

## COVID-19 SME Guide for Navigating Your Business Through Disruption (as at 16 March 2020)

The Chamber's Specialist Partner [Ashton Wheelans](#) have put together this helpful guide to help businesses navigate through disruptions due to Corona Virus. This guide is not exhaustive nor is it industry specific, rather it is designed to shed light on potential challenges business owners may face should the COVID-19 outbreak worsen across Aotearoa New Zealand.

### IMPACT ON CUSTOMERS

- Review potential customer impact:** Review your customer base and assess how each customer's demand for your product or service may change.
- Analyse product or service impacts:** Assess the level of impact for each product or service line.
- Review customer contracts:** Review contracts to ascertain whether any contract may be breached.
- Develop customer communication plans:** Establish communication plans for different stages of disruption, including proactive communications, so that customers are aware of your plan b, c and d.
- Leverage opportunities:** Slow or blocked overseas supply chains may drive NZ business to have to source products domestically instead of importing – can you leverage this via a sales or marketing strategy? What do you need to plan in order to be able to satisfy such capacity/increased demand?

### SUPPLY CHAIN CONSIDERATIONS

- Identify suppliers critical to your business continuity.** Should one of your key suppliers be disrupted by COVID-19 do you have alternative suppliers ready to step in or a contingency plan?
- Analyse your supply chain for impact:** Look down your supply chain and isolate any suppliers that could be affected either directly or indirectly and ask yourself, "will this affect my ability to purchase supplies?"
- Communicate with suppliers:** Ask your suppliers if they have a business continuity plan in place should the outbreak worsen. Open communication will help you plan for any supplier disruption.
- Assess risk of foreign based supplies:** How severe is the COVID-19 outbreak in their country? Are there any mandatory shutdowns planned or in place? Has their government introduced any other restrictions which will affect your ability to source supplies? Will logistics and transportation be an issue? It may be worth researching the country of origin's government policy and talking to your transportation company.
- Review stock levels / supplies:** Will it be worthwhile purchasing additional supplies to ensure sales can be maintained over uncertain times? It might be that you need to hold more stock to ensure sales can be maintained over the medium term. This decision must not be made lightly, in times of uncertainty cash management is critical and increasing stock levels will decrease liquidity.

## CASH FLOW MANAGEMENT

- Manage our cashflow:** Assess your day to day, month to month cash requirements. Should the Government introduce a forced shut down period you will need to know how long you can last.
- Review your debtor list:** Are there any aging debtors you should be following up?
- Review your loans:** If you have loans, have you reviewed your loan covenants recently? A downturn in business may lead to loan covenants being breached.
- Forecast impact on cashflow:** If you believe your cash flow will be significantly affected it might be time to talk to your bank about temporarily reducing or suspending principal payments on term loans.
- Manage cashflow options:** Do you have access to an overdraft facility? Review your cash requirements and if applicable discuss overdraft options with your bank.
- Review your working capital requirements:** Do you have stock lines you know will slow should the outbreak worsens? Review stock lines and concentrate capital on stock lines that will be less affected by disruption and uncertainty. Keep in mind more stock equals less liquidity, in some cases it may pay to temporarily suspend or reduce certain stock lines to remain liquid.
- Review your terms of trade:** Could you reduce your debtor days and / or increase your creditor days?

## KEY EMPLOYEES, ROLES AND TASKS

- Undertake staff planning for disruption:** If employees were required to self-isolate how will it affect my employees' ability to perform tasks?
- Identify staff implications for business continuance:** Identify tasks that are fundamental to keep your business operating (single point of failure/key man risk), can these tasks be performed by multiple staff members? If one of your key employees can't perform their tasks can another step in or will your business be impacted? For example, how many staff can sign off on payments/payroll?
- Identify operations with specific staffing requirements:** Are there any tasks that require specialist skills, qualifications or licenses? Again, if an employee with a certain skill, qualification or license cannot work will your business be crippled?
- Review delegations of authority:** If you, the business owner cannot make it to your business premises can certain critical roles and tasks be delegated? Do you have a delegation process in place?
- Discuss personal considerations / concerns with staff:** What are key employee's plans should they require self-isolation? Consider scenarios where employees are isolated, caring for others, or unwell. Are certain employees more exposed to the risks of COVID-19?
- Review or develop staff policies:** All businesses should be strongly recommending staff stay home at the slightest suspicion of cold/flu symptoms Are your staff able to work from home? Do you have a policy in place for Working from home generally? Communication or policy on self-

isolation, including arrangements for continuing wages or pay (or not) especially if staff are returning from international travel post new Govt restrictions.

- Review the guidance from Employment New Zealand on [Workplace response to Coronavirus \(COVID-19\)](#)

#### REMOTE ACCESS, CLOUD DATA STORAGE & TECHNOLOGY

- Review data storage.** Is your data stored on a hard drive in the office or is it on a cloud-based system which your employees can access remotely? If data is stored at your work premises you will be more exposed to the risks of a lock down.
- Review data access:** If staff are forced to work from home can they still access key data and perform their tasks?
- Assess hardware requirements for remote working:** Do your staff have the hardware they need to perform tasks from home?
- Test remote access:** Have your employees test their remote working access to ensure it is fully operational and address any issues that arise with your IT support provider. Ensure your employees have your IT support providers contact details should they encounter any IT disruptions while working remotely.

#### TAX IMPLICATIONS & GOVERNMENT SUPPORT

- Review provisional tax:** If you have experienced a downturn/or growth in business i.e. your sales have increased or decreased, you may need to review your provisional tax position and adjust it to reflect this.
- Discuss payment options:** If you are having issues paying outstanding tax the IRD can help you set up a payment arrangement – A payment arrangement lets you pay your outstanding tax in manageable instalments over an agreed period with less interest being charged.
- \* As noted above: The Government is set to announce a specific COVID-19 relief package tomorrow (Tuesday the 17th of March). We will follow this guide up with commentary on the support package and what it means for you.

#### INSURANCE IMPLICATIONS

- Talk to your insurance broker:** Most insurance policies won't cover business interruption due to COVID-19, however it pays to contact your insurance broker for insurance specific questions.

If you would like to discuss your business specific challenges or would like help in reviewing your emergency plans and procedures, please get in touch with The Chamber on 0800 50 50 96.