Association of International Certified Professional Accountants®

The unified voice of AICPA and CIMA

The COVID-19 Pandemic

Initial Considerations and Responses – Business Recovery and Planning Tools

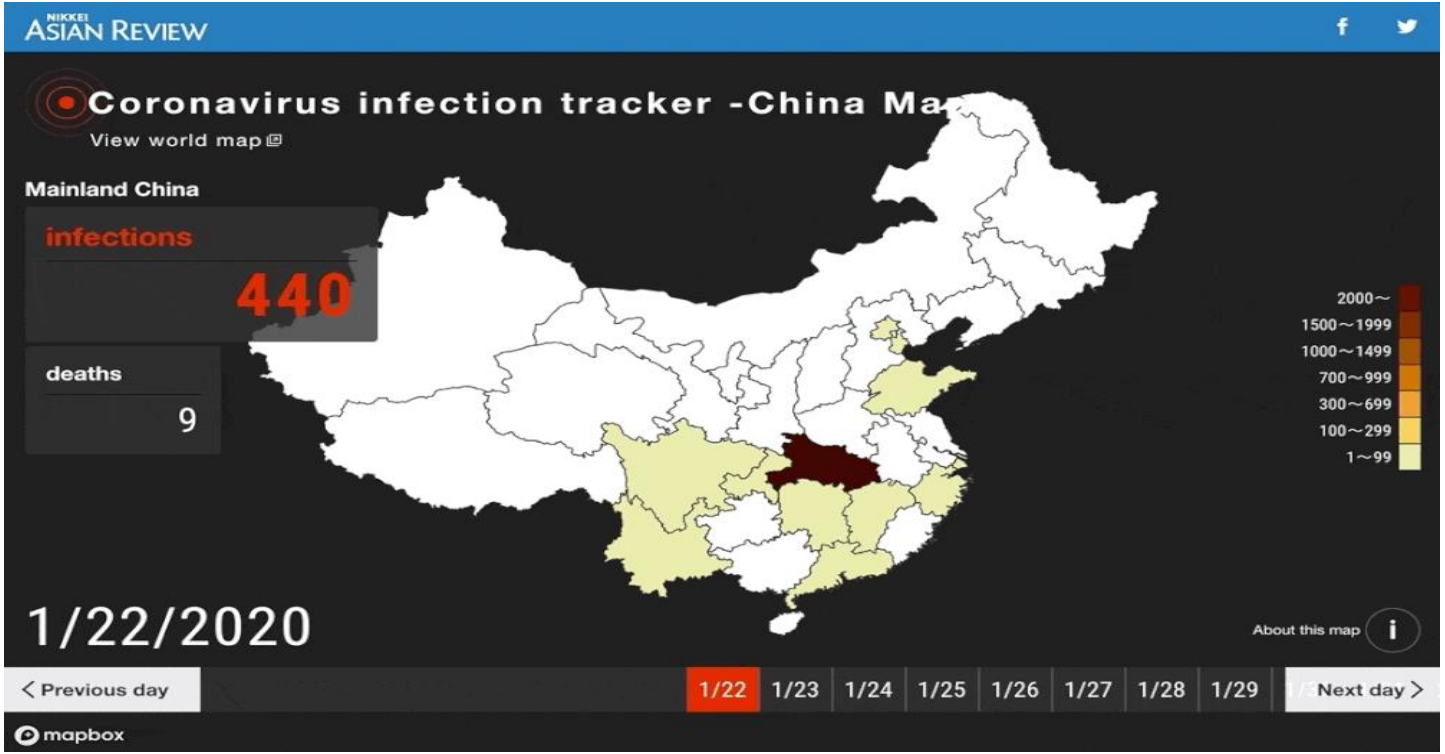
Aims of this Presentation

- The Context
- Endurance and Recovery
- Decision Making and Management Accounting – The Best DATA
- Recycling Tools
- Tools to Enable Endurance and Recovery
- Enabling Endurance Going Forwards in the Face of Pandemic and More
- A Questioning Creative Mindset

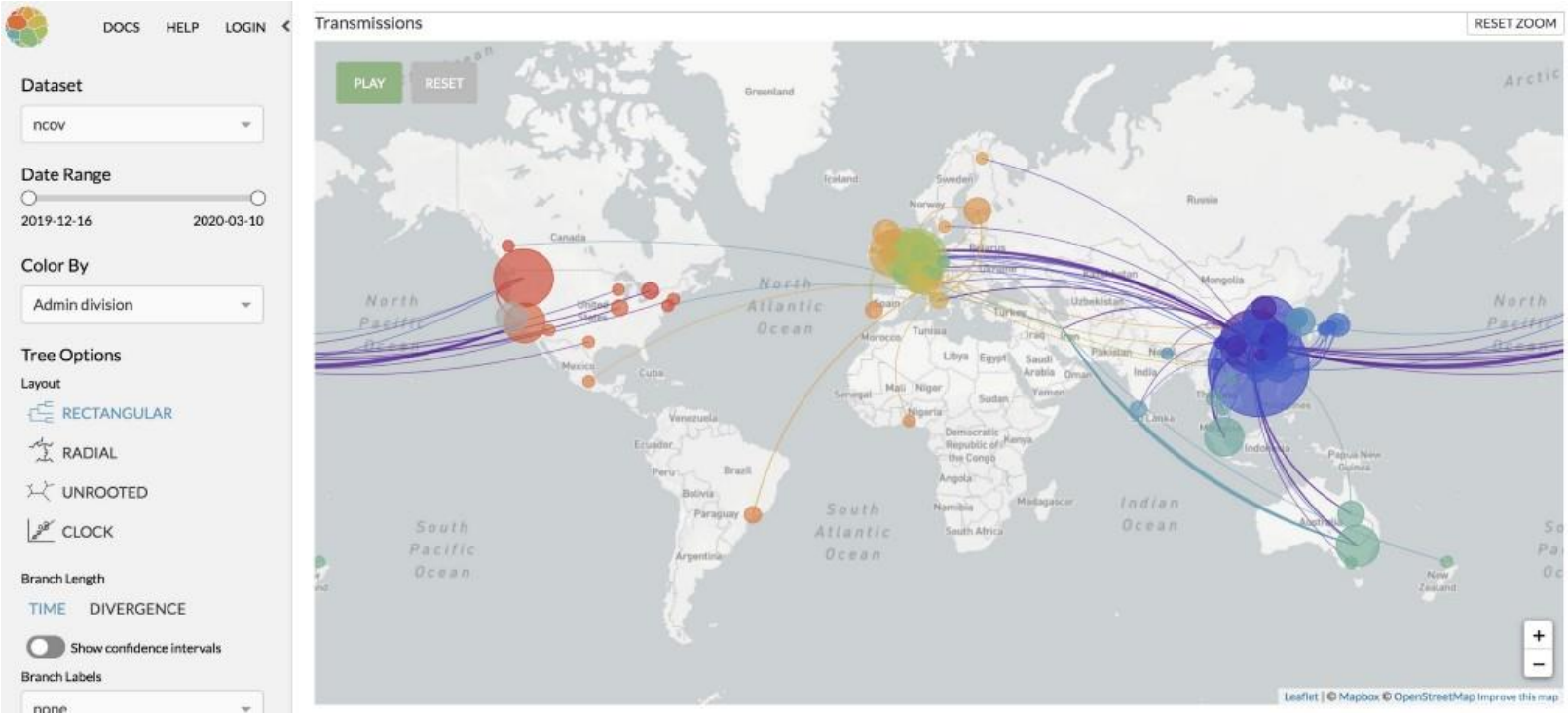
Opening scenery – Outbreak to Pandemic

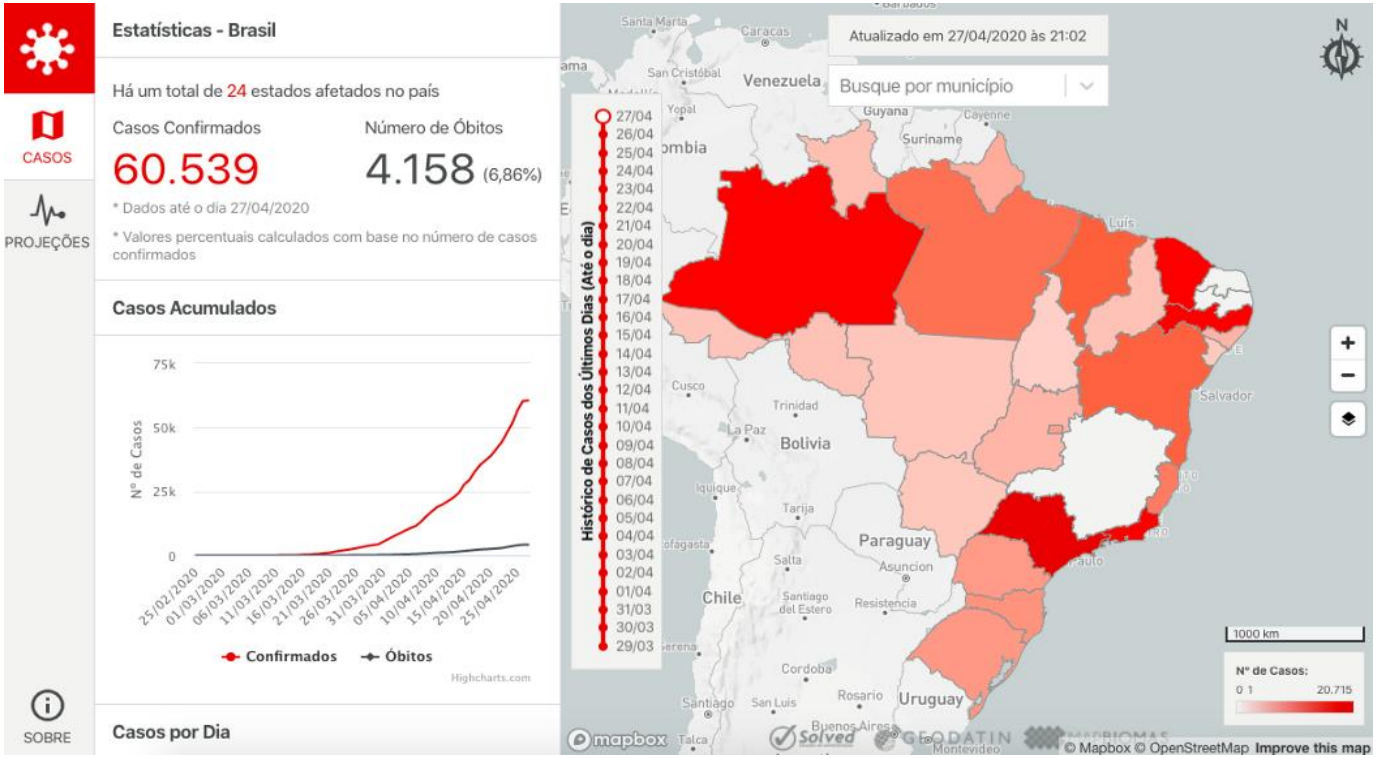
- The underlying data issue — which varies by source, region, and resolution — and that data's ability to shed light on a specific facet of the epidemic
- Transmission initially focused around North Asia but then the mechanics of Globalisation facilitated a global spread
- Varied and unco-ordinated national public policy response between January and April
- No single source of data initially and even now

The Pandemic Crisis Unfolds

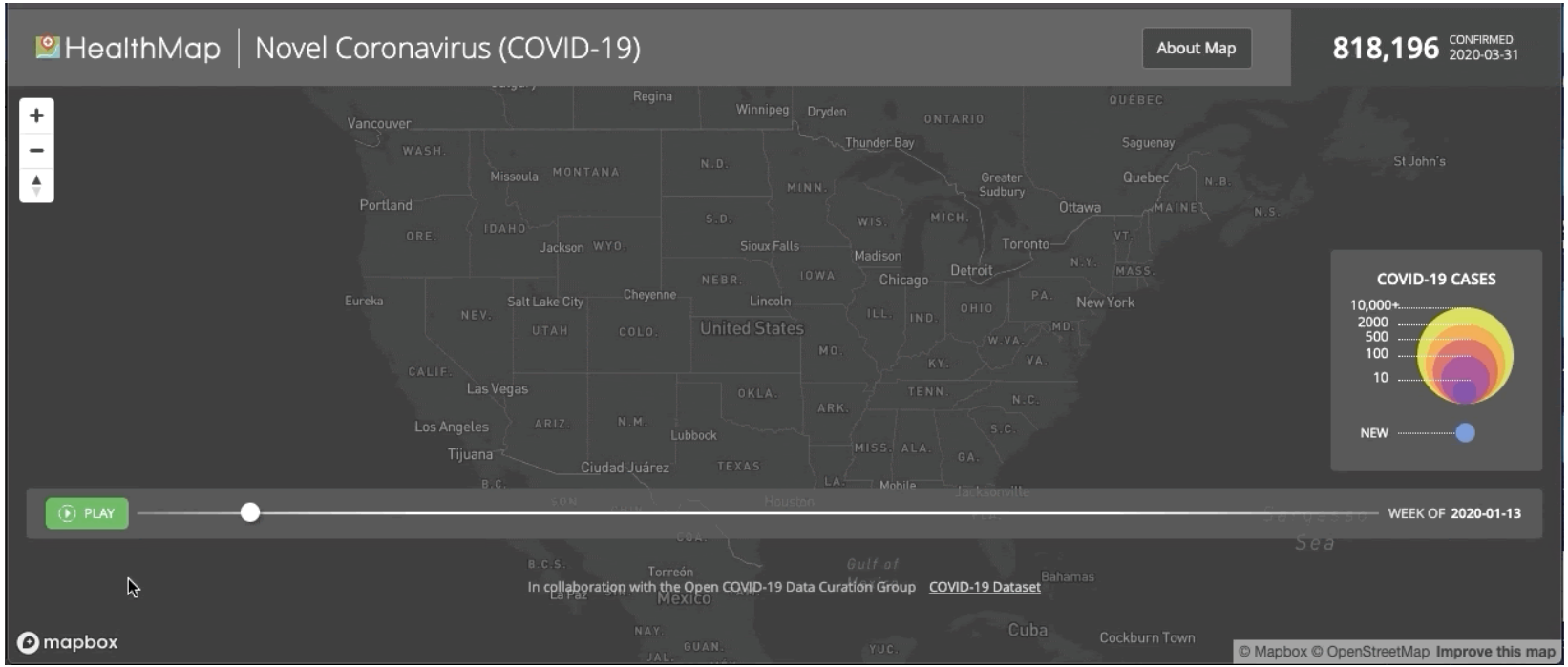


Transmission analysis




CASOS
PROJEÇÕES
SOBRE
Estatísticas - Brasil
Há um total de 24 estados afetados no país
Casos Confirmados
60.539
Número de Óbitos
4.158 (6,86%)
* Dados até o dia 27/04/2020
* Valores percentuais calculados com base no número de casos confirmados
Casos Acumulados
75k
50k
25k
0
Nº de Casos
25/02/2020
01/03/2020
06/03/2020
11/03/2020
16/03/2020
21/03/2020
26/03/2020
31/03/2020
05/04/2020
10/04/2020
15/04/2020
20/04/2020
25/04/2020
Confirmados
Óbitos
Highcharts.com
Casos por Dia
Atualizado em 27/04/2020 às 21:02
Busque por município
Histórico de Casos dos Últimos Dias (Até o dia)
27/04
26/04
25/04
24/04
23/04
22/04
21/04
20/04
19/04
18/04
17/04
16/04
15/04
14/04
13/04
12/04
11/04
10/04
09/04
08/04
07/04
06/04
05/04
04/04
03/04
02/04
01/04
31/03
30/03
29/03
Venezuela
Guyana
Suriname
Bolivia
Paraguay
Chile
Uruguay
Salvador
1000 km
Nº de Casos:
0 1
20.715
© Mapbox © OpenStreetMap Improve this map

`Heat map of expected spread of COVID-19 across the USA



PWC reported

“The COVID-19 pandemic has brought fast-moving and unexpected variables, some of which existing crisis plans and teams weren’t prepared to handle.”

Bearing Point Consultants reported

“The pandemic is still highly uncertain, businesses, individuals and families are nevertheless having to adapt to new, troubling challenges such as severe supply and demand disruption, social distancing and serious health implications.”

Overall the assessments focused on three reactions

Shock – Protect people, understand the situation, and ensure business continuity

Endurance – Manage people and business activity through the crisis

Recovery – Restart activities, assess the damage and rapidly recover

Global outcome by mid April 2020

Science fiction scale society lockdowns

Basic human rights severely limited

Basic food shortages because of supply chains stresses

CBDs vacated by workforces on lockdown orders

International business travel network suspended

Unprecedented business and social support schemes

Unpredictable, negatively dynamic, chaotic

BUSINESS LEADERS THINKING

Need to take stock

Realise that commerce and business needed to continue

Planning for the end of lockdown

Navigation through

Survival

We realised …

Endurance – **Manage people and business activity through the crisis**

Recovery – **Restart activities, assess the damage and rapidly recover**

“People are inherently resilient when tested, and people run business, not machines. People can adapt fast. People can react. People can think and collaborate. People can solve.”

Initial Scoping:

Thought

Navigation

Facilitation

Targeted restart

We had R&D that was ready to go … ?

In 2014 we wrote ….

“Quality decision making has never been more important – or more difficult.

Innovations and innovators daily disrupt the status quo.

The volume and velocity of unstructured data is increasing complexity”

Decision-making in organisations through the provision of high quality management information

Global Management Accounting Principles

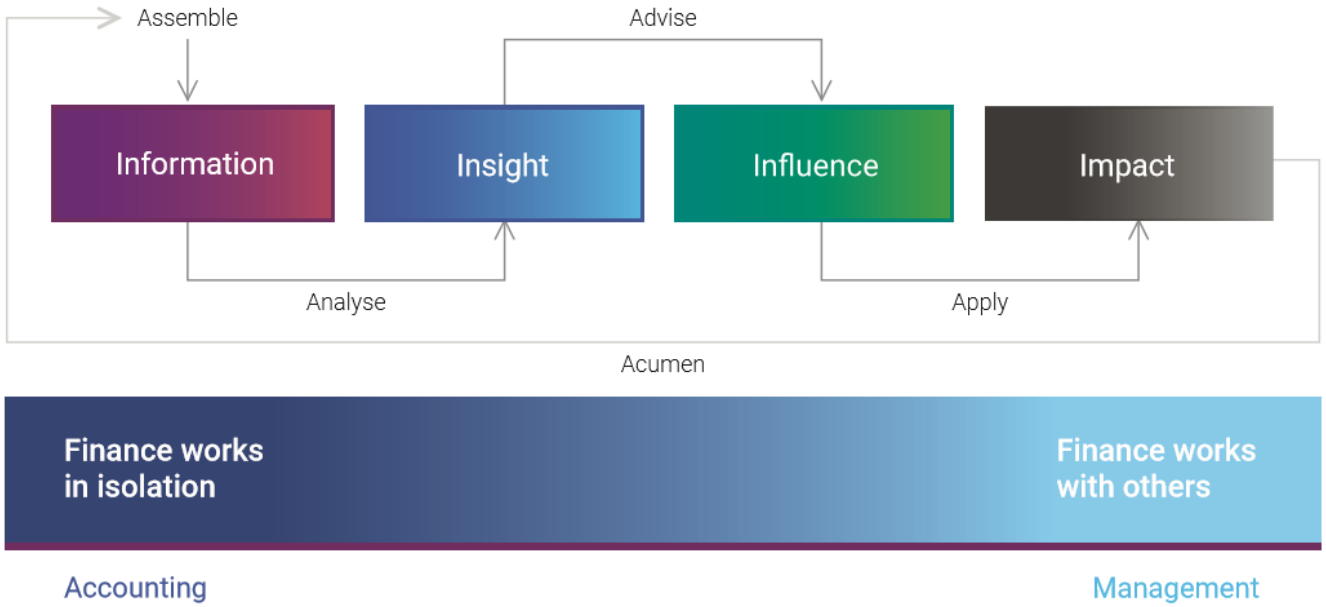
"High quality management information became vital!"

These are the foundation of strong management accounting and in a crisis these Principles can act as a compass to enable:

- Thought
- Navigation
- Facilitation
- Targeted restart

Basic finance activities – from information to impact

Figure 4. Basic finance activities – from information to impact



Business Resilience in the Crisis

Business models needed to be flexed

Scenarios needed to be created and worked

Horizons needed to be looked to

Coping mechanisms put in place

The Quest for Recovery

Cost – Opportunities – Enabling – Seizing

So ENDURANCE and RECOVERY …

Economic crisis fresh in people's minds

Its length was perhaps Beneficial for informing and possibly energizing recovery strategies?

Puzzles can be solved ….

NEW MINDSET NEEDED

Resources existed …

CGMA

Business resilience: Tools for preparing to reopen businesses

Three tools to help - Horizon Scanner

Enables Members to build a series of scenarios

Over a series of time frames

Lenses on eight groups of stakeholders or concerns which are integral to a viable Business Model

Contained core questions but these can be adapted by you for your own context

Thinking around staying ‘VIABLE’

Enabling and building ‘RESILIENCE’

Scenarios moving forward:

Downsizing

Cut on Costs

Reducing staff

Focusing on core activities or lines

Focus on activities that can occur in Lockdown … But now?

What next - Expansion that is sustainable

Three tools to help – Strategic Scorecard

Enables you to re-think Strategy

Enables you to ask the right questions

1. What's your strategic position
2. What are your strategic options – opportunities both positive and negative
3. The options – current projects and new possibilities
4. Risks – you need to be holistic and create a fulsome risk picture and react

Re-Inventing Finances for a Digital World:

We advocate strongly for businesses to improve their soft skills and particularly for Finance Professionals to have much better communication and by implication engagement and influencing skills

When using the Strategic Scorecard, its outcomes can be better enabled by deploying these soft skills

Strategic Scorecard: The current online tool

Has questions for considering Business Strategy through the Four Quadrants

Consider your position in relation to this crisis?

Have you journeyed through the interim and are now able to review and build out a longer term strategy?

What opportunities exist in any New Normal?

You can adapt – You know your business?

Don’t let COVID make you think that you can’t

What is a New Normal for your business

Are you ready for this to adapt and change

Can you flex to embrace the new normal

Can you reinforce your resilience

Can you change strategies to embrace opportunities

Can you PIVOT?

Three tools to help – Business Model Framework

Rethink how your Business Model creates Value

Enables you to understand your business model Eco-system

Supports the Horizon Scanner in making you create new scenarios and makes you think of Value Creation Models

But these scenarios can include a clear review of your business model's value creation and delivery frameworks

New scenarios around the mechanics of our Business Model Eco System

Contains a set of questions but these can be re-fashioned

Examples to enable question framing by your Finance Team

PANDEMIC EFFECT ON YOUR

Brands

Reputation in the market

Customer loyalty

Sales points

Reputation to Build Back Better

Creativity

CGMA

Contents

Reimagine business resilience in the COVID-19 world

Read on

IKEA – Case Study Today

Created scenarios which predicted a slow down - Sizeable drop in growth expected

They have seen however that Stay Home has driven the importance of HOME and so people have INVESTED in their homes

The Importance of Home is a new consumer concept

Now their scenarios are rooted around being ….

“Braced for sporadic impacts with changing lockdowns”

“No Map or Manual to Follow in the Crisis”

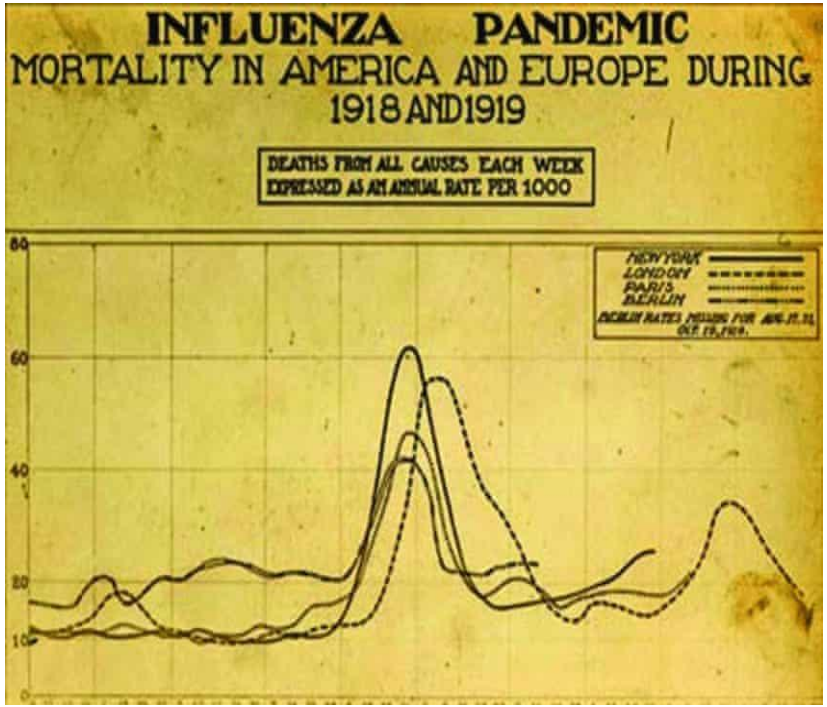
This morning ….

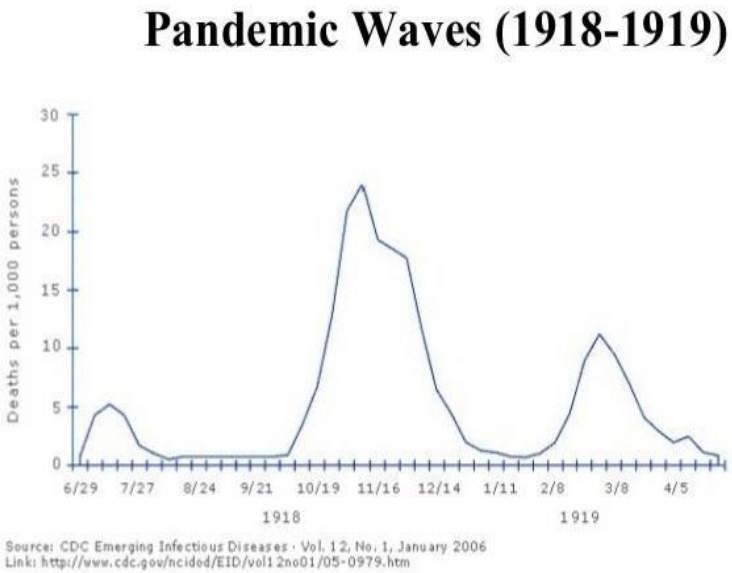
Online sales a big boost during the pandemic as millions of people turned their homes into makeshift schools and offices

Investing heavily in adapting to new shopping habits and online competition, developing digital and other services as well as setting up smaller stores and showrooms in city centers

BUT … 2018-19 Retail sales rose 4.5% in local currencies and like-for-like sales growth was 1%

A Quick Horizon Scan towards end of 2021



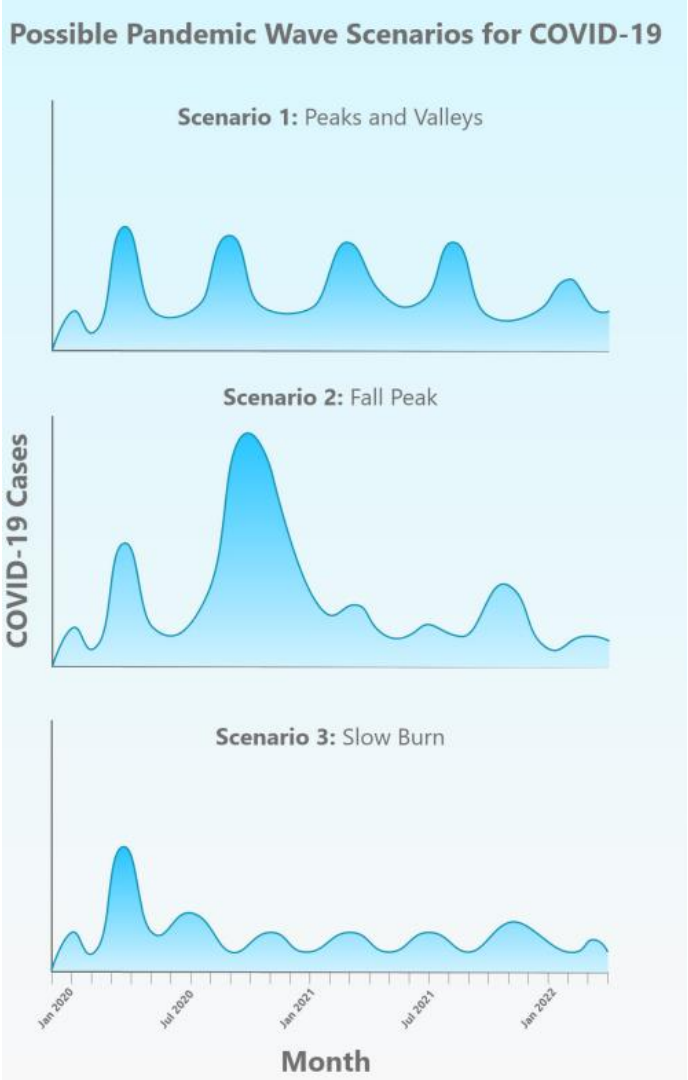


World Economic Forum

Using the 1918 Spanish flu pandemic as a model, experts suggested the COVID-19 outbreak will last between 18 and 24 months.

The pandemic "likely won't be halted until 60% to 70% of the population is immune", the report authors said.

The worst of the three scenarios they outline involves a second, larger wave of coronavirus infections this fall and winter.



A Quick Horizon Scan towards end of 2021

Second wave and Third Wave planning

Turbulence with continue

Planning for a vaccine and its impact

Digital transformation

Ethical behaviour

Working from Home

Costing lessons but also Investment Lessons

Have you seen “A Change for Good?

Build Back Better?

Re-imagine?

What do you think is here to stay for the long haul?

Have you thought of any of these?

Enabling creativity in your business and amongst your people?

What do you know that would make you do something different than before?

Are you naturally now more Agile?

Issues don’t go away

Real productivity in economies is uneven and poor

Ageing populations remain

Distribution of wealth remains uneven: geographically, socially,

Cost control and understanding COSTS

Digitalisation of business and society

Environmental degradation, pollution, and global warming

Significant new national debt rocketing upwards

These Three Tools ….

Were reconceived to enable businesses to ask the right questions?

Good management accounting is about asking the Right Questions?

Have a high educational CPD value because they stimulate thinking – how to do something differently

Recycled and re-purposed – You tool !

Value is sitting in front of you – you just need to see it

More to come because we have Predictable Instability

Negatively Dynamic

RE-THINK YOUR APPROACH …..

A How-to-Mindset

Identify your finance stars

Enable their creativity in a space free from operational pressures

Divert their energy and time to re-think the business for the next twelve months

Stable not unstable

Great Communicators

Going forwards … Endurance requires!

- Re-energising
- Motivations
- Create space to think – imagine – research
- Online?
- Cost control and understanding costs but investing in creativity and revenue stream enablement
- Sense of shared success and momentum
- Grab the opportunities as they do exist or can be made
- Creativity to use information to Re-think and Seize

Resilience requires a tight team with a sense of purpose, imagination, and camaraderie, but above all **CREATIVITY MINDSET …**

Pret a Manage

Automobile Association in UK

Singapore Airlines

Just Eat

Uber/Grab