

# 5

## PLANNING

### CASE: CORONAVIRUS

On December 31<sup>st</sup>, 2019, the Chinese office of the World Health Organization was informed of a pneumonia outbreak of uncertain viral origin in the city of Wuhan... and in just two months the local epidemic had evolved into a truly global pandemic! During the first half of 2020, Covid-19, better known as the new coronavirus, infected more than 10 million people and caused about 500,000 deaths, forcing all governments to take drastic measures to impose social distancing and control the outbreak.<sup>1</sup> And the business world had to adjust quickly to the new reality...

In the primary sector<sup>2</sup>, agricultural, livestock and fisheries organizations had to remain active to ensure supply to distribution networks. And the widespread increase in household demand has even led to sales growth in some categories, such as fruits rich in vitamin C (oranges, tangerines, kiwis, etc.), as they strengthen the immune system.<sup>3</sup>

For their part, in the secondary and tertiary sectors, many industrial and service companies have temporarily suspended their operations, moving some functions to teleworking and preserving only the essential jobs to minimize losses. In particular, large employers, such as car manufacturers and civil construction and public works companies, had to stop working in several countries to prevent the spread of the coronavirus.<sup>4</sup>

Businesses related to travel and transport, such as aviation, hospitality and oil, were most affected by the drop in demand, while physical and online food retail and the production of household items, such as toilet paper and detergents, as well as pharmaceutical retail and drug production, benefited from “safety purchases” and even needed to hire more employees. And several manufacturers of equipment, textiles, beers, and perfumes took advantage of the crisis to adapt their facilities and started producing ventilators, tests, protective equipment, masks, or disinfectant gel.<sup>5</sup>

In the quaternary sector, technology companies easily adapted to teleworking and continued operating. And the universal need to communicate, study and collaborate remotely has triggered the use of social networks and online video conferencing platforms. On the other hand, to relax, online video games and streaming of movies and music have become even more popular.<sup>6</sup>

To deal with the uncertainty generated by the coronavirus, all companies thus had to take contingency measures and review their short-term plans...



**RECOMMENDATION**

Complement reading the case with online research on the coronavirus.

**QUESTIONS****Organizational Structure**

1. To what extent may the coronavirus pandemic have impacted the levels of formalization, centralization, and complexity in organizations? (Reference: pages 318-9)
2. How may basic and advanced macrostructures have adapted differently to the coronavirus pandemic? (Reference: pages 319-22)

**Strategic and Operational Plan**

3. How should the strategic and operational plan deal with the coronavirus pandemic? (Reference: page 324)
4. To what extent may the coronavirus pandemic impact on top-down and bottom-up planning? (Reference: page 325)

**Planning under Uncertainty**

5. Identify and analyze the uncertainty patterns most applicable to the coronavirus pandemic. (Reference: Table 5.10 on page 328)
6. Analyze and exemplify the uncertainty management methodologies most used by companies to deal with the coronavirus pandemic. (Reference: pages 329-35)

**Planning with Scenarios**

7. Build four scenarios for the future evolution of the coronavirus pandemic, taking the perspective of a company from a business of your choice. (Reference: pages 336-7)
8. Analyze the implications of the scenarios for the company chosen above. (Reference: pages 338-9)

**Planning Leadership**

9. Suggest concrete initiatives for the company chosen above to deal with the scenarios and determine the respective level of importance and urgency. (Reference: Table A5.1 on page 341)
10. Identify the most appropriate analysis, decision-making and planning approaches to deal with the coronavirus pandemic. (Reference: pages 342-9)

<sup>1</sup> Reynolds, Matt (2020). "What is coronavirus and what happens now it is a pandemic?", Wired (<https://www.wired.co.uk/article/china-coronavirus>) and Worldometer (<https://www.worldometers.info/coronavirus/#countries>).

<sup>2</sup> See more details on the primary, secondary, tertiary, and quaternary sectors in chapter 1 - Sustainable Strategy.

<sup>3</sup> Sábado ([https://www.sabado.pt/portugal/detalhe/covid-19-aumento-de-14-em-venda-de-produtos-alimentares-e-de-higiene?ref=hp\\_ultimas](https://www.sabado.pt/portugal/detalhe/covid-19-aumento-de-14-em-venda-de-produtos-alimentares-e-de-higiene?ref=hp_ultimas)).

<sup>4</sup> Idealista (2020). "Já há obras paradas por causa do surto de coronavírus", *Idealista* (<https://www.idealista.pt/news/imobiliario/construcao/2020/03/20/42793-ja-ha-obras-paradas-por-cao-do-surto-de-coronavirus>), Miotto, Rafael (2020). "Coronavírus: veja os efeitos na indústria automotiva", *Globo* (<https://g1.globo.com/carros/noticia/2020/03/16/coronavirus-veja-efeitos-na-industria-automotiva.ghtml>).

<sup>5</sup> Malhado, Alexandre R. (2020). "Covid-19: Aumento de 14% em venda de produtos alimentares e de higiene", *Sábado* ([https://www.sabado.pt/portugal/detalhe/covid-19-aumento-de-14-em-venda-de-produtos-alimentares-e-de-higiene?ref=hp\\_ultimas](https://www.sabado.pt/portugal/detalhe/covid-19-aumento-de-14-em-venda-de-produtos-alimentares-e-de-higiene?ref=hp_ultimas)), Ferreira, Beatriz (2020). "O outro lado da pandemia. "Aumento exponencial" da procura nas lojas e no online obriga retalhistas a reforçar equipas", *Observador* (<https://observador.pt/2020/03/20/outro-lado-da-pandemia-aumento-exponencial-da-procura-nas-lojas-e-no-online-obriga-retalhistas-a-reforcar-equipas/>), Moutinho, Paulo (2020). "Barril está mais perto dos 25 dólares", *Eco Sapo* (<https://eco.sapo.pt/2020/03/23/petroleo-continua-a-cair-barril-esta-mais-perto-dos-25-dolares/>), Lusa (2020). "Yves Saint Laurent e Balenciaga vão fabricar máscaras", *Eco Sapo* (<https://eco.sapo.pt/2020/03/23/yves-saint-laurent-e-balenciaga-va-fabricar-mascaras/>), Castro, Fátima (2020). "Estas empresas mudaram de negócio. Agora fazem gel desinfetante, máscaras e batas", *Eco Sapo* (<https://eco.sapo.pt/2020/03/21/estas-empresas-mudaram-de-negocio-agora-fazem-gel-desinfetante-mascaras-e-batas/>).

<sup>6</sup> Nunes, Flávio (2020). "Estes negócios resistem melhor à pandemia do coronavírus", *Eco Saúde* (<https://eco.sapo.pt/2020/03/14/estes-negocios-resistem-melhor-a-pandemia-do-coronavirus/>).