

Understanding the impact of COVID-19

A Checklist for your organisation

12 March 2020

Due to the fast changing situation please refer to kpmg.co.uk for most up to date information





Crisis management & business continuity planning

As the business world learns to adapt with constant changes, the next chapter is being written. The impact of COVID-19 (Coronavirus) is affecting global supply chains, disrupting financial markets and the workings of day to day businesses.





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Actions

The most critical immediate requirement for any business is to **identify and value the risks/scenarios, model the financial impact of those and assess the liquidity / headroom position through a short term cash forecast**. Businesses are facing existential risk here and if they can't make the next few weeks without running out of cash, everything else is irrelevant. We've got the war stories to illustrate that.

- 0-4 weeks
- Understand key risks across operations and supply chain
- Mobilise teams to firstly navigate crisis response and secondly focus on supply chain assessment and risk management
- Ensure your governance is in place to rapidly make key decisions
- Conduct business and financial scenario planning for a quick recovery, a global slowdown and a global pandemic and recession
- Plan mitigating actions across operations and supply chain, assessing impacts on sea, air and land transport
- Ensure communications are made with principal customers and stakeholders
- Review and assess what impact this will have on workforce planning and management
- Review phasing impacts depending on your sector
- 4+ months
- Create an agile and visible global supply chain
- Understand and deploy digital and process automation to mitigate the impact of disruption.
- Develop and implement enhanced risk management practices



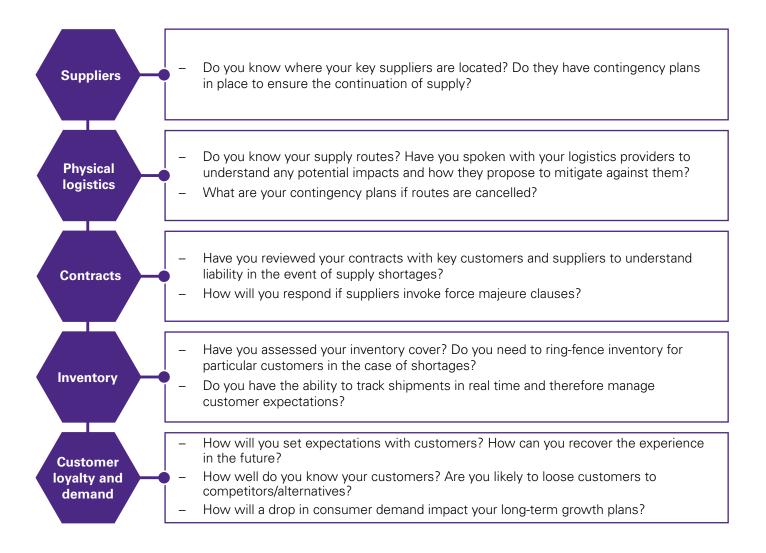
- Manufacturing closures in China
- Increasing public health requirements
- Suppliers invoking force majeure
- Additional border checks resulting in delays
- Congestion at seaports and airports, with busy sea routes from Asia to Europe being cancelled
- Reduced outbound capacity from China with increase in prices
- Labour shortages impacting productivity and land transport



Actions we are seeing clients undertake include: contingency planning and scenario modelling, operational and supply chain risk management, financial risk assessments, business resilience, and digital and supply chain transformation.

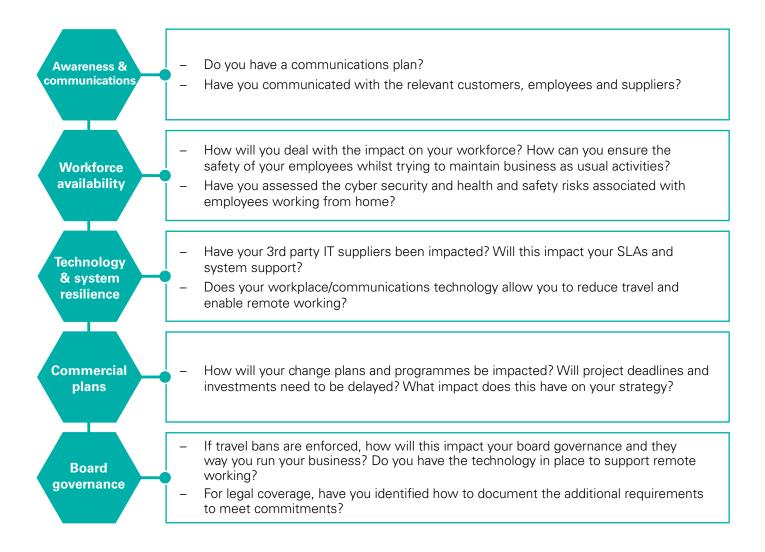


Supply chain & operations





Business impact





Financial & external factors

- Cash Flow &	Have you reviewed and revised cash flow, working capital management and inventory forecasts alongside supply and demand predictions?
Financing =	Do you have access to adequate funding under banking facilities to manage through potential challenges and/or need to engage with lenders to refinance facilities or amend financial covenants that may be impacted?
- Financial	How will your financial stability be impacted from further stock market declines and restricted funding?
stability _	Will the completion of your financial statements be delayed? Is this likely to cause a delay to your audit opinions and therefore market communications?
Global trade &	Are you aware of government mitigation plans which could impact your supply chain?
protectionism –	Do you have any domestic alternatives for suppliers?
Gov't & - Public health	Do you have dedicated resource(s) reviewing public health requirements and other related Government announcements and ensuring that you stay compliant?
requirements -	Have you assessed your responsibilities as an employer in relation to public health requirements for employees?
Sector -	How will you maintain trust with your customers and assure them that your product/ service is still safe?
disruption – –	How will a drop in demand impact your cost base and profitability? Are you aware of the phasing of impacts within your sector?



People

Immigration	 If your employee is staying in a country longer than planned, do they have the right to stay and work in that location? If you need to relocate employees, will they have the right to stay and work in the new location?
Global mobility	 If your employee is staying in a country longer than planned and working in that country, have you considered employee and employer tax and social security obligations?
	 If you need to relocate employees, have you considered employer's registration and withholding obligations?
Employment tax	 If you need employees to work from home, would the support you provide (eg expenses reimbursements) be considered taxable?
Employment law	 If you need employees to work from home, what are your obligations to provide support?



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