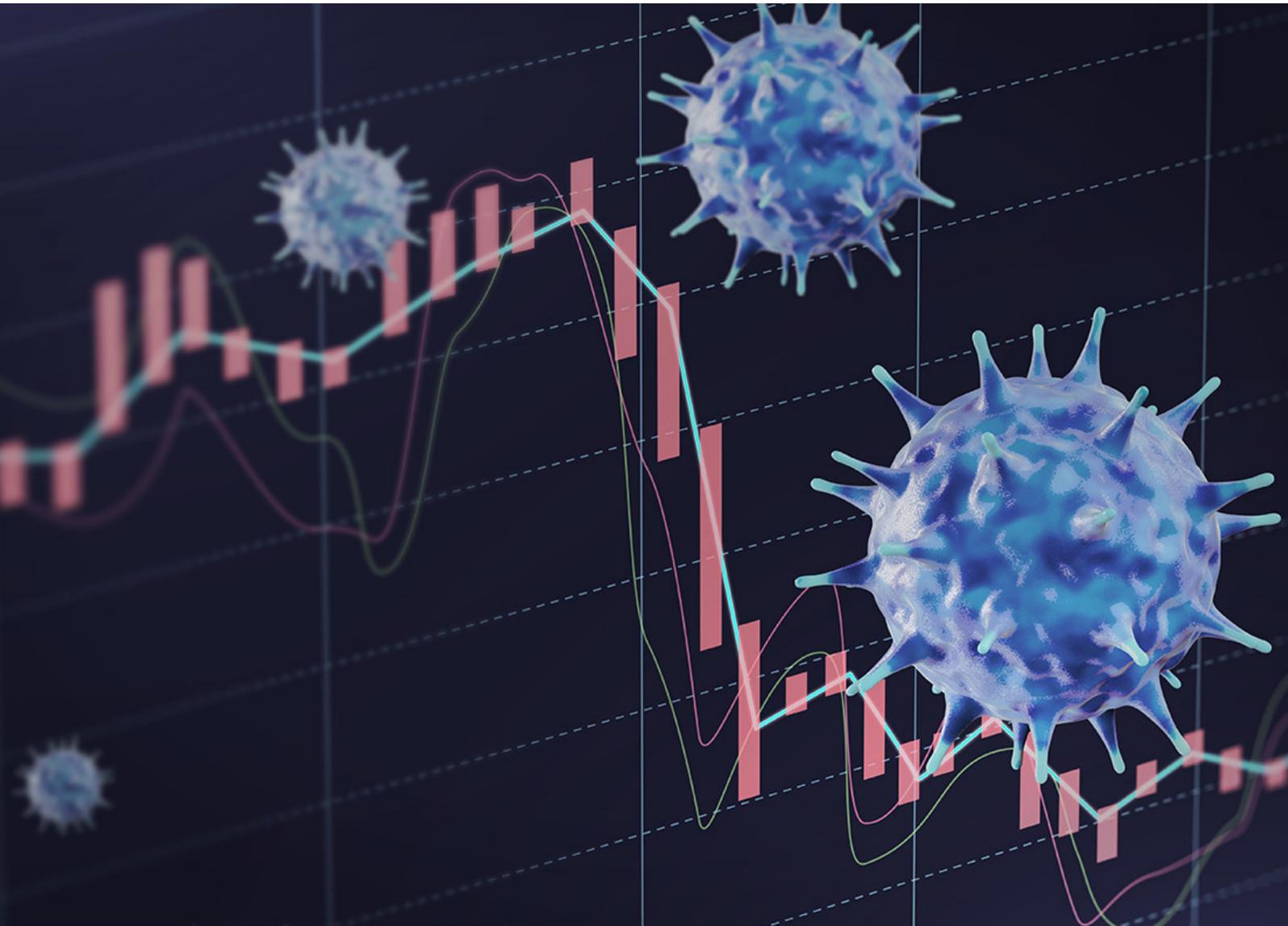


# Thoughts

Reflexion and Analysis for the Indian Market

May 2020

## COVID-19: Impacts to Business



## Foreword

The COVID-19 pandemic continues to evolve. Now is the time to shift focus to efforts that support a return to work, while addressing needed changes in the months ahead. Here is how organisations can begin making that shift – from mobilising during this time to stabilising in the new environment and strategising for what’s next.

Several key areas of focus for groups in India

- Crisis management and response
- Workforce
- Operations and supply chain
- Finance and liquidity
- Tax, trade and regulatory
- Strategy and brand

## Crisis Management and Response

The COVID-19 pandemic has brought fast-moving and unexpected variables, some of which existing crisis plans and teams weren’t prepared to handle. Many companies successfully developed incident management plans specific to this crisis, and are now looking ahead.

What you can do now:

- Leverage your crisis management team to mobilise your response efforts in the immediate wake of the crisis – it can help as you transition into what’s next;
- As you stabilise and shift focus on how to bring people back to work, assess your organisation’s response efforts to date and identify areas for real-time course corrections;
- Look to what organisational insights the crisis process has provided to help you strategise and capitalise on the opportunity for event-driven transformation.

## Workforce

Five workforce areas are emerging as priorities for business leaders:

- Protect people: initiate measures to help support employees' physical and emotional well-being, whether at work or at home;
- Communicate effectively in global uncertainty: lead with responsive, empathetic communications and policies that help people feel informed and supported;
- Maintain the continuity of work: provide the resources and support employees need to be productive, especially as they adapt to working remotely;
- Assess workforce costs: explore workforce levers to help balance the potential need to cut costs with the desire to keep people employed;
- Prepare for recovery: align workforce planning with the business strategy and prepare for an evolving market in order, to ramp up in a recovery.

## Operations and Supply Chain

The ripple effects of the COVID-19 pandemic are difficult to model and assess, but global businesses can begin to mitigate supply chain distributions.

What you can do now:

- Identify alternative supply chain scenarios – especially as new cases of the virus emerge in different territories;
- Activate pre-approved parts or raw-material substitutions;
- Adapt allocations to customers and pricing strategies.

## Finance and Liquidity



As business activities slow, some companies are seeing lower revenue resulting in less cash flow. During the economic uncertainty, managing cash and liquidity positions may be crucial in the weeks ahead.

What you can do now:

- Model worst-case scenarios to assess the impact on cash position, and revise often;
- Identify the financial and operational levers that can be pulled to conserve and generate cash, and potentially increase access to funding;
- Understand and plan for the financial reporting considerations that will result from COVID-19;
- Assess prospects for relief from the tax provisions or other local measures.

## **Tax, Trade and Regulatory**

Navigating complexity and risk in today's global uncertainty takes more than an understanding of tax and regulatory systems. It is critical that tax functions consider the broader economic, political and societal context you operate in, in order to make informed and compliant decisions that drive your operations forward.

What you can do now:

- Effectively manage cash taxes, obtain available refunds and consider local government and tax authority measures in response to COVID-19;
- Consider actions to stabilise supply chains while bracing for an unpredictable revenue and profitability mix in key markets;
- Assess the resources your company needs to meet your ongoing indirect and direct tax compliance requirements.

## **Strategy and Brand**

As companies move from reacting to mitigating the impact of the outbreak, strategies to emerge stronger may come in focus.



What you can do now:

- Consider accelerating digital transformations as the shift to remote working reveals gaps in IT infrastructure, workforce planning and digital upskilling;
  - Protect growth and profitability through actions such as scenario planning, more frequent financial modelling exercises to improve resiliency, and new models that incorporate economic impacts of past pandemics;
  - Take the pulse of your customers, thinking through longer-term considerations around shifts in core markets or business models as a result of the pandemic.
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