Gartner Research

The Postpandemic Planning Framework

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Initiatives: CIO Leadership of Strategy, Governance and Operating Models **and 1 more**

The pandemic's asymmetrical impacts on various parts of the enterprise will evolve over the three phases of pandemic recovery. Using Gartner's framework, executive leaders can plan for possible diverse outcomes, shape strategic responses and develop scenario plans.

Overview

Key Findings

- The very asymmetrical nature of the crisis will complicate pandemic recovery efforts. The impacts will be positive and negative and vary by region, industry, product and service.

- Thus, predictions and forecasts that are generalized or aggregated will be less effective. For example, whole-country GDP predictions or whole-industry predictions that show a single curve are too high-level for more-detailed planning.

- Enterprises will go through three phases of pandemic recovery. They will go into the Respond phase that is triggered by lockdowns, recurring multiple times. They will switch to the Recover phase once their industry and region reopen. Only when the environment stabilizes more can they move into the Renew phase. At any point, virus mutations (or outbreaks of new pandemics) might force societies to revert back into lockdowns and to restart the journey.

Recommendations

Executive leaders focused on enterprise strategic planning and execution:

- Use Gartner's Postpandemic Planning Framework to scenario-plan outcomes for each part of the enterprise, such as by business unit or by product or service line. This will aid in making resource and investment choices that shape paths and outcomes as we emerge out of the pandemic.

- Consult and adapt the concepts and structures of the Postpandemic Planning Framework as a basis for planning for more-complex scenarios in which societies revert back into a renewed lockdown period.

- Use the Postpandemic Planning Framework to plan for postpandemic outcomes during the first lockdown, ideally, or immediately thereafter, as the reopening period will be as chaotic as the lockdown initially was. From there, constantly make adjustments to your planning until a more stable period is reached (that is, when M&As, restructurings and trade protectionism slow down).

Analysis

Pandemic Crisis: A Shared Event With Uneven Impacts

COVID-19 has become a pandemic, and politicians and executive leaders have responded with countrywide or regionwide lockdowns of all nonessential businesses. Several countries are now gradually moving beyond the first immediate impact. And here, profound changes to business models are materializing — both positive and negative (see Note 1 on acceleration of digital transformation).

For example, enterprises across a range of industries have been forced to drastically reduce their operations (or in some cases, have closed permanently). But there are also examples of expanded operations — for large and small enterprises:
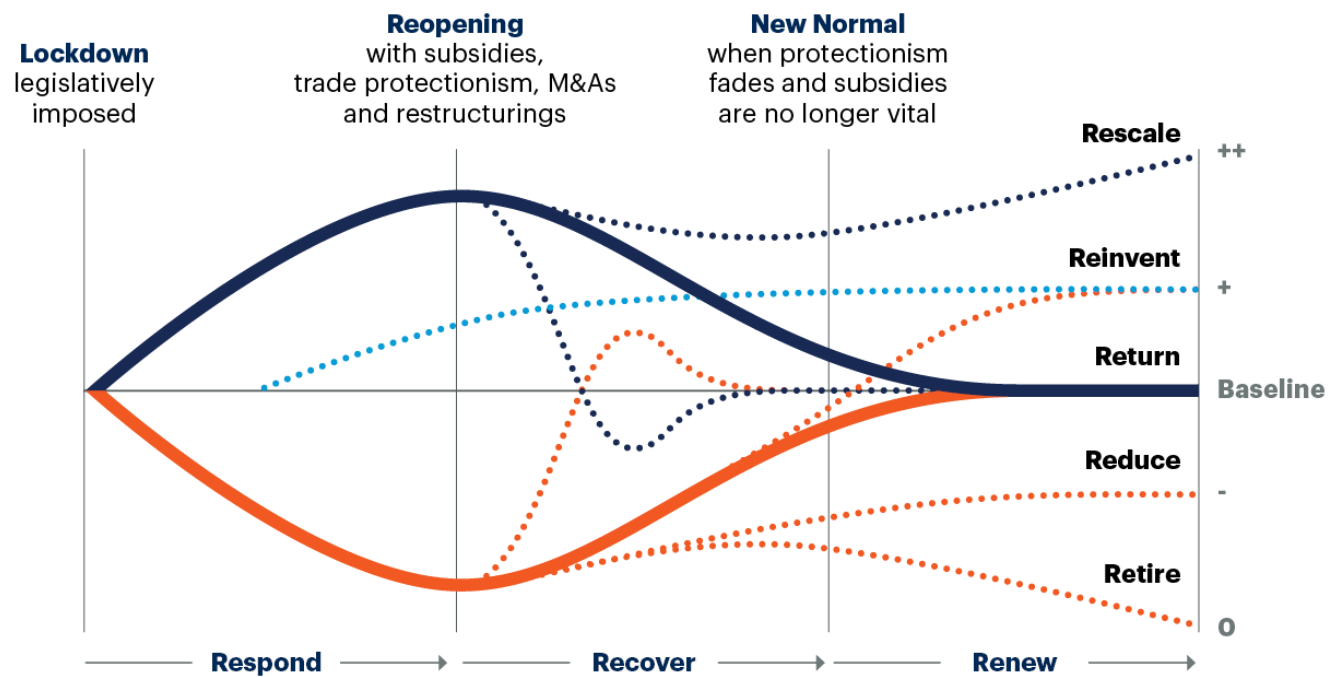
- Companies like **Amazon, Walmart, FedEx** and **PepsiCo** are hiring to meet spikes in demand. [1] Amazon says that unprecedented demand for its services is triggering the hiring of 100,000 new employees. [2]

- **Confrere** is a Scandinavian startup providing one-on-one video consultations aimed at healthcare professionals, such as therapists and physicians. [3] By the first quarter of 2020, Confrere had developed a product, which was struggling to break through in the relatively traditional world of healthcare, particularly in its native market of Scandinavia. However, two weeks into COVID-19, it now has 70% of all Norwegian general practitioners (GPs) and 40% of all Danish GPs as subscribers. [4,5]

> **Executive leaders must take into account a range of possible outcomes — positive, negative and entirely new. These outcomes then effectively become scenarios that enable executive leaders to think ahead.**

Executive leaders can plan on where to reduce costs, assign resources and invest more for each of the outcomes — increasing their ability to respond thoughtfully once society moves ahead. Gartner proposes the framework in Figure 1 to identify the pandemic's asymmetric impacts and help with planning.

Figure 1: Postpandemic Planning Framework

Postpandemic Planning Framework

Lockdown
legislatively
imposed

Reopening
with subsidies,
trade protectionism, M&As
and restructurings

New Normal
when protectionism
fades and subsidies
are no longer vital

Rescale — ++
Reinvent — +
Return — Baseline
Reduce — −
Retire — 0

Respond → Recover → Renew

Source: Gartner

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Enterprises Will Go Through Respond, Recover and Renew Phases

Lockdown Puts the Enterprise Into the Respond Phase

The first trigger, government-initiated lockdown, aims to reduce infection rates by limiting physical human interactions. The economy and societal activity, more or less, grind to a halt. At this point, enterprises enter the Respond phase. During this phase, executive leaders assess the immediate impacts of the lockdown to the enterprise, and respond with short-term decisions about the current business model and operating model. For most executive leaders, this phase often takes on two major forms:

- **Immediate negative impacts** on the enterprise, requiring a shutdown or drastic reconfiguration of the enterprise (represented by the orange line in the first third of Figure 1). For example, many airlines have grounded over 80% of their planes and drastically reduced the number of staff fulfilling their normal roles. [6]

- **Immediate positive impacts** on the enterprise where demand for the enterprise's services and products is rapidly growing (represented by the blue line in the first third of Figure 1). For example, online grocery and delivery services have seen demand grow exponentially, to the point where they have had to limit customers' ability to use their services (for example, Amazon limiting nonessential orders [7]).

Reopening Moves the Enterprise Into the Recover Phase

After a period of time in lockdown, pressure from the public and the need to get the economy started again push legislators to reopen markets and public areas. As these reopen, enterprises move into the Recover phase (represented in the middle of Figure 1). This Recover phase will not be "back to business as usual." Executive leaders should factor in the following dynamics that will hamper the Recover phase:

- **Reopening of society will not occur as a single event**. Instead, reopening will likely occur with a phased approach that varies by sector and region over months. For example, at reopening, a region may progressively open subsectors. "Near essential" services like grooming, self-care and social services may be the first to reopen. But it will take a longer period of time before nonessential subsectors (such as sporting events and venues) open back up.

- **Reopening for individual enterprises may also occur as a series of events**. As societies reopen, even at the sector and enterprise levels, reopening is likely to occur as a gradual series of events. Typically, reopening will start with a high level of additional precautionary measures (such as a maximum number of customers in a store or maximum number of people in a single place). These measures will then gradually be relaxed as society progresses — requiring executive leaders to plan for the gradual opening of their specific enterprises.

- **Reopening could be immediately followed by another lockdown** if COVID-19 begins to spread again (as was the case in Singapore). This would lead to a multiwave lockdown scenario as the region and industry oscillate between lockdown and reopening. Even though reopening society and returning to a new normal remain the long-term objective, at any point in time, the pandemic can evolve, requiring a renewed lockdown. For executive leaders, this means that they must not take any progress as a given. On the contrary, executive leaders must remain vigilant throughout the pandemic and be prepared to respond swiftly and decisively, should society show signs of reverting back into a renewed lockdown.

- **The Recover phase will be almost as chaotic as lockdown**. When markets and public areas reopen, the need to scale back up to meet pent-up demand may overwhelm the supply chain and customer-facing operations.

- **The Recover phase may challenge enterprises both operationally and financially**. The Recover phase will not be a uniform phase, but will likely be shaped by a number of rapidly changing regulatory requirements. Thus, the Recover phase will strain enterprises operationally and financially. In terms of operations, enterprises may ask, "How do we comply with the regulations and still provide customer service?" And financially, enterprises may ask, "Can we operate a short-term and long-term profitable enterprise under the current regulations — or are we better off as an enterprise by postponing the opening?"

- **The Recover phase will be mired in a constantly changing financial and trade landscape.** Government subsidies, mergers and acquisitions (M&As), financial restructurings, and trade

protectionism will make it hard to predict how enterprises will fare and how the competitive landscape will change. This uncertainty will also include conflicting agendas. For example, many countries will likely encourage "buy local" campaigns to keep spending within their borders. But high unemployment will push spending toward less expensive, globally sourced products.

As a result, executive leaders should prepare for the Recover phase to be just as demanding as the lockdown period (if not more so).

A More Stable "New Normal" Environment Moves the Enterprise Into the Renew Phase

Once the chaotic environment of the Recover phase settles down, enterprises will experience the real "new normal." The future starts to become more "plannable." At that point, societies start to normalize. International trade relations resume and set new global trade patterns. Government-sponsored financial aid begins to phase out (having done its job). This is when enterprises can accelerate their plans to renew themselves. In the longer term, executive leaders can recommence more strategic planning due to these factors:

- The competitive landscape will be less chaotic and more transparent and less driven by noneconomic forces such as political and social forces.

- Supply and demand curves will fluctuate less, compared with the previous two phases.

- It will be easier to confirm how customers, employees and partners will want digital capabilities to be part of their interactions and operations.

Enterprises Will Navigate Different Paths Through the Pandemic

Each part of an enterprise will follow paths set in the context of the triggers and phases discussed in the previous section. An infinite number of paths are possible as each part of an enterprise navigates the pandemic. The framework proposes five main paths explained in Table 1 to enable executive leaders and their teams to begin planning. These five paths can be used as is, or tweaked, to represent most of the journeys an enterprise will take through the pandemic.

Executive leaders shouldn't view the paths represented in the framework in Figure 1 as a set destiny. Instead, they should take action throughout the Recover phase to influence how the enterprise will come out of the pandemic.

Table 1: Five Paths Through the Pandemic and the Implications on Enterprises

Path and Outcome	Implications on Enterprises

Return (to prepandemic levels)	The default path for an enterprise is to return to normal activity levels. During the full and partial lockdown period, impacts may have been drastic, but they are temporary, and life will eventually return back to normal.
	The key challenge to plan for is a gradual and dynamically throttled return to regular operations as soon as the lockdown recedes. In some cases, pent-up demand may require operations to ramp up very quickly to levels higher than before the lockdown. In other cases, ramp-up will be gradual to meet demand as it builds back up.
	Enterprises may want to return to a prepandemic "normal," but customer and industry practices may have changed forever. For example, customers are now more accepting of remote consultations, making it a permanent part of many industries.
	Possible examples:
	■ Hotels, airlines and restaurants — in so far that the overall long-term demand patterns do not change
	■ Government social services and education
Reduce (to levels lower than before the pandemic)	Parts of an enterprise will take this path if any of these three situations occurs:
	1. Demand does not return to prepandemic levels.
	2. Supply does not have the capacity to fulfill the demand.
	3. An enterprise deliberately reduces the operations in one area of the business in favor of another (for example, shutting down physical channels in favor of digital channels).
	Executive leaders should have their planning teams take action to get ahead of the first two situations — for example, they can use demand generation approaches and remove any supply chain roadblocks. For the third situation, they should plan this deliberately and follow demand patterns.
	Possible examples:
	■ Certain parts of the travel industry may reduce in volume for quite some time (such as cruise ship lines). Other parts of the travel industry will shift the modes of travel (for example, people favoring car travel over other modes of transportation and "staycations" vs. traveling abroad).
	■ Physical stores and channels may reduce permanently in favor of digital channels — for example:
	■ Luxury goods retailers that have increased their online presence are now focusing on engaging their customers via nonphysical channels.
	■ Fitness and leisure activity studios that have experimented with online classes are adding these to their permanent programs at the expense of some physical classes.

Retire (because business can no longer be sustained, postpandemic)	The Retire path is usually taken when one or both of these two situations exist: 1. The business or operating models were already struggling prior to COVID-19. 2. The enterprise wants to deliberately sunset a part of the business in favor of moving to a newly reinvented business (see the Reinvent section below). Executive leaders shouldn't think of the Retire path as entirely negative. It can lead to a deliberate reinvention or selling off parts of the business. Possible examples: ■ Physical retail stores may evolve more of their sales volume to digital commerce. ■ A ministry, agency or department may retire a number of government service centers and reinvent them as digital service channels. ■ Enterprises may sell off their noncore parts.
Reinvent (to be better-positioned in a postpandemic world)	Some parts of an enterprise will take this path to come out stronger than they were before the pandemic. The reinventions typically come from enterprises finding that the current main business model is under (increased) pressure from COVID-19 and that there is a need (or opportunity) to change the business or operating model. This aggressive path is often associated with becoming a more digital business. We are seeing digital business investments accelerate in reaction to the pandemic. These digital "reinventions" consist of more than adding new channels, automating operations or making operations remote. They can also involve seeking out new sources of revenue. Digital is not the only driver of reinvention. Mergers, acquisitions and industry consolidations will also create reinvented enterprises. Reinvention can also be borne out of the pandemic itself. For example, manufacturers that switched tooling to make personal protective equipment (PPE) or hand sanitizer may permanently keep a healthcare division, postpandemic. Possible examples: ■ In medical enterprises, practitioners may add telemedicine. ■ Restaurants that have created food delivery to replace dining in may permanently move to "delivery only" models. ■ Fitness studios offering online classes because of COVID-19 make these digital channels permanent, postpandemic. ■ Enterprises change operating models to rely largely on remote workers. ■ Enterprises move into an adjacent industry by acquiring a partner company.

Rescale (to continue to accelerate newfound growth)	This path is taken by parts of the enterprise that benefited significantly from the lockdown situation. These enterprises, or parts of them, may have been growing, but COVID-19 is now requiring them to deal with significant, often exponential growth. Therefore, the key for these enterprises is to rescale the business and operating model to handle the vastly increased volume. As a result, enterprises can turn short-term, immediate impacts of COVID-19 into sustainable long-term business. The changes needed may include:
	■ New architecture or infrastructure (typically XaaS-based) to handle exponential growth
	■ Changes to staffing as well as leadership structures to handle order-of-magnitude increases in organizational size and customer base
	■ Increased governance and business optimization as the importance of the area increases relative to the entire enterprise
	■ Continued marketing efforts and pricing and promotion strategies that keep demand up
	Possible examples:
	■ Online business in general and e-commerce — in particular, retail, online education and digital solutions
	■ Remote working solution providers — such as Zoom and Webex
	■ Categories of products that consumers have "rediscovered" during the pandemic (such as jigsaw puzzles) or increased their consumption of (for example, video games)

Source: Gartner (May 2020)

Plan Actions Based on the Predicted Paths and Outcomes to Prepare Your Enterprise

It's difficult, but very important, to predict how parts of the enterprise will navigate the pandemic. It is also important to recognize that parts of the enterprise may navigate different paths as they come out of the pandemic. For example, one business unit, product or service may face reduced demand after the pandemic, and end up following the Reduce path. Another part of the enterprise may have seen huge surges in volume during the pandemic, but may fall back to pre-COVID-19 levels as depicted in the dark blue Return path in Figure 1.

These paths matter, as executive leaders must plan actions that will support and influence the postpandemic outcomes. For example, a part of the enterprise that is destined to follow the Reduce path will need a reduced cost structure (during and after the pandemic). Or perhaps executive leaders expect the enterprise to return to pre-COVID-19 levels, but they want to return with more digitally optimized operations. All of these outcomes require foresight, planning and investment.

Figure 2 shows the most common paths and desired outcomes to help executive leaders plan their exits out of the pandemic. Numbering has been provided to aid discussion. The order of the numbering also provides a very rough reflection on the likelihood of a path and course of action, based on Gartner discussions with many enterprises.

Figure 2: Plan How the Enterprise Will Exit the Pandemic

Plan How the Enterprise Will Exit the Pandemic

1. Return with better capabilities and cost structure
2. Change path from Reduce to Return
3. Maintain volume momentum of pent-up demand
4. Keep volumes high despite overstocked situation
5. Maintain momentum to rescale
6. Retire something to then reinvent
7. Reinvent something new during pandemic
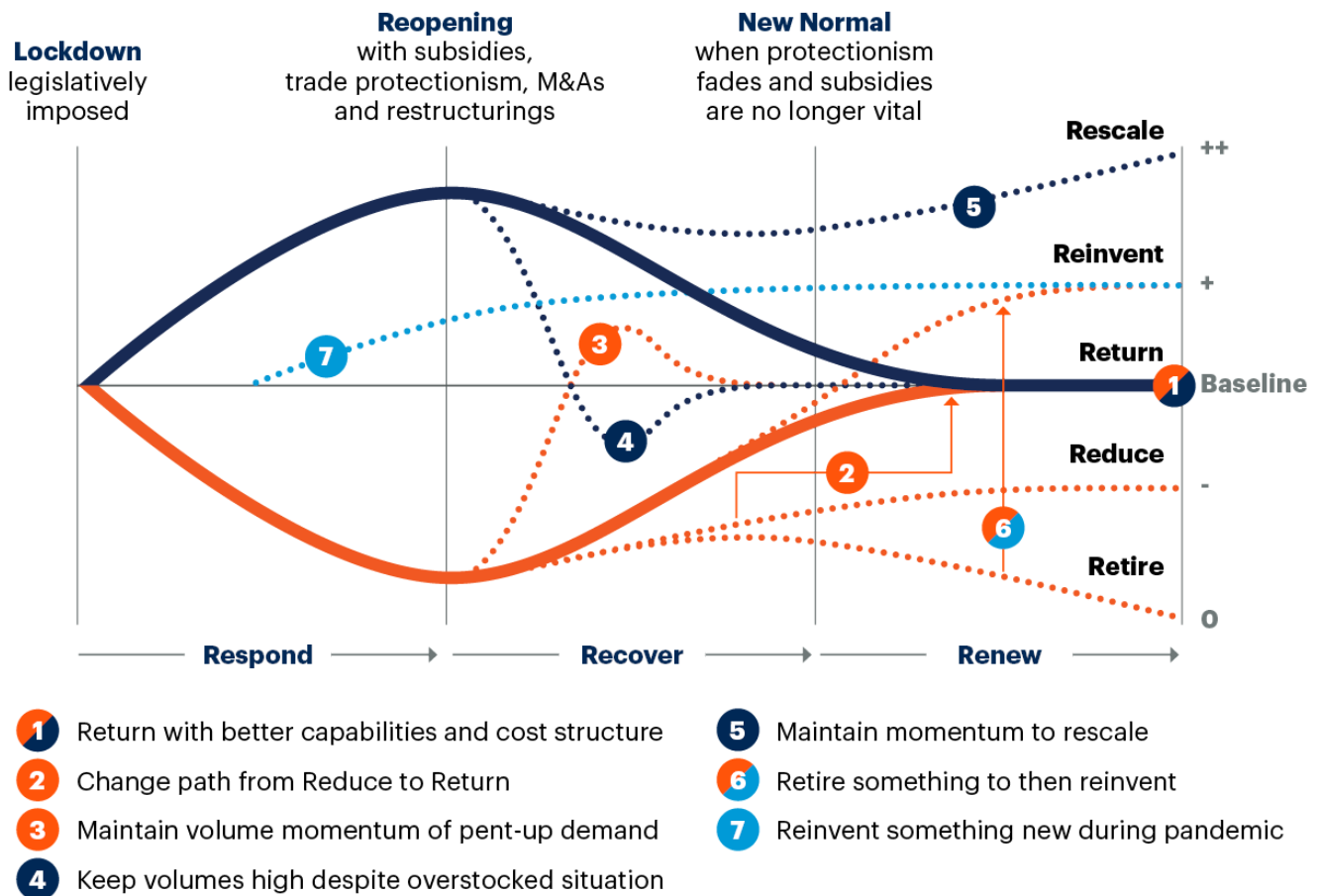
Source: Gartner
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How to Use the Postpandemic Planning Framework

Executive leaders and their teams should use the framework shown in Figure 1 in two ways: using the framework as is to facilitate discussion, and modifying the framework to create specific enterprise scenarios.

Use the Planning Framework "As Is" to Facilitate Discussion

The goal is not to use the framework to produce an accurate set of forecasts. Instead, the framework provides decision makers with a common language for phases and paths through the pandemic. In this way, the framework can be used to discuss any planning situation — from planning out a revised digital strategy (see "Identifying Opportunities to Become a More Digital

Business During and After the Pandemic") to thinking about how the workforce will operate based on each path or outcome.

The approaches and paths can be applied at multiple levels of granularity (see Figure 3). Executive leaders can apply them at an enterprise level to individual products and services or business units. And similarly, executive leaders can apply them at a higher, more macro level to characterize the path for a collective industry or sector.

<p style="text-align:center; color:#d14; font-weight:bold">Figure 3: Applying the Postpandemic Planning Framework</p>

Applying the Postpandemic Planning Framework
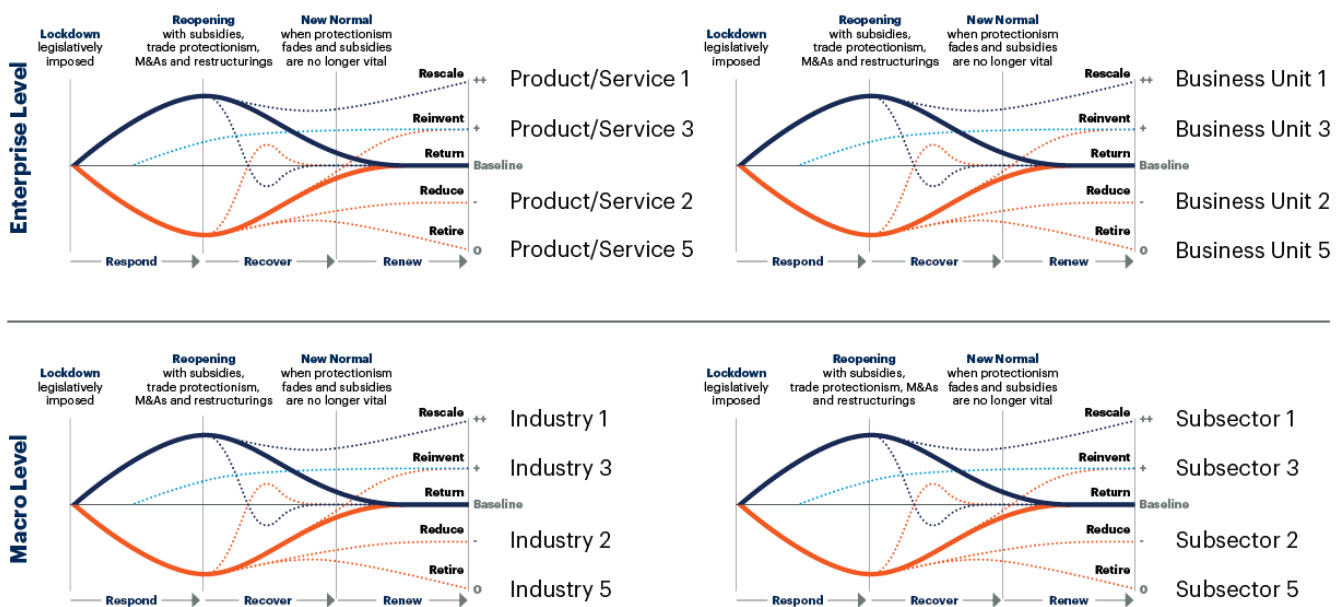
Source: Gartner

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Modify the Planning Framework to Create Specific Enterprise Scenarios

Executive leaders can have their planning teams start with the framework as a template and modify it to their environment. This will require the planning teams to bring in other inputs (see Figure 4) to predict the duration of phases and to specify what outcomes (on the y-axis) are being assessed. For example, the y-axis is typically thought of as volume (for the public sector) or revenue (for the private sector). However, the y-axis could also represent profit margins, demand, supply and so on.

Planners will want to define the markers that could be early indicators for particular paths (forÁ example, event registrations may be a leading indicator to other forms of business travel).Á Planners are also encouraged to create their own path lines or highlight or delete the paths to apply them to their enterprise context. For more research on scenario planning, see "Don't MakeÁ Predictions and Choices, Instead Create Options by Using Scenario Planning for PandemicÁ Recovery."Á

Figure 4: Use Other Planning Inputs With the Framework

Use Other Planning Inputs With the Framework
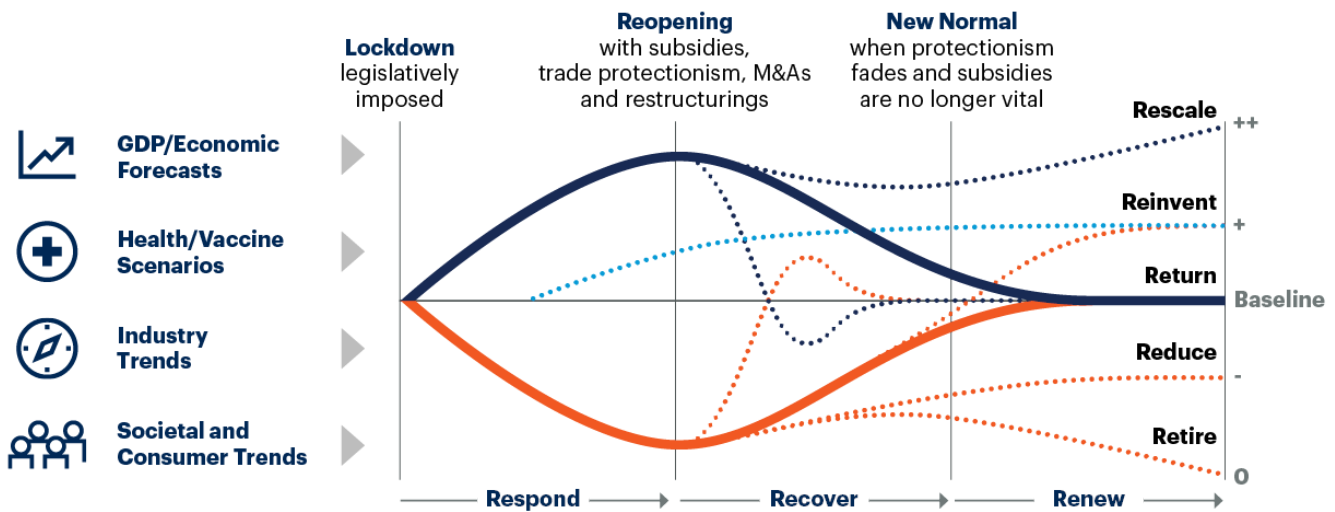
Source: Gartner

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Gartner has published a number of reports that provide many of these planning inputs. Á
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EvidenceÁ

[1] "33 Major U.S. Companies Hiring Now to Meet Coronavirus Demand," Kiplinger.Á

[2] "Amazon Hiring 100,000 New Distribution Workers to Keep Up With Online Shopping SurgeÁ Caused by Coronavirus," CNN Business.Á

[3] Confrere.Á

[4] "Danish Doctors Rush Into Video Service: We Were Saved by the Corona Crisis," Berlingske.Á

[5] "Only One in Four GP Appointments Now Conducted in Person," The Guardian.Á

[6] "Lufthansa Group Decides on First Restructuring Package," Lufthansa press release.Á

[7] "Amazon Will Limit 'Non-Essential' Orders in France and Italy Under Coronavirus Strain,"Á VentureBeat.Á

Note 1: COVID-19 Accelerates Digital TransformationÁ

Marco Iansiti and Greg Richards observed in "Coronavirus Is Widening the Corporate DigitalÁ Divide":Á

"This need to virtualize work due to Covid-19 is driving digital transformation and deepening differences across people and across firms at an incredible rate. In a period of days, almost any

process that could be rapidly digitized has been virtualized — think of video conferencing enabling a case discussion and telemedicine enabling remote diagnosis and treatment. We are seeing the digitization of many ancient bastions of traditional business; the New York Stock Exchange just closed its trading floor and has moved to electronic trading."

This means that COVID-19 is having asymmetrical and accelerating impacts on digital transformation across industries — as, for example, witnessed by the New York Stock Exchange trading floor.

Recommended by the Authors

Video: Postpandemic Planning Framework

Scenario Planning Playbook

React to the Coronavirus (COVID-19) Outbreak via Raising Business Model Resilience

Also available to some Gartner clients

Video: Postpandemic Planning Framework

Don't Make Predictions and Choices, Instead Create Options by Using Scenario Planning for Pandemic Recovery

How to Address 'Run the Business' IT in Strategic Planning

Case Study: Distributed Decisions for Iterative Strategic Planning (PHRG)

Is Now a Good Time to Revise Your Strategy?

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