



# Is your business ready to weather the potential impacts of the coronavirus?

Having a clearly defined plan in place to deal with an unforeseen crisis such as coronavirus is a critical component to protecting the ongoing success and viability of your business. In crisis situations such as this, protecting people should be the primary focus for businesses, however, cash flow is often the next most critical area. We have outlined below a five-stage approach that we recommend should be adopted by businesses to:

- determine the potential impact of coronavirus on your business; and then to
- create an action plan to manage risk and keep business interruption to a minimum.

We recommend that all businesses likely to be affected by coronavirus act without delay to assess the potential implications and develop a plan to mitigate risk and remain operational.

## Five-stage approach to managing coronavirus risk in your business

Stage	Key considerations
1. Identify the potential issues for your business	<ul style="list-style-type: none"><li>• Do you have any staff who have been, or could be, exposed to coronavirus through their work?</li><li>• Do you sell products or services into affected countries?</li><li>• Are you reliant on sourcing products or services from affected countries, or is coronavirus likely to cause a downturn in any of your key markets or in your supply/logistics chain in getting product to or from markets?</li><li>• Review all key contracts that might be affected and ensure you understand your rights and obligations</li></ul>
2. Quantify the potential issues (financial and operational)	<ul style="list-style-type: none"><li>• What are the potential short-term implications on your cash flow/funding position?</li><li>• What are the potential long-term issues on your funding structure?</li><li>• What operational challenges will your business face as a result of the issues?</li></ul>
3. Assess the resources available to you	<ul style="list-style-type: none"><li>• Reassess and confirm banking arrangements</li><li>• Determine whether additional shareholder capital is available, if required</li><li>• Determine what other sources of funding might be available, if required</li><li>• Review insurance policies in place (business interruption) and notify insurers</li><li>• Assess level of required support from key stakeholders (customers, suppliers, lenders, shareholders, regulatory bodies etc)</li><li>• Seek help from appropriate professional advisers (e.g. crisis management, HR etc)</li></ul>
4. Develop an Action Plan	<ul style="list-style-type: none"><li>• Ensure you have appropriate policies in place to protect the health, safety and wellbeing of staff that may be exposed to the virus</li><li>• Assess short-term cash flow and confirm the extent of any peak funding requirement (quantum and timing)</li><li>• Assess this relative to the banking and other lending facilities available. If there is likely to be a new funding requirement, consider options available (e.g. request loan principal repayment holiday, temporary overdraft etc)</li><li>• Engage with key stakeholders (employees, customers, suppliers, lenders, shareholders). Review all expenditure and determine timeframes to take action if further downsizing will be required</li><li>• Develop and distribute a clear communication plan so that key stakeholders understand how you envisage addressing the issues</li></ul>
5. Review and reset Action Plan as necessary	<p>Despite taking the above actions, there is no certainty as to how long a business will experience coronavirus related issues.</p> <p>It could have a short-term time horizon (e.g. four to eight weeks) after which international trade returns to normal. But conversely, business-related issues associated with coronavirus could be around for many months.</p> <p>It is therefore important that directors and management within businesses affected by the crisis consistently review, reassess and where required reset, their Action Plans to ensure they remain relevant and focused on the right areas to remain viable.</p>

We acknowledge that this is a difficult time for many individuals and businesses. If you would like more information or to discuss any specific issues you may have, please contact us.

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