

# COVID-19: Business checklist for companies during the ongoing crisis

A crisis of the magnitude of the Coronavirus disease (COVID-19) is not merely a health and well-being issue, but also an operational and financial one that can lead to disruptions for businesses with a long-term impact.

To mitigate these unforeseen challenges, we have designed a checklist to help businesses develop their business plans post COVID-19 crisis subsides.



## Business environment forecasting

- Assess impact on demand, growth and continuity of your end user industries.
  - What will be the impact during lockdown and post-lockdown period?
  - How much time does the industry anticipate for a recovery?
  - How is your product's demand affected for each end user industry?
- Evaluate competition's response once the pandemic moderates and how it could impact your market position.
- List all vulnerabilities that you currently face and how it may impact business continuity.
- Assess restrictions related to trade and the time frame associated with them – both for domestic as well as overseas stakeholders (customers or suppliers).
- List opportunities that will be available to the business (if any) when COVID-19 subsides and how you are planning to leverage these.



## Sales forecasting

- Evaluate and decide the sales strategy post COVID-19 crisis subsides.
  - Will you focus more on maintaining market share?
  - Will margin be sacrificed to maintain market share?
  - Will there be a delay in launch of new products?
  - Will sales be concentrated to specific geographies?
  - Will the business focus on high contribution products to maximise returns?
  - Will any specific business category/unit be adversely impacted?
- Determine the new basket of products. Place these in order of priority – high, medium and low demand and estimate how the margins are likely to be impacted.
- Communicate with customers to understand the issues they are facing to extrapolate potential impact on your business.
- List down all the key factors that are important to achieve the revised sales estimates and the key risks associated with it.
- Prepare a worst-case scenario and build a strategy to handle its consequences.
- Prepare category/product-wise monthly sales plan which should be monitored weekly.





## Cost forecasting

- Reassess and re-analyse the cost structure of the company and identify areas for cost containment.
- Bifurcate the expenses into discretionary and non-discretionary expenses.
- Incur only critical expenses for the continuity of business.
- Defer all expenses that are non-essential and will not impact the continuity of business.
- Identify expenses that maybe easier to reduce with minimal disruption to operations:
  - Cancel/postpone all non-essential meeting/travel/conferences-related expenditures
  - Reassess recruitment for open positions
  - Cancel all event and functions
  - Review/reduce HR contracted services costs
- Reassess your hiring and manpower retention strategy.
- Review annual salary increments and bonus payouts.
- Prioritise all capex expenses. Monitor business progress and assess use of proceeds for all capex investments in terms of priority.
- Key stakeholders need to be appointed to ensure that cost containment measures are implemented and the desired results are achieved.
- Tracking of all plans should be conducted on a weekly basis.



## Cash flow management

- Develop an effective weekly cash flow forecast, on the basis of the revenue and expense forecast.
- All elements of accounts payable, accounts receivable, inventory and prepaid expenses, to be closely monitored.
- Re-evaluate the payment and collection terms, check whether they can be renegotiated.
- Aim to extend payment on all payables wherever applicable.
- Ensure timely invoicing and speed up cash collections.
- Effectively manage inventory and ensure that business is not holding high levels of inventory.
- Revise inventory on the basis of the following:
  - Have you considered levels of stock you are buying?
  - Is your stock perishable?
  - Can you buy in bulk?
- Define fixed costs and try to make sure you have enough cash to cover them.
- Ensure bank obligations are met, specifically the ones around debt covenants, which should be properly planned.
- Ensure you have spoken to your bank about your situation and requirements.
- Cash flow statement should be prepared and monitored on a weekly basis to ensure that bank facilities are arranged to fund deficits.



## Operations management

- Evaluate how your suppliers are impacted by supply chain and manufacturing disruptions caused by COVID-19.
- Calculate how long your business can survive a mandatory shutdown period.
- Evaluate synergies of your business offerings and how these could be used to mitigate the impact of lost business.
- Prepare a contingency plan for supply chain disruptions and have alternate sources of supply ready.
- Ensure availability of critical part inventory levels (finished goods, sub-components and raw materials).
- Prepare revised plan for machine usage, hours of operations and capacity utilisation. This should be in line with the revised sales plan and monitored closely.
- Track variable costs closely and drive efficiency in operations to ensure that they are in line with established standards.
- Establish how to effectively utilise time of your blue-collared employees.
- Determine a plan for a phased lowering of production costs:
  - Reduction in overtime
  - Reduce contracted services
  - Release outsourced staff
  - Give time-off in lieu of overtime already accrued



## Regulatory compliances

- Ensure key people in your business are aware of revised legislation and regulations related to COVID-19. Document the revised processes and requirements.
- Collate a list of subsidies and reliefs available from the government during the COVID-19 crisis.
  - All deadline extensions
  - Tax reliefs
  - Refunds to be claimed etc.
- Consider accessing government incentives set up to support COVID-19 impact.
- List revised deadlines for filling of regulatory and tax obligations to ensure effective compliance.



## See the big picture

- Create a detailed implementation plan based on the revised forecast. The plan should be based on actionable tasks assigned to personnel in the organisation.
- Monitor the performance of the tasks assigned on a weekly basis and review the impact.
- Ensure effective MIS needs are in place to accurately capture information and analyse it further.

**Grant Thornton's business consulting team** can help organisations navigate towards growth by mitigating business and operational challenges.



**For further queries, please contact:**

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**Click here to download the recently released Grant Thornton Halt-Plan-Refresh Guide on revisiting business priorities and plans**



For more insights on the COVID-19 crisis, scan this barcode to see continuous updates on our website