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Business implications of the COVID-19 outbreak

19 March 2020

Introduction

The COVID-19 outbreak has been declared a pandemic by the World Health Organisation and is having an enormous impact worldwide.

As governments respond we are aware that businesses and other organisations are facing significant challenges which require immediate responses.

We are working closely with our clients to help them respond to the various challenges faced and are available to advise on a way forward for your business.

We have set out the key points to a strategy for equipping your business in these uncertain times. The strategy is based on four areas:

- Personnel: management and workforce;
- Communication;
- Supply chain and operations; &
- Financial considerations.

Personnel: management and workforce

- Consider setting up a management committee consisting of a small number of people. This may be difficult for owner-managed businesses however it will allow the business to continue with the required day-to-day leadership should you be directly impacted by the outbreak in the coming weeks or months. Every function of the business should be represented in the management committee where possible.
- The management committee should have clear guidelines established and an agreed process of decision making.
- Provide a clear communication path for your workforce allowing two-way communication for any questions employees may have.
- Identify key projects and plan to remediate staffing risks for each area.
- Assess the workforce needs of your business. Large scale disruption will lead to some work levels to increase as well as decrease.
- If possible provide flexible working arrangements for staff that request them.
- Ensure you have a system in place to monitor changes in employment law and regulations that will impact your work force.

Communication

- Prepare a communication plan for your key stakeholders, communications should be based on established facts from reliable sources. Ensure that all communications are in line with the business's values, ethos and reputation.
- Create a list of key stakeholders, both internal and external.
- Ensure there are clear lines of communication with the relevant stakeholders and that each of the stakeholders is aware of the most appropriate way to contact you and how you will contact them.
- Regular updates to be sent to each stakeholder group, ensure these updates are consistent and in line with the business's ethos.

Supply chain and operations

- Has the current crisis created a change in your market? This should be reviewed for both new risks and opportunities that can be exploited.
- Review your customers and order book, do you anticipate a change in demand for your services due to the ongoing crisis? If so, the scale of the business may have to be adjusted for a period to ensure the business's survival in the longer term.
- Review supplier arrangements. Ensure your suppliers can provide you with the goods and services your operations will require.
- Identify and evaluate potential alternative sourcing options.
- Should certain products become unavailable, are product redesigns feasible for alternative parts?
- Review all contracts for a *force majeure* clause, this would allow the supplier to cancel the order if they cannot fulfil it for reasons outside their control or you to cancel it for similar reasons, should your order book be cancelled in full for example.

Financial considerations

- Review your financial position. Does the business have sufficient reserves for an extended period of inactivity?
- Does the business have sufficient cash reserves to meet its obligations over the coming months?
- Review your finance arrangements to ensure you are aware of any debt covenants that you may breach in the coming months.
- Do you have access to emergency funding if it is required?
- Consider contacting your bank, regarding a moratorium on debt repayments, these are currently being considered on a case-by-case basis.

Contacts and further information

As the Government responses change in both the UK and ROI an updated list of government responses will be available to review on our website at https://www.asmaccountants.com/coronavirus-covid-19-guidance-from-hmrc-and-irish-revenue-commissioners/

We will work alongside you to assess your business and develop a tailored strategy to ensure you and your business are in the best possible position to move forward now and to grow into the future.

If you have any queries on equipping or restructuring your business for the duration of the COVID-19 crisis please contact any Michael O'Hare (michael.p.ohare@asmdundalk.com) or Ian Finnegan (ian.finnegan@asmnewry.com) for further information.

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