



**What steps can you consider taking and how can you think about managing your specific Business Risk in terms of Coronavirus?**

Coronavirus has exponentially and rapidly spread globally in recent weeks. Many questions in terms of Business, Government, Political, Economic and Industry Sectors can't be considered or answered during this phase of the Pandemic.

While it may appear as though Governments and Agencies are working hard to protect people and economies, they were generally and are fundamentally ill prepared to roll out on it. To some degree they are looking behind themselves and using ad hoc processes to decide what action to take.

Check here regularly as the government will keep releasing business stimulus packages:  
<https://www.business.govt.nz/news/coronavirus-information-for-businesses/>

Many Government and Industry strategies are not yet thought through or can't be developed yet so don't stand by, wait for and depend on Government initiatives to support you or your business at a personal or micro level; you need to be able to take action relative to your own position now!

As it stands the current Government package may be too small, not front loaded and ineffective to meet many immediate needs so you are going to need to improvise, while they catch up!

You need start to devise flexible strategies and plans and be willing to change as required.

Have a basic, but clear plan to start dealing with this event, understand it's not just your business and immediate eco-system; things and events are upstream, downstream and parallel to you and your business. Look to actions in the first instance that preserve and protect the core elements of your business for it to survive and be viable if possible, now and in the future.

A big component of a business's costs is a raft of taxes, some are business or industry specific taxes, and these are extraordinary times, you may have to consider very seriously how you deal with these taxes, note we are drawing your attention to the area, not suggesting what you do, certain actions may provide near term relief, but we don't know the longer term consequences you may bare!

A key point is the protection of people as a primary focus, though management and preservation of, cash flow is most probably the next most important area.

Remember to look at how you can deploy technology to work remotely and safely, if you google this are you will find a number of ideas, check with your IT advisor and team also.

If you have people and you have capacity, think about how you can deploy to help your community and other business safely, research ideas in this area.

**A staged approach can be applied and adopted by you for your businesses firstly:**

Identify and determine largest potential impacts of coronavirus on your business, there are many, so focus on the key ones first.

Draft action plans that will assist you to monitor these impacts and risks and manage them in a way that reduces the disruption to the business (where possible).

Do the above now! Work out what the implications of the above are, can you plan to reduce risk and what level can or are you required to remain operational?



**Concepts and ideas to consider when reading this:**

React swiftly with thought and energy, move first, be prepared, engage with stakeholders, be coordinated and coherent, look at the other sectors, don't expect to confirm you are 100% right before making a decision, change it later, speed beats perfection, don't be afraid of a mistake, it may be worse to do nothing than being brave and take action now, don't fear making a mistake or the consequences of a decision, don't be paralysed by the fear of failure!

**Five-steps you can work through with your team and in your business to manage the risk coronavirus poses to your business:**

What issues can you identify for your business?

**1. Have any of your team or employees had exposure to the virus through work or otherwise?**

- Do you buy or sell products or services from or into affected countries or markets?
- Are you dependant on supplies or services from affected markets, what is happening to your supply chain if applicable? Alternatively will the virus cause a downturn for your outputs, and demand for your product or services in your main markets. Will you face supply chain constraints to or from markets?
- Review all contracts and terms of trade (start with the most important ones), that are affected, this means both ways (your businesses ones and ones applied to you), ensure you understand what is required as well the rights and obligations, look for terms like force majeure, act of god, consider if "frustration of purpose" applies This doctrine may excuse the performance of a contract if the means to perform the contract have been destroyed or are impossible to perform, or if the purpose of the contract has been "frustrated" by an event the parties could not have contemplated.

**2. Evaluate and Quantify the Financial and Operational Issues**

- What are your immediate short-term cash flow/funding position and issues?
- What are the possible longer-term issues on your working capital and funding structure?
- What operational challenges will the business be presented with?

**3. Assess the resources available to you**

- How can you use the government package, and when is best? Keep looking to good information and resources as the package will be modified, updated and or extended, check with your advisors on it.
- Review and confirm finance and banking arrangements, can you depend on them and trust them? If not what are your options?
- Is additional shareholder capital is available, if required, is it wise to commit it, what is your criteria?
- If you require funding are other sources available, and at what cost and consequence?
- Review insurance policies in place this is things like Key person and business interruption, ensure you understand the trigger points and how to notify insurers
- What levels of support are required from key stakeholders (not exhaustive), employees, customers, suppliers, lenders, shareholders, government bodies, unions, regulatory bodies?
- Seek help from professional advisors if you can, such as Accountants and Lawyers among others that can assist on strategies, cashflow, tax, contract, HR issues and such.



#### **4. Develop an Action Plan**

- Determine that you have appropriate policies in place to protect the health, safety and wellbeing of employees and stakeholders (see note 2, bullet point 6) that may be exposed to the virus and communicate them clearly.
- Assess immediate cash flow and confirm what you need at the peak(s) in terms of funding (amounts and when and for how long).
- Apply this information to your banking and other financing facilities available. If there is likely to be a requirement for more funding, consider the options, (again not exhaustive), extended credit terms, deferred payments, rent holiday, defer taxation payments, request loan repayment holiday, temporary overdraft, modified working conditions and payments etc. (remember these are considerations not instructions!).
- Engage with key stakeholders (see note 2, bullet point 6), review all expenditure and determine timeframes to take action and get results if further downsizing or upsizing is required (if you have some sort service or product in high demand), don't assume it is all one way traffic.
- Develop and distribute a clear communication plan so that key stakeholders understand how you envisage addressing the issues.
- In taking actions and making decisions now how will your actions be viewed, Ethically, Morally and from a Public Relations perspective post the immediate event or longer term in the recovery phase?

#### **5. Regularly review the Action Plan, modifying as necessary**

- Taking the above actions are not a once only course set and forget, you have no certainty about the duration of the event or what level of disruption your business will go through, and how disruption and risk will change.
- It could be short-term event say eight to twelve weeks (unlikely now) after which international trade returns to a new normal (don't expect it to be the same as it was globally, the damage is done to some extent). Serious Business-related risks, shocks and disruptions related to the virus could be present for many months or years, dissipating over time.
- It is important that business owners, directors and managers of businesses regularly and thoroughly review, reassess and adjust the Action Plans they devise and implement, so they remain relevant, prudent and focused on the key risk areas, so your business continues to remain viable or in the extreme event it is not you can limit the downside cost and risk.

The Jacal Government Covid-19 Package notes and links can be found here:

<https://www.jacal.co.nz/jacal-news-covid-19/>

Government Business site here:

<https://www.business.govt.nz/news/coronavirus-information-for-businesses/>

*Seek professional advice relative to your business and personal circumstances before acting, these notes are general and informative only and are not instructions, Jacal its employees and contractors accept no liability for your actions or interpretation of these notes as a result.*