



Understanding the impact of COVID-19

A Checklist for your organisation

12 March 2020

Due to the fast changing situation please refer to kpmg.co.uk for most up to date information

kpmg.co.uk

Crisis management & business continuity planning

As the business world learns to adapt with constant changes, the next chapter is being written. The impact of COVID-19 (Coronavirus) is affecting global supply chains, disrupting financial markets and the workings of day to day businesses.



Actions

The most critical immediate requirement for any business is to **identify and value the risks/scenarios, model the financial impact of those and assess the liquidity / headroom position through a short term cash forecast**. Businesses are facing existential risk here and if they can't make the next few weeks without running out of cash, everything else is irrelevant. We've got the war stories to illustrate that.

0-4
weeks

- Understand key risks across operations and supply chain
- Mobilise teams to firstly navigate crisis response and secondly focus on supply chain assessment and risk management
- Ensure your governance is in place to rapidly make key decisions
- Conduct business and financial scenario planning for a quick recovery, a global slowdown and a global pandemic and recession

1-3
months

- Plan mitigating actions across operations and supply chain, assessing impacts on sea, air and land transport
- Ensure communications are made with principal customers and stakeholders
- Review and assess what impact this will have on workforce planning and management
- Review phasing impacts depending on your sector

4+
months

- Create an agile and visible global supply chain
- Understand and deploy digital and process automation to mitigate the impact of disruption.
- Develop and implement enhanced risk management practices



Actions we are seeing clients undertake include: contingency planning and scenario modelling, operational and supply chain risk management, financial risk assessments, business resilience, and digital and supply chain transformation.

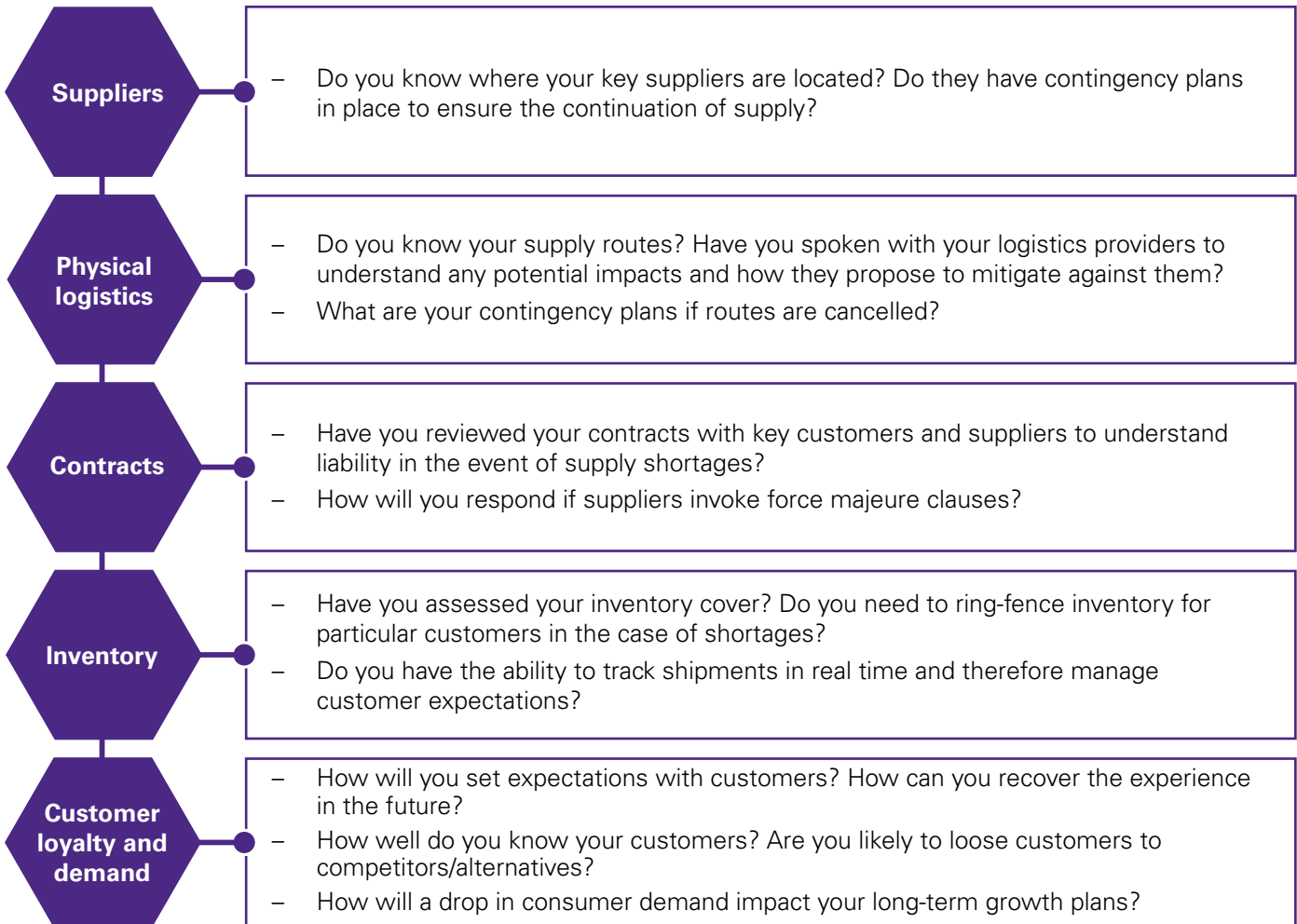


Observations

- Manufacturing closures in China
- Increasing public health requirements
- Suppliers invoking force majeure
- Additional border checks resulting in delays
- Congestion at seaports and airports, with busy sea routes from Asia to Europe being cancelled
- Reduced outbound capacity from China with increase in prices
- Labour shortages impacting productivity and land transport

Supply chain & operations

Checklist



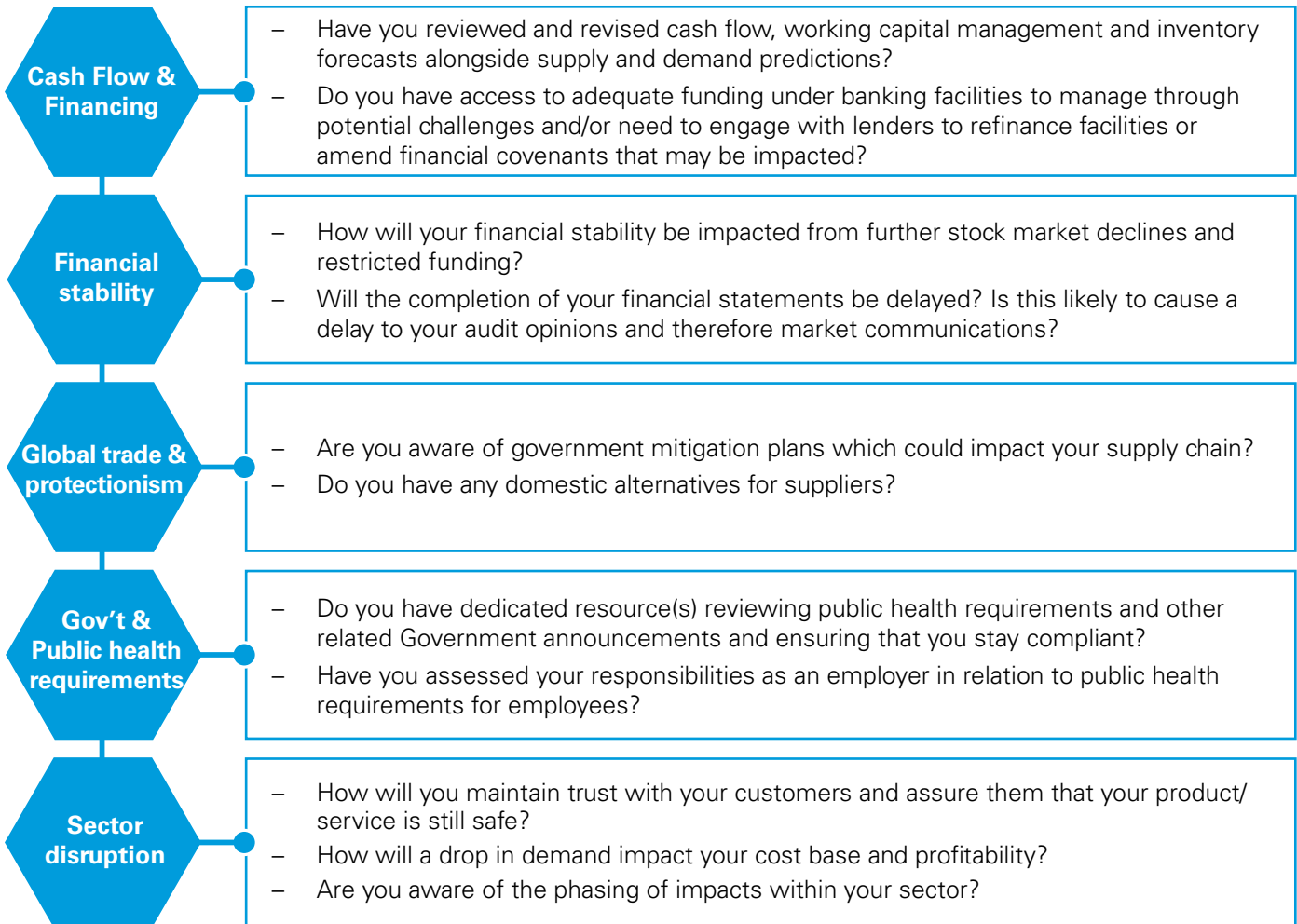
Business impact

Checklist



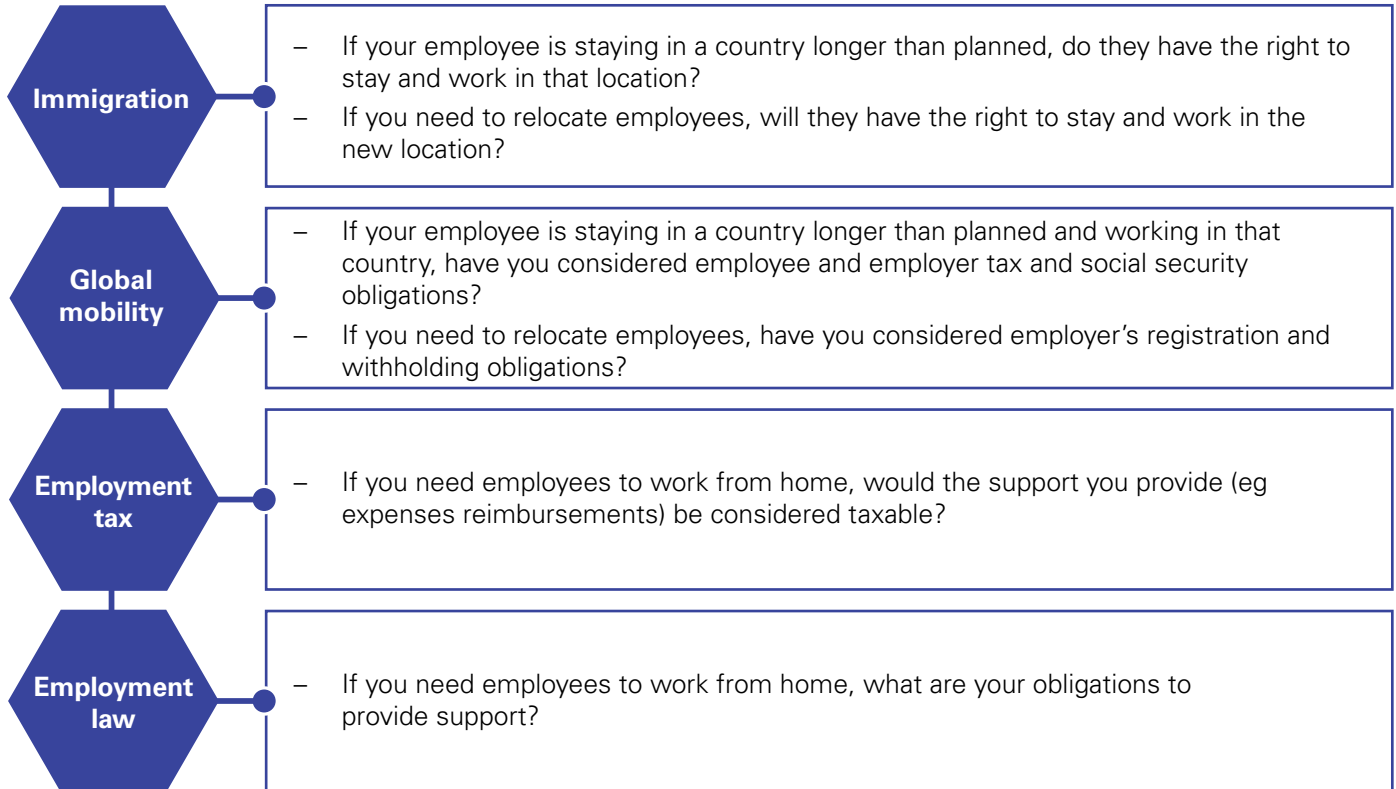
Financial & external factors

Checklist



People

Checklist



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