

COVID-19 response: recommendations for organisations

Organisations should plan a response based on what we describe as the '3As': **ACT** and respond in a sustainable manner – focus on employees and other stakeholders as a priority, **ANALYSE** the different information sources to secure your organisation and plan out different scenarios, and **ANTICIPATE** the future business impact and trends so that the organisation can properly plan its recovery steps and future strategy.

ACT AND RESPOND IN A SUSTAINABLE MANNER

1. Think 'people first.'

For all organisations, the safety of employees, customers and other stakeholders must be an immediate priority. The physical and mental well-being of human capital is particularly exposed in a crisis of this nature, and an effective workforce is critical to activating an appropriate response both immediately and over the short to medium term.

Checklist

- Prioritise the safety and well-being of employees
- Maintain an appropriate communication plan for employees, explaining how the organisation is responding to the crisis and sharing key information.
- Ensure policies in key areas are available, such as those on pay and sick leave, remote working, health and safety, remuneration and employment practices in response to the crisis and make sure all line managers are aware of these.
- Ensure that 'organisation critical' roles and responsibilities are understood so that key organisational activities can continue.
- Consider the need to realign or redeploy the workforce into different business-critical areas.
- Identify, monitor and mitigate key people risks arising as a consequence of the crisis.

2. Accept the short-term focus, and demonstrate true leadership

A key implication for any business responding to a major crisis is an immediate plan for response and recovery. Timelines and targets will need to be refocused on very near and near-to-mid-term horizons. In this situation, it is vital that senior leaders in the organisation accept the change of their focus from strategic to tactical, particularly with a crisis such as COVID-19 where the situation is both new and continues to evolve.

Checklist

- Think about how to adapt to support short-term resilience in light of your strategy.
- Assess targets and deliverables and whether they need to be adjusted.
- Maintain effective governance and oversight in a time of short-term and quick business responses.
- Have a communications plan focused on securing the organisation's external reputation.
- Communicate regularly with investors.
- Ensure that the organisation's immediate response is consistent with its culture.
- Ensure compliance with any immediate and evolving legal requirements.

3. Recognise the needs of your customers and other stakeholders

Keeping a check on the immediate and changing requirements of customers and other stakeholders is essential. Continuous communication is crucial, both in order to understand evolving needs better and to respond accordingly. In particular, it will take time to rebuild consumer confidence. Good communication is also critical to understanding the impact of the situation on supply chains, stakeholders and other partners. Global supply chains and logistics operations are being very significantly challenged by the COVID-19 crisis.

Checklist

- Gauge and monitor changing customer demand patterns.
- Use all the customer data at your disposal to understand immediate trends.
- Ask whether your sourcing strategy needs to change.
- Ensure that you have visibility over your supply chain.
- Ensure that appropriate and legal safeguards are in place for customers and all other stakeholders.
- Assess the relevance of the customer marketing strategy.
- Assess whether customer product and service delivery channels need to change.
- Assess the customer pricing policy in light of potential liquidity and profitability issues.

4. Use a crisis-management team / skills and establish a resilience plan.

The work of crisis-management teams and mobilising the relevant skills across the enterprises are important for overseeing major issues, formulating business contingency plans, coordinating and aligning implementation across different departments, and ensuring speedy responses and decision-making. Focusing on a wider business resilience approach, and not just business continuity processes, is crucial in the immediate response to an event. A business resilience plan considers all the risks facing the organisation at a strategic level. It ensures that activities across the organisation are connected in response to an event to ensure broader business integrity, and to enable development of a set of coordinated actions to address the crisis as well as consideration of potential new opportunities that may arise from the crisis.

Checklist

- Establish a dedicated crisis-management team to lead the response to the crisis.
- Have a clear BCP and communicate it to all relevant stakeholders.
- Ensure an appropriate pattern of activity in response to the crisis.
- Undertake a risk assessment of the impact of different threats.
- Understand the role of key suppliers / third parties (for example IT suppliers) as part of business continuity.
- Have a broader business resilience plan that includes both the continuity plan and crisis management.
- Ensure that organisational roles and responsibilities are clearly identified and documented as part of the business resilience planning process.
- Specifically evaluate technology resilience plans.
- Ensure that the organisation's data is secure.

ANALYSE THE DIFFERENT INFORMATION SOURCES TO SECURE YOUR ORGANISATION

5. Model scenarios and plan for resumption.

In a crisis such as COVID-19, organisational scenarios are not constant and require regular review. It is important to understand how using both external and internal data with analytical capabilities can put the organisation in a stronger position and help it understand the operational and financial impact of different scenarios that may arise. Information insight is also critically important for business resumption planning, which aims to get the organisation back up and running properly, planned in manageable phases. This requires the analysis of the type of resources and assets the organisation needs to safeguard in order to be able to resume.

Checklist

- Continually assess different organisational scenarios.
- Review assumptions in the scenario analysis to ensure that they are realistic.
- Clearly identify 'known unknowns' and risks as part of the scenario-planning exercise.
- Ensure that robust data is used in scenario analysis.
- Ensure that roles and responsibilities are clear in relation to scenario planning.
- Undertake a financial assessment or forecast relating to the scenarios and their link to liquidity and funding.
- Have a business-resumption plan and understand particularly the implications of this for your workforce.

6. Review government and fiscal policies that may be of benefit.

It is important to monitor the relief measures and policies introduced by governments of countries relevant to your operations and prepare to use fully the benefits made available to support businesses and employees. Organisations should also keep assessing the impact of government policies and their implications for the medium- and long-term perspective and plan for the stages when government support will disappear. For smaller organisations, the support of small and medium-sized accounting practices can be key here.

Checklist

- Understand the key relief measures and policies being introduced.
- Establish a process for capturing these initiatives as they change.
- Communicate these policies to all staff so they are clear as to their implications.
- Have a remedial action plan in place for if government interventions or support are withdrawn.
- Ensure that formal communication channels with government are open to influence policy development.
- Nurture appropriate relationships with trade bodies, professional organisations and government agencies to voice opinions.
- Ensure that any legal risks introduced following new government initiatives are managed appropriately.
- Understand the specific financial implications from specific policy initiatives; for example, those for tax or employee benefits.

7. Remember: 'Liquidity is the lifeblood.'

Organisations should review their lines of credit and renegotiate their debt financing obligations. Payment periods, for example, may well be extended in the immediate post-lock-down period as businesses recover. A strong focus on cash management and liquidity should be maintained to bridge different business scenarios while accepting that recovery to full liquidity is likely to be a long process.

Checklist

- Understand the current cash position and short-term and medium-term cash forecasts.
- Ensure that the cash-management policies of the organisation are up to date.
- Examine debtor and creditor lines to understand possible cash-flow opportunities.
- Review treasury management strategies.
- Examine unrequired assets for sale opportunities to free up cash.
- Review current financing arrangements across the business to identify how these can be extended or made more beneficial in the short term.
- Examine the controls in place to monitor and report on cash management proactively.
- Identify and proactively manage idle funds.
- Review overheads and expenses to improve cash position.
- Understand currency and foreign exchange impacts on cash position.
- Examine alternative channels to market to re-evaluate revenue streams.

ANTICIPATE THE BUSINESS IMPACT AND FUTURE TRENDS

8. Look for opportunities to innovate.

In the midst of any crisis is always opportunity. Once the immediate response to the crisis is secured, organisations should consider opportunities for short or medium-term innovation. These may be for the development of products and services that can be quickly brought to market in response to changing customer needs. Or this may be an opportunity for thinking innovatively about working with partner organisations or refocusing activity and tapping into heightened energy from employees, as energy often increases in response to a crisis. Or you might take a complete relook at how the organisation is deploying digital and other technological innovation.

Checklist

- Understand what the quick wins for customer innovation could be.
- Examine current business operations to see which could be improved or made more efficient or agile in light of the crisis.
- Examine how more agile approaches can be adopted in the organisation to promote innovation – for example, repurposing facilities.
- Ask whether the current culture is truly supportive of innovation.
- Identify opportunities for employees to share ideas on innovation.
- Review ways of working or ways of learning and explore how technology can support these better.
- Assess opportunities to achieve more social good in the wider community.
- Consider partnering with different organisations to widen the innovation circle and share costs.
- Examine whether there are good innovation practices to be learned from external organisations.

9. Review company strategies

Keeping in sight a long-term perspective and using the lessons learnt to review company strategy are very important. A crisis such as COVID-19 provides an opportunity to re-examine business models, explore new channels to market, consider supply chain diversification, and explore opportunities to grow in new sectors.

Checklist

- Re-examine your short-term strategy and focus on organisational viability.
- Assess whether the strategy for the longer term is still relevant and future proof.
- Assess whether financially or operationally there is a need to restructure.
- Examine whether investment priorities need to change.
- Identify and assess new commercial or service opportunities in the light of the crisis.
- Understand the regulatory, tax or legal implications of changing business models.
- Be clear on the medium-term workforce plan.
- Understand the future skill needs of the organisation.
- Question whether the organisation is investing sufficiently in digital capabilities.
- Evaluate your market competitive position and understand competitor risks.

10. Don't forget: fundamental business risks remain.

It's important not to lose sight of the fundamentals. Even in the face of COVID-19, the organisation will still face existing risks (eg cybersecurity), but also remember that different ways of working and strategic reactions could change these risks or introduce new ones. Ensuring that risks continue to be managed, both specifically in response to the crisis and more generally, is essential.

Checklist

- Assess the relevance of your current risk-management strategy.
- Evaluate whether the profile of risks has changed.
- Evaluate lessons learned from the crisis to inform the future risk-management approach.
- Identify new risks introduced in response to the crisis.
- Identify appropriate mitigation strategies for new risks.
- Be clear on channels of communication for reporting emerging risks.
- Evaluate current governance structures to ensure they are appropriate.