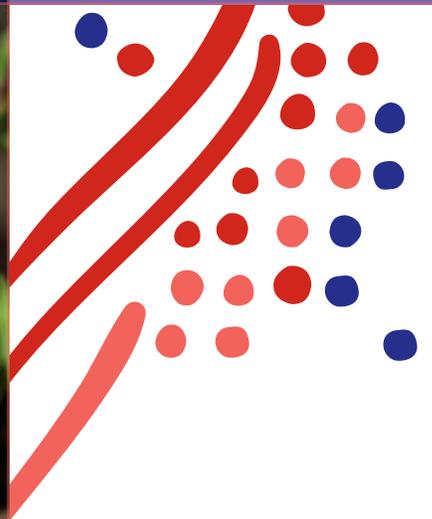


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## Three imperatives from Deloitte for finance professionals to consider with real-world examples from ADP clients.

It's no secret that current economic hardships are impacting even the savviest of companies. There's no doubt that positive thinking is an asset, but you may also want to consider a proactive strategy. Deloitte's recent issue of [CFO Insights](#) offers distinct, practical advice to help you move your business forward — even as the winds of the economy may feel as if they are blowing against you.

These three imperatives, offered by Deloitte, are worth considering:

1. **Drive operational improvements**
2. **Manage risks**
3. **Plan for recovery**

Let's take a more focused look at each of these strategies as outlined in CFO Insights.

## Drive operational improvements

This imperative suggests that you evaluate your company's operation and determine what needs to change during this challenging time — while capitalizing on emerging opportunities.

It sounds simple, but it means taking a different approach to modeling. Here are some suggestions:

### Plan via "scenarios"

Since typical models may no longer apply, you should plan for various scenarios. In other words, give yourself options. Determine how you will use your capital and position your company for a successful return. Be wary of reductions that could compromise your competitive standing.

### Reduce costs

In the current economy, bankruptcy, restructuring and liquidation can loom large. Consider disposing of assets and restructuring your expenses to maintain value. One company, Mechanical Systems Company, LLC, needed additional support and compliance resources as the company was growing in headcount. Partnering with ADP has helped the client avoid thousands of dollars in compliance fines they would have received if they had attempted to manage those processes on their own.

### Diversify suppliers

COVID-19 has disrupted global supply chains, but options remain. This is a great time to diversify your sources and secure critical contracts. If you can negotiate a reduced price, even better. Consider purchasing a long-term contract to lock in savings if possible and ensure your supplier is a reliable resource for the long term.

### Evaluate pricing

Opportunities can be found in all economic climates. Now might be a good time to develop a new pricing strategy. According to CFO Insights, a 1% price increase can yield a 10% increase in operating profit. But be judicious. Customers are more resistant to price increases when times are tight.

### Rethink your portfolio

Determine which assets you need to keep, and which ones you can cut. Is it time for a strategic acquisition? If so, go for it.





## Manage risks

While reimagining your business, consider that risks change during times of uncertainty.

### Avoid overwhelming your staff

During economic downturns, layoffs and cost cuts are virtually unavoidable — and as staff is stretched, cases of fraud can increase. To avoid overloading its staff, one company, 26 Health, deployed an HCM outsourcing solution to take the pressure off the CEO and allowed the organization to focus on its employees. This eased [employee stress](#), and presumably, lowered any associated risks.

### Expect supplier and customer failures

Supplies are likely affected. Receivables may lag. This is the time to be more vigilant — diversify your suppliers, and closely monitor customer payments. Keep your business flowing now and you'll be positioned for growth when the economy recovers.

### Be aware of your security

If you're like most companies, the onset of COVID-19 has forced you to consider migrating to a virtual workforce. But be aware: such a move opens your IT systems to external access — and that could increase the risk of cyberattacks. If you plan to shift to a remote workspace, be vigilant and [invest in cybersecurity](#).

## Plan for recovery

Nobody can predict when the economy will return to prior levels, but you should plan different recovery models.

### Fill critical talent needs

Economic downturns are an opportune time to prepare for increased hiring demands for critical talent. Start by rethinking your organizational structure — and your hiring strategy. [Using data and metrics](#) to guide your recruitment strategies, you may even be able to lower your cost per hire and recruitment spend. Experienced recruiters can address each open role, one by one, securing the best talent at the optimal rates.

### Innovate!

Studies show that in previous downturns, those that fared best continued to innovate. Now may be a good time to retool your manufacturing plant, broaden (or streamline) your capabilities, offer ancillary services or introduce new products. The bottom line? Approach this economic setback as a fresh challenge — and envision what your business can do to meet it.

### Transform digitally

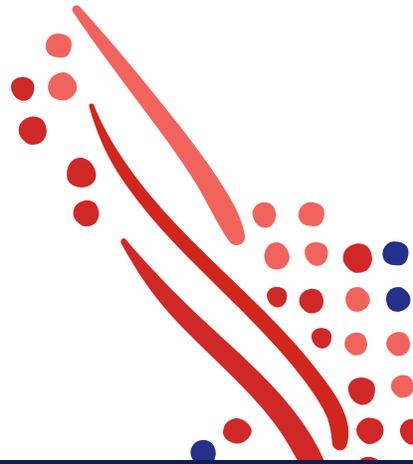
Many industries were migrating to a remote, work-from-home model before COVID-19 — and we now know that it can be done successfully. While the need for physical office space won't disappear altogether, research from [PwC's Remote Work Survey](#) indicates that most employees prefer to keep working remotely at least two days per week. If the model is working for your business, you may want to consider continuing it. It may help you cut costs, improve morale and boost productivity.



## Create resilient supply chains

The global health event has greatly impacted domestic and global supply chains. Think about reconfiguring your chain to an onshoring, or “nearshoring” model. Also consider greater automation and additional manufacturing. While it’s natural to want to cut costs during a slowdown, these moves may position you for accelerated growth during the recovery.

The time to address these imperatives is now. Prepare for various scenarios and remain flexible. Consider what assets are critical and shape your portfolio around them. And seek experienced business partners — from suppliers to HR experts — that will help you ensure business continuity and control operational costs during this unprecedented time.



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