

Responding to COVID-19 disruption

Advice for private businesses

The COVID-19 pandemic has resulted in both business leaders and owners having to mobilise quickly and make decisions for the short term with implications for the long-term that we might not fully understand yet. As global supply chains, the financial markets and the workings of day-to-day businesses are disrupted, many business owners are focusing on resilience measures, ensuring risks are anticipated and managed for both employees and clients.

With this in mind, we have identified the following areas for businesses to focus on when responding to this event:

- **People come first:** Prioritise the continued wellbeing of your people as a priority, including communicating the best practice methods to reduce personal risk, empowering people to work remotely and sharing contingency plans to reduce any anxiety as much as possible.
- **Focus on liquidity:** Keep a close eye on cash flow by maintaining a cash flow forecast including modelling a range of scenarios. Understand the available levers to generate cash. These include: cost cutting opportunities; optimising your working capital to accelerate cash conversion and pricing tactics to drive demand.
- **Access available assistance:** Ensure that you review the ability of your business to access the wage and leave subsidies announced in the Government's fiscal and economic support package released 17 march, and as updated in subsequent days. These measures are discussed in our recent [Economic Response Package commentary](#). Relevant support and funding for COVID-19 services may also be available from the Regional Business Partner network.
- **Update your business continuity plan:** Ensure this covers how to continue operating as far as feasible given the lockdown restrictions, and if you are an essential business, how to respond if several of your staff were quarantined. and note the health and safety obligations on all businesses.
- **Review your strategy:** Proactively refresh or reset your strategy in light of how COVID-19 will affect your customers, company and competition. Increased strategic agility to seize opportunities and greater resilience through risk mitigation could put you in a better position than your competitors for the mid-long term.
- **Assess the risk:** Identify the expected areas of risk in your business for example, gaps in your supply chain, reduced customer demand or negative impacts on your suppliers.
- **Manage your supply chain:** Put contingency plans in place for shortages of raw materials or inventory and for disruption in transportation and logistics. Continually monitor your end-to-end supply chain and activate contingency plans as and when necessary.
- **Talk to your bank and other stakeholders:** Review your current funding arrangements to consider short-term financial covenants and funding headroom. If there are likely to be any prospective covenant breaches or funding requirements, these should be raised proactively with your funders.

Please note, none of the above is a substitute for specific analysis of your situation and may change as the situation evolves.

If you wish to discuss how KPMG Private Enterprise can help you in any of these areas please contact us.

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