

① COVID-19 & YOUR BUSINESS



BUSINESS PREPAREDNESS GUIDE

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As the COVID-19 pandemic spreads across the world, it is clear we are facing an unprecedented crisis. With governments around the globe taking increasingly strong measures to protect the health of their populations and limit the impacts on their economies, the scale and spread of the virus and its effects has meant our business community has entered uncharted territory.

By their nature, business people like certainty. It enables us to plan, to project forward with confidence and to respond with a degree of accuracy to changing trends. Unfortunately, there is no clear guide to planning for an event that has brought large parts of our system of international trade to a grinding halt.

But while there's little we can do about the external factors we face, as businesspeople there's still a lot we have the power to influence. And, in Australia we have some unique experiences to draw on. During the bushfires, businesses faced massive supply disruptions and the loss of their premises. Over the decades, other natural disasters like drought and flood have forced other communities to do the same.

The fact that, as a country, we managed these crises and bounced back from them to find ourselves in a relatively strong economic position is testament not only to the resilience of our business community.

It also reflects the efforts of our Government, local councils, community leaders and business owners to focus on the fundamentals, identify where their efforts could make the greatest difference and plan ahead to steer our community through the issues they faced.

Drawing on those experiences, the basics of good business practice all businesses can benefit from and the wealth of resources available to support SMEs, we've put together this general guide to business preparedness. Our aim is to identify areas where you can start planning now, stimulate discussions with your team, your financial advisors, banks, suppliers and customers, and allow you to take control of your future, even in these uncertain times.

Our message here – as we have learned from the storms Australia has recently weathered – is: we are in this together. And everywhere we can support each other is a place where we are stronger.

Running a business in a time like this can be stressful, and lonely. Remember there is a lot of help out there, and many people willing to lend support. We know you will be thinking about the health and wellbeing of your employees but remember to also take time for yourself, as we could be in for an extended period of disruption. And, as always, if there's anything we can do to help, please get in touch.



Greg Ellis
Chief Executive

BUSINESS CONTINUITY

Events have moved rapidly. Keeping on top of a rolling range of business constraints, travel restrictions, advice for events and gatherings, and case updates has required a fair bit of attention since the first days of COVID-19. But regardless of the situation – for this and any disruption – there are some fundamental areas you can manage to ensure your business will remain running smoothly.



Your employees

As this is a health crisis, looking after the people that work with you – and their families – will likely be your first priority. To help with some of the key issues, we have a section included in this guide on managing leave, sickness and disruption, as well as advice on working from home. But your continuity plan should also include an understanding of how some basic management processes may change if your business is disrupted by the impacts of COVID-19.

Communication

The key to maintaining staff morale and engagement through this period will be good, open and regular communication. But along with making time for this to happen, you also need to consider the logistics of how this might be managed during the period of lockdown. Consider:

- **Contact details** – are all your contact details for employees up to date, including mobile numbers, personal email and appropriate social contacts?
- **Virtual meetings** – for those employees that can connect remotely, there are plenty of reliable meeting apps you can use, such as Zoom and Microsoft Teams. Start trialling these now, and identify any issues staff may face, such as home WiFi bandwidth
- **Regular communication** – for those employees that can't meet virtually, plan to have regular contact, through calls, emails/txt and social messaging. Try to establish a sense of normality by structuring these in regular business hours
- **Casual meetings** – around the world, many businesses are now trialling virtual after-works drinks, lunches and meet-ups using social networks. These are worth considering as a means of keeping employees engaged and reducing feelings of isolation
- **Daily check in** – while we adapt to our new work practices, it's a good idea if you can buddy your team up and have them do a daily check in with each other.

Pay

If you process payroll yourself, you or your responsible staff member should ensure this can happen in a work from home environment. This will mean having a secure copy of all necessary employee records, processes for two-factor identification if required, and authorisations procedures. If you work with a payroll intermediary, contact them to discuss their continuity plans.

Leave

Leave issues are covered in more detail in the upcoming section, but ensure you have accessible copies of appropriate records to manage any leave decisions. Make sure you are communicating to employees about their entitlements and any policies you are putting in place to manage leave. Talk early to staff who have leave planned during the coming year about whether they need to make plans for disrupted travel or if they are needed to help manage changing business requirements.

Performance

While this is an extraordinary situation, if the crisis stretches longer than a few months, ensure you and your team can still regularly evaluate performance, manage any changes to the business' needs and find opportunities for personal and professional development. Wherever you can, keeping employee relationships as normal as possible will help ensure you can keep your people engaged, motivated and ready for the eventual upswing.



Customers

How your customers will be affected will differ vastly from industry to industry. But whether you own a shop and you want to keep customers buying your goods, run a motel and you're wondering how to cope with the impacts on tourism, or if you're a professional services consultant that often relies on face-to-face meetings, you need to plan for major changes to how you do business.



Communication

As for your employees, looking at how you will keep in touch with your customers throughout the period will be key. While there has already been a raft of communications from businesses around their COVID-19 practices and policies, what will be important in the future is regular, planned communications to tell your customers how to reach you, how to keep buying your goods and services – particularly now physical access to you is restricted, and any changes to your services.

Virtual services

While not possible for every business, if you can shift focus through this period to a virtual option, for example an online store, a direct delivery service, or video conferencing, you should consider this now – and tell your customers about it.

Embrace the difference

In past experience, such as during the recent Australian bushfires, locals rallied around local businesses and supported them wherever they could. Within the limitations you have, consider ways your customers could express that support, buy local or continue to engage with your business.



Premises

Businesses with customer-facing premises are fronting decisions about how to manage Government advice.

Business interruption insurance

If you have this insurance, check now what it covers and the specific details of what constitutes an interruption, including the impact of an official Government directive. If unclear, talk to your broker or agent.

Landlords

The Government has put in place a six-month moratorium on evictions for both residential and commercial tenants across all states and territories.

They are encouraging landlords and tenants to work together to come to an arrangement to get them through the pandemic. If you are renting your property, talk to your landlord now about their plans, and check what your lease says about the ability to operate in special circumstances. Ideally, with your business premises closed, talk to your landlord early about what arrangements you can reach – there may be some flexibility around payments and lease terms you can agree on.

If you are a landlord, then start talking to your tenants now about what you can do together to get through this period. The Government has also encouraged landlords to work with their banks.

Essential services

There may be disruptions to services like cleaning and maintenance, council support and waste management, as other organisations cope with staff absences and safety requirements. If the virus hits Australia hard, even essential services like power, water and waste management could be disrupted. Consider now what alternatives you could have in place, and how they may affect your work from home services.

Finance

Our banks are in good shape. And they are under instructions from the Government to do what they can to support businesses through this period.

Many businesses will rely on additional finance – such as an overdraft or business loan – to help smooth out any cashflow issues. Again, as with your customers and clients, it is time to talk to your bank – and keep talking through the period.

The Government has introduced a loan guarantee scheme designed to allow businesses to seek new finance options. Ask about special rates, options for deferred payments and mortgage holidays, and opportunities to restructure any existing debt – particularly any high interest loans or credit cards.



CASHFLOW

Now, more than ever before, cash is going to be the lifeblood of your business. You need to keep it flowing, and explore new avenues to bring more of it into your business as the economy slows, customers stay home and new pressures emerge.



Managing cash



Debtors management

Be aware that your debtors will be experiencing the same pressures, so contact your clients and customers to talk about how they are tracking with payments. You could even encourage them to pay early, with incentives like early payment discounts.

If your customers are experiencing cash flow difficulties, you might consider negotiating periodic payments. You'll just want to make sure they're enforced.

Then, take a look at how your bookkeeping and admin processes might need to be updated to accommodate the following:

- Invoicing as soon as the product or service is delivered
- Regular reviews of aged debtor reports and following up with slow paying customers
- Regular reviews of contracts with customers to determine when they can cancel orders and, if necessary, updating those contracts to limit the ability of customers to cancel orders.



Creditors management

Options to manage your debts may be limited, but if you're being impacted by the knock-on effects of coronavirus, you should take whatever steps you can to negotiate with creditors, as they may be in a position to help in some way.

Options could include:

- 1 Contacting your suppliers and seek payment extensions
- 2 Reviewing your supply contracts to determine if you can cancel orders, or at least delay delivery
- 3 Negotiating changes to long-term contracts, such as leases, to reflect your changing needs.



Assess financing options

While the Government is looking to banks to help support businesses through this crisis, you can't assume your current financing facilities and other options will continue to be available in the future.

You may also look at other solutions, like factoring, to generate faster cash flow from your outstanding debts.

Take this opportunity to actively engage with your bank or financier to talk about your options, anything new they are offering and even restricting existing debt.



Review capital expenditure

Given the uncertainty over COVID-19, you should carefully consider any investments in capital equipment until the current situation improves.

However, some businesses may take this opportunity to invest in new machinery to be ready for the rebound and create a competitive advantage in the future. The Government is increasing the instant asset write-off threshold from \$30,000 to \$150,000 and expanding access to include businesses with aggregated annual turnover of less than \$500 million (up from \$50 million) until 30 June 2020. This is designed to back business investment.

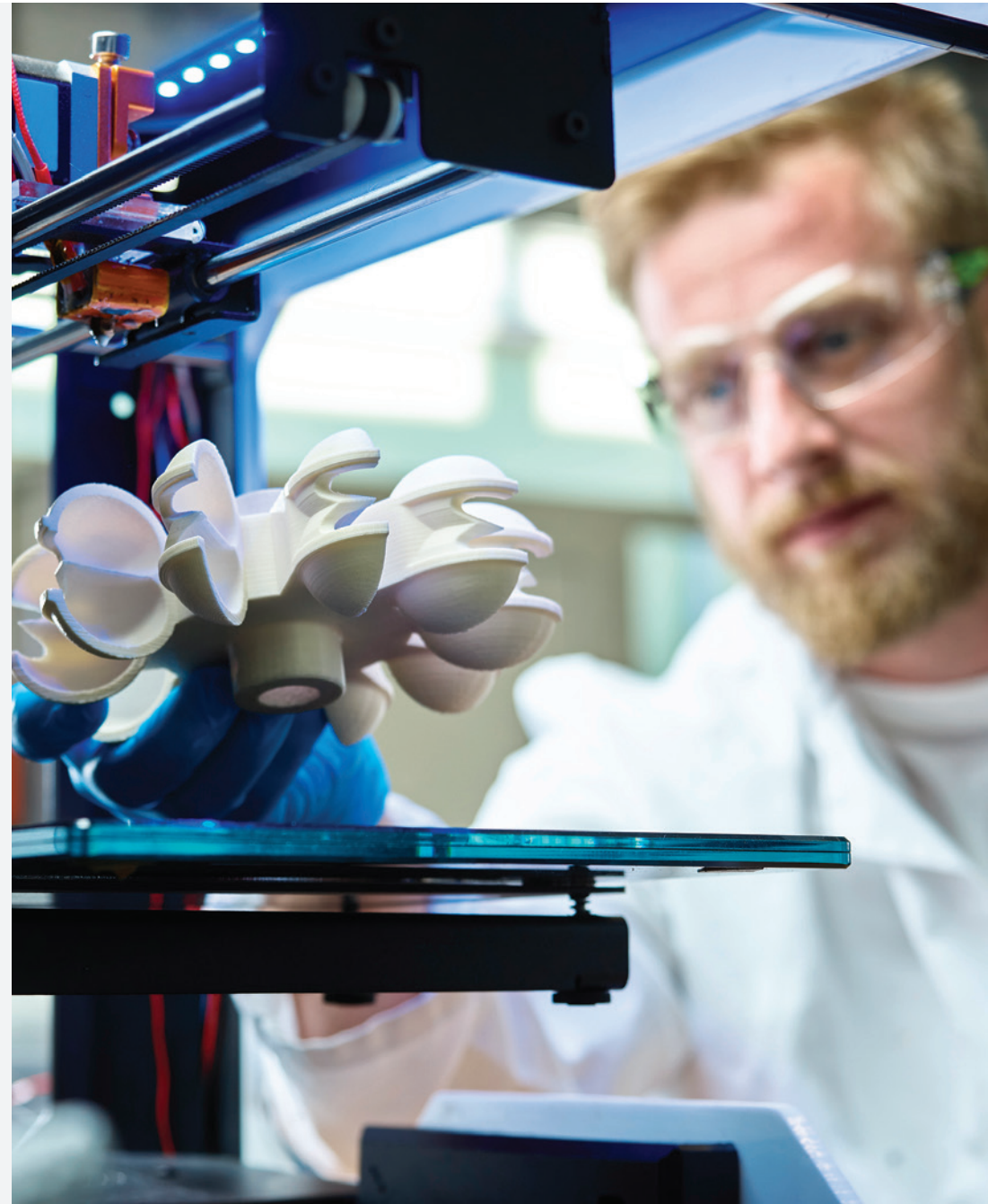


Cutting overheads

Take a good look at your Profit & Loss statement to find any savings that can be generated by cutting discretionary spending.

Where labour is a significant cost in your business, consider ways of reducing wages to avoid layoffs – and talk to employees to discuss any ideas they may have. For example, consider reducing contract labour and redistributing work to permanent staff. Also, you might offer reduced working hours where appropriate, or encourage employees to take available leave or leave without pay to preserve cash flow.

NB: Be cautious when considering cuts to payroll and be sure to check what employer subsidies are available to you before making a decision.



Essential information



Review and adjust cash flow budgets

In these challenging times, you need to know well in advance what impact a slowdown will have on your cash flow.

You should be reviewing and regularly adjusting your cash flow forecasts to track your ability to pay suppliers and repay debt.

Your accounting software will make this easy for you, with a dashboard you can review regularly to get a rapid, accurate picture of the state of your business.



Timely financial reporting

Ensure that your financials are kept up to date so that you can stay on top of your profitability, overheads, stock levels, and debtors and creditors balances.

MYOB's online accounting software has all the features you need and solutions for every stage of your business, including automated invoice reminders, customisable invoice templates and all the reporting you need to accurately track cash flow and more.



Other options



Inventory management

Take a good look at your stock levels and prioritise selling anything slow moving or any perishable stock to generate more cash.

With many businesses experiencing disruptions due to shortages in raw material and component parts, you may also need to look at alternative suppliers to increase strategic stock levels as a buffer against the potential impact of a prolonged or much broader disruption.



Consider alternative revenue streams

Are there other ways for your business to make money? For example, many retailers who are experiencing a downturn in passing trade are ramping up their online marketing strategy to attract new customers.

If your main markets are international, consider ways to increase sales locally, especially if your stock is perishable.



Working with advisors and the Government



Working with advisors

This is the ideal time to work closely with your accountant or financial advisor to plan how to cope with the changes to cashflow you'll experience over the coming weeks. They can advise on appropriate strategies, help scenario plan so you can explore different options and help you develop the information you may need for additional financial support.



Keep on top of tax obligations

It's important that your tax, including payroll and GST, is paid correctly and on time.

The ATO will tailor solutions for owners or directors of business that are currently struggling due to the Coronavirus, including temporary reduction of payments or deferrals, or withholding enforcement actions including Director Penalty Notices and wind-ups.



Take advantage of Government support

The Government's Boosting Cash Flow for Employers package provides up to \$100,000 to eligible small and medium-sized businesses and not for profits that employ people, with a minimum payment of \$20,000.

In the first payment, employers will receive an amount equal to 100 per cent of their salary and wages withheld:

up to	minimum payment
\$50,000	\$10,000

An additional payment is also being introduced in the July–October 2020 period, with eligible businesses receiving an additional payment equal to the previous one.

This means that eligible entities will receive at least \$20,000, and up to a total of \$100,000 under both.

The JobKeeper payment

Businesses significantly impacted by the Coronavirus outbreak are able to access a subsidy from the Government to continue paying their employees. This assistance will be delivered via Single Touch Payroll reporting and will help businesses keep people in their jobs throughout the crisis. The JobKeeper Payment will also be available to the self-employed.

The Government will provide:

\$1,500

per fortnight per employee for up to 6 months

To register, visit: <https://www.ato.gov.au/general/gen/JobKeeper-payment/>.

Employers (including not-for-profits) will be eligible for the subsidy if –

businesses with less than

\$1billion
turnover:

Turnover will be
reduced
by more than

30%

over at least a month
relative to a comparable
period a year ago.

businesses with more than

\$1billion
turnover:

Turnover will be
reduced
by more than

50%

over at least a month
relative to a comparable
period a year ago.

Employers will need to make an application to the Australian Taxation Office (ATO) and provide supporting information demonstrating a downturn in their business.

WORKING FROM HOME

Since the Government has introduced the COVID-19 restrictions, all non-essential businesses must close and, where possible, employees should work from home.

While technology has provided a lot of options for people to work remotely, there are some issues you should consider when establishing your work from home procedures.



Working from home and cybersecurity

With working from home becoming widespread around the world, we know cyber criminals are seeking to exploit the opportunity.

There are several things you can take to protect your business while you and your employees are working from home, including updating all software with the latest security upgrades and patches, installing and updating firewalls on home services and using technology to enable password protection, such as 2-Factor Authentication (2FA).

It's also important to educate other home users – such as children – on the risks of scams, malware and phishing attacks that could infect devices.

As your employees begin working from home, make sure they understand the security procedures you have in place and are aware of the risks.

Key security recommendations for SMEs working from home:

- 1 Update all software and operating systems with the latest security updates and patches
- 2 Make sure firewall technologies are installed and configured appropriately on home systems
- 3 Keep all protection services, such as anti-virus and anti-malware software enabled and updated
- 4 Ensure routers and other telecommunications equipment don't use default passwords and credentials.
- 5 Use multi-factor authentication (2FA) for all remotely accessible services and systems where possible (2FA creates additional security by requiring a one-use code generated by an authorisation app)
- 6 Update filtering for spam and malware on email systems
- 7 Ensure backups are in place on all key systems and data
- 8 Don't store customer data without adequate security
- 9 Keep employees informed of all incident response procedures as they apply to remote working
- 10 Ensure that administrators or privileged users are aware of and follow all security processes and procedures

Working from home and managing employees

Having your employees offsite can be a significant management challenge, particularly if you are not well prepared. But in these extraordinary times, it is important to recognise everyone is facing disruption. Communication will be key to making working from home a success.

While most employees will take their work from home responsibilities seriously, the change in circumstances can feel dislocating and isolating, especially if there's many other things to worry about.

To get your team through this period, and keep them motivated, engaged and productive, leadership will be crucial. This should include:

- **Maintaining BAU** – as much as possible, work should be structured around your normal business day, with staff accounting for their time, updating regularly on progress and sharing information
- **Regular meetings** – a key to maintaining structure will be having regular meetings, both to cover formal work in progress and informal catch ups. Schedule and maintain these as regularly as possible, and encourage employees to use tools like Zoom or Microsoft Teams to stay in contact with each other during the day
- **Keep in touch** – this will be a stressful time for many people. As their manager, you may need to keep a closer eye on how everyone is faring and be mindful of any extra pressures they are facing, such as looking after sick loved ones or coping with having the kids at home. To help your team support each other, consider buddying them up to provide a daily check on each other. If anyone on your team becomes unwell, it's also a good idea to maintain regular contact and keep the rest of the team updated on their progress – within the bounds of their privacy. This reduces isolation and helps manage everyone's worry level

- **Accepting individual situations** – with everyone's life upended, there's no one-size-fits-all rule for working from home. So, you will need to take into account what your employees (and you) are dealing with. So common considerations may be:
 - **Parents with kids at home** – consider spreading the workday out to make room for them to take care of the family. For example, video-conferencing might be avoided until after bed-time or flexibility might be needed for meeting times
 - **Self-isolating staff** – employees in isolation are still able to work, but be mindful of other aspects of their situation, such as the need to get deliveries when they can
 - **Additional pressures** – in this period, many people may be facing additional worries about the risks of COVID-19 – from financial pressures and stress, to the direct effects of the illness. Encourage your whole team to be mindful of each other's circumstances and be as tolerant as possible.

Running a work from home meeting

Video-conferencing can be fraught at the best of times, and constrained bandwidth may throw up a few hurdles over the coming weeks and months. But there are some basic things you can control, to make the process as seamless and professional as possible.

Top tips for video meetings:

1

Remember that you are talking to a person. It's a live human being who wants to hear what you have to say, so smile, be friendly, engaged and act as though you are in the room with them.

2

Where do you look? Do you look at the screen so that you are looking at them or do you look at the web camera to give them the impression that you are looking at them? There's no hard and fast rule but with video chat it's perfectly acceptable to look at the screen. Be mindful that you don't look away to check your phone, read an email or play with your watch as this will give the impression that you are disengaged.

3

Conversation technique

1

Be concise and clear with what you want to say. It's easy to get bogged down with what you want to say without adding the complication of not strictly doing it in person. You want to get your message across without wasting their time

2

Ask questions to keep them engaged

3

Give them the space to talk. There may be delays in internet connection so make sure you are giving them the time to talk and avoid talking over them, otherwise it can end up being a jumbled and confusing mess

4

Have good lighting. Be in a well-lit room so that you can be seen easily

5

Be in a quiet location so that you can be heard. Try to make sure there aren't excessive visual distractions moving in the background – including the kids, your cats or your partner walking past to make a cup of tea!

MANAGING STAFF



Employee sickness

If your business has employees providing essential services, it is important that you take the health risks of COVID-19 seriously to protect yourself and your employees.

Should your employee(s) have COVID-19, or have to self-isolate, they are required not to come into the workplace to prevent the spread of the virus. This is particularly important for any essential workers, to prevent the ongoing spread of the virus.

If yourself or an employee has any symptoms of COVID-19, please call your GP, or call **Healthdirect** on **1800 020 080**.

Visit

healthdirect.gov.au

for information on the symptoms of coronavirus.



Dealing with serious financial hardship

You are not alone if you are feeling pressure on your business or if you are unsure if you are able to keep all of your employees. COVID-19 has already required some businesses to downsize or close their operations.

The Government is currently working to reduce the threat of actions that could unnecessarily push businesses into insolvency. It is introducing a range of measures, including temporarily increasing statutory demand thresholds and providing greater flexibility in the Corporations Act to allow businesses to deal with unforeseen events, as a result of the coronavirus crisis.

Useful links:

australia.gov.au

Treasury

treasury.gov.au/coronavirus/businesses

Office of the Prime Minister

pm.gov.au

Small Business Support

business.gov.au/risk-management/emergency-management/coronavirus-information-and-support-for-business

Australian Small Business and Family Enterprise Ombudsman (ASBFE0)

asbfeo.gov.au/

Safework Australia

business.gov.au/risk-management/emergency-management/coronavirus-information-and-support-for-business

Fairwork Australia

coronavirus.fairwork.gov.au

PLANNING NEXT STEPS – LOOKING FORWARD TO THE UPSWING

We are clearly in unknown territory at the moment, and it is difficult to predict exactly where things will land over the coming weeks and months.

But one thing is certain: there will be an upswing. And with a shutdown as abrupt as the one we've seen in world economies, it is quite possible that the world could come back to life with a roar. There's going to be a lot of pent up demand out there, with people confined at home, events postponed and projects put on hold. Provided the damage to the economy hasn't been too great, it is highly possible that the upswing will be as large and fast as the initial disruption has been.

While you are likely to be focusing on the fundamentals at the moment it is important to do some planning for the future when you can. One of the key lessons from the last recession that followed the GFC is that businesses which prepared – and even invested – in an eventual upswing, came out well ahead of their competitors.

As your business resumes, you may find it takes a while to return back to normal. You may have issues with cashflow, retaining old or finding or new employees, or with your supply chain. It's important to plan and understand what your business will look like moving forward. Stay confident – there is plenty of support around you.



Communicate

Keep your employees up to date with the status of your business as much as possible. It's important to regularly communicate with them on how they are feeling in the aftermath of a pandemic, and how the business is managing – particularly if the business has been suffering significant problems.

You will also need to create an open dialogue with your stakeholders and customers as your business starts to rehabilitate.



Business continuity

You will need to update your business continuity plan after the big wave of the pandemic has ended.

Assess and evaluate what worked, what you could have done better, and what to do next time. Learn from your mistakes and note down why things do not work. This will create less stress, should a similar event occur in the future.



Opportunities

Keep an eye out for opportunities as they arise. For example, could you get a good deal on stock, is there a talented new recruit looking for work, could you even buy-out a competitor to take over more of the market.

While you don't want to put pressure on stressed cashflow, you may find – with careful planning – there are real opportunities for growth during this period.



Employees

While we recognise they are your key cost, employees are also the mainstay of your business. Where you can avoid cutting staff numbers – without creating undue pressure on your business – it is well worth considering.

Remember, prior to COVID-19, Australia was suffering from sustained skills shortages. If you can keep on your good people, you will be better placed when things pick up. And don't assume people will be there waiting when the upturn happens – employees move on, other opportunities arise and there may well be a bidding war for talent as businesses seek to capitalise on growth opportunities.



Travel

If you or your employees travel for work, assess that it is safe to do so before resuming business travel. Create a policy for restricting travel to affected areas to protect your employee's health.

If you have not yet created one, put a plan in place for bringing home employees who travel overseas on business, in case of another emergency.



Expert advice

Whether planning for the future or just coping with COVID-19 now, getting expert help will be vital. There's lots of support available out there to help you deal with any kind of issue, from the Government, to the Business Council of Australia, and your local Chamber of Commerce.

This is also a good time to be talking regularly to your accountant or financial advisor. They can help you not only with immediate issues, like cashflow management and debt reconstruction, they can also be invaluable in helping you look ahead, plan for various scenarios and put in place a strategy for the future.

And of course, we would like to help Australian businesses in any way we can.

We've been part of the Aussie business scene for over 20 years – through all manner of ups and downs – and we're committed and determined to help local businesses through the current crisis.



MYOB is dedicated to helping Aussie businesses get through the COVID-19 pandemic.
While our team is working from home, we're making sure we're ready and available to help you.

For details on our services, help in special circumstances or any support, please visit myob.com.au.