

A decorative graphic on the left side of the slide features a dark grey background with a grid of small, semi-transparent teal and green squares. Overlaid on this are several circles of varying sizes and colors, some solid and some hollow, along with thin white lines connecting some of the points. The overall effect is a complex, data-like pattern.

COVID-19 Planning in Uncertain Times

Learnings from Indian Industry

Version 2.0: 01 May 2020

Executive summary

(Update as of 01 May)

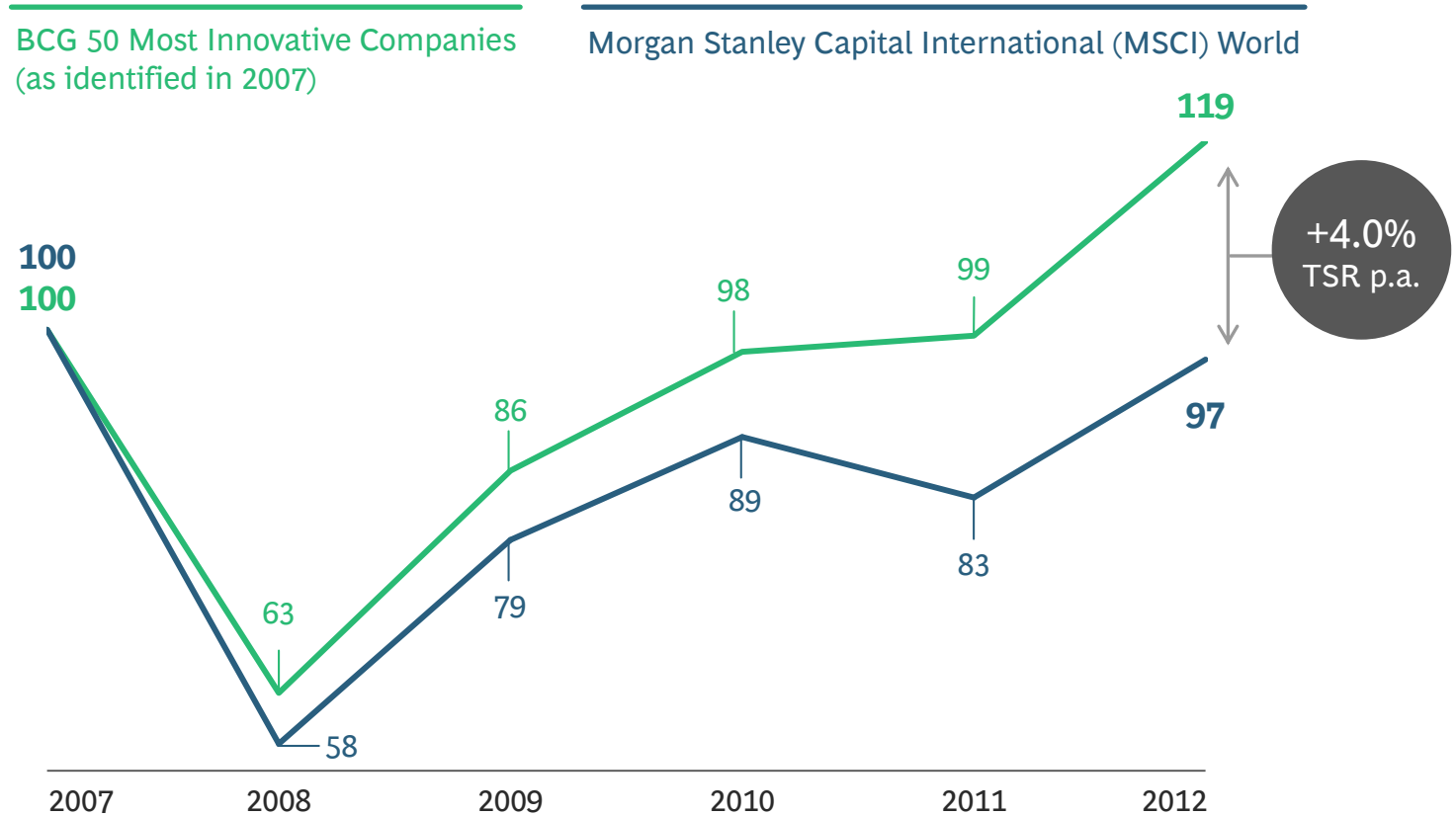
Companies that have acted fast and decisively have overcome past crises with an improvement in both growth and margins

Basis discussions with 50+ Indian companies across 10+ sectors, we have uncovered themes across 4 key actions areas:

- (1) Driving topline and building customer trust: 7 key themes emerge –
 - **Exploring new offerings, Building Innovative partnerships, Leveraging e-commerce, Supporting channels, Digitizing sales, Focusing on rural sales, Upskilling in downtime**
- (2) Stabilizing and restarting supply chain / manufacturing: Key themes emerge on
 - Working with all **key stakeholders** to resolve supply-side issues, **adapting logistics** operations to new situations, **implementing stringent works norms, hiring local contractual labor** to mitigate labor shortages
- (3) Managing cost, cash and liquidity: Key themes emerge along
 - Maintaining **channel partners' liquidity** and supporting them, along with **stream-lining fixed costs/establishment costs & supplier payments**, and **exploring opportunities to support people costs**
- (4) Accelerating digital and technological transformation: Key themes emerge along
 - **Rapid response team decision making, changes in local/global supply chain, contactless customer engagement, changing business models & go-to-market strategies**

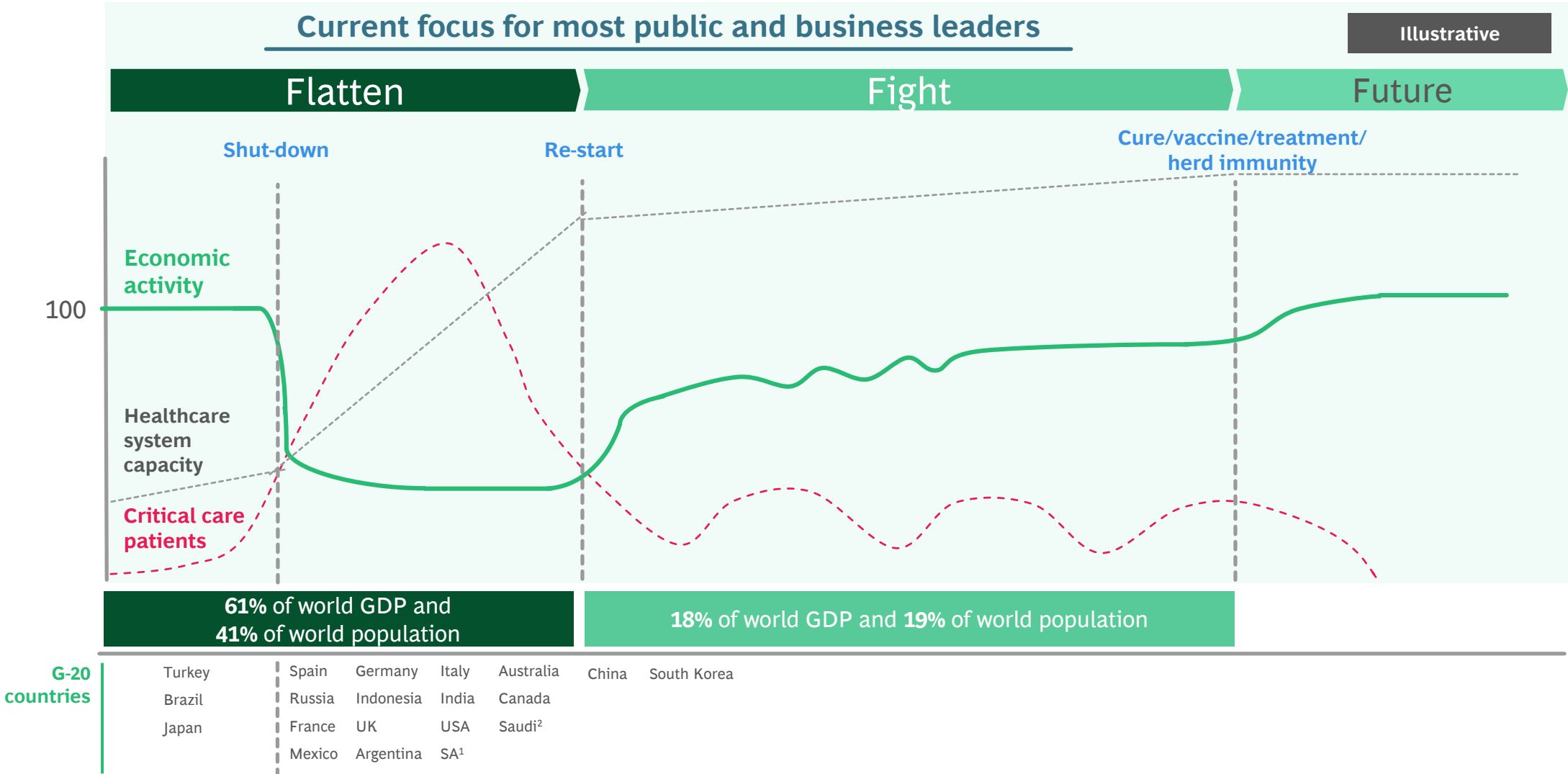
Winners innovate to accelerate out of a crisis

Example based on companies that leveraged the 2008 crisis to innovate



Note: Chart compares TSR performance of publically listed MIC (Most Innovative Companies) 50 companies in 2007 (pre-financial crisis) and follows their TSR performance through the crisis until 31.12.2012;
Source: Accelerating out of the great recession book, BCG Innovation Journey Analytics Database; CapitalIQ

Extended 'Fight' likely after 'Flatten' phase; leaders need to focus on both now



Note: As of 19 April 2020; 1. South Africa, 2. Saudi Arabia Source: World Bank, United Nations; BCG

9 action areas for business leaders

Establish crisis management

Navigate through Flatten, Fight, and Future

Flatten

Fight

Future

- 1 Develop **Scenario-Based Planning Approach** to manage uncertainty
- 2 Create a **Rapid Response and Transformation (RR&T)** team
- 3 **Revamp Organization and People** for the new normal
- 4 Drive **Topline Security and Customer trust**
- 5 Stabilize and restart **Supply Chain, Manufacturing**
- 6 Manage **Cost, Cash, and Liquidity**
- 7 **Emerge Stronger**; drive advantage in adversity
- 8 **Accelerate Digital and Technology** transformation
- 9 **Help Society** during COVID-19

Note: RR&T = Rapid Response and Transformation Team
Source: BCG

Learnings from Indian Industry: Discussions with 50+ Indian companies across 10+ sectors – 4 key action areas emerge



50+

Companies benchmarked

10+

Sectors covered

- FMCG
- E-commerce
- Consumer Durables
- Automotive
- Steel
- Media
- Pharma
- Insurance
- Building Materials
- Banks
- Transportation
- Logistics

4

Key action areas

- Securing topline
- Stabilizing Supply Chain, Manufacturing
- Managing Cost, Cash
- Accelerating digital transformation

Summary: Key emerging themes across 4 action areas

Drive Topline Security and Customer trust

- Exploring new offerings
- Building Innovative partnerships
- Leveraging e-commerce
- Supporting channels
- Digitizing sales
- Focusing on rural sales
- Upskilling in downtime
- ...

Accelerate digital and technology transformation

- Rapid response team decision making
- Changes in local/global supply chain
- Contactless customer engagement
- Changing business models
- ...



Stabilize and restart supply chain, manufacturing

- Adapting logistics operations to new situations - direct deliveries etc.
- Hiring local contractual labor
- Standardizing packs for higher production efficiency
- Creating stringent operations for safety
-

Manage cost, cash, and liquidity

- Maintaining Channel liquidity
- Streamlining establishment costs
- Exploring optimization in people & supplier costs

7 key themes emerging among companies trying to maintain topline growth or leverage the down-time for future growth

DRIVE TOPLINE SECURITY AND CUSTOMER TRUST



Experimenting with new offerings to cater to the changing needs



Supporting channel partners & influencers (cash, schemes, health & Safety)



Contactless selling and greater digitization of sales process



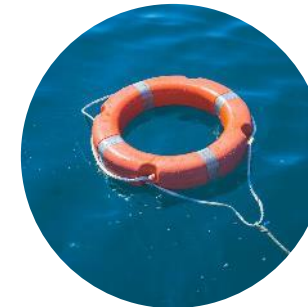
Building innovative partnerships for last mile delivery



Leveraging e-commerce channel extensively



Re-aligning to capture rural sales



Utilizing Downtime productively

Companies are actively experimenting with **new offerings** to cater to the changing needs



Insurance companies launched new COVID-19 schemes

- Star Health launched “Star Novel Coronavirus” policy; **1st insurer to consider no exclusions on international travel** for insured
- Go-Digit 1st insurer to launch coronavirus insurance plan



Hindustan Unilever Limited

FMCG companies innovating on new packaging and building new variants

- CavinKare launching **one rupee sanitizers in sachets** to make it affordable in rural areas as well
- HUL focusing on large package sizes to enable bulk purchases
- Dabur launching Tulsi Drops to capture demand for **immunity boosting products**



Companies taking physical experiences online

- Cult Fit shifted to online gym classes
- Multiple companies offering **telemedicine**
- Schools, universities shifted to online education courses
- Museums offering **virtual tours**



Companies exploring adjacent spaces

- Multiple alcohol and perfume companies enter into personal care with launch of alcohol based hand sanitizers
- FMCG companies launching **own brand of sanitizers**

Note: Not exhaustive, select examples
Source: Press search, BCG Analysis

Focus on supporting channel partners, **adjusting schemes and targets**

DRIVE TOPLINE SECURITY
AND CUSTOMER TRUST

Benchmarking of 25+ FMCG, Consumer Durables, Building Materials suppliers, Auto companies



**Leading
Paints Player**

Extensive measures to support channel and influencers

- **Schemes targets adjusted** to Mar-10,2020 to measure performance
- All scheme payout adjusted against outstanding in April 1st week **Converted influencer loyalty points in cash** and paid out in March'20 for ~70% influencers
- Converting FY20 schemes with Domestic/International travel as incentives, into "**cash based payouts**"



**Leading
FMCG player**

Plan to adjust targets for specific cases

- Settling March-20 schemes basis **revised region specific targets**
- No additional schemes provide for Apr-20, planning to "**withdraw select schemes in pull brands**" because of high demand



**Leading
Auto OEM**

Adjusting targets, supporting dealer's financially

- 100% payouts of pre-decided programs for Q1'20 to dealers
- **Revised target setting basis on ground situation**
- 100% interest waiver on dealer's outstanding balance with OEM
- **Expediting payouts of claims and incentives**, debt settlement with dealers

Note: Not exhaustive, select examples
Source: Expert Interviews, BCG analysis

Emerging Themes



Adjusting schemes/ target to ensure payouts, provide liquidity



Using loyalty rewards for direct cash transfer to influencers



Providing health insurance, protective equipment to extended ecosystem



Extending credit to selective basis to support channel partners

Contactless selling of sales process to manage for future

DRIVE TOPLINE SECURITY
AND CUSTOMER TRUST

Benchmarking of 25+ FMCG, Consumer Durables, Building Material supplier, Pharma companies



Leading FMCG Player

Collecting 90% of current orders through tele-calling

- Leveraging **access to 80% of retailers** under their direct coverage
- Deployed **tele-sales channel** ~6 months ago for own sales team
- Created channel to **service the tail outlets & fill-in** for absenteeism
- Delivering to outlet in case permission from authority available; else outlet **picking from distributor point**
- Reviewing retailer database to refresh segmentation, contact info



Leading Building Materials player

Plan to leverage digital actively to continue sales touchpoints

- Existing salesforce app enhanced with "**Evisit module**" to allow call from the application
- **Substituting sales calls with tracking** for daily sales beat; target to complete 3x-4x sales call vs. visits daily
- **Building cadence for engagement** of senior sales leadership regularly with channel, leadership videos to be shared via social media



Leading Pharma company

Exploring digital channels to maintain normalcy

- Investing in **tele-consultation programs** to maintain patient inflow for doctors
- Piloting with digital detailing for salesforce to maintain connect with doctors, **brand content sent to the doctor via email/whatsapp**
- Running webinars amongst key doctors on a regular basis

1. DSR = Dealer Sales Representative, SO = Sales Officer
Note: Not exhaustive, select examples
Source: Expert Interviews, BCG analysis

Emerging Themes



Digital demand collection
- Planning/implementing
Tele-calling, leveraging
sales apps



Digitizing solutions to
maintain touchpoints,
share information



Creating / expanding
retailer apps



Tie-ing up with data
aggregators & e- B2B
players

Innovative partnerships to increase penetration and last mile delivery

DRIVE TOPLINE SECURITY AND CUSTOMER TRUST

Benchmarking of 20+ FMCG, Consumer Durables, Building Material supplier companies

Examples of partnerships

Mid-size FMCG Player: Partnership with leading online food delivery app

- Listed distributors on app for direct orders
- Allows mapping of the customer to the relevant distributor and automatic order allocation

Leading FMCG Player: Partnership with leading 3PL player to streamline supply distribution to retailers

A unique Public/private partnership

Suraksha stores: Public/private partnerships to ensure safety and hygiene practices

- Government to set up 2 million 'Suraksha Stores' to provide daily essentials; converting small shops to retail outlets
- India's top 12 packaged consumer goods companies to be allocated 1-2 states for execution

Manufacturer

Delivery partner



zomato Zoomcar
ShopKirana



Domino's SWIGGY zomato



SWIGGY zomato



DUNZO

Retailer

Platform / Delivery Partner



Bigbazaar.com



Flipkart ZYPP SWIGGY
UBER rapido Scooters

Emerging Themes



Building alternative route to market, enhancing direct delivery capabilities



Creating back-up for primary logistics options



Partnering with other non-competing brands for logistics

Enhancing presence by leveraging the e-commerce channel

Benchmarking across 15+ e-commerce companies

1

Focusing on key SKU availability across platforms

- Rationalizing assortment to focus on leading SKUs
- **Ensuring availability across width of e-com platforms**
- Creating DTC¹ platforms to reach consumers directly
- Depot mapping with platforms, sharing of stock status



Launched **DTC¹ platform** last month



Launched **online sales platform**
– integrating 750 outlets

2

Redirecting promotional spends by categories

- Reducing promotions on essential items
- **Higher discounts, pre-paid orders on perishable discretionary items**
- Planning to advance sales events

amazon.in

Flipkart



Advancing sales events in May to revive demand for non-essentials

3

Using different digital marketing avenues

- **Focusing on lower funnel campaigns**; reducing awareness campaigns
- Communication tailored to health, other new trends
- Live-streaming & influencer marketing



BMW livestreamed the launch of debut battery car after the cancellation of the Geneva Auto show

4

Extending portfolio to include e-com only launches

- Brands launching new products in **hygiene categories through e-com only launches**
- Focusing on larger SKUs / value packs for catering to consumer demand during recovery



Dabur launched hand sanitizer range exclusively on Amazon & Flipkart

DTC – Direct to consumer

Note: Not exhaustive, select examples

Source: Expert Interviews, Press Search, BCG Analysis

Enhance focus on rural sales



Leading building materials supplier
focusing on rural sales to ramp-up demand
faster post-lockdown

Salesforce / Channel re-alignment

- Re-aligned tracking for salesforce with focus on **minimum percentage visits to rural areas**
- Classified all regions, dealers, retailers as rural vs urban
- **Re-aligned incentives & targets** of salesforce to focus more on cash collection and rural sales

Branding

- Increasing BTL van activity in rural belts where possible
- **Spending disproportionately higher on rural branding**

Influencer Engagement / Schemes

- Engaging Sarpanch/masons to drive visibility & credibility
- Exploring tie-ups to provide channel financing

Leveraging downtime to **train & upskill salesforce**

DRIVE TOPLINE SECURITY
AND CUSTOMER TRUST

Benchmarking of 25+ FMCG, Consumer Durables, Building Material supplier companies



Leading
Consumer
Appliance
Player

Sales team training and account plan development

- Focus on sales team training, **sales force App management**
- Developing plans to capture select competitor dealers, with specific offers including credit support



Leading
FMCG
Player

Focusing on business planning and analytics

- Focusing on business planning for different scenarios (market specific) depending on COVID-19 spread
- **Role mapping of full sales hierarchy** to identify centralization & digitization opportunity
- **Analytics CoE for trade spend opportunity identification**



Leading
Building
Materials
supplier

Leveraging downtime to stay connected & strengthen brand

- **Conducting technical awareness E-seminars**; targeting 12-15 seminars per day reaching 10K+ IHB's¹
- **Conducting calls with senior mgmt. for top dealers** across Zones; Daily connect call to discuss market sentiment
- Ongoing reach-outs via call center and CTS officers to contractors

1. IHB - Individual House Buyers
Note: Not exhaustive, select examples
Source: Expert Interviews, BCG Analysis

Emerging Themes



Creating new digital solutions



Training sales team



Building analytics CoE



Planning for key accounts



Cleaning-up master data



Mapping retail product masters across distributors

Stabilizing supply chain and manufacturing

STABILIZE AND RESTART
SUPPLY CHAIN,
MANUFACTURING



Sourcing

- Focusing on bulk / bundled purchases to minimize frequency of purchase
- Identifying alternate / local suppliers to mitigate exposure
- Companies working with all critical stakeholders to ensure continuity of supply



Manufacturing

- Robust workforce risk management through stringent work norms
- Digitizing data review processes to support remote work
- Standardizing packs across channels for higher production efficiency
- Leveraging automation to reduce exposure to external vendors



Distribution

- Assessing route risks district-wise, planning alternate routes
- Leveraging distributors by directly listing them on e-com platforms; distributors handling packaging & e-com partner handling delivery
- E-com order fulfilment through MT/GT distributors
- Unlocking point to point / direct deliveries to customers

Sourcing: Companies working with Govt. to identify & allow movement of critical raw material suppliers

STABILIZE AND RESTART
SUPPLY CHAIN,
MANUFACTURING

Benchmarking of 35+ FMCG, Consumer Durables, Building Materials, Pharma, e-commerce companies



Leading Pharma companies

- Created a virtual supply chain war room to track and resolve issues in movement of goods & material
- **Coordinated with Govt. to ensure that packing material suppliers are allowed to function**
- Worked with government & IPA to resolve manpower and material movement issues at seaports



Leading e-com platforms

- **Relaxing norms for inwarding** as brands facing labor shortage resulting in missing labels, images etc.



Leading Electrical Equipment Player

- Monitoring cash, raw material, **labor positions of top 10-20 vendors to mitigate future bottlenecks**



Leading Building Materials supplier

- **Increased frequency & size of shipments** of semi-finished goods from feeder plants to build sufficient inventory

Note: Not exhaustive, select examples
Source: Expert Interviews, BCG Analysis

Emerging Themes



Working with all key stakeholders to allow shipment, manufacturing of critical / perishable raw material / suppliers



Identifying alternate / local suppliers to mitigate exposure



Focusing on bulk / bundled purchases to minimize frequency of purchase



Relaxing norms for suppliers

Manufacturing: Plants setting up stringent safety norms, hiring local contractual labor

STABILIZE AND RESTART
SUPPLY CHAIN,
MANUFACTURING

Benchmarking of 30+ companies across multiple sectors



Leading
Consumer
Goods player

- Using **plain packs** across channels for efficiency in production



Leading
electrical
equipment
manufacturer

- **Mapped out route for each laborer, staff** to take inside plant; yellow boxes to create social distancing
- **Hired 5 recruiting agencies to hire more local contractual labor**, improved labor availability by 2x



Large Steel
Supplier

- Team constituting of **70+ members constituted to monitor employee health and well being**



Leading
Pharma
companies

- **Segregated workspaces** into multiple zones with no movement allowed between zones
- Used integrated data entry systems like E-BMRs and PAS/X for **remote data review & digital signatures**



Leading Tiles
Player

- **Staggered plan for manufacturing restart, prioritize fast selling SKUs**



Port Operator

- **Utilized unmanned automated gates** through RFID, OCR technologies, reducing contact with truck drivers

Note: Not exhaustive, select examples
Source: Expert Interviews, BCG Analysis

Emerging Themes



Robust workforce risk management through stringent work norms



Digitizing data review processes to support remote work



Building own inventory (upto 2X) of standard stock



Standardizing packs, leveraging cross-SKU packaging across channels for higher production efficiency



Leveraging cross-SKU packaging to mitigate non-availability of material



Leveraging automation to reduce exposure to external vendors



Hiring local contractual labor to mitigate shortage in migrant labor

Distribution: Companies unlocking direct, point to point deliveries

STABILIZE AND RESTART
SUPPLY CHAIN,
MANUFACTURING

Benchmarking of 35+ FMCG, Consumer Durables, e-commerce, port operator companies



Leading e-com platforms

- Leveraging drop shipment facilities and manpower to solve critical OOS issues



Leading Consumer Goods player

- E-com platforms sending trucks to brand's CFAs/distributors to pick up stock – logistics costs borne by brand
- Using MT/GT distributors to send available stock at their warehouses for e-com platforms



Leading Paints Player

- Developing district level working plans, evaluating alternate transport vendors that can offer higher visibility



Port Operator

- Leveraging rail operations, actively working to resolve shortage in long haul trucks
- Changed express cargo operation model from a hub & spoke model to a point to point due to low volumes

Note: Not exhaustive, select examples
Source: Expert Interviews, BCG Analysis

Emerging Themes



Assessing distribution route risks district-wise, planning alternate routes



Tagging distributors together for each district



Leveraging distributors by directly listing them on e-com platforms; distributors handling packaging & e-com partner handling delivery



E-com order fulfilment through MT/GT¹ distributors



Unlocking point to point / direct deliveries to customers due to low volumes



Collaborating with local authorities to solve long-haul truck end-to-end journey issues

4 key levers companies exploring to streamline cash, costs

MANAGE COST, CASH,
AND LIQUIDITY



Channel
Liquidity



Fixed / Establishment
costs



Supplier
Costs



People
Costs

CONFIDENTIAL; NOT FOR USE IN ANY NOT FOR DISTRIBUTION

Fixed / Establishment costs: Companies exploring short to long term benefits on streamlining SG&A, admin & support function costs



Leading mining player:

- Cut down establishment costs
 - **moved all senior executives and shared services from company HQ to the plant**
 - skeletal team operating from location outside city



Mid sized NBFC:

- **Exploring closures of branches** which were new and did not reach critical mass, with transfer of staff to adjoining branches
- Evaluating deferment of non-critical sanctioned projects (e.g., tech updates to existing soft-wares) to save costs



Leading building material supplier:

- **Identified 10-20% savings** in rental, establishment and overhead expenses across warehouses, offices
 - **Right-sized warehouses**, renegotiated rents, reviewed overheads



Consumer durables company:

- Renegotiating office and warehouse rent
- Optimizing spends in marketing, advertisements

Supplier costs: Companies re- evaluating supplier contracts



Leading mining player:

- **Negotiating with suppliers, linking payouts to LME**
- suppliers asked to forgo margin, will pay back the difference post LME goes back



Large auto components supplier:

- **Actively supporting suppliers by ensuring on-time payments**



Consumer durables company:

- Negotiating for volume discounts from suppliers



Leading Auto OEM:

- Exploring **restructuring of payment terms**
- Planning to credit lines/ bridge loans to secure suppliers



Fashion & apparel e-retailer:

- Currently delaying payments to its suppliers

Note: Not exhaustive, select examples
Source: Expert Interviews, BCG Analysis

People costs: Companies exploring ways to continue support the people costs



BPO company:

- **Converted partial salary of senior managers into ESOPs**
- Redeploying unutilized staff into new businesses



Leading building material supplier:

- **Identified ~15% savings** in Security & housekeeping expenses
 - Redesigned process, leveraged automation, reviewed commercial terms and consolidated vendors
- **Identified 20-30% savings** in marketing expenses & order punching processes
 - Capped marketing expenses, increased dealer tier classification norms, consolidated order processing team, reduced SAP license costs



Consumer durables company:

- **Credited salary in advance to employees, labor**

Note: Not exhaustive, select examples
Source: Expert Interviews, BCG Analysis

Digital interventions enabling companies to tackle COVID-19 challenges in supply chain, work environment constraints

Emerging areas for digital interventions



Rapid response team **decision making** using data analytics across business functions



Contactless **customer engagement for sales / after sales** using online channels, digital platforms with personalized offerings



Rapidly changing **business models & go-to-market approach** using e-commerce, digital channels



Dynamic changes in **local/global supply chain/logistics** planning, steering & reconfiguring based on IoT and analytics



Improving **operational performance** leveraging AI, automated processes



Cyber-security – securing remote-work data, online communication & remote monitoring through digital technologies



Moving towards **remote and new ways of working** for short to long term, including employee health monitoring through digital means



Further deep dive examples ahead

Digital solutions based on Apps, AI technologies enabling companies to generate sales, change go-to-market approach



Contactless customer engagement for sales / after sales with personalized offerings



Rapidly changing business models & go-to-market approach using e-commerce, digital channels



Leading Digital Insurance Player: Digital self-inspection model

- Pre-inspection of cars for automatic renewals was shelved amidst lockdown
- Moved to digital self-inspection model
- **Built App for customer assistance in pre-inspection process**
- Assisted customer on call to click photos of car by self and send to company with self endorsement



Mid-sized NBFC Gold loan lender: Digital Online portal

- Traditionally, utilized physical branches for interest collection
- **Within 2 days, designed an online portal for customers to pay outstanding amount** using Credit Card, Debit Card, UPI, Netbanking etc.



Leading Auto OEM: Digital car purchase journeys

- **Generating digital leads at a hyperlocal level through social media / search integration**
- **Building loan journey into online journey;** from enquiry to model/insurance selection to checking/verifying offers to loan application, tracking & receiving sanction letter digitally
- **Building subscription models** to allow subscribe to a car digitally with home delivery



Leading Online Retailer: Social Media chatting

- **Established social media messaging app as another medium to channel orders**
- Enables customers to create shopping carts through links generated via social media app

Companies leveraging varied digital solutions for cyber-security & improving operational performance



Improving operational performance, leveraging AI, automated processes



Leading Telecom player: AI-based quality and fraud checks

- Replaced manual KYC document check with AI based digital process
- **Real-time AI-based quality and fraud checks on customer's legal ID card and photo** (e.g. blur detection, face match, liveness etc.)
- Time to activate SIM card reduced from 3-4 days to ~5mins with 80% drop in rejections



Leading Port Operator: Digital remote-work technologies to move shipment volumes

- **Utilizing remote crane operation system**, to move containers without need for operators to work out of the crane itself, limiting exposure to external crews
- **Leveraged Terminal Operating Systems** to enable operators to work from home
- Shipment moved increased in March'20 despite 50-60% manpower present



Cyber-security – securing remote-work data, online communication & remote monitoring



Leading IT companies: Various digital cyber-security measures

- **Enabling BYOD through secure solutions** to ensure readiness for staff who do not have office provided desktop/laptop
- Proactively working with different secured connectivity providers to enable static IP requirements
- Companies actively looking at solutions e.g. Teramind to mitigate cyber security risks e.g. **analytics based solutions to predict potential threats, suspicious behavior in a remote environment**
- Companies deploying secure solutions and devising policies to enable BYOD e.g. MDM, SSL certificates, right to wipe devices in case of loss



Case Study spanning across
multiple action areas -

Hindustan Unilever Limited



Hindustan Unilever Limited

Summary: Large FMCG overcame multiple challenges, swiftly adapted and built COVID-19 customized operating procedures

CASE STUDY (I/IV)



Data as of 23 Apr



With nationwide lockdown to curb COVID-19 spread, company faced numerous challenges



Absenteeism of labor, distributors



Restricted salesforce movement



Raw material supply bottlenecks



Operating amidst virus outbreak



Rose to the numerous challenges by swiftly changing normal operating procedures



Combined salesforce strength to sell all categories instead of 3 separate categories



Fungibility in roles—staff took on roles beyond normal hierarchy



Focused on key SKUs; shortage expected so kept alternate formulations



Unlocked direct dispatching of goods – from factory/distributor directly to customer



Highest level of safety guided decision making

Focused on creating **safe operating protocols & processes** for employees; Absenteeism down from 60% to 15% now



1, 2

Scenario-Based Planning; Rapid response team

Created crisis management teams with a **daily monitoring of key metrics/scorecards**

- Formed crisis management team early
- **Identified 2 levels of backups each for 50 business critical roles**, rosters to ensure backups not working together
- **Daily cadence of meetings** for sharing information, creating actions
- **Scorecards created & progress discussed daily** for all operational / functional roles
 - e.g. People scorecard reflected HSE¹, manpower presence, pulse checks, community actions



3

Revamp Organization and People

Created **safe working protocols**, built **open & transparent** communication channels

- **Planned for employee's holistic risk profile including stay & commute**
 - Took care of commute to & from home, arranged for hotel/stay near factories
 - **Provided high end COVID insurance**
 - Built **push button SOPs** to handle a situation if COVID is detected
- Created an **internal app for daily HSE¹ check** in of all employees in early days; leveraging Aarogya Setu app now
- Built **open, transparent & continuous** communication
 - e.g., **Cascaded information on safe working to 2.3L employees** in extended ecosystem; leveraged 1000+ shop floor/regional meetings
 - Communicating actions taken basis 2 pulse checks per employee/week
- Supported employees for WFH e.g., **delivering office chairs, laptops home**
- Transformed **consumer care helpline for people care**
- Launched **Learning & Wellbeing focused campaign (#HULLearnsTogether)**; E.g., Offering Leader trainings, LinkedIn Licences, Future Fit learning tools

1. HSE: Health Safety Environment
Source: Company Management Committee Interviews

Following a localized approach with an **agile workforce re-deployment** to maintain continuous supply to market

Data as of 23 Apr

4 Drive **Topline Security** and **Customer trust**



Following a **tiered approach** basis the disease spread risk

- Created **4 tiered risk profiling basis the disease spread risk at the locations**; Safety & compliance protocols were customized based on the tier
- **Leveraged distributor/field force to get real time information on disease spread**; e.g., information captured which societies in pincode are COVID affected
- **Mapped pincodes and GPS codes of stores** to create exposed area maps



Dynamically **reallocated frontline** field force, leveraged **digital demand collection**

- Shifted from category-wise sales process to HUL product sales of essential items – **Operating now as 1 sales team vs. usual 3 teams**
- Optimized & **built fungibility** of roles in line with shortened portfolio
 - **Rotated ASM¹ visits** to market with appropriate quarantine measures
 - Reduced **# of people for demand capture & redeployed for fulfillment backend operations**
 - Used **extra available salesforce for backend operations**
- **Tele-orders & Shikhar order app** actively leveraged for demand capture



Measures planned for stabilization including **support to the extended ecosystem**

- **Unlocked direct dispatchment** with distributor sending vehicles directly to retailer (where possible)
- **Supporting distributors & retailers actively**
 - Extended credit by 2 weeks for distributors
 - Pushing distributors to extend credit to retailers
- Provided **end to end COVID insurance for distributors, loaders**

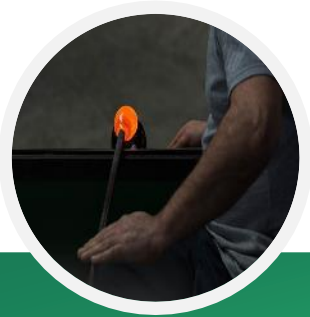
1. ASM – Area sales manager
Source: Company Management Committee Interviews

All plants operational¹– multiple initiatives taken along all dimensions of the supply chain

Data as of 23 Apr

5

Stabilize and restart
**Supply Chain,
Manufacturing**



Swiftly moved to find **alternate supply sources/formulations**, worked with Govt. to ensure movement

- **Identified alternate sources of supply locally/across globe**; Faster new vendor approval process by R&D team
- In case of absence of new suppliers, **new alternate formulations developed**; lean R&D team actively leveraged here
- Leveraged **relationship with agencies/ ports to fastrack imported** material movement
- Worked closely with **Govt. to debottleneck movement** of critical RM



Built agility in demand & supply planning with daily level decisions

- Moved to an **agile demand & supply planning protocol with daily discussions** vs. traditional 30 day planning
- **Portfolio, SKU rationalization done** - 80% reduction in # of SKUs
- Shifted to **larger packsize** to increase productivity & ease distribution
- Manufacturing **KPI focused on overall turnover** versus manufacturing throughput
- Coordinated actively with unions and local bodies to manage absenteeism



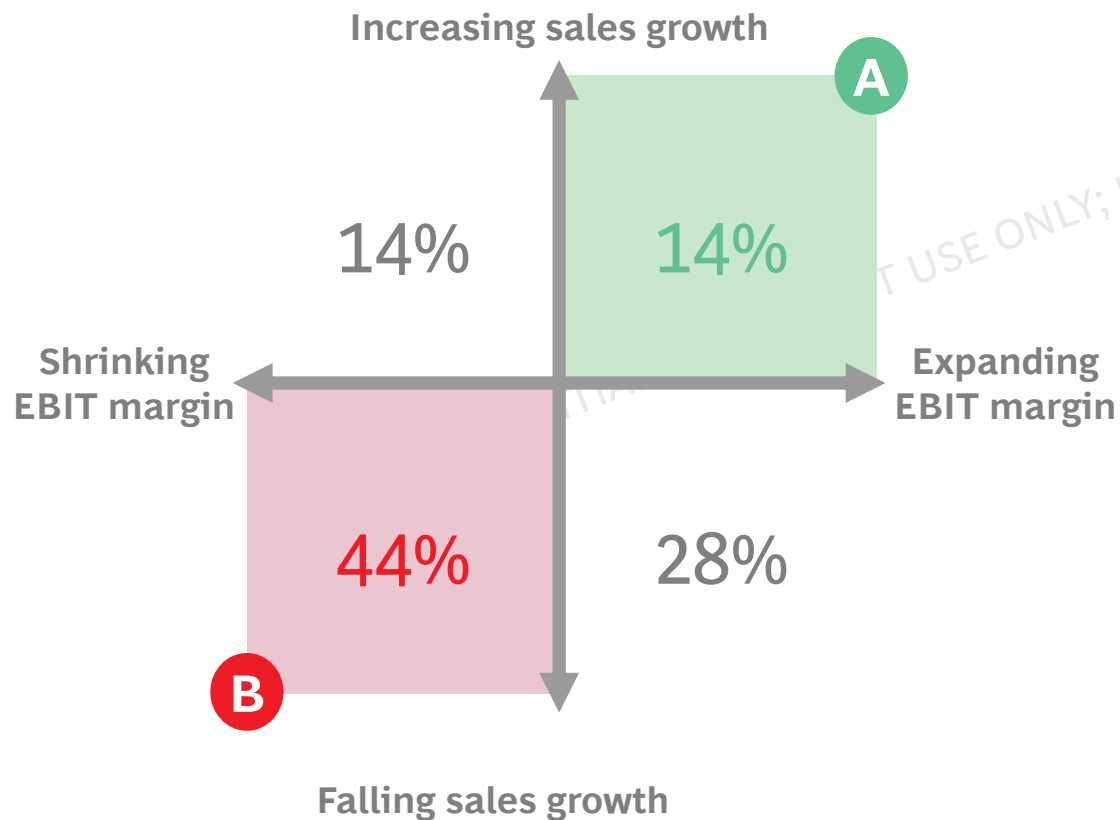
Adapted distribution logistics to suit changing scenarios and maintain efficiency

- **Increased order size, decreased distribution frequency to a week/fortnight**
- Shipping **directly from factory to customer increased by 15x**
- With only 10% trucking capacity on road, **worked actively on identifying right trucking partners**; Leveraged long term relationships & contracts
- **Identified priority stockists & their labor position** - Actively working with them to identify alternate labor sources to tap

1. 2 plants not operational as they are producing non-essentials
Source: Company Management Committee Interviews

Advantage in Adversity – some firms flourish in downturns

14% of companies improve growth and margin in downturns, while 44% decline in both...



Note: Average across last four U.S. downturns since 1986; based on performance compared to three-year pre-downturn baseline for U.S. companies with at least \$50M sales; Source: S&P Compustat and Capital IQ, BCG Henderson Institute analysis



Time to Act...

Re-strategize for FY20-21

Emergence a winner...

How can BCG help you?



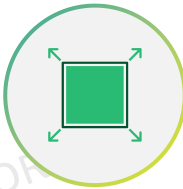
Engage as a partner

We will partner with you in getting the rapid response team kick-started with an agile working model



Plan for the unknown

We will drive a scenario wise assessment of company's exposure & outline mitigation roadmap



Support on immediate priorities

We will work with you to deep-dive on critical priorities to layout a detailed action plan



Capitalize on emerging opportunities

We will work with you to scan for emerging new opportunities (M&A, diversification) to enable acting early



Bringing best-practices to you

We will bring in the latest learnings and best-practices from around the world

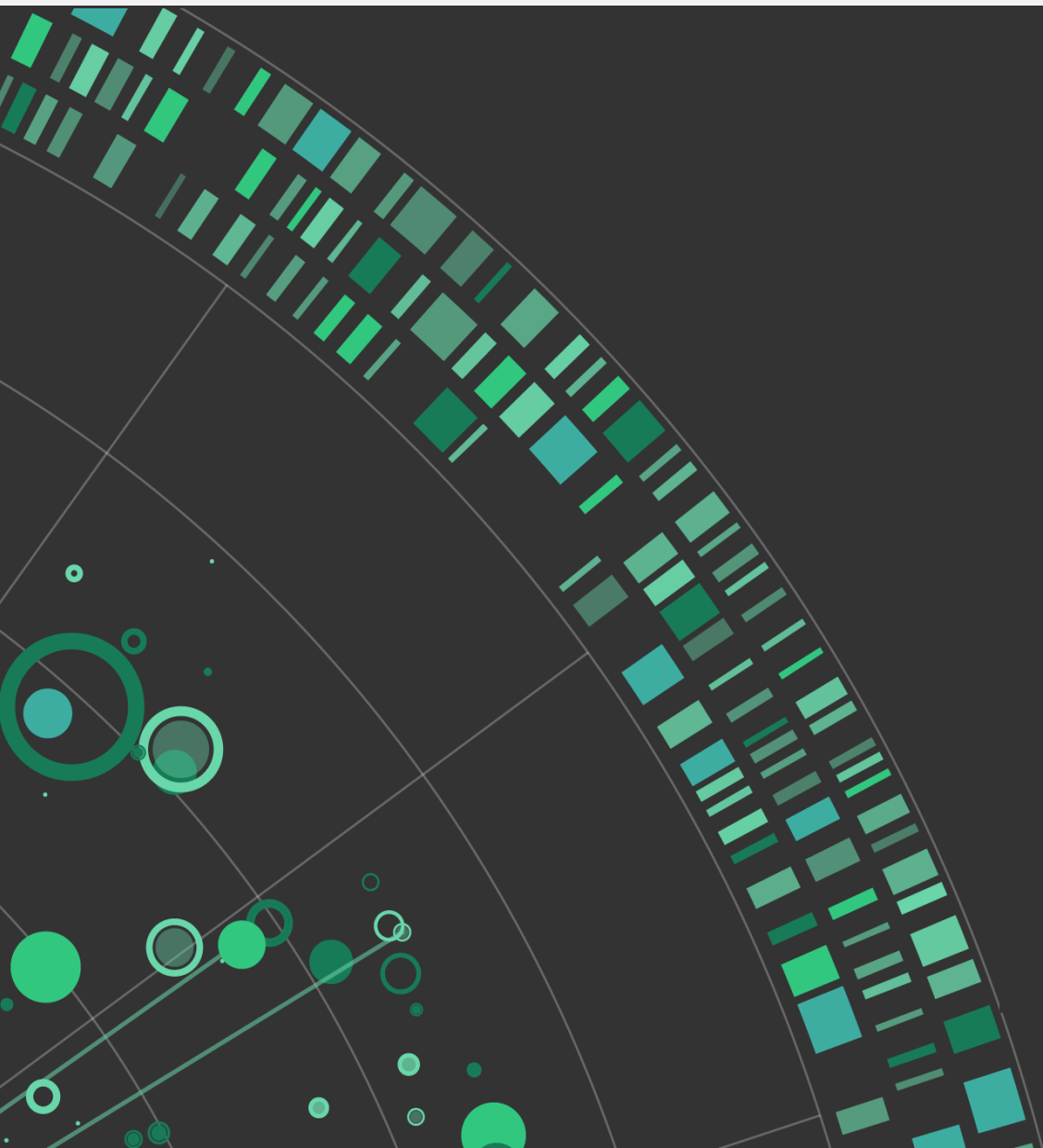
Disclaimer

The services and materials provided by Boston Consulting Group (BCG) are subject to BCG's Standard Terms (a copy of which is available upon request) or such other agreement as may have been previously executed by BCG. BCG does not provide legal, accounting, or tax advice. The Client is responsible for obtaining independent advice concerning these matters. This advice may affect the guidance given by BCG. Further, BCG has made no undertaking to update these materials after the date hereof, notwithstanding that such information may become outdated or inaccurate.

The materials contained in this presentation are designed for the sole use by the board of directors or senior management of the Client and solely for the limited purposes described in the presentation. The materials shall not be copied or given to any person or entity other than the Client ("Third Party") without the prior written consent of BCG. These materials serve only as the focus for discussion; they are incomplete without the accompanying oral commentary and may not be relied on as a stand-alone document. Further, Third Parties may not, and it is unreasonable for any Third Party to, rely on these materials for any purpose whatsoever. To the fullest extent permitted by law (and except to the extent otherwise agreed in a signed writing by BCG), BCG shall have no liability whatsoever to any Third Party, and any Third Party hereby waives any rights and claims it may have at any time against BCG with regard to the services, this presentation, or other materials, including the accuracy or completeness thereof. Receipt and review of this document shall be deemed agreement with and consideration for the foregoing.

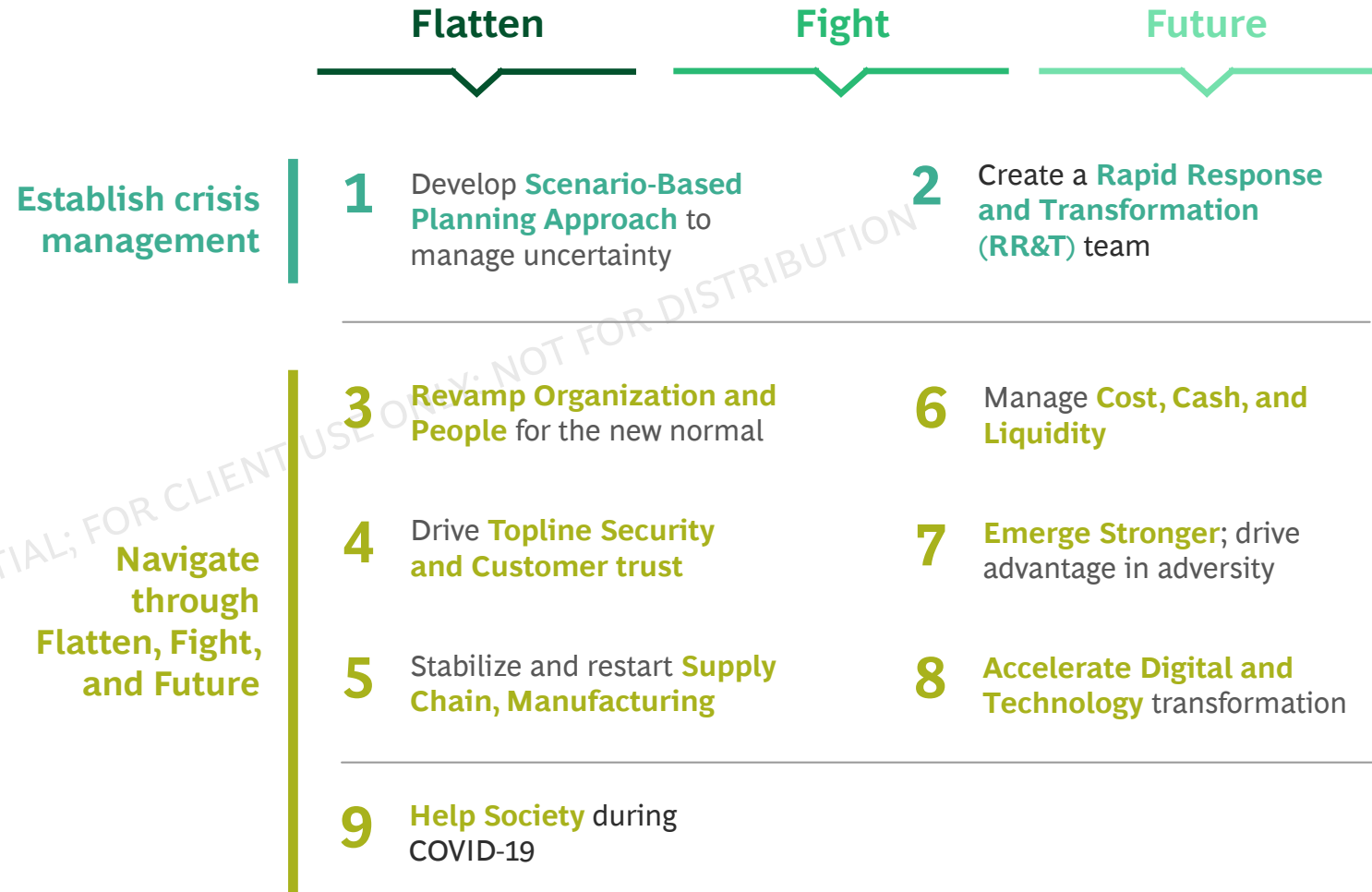
BCG does not provide fairness opinions or valuations of market transactions, and these materials should not be relied on or construed as such. Further, the financial evaluations, projected market and financial information, and conclusions contained in these materials are based upon standard valuation methodologies, are not definitive forecasts, and are not guaranteed by BCG. BCG has used public and/or confidential data and assumptions provided to BCG by the Client. BCG has not independently verified the data and assumptions used in these analyses. Changes in the underlying data or operating assumptions will clearly impact the analyses and conclusions.

The situation surrounding COVID-19 is dynamic and rapidly evolving, on a daily basis. Although we have taken great care prior to producing this presentation, it represents BCG's view at a particular point in time. This presentation is not intended to: (i) constitute medical or safety advice, nor be a substitute for the same; nor (ii) be seen as a formal endorsement or recommendation of a particular response. As such you are advised to make your own assessment as to the appropriate course of action to take, using this presentation as guidance. Please carefully consider local laws and guidance in your area, particularly the most recent advice issued by your local (and national) health authorities, before making any decision.



Contact

BCGRapidResponseNetwork@bcg.com



9 action areas for business leaders

Note: RR&T = Rapid Response and Transformation Team
Source: BCG

Detailed measures across priority action areas (1/3)

Establish crisis management

1

Develop **Scenario-Based Planning Approach** to manage uncertainty

2

Create a **Rapid Response and Transformation (RR&T) team**

Navigate through Flatten, Fight, and Future

3

Revamp **Organization and People** for the new normal

Flatten

- Deep-dive into possible outcomes of disease spread, demand shifts, supply/ops issues, regulatory requirements, and potential operations restart; adjust for sector-specific issues
- Perform scenario stress tests around cash-flow
- Establish preconditions for what it will take to get workforce back to offices, factories, etc.
- Set up teams to work on different time horizons (flatten, fight, future) to avoid reverting to crisis management across all

- Establish nimble cross-functional Rapid Response & Transformation team (RR&T)
- Refine processes to manage the crisis situation, remote working, disruption in supply
- Ensure smooth transition of operations and workforce to the 'new reality'
- Shift to digital/remote customer interactions

- Define policies to keep employees safe with high morale
- Engage across levels to retain talent
- Move to online/remote working; redefine rosters and train for efficiency/effectiveness
- Establish preconditions for coming back to the working environment; clearly communicate
- Build SWAT teams to address critical business areas, such as product launch, digital channel redesign, retail delivery models

Fight

- Frequently run scenarios and update plan; focus on understanding the de-averaged impact by geography and line of business, depth of demand drop, duration of Fight phase
- Develop recommendations for daily planning, resources, supply chain, workforce, and other stakeholder management as per modeled scenarios

- To manage the massive complexity of "restarting", enhance Rapid Response & Transformation team structures
- Develop approach for how to bring people back to work, how/when to engage customers
- Establish governance and standardization to effectively coordinate other areas from the RR&T

- Get ahead of the curve on team to manage policies to get teams back to work safely
- Take a clear view of forward demand and the new normal: manage/restructure organization to fit capacity needs
- Create dedicated focus to accelerate digital, process automation, new ways of working

Future

Detailed measures across priority action areas (2/3)

Navigate through Flatten, Fight, and Future

4

Drive Topline Security and Customer Trust

5

Stabilize and restart Supply Chain, Manufacturing

6

Manage Cost, Cash, and Liquidity

Flatten

- Reach out to customers for their situation and needs,
- Drive actions to inspire confidence and ensure ability to deliver (e.g., multichannel, people-light approaches)
- Manage volatility in demand, and refine sales motions (e.g. to virtual) and objectives

- Take measures to ensure operations continuity: Workforce safety and management, stop-gap measures for supply chain, site readiness (access, maintenance, services, suppliers)
- Ensure open and direct communication with employees
- Explore solutions to retain key talent

- Build forecasts for COVID-19 impact on P&L, balance sheet, investor base
- Review capital sufficiency scenarios and possible effects on credit risk
- Manage credit and debt commitment for short term
- Create agile FY20-21 business plans and budgets to deal with uncertainty

Fight

- Assess changes in customers' behaviors
- Adapt and transform channels (e-commerce), sales, marketing spend, pricing, and support
- Ramp up commercial efforts significantly to seize market shifts; leverage learnings to accelerate digital capabilities

- Ensure quick and safe restart of facilities; drive centrally driven efficiency measures
- Set up capabilities (org, control tower) to manage unstable supply chain; explore alternate networks, dual/multiple suppliers for critical goods and services, delivery methods, etc.
- Accelerate production as demand rebounds; account for product shifts

- Build forecasts for COVID-19 impact on P&L, balance sheet, investor base
- Review capital sufficiency scenarios and possible effects on credit risk
- Manage credit and debt commitment for short term
- Create agile FY20-21 business plans and budgets to deal with uncertainty

Future

Detailed measures across priority action areas (3/3)

Navigate through Flatten, Fight, and Future

7

Emerge stronger; drive advantage in adversity

8

Accelerate Digital, and Technology transformation

9

Help Society during COVID-19

Flatten

- Stress-test current value proposition and business offerings, and scan crisis impact on key customer/market trends

- Address and serve immediate workforce needs for remote working
- Leverage tools for conducting key processes online
- Adapt traditional processes to become digitally viable

- Ensure immediate support to employees, suppliers, communities, etc.
- Team with government/local communities/across industries to address crisis
- Leverage assets, supplier relationships, logistics networks, and employees to help adjacent communities
- Work across industry boundaries to identify cross-sectoral synergies to deploy solutions

Fight

- Plan for new projects to shift the portfolio and leverage the 'new normal'; plug capability gaps
- Identify white spaces in own industry and ecosystem
- Selectively invest in areas where opportunistic M&A can be conducted
- Develop and implement strategy to exploit greater talent availability

- Identify and implement key digital use cases and adapt to agile way of working
- Accelerate use cases to meet demand shifts
- Redesign key customer journeys with emphasis on digital interventions

- Ensure immediate support to employees, suppliers, communities, etc.
- Team with government/local communities/across industries to address crisis
- Leverage assets, supplier relationships, logistics networks, and employees to help adjacent communities
- Work across industry boundaries to identify cross-sectoral synergies to deploy solutions

Future