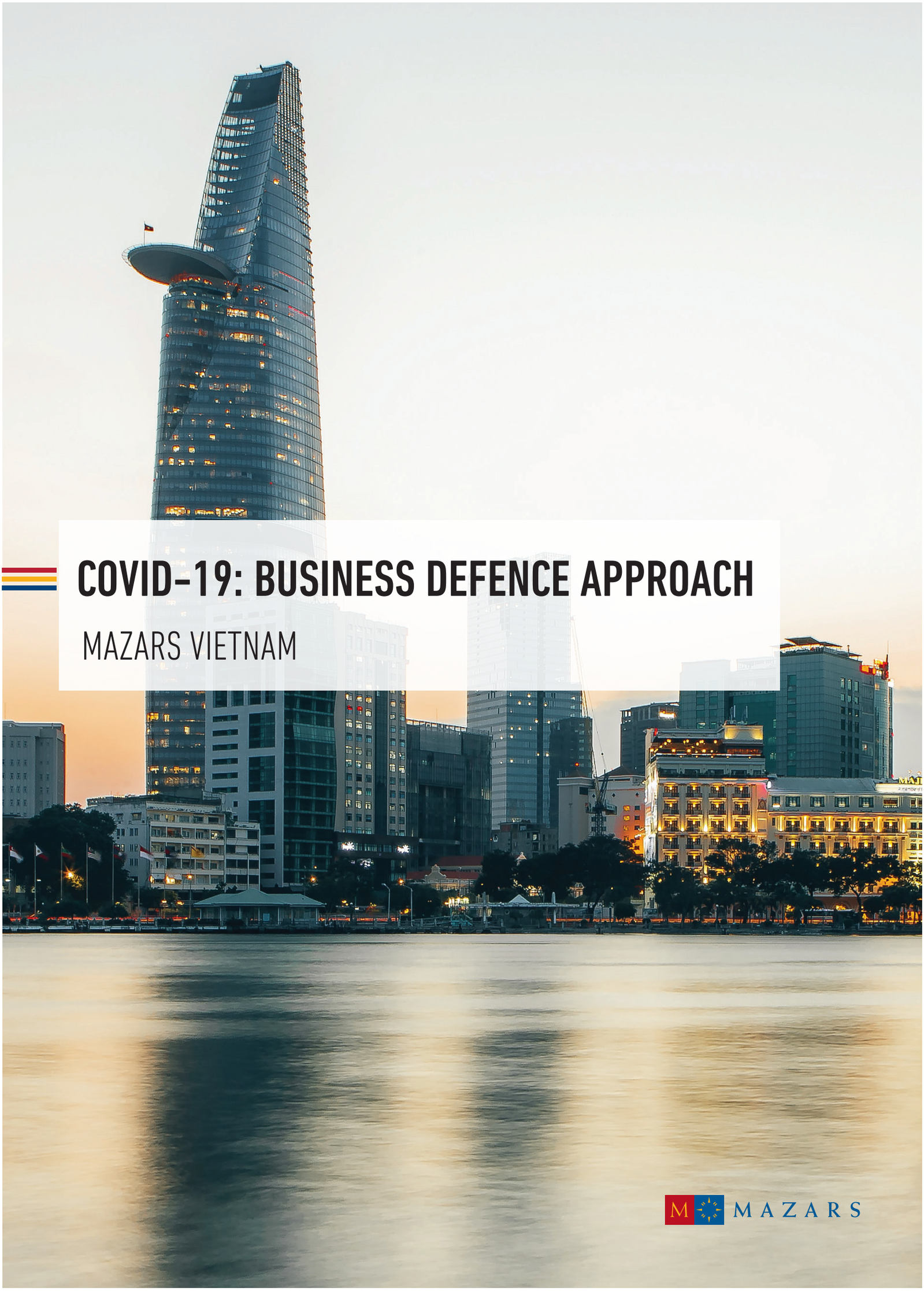

COVID-19: BUSINESS DEFENCE APPROACH

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MAZARS, AN INTERNATIONAL PLAYER IN VIETNAM

Although the Covid-19 crisis is first and foremost a public health emergency, the economic impact of the virus is beginning to emerge and it is clear that all businesses will be affected, regardless of sector. For some businesses, the pandemic has already had a detrimental effect on cash flow which requires immediate attention; others are at a stage where it is essential to start serious contingency planning for a global economic downturn.

At Mazars, we are supporting businesses to act now to protect against the worst effects of the crisis.

Below we outline two approaches to manage your business through this crisis.

IMMEDIATE BUSINESS SURVIVAL

Identify immediate steps to close a serious 'cash gap' arising under the following six areas

Quantify the impact

- Prepare weekly cashflows over the coming three months.

Determine the 'cash gap'

- Assess all available cash resources and lines of credit/borrowing vs projected cashflows.

Prepare the 'cash gap' plan

- Determine the extent to which national support will be available to assist the business.
- Prepare a cost reduction or expense deferral programme.
- Consider the temporary closure of certain operations.
- Release of finance from internal resources and key relationships.
- Prepare a revised cash flow statement based on the remedial action plan.
- Determine the amount of additional external funding required.

Prepare an information pack to facilitate engagement with national crisis support programmes and external funding parties to include:

- Previous trading history and recent financial statements / monthly management accounts.
- Summary of the remedial action plan to close the 'cash gap'.
- Revised cash flow statements based on the remedial action plan.
- Defined amounts required from external funding sources.
- Crisis funding plan to sustain the business for a prolonged period (i.e. 12 – 18 months).

Engage and negotiate with external parties to agree appropriate funding arrangements.

Involve appropriate stakeholders to communicate the key elements of the plan.

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PREPARING FOR THE DOWNTURN

Assess the likely impact of the crisis on the business under these five key areas:

Sales Volume Impact

- Will key people likely become incapacitated for an extended period of time?
- Is there reliance on a skilled workforce who are not easily replaced?

Frontline Staff

- What is the impact on sales volumes / demand?
- What are the implications on cash collection?

Vital Suppliers

- Is there reliance on key suppliers who are likely to be disrupted resulting in significant delays on delivery?
- Will key customers receive sufficient supplies?

Operations & Key Facilities

- Are there restrictions on the use of facilities and can your business model be adapted?
- Is it possible to carry out core business functions / support facilities remotely (i.e. payroll, finance, IT)?

Legal & Regulatory Obligations

- Is there a danger of not meeting major contractual agreements and / or regulatory requirements?
- Is your business in danger of not meeting major contractual agreements and / or regulatory requirements?

OUR SUPPORT

- Business continuity planning
- Outsourcing support
- Scenario analysis
- Cashflow forecasting

HOW WE CAN HELP?

"At Mazars we have the practical experience and expertise to support businesses navigating turbulent times. Whether it's crisis cashflow management or economic downturn planning, we can help minimise the impact to your business.

Please get in touch with us to discuss how we can help you at Mazars.com/POB.

Mazars is present in 5 continents.

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More information
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