



**BDO EUROPEAN SURVEY
COMBATTING THE CRISIS
WITH BUSINESS RESILIENCE:**

How European business leaders are
responding to the implications of the
global pandemic

FOREWORD



Trond-Morten Lindberg
CEO EMEA

CONTEXT

This is BDO's second 2020 European survey: [Ensuring a leadership position in 2025](#) was published before the COVID-19 crisis broke globally. Then, European business leaders told us they planned to pursue aggressive growth, driven by investments in technology, talent and product innovation – but now their priorities have noticeably shifted. Growth is not completely off the agenda, but a new reality means that business resilience is key and organisations are now rethinking their operating models.



The world will change because of COVID-19. Businesses need to imagine a new reality as early as possible - and rethink how they will be positioned in it. At BDO, we are helping our clients to do just that, supported by our global Rethink framework. This 3-stage model encourages a broad rethink around original business models and commercial assumptions. It can be used to manage business priorities, address issues and leverage thinking – and it acts as an extra dimension for strategic level consideration and discussion, regardless of where in the cycle an organisation sits, or the measures already taken.

With such unprecedented change occurring in a very short space of time, BDO set out to reengage with European business leaders to understand how their views have changed. Our research explores the practical changes businesses plan to make in the short-term, so they can survive now and go on to succeed in the long-term, once the public health crisis subsides.

DARE TO BE BOLD

What I find most encouraging about our survey results is that, despite the undeniably widespread and severe impact of the crisis, the overall picture is not relentlessly bleak. In this Report, the bold decisions that many businesses took at the onset of the crisis are characterised as making temporary redundancies, reducing salaries and so on, as a reaction to the crisis. But to me, there is a positive side to taking bold decisions in terms of investing in talent and innovation, improving or adapting existing products and services and rethinking and rebuilding one's supply chains. If we look at Figure 5 (see p 11) I think we should be encouraging the bold decisions that result in adopting new technologies, improving efficiency, acquiring a new business or expanding partnerships.

This shows that it is the boldest leaders that will survive and succeed as we emerge from the crisis and going forward. They are the businesses that are uncovering the positives from their initial reactions, that are further developing their resilience and that are going on to realise what they need to do to meet the demands from both the markets and our future leaders. And remember: all the vital questions that should be being discussed and considered are not necessarily going to be raised by the C-suite. We must all take steps to be involved and to engage with our younger generations, as it is they who will ensure that the right issues are being dealt with.

It is this forward-looking approach, as organisations move on from their initial reactions and turn their attention to the challenges and opportunities ahead, that prompted us to identify a checklist of ten areas that an organisation's leadership should rethink today to build business resilience for the future. Based on our survey responses and on how BDO's expertise has been assisting businesses at this unprecedented time, the checklist can be found on pages 19 & 20 of this Report.

SHIFTING PRIORITIES

In our first European survey this year, **talent** was highlighted as one of business leaders' three priority areas of investment, along with **adopting new technologies** and **improving existing products and services**. Today's research has seen an about-turn in how leaders are prioritising talent: it still has significant importance but comes third after the top priority cited by 21% of respondents of reducing overhead & other business costs, followed by adopting new digital solutions. See Figure 6 on p 12.

There is no doubt that the financial burden of the COVID-19 crisis is enormous, across all geographies, and it is interesting to what extent the short-term response of many businesses has been underwritten by government intervention. Even more interesting is what might happen next: how businesses will manage the important transition from a government-funded business environment to one that is self- or even externally funded. A recent survey conducted in the UK reveals that medium-sized businesses currently estimate that their cash balance will last for six months: coinciding with when the government will withdraw their stimulus.

What I am particularly pleased to see is that priorities around **sustainability** have not changed: it remains an important consideration for nearly 75% of our respondents - which is little short of amazing, given what's been happening (see Figure 8 on p 14). I hope this means climate change issues will still be high on business and government agendas, as the depletion of our natural resources continues to escalate and economic growth in the short term is decidedly not assured.

At BDO, we see the pandemic playing out across three main phases. First, businesses had to react to ensure their short-term survival. Now, operational changes are needed to build resilience over the months ahead – and at the same time, a fundamental rethink of strategy is required to realise long-term growth ambitions. At this time of challenge and uncertainty, I trust that this Report provides practical insights about how European entities are building business resilience to mitigate the impact of the pandemic and secure a brighter future for their businesses.

THE RESEARCH:



244

business
leaders

We undertook research among 244 business leaders across 8 European markets: Belgium, Denmark, France, Germany, Italy, Norway, Spain and the United Kingdom. We wanted to find out what immediate steps business leaders had taken to react to the global pandemic. More importantly, to examine how their strategic aspirations and operational priorities have changed since our last survey, 6 months ago.



8

European
countries

Our research reveals that, since BDO published its first European survey in February 2020, the COVID-19 pandemic has turned the business world upside down. But, while 39% of our respondents have faced significant loss of revenue and seen their finances put under severe strain, not every business has suffered to the same extent: 20% have experienced limited disruption and have been able to continue business as usual.

KEY FINDINGS



The impact of COVID-19 has been very tough - but not universally so

Nearly four in ten (39%) of the European businesses we spoke to describe the impact of the pandemic as 'severe' or 'major', with 30% having to cut staff or wages to survive. Without government support, one in five organisations (20%) say they would have gone out of business. An encouraging 20% say the impact for their organisation has been limited



Business leaders anticipate a challenging macroeconomic climate ahead

More than half (55%) believe that the economic outlook for Europe will worsen over the next six months, with only a quarter (25%) believing that the financial performance of their company will improve throughout the remainder of the year



Growth aspirations are being rebalanced, with a move to resilience and cost reduction

Although 20% of those surveyed describe themselves as continuing to pursue aggressive growth, business sentiment has markedly altered. When asked about their top business priority for the next six months, 21% of European business leaders highlight reducing overheads and cutting business costs – compared to just six months ago, when the top business priority was attracting and retaining high quality talent



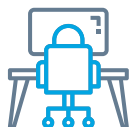
The pandemic has exposed supply chain vulnerabilities

45% of those surveyed say that COVID-19 has highlighted weaknesses in their supply chain. More than a third (36%) say at least one of their key suppliers has ceased trading during this time. As a result, a majority of these businesses (59%) say they will take actions to diversify their supply chain as they emerge from the crisis



Executives are targeting significant changes to their business models

The crisis has prompted a fundamental rethink of business models, with 44% planning to make changes in response to the crisis. 9% say they are planning a radical alteration of their business model; digitisation and rethinking customer experience rank as top priorities where respondents seek to realise change



New ways of working will undoubtedly stay for the long-term

Business have adapted quickly to agile and homeworking. More than half (56%) say increased levels of homeworking will remain after the public health risks subside.



REACTING TO THE UNEXPECTED: ASSESSING THE SHORT-TERM IMPACT OF COVID-19

When BDO's previous report - *Ensuring a leadership position in 2025* - was published in early February 2020, the number of confirmed cases of the COVID-19 virus in most European countries were minimal: it was not seen as a crisis. Within a matter of weeks much of Europe had entered full lockdown, resulting in many businesses suspending operations and fighting for their short-term survival.

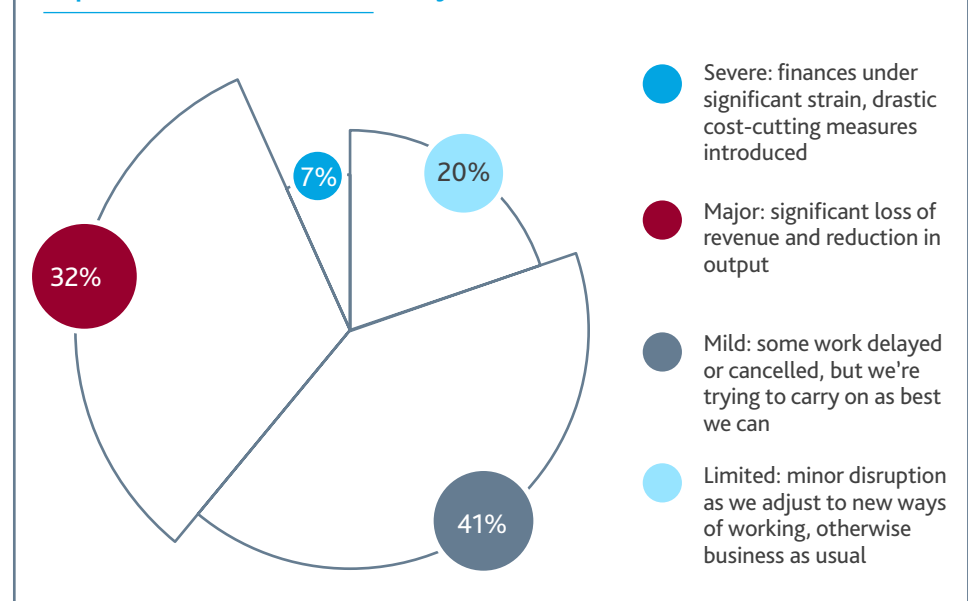
The impact of previous economic crises, such as the global financial crash of 2008 and 2009, has been typically elongated over a period of several months - but the effects of COVID-19 were felt within days. This may be due to the fact that we're dealing primarily with a health crisis, unprecedented until now - which is why leaders have been required to make rapid decisions.

Among the 244 European business leaders in our survey, nearly four in ten (39%) say the immediate impact of COVID-19 has been major or severe for their business. They have faced significant loss of revenue and their finances have been placed under strain.

However, not every business has suffered to the same extent. One in five (20%) say they have only experienced limited disruption and have been able to continue business as usual, with minimal adjustments. See [Figure 1](#)

Our survey results show a close relationship between the number of confirmed cases of COVID-19 in a country and the severity of the impact described by business leaders. In countries where cases have been higher, such as France and Spain, the proportion describing the business impact of the pandemic as 'severe' or 'major' is also higher (54% in France, 48% in Spain). Conversely, in countries where reported COVID-19 cases have been lower, for example Denmark and Germany, business leaders assess the impact more favourably.

Figure 1: Which one of these statements best describes the impact of the COVID-19 crisis on your business?



Reacting to the unexpected

39% say the immediate impact of COVID-19 has been major or severe for their business. They have faced significant loss of revenue and their finances have been placed under strain

SWIFT REACTIONS TO LIMIT ECONOMIC DAMAGE

Given the severity of the immediate impact of COVID-19, business leaders have had to make a series of tough decisions to limit economic damage. In this first phase of the crisis, a majority of our survey respondents (77%) have reacted by switching to homeworking. The other bold decisions they took include: 30% making temporary redundancies or reducing salaries, 28% renegotiating contracts with suppliers and 21% suspending their business operations temporarily. See Figure 2



Bold decisions

30% making temporary redundancies or reducing salaries, 28% renegotiating contracts with suppliers and 21% suspending their business operations temporarily

The businesses hardest hit by COVID-19 are the ones more likely to have resorted to these short-term measures. For example, among the respondents who describe the impact as 'severe' or 'major' for their business, 54% cut staff or salaries and 37% suspended business operations.

These swift reactions were vital to ensure both the health and wellbeing of employees and the financial health of the business.

Figure 2: Which of the following have you done in the immediate response to COVID-19?



30%
54%

We had to take bold decisions, such as temporary unemployment, redundancies, reduced salaries



28%
41%

We renegotiated contracts with our suppliers



21%
37%

We suspended business operations temporarily



20%
31%

We renegotiated contracts with our customers



77%
77%

We switched to home working



19%
32%

We negotiated financing options with our bank



13%
0%

We did not experience any real impact

% All businesses

% Those facing 'severe' or 'major' impact

GOVERNMENT SUPPORT: AN ESSENTIAL LIFELINE AT A TIME OF CRISIS

The short-term response of many businesses has been underwritten by government intervention. Across many of the countries in our research, national governments have provided business loans and subsidised wages to avoid large scale unemployment and business insolvencies. Two thirds (65%) of the businesses surveyed say this support has been important to manage cashflow pressures. Among these, 20% describe government support as 'essential': without it they would have gone out of business.

With one in five businesses still trading thanks to government support, their financial position will likely remain precarious for some time. As government support packages are gradually wound down over the coming months, businesses will need to assess other sources of funding.

Our research suggests only one in five (19%) European businesses have had to explore financing options with their bank - but, once government support is withdrawn, this number may increase significantly.



Government support

65% of the businesses surveyed say this support has been important to manage cashflow pressures



Scenario planning

75% thought their business continuity plan either didn't anticipate many of the challenges they encountered or was only 'somewhat' helpful

LEARNING LESSONS: THE IMPORTANCE OF SCENARIO PLANNING IN CRISIS PREPAREDNESS

A crisis of the type and magnitude of COVID-19 is of course difficult to predict, but our research shows the businesses that feel they have weathered the COVID-19 crisis best so far are the ones that had spent more time on business continuity planning prior to the crisis. This meant they were better prepared to take corrective action quickly. They had also invested in technology and systems that would enable employees to switch to homeworking with minimal disruption.

Nonetheless, our research shows that a majority of businesses (75%) thought their business continuity plan either didn't anticipate many of the challenges they encountered or was only 'somewhat' helpful. Just 15% describe their business continuity plan as an indispensable tool at the outset of the COVID-19 crisis. One in ten businesses had no business continuity plan in place at all.

As businesses emerge from their initial reaction phase to the crisis, business continuity and scenario planning will become a vital tool for leaders to think through their steps towards building business resilience.

Business leaders need to ask themselves how their business will respond to a possible second wave of COVID-19 later in the year. They also need to assess how quickly they are able to adapt as lockdown restrictions ease – as well as how well-prepared they are to manage different public health regulations across multiple jurisdictions. Good business planning will consider all these questions and more, alongside the possible financial and operational impact of different scenarios on the business.

EMERGING FROM THE CRISIS: NAVIGATING A CHALLENGING MACRO-ECONOMIC PATH AHEAD

Navigating the challenging economic conditions ahead will require leaders to spend the coming months building greater financial and operational resilience in their business.

As organisations emerge from the immediate crisis, they are anticipating that the business environment will remain challenging in the short term. More than half (55%) think the business climate across Europe as a whole will worsen over the next six months, compared with just 20% who think things will improve.

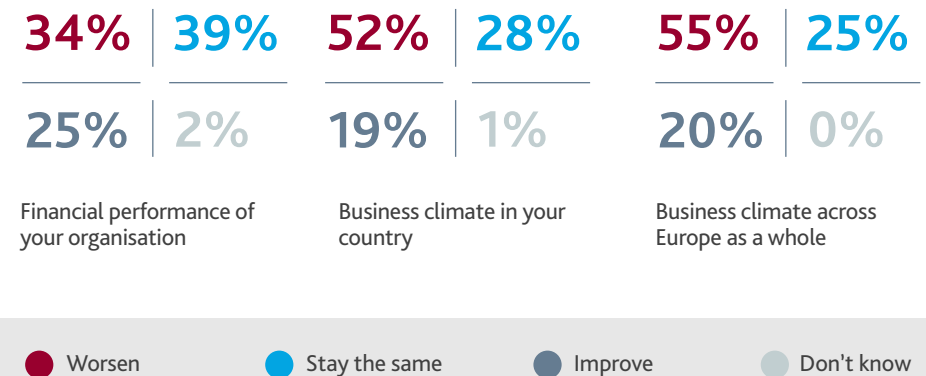
Similarly, a small majority (52%) think the economic situation in their country will worsen for the remainder of the year. Among the most pessimistic about the future are survey respondents from Spain (68% anticipate a worsening national picture), Germany (67%) and the United Kingdom (63%).

Only Norway bucks the trend, with 33% anticipating an improvement in economic conditions nationally, compared with 27% who believe things will worsen.

Our survey respondents are more optimistic about their own prospects – 25% say the financial performance of their company is likely to improve – but, compared with the macroeconomic landscape, the results suggest the economic cloud cast by COVID-19 will linger for some time to come. [See Figure 3](#)

Across each of the 3 metrics reported in Figure 3, sentiment has moved noticeably over the last six months. In our previous survey conducted at the end of 2019, 38% were optimistic that the outlook for their organisation would improve, compared with just 25% now. Six months ago, 10% thought their outlook would worsen: now that figure has risen to 34%.

Figure 3: Do you think the outlook for the following will worsen, stay the same or improve over the next six months?



Navigating challenges

52% think the economic situation in their country will worsen for the remainder of the year

SHIFTING PRIORITIES: FROM AGGRESSIVE GROWTH TO BUSINESS RESILIENCE

With a new COVID-19 operating reality comes new business priorities. When asked about their future strategic direction in light of COVID-19, a third of European business leaders (31%) say they have shifted their strategic ambition in response to the pandemic. They are now focused on financial resilience and stability rather than growth. See Figure 4

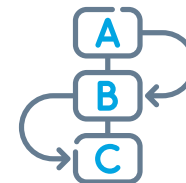
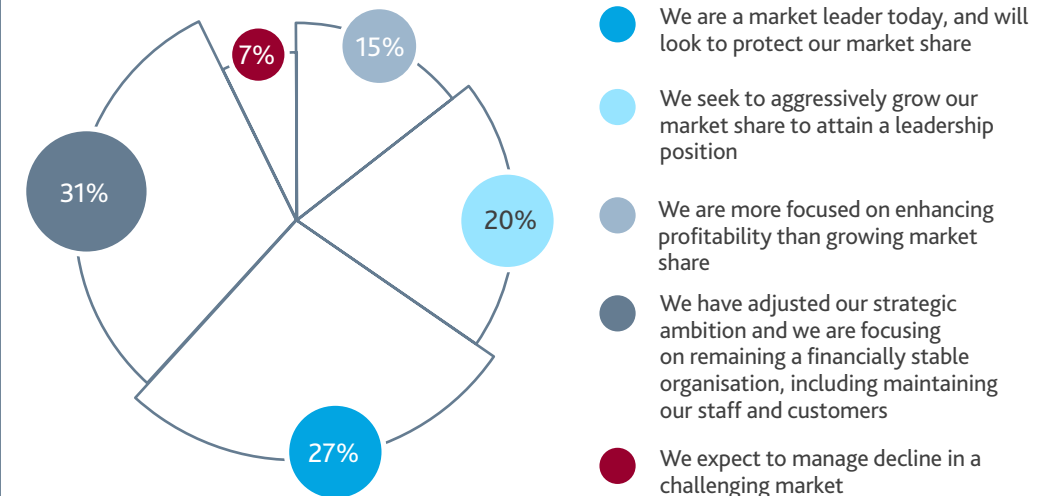
Although growth does remain an important priority for the leaders in our research, it is for a much smaller proportion of organisations compared with six months ago. Just 20% of respondents now say they are focused on aggressively growing their market share, compared with 35% at the end of 2019.

Yet COVID-19 need not minimise aspirations. As one UK-based manufacturing business told us, *"We have taken this time to increase the speed and focus of our research and development to get our product to market. We know that, if we can survive this, we can survive anything."*

The organisations that have been hardest hit by COVID-19 are set to make the biggest strategic adjustments for the future: 37% of those who describe the impact of COVID-19 as 'major' or 'severe' say they have adjusted their strategic ambition in light of the challenges their organisation faces.

Differences also emerge in our research between the approaches taken by different industry sectors. 48% of consumer businesses, for example, say that they have adjusted their strategic ambition, compared to just 21% of financial services businesses. Technology and telecoms businesses are most confident about their future prospects, with 36% seeking to aggressively grow market share.

Figure 4: Which of the following statements best describe your future strategic ambition?



Shifting priorities

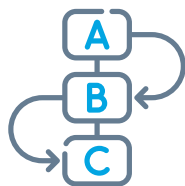
20% of respondents now say they are focused on aggressively growing their market share, compared with 35% at the end of 2019

CUTTING BUSINESS COSTS TO SURVIVE AND SUCCEED

As business leaders take this moment to rethink their strategic ambition for the next six months, our research also reveals a marked shift in priorities. When asked about what will be important for the months ahead, 92% say that reducing overheads and other business costs will help their future survival and success. 45% say this will be 'very important' to their future.

In our previous research among European business leaders, three priority areas of focus for achieving competitive advantage clearly emerged: attracting talent, investing in technology and a focus on product innovation.

Those priorities have not disappeared with the onset of COVID-19, although they have been joined by new areas of focus, suggesting that businesses are tempering their growth aspirations with the need to remain agile. Improving productivity and management processes, for example, is cited by 93% as important. It's extremely significant that adapting or improving existing products and services is now seen as more important than launching new ones (93% vs. 75%). See figure 5



Shifting priorities

Adapting or improving existing products and services is now seen as more important than launching new ones **93% vs. 75%**

Figure 5: How important will each of the following factors be in order to survive and succeed in your market over the next six months?

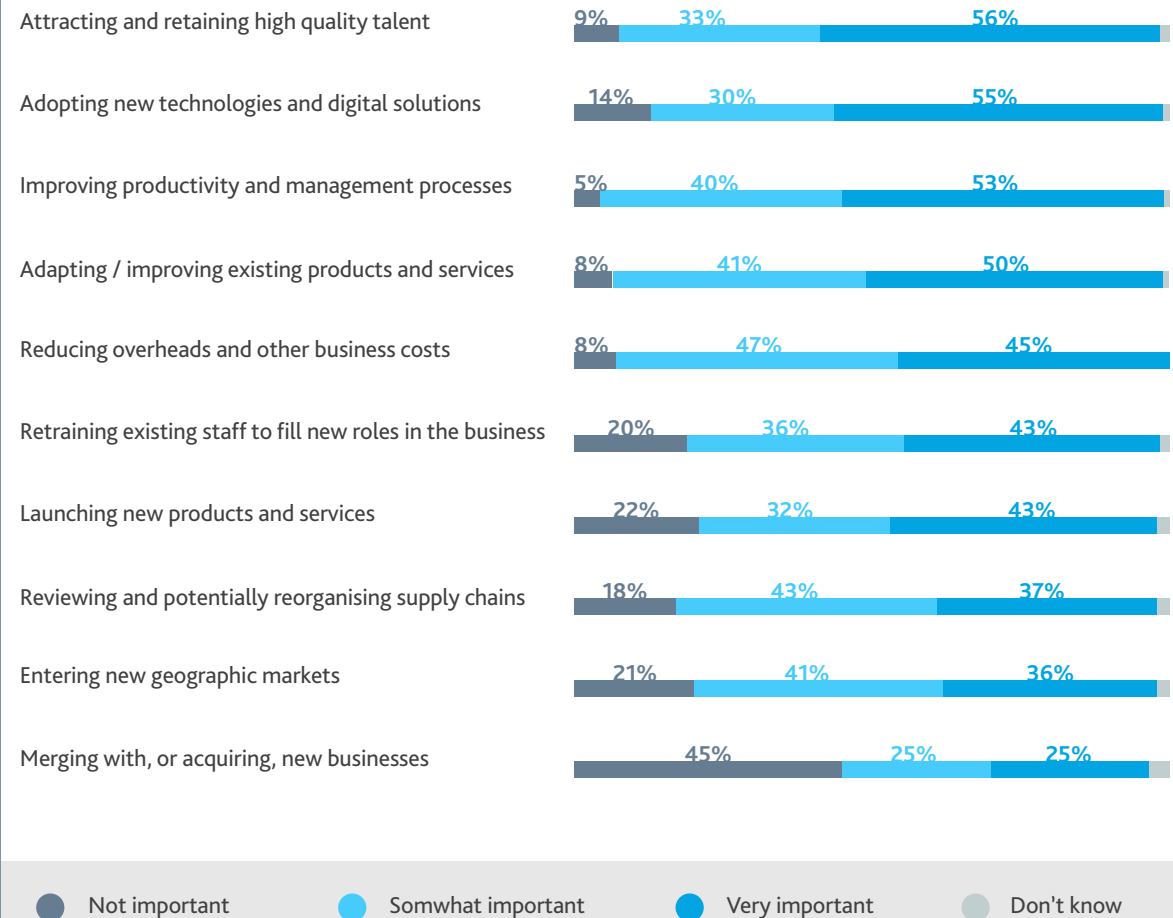
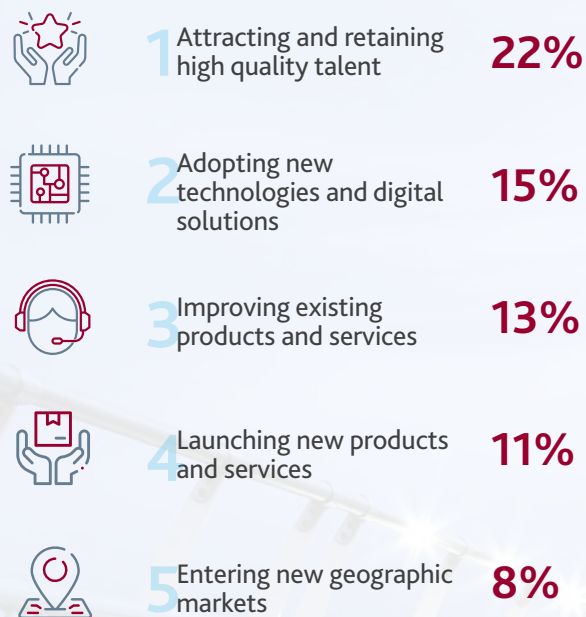


Figure 6: Which factor will be most important to you over the next six months?

Top priorities 2019



Top priorities 2020



The difference in priorities emerges even more starkly when our respondents were asked to identify their most important factor driving success. Today 21% say reducing overhead and other business costs is their top priority, whereas the top priority in 2019 was to attract and retain staff. The figure highlighting cost reduction as the top priority rises to 29% for businesses who describe the impact of COVID-19 as 'severe' or 'major'.

The proportion of our leaders prioritising technology investments remains unchanged at 15%, but it is clear that the rationale for technology investment has changed for many businesses. Six months ago technology investment was prioritised as a way to drive revenue growth and innovate the offering for customers: in the last three months, many businesses have focused their technology investment on ensuring their workforce is supported to work remotely, moving communications with customers online and increasing operational efficiency. [See Figure 6](#)

We will be reducing operating costs and focus on improving the productivity of our capital

France – Manufacturing

Cost control and cashflow management are two things we will need to take up

UK – Natural resources & energy

THIRD PARTY RISKS: BUILDING RESILIENCE IN THE SUPPLY CHAIN

COVID-19 has exposed the vulnerability of many organisations' supply chains, particularly those businesses who historically have been reliant on a small number of trusted suppliers. Our research shows that just under half (45%) of the European business leaders interviewed believe COVID-19 has shown their supply chain to be more vulnerable than previously thought. See Figure 7

Smart sourcing and strong supplier management are two components of resilient businesses - but COVID-19 is making these capabilities more challenging. More than a third (36%) of businesses say at least one important supplier has ceased trading as a result of the crisis. And nearly four in ten (38%) anticipate that procurement and sourcing will become more challenging as they emerge from the initial reaction phase to the pandemic.

Organisations need to focus on the changes that organisations can make to build resilience in their supply chain for the future. More than half (59%) of the businesses we interviewed will seek to diversify their supply chain by building relationships with new suppliers. This should mean that, if another important supplier becomes insolvent, or is unable to fulfil orders, another part of the supply chain is able to take up the slack.

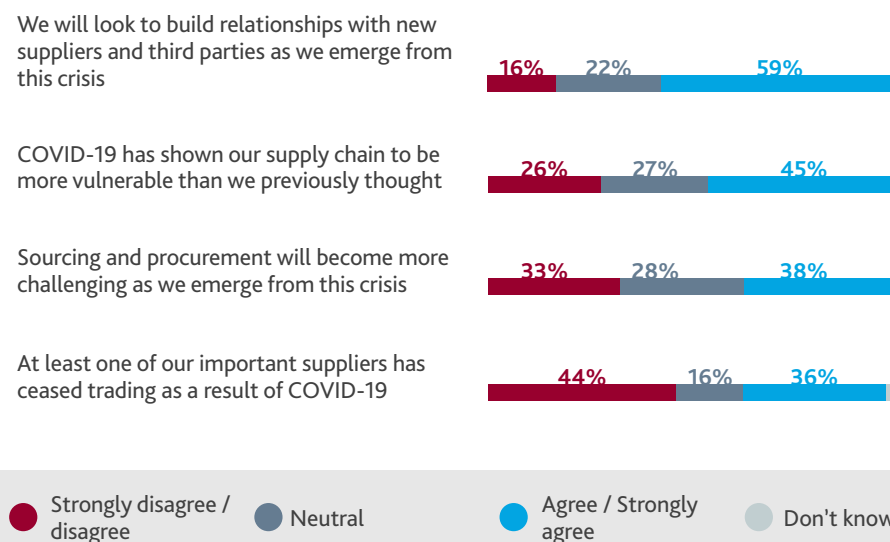
Other businesses tell us they are exploring onshoring some business processes, such as customer services centres, historically outsourced to third parties offshore. Others will take more disciplined approaches to supplier management. "We are auditing all existing and potential suppliers based on new criteria such as service continuity in the event of a crisis and will then look to deepen relationship with the selected suppliers who can serve us best," says one French manufacturing company.

Similarly, some businesses are seeking to bring production processes onshore to improve turnaround times and increase speed to market. "I wanted to make sure that production of protective equipment was carried out in Denmark," says one Danish construction business we interviewed. "It has proved to be problematic to rely on production in Asia when the world shuts down."

We will take actions in all segments of the supply chain: Transportation, packaging, production, purchasing and sales

Norway – Consumer business

Figure 7: Thinking about your organisation's supply chain, to what extent do you agree that...?



Building resilience

59% of the businesses we interviewed will seek to diversify their supply chain by building relationships with new suppliers

BUILDING RESILIENCE BY EMBRACING SUSTAINABILITY

At a time when there are many competing pressures vying for management attention, it is encouraging that our survey shows business leaders across Europe have not – as might have been expected - taken their eye off the sustainability agenda.

Less than a quarter (22%) say that environmental sustainability has become less important for their organisation in the light of COVID-19. Half of businesses say COVID-19 has not influenced their thinking about sustainability. Nearly a quarter (23%) say that environmental sustainability will become more important for their organisation for the future. [See Figure 8](#)

In our previous Report, *Ensuring a leadership position in 2025*, we highlighted the variety of green initiatives being pursued by business leaders to demonstrate their sustainability credentials to employers, customers and other stakeholders.

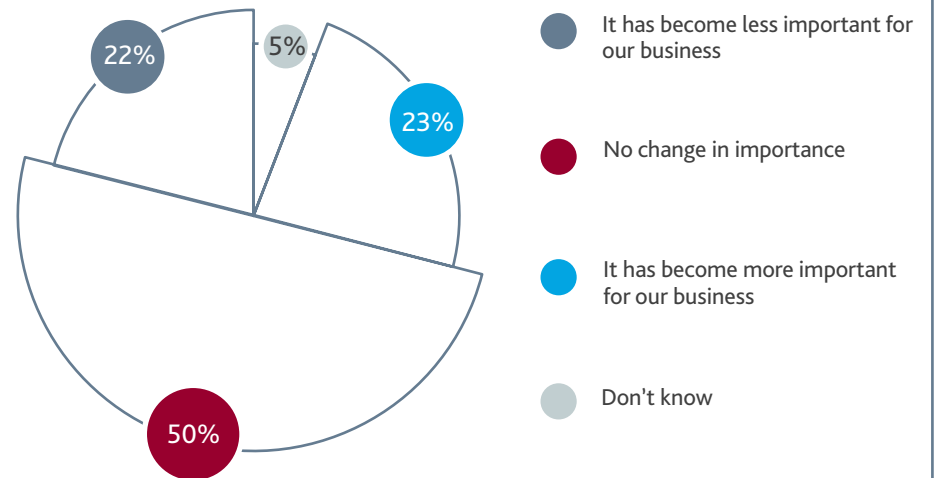
They cited a range of projects, including promoting greater recycling, offsetting carbon emissions and reducing flights in favour of greener transport options that demonstrated management commitment to the green agenda.

Once again, when we asked executives about their future areas of sustainability focus, a range of ideas emerge. "We have been installing solar panels on all buildings," says one Belgian not-for-profit. "This will enable us to be climate neutral for the whole company." With a significant drop in business travel and commuting as a result of the pandemic, organisations are targeting a decrease in their carbon emissions this year and want to maintain momentum for the future.

A greater use of technology to reduce the need to travel

UK – Manufacturing

Figure 8: How has your organisation's thinking about environmental sustainability changed in the light of COVID-19?



Sustainability

23% say that environmental sustainability will become more important for their organisation for the future

THE ROAD TO RECOVERY: REALISING A STRONGER FUTURE THROUGH BUSINESS MODEL CHANGE

Although COVID-19 is encouraging organisations to think about resilience and stability in the short term, it should not discourage them from pursuing long-term strategic aspirations.

One path that businesses can pursue on the road to recovery from the crisis is changes to their business model. The harsh reality of this crisis gives leaders an opportunity to rethink their current business model – and, crucially, whether it will help them realise future success. 44% of the leaders in our research say they anticipate making some change to their business model in response to COVID-19, with 9% targeting radical change. [See figure 9](#)

Those targeting significant change believe this is an opportunity to emerge from the crisis as a very different, but stronger business. They are looking to transform their front and back office operations and how they engage with customers, as well as their product and service mix.

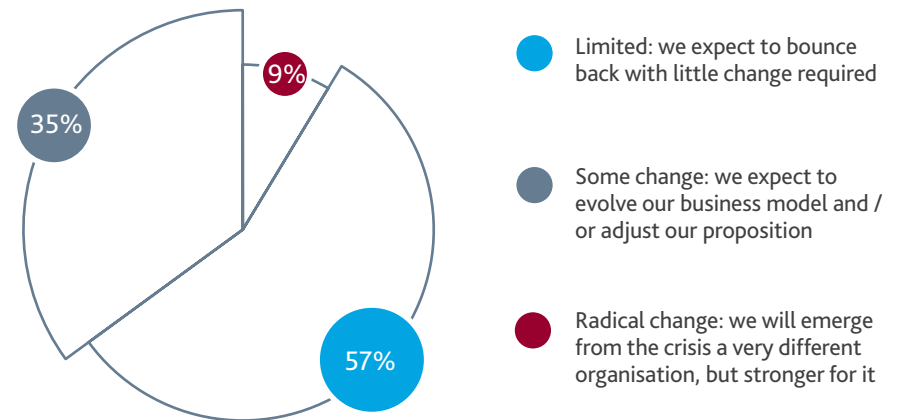
As before, it is those hardest hit by the pandemic that anticipate making the most transformative changes. Among the businesses who describe the impact of COVID-19 as severe or major, a quarter (25%) are targeting radical changes to their business model.

For many of the organisations we surveyed, their proposed route to business model change involves embracing digitisation to a greater degree. They are looking to take more of their sales processes and service delivery online, for example, and want to support their employees is using more digital tools - better.

For one UK-based wholesale business in our research, digitising their model has led to increased operational efficiencies. *"We have discovered that we can do the same level of sales with fewer people and so we will be looking closely at our productivity levels going forward which will make us more responsive. We will need to upscale our online activity as this part of our business has been booming and we see this continuing post-crisis."*

The industry sectors targeting the greatest degree of business model change include not-for-profit (22% targeting radical business model change) and professional services (19%). These are two sectors that have traditionally relied on having a physical presence and spending a lot of face time

Figure 9: To what extent do you anticipate making changes to your organisation's business model over the next 6 months as you emerge from the crisis?



with their customers. As opportunities for in-person contact have been reduced in recent months, organisations in these sectors have had to find new ways to deliver their services to customers – which has, in turn, generated innovative ideas that they can take forward for the future.

But those businesses who have weathered the COVID-19 storm well so far should not be complacent. They may expect to bounce back quickly with little change required to their business model, but do their customers and employees feel the same way? Engagement and communication habits have fundamentally changed over the last three months and businesses that fail to recognise and carry on without reflecting these changes this may lose their competitive advantage in the market.

INTERNATIONAL EXPANSION: REALISING GROWTH THROUGH TARGETING NEW MARKETS

Innovating the business model is not the whole story: organisations should also use this moment of transformative change to reassess their geographic market footprint. A move towards the digitisation of sales and delivery may provide opportunities to service customers in new countries, offsetting decline within local markets.

However, our survey reveals that European businesses are heavily reliant on their domestic market. 70% say sales within their domestic market will be very important to their commercial success over the next six months, compared with just 40% who say global sales outside of Europe will be very important for future success.

While a retreat to local markets may have been inevitable when initially reacting to the crisis, European businesses risk lagging behind their global peers in the recovery phase of COVID-19 if they limit their growth ambitions.

In BDO's previous European survey, businesses expected to use Brexit as an opportunity to reassess their international growth strategy. At the end of 2019, a quarter (24%) of European business leaders anticipated an increase in trade with markets outside of the European Union over the next two years. It is important that COVID-19 doesn't derail these plans.

We are looking at organisational development and redesign

Denmark – Real Estate and construction

Process improvement and IT project tracking will be two important areas going forward

Belgium – Healthcare

EMBRACING NEW WAYS OF WORKING FOR THE LONG-TERM

During the immediate response to the COVID-19 pandemic, a large majority of businesses moved their people to homeworking. Our survey reveals that a quarter (26%) moved to homeworking entirely, with a further two thirds (67%) introducing homeworking for some of their staff. [See Figure 10](#)

Many businesses have appreciated the positive impact this has had on employee wellbeing and trust. *"We are likely to embrace more homeworking in the future," says one Norwegian manufacturing business. "It is a good thing for our employees with young children and results in less absence due to illness and greater overall work capacity."*

Our research reveals that this trend towards new ways of working is likely to persist once the immediate public health risk subsides. More than half (56%) anticipate they will have more homeworkers in their business, even once lockdown restrictions are completely lifted, compared with the level of homeworking before the onset of the pandemic.

When we asked leaders to quantify what long-term increase in homeworking they anticipate for their business, they told us that they expect an average increase of 37%. This equates to an average increase of more than 1,250 additional homeworkers for each of the businesses in our research.

This increase in homeworking will have profound consequences for how businesses operate, communicate with their people and foster employee engagement and productivity.

Figure 10: Once current restrictions are lifted, how do you anticipate the proportion of home-based workers will compare to pre-COVID-19 levels?



56%

More homeworkers than pre-lockdown



34%

We will return to the same level of homeworking pre-lockdown



7%

Fewer home-workers than pre-lockdown



3%

Don't know



New ways of working

56% anticipate they will have more homeworkers in their business, even once lockdown restrictions are completely lifted

The impact on real estate requirements will be just as significant. Most of the businesses in our research anticipate a reduction of their overall real estate needs once they emerge from the pandemic.

Although they are not looking to make immediate changes, they are anticipating a reduction in square footage to lower overheads. *"We are in the process of commencing a review of our property portfolio. As a result, we are likely to reduce our space requirements and sell off some of our owned premises in favour of flexible leasing,"* says one French manufacturing company we interviewed.

Some are looking to use their existing space more flexibly, either to comply with social distancing requirements or to enable workers to be more creative in how they engage with colleagues.

The productivity of our employees even increased through teleworking, as did employee happiness, and we explored new frontier technologies

Italy - Manufacturing

We give employees more responsibility to make their own decisions and have more confidence when they work from home

Germany – Transport and Shipping

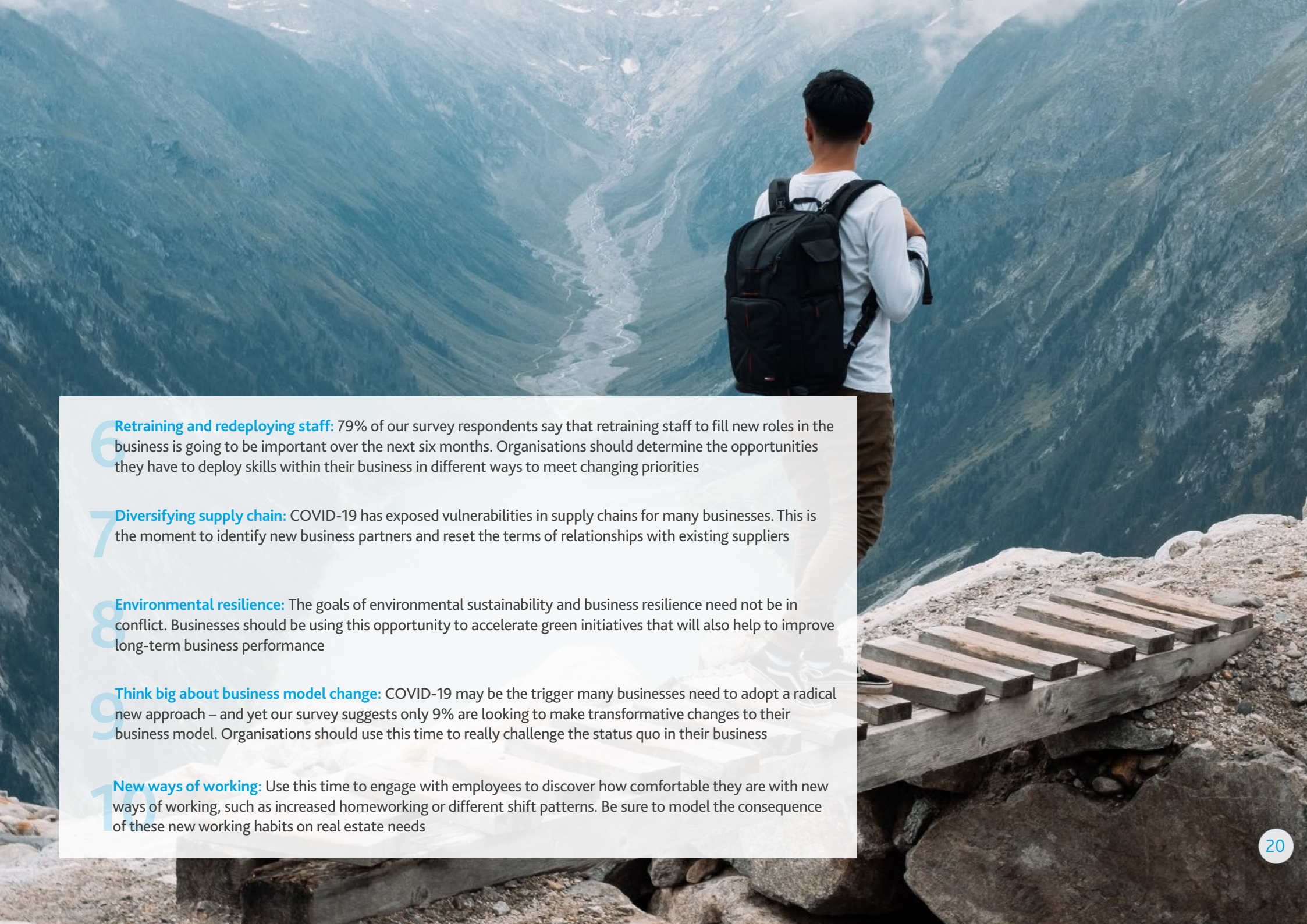


CONCLUSION: PRACTICAL STEPS FOR BUILDING BUSINESS RESILIENCE

As organisations move from their initial reactions to the COVID-19 pandemic and turn their attention to the challenges and opportunities ahead, many interconnected factors will be crucial in building business resilience and realising long-term strategic ambitions.

How well businesses survive and succeed in the future may depend on the decisions that leaders take over the coming weeks and months. Based on our survey responses and how BDO's expertise has assisted in helping businesses at this unprecedented time, we have identified ten areas that an organisation's leadership should rethink today to build business resilience for the future.

- 1 Government support and regulation:** Are companies accessing all forms of government support available? Are they on top of changing public health guidance across the different countries in which they operate? Just 42% of the respondents to our survey say they have good oversight of COVID-19 related regulatory developments
- 2 Scenario planning:** With so much uncertainty surrounding the next six months, it is important to model different business scenarios and to keep these regularly updated. Businesses need to know how they would respond to a second wave of the virus, and to quantify the likely impact on revenue and profit
- 3 Cost control and process efficiency:** Now is an important time to ensure that operations are run as leanly as possible. Leaders should identify areas of overhead that can be removed or operational processes that can be streamlined or automated to maintain their business' levels of profitability as they emerge from the crisis
- 4 Financing:** As government financial support is gradually wound down, companies should ensure that they know what alternative financing options are available, should they need help to manage cashflow or free up resources for investment
- 5 Growth opportunities, including beyond Europe:** Do not neglect growth opportunities - including in markets outside of Europe. Businesses should identify the opportunities they can take to innovate and improve their products and services in response to changing customer demand patterns



6 Retraining and redeploying staff: 79% of our survey respondents say that retraining staff to fill new roles in the business is going to be important over the next six months. Organisations should determine the opportunities they have to deploy skills within their business in different ways to meet changing priorities

7 Diversifying supply chain: COVID-19 has exposed vulnerabilities in supply chains for many businesses. This is the moment to identify new business partners and reset the terms of relationships with existing suppliers

8 Environmental resilience: The goals of environmental sustainability and business resilience need not be in conflict. Businesses should be using this opportunity to accelerate green initiatives that will also help to improve long-term business performance

9 Think big about business model change: COVID-19 may be the trigger many businesses need to adopt a radical new approach – and yet our survey suggests only 9% are looking to make transformative changes to their business model. Organisations should use this time to really challenge the status quo in their business

10 New ways of working: Use this time to engage with employees to discover how comfortable they are with new ways of working, such as increased homeworking or different shift patterns. Be sure to model the consequence of these new working habits on real estate needs

ABOUT OUR 244 SURVEY PARTICIPANTS

With the help of Meridian West, an independent research consultancy, BDO interviewed 244 business leaders across eight different European countries during late May and early June 2020. Interviews took place with executives in Belgium, Denmark, France, Germany, Italy, Norway, Spain and the United Kingdom. We would like to thank all those who participated in our research.

The survey respondents represent a cross-section of industry sectors, with significant representation from manufacturing, financial services, technology and telecoms, professional services and consumer businesses. 52% of survey participations are a member of their organisation's Executive Board.

57% of those surveyed have an annual turnover in excess of €100 million and 63% have an organisation headcount of more than 500 employees. More detail on our 244 participants is provided below.



Industry sector	
22%	Manufacturing
14%	Financial services
14%	Technology and communications
13%	Professional services
11%	Consumer businesses
7%	Transport and shipping
6%	Real estate and construction
3%	Natural resources and energy
4%	Not for profit
2%	Life sciences and pharmaceuticals
2%	Healthcare
1%	Media and entertainment



Headcount

6%

Less than 50

5%

50 up to 100

27%

100 up to 500

17%

500 up to 1,000

27%

1,000 up to 5,000

19%

More than 5,000



Turnover

2%

Less than €20m

19%

€20m up to €50m

21%

€50m up to €100m

15%


€100m up to €250m

17%

€250m up to €500m

25%

More than €500m



BDO', 'we', 'us', and 'our' refer to one or more of BDO International Limited, its network of independent member firms ('the BDO network'), and their related entities.

Service provision within the BDO network is coordinated by Brussels Worldwide Services BV, a limited liability company incorporated in Belgium.

Each of BDO International Limited (the governing entity of the BDO network), Brussels Worldwide Services BV and the member firms is a separate legal entity and has no liability for another such entity's acts or omissions. Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BV and/or the member firms of the BDO network. Neither BDO International Limited nor any other central entities of the BDO network provide services to clients.

BDO is the brand name for the BDO network and for each of the BDO member firms.

© Brussels Worldwide Services BV July 2020

IBDO