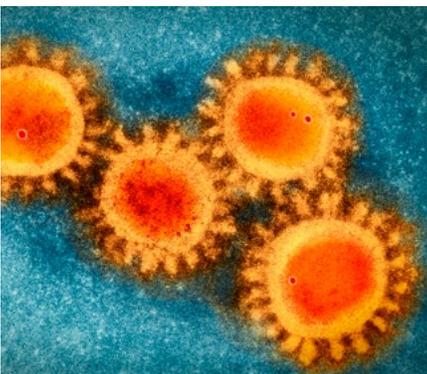# Aprio

Implementing Your Coronavirus (COVID-19) Response Plan

It's hard to predict how the spread of coronavirus (COVID-19) will play out and the depth of the impact it will have on global business. But one thing is clear, every business needs to plan for the health and wellbeing of its people and clients. Here are some tips on creating a coronavirus response plan.

1. ASSEMBLE YOUR TEAM.

Appoint a risk committee that reports to senior leadership.

Identify and establish a risk committee representing the core functional areas of your business including human resources, marketing and corporate communications, operations, finance, risk management and information technology.

Keep this group as lean as possible. Having too many voices at the table can impede decision-making and response time. Empower your risk committee and hold them accountable.

The role of your risk committee is to assess, identify and manage risks to the functional areas of the business and take appropriate actions. Make sure you clearly define the decisions they can make and when it's appropriate to escalate matters to senior management. Risk committee responsibilities include:

→ Identify the right people and roles required to address the risks. This may include employing third-party professional expertise.

→ Develop progress reports, including actions taken and any recommendations for senior management.

→ Identify elevated risks that rise above the charter and responsibility of the risk committee and require senior leadership attention and resolution.

→ Document policies and procedures for new controls.

2. IDENTIFY, QUALIFY, QUANTIFY AND PRIORITIZE YOUR RISKS.

Risk committee members should meet in workshop settings to identify and assess the risks associated with each functional area of the business. A risk matrix like the one below may be used to identify, qualify, quantify and prioritize the risks and actions required to minimize the impact of the risk.

The process of "risk ranking" (low, medium, high) by likelihood and impact of occurrence is a critical planning methodology. This allows your organization to dedicate appropriate resources and prioritize risks that pose the greatest threat to the health and safety of your people, customers and operations.

Example Risk Matrix

FUNCTIONAL AREA	RISK	POTENTIAL EFFECT	LIKELIHOOD	CAUSE	IMPACT	RISK RANK	RECOMMENDED ACTION	RISK OWNER
HR	COVID-19 infects an employee	Missed work, potential health issue	6	International travel	4	24	Send employee home and quarantine per the CDC guidelines	Manager
HR	COVID-19 transfers to multiple employees	Shut down office and work remote	8	No escalation plan to self declare international travel	10	80	Contact CDC for action	CEO
Operations	Virus disrupts supply chain	Shut down of the factory	8	Key supplier is in affected region	6	48	Perform Supplier Assessment	VP Operations

Risk Rank Key**:** ● Low = 1-25 ● Medium = 26-75 ● High = 76-100

3. CREATE ACTIONS, POLICIES AND PROCEDURES.

In your risk committee workshops, think through the sequential effects of business disruptions and the actions that must be taken within each functional area of the business. Here are some examples to consider:

Human Resources:

➔ Update and communicate your policies on working from home and taking sick leave.

➔ Revise your travel policy to include current restrictions. Be prepared to update this frequently.

➔ Update all organizational charts with personal contact information, including mobile numbers in case of office closures.

➔ Establish and communicate protocols for office, school and daycare closings.

➔ Set up news alerts or feeds from each location's state and local government health department to monitor local directives and developments (e.g., via official Twitter accounts).

➔ Remind employees of the measures they should be taking to stay well, such as washing their hands and keeping surfaces, shared phones and touch screens clean and sanitized.

3. CREATE ACTIONS, POLICIES AND PROCEDURES. (*continued*)
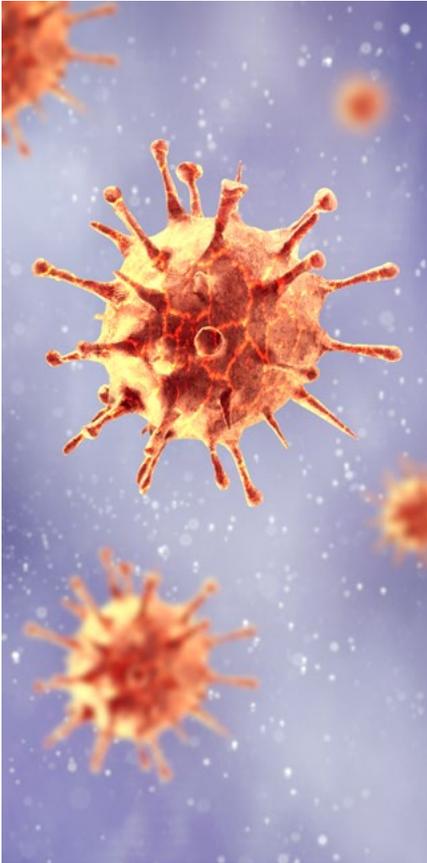
Coronavirus: *A family of viruses, some of which can infect people and animals, named for crownlike spikes on their surfaces.*

→ Refresh employees on healthcare benefits and provide directions on how to connect with on-call nurses or telemedicine providers (if included in their plan).

Operations:

→ Establish communication plans with vendors and suppliers to facilitate timely communication of events that may impact delivery. Manufacturing and distribution companies should include current inventory and supply chain providers as well as back up providers if applicable.

→ Perform a supplier readiness assessment for key suppliers. Determine which can drop ship, if needed, if a shutdown happens.

Information Technology:

→ Update and test remote work programs in the event all employees will need to work from home.

→ Update your data recovery standard operating procedures and practices.

→ Ensure that proper licenses for business-critical software/systems are in place to support the increased need for offsite access.

→ Establish off-site information security protocols, and work with HR to train your team members on information and cybersecurity awareness.

Marketing & Communications:

→ Proactively communicate with employees and clients. Provide frequent updates as the situation evolves.

→ Consider creating a COVID-19 information page on your website and corporate intranet to share news feeds, key contacts, policies and updates for employees and customers.

→ Contact your health insurance broker to investigate additional coverage to provide no-cost coronavirus testing for employees.

→ Contact your insurance broker to understand which of the policies you currently hold may respond in the event of COVID-19 related disruptions. These include the following policies: property and business interruption, contingent business interruption, directors & officers, and professional liability.

→ Increase data center bandwidth.

→ Document systems, catalog usernames/passwords and written instructions for key processes and systems including phones, website, shipping, banking, payroll, email, GL, ERP, etc.

→ Explore which processes and services can be moved to the cloud immediately and longer-term.

→ Install video teleconferencing technologies such as Zoom to enable virtual meetings, and train employees to use them.

→ Establish and communicate policies for hosting/attending events and industry conferences.

→ Update CRM with key contacts including clients, vendors, and investors who must be notified quickly in the event of an office shut down or supply chain interruptions.

Sales:

➔ Keep your sales team informed of travel restrictions to high-risk locations, and inform them of interactions and activities to avoid during business travel.

➔ Prepare your sales staff to answer customers' questions by creating a FAQ guide for common questions.

➔ Model the potential impact of disruptions to your sales pipeline, and create financial projections and business goals based on those scenarios.

Finance:

➔ Contact your banks to see if loan covenants may be waived in the event that a coronavirus-related shut down causes you to be in violation.

➔ Use a scenario-based approach to model and evaluate potential impacts to revenue, EBITDA, and earnings per share.

➔ Document key operations, and identify individuals with primary and secondary responsibility for critical finance functions and systems such as payroll, banking, 401(k), bill payment, etc.

➔ Evaluate cash flow expectations to determine budget adjustments based on economic conditions.

The bottom line…

Disruptive situations like the spread of COVID-19 are ever-changing and must be monitored closely. It is essential that your organization create a proactive plan that focuses on keeping employees, customers and stakeholders informed so they know what to do and what to expect.

Aprio's Enterprise Risk Management team is here to assist you in creating your business continuity plan. For more information contact:

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About Aprio

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