

**COVID-19:  
Developing your  
plan to survive  
and then thrive!**



# Key steps to develop your plan

1. Capture the key issues you are facing today
2. Identify how this may impact your business model
3. Map out three high level scenarios – Light, Medium and High Severity.



# 1. Capture the key issues you are facing today



# 2. Identify how this may impact your business



Key Partners



Key Activities



Value Propositions



Key Resources



Cost Structure



Customer Segments



Channels



Revenue Streams










Customer Relationships

## **BUSINESS MODEL CONCEPT**












# Business Model Canvas

## Propter questions

<p><b>Key Partners &amp; Suppliers</b> </p> <ul style="list-style-type: none"> <li>• How is COVID-19 impacting your key suppliers and partners?</li> <li>• What flow on impact would this have for your business?</li> <li>• What are the alternatives – e.g. new suppliers or partners, changing mix etc?</li> <li>• What are their communication needs?</li> </ul>	<p><b>Key Activities</b> </p> <ul style="list-style-type: none"> <li>• Which activities that you undertake to run your business will be most impacted by changes such as staff illness, lockdown etc.?</li> <li>• What should you stop/start/ramp up?</li> <li>• How else could you deliver ?</li> </ul>	<p><b>Value Propositions</b> </p> <ul style="list-style-type: none"> <li>• What is the most valuable benefit you provide to your key customer segments?</li> <li>• How can you protect those benefits to ensure they continue to be delivered - if not now, but in the future?</li> <li>• Or could you even improve or change your value proposition in the short term to attract sales?</li> </ul>	<p><b>Customer Relationships</b> </p> <ul style="list-style-type: none"> <li>• If you are mainly face to face how can you change that to be digital?</li> <li>• How can you build trust with your key stakeholders?</li> </ul>	<p><b>Customer Segments</b> </p> <ul style="list-style-type: none"> <li>• How do your customer segments look in a COVID-19 environment?</li> <li>• Which ones will be impacted - light, medium or heavy?</li> <li>• What % of sales could be affected?</li> <li>• How does this flow through to sales – attempt to model</li> <li>• What are customers communication needs?</li> </ul>
<p><b>Costs and Cash Outgoings</b> </p> <ul style="list-style-type: none"> <li>• What costs should you stop or defer?</li> <li>• Can you liquidate any assets to free up cash?</li> <li>• How can the bank help you in terms of debt?</li> </ul>		<p><b>Revenue &amp; Cashflow</b> </p> <ul style="list-style-type: none"> <li>• Priority 1 – map out your cashflow – where are the key challenges?</li> <li>• Identify impact to revenue and cash from the business model elements (above)</li> <li>• Identify debtors that are at risk</li> </ul>		

# Business Model Canvas

## Example

<p><b>Key Partners &amp; Suppliers</b> </p> <ul style="list-style-type: none"> <li>• Lenders policies constantly changing, difficult to get accurate information.</li> <li>• This impacts on options for self-employed customers.</li> <li>• Review panel and assess accreditation options with 2<sup>nd</sup> tier lenders.</li> </ul>	<p><b>Key Activities</b> </p> <ul style="list-style-type: none"> <li>• Check Mercury more frequently for product updates</li> <li>• Frequent check ins with lender BDMs to stay on top of policy changes.</li> <li>• Ramp up marketing via social media and online events.</li> </ul>	<p><b>Value Propositions</b> </p> <ul style="list-style-type: none"> <li>• Strong relationships with lender BDMs helps turnaround times and rate negotiation</li> <li>• Need to strengthen BDM relationships</li> <li>• Increase frequency of communication with clients</li> </ul>	<p><b>Customer Relationships</b> </p> <ul style="list-style-type: none"> <li>• Implement virtual meetings to connect with customers e.g. Microsoft teams.</li> <li>• Build trust by running educational online events promoted via social media</li> </ul>	<p><b>Customer Segments</b> </p> <ul style="list-style-type: none"> <li>• Self-employed make up 60% of client base</li> <li>• Many banks not lending to self-employed customers</li> <li>• High impact on revenue</li> <li>• These customers will need high touch communication and consultation on their options to maintain loan repayments and refinancing needs.</li> </ul>
<p><b>Costs and Cash Outgoings</b> </p> <ul style="list-style-type: none"> <li>• Review tenancy options</li> <li>• Review JobKeeper options</li> </ul>	<p><b>Revenue &amp; Cashflow</b> </p> <ul style="list-style-type: none"> <li>• Cashflow challenge with reduction in revenue from loss of business from self-employed client segment.</li> <li>• Up to 30% reduction in revenue</li> <li>• Referral partner payments at risk.</li> <li>• Trail at risk due to loan payment deferrals.</li> </ul>			
<p><b>Key Resources</b> </p> <ul style="list-style-type: none"> <li>• Connective BDM</li> <li>• Lender BDMs</li> <li>• Connective L&amp;D programs</li> </ul>	<p><b>Distribution Channels</b> </p> <ul style="list-style-type: none"> <li>• Referrals from financial planners, accountants and real-estate agents decreased.</li> <li>• Increased online activity so opportunity to increase social media presence.</li> </ul>			



## High level scenarios

Severity	Impact	Actions
<p><b>Light</b></p> <ul style="list-style-type: none"> <li>• 10% reduction in settlements</li> <li>• Increased demand for refinancing</li> <li>• Some additional calls from current customers looking for advice</li> <li>• All working from home for 4 weeks and managing well isolation</li> <li>• Banks slower in approving applications</li> </ul>	<ul style="list-style-type: none"> <li>• Minor reduction to net profit</li> <li>• Time available to service new customers reduced</li> <li>• Not all staff set up to operate remotely</li> <li>• Time delays in approvals and settlements</li> </ul>	<ol style="list-style-type: none"> <li>1. Set up cash flow forecast and review weekly</li> <li>2. Reduce/delay discretionary costs - consumables, travel, entertainment etc.</li> <li>3. Develop website FAQ's &amp; videos to communicate key issues for customers</li> <li>4. Refine and promote refinancing services</li> <li>5. Assist staff set up home offices – ensure secure access to key systems</li> </ol>
<p><b>Medium</b></p> <ul style="list-style-type: none"> <li>• 30% reduction in settlements</li> <li>• Large number of additional calls from current customers looking for advice</li> <li>• All working from home for 12 weeks with some mental health concerns</li> <li>• One staff contract COVID-19</li> <li>• Minor banks restrict lending</li> <li>• Major banks make major changes to lending criteria</li> </ul>	<ul style="list-style-type: none"> <li>• Major reduction to net profit</li> <li>• Time available to service new customers reduced</li> <li>• Staff engagement and motivation plummets</li> <li>• Staff shortage due to illness</li> <li>• More complex loan application and assessment</li> </ul>	<p>In addition to Light Actions</p> <ol style="list-style-type: none"> <li>1. Significant cost cuts – leases, staffing</li> <li>2. Utilise JobKeeper and tax refund program.</li> <li>3. Reduce non essential staff to min hours</li> <li>4. Set up dedicated customer care line – progressively call all key customers from last 2 years for health check</li> <li>5. Connect and communicate with all staff regularly – as a group and 1 on 1</li> <li>6. Identify lenders who have expedited processes</li> </ol>
<p><b>Heavy</b></p> <ul style="list-style-type: none"> <li>• 50% reduction in settlements</li> <li>• All staff working from home for 6 months with mental health concerns and reduced engagement</li> <li>• Offshore processing stopped due to local lockdowns</li> <li>• Two staff contract COVID-19</li> <li>• 2 major banks severely restrict lending</li> </ul>	<ul style="list-style-type: none"> <li>• Severe reduction to net profit</li> <li>• Cash shortfall</li> <li>• Staff engagement and motivation plummets</li> <li>• Staff shortage due to illness</li> <li>• Need to undertake off shore processing</li> <li>• Extremely complex loan application and assessment</li> </ul>	<p>In addition to Light &amp; Medium Actions</p> <ol style="list-style-type: none"> <li>1. All staff on JobSeeker, lay off any casual staff, consider redundancies if viable</li> <li>2. Progressively call all key customers from last 5 years for health check</li> <li>3. Review current business model and look to relaunch when market improves</li> </ol>