

Business Continuity Management: Pandemic Influenza Crisis Response



Introduction

In December 2019, China reported cases of a viral pneumonia caused by a previously unknown pathogen that emerged in Wuhan, a city of 11 million people in central China. The initial cases were linked to exposures in a seafood market in Wuhan where a large range of live animal and animal products were sold. The pathogen was identified as a novel (new) Coronavirus also known as COVID-19. Currently, there is no specific treatment (no vaccine and no antiviral) against the new virus.

Due to the pandemic potential risk of COVID-19, it is important to immediately implement measures to protect your business colleagues, prevent the spread of the virus and minimise impact on business operations.

Preparing your business to respond to the current challenges can feel remote and overwhelming. We have developed a high-level checklist to assist with your own crisis response to COVID-19:

Suppliers	<ul style="list-style-type: none"> — Do you know who your key supplier are and where they are located? Do they have contingency plans in place to ensure the continuation of supply?
Physical logistics	<ul style="list-style-type: none"> — Have you considered your supply routes? Have you spoken with your logistics providers to understand any potential impacts and how they propose to mitigate against them?
Contracts	<ul style="list-style-type: none"> — Have you reviewed your contracts with key customers and suppliers to understand liability in the event of supply shortages? How will you respond if suppliers invoke force majeure clauses?
Inventory	<ul style="list-style-type: none"> — Have you assessed your inventory cover? Will this start to affect your availability, if so when?
Customer loyalty and demand	<ul style="list-style-type: none"> — How will you set expectations with customers? How can you recover the experience in the future? — How will you maintain trust with your customers and assure them that your product / service is still safe? — How will a drop in demand impact your cost base and profitability?
Awareness & Communications	<ul style="list-style-type: none"> — Do you have a communications plan? — Have you communicated with the relevant customers, employees and suppliers?
Workforce availability	<ul style="list-style-type: none"> — How will you deal with the impact on your workforce? Should the virus persist, do you have a plan to manage your workforce? — How can you ensure the safety of your employees whilst trying to maintain business as usual activities?
Technology and system resilience	<ul style="list-style-type: none"> — Have your 3rd party IT suppliers been impacted? Will this impact your SLAs and system support? — Does your technology allow you to reduce travel and enable remote working? — Do you have the ability to track shipments in real time and therefore manage customer expectations?
Commercial plans	<ul style="list-style-type: none"> — How will your change plans and programmes be impacted? Will project deadlines and investments need to be delayed? What impact does this have on your strategy?
Board governance	<ul style="list-style-type: none"> — If travel bans are enforced, how will this impact your board governance and the way you run your business? Do you have the technology in place to support remote working?

Cash flow	<ul style="list-style-type: none"> — Have you reviewed and revised cash flow, working capital management and inventory forecasts alongside supply and demand predictions?
Financial stability	<ul style="list-style-type: none"> — Do you have access to adequate funding under banking facilities to manage through potential challenges and/or need to engage with lenders to refinance facilities or amend financial covenants that may be impacted?
Global Trade and Protectionism	<ul style="list-style-type: none"> — Are you aware of government mitigation plans which could impact your supply chain? — Do you have any domestic alternatives for suppliers?
Public health requirements	<ul style="list-style-type: none"> — Do you have dedicated resource(s) reviewing public health requirements and ensuring that you stay compliant?

As the business world learns to adapt with constant changes, the next chapter is being written. The impact of COVID-19 is affecting global supply chains, disrupting financial markets and the workings of day-to-day businesses.



Timeframe



Observations

- Manufacturing closures in China
- Increasing public health requirements
- Suppliers invoking force majeure
- Additional border checks resulting in delays
- Congestion at seaports and airports
- Reduced outbound capacity out of China leading to increase in prices
- Labour shortages impacting productivity
- Increase of cases in South Africa

We believe in the concept of "Build Back Better." Our response to the crisis focuses on building a more resilient, stronger organisation as opposed to being reactive. We have listed initiatives you should consider for each phase of a crisis.

Prevention	<ul style="list-style-type: none"> • Building social capital by embedding BCM into the culture of an organisation through awareness campaigns and educating key interested parties on appropriate responses in a crisis. • Fit-for-purpose training on crisis management procedures including roles and responsibilities of the Crisis Management Team.
Preparedness	<ul style="list-style-type: none"> • Development of a pandemic risk assessment and business impact analysis. • Development of a Pandemic Response Plan, including a trigger matrix and escalation process. • A Supply Chain Resilience review to assess the impact of dependencies on the organisation's supply chain. • Crisis simulations/desk top reviews to exercise the response plans.
Response	<ul style="list-style-type: none"> • Project manage/coordinate the crisis response (activities, teams, funds etc). • Advanced analytics for monitoring and tracking.
Recovery	<ul style="list-style-type: none"> • Robotics Process Automation to reduce human intervention (e.g. call centres: chat bots for FAQs). • eLearning to provide online training in the event of a shutdown of learning institutions. • Artificial intelligence to help predict, evaluate and simulate incidents to improve response times and streamline processes • Cyber security reviews to ensure cyber hygiene to prevent cyber-attacks initiated via fake crisis notifications.

Our Specialists

Contact our team of resilience specialists for more information.



Nashikta Authar Angadh (AMBCI)

**National Resilience Lead
Partner**

BCI Africa Industry Personality 2016
Contributor to the Good Practice Guidelines 2018
BCI Africa Continuity & Resilience Consultant 2019
M: +27 (0)82 719 1368
E: nashikta.angadh@kpmg.co.za



Natasha Harrilall (AMBCI)

**Member of the BCI
Senior Manager**

M: +27 (0)82 727 0162
E: natasha.harrilall@kpmg.co.za



Manesh Purshotam

**Specialises in Global BCM Best Practices
Manager**

M: +27 (0)66 160 0065
E: manesh.purshotam@kpmg.co.za



Ian Nyamusa (AMBCI)

**Member of the BCI
Senior Manager**

M: +27 (0)82 719 1409
E: ian.nyamusa@kpmg.co.za