Responding to the potential business impacts of the COVID-19 outbreak

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pwc

Common effects of COVID-19 on companies

The COVID-19 outbreak has been declared a pandemic by the World Health Organization, causing huge impact on people's lives, families and communities.

As the internal response continues to develop, we know that organisations are facing potentially significant challenges to which they need to respond rapidly.

We are working closely with organizations globally to help them to prepare and respond, by sharing our experience in working with companies, governments, regulators, NGOs and international organizations around the world to respond to some of the most high profile outbreaks (including Ebola, MERS, SARS and bird flu).

Crisis and Business Continuity Management

Maintaining stakeholder trust and continuing operations

Supply Chain

Re-routing, delays, disputes and knock-on impact on customers

Decline in sales

Leading to cash flow and covenant issues

Operations

Reduced resilence in key functions, infrastructure and services, or locations become unavailable

Workforce

Protecting welbeing of employees and analyzing the impact of travel restrictions on business

Regulation

Compliance challenges in certain sectors

Setting up your COVID-19 response: example strategy and operating model checklist

Strategic considerations

- Establish a cross-functional steering committee, led by a C-suite member. Ensure senior representation from business divisions plus specialist leadership such as HR, Legal, IT, Operations, Risk, Communications, Finance, Health and Safety, Procurement, Sales and Crisis and Business Continuity.
- Establish and agree process for decision making and agree critical milestones.
- Determine reasonable worst case scenarios to inform planning assumptions, consider likely trigger points for decision-making. Review and refresh Crisis, Continuity and specialist plans (e.g. pandemic/COVID-19). Stress test assumptions and exercise plans.
- Prepare your core Incident Management Team (IMT) to coordinate response and containment efforts.
- Map critical stakeholders and agree communication strategies for them. Base the immediate response and communications on established facts from reliable, trusted sources.
- Appoint functional workstreams and owners, and align activity with response objectives.
- Ensure alignment with organisation reputation, purpose and values (e.g. supporting the wider community response).
- Communications to staff and stakeholders, and feedback loops. Balance transparency and preparedness with not wanting to appear to be over reacting.

Set up an Incident Management Team to coordinate your response

- Set clear roles, accountabilities and objectives.
- Agree meeting cadence and team ways of working.
- Communications and stakeholder engagement strategy.
- Use approved sources of information to monitor the spread of the virus and emerging clusters of cases.
- Embed an incident reporting mechanism.
- Identify critical decision triggers to manage and contain the virus e.g. travel restrictions; office closing/work from home; meeting restrictions/virtual solutions.
- Deploy a rapid response process for your own cases and develop personnel recovery plans.
- Verify that technology infrastructure can support remote operations.
- Review supplier service availability and resilience.

Scenario planning

- Evaluate COVID-19 specific scenarios for your organisation. Identify potential risks and assess impacts.
- Ensure business continuity plans include arrangements and processes for handling an infectious disease outbreak, epidemic and pandemic.
- Model the financial impact of scenarios and potential triggers for urgent action (e.g. breach of covenants).
- Identify strategic interventions to stabilise your organisation.

Setting up your COVID-19 response: considerations (1)

COVID-19 response strategy

Workforce	Operations and supply chain	Communications strategy

Protect your people and plan your workforce

- ❏ Is a comprehensive set of people policies in place that address the risks identified by your scenario planning and any local, legal or regulatory requirements?
- ❏ Do you have full visibility of your people (geography, nationality, visa, etc.) and the right processes and systems in place to track your workforce, including those on business or personal travel and/or secondment?
- ❏ Have you identified the critical projects and established a plan to remediate risks related to key roles?
- ❏ Have you completed workforce profiling to understand where work levels are likely to decrease or increase due to impact?
- ❏ Have you put risk mitigation around employees working whilst ill and causing further spread by considering the ability to enforce policy changes quickly?
- ❏ Have you set up a hotline for your workforce to field questions and provide advice as needed?
- ❏ How can you enable flexible working arrangements in the event of quarantine and do you have the necessary infrastructure in place?
- ❏ Do you have up-to-date and accurate information to make decisions on moving your workforce, if needed (e.g. alternative locations)?
- ❏ Have you reviewed your HR policies (e.g. flexible working, immigration, travel, and other relevant policies and regulations)?
- ❏ Do you have a system in place to monitor changing laws and regulations (e.g. travel restrictions) affecting your workforce?

Maintain business continuity and protect your supply chain

- ❏ Have requirements of key suppliers, such as Facilities Management and IT service providers, been reviewed in light of any requirements that may change during a pandemic period (e.g. increased cleaning regimes)?
- ❏ Have you liaised with key third parties to ensure they will be able to continue to deliver desired service levels during the coming period?
- ❏ Are you monitoring exposure trends and restrictions against your supply chain?
- ❏ Have you performed an operational risk assessment and considered the impact of disruptions on critical business functions?
- ❏ Do you have visibility of critical supply chain parts and data to properly assess the potential damage and create immediate plans?
- ❏ Do you have any third party single points of failure?
- ❏ Have you performed a risk assessment across all supply chain tiers? Have you considered using machine learning to find patterns that can be indicators of risk - or opportunity?
- ❏ Have you evaluated strategies for alternative sourcing, including the impact of tariffs to cost?
- ❏ Do you have a communications strategy in place for key supply chain stakeholders?
- ❏ Have you activated product redesign/material certification resources?
- ❏ Have you conducted scenario planning exercises to understand the operational implications, both financial and non-financial, of various scenarios?

Provide clarity to employees and stakeholders and enable business continuity

- ❏ Have you created an internal and external stakeholder map for key communications (considering staff, customers, suppliers, regulators, etc)?
- ❏ Do you have a clear communications strategy that can be implemented in a crisis to protect your reputation and maintain the trust of your stakeholders?
- ❏ How are you communicating with your employees?
- ❏ How are you keeping employees regularly informed about the latest updates and guidance?
- ❏ How are you providing reassurance and consistent messaging to all staff and showing a duty of care?
- ❏ How are your crisis communications aligned with your organisation's culture and communications requirements?
- ❏ How can best practice approaches be tailored to suit your organisation?

Setting up your COVID-19 response: considerations (2)

COVID-19 response strategy

Focus on data	Customers and revenue	Head office functions

Gain insight and assess your exposure to risk

- Do you understand how an affected country/region might impact the commercial performance of your industry, your business, or that of your suppliers?
- Do you understand the potential impact of a global or country-specific slowdown, combined with Brexit, on your business?
- Are you able to access robust data insights to underpin key decisions that you need to make?
- Do you have the time and skills to digest and analyse existing data sources in new ways to enable decision making?
- Are you able to identify new data sources that may be required?
- Are you able to rapidly automate data capture processes for new data sources?
- Can you efficiently blend datasets to reveal insights?
- Do you have the skills and experience to manage sensitive data responsibly?
- Do you have models that answer your questions or issues, including challenging and validating data and model assumptions?

Balance customer care with commercial priorities

- Have you updated your sales and demand planning strategy, including assessing changes in customer behaviour (e.g. buyer habits)?
- Have you formed a coherent customer communications plan?
- Does your plan help to preserve and enhance customer loyalty?
- How does your health and safety plan extend to customers?
- Do your policies reflect the need to protect both your customer and commercial interests (e.g. updating policies to be flexible on cancellations and changes, rationing products with insufficient stock sales to top customers)?
- Have you evaluated your competitive position under the new environment, identifying both risks and opportunities?
- Have you identified and created an action plan against the core marketing and sales priority areas (including inventory planning, pricing strategy and discounting)?
- Can you innovate and invest in available sales channels (e.g. online vs in-store)?

Join-up efforts on a cross functional basis to ensure business continuity and resilience

- Do you need to financially or operationally restructure your business to reduce risk and protect value?
- Have you updated your working capital plans and forecasts?
- What contractual options are available to you as the customer, or could be used against you as the supplier?
- What contractual levers do you have available to suspend, terminate or change the terms of supply (e.g. invoking force majeure provisions, termination provisions and step-in rights)?
- What access do you have to emergency funding or increased production funding needs?
- Have you considered the tax and regulatory implications of moving people to alternative locations? What systems and processes do you have in place to monitor movement of your employees?
- What insurance policies and access to emergency insurance do you have in relation to your scenarios (e.g. notifiable disease implications)?
- What technology infrastructure and resilience capabilities do you have?
- Can your IT infrastructure support extensive remote access demands?
- How are you securing and maintaining your IT systems and data? Have you assessed whether the changes in the IT environment would increase the risk of a cyber attack?
- What are your triggers for making disclosures to the markets?
- Do you perform necessary cyber security tests when opening new VPN interfaces?
- Can you manage your digital identities while expanding your network access?

We can tailor and flex our role to resolve your specific issues, wherever you need us most

With our expert teams and global network in the fight against COVID-19, we are at with you side in every problem.

Our example crisis management experiences about pandemic diseases

During an international health outbreak we provided technology enabled support to maximise the effectiveness of communications in a secure environment - including allowing documents to be shared and discussed online therefore facilitating communication and decision making at the highest level.

In the wake of a prolific virus outbreak we worked directly with senior government officials and developed the internal communications strategy and plans for the Ministry of Health.

In responding to a potential pandemic situation we designed the information capture and quality assurance processes from the hospitals' historic and contemporary records and managed a daily reporting process for the client.

We can provide local resources, insights and knowledge from within the locations that matter to you

Turkey	European network	Our global network
1,800	**88,064**	**276,005**
People working in the Turkey	People in Europe	People worldwide

54	5	316	736	157
Partners	Offices	European offices	Offices	Countries

Contact

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