

**TILDAR:
Transforming
Business Planning
Culture in the Face of
Extreme Uncertainty**

“

There are known knowns; there are things we know we know. We also know there are known unknowns; that is to say we know there are some things we do not know. But there are also unknown unknowns - the ones we don't know we don't know. And if one looks throughout the history of our country and other free countries, it is the latter category that tend to be the difficult ones

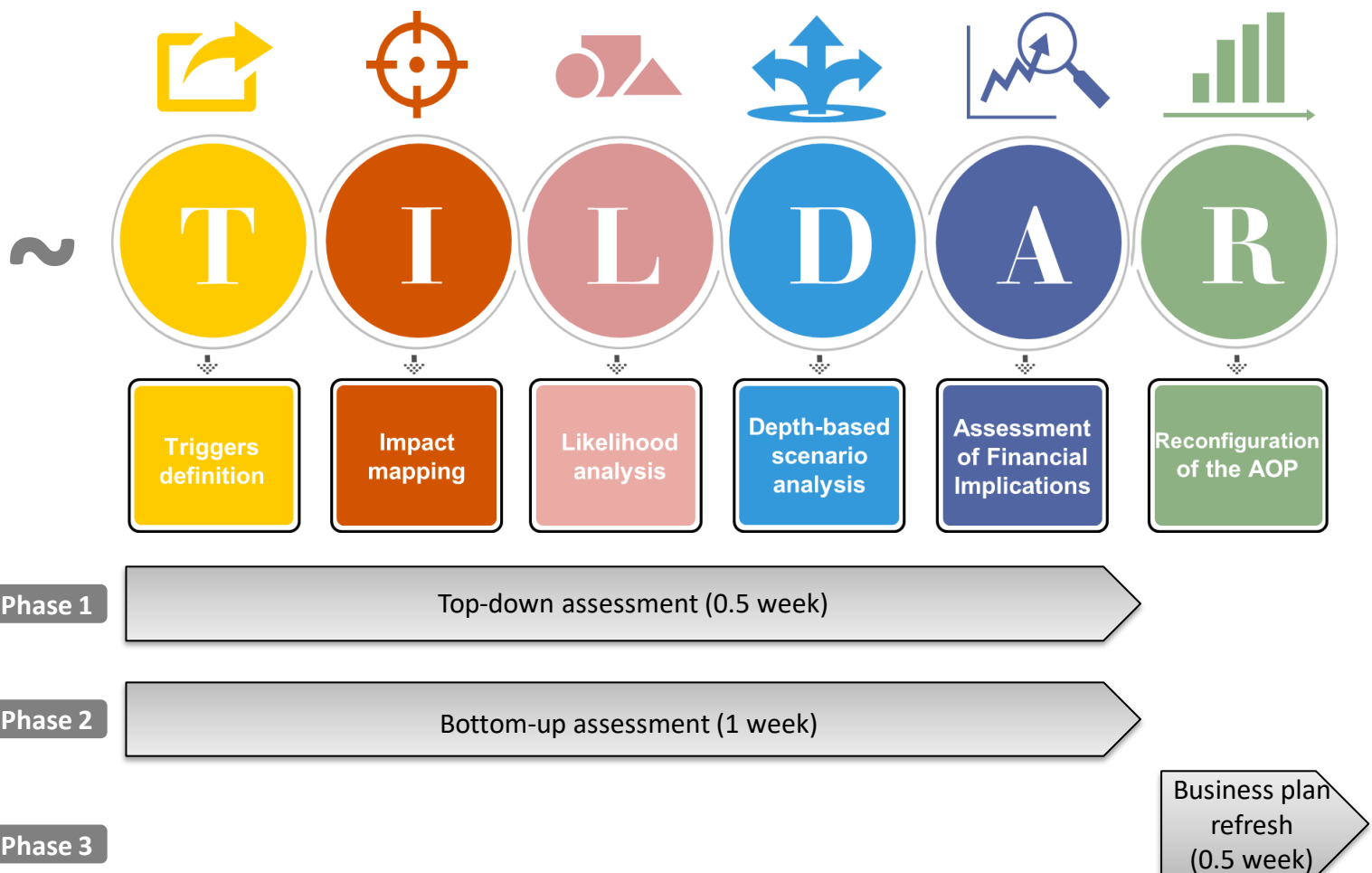
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*At a February 12, 2002 news briefing,
US Secretary of Defence Donald Rumsfeld explaining the limitations of intelligence reports*

TILDAR: A comprehensive methodology to help you manage uncertainty

Much has been said about the COVID-19 “black swan” event; how the global economy will be affected, geopolitical implications, and what measures are needed for countries to survive and become more resilient. But what does your company need to do? What is the impact on your previously defined plans - which of them are still valid and which are not? Does your conventional way of identifying, measuring and managing risk still hold water?

Avalon Consulting believes that in these uncertain times, redefining your business plan through a conventional and rigid approach may not work. We instead recommend that businesses take this opportunity to shake things up and define a flexible plan that builds on event-related triggers at a macro-level through a top-down approach, but is able to delve deep and simultaneously accentuate the impact to your business through a focused bottom-up approach to quantify the risk and required initiatives. This would be the key to cut through the noise and navigate the uncertain future. We call this methodology **TILDAR**, inspired by *tilde (~)*, synonymous with both flexibility and focus, and it consists of 6 key steps across 3 phases, which we can help execute in 2 weeks. The outcome will be a nimble yet practical AOP for these uncertain times



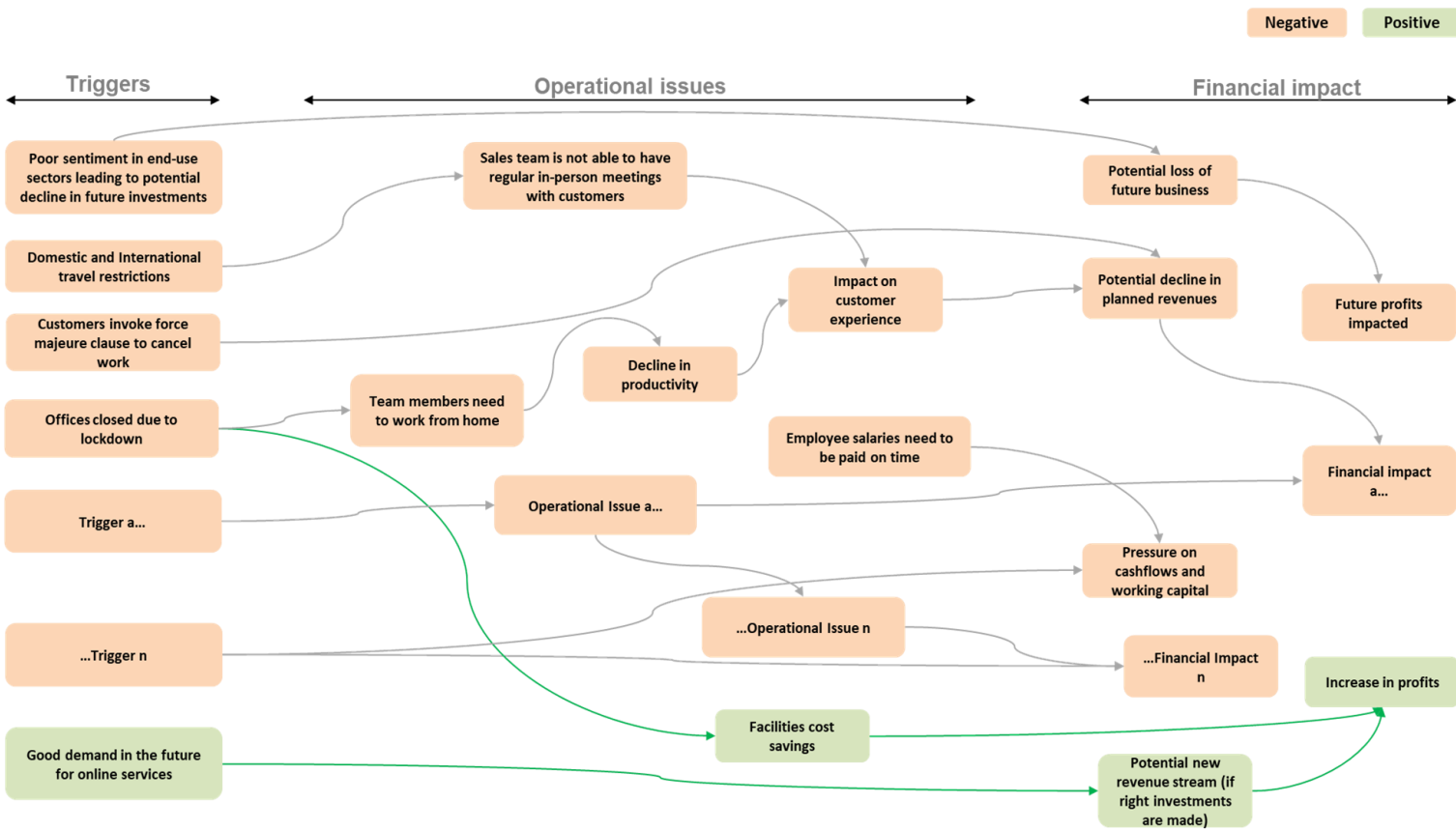
We start the top-down approach in Phase 1 by

T Identifying **Triggers**/Factors considering all direct stakeholders (customers, vendors / suppliers / partners, employees) and indirect stakeholders (government, regulatory institutions, trade channels). These triggers can be individual or themes with smaller sub-triggers

I We then map these triggers to various operational and financial **impacts** possible, to understand how they affect your business. It is important to ensure that all possible impacts are considered, both tangible and intangible

A visual representation of how we map triggers to impact is shown below

COVID-19 : Trigger and Impact Mapping



This approach is helpful in two ways:

01

It unearths not only negative impacts but positive ones as well. For instance, if offices are closed, while employee access is affected leading to potential decline in productivity, it also results in operational cost savings

02

It brings out the relative drivers and links between various interdependent triggers. For instance, delay in work execution can lead to potential overloading of your employees later, and may lead to the need to hire more team members

Once we get a good grasp on the triggers and impact for you, we move on to

L

Based on the current circumstances and an outlook of the future, the **likelihood** of each of the potential impacts is modelled to understand the relative probability of its occurrence

D

While likelihood covers one dimension of the impact, it is also important to understand the **depth** or the extent of the impact to be able to quantify it

A

Based on likelihood and depth, a financial **assessment** of the impact is carried out for a few potential scenarios (optimistic, realistic, pessimistic)

This is **Phase 1**, where we have taken a top-down approach of what the entire change means to you. While we use this to crystallize the impact and arrive at a directional financial assessment, we delve deeper in **Phase 2** by following the same steps but going bottom-up at a granular level, considering the nuances of your business model. For example:

01 For a service-line focused business, it is done for each service line

02 For a project-led business, it is done at an individual project level

03 For a key-account focused business, it is done for each key account

04 Direct cost elements contributing to the business are assessed, in addition to indirect or discretionary expenditures

Each of the triggers/factors defined in **Phase 1** are further broken down into sub-factors, scales are defined to map the depth of their impact, and the assessment is done through a bottom-up micro-level approach. An example is illustrated below

Industry	Factors	Sub-Factors	Anchor Points		
			High	Medium	Low
Manufacturing	Manpower (Access, Availability & Adequacy)	Manpower Access to & Availability at Work Sites	Serious impact leading to drop in production levels by >50%	Medium impact leading to drop in production levels in range of 20-50%	Low impact with <20% drop in production levels
		Additional costs (transportation, backup, health, etc)	>30% above budget	10-30% above budget	<10% above budget
	Vendor support	Trade restrictions	>70% critical materials through imports from restricted geographies	30-70% critical materials through imports from restricted geographies	<30% critical materials through imports from restricted geographies

Service	Customer Access and Service reach	Restrictions on Customer Interaction	Minimal interactions possible due to infrastructure issues	Limited to remote (digital and telephonic)	Business as usual
		Service Reach	Severely restricted due to curfew	Restricted due to quarantine	Business as usual


We then complete the bottom-up approach through detailed financial analysis

#	Revenue stream / cost head	Factors and Sub-factors							Absolute Impact		
		F1			F2		...	Fn	Optimistic scenario	Realistic scenario	Pessimistic scenario
		SF1.1	SF1.2	SF1.3	SF2.1	SF2.2	...	SFn.n			
1	Rev 1	No	Yes	No	Yes	No	Yes	Yes	...	...	...
2	Rev 2	Yes	Yes	No	No	No	No	Yes	...	...	...
3	Rev 3	No	Yes	No	Yes	No	Yes	No	...	...	...
4	...	No	Yes	No	No	Yes	Yes	Yes	...	...	...
5	...	No	Yes	No	No	Yes	Yes	Yes	...	...	...
6	Cost 1	Yes	Yes	No	Yes	Yes	Yes	No	...	...	...
7	Cost 2	Yes	Yes	Yes	Yes	Yes	Yes	Yes	...	...	...
...	...	Yes	Yes	Yes	Yes	Yes	Yes	Yes	...	...	...
...	...	Yes	Yes	No	Yes	Yes	Yes	No	...	...	...
...	...	No	No	No	No	No	No	No	...	...	...

This bottom-up work is done for a prioritized set of activities using the 80:20 principle, to ensure that we are able to deliver focused outcomes in a short span of time, and logically extrapolate to the rest of the business. Using this approach also opens up the possibility of matrix impact mapping to help address questions like:

- ▶ What would be the relative impact of service line A in key account 1 vs. key account 2, based on the current portfolio of projects? Or
- ▶ How will the institutional portfolio fare vs. the retail portfolio?

Thus we are able to deliver extremely granular insights that have a direct impact on your business.



Once the bottom-up assessment is completed, we move into **Phase 3**, to **reconfigure** your AOP and institutionalize a flexible roadmap by working with you on 3 elements

- ▶ Given the new normal, previous targets may or may not be valid. We reassess and refresh them to be relevant to your current business context in alignment with new top-line and bottom-line implications, with a short, medium and long-term view
- ▶ Critical success factors to deliver on the refreshed plan are documented
- ▶ Initiatives are defined and their execution is planned based on available resources

With a strong grasp of issues at a macro level and the ability to delve deep, Avalon Consulting can thus work hand in hand with your teams to deliver a refreshed plan that is highly customized for you to manage the situation. Given the uncertainty around developments, it is imperative to monitor key indicators on a continuous basis and ensure that your actions realign as per evolving business needs. A centralized dashboard with predefined inputs from business-critical teams will help, as will a strong program management mindset to aid holistic decision-making.

Never let a good crisis go to waste

After completing one iteration of this plan refresh cycle, it would be advisable to contemplate which elements of this new way of working can be institutionalized to fortify organizational resilience. We recommend using this opportunity to transform teams so that they are forever nimble in identifying triggers in advance, planning risk mitigation strategies for potential impact, and course correcting based on field experience.

There are three key factors that will help you unlock maximum potential from this approach:

360° view

While direct triggers are easy to identify, it is the indirect ones that often go unnoticed. Take inputs from a wide variety of eco-system stakeholders to calibrate your world view



Mapping interdependence

In an effort to cover all possible triggers, it is easy to slip into a linear thinking trap of ignoring linkages between triggers which have the potential to compound the risk impact and the complexity of a risk mitigation response

Dynamic view of the critical triggers

This need not be through extensive IT systems, but it is important to have a dashboard of different data elements feeding your monitoring process to assist nimble decision-making and course correction



Our Values – The Avalon EDGE

E

ENTREPRENEURSHIP

Enterprising ownership to transform ideas into pragmatic and profitable solutions

D

DEDICATION TO EXCELLENCE

Commitment to premier quality and highest standards in everything we do

G

GREAT VALUE CREATION

Focus on delivering maximum client impact through innovation and collaboration

E

ETHICAL APPROACH

Respect, fairness and transparency in all our interactions

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