

# COVID-19

## KEY CONSIDERATIONS FOR THE C-SUITE

MARCH 2020

The proliferation of COVID-19 is ubiquitous. Spreading effortlessly across the globe and wreaking havoc by creating uncertainty in geographies, their economies and markets, as well as causing panic throughout civil society. As such, South Africa has not been spared. On 23 March 2020, President Cyril Ramaphosa, through the National Coronavirus Command Council, acted swiftly and decisively, by enforcing a nationwide lockdown barring certain categories of individuals such as healthcare professionals and essential services including inter alia, the production and supply of food. The lockdown will last 21 days, commencing from midnight on 26 March 2020 in an attempt to curtail the spread of COVID-19. Social media trends have aptly hash-tagged and called for everyone to play their part in #FlatteningTheCurve.

This, on the back of an already anaemic economy, has and continues to have dire consequences for organisations large and small alike, with ripple effects felt throughout the economy and its stakeholders.

Could this be a Black Swan event? In his book titled *The Black Swan: The Impact of the Highly Improbable*, Nassim Taleb postulates that such an event has the three attributes. “First, it is an outlier, as it lies outside the realm of regular expectations, because nothing in the past can convincingly point to its possibility. Second, it carries an extreme impact. Third, in spite of its outlier status, human nature makes us concoct explanations for its occurrence after the fact, making it explainable and predictable.”

The very difficult question that seems to be propping up time and time again is “Are

organisations adequately prepared, resilient and agile enough to respond to the challenges that the novel coronavirus brings?” The short answer is no.

Ben Okri in his essays articulates that “Nature and history are not just about the survival of the fittest, but also about the survival of the wisest, the most adaptive and the most aware.”

This piece aims at providing certain topics, touch points and questions on what the governing body and senior management should be focusing on during this tumultuous time. Some of these have been set out below.

- **Health and safety** of employees should be a primary concern. Employees should be fully informed about the risks of Covid-19 and measures that need to be taken to mitigate infection and equally important the spread thereof. Is there a health and safety committee championing the process? Is communication to all staff relevant and timeous. Who do employees turn to for assistance?
- **Business continuity and disaster recovery plans** will be put to the test. These documents should articulate processes that need to be activated during a crisis. Have all considerations, risks and scenarios affecting the organisation and its material stakeholders been taken into account? Are these documents fluid and updated as and when new information becomes available following an agreed governance process and framework? Is IT infrastructure sufficiently robust and secure to enable employees to work remotely?

How will employees continue to work remotely and engage with clients and suppliers.

- **Financial planning and cashflow** will be a key focus area. Organisations will experience significant pressure on their cash flow levels. A fine balancing act is required to meet working capital requirements with effective planning and matching of current assets to current liabilities. Options could include postponing CAPEX, seeking various financing options, cost cutting measures and restructuring, better debtors and creditors management, diversifying revenue streams and applying for government support.
- **Cost optimisation** through improved workforce management and improved efficiency as well as outsourcing non-core functions should be a consideration.
- **Workplace protocols** will need to be drafted or updated to include the nuances of the situation. What are the legal implications, leave considerations and entitlements during this period? What steps should be taken if one is infected or exposed to the infection? Reporting to managers? What are arrangements regarding work travel? Where and how will internal and client meetings take place?
- **Understanding the risk universe, conducting risk assessments and reviewing risk registers** should be prioritised to ensure that the organisation is equipped to handle exposure. Should risk be mitigated, accepted or transferred? Is the organisation's insurance coverage adequate or does it need to be reviewed and assessed?
- **Scenario analyses** and brainstorming various possibilities that could play out within the short, medium and long term. What are the actions necessary for the board and senior management? Do each of these scenarios have action plans coupled with timelines and key responsible individuals.
- **Increase in fraud, corruption and theft owing** to lack of perceived oversight. Nefarious criminals and employees are

always on the lookout of ways to gain from such situations. COVID-19 creates new opportunities for these individuals to exploit the vulnerable. Organisational controls may be lacking due to attention been focussed on more pressing matters. Does your organisation have the capacity and forensic capabilities to investigate instances of fraud and theft?

- **Succession planning and policies** will ensure that organisations continue throughout and after this pandemic. Have key individuals and positions been identified with possible successors should they become ill or leave the employ of the organisation.
- **Stakeholder engagement and transparency** is pivotal throughout this process. Material stakeholders should be kept informed through various communication platforms.

With reference to the above-mentioned topical issues, GRIPP can assist in ensuring that your organisations IT systems, security and processes, internal control environment, governance design and documentation, risk assessment and mitigation strategies, and fraud and prevention processes are in line with leading practice to ensure that your organisation withstands the effects and impact of Covid-19.

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