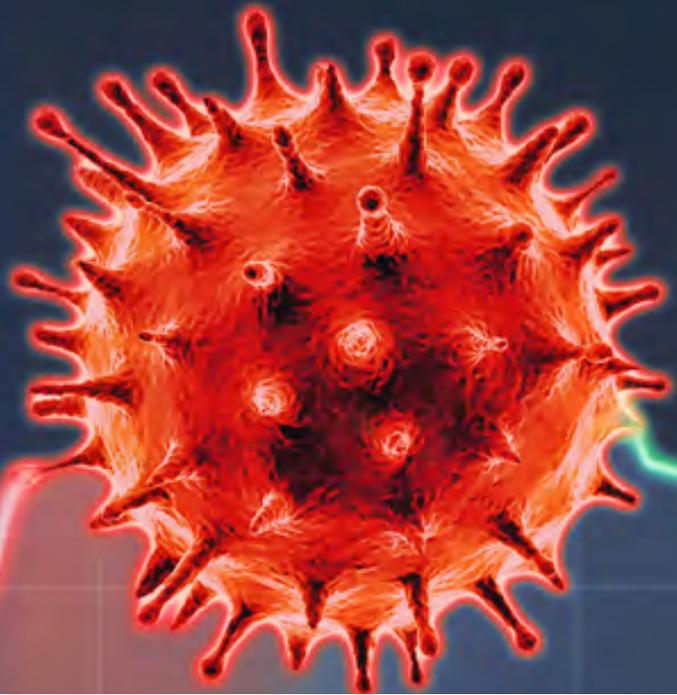


COVID-19: A Business Impact Series

Post COVID-19: Embracing the New Normal

Issue 6 | 4 May 2020

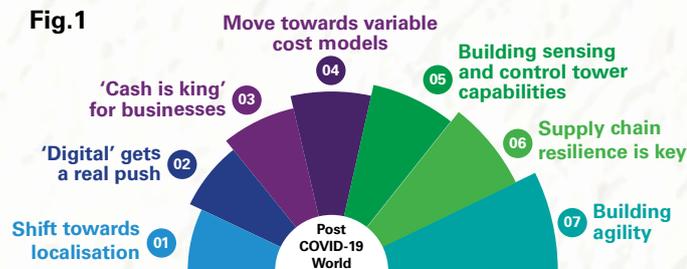


Post COVID-19, a new normal has to emerge. By now, it is fairly certain that the current downturn is fundamentally different from the recessions that we have seen in the past. This is not just another turn of the business cycle, but a shakeup of the world economic order. While countries and companies attempt to come to terms with the scale of this pandemic, it is evident that we are staring at more permanent, structural changes in the way we live, work and play.

Beyond Post COVID-19

The collective experience of going through this common crisis will lead to a fundamental re-evaluation of assumptions and priorities, which will be both a challenge and an opportunity.

We have summarised seven ways in which the business landscape could shift the world around. Leveraging these will certainly help navigate the economically and socially viable path to the next normal:



1. The shift towards localisation

The supply chain disruption has brought to light the immediate and tangible impact of black swan events. That, along with the ongoing geopolitical environment, a globally recessionary climate is likely to lead to greater protectionism and risk aversion. This is expected to lead to greater localisation of supply chains, especially of essential commodities as well as for sectors that are perceived to be strategically important.

2. “Digital” gets a real push

Most companies have opted to work remotely and their employees are now ‘online’ and working from home. While these trends were already in-motion, they have now hit the fast-forward button. Even the most traditional brick and mortar organisations have been forced to experiment with digital channels. This presents a real and immediate

opportunity to drive efficiencies through digital media. At the same time, this crisis has highlighted the importance of investing in enabling technologies like cloud, data and cyber security. This will change the way we work with far reaching implications on B2B, B2C, B2G services, commercial real estate, e-commerce, e-governance, cyber security, process automation, data analytics, self-service capabilities, etc.

3. “Cash is king” for businesses

This situation has proven, once again, that cash is king – companies that are over-leveraged and ‘living on the edge’ are the most vulnerable. The crisis has reiterated that it is important to be financially prudent and conserve cash.

4. Move towards variable cost models

One of the biggest lessons, amongst others, is the importance of reducing overall business costs. One significant way to accomplish this is to convert fixed costs to variable costs wherever feasible. For instance, businesses will now determine what they must keep in-house, and explore outsourcing the rest so that fixed costs can be lowered. As with other trends, this will further impact the labour force and how they work, contract manufacturing, supply chain considerations, etc.

5. Building sensing and control tower capabilities

Alternate data can offer quick insights that traditional approaches and tools may not offer. This is especially pertinent for areas where information is scarce or erratic. The downside to this are also challenges such as short histories, collection systems that are prone to change, etc. Nevertheless, governments and companies have realised the importance of sensing capabilities, building transparency through ‘digital control towers’, ‘digital twins’ and the ability to process both structured and unstructured data. For instance, analytics companies are now mining alternative data such as traffic jams, food orders, etc. to track the COVID-19 shock. This trend is only expected to pick-up.

6. Supply chain resilience is key

While localisation is a trend we covered earlier, individual companies will want to ensure their supply chains are resilient to remain competitive. Risks to supply chains are numerous and continuously evolving. Hence, it is imperative that resilience capabilities are developed in order to respond to repercussions of unexpected events and either quickly return to original state of business or move to a new and better state after being affected by the risk and continue business operations as efficiently as possible. Achieving this will require initiatives from both internal business as well as from the wider network.

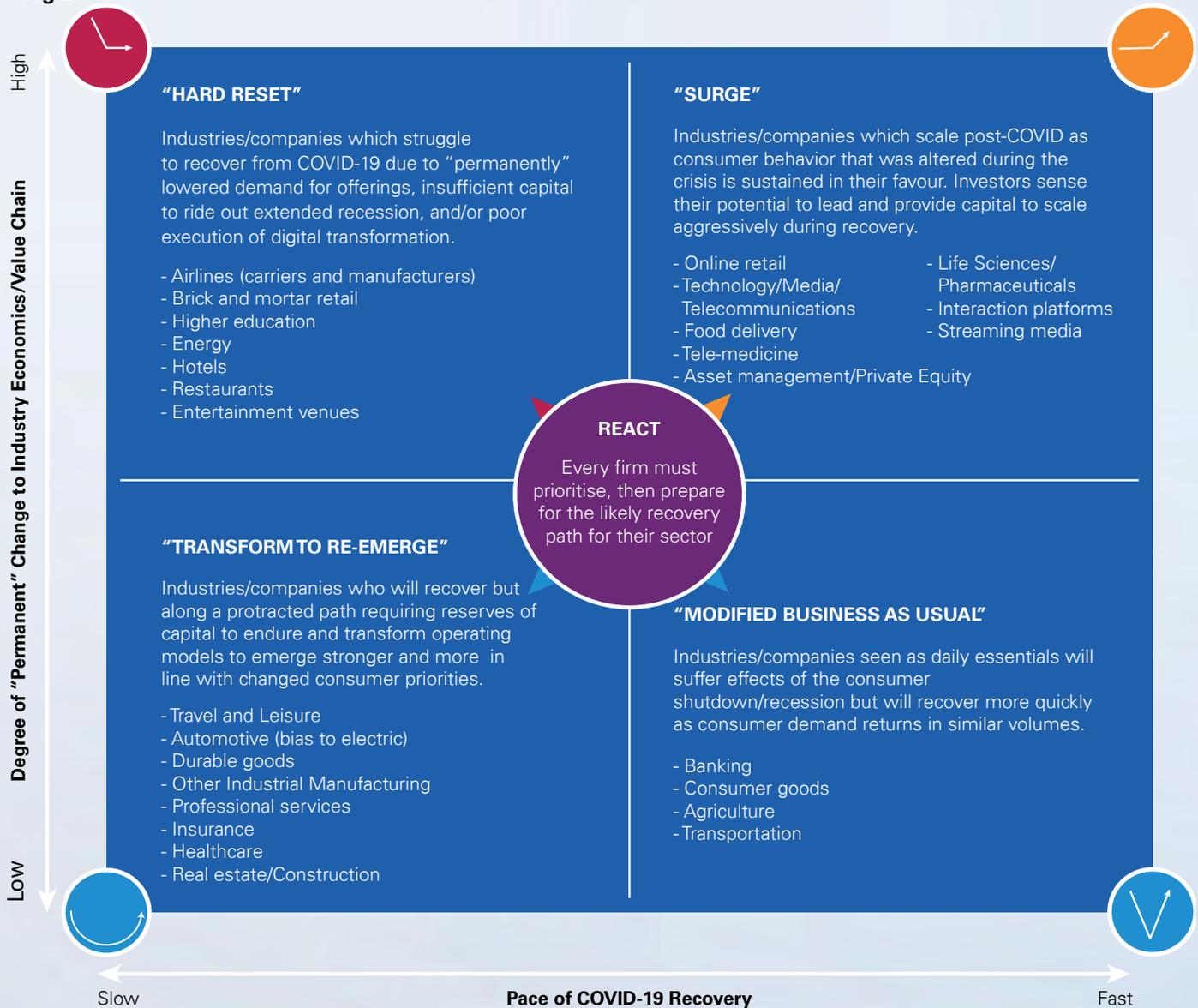
7. Building Agility

The ongoing pandemic is forcing countries and companies to take quick actions in the absence of perfect data, while remaining customer-centric, addressing employee needs and reinforcing stable team dynamics. It has also made them ponder upon the enabling mechanisms that need to be put in place to respond to any unexpected events in the future.

Going forward, policies will need to evolve faster than the market and policymakers will need to be more responsive, inclusive and agile.

Varying degrees of risk exposure to COVID-driven shifts will result in an “alphabet soup” of recovery patterns when viewed at the sector/company level.

Fig.2



Source: Thought Leadership Publication on Post MCO Reset, KPMG in Malaysia

Post Lockdown - Perspectives from China

With the announcement of the gradual easing of COVID-19 mandated lockdown in some states in Nigeria from 4 May 2020, some businesses are preparing to open their doors while workers are preparing to return to work. As these businesses prepare to re-open their offices, there are certain recommended health and safety measures that must be considered before resumption and in running the business operations, post-lockdown. This has been compiled based on input and experience from KPMG offices in Wuhan China, Nairobi, South Africa and Nigeria.

Office Resumption Checklist

To ensure a safe post-lockdown resumption to the office, it is critical to put the following into consideration.

- ✓ Follow government guidance
- ✓ Workplace hygiene and safety
- ✓ Social distancing protocols
- ✓ Safe eating arrangements
- ✓ Office property management
- ✓ Masks and sanitisers
- ✓ Hybrid and flexible working
- ✓ Essential staff
- ✓ Health database of all staff
- ✓ Compliance with client's policies while working in their office
- ✓ Policies for visitors to the offices
- ✓ Business and personal travel policies
- ✓ Training arrangements
- ✓ Recruitment arrangements
- ✓ People location data and analytics
- ✓ Communicate frequently
- ✓ Communicate with all stakeholders
- ✓ Weekly review of policies and guidance
- ✓ Put in place a response team

Workplace Hygiene and Safety

Before returning to the workplace, certain measures need to be effected or put in place to ensure the health and safety of personnel.

- ✓ Medical Masks
- ✓ Hand sanitisers
- ✓ Staff and visitors complete a declaration form on entering the building
- ✓ Temperature checks
- ✓ Tissues and no-touch disposal receptacles
- ✓ Extra cleaning
- ✓ Seating spacing at least two metres apart
- ✓ Split teams and rotate office attendance and work-from-home weekly
- ✓ Shift working, staggered arrival and departure times, limit numbers using lifts
- ✓ Certain facilities stay closed – canteens, social and collaboration areas
- ✓ Transport policy around our people
- ✓ Set up isolation room
- ✓ Strict adherence to visitors' policy
- ✓ Consider subsidies for nominated essential staff

Office Resumption - The Essentials

Social distancing protocols

- Seating spacing – 2 metres.
- Meeting sizes – No more than 4 people (gatherings – prohibited).
- Collaboration spaces, Training centres, canteens – closed.
- Reduce the flow of people at corridors, staircases, lift lobbies and receptions.
- Keep a distance when standing in a queue.

Work with the building management company

- Checking entry procedures.
- Cleaning lift controls.
- Check the health status of other tenants.
- Evacuation and quarantine arrangements.

Anticipate hybrid and flexible working model for an extended period

- Phased approach to returning to the office.
- Essential workers (definition based on client service / necessary support) in the office with set limits on numbers.
- Work from home continues where possible.
- Work at client sites where necessary. Request and review client's health and safety guidelines and measures.
- Allocate people to A / B / C teams who attend office by rotation. Employees should take their laptop home.
- Online meetings and delivery tools should be in place.
- Monitor the situation daily, adjust and communicate as needed.

Communications and Reporting

- There should be regular updates on work status, policies and instructions.
- Office entry must be via security access systems with protective masks and scan checks.
- Helplines should be available.

Put in place a response team

- The response team should be comprised senior members of the organisation.

Recovery of the business

- Media interviews/live broadcasts, online meetings and recorded webinars should be put in place.
- Frequent developments of thought leaderships.
- Communications: prompt messaging to support personnel and clients.
- Timely remote delivery of jobs while maintaining high quality.
- Maintaining delivery and logistics operations.

Economic and Regulatory Updates

Points from the President's speech on COVID-19.

In reviewing the highlights of the recent speech made by President Muhammadu Buhari, several salient points are worthy of note concerning his adjustment review and order on the nature of the COVID-19 lockdown nationwide.

- The lockdown in the FCT, Lagos and Ogun States will remain in place until new policies come into effect on Monday, 4th May 2020.
- On the 26th of April 2020, some 3 million confirmed cases of COVID-19 have been recorded globally with about 900,000 recoveries. Unfortunately, around 200,000 people have passed away as a result of this pandemic.
- About two weeks ago, there were 323 confirmed cases in 20 States and the Federal Capital Territory. 7. As at 27 April 2020, Nigeria had recorded 1,273 cases across 32 States and the FCT. Unfortunately, this includes 40 deaths.
- Several new fully equipped treatment and isolation centres have been operationalised across the country thereby increasing bed capacity to about three thousand.
- Over 10,000 healthcare workers have been trained. For their protection, additional personal protective equipment have been distributed to all the states.
- The mandatory use of face masks or coverings in public will be in addition to maintaining physical distancing

and personal hygiene. Furthermore, the restrictions on social and religious gatherings shall remain in place. State Governments, corporate organisations and philanthropists are encouraged to support the production of cloth masks for citizens.

- There will be an overnight curfew from 8pm to 6am. This means all movements will be prohibited during this period except for essential services.
- Religious communities and gatherings are advised to strictly comply with public health advisories

FIRS waives interest and penalties on tax debts.

The FIRS on Thursday, 30 April 2020, issued a Public Notice announcing its decision to waive interest and penalties on outstanding tax debts arising from desk reviews, tax audits and investigations. However, to be eligible for the relief, the affected taxpayers must settle their outstanding tax debts in full by 31 May 2020.

Our Latest Publications



Managing the close-the-books process in a virtual work environment

COVID-19 and the attendant requirement to work virtually has created new challenges for many organisations, including the finance function. Follow the link for more details:

<https://bit.ly/2Wuwigq>



Down Stream Sector watch.

The Nigeria's downstream sector has continued to underperform due to the current regulated price regime, in preference for full deregulation of the sector.

Follow the link for more details:
<https://bit.ly/2Wnrz9M>

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