



Communication

COVID-19

A structured response to ensure business continuity – sharing our insight with you

The fear of the economic impact of COVID-19 has taken hold of global financial markets as the number of confirmed cases unfortunately continues to increase.

Quebec has not been spared and government authorities have accelerated the implementation of province-wide preventive measures to limit the spread of the virus over the past 72 hours.

The COVID-19 situation adds to the other disruptive effects such as the tariff tensions between China and the United States, the rapid decline in oil prices and, closer to home, the impact of the rail blockades.

Our Quebec intervention team shares their insight

Our American chief economist, Constance L. Hunter also shares her analysis of the situation in the attached document.

COVID-19 can affect every aspect of your business. The current uncertainty may seem overwhelming. However, make sure you have covered all of your bases:

Your employees and your culture: Unsurprisingly, human capital is one of the most at-risk elements of your business. The most difficult decisions you will have to make will be to determine what actions will need to be taken to protect the health and well-being of your employees.

- Working remotely: When possible, implementing remote work structures, in combination with super-collaboration tools, will ensure productivity is maintained. For your employees who will have to come to work, implementing hygiene measures will be of the utmost importance.
- Supporting families and communities: Imperatives arising from the measures taken by the government will have a significant impact on your employees' families. As an

employer, you must assume a leading and facilitating role in setting up the environment needed to contribute to the collective effort to counter the spread of the virus.

Your Operations: In order for a company to fulfill its promise to its customers, it must have a fluid supply chain. In the short run, industrial paralysis will affect the areas most affected by the virus. You will need to keep an eye on your supply chain – and, for critical components, on the suppliers of your suppliers. In the longer term, the virus will likely expose flaws that you were unaware of in your supply chain.

Your cash flows and strategy: in an economic downturn, it is essential for your business to grow, to implement financial resilience. It is imperative to control discretionary spending and expenditures that are not critical to your operations. You will also need to be in close (virtual!) contact with your shareholders and your bankers. Unfortunately, such circumstances will directly undermine consumer confidence and, as such, demand for goods and services. An update of your tactical plan, cash flows, and projections, including contingency scenarios, will need to be quickly prepared and communicated to your business partners.

Day-to-day operations are changing

There are no easy answers, nor are there one-size-fits-all solutions, to the above issues. We understand the stress that these issues cause you and the weight of the decisions you need to make on a daily basis, in addition to having to manage your very own family.

We are currently in discussions with many of our clients, and we want to share some insight with you:

- Update your business continuity plan (or write one for the first time), structure the organization of your activities and assess your exposure to operational risks, as your partners will be inquiring about those;
- Identify, address and correct flaws in your supply chain;
- Evaluate all of your business' critical drivers for value creation to save costs;
- Understand the financial impact of further stock market declines and potential restrictions on financing conditions and on capital availability;
- Manage your cash flows, in particular with payroll strategy or clauses within your rental agreements, review your financial projections and capital structure, prepare and anticipate difficult discussions about potential defaults in meeting financial ratios, and manage the risks related to your personal guarantees;
- Take advantage of the grants and tax credits to which you are entitled, as well as those yet to be created by government agencies;
- Review your business-wide integrated marketing and business plans;
- Quantify and analyze commercial damage using, among other things, metadata analysis tools **to prepare insurance claims (e.g. for business interruptions)**;
- Manage common transactional situations, such as the payment of a contingent consideration based on post-transaction results;
- Identify opportunities for divestment and acquisition;
- Manage all financial, operational and technological risks, including fraud and cybersecurity risks (e.g. phishing).

TALK TO US

We are here to listen. To start the conversation, contact your KPMG team of professionals, write us at continue@kpmg.ca and/or visit our [KPMG COVID-19 Resource Centre](#).

USEFUL LINKS

www.quebec.ca/coronavirus

www.canada.ca/coronavirus

[KPMG COVID-19 Resource Centre](#)

kpmg.ca



[Contact Us](#) | [Manage my Subscriptions](#) | [Unsubscribe](#) | [KPMG in Canada Privacy Policy](#) | [KPMG On-Line Privacy Policy](#) | [Legal](#)

This email was sent to you by [KPMG](#). To sign up to receive other communications from us (we have some informative publications that may be of interest to you), or to stop receiving electronic messages sent by KPMG, visit the [KPMG Online Subscription Centre](#).

At KPMG we are passionate about earning your trust and building a long-term relationship through service excellence. This extends to our communications with you.

Our lawyers have recommended that we provide certain disclaimer language with our messages. Rather than including them here, we're drawing your attention to the following links where the full legal wording appears.

[Disclaimer concerning confidential and privileged information/unintended recipient](#)
[Disclaimer concerning tax advice](#)

© 2020 KPMG LLP, a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. The KPMG name and logo are registered trademarks or trademarks of KPMG International.