TRIVISTA

Aligning operations to protect value during COVID-19

COVID-19 Operational Playbook

Presented by:

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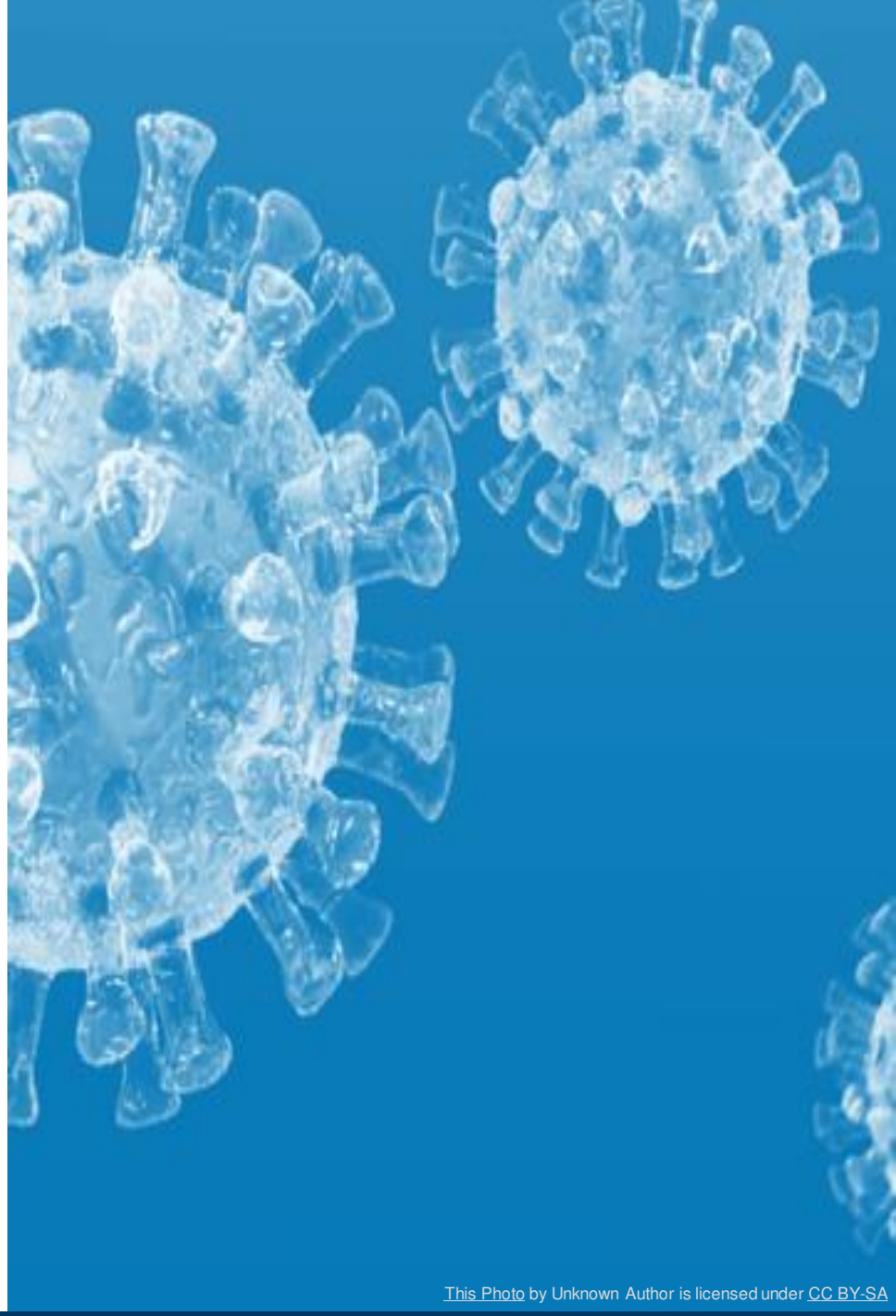

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With you today

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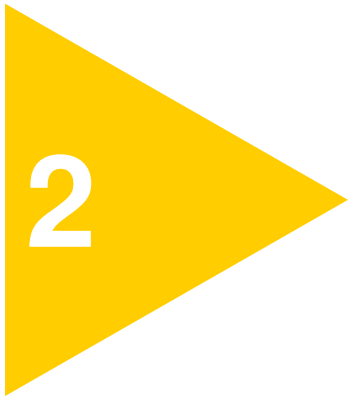
Overview of today's session

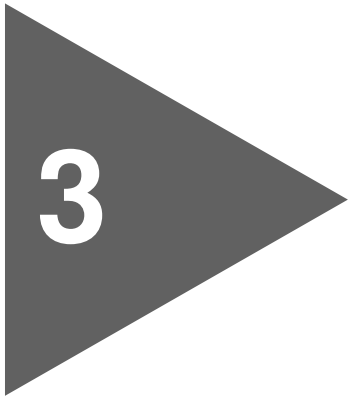
The New Reality

- Demand changes
- Market change
- Uncertainty



Refocusing for the Future

- Focusing resources where you generate the most profit
- Rightsizing for resiliency
- Securing and de-risking your supply chain
- Adjusting to demand variability with SIOP



Q&A

The New Reality: the current environment is unprecedented…

SITUATION

Many business have experienced an immediate, steep decline in revenue.

There's uncertainty around duration, depth of impact, and timeline for resolution.

ISSUES

- Shifting levels and timing of demand
- Shifting customer needs
- Shifts in demand between product / service categories
- Factory shutdowns and workforce shortages
- Falling into economic recession

ACTIONS

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

Very few PE investments are going to deliver strong returns without looking at transformational changes.

Biggest Operational Risks

Aligning your company's operations with the reality of the current market and driving the response that the crises demands

Rationalize

- Reprioritize to focus on the most profitable products
- Rationalize unprofitable SKUs & reduce complexity

Rightsize

- Look beyond "Quick Hits"
- Facility & supply chain network fixed-cost rationalization
- Scale down back office costs

Secure Supply

- Check critical supplier health and production
- De-risk your extended supply chain
- Develop contingency plans
- Develop safety net options

Align with Demand

- Place extra emphasis on Sales, Inventory, and Operations Planning (SIOP)
- Adjust to new variability in damand -
- Enhance operations communication

Rationalize

The math you did a month ago may no longer be relevant

Companies need to conduct a new, real cost allocation to assess not just gross margin, but also the cost of capital and the allocation of scarce resources

- List products that destroy value
- Kill or pause value destroying SKUs
- Align scarce resources to highest value generating SKUs
- Align sales incentives with highest value SKUs

Poll

Since the pandemic, have you reviewed and rationalized SKUs and/or customers?

Yes ____

No ____

n/a____

Rightsize

Rightsize for resiliency

DOS

- Assess right levels of fixed vs. variable costs across your supply chain
- Return to rightsizing projects that were previously delayed
- Project updated procurement, HR, IT, and finance transactional volume and staffing requirements
- Refocus based on profitability of customers and products
- Take advantage of real-time intel from your salesforce to forecast

DON'TS

- Leave any stone unturned
- Conduct a flat cut across the board without a methodology
- Value vertical integration at the expense of agility
- Cut so far that you miss the upturn down the line

Poll

Since COVID-19, which costs have you evaluated and rightsized?

(Multiple choice, select all that apply)

Variable costs ___

Fixed costs ___

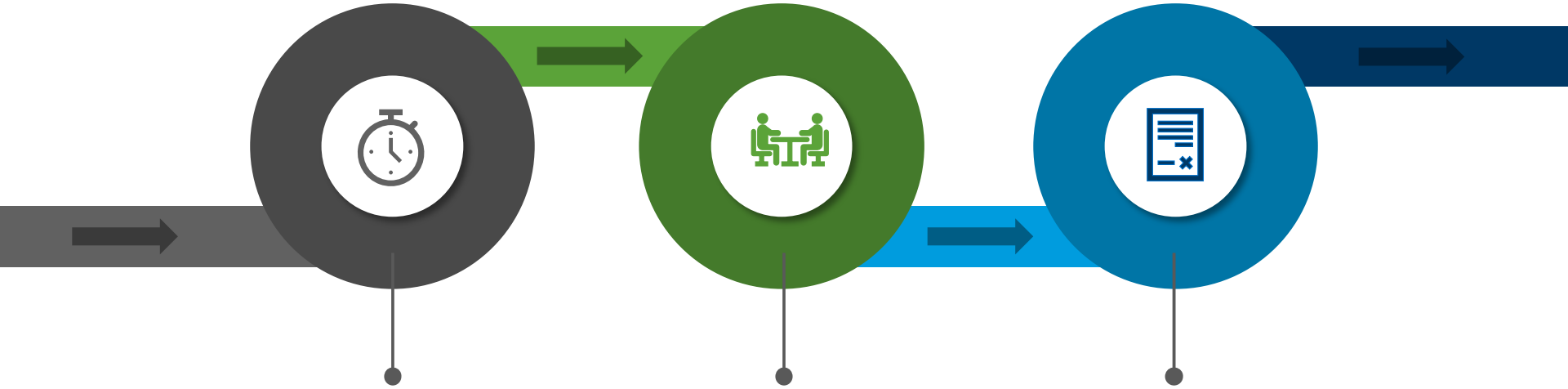
Infrastructure costs ___

None ____

n/a ____

Securing Supply

Secure sources of material and component supply



Check Supplier Health

- Check critical supplier health and production centers across the globe

Stabilize Supply

- Your suppliers are as worried about you as you are about your customers
- Proactively negotiate with key vendors

De-Risk the Extended Supply Chain

- Develop safety net options through dual sourcing
- Competitors and companies in adjacent industries will quickly consume capacity as they diversify

Poll

Have you checked the health of critical suppliers?

Yes ____
No ____
n/a ____

Have you developed safety net options through dual sourcing?

Yes ____
No ____
n/a ____

Align with Demand

Adjust to new variability in demand

1. Control service levels via new production scheduling
2. Emphasis SIOP process
3. Refresh communication routines between sales and ops
4. Proactively manage pricing policies

Poll Results

Questions?

We’re here if you need us.

How TriVista can help

CONTACT US

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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 delivering rapid cash flow and EBITDA improvement.

- Supply Chain Optimization
- Footprint Rationalization
- Operational Restructuring
- Interim Management
- IT Support