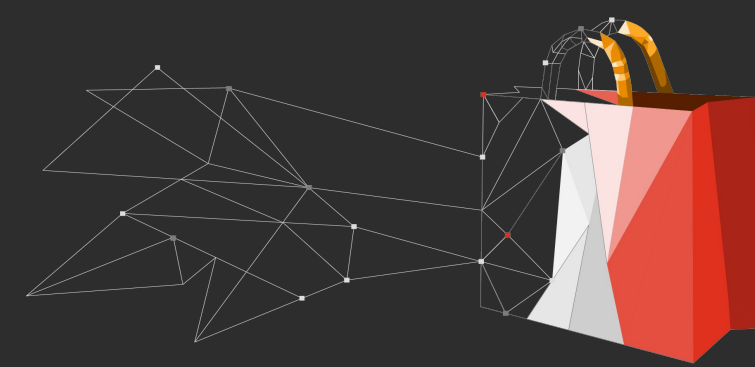


Retail in a 1.5-meter society: Stay financially healthy & in control



The volatility caused by the COVID-19 crisis will lead to lasting shifts in the industry, forcing retailers to anticipate market demands more closely than ever. In these challenging times, retail CFOs have to co-lead the business by keeping a strong focus on cash flow management, amending business plans and budgets, and providing concrete business insights to stay the course towards financial health. In the fourth article of this series, we will discuss our view on the key focus areas for CFOs and the wider finance community in Retail.

With the first signs of recovery in sight, it is crucial for CFOs to act and lead on various fronts to contribute to a strong business performance. We identified five relevant topics to focus on in the coming period.

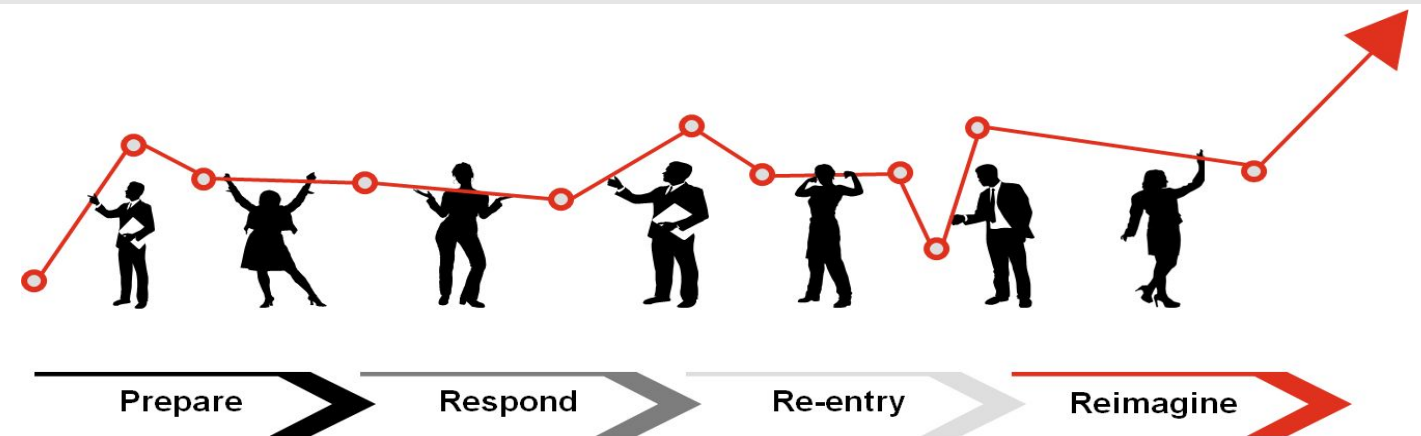


Keep a strong focus on liquidity and cash management

As the global COVID-19 response evolves, organizations are experiencing significant operational, financial and liquidity challenges. Managing cash pressures due to these coronavirus disruptions is crucial to ride out the crisis.

1. **Awareness of cash position**, along with the liquidity position, will be a starting point for identifying opportunities to protect and improve the organization's position
2. Next, it is important to establish a robust **short-term cash flow forecast**, perform sensitivity analysis and model multiple scenarios. This gives confidence to make the necessary decisions and shape communications about the response strategy.
3. Once the cash position is clear, leadership and management teams should determine the direction to:
 - a. ensure the cash position remains under control / improves. If needed, they can start with or maintain rapid cash conservation measures such as project rationalizations or bonus freezes.
 - b. improve business performance: it's crucial to make adjusted business plans. Are there activities that should be started/stopped/continued? The CFO must be part of these conversations and serve as the linking pin between cash management, financial forecast, and business performance.
4. Lastly, identifying, engaging and managing internal and external stakeholders and their expectations need proper attention, mainly to minimise or mitigate cash flow impact.

More information about liquidity, finance and state aid can be found [here](#).



Set the right business plans and priorities

The first priority for the CFO and the finance function is to start a revision of the plans and budgets as soon as possible. **Make sure to align spending and business activities to the priorities and direction set by leadership.** Depending on your company's financial position, your decisions as a CFO may range from cutting all unnecessary spending to using the momentum of the crisis to finally make those changes you always ambioned to make.

The COVID-19 crisis could be an accelerator to get things done for those companies who are not in immediate failure. You could use the momentum, for instance, to:

- revise your budgeting/planning cycle, using this opportunity to cut any unwanted spending
- create better insights for management to steer the business
- go through a project portfolio rationalization, and leverage this time to refocus.

Broader topics that can be tackled to come out of this crisis ahead, and can be led by the CFO, are:

- finance / digital transformation programmes
- upskilling your people to meet the workforce of the future requirements.

Do you want to know more about the impact of the coronavirus crisis and the role of the CFO in this? Read [this article](#).

Financial vitality and adequate insights are crucial



Revise plans and budgets

As the first signs of the COVID-19 crisis started to appear on the horizons of your company, senior leadership probably put in place a clear direction or recovery plan to get through it or, for the lucky few, to make the most of it.

As a CFO, you can take charge of the strategic direction by setting top-down targets for budgets in line with the changing expectations regarding business results. Then you can allocate those budgets to prioritized business activities, which in turn support the updated business plans to keep the company relevant and afloat.



Create accurate insight in business performance

In the turmoil caused by the COVID-19 crisis, the need for high-quality insights to steer the organization is more evident than ever. Many retailers are still struggling to leverage their data and produce forward-looking insights. We see three key questions that can guide you on where to start to improve this.

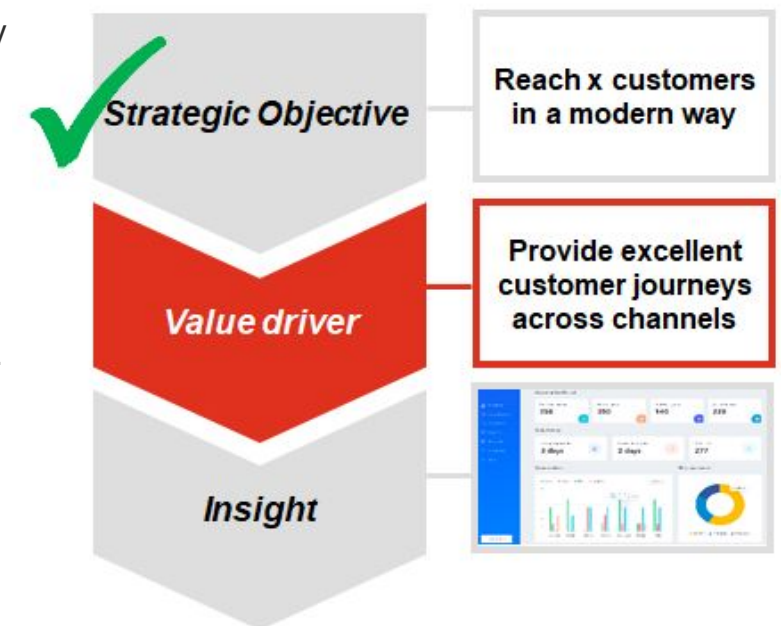
❑ Key question 1: Is the organization's strategy still relevant?

The COVID-19 crisis and its countermeasures will leave a deep and lasting impact on our economic reality. Strategies should be quickly but critically re-assessed as the strategic objectives are the starting point for determining the required insights.

❑ Key question 2: Is the organization focused on the right drivers?

After the initial sanity check, it is key to know to what extent the translation from strategy to value drivers (the things the organization should excel at to realize strategic objectives) is still guiding the organization towards the realization of the objectives, and adjust where necessary.

The goals might be the same but the key value drivers may not. If for example the COVID-19 crisis puts heavier focus on streamlined omnichannel operations, inclusion or further prioritization of this value driver is needed followed by definition of a balanced set of steering metrics to track omnichannel operations.



❑ Key question 3: Are the right insights available to steer the organization?

Once value drivers are in line with the strategy, it is key to have constant attention for those metrics/KPIs that are indispensable to know whether the organization is doing the right things and on track towards strategy realization.

Are you curious to know if your steering model is still set up correctly? Check out [these](#) nine critical questions to examine this.

Keen to uncover opportunities in this crisis? We invite you to stick around in the coming weeks as our subject matter specialists do a deep-dive into each theme.

Get in touch with the authors of this article.



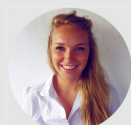
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Looking to (re)evaluate your strategy?



Future of Retail Game
Scenario-based gaming experience to simulate responses to COVID-19 challenges.



Retail future readiness scan
Low touch capability assessment to evaluate your maturity within the retail value chain.