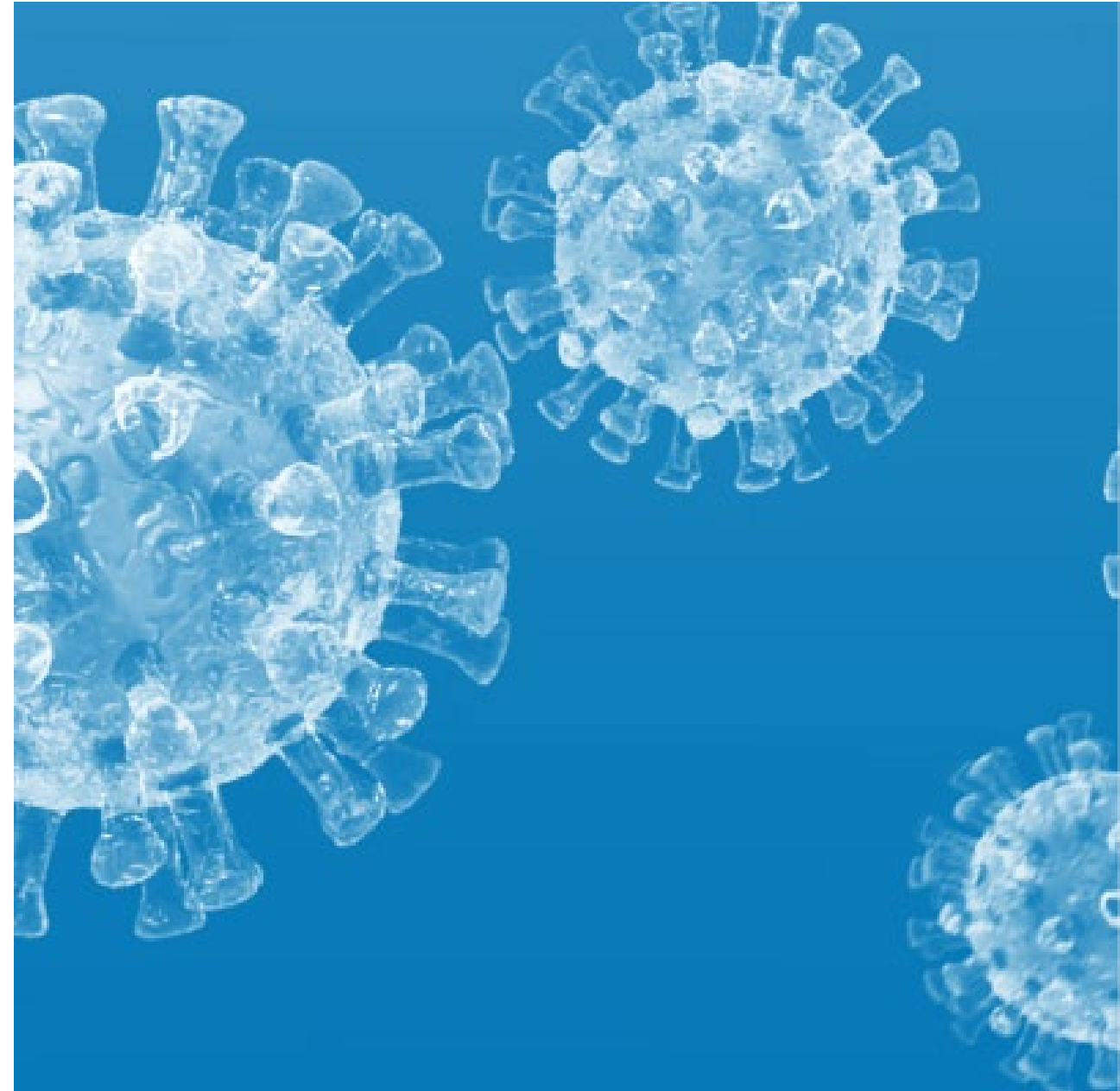


# COVID-19: Managing through the crisis

Candid insights for a challenging time

*Spring 2020*



[This Photo](#) by Unknown Author is licensed under [CC BY-SA](#)

# From your friends at TriVista...

Dear Clients,

First and foremost, we hope that you and yours are healthy and safe. These are unprecedented and uncertain times.

We know the coming weeks and months will bring significant challenges. To support you in this difficult time, we've compiled a series of insights to help you navigate this crisis.

Even though we're socially distancing, our goal is to offer candid counsel—the type of advice we'd share one-on-one. We hope you will find it valuable and share with others who may find it helpful too.

Priority one is safety; priority two is sustainability. The TriVista team is ready to support you.

Sincerely,

The TriVista Team

# The current environment is unprecedented...

## SITUATION

Many businesses will experience an immediate, steep decline in revenue but with a very uncertain duration, depth of impact, and timeline for resolution.

We are not yet in a textbook restructuring situation (for most industry sectors), but many companies will be presented with a unique set of challenges and opportunities.

## ISSUES

- Shifting levels and timing of demand
- Shifting customer needs
- Shifts in demand between product/service categories

## ACTIONS

Companies must make some immediate and longer-term changes in their operating model to remain profitable and grow.

Businesses need an approach and tools to quickly conserve cash; restructure targeted elements of the company's value chain; and maintain credibility with stakeholders including employees, customers, suppliers, and lenders.

# Business leaders need COVID-19 action plans around 4 key priorities

1

**Workforce Safety**

2

**Cash  
Management**

3

**Supply Chain  
Stabilization**

4

**Restructuring  
Operations**

# Workforce Safety

# Priority #1: Health, safety, and security of your workforce

- Establish frequent communications to all stakeholders, and create opportunities for 2-way communication at all levels
- Establish clear governance policies, and task forces within the organization to handle all enquiries from stakeholder groups and address and prioritize issues as they arise
- Regularly check the [CDC Resources for Businesses and Employers](#) for important updates on how to keep your employees safe
- Establish new policies around prevention and incident response
- Protect employee privacy
- Determine necessary compliance with [Families First Coronavirus Relief Act](#)
- Check with payroll providers to ensure they are creating the mechanisms to track Families First Coronavirus Relief Act for tax credits



# Our candid counsel

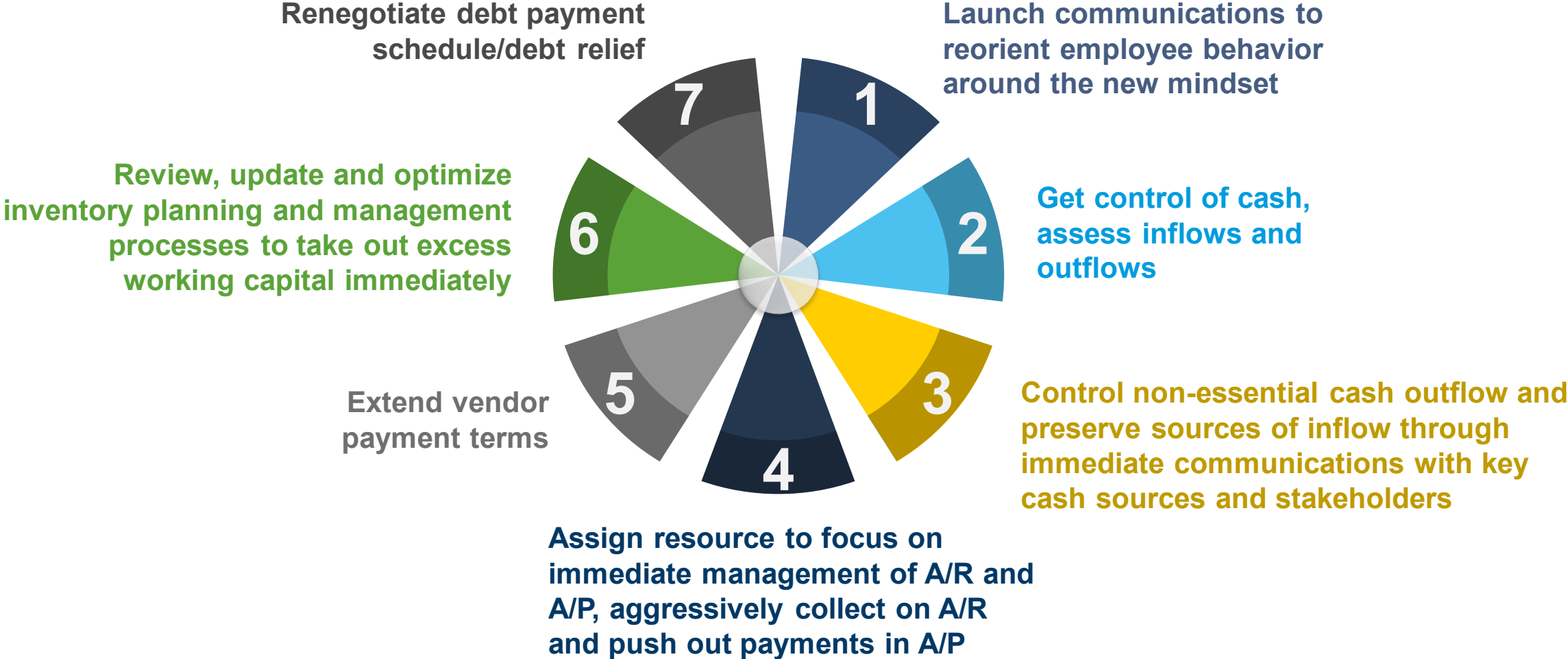
## Minimize workforce risk:

- Start all shifts with new safety guidelines
- Increase frequency of cleaning services
- Develop alternative staffing models that mitigate future business continuity issues
- Proactively monitor employee health status
- Develop alternative shift patterns to limit exposure
- Ensure key executives are distancing to protect leadership continuity
- Implement door access control; monitor incoming employees' temperatures
- Apply “clean room” protocols

# Cash Management



# Quickly improve cashflow management



## Our candid counsel

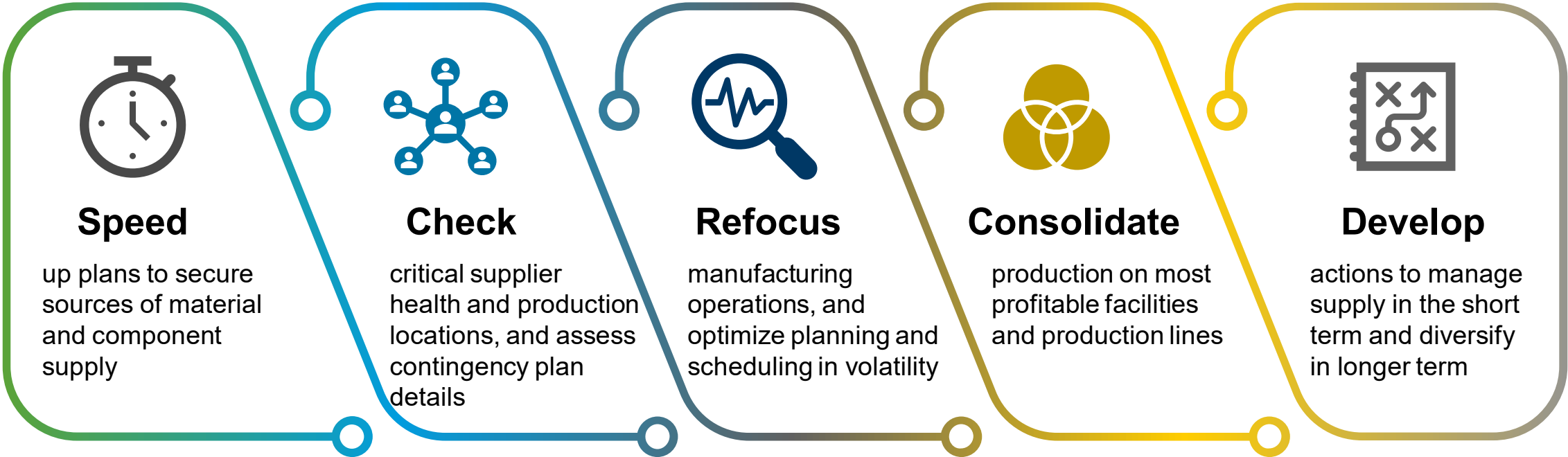
# Improve cashflow in the near term:

- Build a detailed 3 and 6 month cash flow projection; update it weekly
- Assign resources to pursue collections on a proactive weekly basis
- Reset forecast and inventory algorithms to align with new demand projections, reducing excess working capital tied up in inventory
- Adjust supplier payment terms
- Put controls in place for placement and timing of P.O.s

# Supply Chain Stabilization

# Quickly stabilize the supply chain

Supply chain disruption has spread across almost all manufacturing centers around the world.



# Our candid counsel

## Stabilize a supply chain during this crisis:

- Clear, consistent communication is key, with both internal and external stakeholders
- Proactively negotiate with key vendors to ensure a stabilized supply in the near term – your suppliers are as worried about your customers as you are
- Place extra emphasis on Sales, Inventory, and Operations Planning (SIOP) processes as resource constraints set in
- Reduce 3rd party supply costs through supplier consolidation and renegotiation
- Review and de-risk your extended supply chain now – competitors and companies in adjacent industries will quickly consume capacity as they diversify operations in other low-cost supply regions

# Restructuring Operations

# Consider refocusing or restructuring targeted elements of the value chain to improve performance

## RE-EXAMINE

- Fixed cost take out opportunities across the entire footprint and supply network
- Sales resources
- Profitability of customers and products
- Projected procurement, HR, IT, and Finance transactional volume and staffing requirements
- Rightsizing projects that were previously delayed

## RATIONALIZE

- Newly unprofitable products or SKUs
- Underperforming staff, facilities, or business units
- Unnecessary or non-critical capex projects

## REDUCE

- Software seats
- IT maintenance costs while preserving your critical databases

# Our candid counsel

## Evaluate operational restructuring opportunities:

- Resist the temptation to focus only on the variable cost quick hits
- Consider facility and supply chain network fixed cost rationalization, which can be your most powerful lever on EBITDA margin in the medium term under declining revenue
- Stop destroying value by selling products with negative contribution margin in a reduced revenue world. The math you did here a month ago may no longer be relevant; now it's urgent
- Reorient sales resources to focus on the most relevant products, customers, and channels



We're here if you need us

# How TriVista can help

## CONTACT US



**Gustavo Rojas**

Managing Director

gustavo.rojas@trivista.com  
817-939-6786



**Frank Ciotoli**

Managing Director

frank.ciotoli@trivista.com  
949-439-7680



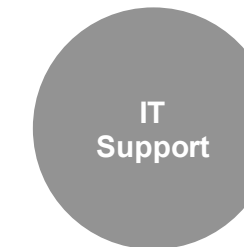
**Joanna Serkowski**

Managing Director

joanna.serkowski@trivista.com  
206-399-4682

We have all been thrown into a new world, and every business is uniquely impacted. TriVista can provide the expertise and bandwidth to support an immediate response to conserve cash and prioritize the specific levers required to refocus your company on operating profitably.

We are ready to support you – whether it's just a phone call to provide advice, an assessment of options, or a team of experts working together with you to deliver rapid cash flow and EBITDA improvement.





15 Enterprise, Suite 410  
Aliso Viejo, CA 92656  
888-694-1484  
[info@trivista.com](mailto:info@trivista.com)

[www.trivista.com](http://www.trivista.com)