

Risk and Opportunity: Healthcare Leaders in Asia Reflect on Post COVID-19 Recovery

The Chinese word for “crisis” is composed of two characters (危机 ‘weiji’) - one represents danger, and the other represents opportunity. Healthcare CEOs in Asia have embraced that duality and in a teleconference organized by Egon Zehnder, they gathered to discuss the fallout from COVID-19.

With Asia at the leading edge of the pandemic, leaders in Asia have now begun to formulate their lessons learned from the lockdown.

Healthcare companies must strengthen inventory management

In the coming months, it will be difficult for healthcare companies to maintain an accurate forecast on sales and inventory because many countries have stockpiled essential healthcare products above the usual level, said one CEO. It’s also hard to predict demand since many patients are deferring elective procedures and even regular visits to doctors. What’s more, some products face severe supply disruption, such as specialty medicines made in Italy. All this makes it impossible for healthcare companies to exercise a “predict and control” management of their supply chains and instead must move to a “sensing and responding” model.

One company leader has organized its inventory into three categories: (i) lifesaving (ii) chronic (iii) all of the rest. On lifesaving products, they will ration supply to ensure availability. Another executive suggested sorting products into critical vs elective to make it easier for healthcare companies to model consumption/demand during and post-crisis. Leaders are optimistic they will be able to make use of data from China and its position at the head of the pandemic curve to design new forecasting models.

Leaders agreed that healthcare companies will be rethinking their global supply chain network strategy, placing a stronger emphasis on risk diversification as opposed to cost savings. Such a shift would have a profound economic impact on countries with a large manufacturing base, they said. It could result in job losses that would not be well

received by local governments. Regional leaders will need to be a strong internal voice with corporate headquarters and play a pro-active role in managing the communication of such decisions to the public.

Control Cash

The discipline to maintain a strong level of working capital is key to keeping the supply chain running during a crisis, leaders said. It is important to work with banks early, when crisis is brewing, and keep them apprised. This will raise confidence levels should an extension on credit become necessary, they said.

In Times of Crisis, Remember the Little Things

While big issues of health and safety must dominate, leaders reflected on how the attention to smaller issues proved critical. To illustrate the point, the company provided Personal Protective Equipment to their frontline staff, including delivery personnel and order takers, to protect their health and safety. However, some customers were unhappy because they did not provide the same level of protection for other workers. It was a challenge, the leader said, to manage the situation sensitively while not compromising safety.

Looking Ahead

The leaders also discussed the ways in which China specifically would behave going forward. Despite a rise in nationalistic sentiment around the world, many leaders believe China will remain open to international collaboration around science and innovation. In the near term, they predict China will focus on lowering health care costs and maintaining its investment in healthcare innovation.

Finally, the leaders discussed ways in which healthcare industry players should evolve going forward. There is a clear need to redefine competition and collaboration, they said. For example, the Australian government and healthcare industry leaders -- manufacturers, providers, and distributors -- are speaking almost daily to discuss how they can collaborate, share resources and address some of the most pressing supply chain issues during the pandemic.

Many expect wider adoption of digital technology to emerge out of the crisis. It may also spark an increased interest in a National Healthcare System – similar to models adopted by countries such as Korea, Taiwan, and Singapore.

Ultimately, healthcare leaders see a chance to come together as a collective to influence national health policies and shape the future of healthcare. They will need to review the ways in which they interact with governments now and how they can develop new “muscles” to spark dialogue among all the key healthcare stakeholders. It could be timely to review the mandate and set up of the regional government affairs function. In this way, healthcare companies can be sure to prepare themselves well for opportunities and risks post recovery from the COVID crisis.

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COVID-19 Micro-Website

We have launched a micro-website where this and other informative pieces are posted. This site will be regularly updated: [click here](#) for further details.

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