



Practical advice for navigating the impact of COVID-19

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The recent outbreak of novel coronavirus (COVID-19) has introduced many new challenges to our communities and businesses.

KPMG has implemented its own Business Continuity Plan and continues to operate in Papua New Guinea and all our partners and staff members are in place to service our clients and the business community.

Below is further practical advice to help emerging, private and mid-market businesses navigate some of the difficulties they may currently be facing.

Key Takeaways

- Caring for your people's **physical and mental wellbeing** should be at the core of all actions taken during the COVID-19 outbreak.
- **Cash flows and business plans** should be managed through assessing supplier and customer status, optimising cash flows and managing loans and funding needs.
- The PNG Government is expected to shortly release a number of **economic stimulus measures** to help the local economy, post their scheduled meetings with financial institutions and superannuation funds this week.
- Timely and efficient **communication plans** for all stakeholders should be implemented.

Practical advice on the implications of COVID-19 for private, mid-market and emerging businesses

Caring for and retaining your team

As we navigate these unsettling times, your people's physical and mental well-being should be at the core of your business considerations. While some difficult times may be ahead of many businesses, decisions should be made with compassion towards the people that may be affected.

It's important for all businesses to take steps to protect their team's immediate health. Consider your company's current travel policies and adjust them to reflect the current expert guidance. We know that this is a fast evolving situation so continue to review these guidelines as the advice changes. Restricting face-to-face meetings and considering if those meetings can be held virtually instead is also recommended.

There may be a need for a back-up plan to protect staff that may be impacted either through illness, or the need to protect vulnerable people in their households. A back-up plan could include contingencies for more automation, remote-working arrangements, or other flexible resourcing capabilities to backfill for personnel constraints. Set expectations with your staff and ask them to be prepared to work more agilely across different roles within their teams. With the use of internal and external technology your company can aid collaboration and the ability to work seamlessly from remote locations.



Managing cash flow and business plans

The careful management of cash flows and business plans is important during this period.

Understanding your supplier and customer positions will help you identify risks and opportunities – a simple phone call can help you gain a clearer forward picture. Adjusting your go-to-market strategy to an online sales channel will help your business to continue reaching a market whose movements may be restricted.

Internally, create two new teams to specifically address your business' response communications, and supply chain assessment and risk management. Communication of accurate information should be open and consistent between your key stakeholders. Continued conversations with them will allow you to maintain stakeholder confidence and inform customers who may be impacted by your evolving business response. Your supply chain assessment and risk management teams should be focused on identifying upcoming exposure – ask them to review contracts with key customers and suppliers to understand the liability in the event of supply shortages.

There are some immediate actions that can be taken to manage cash flows. In the short term you should follow up on any customer payments due, particularly from larger corporates, and seek extended credit terms with suppliers. Now is the time to revise cash flows, working capital management and inventory forecasts alongside your new supply and demand predictions to help understand how financial stability may be impacted, also consider this impact in relation to, and restrictions in, access to funding.

Have a conversation with your banker to clarify expectations, understand your current loans, including bank covenants, and repayment obligations. They may also be able to help you understand the options if there is a need to raise additional debt or equity.

Communication plans and stakeholder engagement

It's important to keep communications during a crisis timely and efficient. Proactively engaging stakeholders and raising awareness of the changing situation will assist your organisation to effectively navigate new and developing challenges. Your messages to key stakeholders should convey ability, humanity and integrity to ensure confidence and understanding regarding your organisations' actions and responses.

Speaking to your banker today about your current debt obligations, the impact of COVID-19 on your cash flows and what additional assistance you may need in the short to medium term can assist in creating longer term plans. Your insurance policies, including coverage and claims processes, are also important to understand. If your company is listed, address your continuous disclosure and financial reporting obligations moving forward.

If your business is part of a distressed sector, including retail, travel and education, consider talking to a corporate restructuring adviser who can assist in a number of ways. They will be able to help prepare an urgent financial assessment focusing on short-term liquidity, work with you to develop available levers to reduce costs and improve cash flow and create a strategy for managing stakeholders and reporting to financiers and major creditors.



The current global pandemic landscape is challenging for us all. During time of such uncertainty naturally our attention turns to our families at home – but our work families – our employees, peers, colleagues and business leaders – may also need assistance during this time.

The PNG Government, banks and other corporates are aware that these times are difficult and that private, mid-market and emerging businesses have specific business needs.

We are seeking to support our clients and business by bringing together all of the available and reliable guidance KPMG has access to. As the situation evolves, we will continue to bring you further updates on how to face these difficult times during the COVID-19 crisis.

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