Understanding implications of COVID-19 (coronavirus) for private companies

Because of COVID-19 pandemic many managers and business owners had to quickly mobilize and start making immediate decisions that will have certain consequences also in the long term. Perhaps we are still not fully aware of these consequences. Considering the disruptions in global supply chains, financial market volatility and interruptions in the daily operations many business owners mostly focus on ensuring stability of work in order to foresee the risks both for employees and clients, and manage them in order to ensure future operational activities.

Supply chains and operational activities	Suppliers	Logistic services	Contracts	Supplies	Demand and client loyalty
Business impact	Awareness and knowledge	Availability of labor resources	Sustainability of technologies and systems	Commercial plans	Board activity
Financial and external factors	Cash flowsв	Financial stability	Global trade and protectionism	Government and sanitary requirements	Disruptions in the sector

Regulation of crisis and business sustainability

Actions

Now
— Try to identify key operational and supply chain risks
— Mobilize a team for crisis response; focus on supply chain assessment and risk management
— Check if your management is suitable for quick decision making
— Plan financial and business scenarios for quick recovery, global economic slowdown and possible recessions

Near future
— Develop mitigation plans for all types of operational activities and supply chains, assessing consequences for sea, air and road transportation
— Keep in touch with key clients and stakeholders
— Analyze and assess the impact of current situation on labor resource planning and management
— Analyze the impact of the situation at every stage depending on your sector of activity

Continuity
— Create flexible and noticeable global supply system
— Study and implement digital automatization and automatization of processes in order to mitigate the consequences of work interruptions
— Develop and introduce improved risk management techniques

Observations
— Closure of manufacturing facilities in China
— Additional travel restrictions
— Increase in sanitary-epidemiological requirements
— Suppliers taking advantage of the force majeure (for non-performance or deferring delivery deadlines)
— Additional border checks lead to delays in delivery
— Sea ports and airports are loaded movement on popular sea routs from Asia to Europe has stopped
— Volume of exported products from China decreased, prices increased
— Workforce deficiency adversely affects production and road transportation

List of actions taken by different companies include emergency planning and scenario modelling, operational activity and supply chain risks management, financial risk assessment, increasing business sustainability, digital and supply chain transformation.

Task list

Suppliers	— Do you know where your key suppliers are located? Do you have emergency plan designed to ensure uninterrupted supply?
Logistic services	— Do you know your supply route? Have you asked your logistic service provider about potential consequences of the current situation and what they can suggest in order to mitigate it? — What plan do you have in case the movement on the routs is stopped?
Contracts	— Have you studied contracts with key clients and suppliers in order to understand your potential liabilities in case of lack of resources? Do you know how to better regulate your legal risks? — What will you do if the suppliers decide to take advantage of the force majeure?
Supplies	— Have you assessed your sources through which you can compensate supply deficiency? Will you need to reserve supplies for different clients in case of deficiency? — Can you monitor delivery in real time and manage client expectations?
Demand and client loyalty	— How will you set the bar of client expectations? How do you plan to recover supplies in future? — How well do you know your clients? Can your clients leave you for your competitors/other market players? — How decrease in demand will impact your long-term growth prospects?
Awareness and knowledge	— Do you have a plan for communication activities? — Have you held meetings with your clients, employees and suppliers?
Availability of labour resources	— How will you fight adverse impact on your labour resources? How can you ensure the security of your employees without interrupting the business activity? — Have you assessed risks for cybersecurity, employee health and security in case of work from home?
Sustainability of technologies and systems	— Has the situation affected the activity of external IT service providers? Will the situation alter the quality of provided services and system support? — Do your operational/communication technologies allow you to reduce the number of trips and shift to remote work.
Commercial plans	— How the situation will affect your changed plans and programs? Will you have to defer project deadlines and investments? — How will it affect your growth strategy?
Board activity	— How complying with the travel ban will affect the work of the Board, meetings and your manner of running business? Do you have technologies to organize remote work? — Have you decided how you will document additional requirements for performing obligations?
Cash flows	— Have you analyzed and re-considered the cash flow, management of working capital and supplies forecast along with demand-supply forecast?
Financial stability	— How further decline in stock market capitalization and financing restrictions will affect your financial stability? — Will you have to postpone the preparation of financial statements? Can that delay your audit reports and thus market communications?
Global trade and protectionism	— Are you aware of the government plans of mitigation that can affect your supply chain? — Can you find an alternative to you suppliers within the country?
Government and sanitary requirements	— Do you have special resources that ensure compliance with sanitary-epidemiological requirements and other related provisions of the government and timely inform you about them? — Have you studied your obligations as an employer to ensure health and security of your employees?
Sector disruptions	— How will you ensure the client trust and assure them that your product/service is safe? — How decline in demand will affect your basic expenses and profitability? — Do you realize the phased impact the situation will have on your sector?

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