles at a departmental, functional or even geographical level, which can be an effective way to develop a consistent approach, message and set of expectations.
- Develop a customer message, and make sure it comes through consistently, whether it's being delivered by sales, on your website, in direct email communications or in virtual events held to serve customer needs.
- If your customers need guidance, determine whether you can create content—in written or video form—that is helpful and tactical. Now is the time to show this level of partnership wherever you can.

Summary

We recognise that every organisation is asking itself a common set of questions. Having a checklist ensures that you don't overlook some of the critical actions that will be required as your business responds to a reopened economy. We'll continue to talk to customers and assess the successful strategies they put in place as the next few months unfold, and we'll share those learnings and their stories on our [Business Now Resource Guide](#).

For now, we'll leave you with a few short stories about how some NetSuite customers have been adapting their businesses during the COVID-19 crisis.



Your Stories

Education Perfect

Education Perfect (EP) provides online, curriculum-aligned learning for schools. In response to the crisis, the business began offering free licences to students around the globe. Over 5,000 schools from over 100 countries have registered, and it's now supporting 500,000+ extra students.

Sanrai Group

Sanrai Group distributes ventilators and non-invasive respiratory equipment. As the devastating impact of COVID-19 was realised around the world, the business adapted so it could also supply PPE to hospitals and frontline health workers. It's now providing lifesaving products to more countries than ever before.



Two Birds Brewing

Two Birds Brewing is a craft beer producer. When its restaurant and bar was forced to shut due to social distancing restrictions, it set up a Drive Thru on its Melbourne site, so customers could buy its products direct in a new and convenient way.

Oh My Glasses

Japanese eyewear retailer Oh My Glasses is famous for providing exceptional customer service. So, when the business was forced to restrict opening hours, it started offering glasses fitting consultations via Zoom. Customers can visit the online store, and with the help of a trained team member, select five frames of their choice which are delivered direct to their homes.

Single O

Single O is specialty coffee roaster with multiple cafes in Sydney, Australia. As social distancing came into force, it rapidly switched cafes to a takeaway model, adding a 'corner store' where customers could buy premium produce and also creating 'ready meals', cooked and sealed by the Single O chefs for people to enjoy at home.

AgriNurture

Before COVID-19, AgriNurture was focused on a B2B model, supplying supermarkets and businesses with fresh produce. The business quickly diversified, adding a mobile app and ecommerce channel, so it could safely deliver fruit and vegetable boxes direct to customers at home.



Poolwerx

Poolwerx is the largest pool service company in the world, with over 160 stores and 670 vans across Australia, New Zealand and the U.S. As the COVID-19 pandemic began to spread around the world, Poolwerx adapted by launching six new products in six weeks, all designed to minimise human contact while still maintaining the same great levels of service.



**ORACLE
NETSUITE**

Australia
Phone: 1800 638 784
www.netsuite.com.au

NDEVVR

Ndevr
Phone: +613 9865 1400
www.ndevr.com.au
info@ndevr.com.au



infoapac@netsuite.com

