

COVID-19 checklist: Building business resilience

Practical steps for affected companies



The economic consequences of COVID-19 on future trading assumptions, and the direct impact on many companies across all sectors will place companies under liquidity pressures and potential covenant breaches from their debt facilities. Grant Thornton Botswana highlights various practical steps businesses can take to maintain stability, manage and mitigate insolvency risks during these uncertain times.

Change your approach to cashflow forecasting

Moving to a receipts and payments basis, daily forecasting and integrating short and medium-term forecasts almost always increases buffer and runway time to implement other actions and confidence with shareholders and lenders.

Setting up a crisis management team

Communication is key. Representation from key departments or groups need to frequently discuss and prioritise problems. Allocating spare resources to a planning group will allow them to find solutions to problems as they emerge without tying up the whole management team.

Contingency planning and stress testing

Contingency planning and stress testing forecasts for different impact scenarios will help provide better clarity on the sufficiency of liquidity, early detection of solvency concerns and inform the required actions and requests of financial stakeholders.

Be proactive with your lenders & stakeholders

The more notice that you can give your debt provider and stakeholders of the impact of coronavirus on trading performance and liquidity, the more chance there is of getting the flexibility and support you may need.

People

Active engagement with people, unions and other employee representatives is essential. Reducing hours, bringing forward leave and introducing split shifts can help preserve the workforce and reduce the short-term cash burden.

Working capital modelling is essential

Certain types of debt facilities are more quickly impacted by downturns in trading. This is especially so for asset-based facilities where available funding is driven by debtor and stock levels. Careful modelling of the impact of trading on buffer levels is essential.

Checklist

The questions in this checklist have been designed to help businesses develop their response plan for COVID-19. This type of planning is critical and often doesn't feel urgent until it is. If you haven't done so already, this checklist can also help you start to build a disaster response plan for your organisation to use now and in the future. We recommend contacting your Grant Thornton adviser to discuss your organisation's specific requirements. Please also note that this checklist is not intended to be exhaustive or to replace official advice provided by the Government of Botswana and other reliable sources.



Supply chain

- Are your suppliers impacted by supply chain or manufacturing disruption caused by COVID-19, either directly or indirectly?
- How dependent is your business on these suppliers? Is there an alternative supplier with product available?
- Have you checked your contractual obligations with your suppliers? Are you required to purchase certain quantities? Do you have exemption clauses for instances such as this?
- Have you communicated with your suppliers about how COVID-19 will impact your operations and how you expect any issues to be managed?
- Do your contracts explore the possibility of suppliers undertaking a forced closure?
- Do you have contingency plans in place if your supplier stops operations? Are there local or regional alternatives?
- Do you prepay your suppliers, and is there an ability to renegotiate terms?
- Have you considered the levels of stock you are buying? Is your stock perishable? Can you buy in bulk?



Customers

- Are your customers aware of the origin of your goods and / or the potential impact disruption caused by COVID-19 may have on your product or service availability?
- Do you rely on a physical retail space for sales, and what proportion of sales require direct customer contact?
- Can you tailor your business to meet the needs of a remote customer? Is this an opportunity to grow?
- Are your customers directly or indirectly impacted by COVID-19 disruption? How will this impact their buying pattern?
- Are you proactively communicating with clients to understand and manage their expectations?
- Have you checked your contractual obligations with your customers?
- Could your debtor's terms be shortened or altered to better manage your cash flows?
- Are you dependent on a limited number of customers? What are the consequences if they shut down?
- Can you mitigate a downturn in spending with strategic advertising campaigns?
- Can you provide additional reassurance over supply compared to your competitors?



Staff

- Have you enacted basic sanitation procedures such as hand and respiratory hygiene information at the entrance to your workplace, and in highly visible internal work areas? Does this information include instructions about self-quarantine if a team member is unwell?
- Has any staff communication about quarantine expectations been distributed? Does this information include criteria, duration and return to work procedures?
- Do your team members know how you will manage different scenarios during their time off in quarantine? For example when they are sick, not sick but are not able to work, able to work from home?
- What is your current staff situation in terms of levels of resource and capability? Do you have a plan in place to maintain operations if a portion of the staff are quarantined – either self-imposed or mandatory?
- Are you monitoring the Ministry of Health website for updates, and are you sharing relevant information with your staff?
- If your staff are required to travel, can these interactions be managed through alternative means such as video-conferencing?
- Are you currently monitoring your employees' leave balances? What is your ability to fund extended leave periods?
- Have you checked your contractual obligations with your staff against your organisation's leave policy? Have you considered potential and temporary changes to these policies?
- If key staff and/or contractors become ill, will this have a major impact on your operations? Is there a succession plan in place for these roles? For example, this could include handover instructions, system/process training required in advance etc.
- If your business can operate remotely, are there processes and procedures in place to ensure quality is maintained operations can continue?
- Are there any roles you have identified which cannot be performed remotely? Have you considered any health & safety implications of working remotely; for example, the availability of IT equipment, suitable home office space etc.
- Have you drafted a communication plan for staff, clients, suppliers and other key stakeholders, including, in the event of a mandatory closedown?



Information Technology

- Is your organisation capable of working remotely?
- Do your staff have the hardware and software required to achieve this? Are they encrypted?
- Have you got secure networks that allow a flexible and secure working environment?
- Have you tested your IT infrastructure to support a flexible and potentially remote working environment?
- Have you considered the security implications of a flexible working environment?
- Do you have a Business Continuity Plan and an Incident Response Plan? Have you tested them?
- How will your staff deal with IT or systems issues when working remotely? Do they have an updated communications plan and process to address this?
- Have you spoken to your outsourced IT vendors, managed service providers and other relevant third parties regarding their readiness and availability about the potential impact from Coronavirus?



Governance

- What are your current messages to the business regarding their preparation, management and response to COVID-19?
- Do you have a contingency plan for those who may fall ill at your workplace?
- Who are the key people that can decide to continue operations?
- Are you documenting regular board meeting minutes regarding decisions, with evidence of decisions?
- Have there been changes in your organization's risk profile? Have you reviewed your risk profile and developed an action plan to record, address, mitigate and manage the risk?
- What impact will the Coronavirus have on your insurance policies?
- Who else needs to be notified – who are the key stakeholders that are affected?



Financial

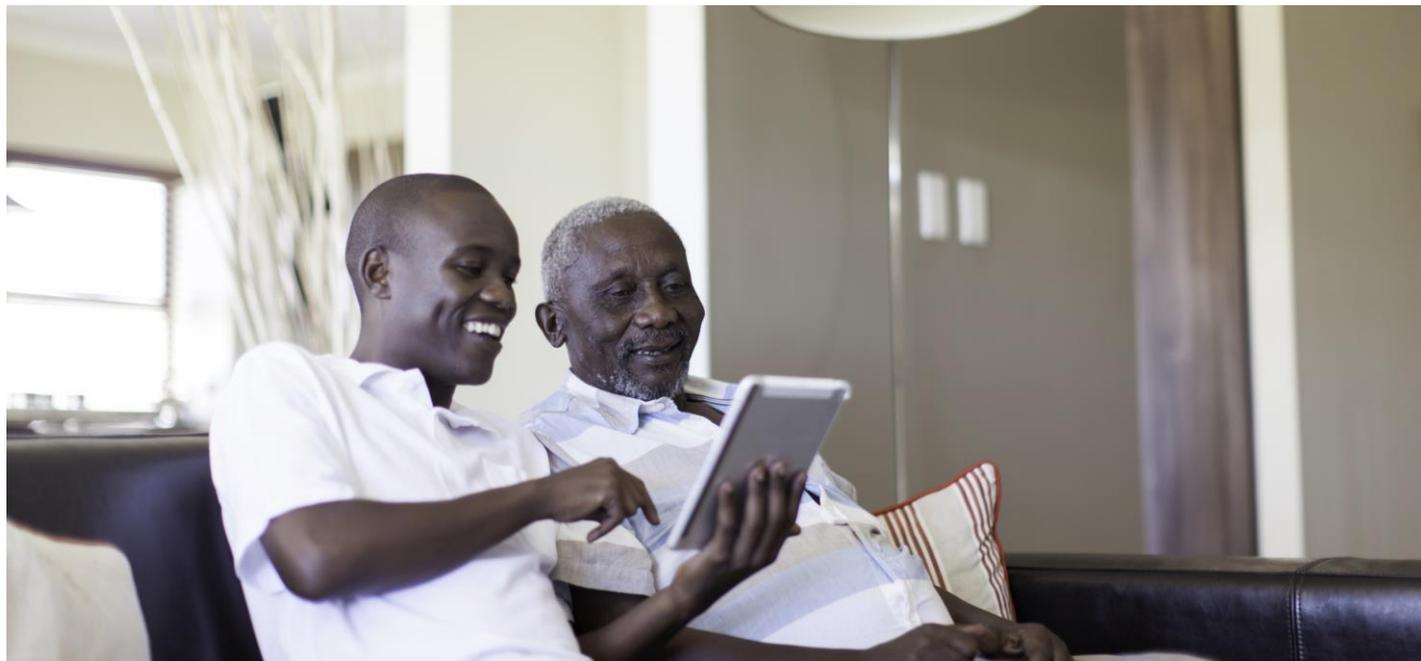
- Do you calculate projected cashflow regularly, and do you understand the cashflow requirements of your business on a weekly and monthly basis?
- Do you understand your working capital requirements – are you reviewing debtors, work in progress and creditors regularly?
- Have you calculated how long your business can survive a mandatory shut down period?
- If you rely on regular funding during your normal course of operations, have you spoken to your bank about your situation and requirements?
- What are your obligations to the bank, specifically around debt covenants?
- Have you spoken to your insurance provider? Does your business interruption cover COVID-19 interruptions, and to what extent?
- Do you have back up plans if your business partners shut down or are affected; specifically, what happens if your IT or payroll service can't operate normally?
- Do you understand the cost of continuing to operate with less staff/customers compared to the cost of completely shutting down for a period?



Regulatory

- Have you reviewed potential impacts to regulatory requirements namely from BURS, BSE, NBFIRA, CIPA, etc
- Have you considered any potential tax outflow relief in your cash flow budgets by way of instalment arrangement with regulatory agencies relating to COVID-19?
- Have you documented a specific COVID-19 management policy and process to enable your organization employees to know responsibilities?
- In terms of your key compliance staff, do you have a succession plan if one or the whole team become ill or is quarantined? What impact does this have on your regulated regulatory deliverables?
- Have you considered the Government's offering to businesses affected by COVID-19? They are offering Wage Subsidy for a period of 3 months, disbursed by BURS.

Explore the Checklist for your business



Today's businesses are faced with strategic, financial, operational and technological challenges. Grant Thornton understands that growing companies need guidance to establish robust internal controls, use information technology effectively and improve performance.

Contact a specialist

Whether you're an existing company, growing internationally or simply starting a new venture, we can help you understand, identify and manage potential risks to protect your business. Our dedicated team delivers objective, value-added solutions that will strengthen governance processes, implement sound organisational strategies, increase technological capabilities and improve your operational efficiency.



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