



Building a better working world

Responding to COVID-19

79%

Board members state that their organizations are not very well prepared to deal with a crisis-event

EY Global Risk Survey, 2020

The outbreak of the Coronavirus Disease 2019 (COVID-19) has stricken communities across the globe. The virus' rapid geographical spread has caught the world off-guard, with major implications for personal health, business continuity and the world economic order. Globally integrated supply chain models have been disrupted, threatening a financial slow-down.

Unfortunately, most organizations around the world are finding it challenging to navigate through these uncertain times. According to EY's Global Risk Survey 2020 - which surveyed 500 board members and CEOs across the world - nearly 4 out of 5 respondents stated that their organizations are not very well prepared to deal with a crisis-event.

In India, 151* cases have been detected and the government is taking proactive measures to control the spread - with cross-border travel restrictions and limited trade. It is a critical time for the Indian economy. While large corporates are planning responses at a global level, mid-market organizations can specifically benefit from focused readiness assessment, monitoring and decision making to navigate through uncertainty and complexity.

200,000+

Infected people

John Hopkins University, 18 March 2020

\$1 T+

of potential loss to global economy

UNCTAD, 9 March 2020

94%

of Fortune 1000 companies are facing supply chain disruptions

Fortune Magazine, Feb 21st 2020



This is going to be a slow-rolling, highly consequential event

Marshall W. Meyer
Professor Emeritus The Wharton School
University of Pennsylvania



*As on 18 March 2020, Government of India



Given the volatility due to COVID-19 event, organizations are facing multiple challenges ranging from the health and well-being of employees, disruptions in supply chain, working capital shortages and even the risk of closure of operations.

Following are some questions across key impact areas to help you understand your organisation's current preparedness level to manage this disruption.

Workforce management and employee health

- ▶ How effectively are you communicating with your work force?
- ▶ What steps are you taking for providing comfort to your workforce of a safe workplace?
- ▶ How do you ensure your employees understand roles and responsibilities during a business disruption?
- ▶ Is your organization experiencing a loss of productivity due to increased levels of worker absenteeism?
- ▶ Have you enforced travel restrictions for your employees?
- ▶ How agile are you to deal with an evolving situation to address alternate ways of working, including work from home?
- ▶ Have you identified and trained certain point of contact employees to help other employees cope with the disruption?
- ▶ Do you have a Business Continuity Management plan in place in case of shutdown of your business places? Has it been stress-tested?
- ▶ Have you assessed impact on new joiner or candidates in process of joining your organisation? Have you considered postponing date of joining for such candidates?
- ▶ Have you reviewed your current facility setup from a health and safety perspective and have you ensured that it meets regulatory requirements prescribed through various notifications and applicable requirements in the event of pandemic?
- ▶ Have you reviewed preparedness of your facility and operators for emergency procedures and health care facilities?

Supply chain management

- ▶ How will your supply chain (both sourcing and sales) get impacted due to emerging situations in the countries and/ or regions where your vendors and customers are located?
- ▶ What steps are you taking to address these disruptions to minimize the impact on your business (including alternate sourcing, advance sourcing or alternate logistics arrangements or alternate markets)?
- ▶ Have you reviewed impact of possible delays on delivery of goods or services to your clients due to logistics or production delays, or because of delays in receiving raw material or availability of work force to operate?
- ▶ How agile is your supply chain planning to deal with emerging situations? Have you readjusted your inventory levels to meet contingencies and expected delays?
- ▶ Have you conducted country by country impact assessment from supply and demand perspectives for your global operations?
- ▶ How are your vendors and customers impacted and what steps could you take to help them manage disruptions?
- ▶ Do you have the right monitoring systems in place to assess the impact of disruptions across your supply chain in real-time or near real-time?

Short-term finance management

- ▶ Have you stress tested your cash situation for different scenarios?
- ▶ What steps do you need to take to manage liquidity?
- ▶ Do you need to renegotiate some payment terms?
- ▶ What steps do you need to take to accelerate collections?
- ▶ What steps do you need to take to optimize your inventories?
- ▶ What is your plan to manage rising credit risk?
- ▶ How do you ensure that you have the right data and insights to make well-informed decisions for the working capital workflow?
- ▶ Have you re-assessed your capex priorities in view of various emerging scenarios over short, mid and long term?
- ▶ Have you looked at your financial covenants and stress tested your compliance with them?
- ▶ Do you need to proactively look at new arrangements?
- ▶ Have you re-evaluated all your expenses to see what needs to be revisited?
- ▶ Are there any commitments that you need to cancel or defer to save on last minute cancellations?
- ▶ Have you allocated a budget to manage the COVID-19 crisis?
- ▶ Do you have systems in place to closely track deviations from budget/plan and implement corrective measures during the disruption?
- ▶ How are you addressing all possible areas of cost savings to ensure profitability over the next 12 months?

Customer and brand protection

- ▶ Have you assessed any discontinuities on delivery to your customers?

- ▶ Have you engaged with your customers to discuss those situations and find mitigating solutions?
- ▶ Have you assessed the impact of travel restrictions on your ability to serve your customers?
- ▶ Have you assessed viability of digital channels to ensure good customer experience?
- ▶ How engaged are you with your customers to have a real time understanding of demand?
- ▶ How agile is your demand forecasting?
- ▶ Have you reassessed your marketing spend and taken steps for course correction?
- ▶ Are you exploring alternate channels for sales?
- ▶ Have you embraced eCommerce as a viable channel for creating demand, and reaching directly to the end customer?
- ▶ Have you done an impact assessment on the effect of the recent slowdown on demand for products and services, as well as your ability to supply without disruptions?

Legal and contract dispute resolution

- ▶ Have you reviewed your employment handbook, contracts and health insurance coverage for ensuring compliance with regulatory requirements as well as contractual obligations towards employees?
- ▶ Have you reviewed your protocol and measures to respond to COVID-19 from a regulatory perspective and confirmed that those procedures are not in contravention with data privacy, employment rights, human rights and other employment contract terms?
- ▶ Have you identified reporting requirements under various regulations for employees tested positive?
- ▶ Have you analysed your contractual rights and obligations under events which are beyond your control and considered as force majeure?
- ▶ Have you reviewed position of your mobile workforce and immigration bans issued by various countries? Have you assessed impact on benefit cost due to emergence of this event and how funding will be done to self-funded health care plans?

Governance

- ▶ Have you put together a Taskforce/ Program Management office or a similar construct in place to plan for crisis response, manage oversight and course-correct while ensuring alignment to your overall strategy?
- ▶ Is your existing organizational structure flexible enough to allow you to function smoothly in a changing disruptive environment?
- ▶ Do you need to change any roles/ create additional roles to best manage the crisis?
- ▶ Are you maintaining open communications and coordination with key vendors and other outside parties, including clients, shareholders, regulators, and the media?

Technology

- ▶ How secure is your system from cyber-attacks? Have all your employees been adequately trained for cybersecurity?
- ▶ Have you stress tested the ability of critical service providers to support business during a disruption such as cloud, backup services, or security providers?
- ▶ How are you monitoring your information technology systems for disruptions?

Capex

- ▶ Have you re-assessed your capex priorities in view of various emerging scenarios over short, mid and long term?
- ▶ Should you expedite or delay some of the capex spending?
- ▶ Should you shift some capex to opex model for now?
- ▶ Should you expedite some capex to facilitate alternate ways of working?
- ▶ Have you ensured that all financial risks have sufficiently been assessed?

We recommend immediately launching a rapid-action plan to manage the uncertainty.

<p>Put people safety first</p>	<ul style="list-style-type: none"> ▶ Put people safety as #1 priority. ▶ Deploy infection protection tools and guidance for on-site employees. ▶ Communicate workforce management and well-being guidelines to follow.
<p>Establish the crisis management team</p>	<ul style="list-style-type: none"> ▶ Establish a multi-disciplinary crisis management focused Program Management office that includes senior representatives from operations, sales, human resources, finance and legal. ▶ Establish procedures and tools to track daily progress and report to CXOs and relevant stakeholders.
<p>Communicate with stakeholders</p>	<ul style="list-style-type: none"> ▶ Update customers about the impact to product or service delivery. ▶ Start connecting with suppliers to understand their ability to deliver goods and services. ▶ Assign legal teams for advice on potential liabilities with governments or regulators.
<p>Reshape strategy to maintain business continuity</p>	<ul style="list-style-type: none"> ▶ Build the worst case scenarios by geography. ▶ Outline no-regret decisions to quickly start acting to changes. ▶ Evaluate short-term liquidity. ▶ Assess financial and operational risks and respond quickly.
<p>Build resilience and prepare for recovery</p>	<ul style="list-style-type: none"> ▶ Develop and execute revised strategies and continue to monitor the situation. ▶ Proactively review and renew Business Continuity Plans. ▶ Make decisions and take actions during the crisis with recovery in mind. ▶ Reset business assumptions that underpin the supply chain.

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