



## The Virus From Outer Space<sup>1</sup>

### *Build Back Better*

Roland Menser loved his job as a Senior Consultant in a small consulting firm Lim & Poincare in Singapore, having been hired away from a technology company. His career began at a large international bank. After his MBA, he changed jobs every 2 to 3 years, holding progressively higher responsibilities in Finance and Operations in a hospitality company, then in luxury goods, and most recently, in a chip design company as CFO.

Through his experience, Roland had acquired an in depth understanding of the value drivers of various industries, which attracted the attention of the Managing Partner, Camilla Punj, at Lim & Poincare. Camilla was convinced that Roland would bring creative solutions to client issues, drawing on his exposure to different businesses.

The consulting firm had a matrix management, with business organized into “Practices” which provided dedicated expertise by industry, supported by a pool of “Experts” who could be shared across Practices. A Project Manager in a Practice would form a multi-competence team drawn from within, and sometimes from outside the firm, to work on consulting projects.

This organization brought together a broad set of skills to address specific client challenges.

When he joined the firm, Roland was quickly integrated into a roster of Practices as Senior Consultant. His most important client was GoodLife, a large insurance company. Their consulting project mandate was to increase customer satisfaction, with specific focus on faster payout of claims, better communication of policies, and greater availability of service through digital and telephone platforms.

### **Business Unusual**

In first few weeks of 2020, however, most of Lim & Poincare’s clients had reduced or postponed projects due to the rapid spread of an unknown virus in several cities. Country after country announced business closures for sanitation reasons as thousands of infected patients crowded hospital emergency wards with serious symptoms.

Intensive efforts of the World Health Organization and national researchers identified the virus as a novel coronavirus and dubbed it Covid-19. China, where the largest outbreak occurred, imposed a radical travel ban on its citizens and a strict lockdown. As the spread of the virus slowly came under control there, the illness began to appear in other countries, where many governments were slower to react, leading to uncontrolled growth of cases. It was difficult for people to continue with their daily lives. Governments imposed varying degrees of restriction of movement to slow the spread of the illness, often after health care facilities were already overwhelmed by the exploding number of cases. Those not yet afflicted shunned public places including offices, shops, mass transport, restaurants and other gathering points to avoid contagion.

The health, economic and social havoc that ensued created significant disruption for Lim & Poincare’s clients, regardless of their business. Few were prepared for dealing with a disaster situation of any kind, and struggled to continue business operations.

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<sup>1</sup> This case has been written by Maggie Gorse to illustrate business continuity in a crisis. The situations are based on research and experience with many companies, people and countries. All entities cited in the case are fictional, drawn from an amalgamation of real events or institutions. This case is intended to be used as the basis for discussion and is neither a critique nor an endorsement of certain business practices. © Verlion 2020



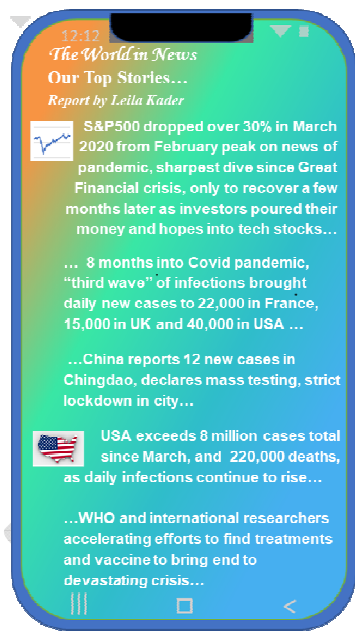
As Roland Menser read the news day after day, he realized he had never experienced such a crisis before – the speed and impact of disruption was a shock. In fact, many older colleagues and friends described it as the most dramatic crisis of their careers.

In light of the situation, GoodLife asked the Lim & Poincare team to suspend their current consulting projects and shift to developing and implementing an emergency plan to re-launch core operations during the on-going pandemic. Health experts predicted the impact of the virus would be prolonged, and GoodLife had to react immediately to survive financially.

### A Cascade of Claims

Martin Henry, Regional Vice President of GoodLife, was the main contact for this new project mandate, while Roland was the Lead of the Consulting team. Martin provided access to top management in key functions, so that Roland's team could start necessary research. The Region under Martin's responsibility encompassed 5 countries, 98 main branches and 5,300 employees.

The team discovered that as the months went by GoodLife was hit by a massive increase in claims due to the consequences of the virus. Unfortunately, a single case of infection or client situation could sometimes result in an alarming cascade of claims.



As an example, Gabe Esperanza was a typical case of small business problems. He ran a trendy restaurant with his wife. When the crisis hit, through sheer persistence he managed to meet an agent at a GoodLife branch, open for just a few hours per week.

His small business had an insurance policy for "temporary loss of revenue", and he wanted the policy to cover part of his current losses. Revenue at the restaurant had dropped 60% and 85% respectively, in the last 2 months. This was in part due to consumer fear, and in part due to severe supply chain disturbances resulting in food delivery shortages. All forms of transportation were disrupted to avoid virus transmission.

He also wanted health coverage for his wife, who had been hospitalized for two weeks with the virus, so could not work. In addition, he asked about permanent disability payouts, as the doctor warned the prognosis for his wife was uncertain.

Even if food supply was expected, restaurant business could not be distancing regulations. That left fixed costs and the loans he had. He was running at a loss, had already fully drawn down the money for double the credit limit, he feared he would still be forced to use his operations for the next 2 to 3 months.

He hoped to resume in a few weeks under new health regulations, his restaurant would be profitable if seating stayed at 50% or less to meet social distancing. His revenue would not cover the cost of staff, food inventories, and rent. He had used up the small financial reserves of the company, and exhausted his existing bank line of credit. While he applied to the bank for a loan, their response would come too late. Even if he got approval, it would be at most a temporary lifeline.