While there are still many uncertainties around COVID-19, ranging from its economic impact to the potential for a second wave, organizations are pivoting to building resiliency and planning for their post-pandemic futures.

APQC conducted a survey in early 2020 to find out how organizations are preparing for the new normal and what are their biggest challenges moving forward.

This report provides a cross-industry perspective into impacts on and changes in organizations’ business models and the effects of COVID on technology and methodology adoption.

359
Valid Participants
IMPACT ON BUSINESS
The good news is that over 80 percent of participants are either confident or very confident in their organization’s ability to pivot for the new normal.
Almost half of participant organizations are where we would expect them to be, shifting to proactive planning for the future.
Though most participant's organizations have shifted their sourcing models and products or services, the biggest change is in how they deliver products and services to their customers.

### AFFECTS ON BUSINESS MODEL

<table>
<thead>
<tr>
<th>Category</th>
<th>Stayed the Same</th>
<th>Changed or Different</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delivery Channels (N=336)</td>
<td>39%</td>
<td>61%</td>
</tr>
<tr>
<td>Means of Production (N=333)</td>
<td>59%</td>
<td>41%</td>
</tr>
<tr>
<td>Products or Services (N=336)</td>
<td>48%</td>
<td>52%</td>
</tr>
<tr>
<td>Sourcing (N=339)</td>
<td>50%</td>
<td>50%</td>
</tr>
</tbody>
</table>
Most of the participants have fast tracked work policies and technologies necessary to address the impact of the COVID-19 pandemic.

As organizations reacted to needing to comply with work safe policies and ensure the health of employees, they had to navigate the uncharted waters of remote work. These alternative work arrangements required the quick implementation of collaboration platforms that not only support collaboration but also provide employees with access to the tools and information necessary to execute their work.

As organizations move beyond reaction, they are leveraging techniques like scenario planning to ensure they are not caught unprepared by future disruptions. Additionally, they are developing digital products and services and shoring up their supplier relationship practices to ensure continuity and to reduce risks.

Note: The full chart, including factors that are not changing, can be found in the appendix.
As organizations move beyond reaction, they will be busy implementing long-term changes to future-proof their businesses. These broader organizational transformations include the adoption of digital solutions (e.g., automation) to address potential workforce capacity issues as well as new delivery channels for existing products, new products, and services—all of which require new skills for staff.

Many organizations have struggled with the crisis brought on by complicated global supply chains, panic buying, and extremes in inventory shortages or surpluses. Consequently, organizations are re-envisioning their supplier relationship management practices and looking at ways to shorten their supply chains.

![Chart showing Will Accelerate in Next 90 Days]

- Reskilling employees (N=319) 31%
- Organizational transformation (N=317) 26%
- Shortening the supply chain (N=254) 25%
- Automation (N=277) 23%
- Digital products or services (N=307) 23%

Note: The full chart, including factors that are not changing, can be found in the appendix.
CHALLENGES
Budget cuts and constraints not only top the chart regarding challenges, they will be a long-term challenge for organizations for the foreseeable future.

- **Budget constraints and cuts**: 44% (Current), 51% (Next 90 Days)
- **Safety concerns: returning to office**: 28% (Current), 28% (Next 90 Days)
- **Workforce capacity management**: 28% (Current), 30% (Next 90 Days)
- **Alignment with customer needs**: 28% (Current), 30% (Next 90 Days)
- **Travel restrictions**: 25% (Current)

Note: The full chart, including factors that are not changing, can be found in the appendix.
Though big picture challenges like budget and customer needs are dominant, organizations are also concerned with more tactical challenges around risk management, remote work effectiveness, processes, and compliance.

Note: The full chart, including factors that are not changing, can be found in the appendix.
TOP 6 SKILLS FOR NEW NORMAL

Given the need to stay resilient and flexible to shifting business environments, it’s unsurprising that participants feel that flexibility, innovation, and change management skills are vital for the new normal.

<table>
<thead>
<tr>
<th>Skill</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flexibility</td>
<td>52%</td>
</tr>
<tr>
<td>Innovation</td>
<td>40%</td>
</tr>
<tr>
<td>Change management</td>
<td>37%</td>
</tr>
<tr>
<td>Communications</td>
<td>28%</td>
</tr>
<tr>
<td>Risk management</td>
<td>26%</td>
</tr>
<tr>
<td>Technology fluency</td>
<td>25%</td>
</tr>
</tbody>
</table>

Though the pandemic stresses the necessity of these skillsets, they’ve actually been a growing focus over the last couple of years. The impacts of digital and organizational transformations and the pace of changes in business environments have driven the need for key skills in agility, change management, and technology fluency across functions:

- Procurement Talent Management and Skills for Future Success
- Core Skillsets for Process Management
- How KM Innovates Through Disruption and Change
- Developing Finance Talent

(N=359)

Note: The full chart, including factors that are not changing, can be found in the appendix.
ADDITIONAL SOLUTIONS & INFORMATION

Employee Reskilling
- Integrating Talent Management to Build Digital Capabilities
- Providing Learning Experiences to Hourly Employees
- Formal Job Rotation Programs
- Career Development—Program Essentials

Virtual Collaboration
- KM Conversations: Engaging Employees in Virtual Collaboration
- KM for a More Virtual Workforce
- Managing Virtual Process Work
- Managing Process Work at a Distance: Five Tips for Virtual Collaboration and Workshops
- Managing Virtual Process Work
- How to Lead Virtual Teams

Workplace Management
- Even with the Best Strategic Workforce Plans, Change Happens
- Workforce Planning Gets an Upgrade
- Strategic Workforce Planning: Best and Next Practices Report

Supplier Relationship
- Putting the "Relationship" Back in Supplier Relationship Management
- Reinventing Supplier Relationship Management
- Coming Together: How to Build Highly Collaborative Supplier Relationships
- Five Essential Design Principles for Building Strategic Supplier Relationships
- Supplier Risk Management: Current State Practices
PARTICIPANT’S ROLES

- Head of Business (e.g., CEO): 10%
- VP/Senior Executive (e.g., C-Suite): 8%
- Director/Senior Manager: 26%
- Manager: 27%
- Specialist/Analyst: 14%
- Consultant: 13%
- Other: 1%

(N=356)
The participants come from an array of functions, predominantly knowledge, strategy, HR and improvement focused teams like process and quality.

Note: The values in the graph do not add up to 100% because this was a “select all that apply” question.
TOP 5 INDUSTRIES

- SERVICES: 35%
- EDUCATION: 7%
- GOVERNMENT/MILITARY: 8%
- FINANCIAL SERVICES/BANKING: 6%
- PETROLEUM/Chemical: 6%

(N=359)
Investments in technologies like AI and the Cloud remain unaffected. Additionally, organizations’ commitment to end-to-end process efforts, automation, and shortening the supply chain remain predominantly unaffected by the pandemic.

**IMPACTS ON WHAT AND HOW WE DO IT**

<table>
<thead>
<tr>
<th>Technology</th>
<th>Unaffected</th>
<th>Accelerated</th>
<th>Will Accelerate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alternate work arrangements (N=328)</td>
<td>7%</td>
<td>82%</td>
<td>11%</td>
</tr>
<tr>
<td>Contingency and scenario planning (N=322)</td>
<td>15%</td>
<td>63%</td>
<td>23%</td>
</tr>
<tr>
<td>Integrated collaboration platforms (N=315)</td>
<td>20%</td>
<td>62%</td>
<td>18%</td>
</tr>
<tr>
<td>Digital products or services (N=307)</td>
<td>22%</td>
<td>55%</td>
<td>23%</td>
</tr>
<tr>
<td>Supplier risk management (N=276)</td>
<td>31%</td>
<td>50%</td>
<td>19%</td>
</tr>
<tr>
<td>Organizational transformation (N=317)</td>
<td>25%</td>
<td>49%</td>
<td>27%</td>
</tr>
<tr>
<td>Agile project management (N=298)</td>
<td>34%</td>
<td>45%</td>
<td>21%</td>
</tr>
<tr>
<td>Reskilling employees (N=319)</td>
<td>30%</td>
<td>40%</td>
<td>31%</td>
</tr>
<tr>
<td>Automation (N=277)</td>
<td>40%</td>
<td>38%</td>
<td>23%</td>
</tr>
<tr>
<td>End-to-end process management (N=304)</td>
<td>44%</td>
<td>35%</td>
<td>21%</td>
</tr>
<tr>
<td>Cloud computing (N=293)</td>
<td>52%</td>
<td>33%</td>
<td>15%</td>
</tr>
<tr>
<td>Shortening the supply chain (N=254)</td>
<td>43%</td>
<td>32%</td>
<td>25%</td>
</tr>
<tr>
<td>Artificial intelligence (N=225)</td>
<td>54%</td>
<td>27%</td>
<td>19%</td>
</tr>
</tbody>
</table>