Decision Factors 2021

Path to post-COVID recovery

VISTAGE

Realising a new reality

With the coronavirus pandemic and lockdown measures reshaping our world, people and businesses are engaging in a "new reality." It won't be the normal we once knew. As individuals and organisations, we are experiencing a new set of norms, shaped by societal changes and business shifts that emerged in the pandemic.

Rapidly developing therapeutics and an effective vaccine will once again allow large groups of people to safely gather in restaurants, theatres, schools, churches and sporting events with confidence. CEOs have begun rebuilding, resetting their businesses to new levels in terms of employees, customers and financial resources. They see growth as part of the recovery that will lead to that new reality. It remains unclear when the recovery will be complete and the new reality achieved. There are no models, best practices to follow or experts, as no one has experienced this before. We are each navigating our unique paths through an unprecedented pandemic with the belief and hope of realising a new reality.

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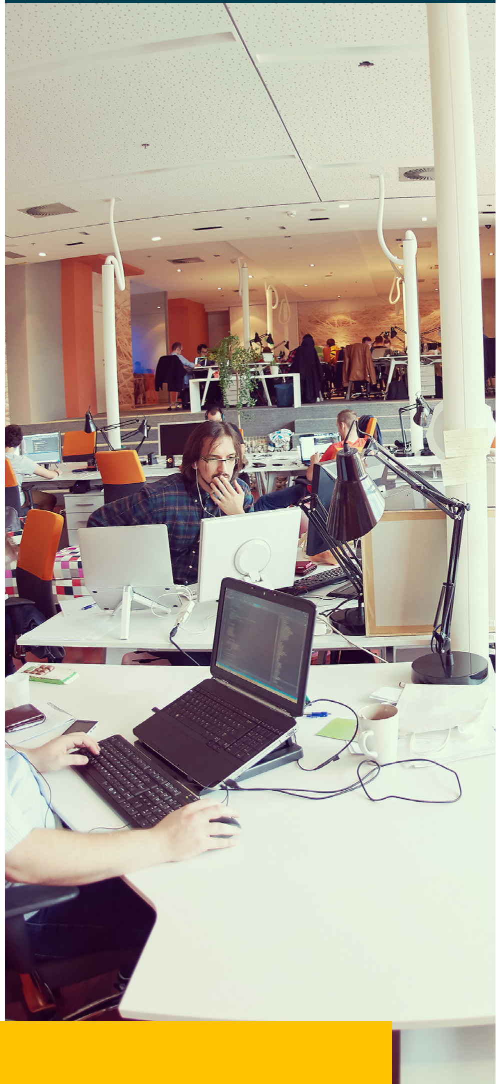
Realising a new reality

In this report:

This report aims to guide CEOs through the journey to the new reality, first by reflecting on the impact of the crisis on small and midsize businesses (SMBs), and then by exploring potential routes to recovery in a volatile economic climate. When uncertainty is high, it's harder for CEOs to make decisions. Drawing upon insights from top experts in the Vistage community, this report aims to provide CEOs with perspectives on four areas of business optimisation – talent, customers, operations and financials – and explores ways leaders can approach their top leadership challenges.

Talent, customers, operations and financials



Part 1 | **Foreword:** Mapping the Corona Curve

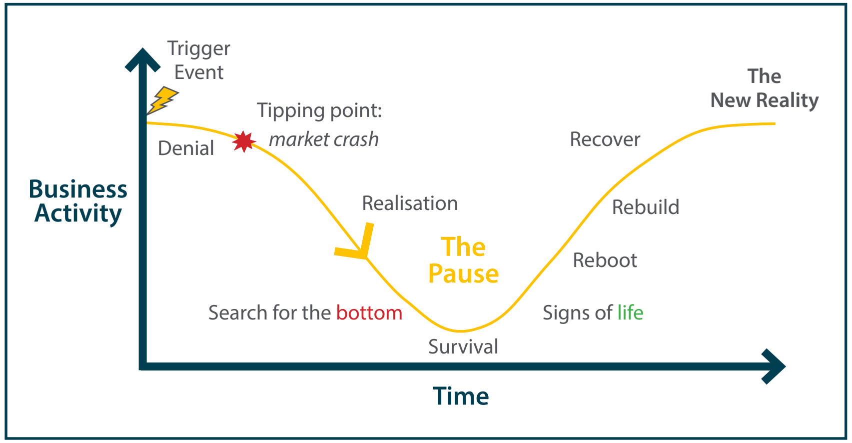
Making sense of these unprecedented times is challenging. Few have experienced the business and personal impact of a global pandemic. For CEOs, managing the present and anticipating the future brings both uncertainty and risk.

In an attempt to understand what businesses were — and are — experiencing as a result of COVID-19, Vistage Research developed the "Corona Curve" in April 2020. The Corona Curve visually captures the change in business activity through the pandemic. Business activity is more than revenue. It includes all activities that make a business thrive, from marketing to production to collaboration.

The initial phase of the Corona Curve began in January, when reports of a new disease caused by a novel coronavirus emerged from China. Similarly to other countries, businesses and citizens in the UK and Ireland, were in the Denial phase, assuming the virus was far away and would have minimal impact. That quickly changed as COVID-19 case numbers climbed, and the virus started spreading globally. In late February and early March, the threat became very real when the stock market crashed twice, travel bans were instituted and major events were cancelled. We quickly realised we were on a rapid downward trajectory, with no visibility to when we would get to the bottom — or what that would look or feel like.

In mid-April, we hit the bottom and, after assessing the damage, determined what it would take to survive. At this point we entered The Pause, or, Survival phase, when everything came to a stop as the economy shut down and communities went into quarantine. As May turned to June, we began to think about what it would take to reboot, rebuild and recover after COVID-19. In July and August, we began to see signs of life as we began the long, hard climb out from the bottom of the Corona Curve.

The Corona Curve



Source: 20_333_0005 Research Decision Factors 2020

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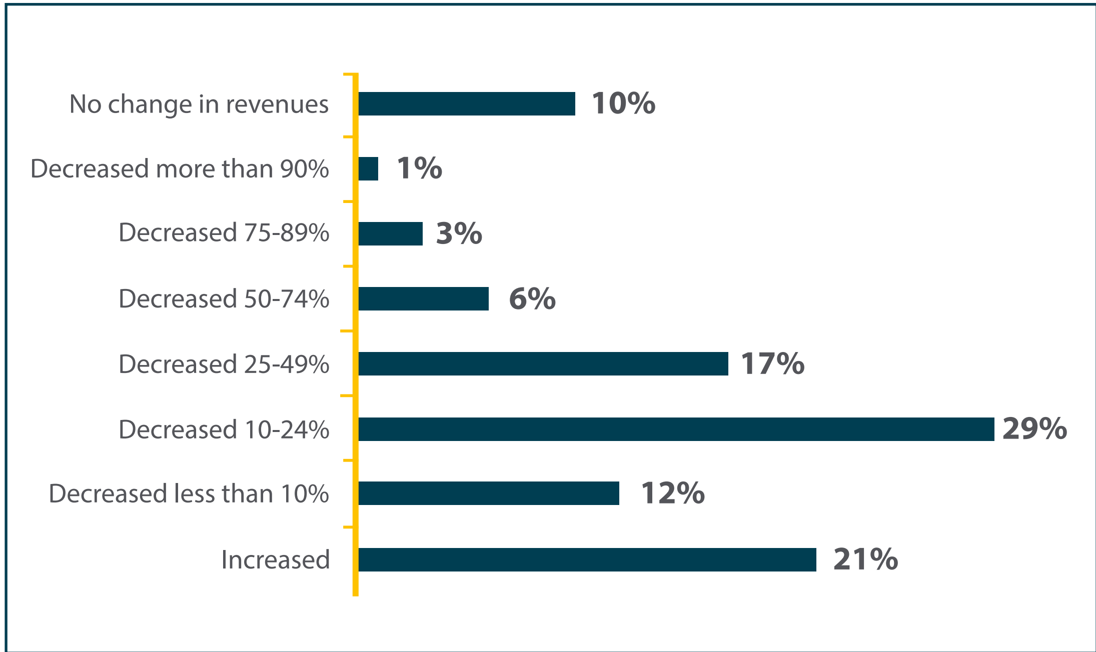
The Corona Curve: Reboot

Most CEOs have led their teams through The Pause, or Survival phase, and have already rebooted their businesses. Many have recalled furloughed workers, instituted new work environment safety protocols and some have seen revenues begin to recover, signifying the start of the climb.

To what degree have your revenues been impacted by the coronavirus pandemic?



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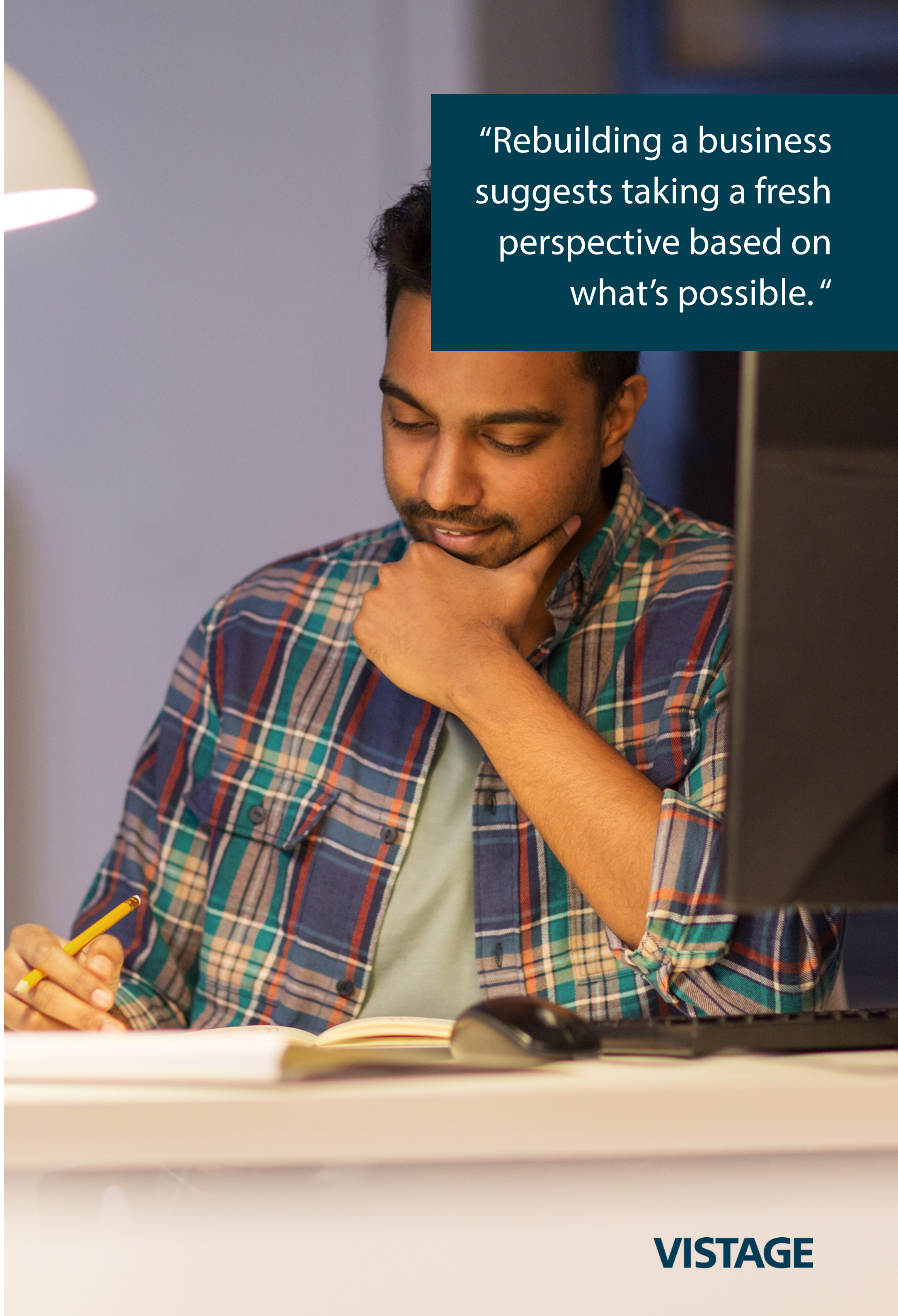
The Corona Curve: Rebuild

The next step for CEOs is to rebuild their businesses, which is different from repairing them. Repair suggests going back to what previously worked for a business and how it used to serve their customers in different social and economic conditions. It rests on the assumption that everything will eventually return to the way it was before January 2020. Unfortunately, there is no going back. The pandemic has changed human behaviour, altered markets, accelerated technology, created thirsty competitors and bruised customers.

Rebuilding a business suggests taking a fresh perspective based on what's possible. With this mindset, CEOs can bring their businesses' core strengths and capabilities forward. More importantly, they can incorporate creative, innovative thinking into future planning while factoring in societal and market changes.

This approach is requisite not just for retaining and growing existing customers, but also for capturing customers left behind by a failed or weakened competitor. It can open up opportunities for expanding a business into adjacent markets and developing new products and services based on changing customer needs. Opportunity will abound in the new reality, provided CEOs can deliver winning strategies to rebuild their businesses.



"Rebuilding a business suggests taking a fresh perspective based on what's possible."

“2021 could be a strong year of growth”

The Corona Curve: Recover

Anyone who has run a marathon will know it becomes increasingly difficult as the race progresses — physically, mentally and emotionally. The same is true for SMEs on their road to recovery. Analysis of Vistage CEO Confidence Index survey data over the last six months indicates CEOs believe the economy has taken the first steps toward recovery. While CEOs are focused on getting their businesses back up and running, the most gruelling part of the journey lies ahead.

Even the most optimistic economists foresee a long, hard climb out from the bottom of the Corona Curve. Many are predicting that we won’t see a full economic recovery until well into 2021 or beyond. With the UK unemployment rate on an upward trend, rising to 4.5% in the three months to August*, more consumers are conserving cash and not spending, which puts a drag on the recovery.

Some economists predict increases in business activity will continue to improve revenue expectations through the end of 2020, and 2021 will shape up to be a strong year of growth. Others see a protracted recovery stretching into 2022 and beyond. CEOs should expect a series of plateaus as they continue on this upward trajectory. Much depends on the degree to which people adhere to health safety guidelines that keep our communities safe and economy open for business.

*Source: EY, 13 October 2020, Press Release, UK unemployment rate up to 4.5% and looks set to rise further

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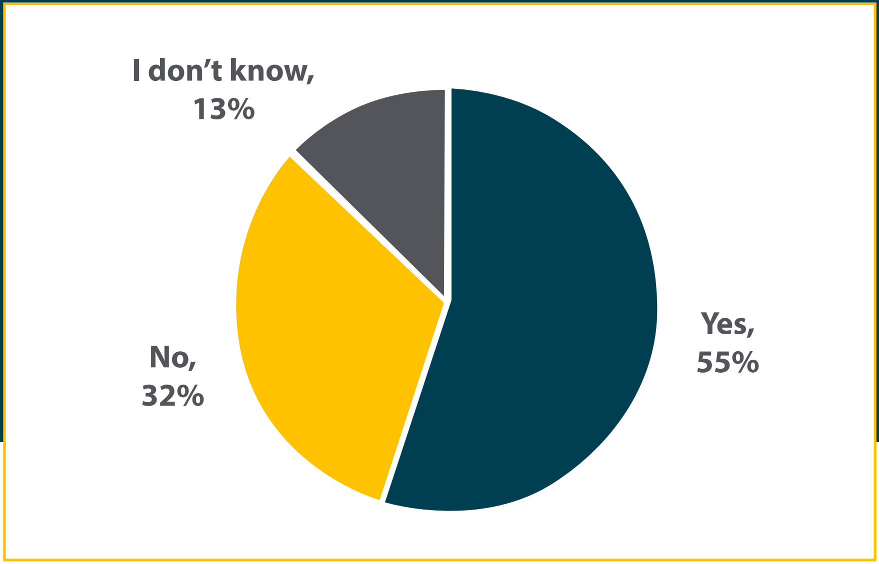
Brexit

Any improvements in business activity could, of course, be severely impacted by Brexit. Come 1 January 2021, the UK will no longer be part of the EU's Single Market and Customs Union, and free to implement trade deals struck with third countries. The end of the transition period will bring significant changes regardless of the agreement on future relations.

Will further Brexit uncertainty impact your near-term business plans?



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"Brexit will be a time of change"

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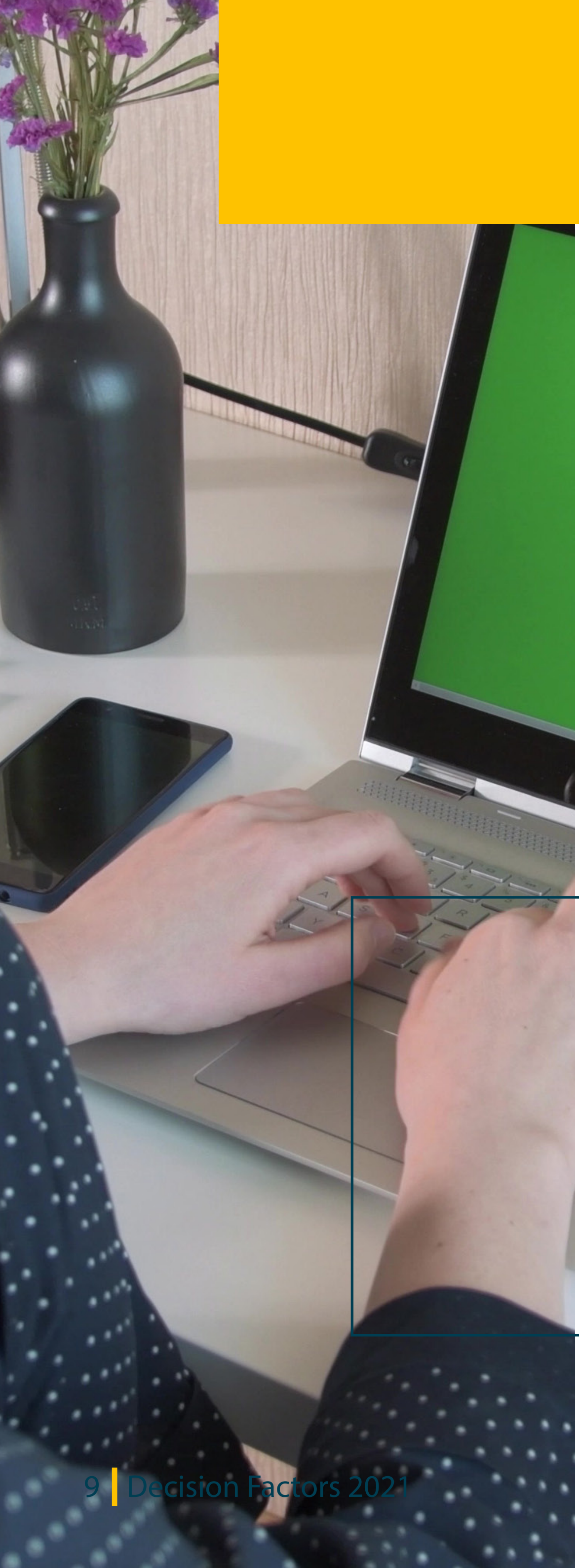

Expert Insight | Joe Galvin, Chief Research Officer, Vistage Worldwide

Whether it's introducing a new technology initiative or a major shift in culture, the most challenging aspect of any business transformation initiative is human behaviour. Humans' reluctance to change always drags down transformation. Often, this reluctance comes from fears of the unknown or losses in job status.

What's remarkable is how much the COVID-19 crisis has reduced that resistance. Over 30 days, from March to April, we saw 15 years of human behaviour change.

This is true in both personal and professional contexts. Our acceptance and use of technology for digital collaboration, entertainment streaming, touchless payments and food delivery has accelerated as quickly as our individual technology skills have improved. Our acceptance of doing things differently — because we have to — has accelerated technology adoption. Technology has allowed much of our lives and businesses to continue in ways that would not have been possible 15 years ago.

Consider these transformations:

Work from home: The genie is out of the bottle on working from home. According to our September survey, 95% of CEOs implemented some form of work-from-home solution during the crisis.

Advances in collaboration applications such as Slack, Zoom and GoToMeeting, combined with the astonishing performance of internet infrastructure, have made distributed workforces possible. The forced march to digital collaboration has broken down both generational and emotional barriers to this work style. Work from home was already high on the list of preferences for the emerging workforce. It will now become part of everyday life for knowledge workers.

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Tele-everything: Practicing social distancing has accelerated tele-capabilities in healthcare, education, business and more.

Tele-medicine has enabled doctors to care for a large number of patients, digitally. While not eliminating in-person care, tele-medicine offers a more efficient alternative to traditional medical care.

Online education has kept students learning and connected to their colleges, universities and schools while physical buildings remain closed. Many professors and students have already adapted well to digital classrooms.

Food delivery has ramped up. Beyond ordering takeout, people are placing orders with farms, grocery stores and local restaurants more than ever before.

Tele-business has, in some cases, replaced the need for physical office spaces. Combined with the work-from-home reality, office workspace requirements have changed.

Major reduction in business travel: Business travel plummeted in March and April, and it may never return to pre-crisis levels. As businesspeople have learned to connect and communicate digitally, they have also realised that digital communications are just as effective as face-to-face relationships when blended with occasional human contact. Businesses may reconsider how often they schedule face-to-face meetings and may choose to leverage technology for more customer interactions.

No-touch transactions: ATMs, airline check-in terminals and other service tools that use "touch" interfaces will be replaced by a purely digital experience. Apple Pay, QR codes and Bluetooth will eventually eliminate the need to touch anything, minimising potential exposure. Cash will become obsolete in advanced economies. Credit cards will be replaced and physical tickets of every type will be done digitally, all managed from a "smarter" phone.

Digital transformation: The rapid adoption and utilisation of technology will energise digital transformation efforts. As businesses begin to reboot, rebuild and recover, initiatives to digitally transform how business is done will further accelerate, driven by employees' behavioural changes and newfound flexibility. Lessons learned in the crisis will form the foundation for business change. In turn, this will fuel demand for the 5G network and digital infrastructure to satisfy our ever-greater thirst for bandwidth.

"Combined with the work-from-home reality, office workspace requirements have changed."

Part 2 | Talent: Maintain workforce engagement

To thrive in the new reality, CEOs need to engage their workforce starting with a clearly communicated vision powered by the right culture and team to achieve that vision.

Create clarity: Employees are likely to draw their own conclusions if leaders don't provide updates on current situations or communicate their vision for the future. Companies need to meet employees where they are — just as they would customers — and communicate via email, text, snail mail, video conferencing and more. When employees know when and how to expect communications, it helps calm their fears.

Refine and nurture culture: A company's culture consists of beliefs, behavioural rules, traditions and rituals. In a changing workplace with more distributed employees, the biggest challenge for leaders is reimagining the traditions and rituals that are foundational to their culture. The same technologies that enable communication also enable these reimagined rituals. Company-wide meetings and get-togethers can become virtual, and employees can connect and bond through online activities like games, wellness sessions or book clubs. Training and development can effectively be conducted in a virtual environment in lieu of a classroom. In the end, a successfully reimagined culture makes employees feel the same way through the redefined rituals and traditions.

Prioritise diversity and inclusion: As part of refining culture and responding to social justice issues, CEOs should re-prioritise diversity and inclusion as a critical part of their strategy. No longer an HR issue, SMEs are re-examining hiring practices and how they assign opportunities and award promotions. They're making efforts that go beyond simply diversifying their workforce toward inclusion, making sure all employees feel safe, respected and their perspectives valued. Successful diversity and inclusion efforts not only have positive impacts on recruitment and retention, but are proven to be linked to improved productivity and bottom-line performance.

Upgrade talent: As leaders rebuild their businesses to maximise recovery, a critical component is ensuring the right team is in place. A strong talent pipeline enables leaders to replace sub-par performers. A rigorous selection process enables companies to filter through the wider, deeper talent pool created by high unemployment. Upgrading talent not only brings in new capabilities, it also eases the burden that sub-par performers place on current talent, making star employees a retention risk. Companies positioned for growth have reignited the talent war, seeking out the A-players who are looking for more stable futures or a more favourable environment that meets their needs. As leaders strive to attract new talent, it's equally important to focus on keeping the team members who are critical to achieving the company's vision.

Expert Insight | Kathleen Quinn Votaw, Author, Solve the People Puzzle and CEO, TalenTrust

People continuity creates business continuity. The leaders who invest in people first create lasting success. Employment looks very different today than it did in the past. Increasingly, companies are finding they can achieve business goals with a combination of full-time permanent positions and temporary support by hiring non-employees on an as-needed basis. By rethinking people strategies, companies gain flexibility and freedom in recruiting. At the same time, they provide more of the work-life balance and independence today's employees want and need, which increases retention.

Rethink recruiting strategies

Finding people with the right skills and fit for your organisation is critical, regardless of the economic and market conditions. The pandemic has not fundamentally changed the skills gap. There have always been, and always will be, supply and demand gaps for skills. Additionally, despite the business challenges of 2020, 9% of companies who responded to our UKI Q3 September survey believe that quality hires is their top challenge this year. You may not be hiring at this moment, but never stop recruiting!

Continually recruiting and being aware of your options at every level will greatly increase your ability to compete for top talent that can help you manage through uncertainty.

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Rethink retention strategies

Work cultures based on head and heart have always increased retention rates. And if there was ever a time to rethink whether your culture incorporates both, it is now. People are depending on leaders to provide some financial and emotional stability — as well as understand that time with family is always critical, and especially in challenging times. It's not just health-care companies that need to avoid worker burnout; it's every organisation. Let your heart guide you to the many employment options that may make rational sense for your people and your business. Well-being is the foundation for high performance and resilience in every type of workplace.

One critical way you can lead with head and heart is through frequent, transparent communication. Employees have many questions, so keep all lines of communication open and adopt new ones. As CEO, you should make yourself visible through video. Open social networks for personal communication and collaboration. Ramp up the volume and frequency of messages. Listen and tell often. Good communication brings people together and supports change.

Employees will remember not just what you did for them during the pandemic — they'll remember how you made them feel. When employees feel that you are using your head and heart to do all that you can for them, you'll benefit in so many ways: They'll tell others what a great company yours is, and word-of-mouth will improve your recruitment efforts. In fact, 48 percent of open positions are filled through employee referrals. Employees will want to work for you longer, saving the costs of rehiring and training. They'll be more productive, increasing revenues and profits. And, most important, they'll make you feel good about yourself in meeting the challenges of this moment by travelling the middle road that connects your people and your business.

"Employees will remember not just what you did for them during the pandemic — they'll remember how you made them feel."

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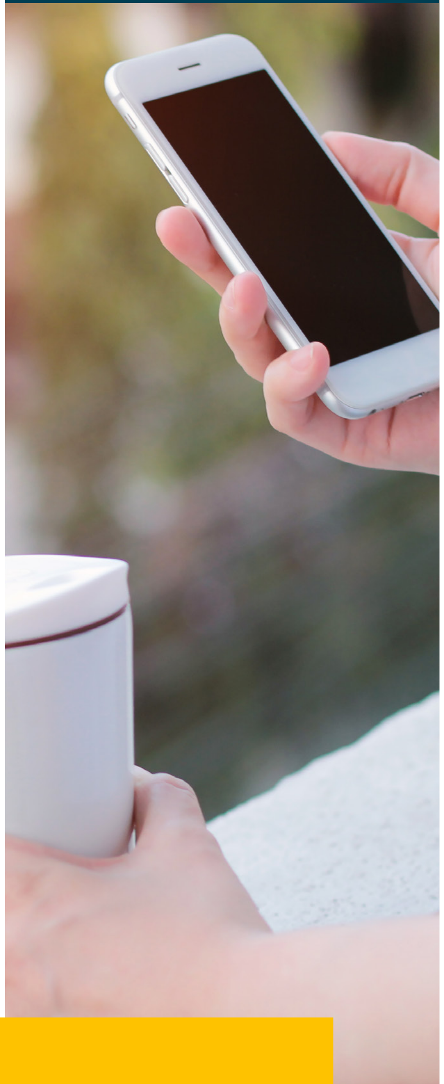


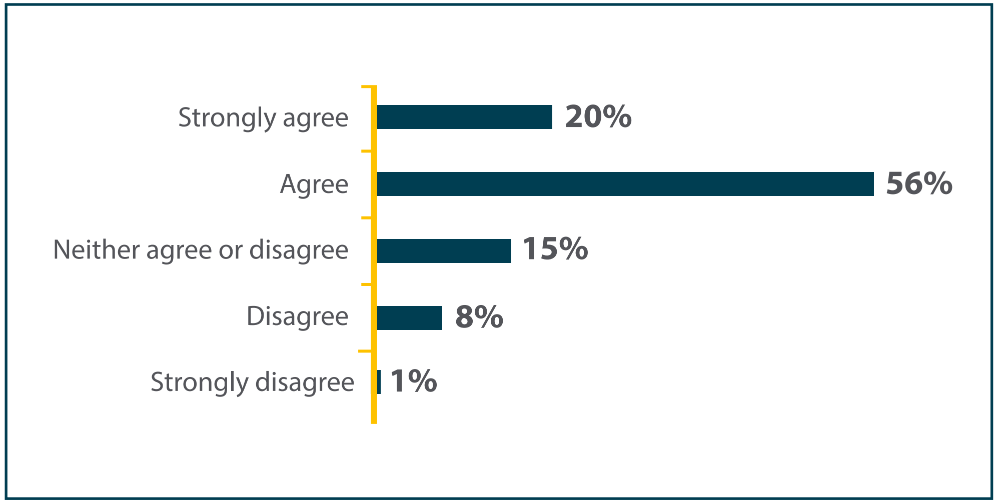
Part 3 | Customers: Adapt to new buying behaviours

The impact of COVID-19 on customer engagement has been dramatic. Following 10 years of slow but steady growth, the pandemic slammed the brakes on the economy. Overnight, face-to-face selling stopped and customers went into shutdown mode, buying only essentials. Now, as we slowly climb from the economic shutdown, we see some sectors like technology or home construction flourishing, while others struggle.

What is consistent across industries is that buyer behaviours have changed. In an unstable economy with high uncertainty, buyers have become more cautious and risk averse. Sales cycles are taking longer and involving more people. Finance is exerting stronger influence on purchasing decisions, ensuring purchases are both necessary and have appropriate ROI. In many markets, there are more sellers than buyers, with buyers continuing to build their knowledge without budget or authority to buy.

Sellers must adapt to new buyer behaviours, and they must do it in a virtual environment. Face-to-face selling, which was slowly giving way to virtual selling before the pandemic, has been eroded further and in some cases completely replaced. This has shifted the buyer-seller human dynamic, although the shift is less dramatic in existing accounts with strong relationships than with new customers. While prospecting and social-selling skills remain important, establishing trust and credibility is more difficult in a virtual sales call. Selling now demands new sales behaviours to succeed.

We have changed our approach to sales and customer services as a result of the pandemic



Results of Vistage UK & IRL CEO Confidence survey Q3 2020

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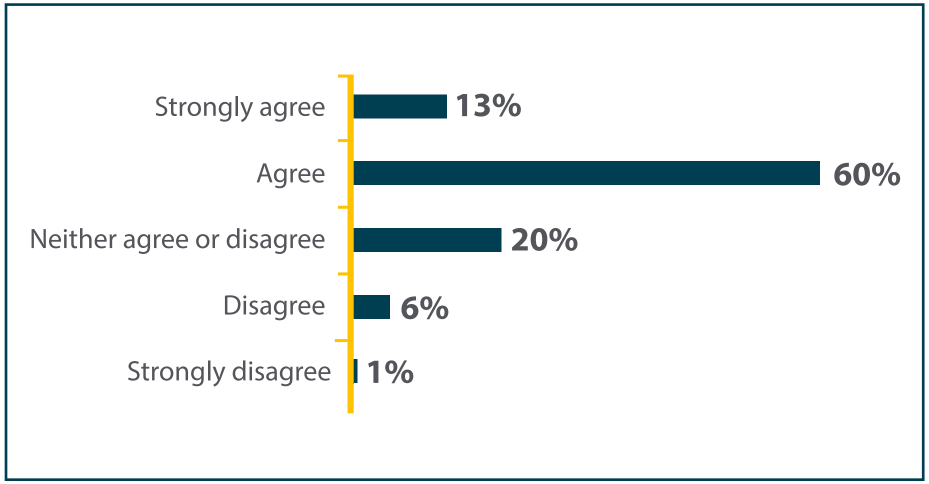
Get closer to your customers: Existing customers are the revenue bedrock of every organisation. Salespeople must get closer to their customers, understanding how their business has changed. For CEOs it is important to get closer to your most important customers. Partnering with them in times of distress will be rewarded when prosperity returns. In addition, understanding your customer's customer is essential to building a plan to maintain and grow your customer base.

Target competitive accounts: Now is the time to approach those long-desired competitive accounts. Maybe your competitors haven't got closer to their customers, creating a once-in-a-pandemic opportunity to break through. When reaching out to competitive accounts, offer examples of how you have partnered with your customers and invite them to experience how you would work with them.

Change the message: Marketing and sales messages that were successful in 2019 no longer resonate with distressed customers and prospects. Changing the messaging and staying consistent with it — through both digital experiences and human interactions — will better engage prospects and customers who are tuned in to today's realities.

Our customer messaging has been adapted to reflect thier current needs



Results of Vistage UK & IRL CEO Confidence survey Q3 2020

Sharpen sales skills and processes: Now is the time to focus on improving sales skills while activity is slow. Foundational sales skills — including skills for negotiation, referral selling, ROI selling and engaging with customers virtually — should be retrained and reinforced. Sales process has never been more important. The discipline of following the sales process is an absolute requirement, as individual approaches will deliver sporadic results. Leveraging the experience of the sales team and building a consistent process is key to returning to growth.

Expert Insight | Dave Mattson, CEO of Sandler Training

> "**Attitude, behaviour** and **technique** are key to unlocking sales."
> **Dave Mattson**

Sales is the lifeblood of a business. As a CEO, your sales team drives revenue for your organisation and provides the time and space needed for you to focus on strategic decision-making.

However, sales leaders aren't necessarily equipped to pull through a crisis like the one we're in now. In part, that's because sales leaders are often the least-trained people in an organisation, as they come to the role with little or no experience in management. In addition, the average sales manager has only five to seven years of tenure, which means the majority did not work in a managerial role through the 2008 financial downturn.

It may also be the case that, as CEO of a small to midsize business, you are the person accountable for sales. Either way, it's your responsibility to get your sales function ready for what's next, because it plays a critical role in your company's recovery. Fortunately, salespeople are made, not born, so they tend to be fast learners.

When coaching a sales team, sales leaders tend to focus more on the techniques of selling than the attitudes or behaviours involved. But it's important to emphasise all three areas.

Attitude: Get out of your comfort zone

Attitude is about mindset. To get in the right mindset, you need to get out of your comfort zone. The reason: If you're always working in your comfort zone, you're only operating at 60 to 70% of your capacity.

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Behaviour: Create a “cookbook”

What would your sales team say if you asked, “What behaviours do you need to do every month to hit your quota?” I’d bet you 80% of salespeople could not answer that question. They might say they need to “do 300 presentations” or “get 50 new customers” to hit a quota of $10 million. But those are lagging indicators, not behaviours. This is why you need to develop a “cookbook” that spells out behaviours for salespeople.

Technique: Use the KARE model

In sales, technique boils down to what your salespeople say and how they say it. Your team needs to own their “talk tracks.” A talk track is made up of all the things a salesperson could potentially say to a customer. It usually includes an elevator pitch, a value proposition, a list of competitive advantages and answers to top-10 objectives. To customise talk tracks for specific audiences, I recommend using the KARE framework, which refers to four categories of customers:

- **Keep:** Existing customers you want to keep
- **Attain:** Prospective customers you want to do business with
- **Recapture:** Customers you have done business with in the past but have moved on
- **Expand:** Existing customers that you would like to do more business with

“It’s your responsibility to get your sales function ready for what’s next.”

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Part 4 | Operations: Reimagine the workplace

As business activity increases, some SMEs are welcoming employees back to a physical workplace, while others are extending remote work through the end of the year or even through 2021. Both scenarios present unique challenges to SMEs. For the former, creating a safe environment is critical. For the latter, building the right technical infrastructure is important for maintaining productivity.

Companies that are bringing employees back to the office should:

- **Put new policies into practice.** Our research revealed that CEOs are prioritising the health and safety of their employees in their return-to-work plans. To that end, companies need to establish new policies that set expectations and change behaviours, from wearing personal protective equipment to reporting symptoms to following incident response protocols. Make new safety standards strong, clear and non-negotiable, and provide training so employees learn, understand and abide by them.

- **Ramp up sanitisation measures.** Our research showed sanitisation plans topped the list for SMEs' return-to-work plans, specifically around increased cleaning and disinfection of facilities. Cleaning protocols need to be in place on two levels: Companies need to provide more thorough cleaning on a daily or weekly basis, and they need to set protocols for managing sanitation incidences in the workplace.

Reengineer the physical workplace. All employees will have different thresholds for what they feel comfortable with in the office. Reconfiguring the workplace will minimise risk while reducing fears about exposure to infection. At minimum, address the spacing of desks, control the traffic flow, close common areas and implement staggered scheduling to meet recommended guidelines and minimise contact. Consider investing in other safety measures, such as new air filtration systems, touchless doors and other changes to the physical workplace.

Companies that are enabling remote work long-term should:

- **Revisit their technical capabilities.** Continuously evaluate and upgrade your digital infrastructure to make remote working a viable long-term solution. Providing employees with the right hardware, software and appropriate connections are critical to maintaining productivity.

- **Provide cybersecurity training and tools.** Even more important than maintaining digital infrastructure is mitigating cybersecurity risks. Institute new training and policies to protect against cyber threats, as people are the weakest link in a cybersecurity plan.

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Expert Insight | Joel Greenwald, Esq.
Managing Partner, Greenwald Doherty LLP

> "Appoint a Chief Safety Officer to lead your return to the office."
> **Joel Greenwald**

Who should lead your return-to-work plans to keep all your bases covered? There are many internal stakeholders that are involved. HR and legal functions are accountable for people and policies and any components that have legal implications. Operations is accountable for changes to the physical workplace. And finance is deeply involved in any plans that require budgeting and investing in new safety measures.

As processing information and making informed decisions can be time intensive, designating a Chief Safety Officer (CSO) can best support efforts to ensure the workplace is safe on all fronts. The CSO – whether a temporary assignment or permanent position – serves as a leader empowered to guide decisions about return-to-work plans based on changing safety protocols and to ensure that plans are implemented across all departments.

As a "Safety General Contractor" this role coordinates with ops and facilities and is accountable for coordinating with the right people to enforce and modify safety plans as needed.

The CSO should monitor and create recommendations based on the latest information from local and central government as well as agencies such as Public Health England. Safety compliance should be their top concern, as companies have already had lawsuits filed against them for failing to take appropriate safety measures. A CSO has an important function in helping to track safety mandates and implementing physical safety protocols, but also ensures that legal is consulted or informed as necessary.

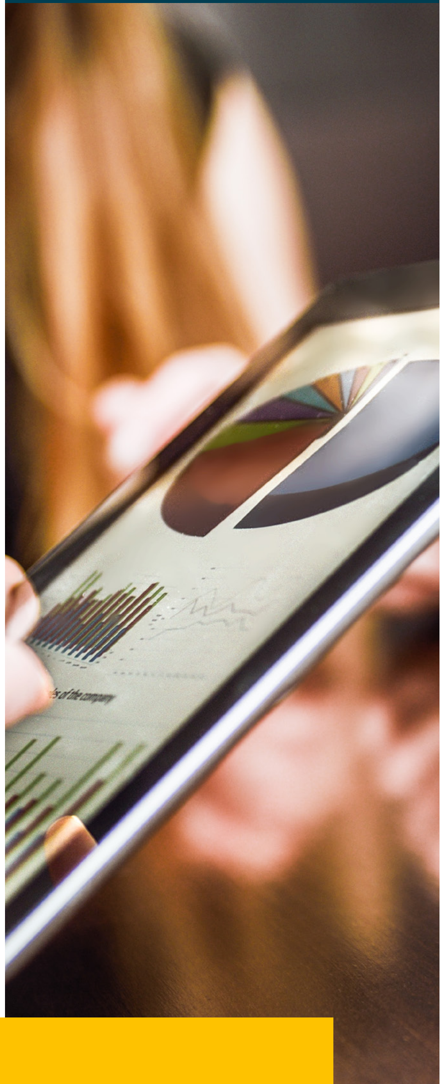
The designated leader should be tasked with:

- Creating a safety committee. A CSO should ensure different stakeholders weigh in on important questions about returning to work.
- Monitoring changing laws and soliciting guidance from legal. From liability to workers' compensation, a CSO needs to confer with legal on changing laws and to mitigate risk in any decisions that have legal implications.
- Ensuring open and clear communication. Leaders at all levels need to communicate changing procedures under the direction of a CSO.
- Coordinating with facilities and operations managers. The CSO must work cross functionally to ensure that changes to the workspace are up to safety standards.
- Communicating as a liaison with local government authorities if necessary.
- Consulting with HR or legal counsel on decisions with legal implications. As the CSO leads the monitoring of and response to changing safety laws, they should consult with counsel on any changes with legal implications.

In short, the CSO has a valuable role in managing change, overseeing the implementation of plans, enforcing the execution of plans while ensuring decisions are compliant with legal.

Leaders may still feel like weather forecasters right now. You can think it's going to rain this weekend — but you don't know for sure. Overall, a CSO can help companies try to stay flexible as conditions continue to evolve and the future remains uncertain.

"Ensure open and clear communication."



Part 5 | Financials: Strategic priorities drive scenario planning

When operating in an uncertain and rapidly changing environment, leaders can use scenario planning to gain clarity on short-term decision-making and to anticipate scenarios that could happen before they unfold. For example, if sales decline by 20% in one month, a CEO's scenario plan could recommend that in this case they should furlough 30% of employees.

As part of scenario planning, leaders should factor in strategic priorities for the short term along with cash-flow forecasting and business forecasting. Chris Crawford, CEO of ClearPath, recommends using a four-step method to gain clarity on these strategic priorities:

1. **Decide what's most important:** Decide what you want your organisation to look like at a particular end state. For example, given the COVID-19 crisis, your business goal may be just to avoid increasing debt for the next three months. When setting these priorities, take into consideration what could go wrong and/or what variables are out of your control (e.g., legislative changes that might take place). Also consider the variables that are under your control and/or what levers you could pull in the next two, four or eight weeks.

2. **Establish objectives and key results:** Once you've set your objectives, break them down into tasks. Figure out who needs to do what by when, and be as precise as possible to avoid confusion.

3. **Communicate the strategy:** Let everyone in the organisation know what you're aiming for and give them the opportunity to align with those goals. People need to be reminded more than they need to be instructed.

4. **Hold people accountable to results:** To build this accountability, establish meeting rhythms and make every effort to talk to your people more often, whether via phone, Zoom, Microsoft Teams or another platform.

Leaders using scenario planning can achieve two overarching goals. First, they can identify what could go wrong and find ways to mitigate that risk. Second, they can identify what is under their control and specifically what levers to pull and when. In a time of crisis, taking those steps can make all the difference.

Expert Insight | Matt Garrett, Founder and CEO of TGG Accounting

> "Use scenario planning to improve your cash flow."
> Matt Garrett

Managing cash is important, especially in today's uncertain times. You can improve your cash flow by forecasting it over the next quarter, which will help you identify cost savings.

To get a complete picture of your cash flow, outline all of your ins and outs over the next 13 weeks. In this process, you will find areas where you are spending too much money, expenses that are not necessary or payments for something you no longer need. You will find the cost savings in your own books. This is the first step in scenario planning. After you've made this forecast, review how your business is tracking each day.

Here are some levers that you can look at in your scenario planning:

- **Collections:** To assess the risk level of your customers, segment them into A, AA and AAA categories based on their payment history. Determine which customers you should focus on and which customers you shouldn't due to risk of nonpayment.
- **Payment terms in contracts:** Review and revise all terms. For example, ask for payment within 10 days of invoicing. Where appropriate, increase deposit terms, add personal guarantees, put in late fees and interest, and have a strong stop-work plan.

- **Relationships:** Develop relationships with the right people in your customers' organisations. Get to know the accounting departments that pay you.

- **Invoicing:** Send invoices faster. Work with a good accountant to fine tune your process. Accept alternative or digital forms of payment.

- **Supply Chain:** For both upstream and downstream supply chains, make sure you're working with companies that are viable and likely to stay in business. If you're a strong company, consider renegotiating those contracts for cost savings.

- **Inventory planning:** Excess inventory is going to soak up your cash — or put you in a bad position if your sales start to fall. Tighten your inventory.

"Develop relationships with the right people in your customers' organisations."

Part 6 | Leadership: The toughest challenges facing CEOs

Leading can be a challenge, even in the best of times. The COVID-19 pandemic, which ended 10 years of economic expansion and triggered an abrupt freefall of markets, has created unprecedented challenges for leaders.

A recent Vistage survey asked CEOs about the most significant leadership challenge they are facing. In our analysis of open-ended responses from more than 900 CEOs, we found that these challenges fell broadly into four categories:

1. **Morale:** The most common theme shared by CEOs was maintaining and building morale with their leadership team and employees. It has been a highly stressful six months for everyone, personally and professionally. The next six months won't be any easier, which will challenge leaders to motivate a workforce with diverse needs. Priorities for leaders include keeping employees focused and positive, avoiding executive and employee burnout and inspiring the organisation for the hard climb.

2. **Back to work / work from home:** The pandemic has changed the workplace forever. CEOs are challenged to redesign the workplace with physical health and safety as a priority for the workplace, one that also creates the feeling of safety for those employees returning to that workplace. Compound that with the broad acceptance of remote working as a proven option, which forces leaders to adapt their culture and communications to incorporate remote workers, engage in hybrid meetings and accept that work-from-home is a permanent fixture in the new reality.

3. **Growth:** Leaders are challenged to crank the growth engine back on from a cold start. For most businesses, revenue is down at some level since customers have stopped or postponed non-essential purchases during the pandemic. Creating new demand, reengaging with customers and rebuilding opportunity pipelines are all prerequisites to rebuilding business volume. Quickly adjusting to changed customer behaviours and shaping messages that connect to their new reality will accelerate the return to the growth curve.

4. **Uncertainty:** Undercutting everything is the uncertainty leaders feel and face in every direction. There has never been a business scenario like this, except in classrooms. Uncertainty about the length of the pandemic, the direction of the economy and the unknown impact to markets are just some of the uncertainties that leaders are facing. Forecasting has become a black art once again as pre-COVID financial models have lost relevance. The absence of data or clear direction will force leaders to rely on their instincts and judgment to make the best decisions and adapt quickly.

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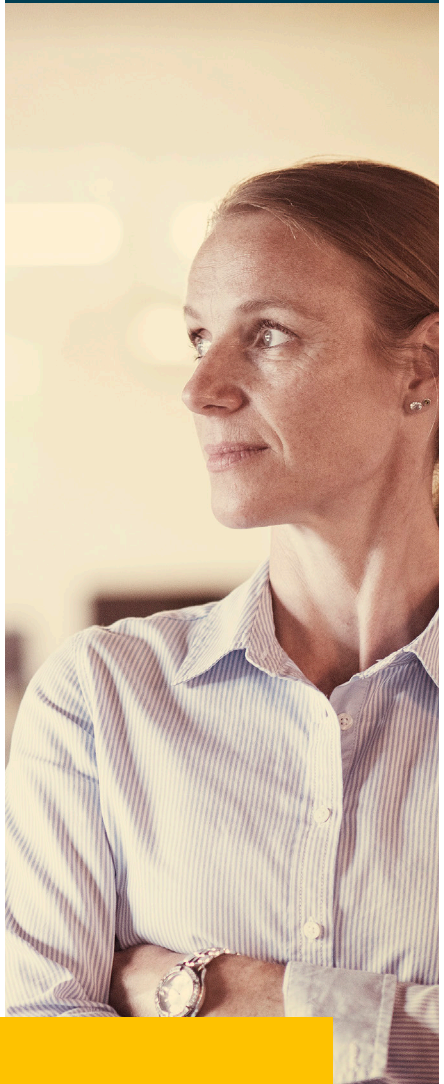


Part 7 | **Final thoughts:** The economic fork in the road

It’s been famously said that when you come to a fork in the road, you should take it. The economy seems to be at that proverbial fork in the road and unsure of which path it will choose.

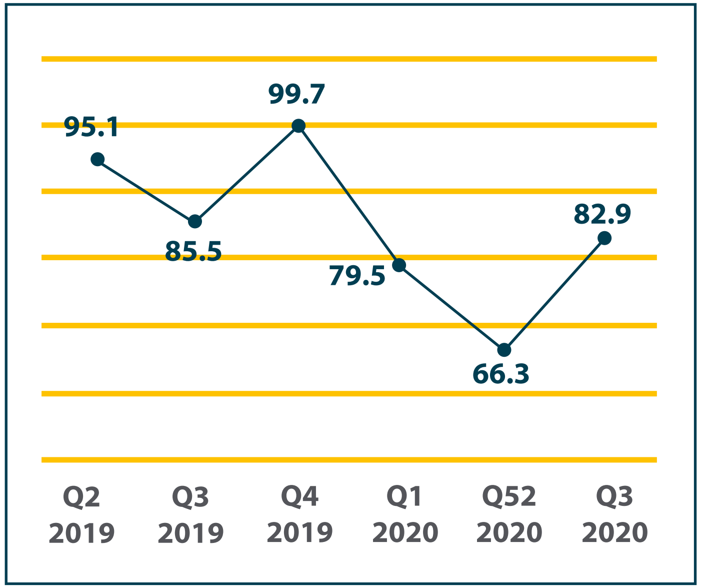
One direction shows a sharply improving economy with a V-shaped recovery — the result of high compliance with social distancing, rapid advances in testing and a fast-tracked vaccine. The other path shows a long, slow, multi-year recovery — made worse by a second wave this winter exacerbated by the flu season. In this scenario, unemployment slowly recovers, and many jobs don’t return. Consumer spending remains sluggish even before big company layoffs begin, with businesses Corona-sizing in anticipation of a long, slow climb to recovery. Advanced economies across the globe paint a similar, unpleasant picture.

The reality is somewhere in between. Unfortunately, the crystal ball remains mostly cloudy. Data from the September 2020 Vistage CEO Confidence Index survey however found improving optimism for the UK and IRL economy as compared to the prior three months. When asked about the timing of economic recovery, 42% of CEOs expect the economy to worsen in the year ahead, a 10 point improvement from 52% last quarter,* suggesting Q1 or Q2 of 2021 will begin a year of economic recovery.

The other factors that contributed to the rebound from last quarter include improvements in:

- Revenue expectations with 54% expecting them to increase in the next 12 months
- Profitability expectations with 48% expecting improvement and 28% remaining the same
- Number of employees, where 41% expect an increase and 39% remain the same

Vistage Confidence Index



Source: Q3 2020 Vistage CEO Confidence Index, n=145

These findings represent data collected between September 14 - 21, 2020 from CEOs and other leaders of SME in the UK & IRL.

However, there are a couple of caveats to the optimism. The concern over a second wave of COVID where 51% said they would see a loss of revenue, 13% would result in job losses and 6% would see complete closure.

Brexit also figured in their concerns with 55% saying the uncertainty was impacting their business.

Given the uncertainty confronting SMEs, next moves should be based on current performance:

- For the 31% of SMEs that have revenue equal to or greater than before the pandemic, it's time to press that advantage and capitalise on available talent to upgrade their team. These businesses should continue to work with customers and look to acquire competitive accounts from weakened competitors.
- For the 41%* of SMEs suffering revenue declines less than 25%, it's time for caution. Defending employees and customers from predatory competitors is critical to survival over the long and immediate term.
- The 27% of SMEs that have seen revenue fall over 25% are in survival mode. Keeping their most critical people and most loyal accounts must consume all of their attention.

For everyone, this is a time for financial discipline. The longer this pandemic continues, the deeper the economic damage will be for all organisations. Long-term unemployment takes millions of consumers out of action and raises fear among others. While an economic recovery will hopefully begin in earnest in 2021, it is likely to be long and slow, leading to a new reality that will demand change from everyone.

What we've learned so far is CEOs that have maintained a tight rein on their finances when times were good have been best positioned to ride out the storm. We've also learned that organisations that have invested in technology and advanced further on digital transformation have thrived. Plan for the worst and hope for the best seems like the best strategy until the economy chooses its path.

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As Chief Research Officer for Vistage, the world's leading executive coaching organisation for small and midsize businesses, Joe Galvin is responsible for providing Vistage members with current, compelling and actionable thought leadership on the top issues, topics and decisions of small and midsize business CEOs.

Matt Garrett | Founder and CEO of TGG Accounting

Matt Garrett is the Founder and CEO of TGG Accounting. For over 20 years he has focused his career on the development of small business, personal finance and advanced tax and compensation issues. As a serial entrepreneur, Garrett has founded and sold a number of businesses. Calling on his own experience as a business owner and his desire to reduce the business failure rate, he founded TGG Accounting in 2006 to provide small to medium size businesses the vital financial infrastructure they need to succeed.

Joel Greenwald, Esq. | Managing Partner, Greenwald Doherty LLP

Joel Greenwald is the Founder and Managing Partner of Greenwald Doherty LLP, a national management-side employment law firm. Greenwald has years of experience litigating before arbitrators, mediators, and federal and state courts. He has also conducted many in-house, interactive training seminars concerning a variety of legal issues relating to the workplace. Greenwald is also an international speaker, lecturing frequently before a variety of business groups and industry organisations on a wide range of employment law topics. Greenwald is a graduate of Duke University School of Law, and earned his B.A. at Johns Hopkins University. He also studied at the London School of Economics.

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Dave Mattson | CEO, Sandler Training

As CEO and President of Sandler Training, Dave Mattson oversees the corporate direction and strategy for the company's global operations including sales, marketing, consulting, alliances and support. His key areas of focus are sales leadership, strategy and client satisfaction. Under his leadership, the company has also been recognised four times in the Top 20 Sales Training Companies by TrainingIndustry.com, and nine times by Entrepreneur magazine's "Franchise 500" as the number-one sales training company in the United States. Mattson is also a best-selling author, sales and management thought leader, keynote speaker and leader for sales training seminars around the world.

Anne Petrik | Sr. Director of Research, Vistage Worldwide

As Sr. Director of Research, Anne Petrik leads the design, deployment and analysis of CEO surveys for Vistage, capturing the sentiment and practices of the Vistage CEO community. Using her analysis, in collaboration with perspectives from experts and partners, Petrik directs the thought leadership published by Vistage research to provide small and midsize business CEOs with insights that inform on how to optimise their businesses and enhance their leadership.

Kathleen Quinn Votaw | Author, Solve the People Puzzle and CEO, TalenTrust

An engaging and authoritative speaker on culture, talent, and human capital strategy, Kathleen Quinn Votaw offers invaluable advice to executives on how to find and keep their most valuable asset — their people. With 30 years of professional experience, including 10+ years as a Vistage member and 15+ years as a CEO, Quinn Votaw is CEO of TalenTrust, a recruiting and consulting firm that is revolutionising how companies across the U.S. recruit, retain and engage employees. Her insights are shared through her book, "Solve the People Puzzle," and related talks offering expert advice on how to create a strong company culture, attract employees who fit within that culture, and keep those employees for the long-term.

Survey results

Each quarter the Vistage CEO Confidence Index gathers data from top-performing CEOs and other key executives of small and medium sized organisations on their sentiment regarding the economy, prospects for their business and expansion plans.

About Vistage

Vistage is an organisation designed exclusively for high-integrity CEOs and executive leaders who are looking to drive better decisions and better results for their companies. Our members — 25,000 strong in more than 20 countries — gather in trusted, confidential peer advisory groups where they tackle their toughest challenges and biggest opportunities. CEOs who joined Vistage in the past five years grew their companies 2.2 times faster than average small and medium sized companies, according to a 2017 analysis of Dun & Bradstreet data.

Learn more at **vistage.co.uk**

About our research

Statistics based on 145 UK and Irish respondents, all leaders of SME organisations.

Vistage Research curates subject matter from the Vistage community and collaborates with top thought leaders to create unique content. Vistage Research provides the data and expert perspectives to help SME business leaders make better decisions.

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