

This briefing note has been created by Mazars to support IoD Ireland members to ensure they can protect their businesses against the worst effects of the COVID-19 crisis.

As the COVID-19 crisis deepens and slows global economies, what should business owners be doing to position themselves for the immediate challenges? Our Advisory team in Ireland are working closely with businesses and financial institutions and below have provided some useful tips for business owners to help navigate their way through this unprecedented situation.

WHAT CAN I DO RIGHT NOW TO MANAGE MY SITUATION?

- Consider your financial and cash position under a worst-case scenario and consider what measures are open to you to align costs with activity levels
- Look into relevant government support that is available to you, such as the option to defer tax payments to revenue for a set period
- Communicate with key stakeholders, such as employees, banks, customers and suppliers, promptly and communicate your position coherently

CRISIS PLANNING

All businesses should prepare a business continuity plan that assumes a worst-case scenario that could see the company operating at very low levels for several months. It is essential that the plan is prepared under a range of scenarios and regularly reviewed as events unfold and new information comes to light. Key questions to be addressed include:

- What is the likely cash requirement over this time, and how will this be funded?
- What immediate measures can be undertaken to align costs to a level consistent with activity?
- Can I access a temporary working capital facility from my bankers and what do I need to do to arrange this?
- How susceptible is the debtor book to loss through bad debts?
- Will my customers be able to remain open during this period?
- Am I eligible for any recently announced Covid-19 government support?
- What stakeholders could assist during the crisis, e.g. rent-holidays from the landlord, payment deferral arrangements from revenue commissioners, or extended credit from suppliers?
- Can I extract the business from forward purchase of foreign exchange commitments?

COMMUNICATION

With new information and stories continuously circulating in the public domain, businesses must communicate effectively and proactively with all stakeholders. Companies and people strive on certainty, and it is essential that all communications are clear, concise, timely, accurate and don't serve to create further panic around the crisis.

Employers should keep employees regularly informed of the latest developments and official advice from their local government and should have an open-door policy to address any concerns or questions from employees regarding the current situation.

STAFF ISSUES

People are the most valuable asset in any business and managing the inevitable challenges that the crisis presents to your team must be a key priority. On the assumption the current situation may only last for a six-month period, business owners will likely keen to hold onto their teams until recovery occurs in a few months' time. However, in some cases, it will not be financially feasible. Proactive and timely communication is critical, and leaders will need to consider the following:

- Who are the key people that need to be available on site?
- To what extent can the business practically work under a 'working from home' model?
- Is there a contingency plan in place if crucial members fall ill during the crisis?
- Cost reduction measures such as 'short weeks' or reduced pay – can this be facilitated to ensure holding the team?
- How can local government measures assist in dealing with staff issues?

SUPPLY CHAIN

Global supply chains are regularly challenged and disrupted by the unpredictability of global pandemic issues such as COVID-19. Many organisations possess outsourced manufacturing functions connected to global distribution networks that would be severely impacted should a pandemic event occur. Business owners need to consider the following items when assessing supply issues:

- With potential supply shortage from material in affected areas, orders may be delayed or partially filled, resulting in potential penalties with customers (cancelled orders, penalties based on contract terms).
- Many companies have outsourced parts of their operation (either locally or internationally), and these services may be disrupted during a pandemic event.
- Port authority issues/border closings may be essential considerations in the movement of goods and materials.
- Suppliers - particularly small businesses or high operating cost production - may be closed during the period of the crisis.
- Decreased demand for specific materials may make production too costly.



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