

COVID-19: Mitigation of impact on consumer and retail sectors

Even before the COVID-19 pandemic struck, companies in the consumer and retail sectors were experiencing converging pressures, ranging from intense competition to evolving customer preferences. Consumers have been vocal about their inclination towards digital channels. Similar to other key sectors, the ongoing COVID-19 crisis has impacted the consumer and retail sectors too, resulting in changes in demand-supply dynamics and liquidity crunch.

Here's how business leaders in the consumer and retail space can **HALT** and consider the following steps to minimise the impact of the ongoing crisis in short-, medium-, and long-term

Short-term steps



Business operations

- For all activities undertaken during COVID-19, prepare a detailed log that can be used and drawn upon in the future, in case situations similar to COVID-19 arise.
- Maintain open communications with key trading partners (customers and suppliers). Work together to set expectations, continuity plans, and alternative flow of goods and services.
- Depending on cash flow requirements, identify expenses that may be easier to cut with minimal disruption to operations.
- Review insurance policies for physical assets as well as for 'loss of business' clauses.
- Manage, reduce and clear out your inventory as it costs money to hold onto it.



Working capital

- Develop an effective weekly cash flow forecast with the ability to sensitise at certain points for negative/positive revenue and expense impact. Update cash flow as circumstances change and assumptions used to generate forecast change.
- Engage your financiers and bankers so they are aware of the range of scenarios that have been prepared and request for concessions on payment terms, interest and covenants.
- Define your fixed costs and try to make sure you have enough cash to cover them, and/or attempt to get the payments waived or extended.
- Define your variable costs and eliminate as many items as you can. You can always reconsider these once the crisis has passed.
- Keep track of policy changes (e.g., loan moratoriums, GST refunds, etc) to reduce pressures on liquidity.



Human resources

- Prepare a plan if an employee tests positive for COVID-19 (e.g., how to quarantine as efficiently and effectively as possible).
- Develop practices to keep employees safe (e.g., employee spacing considerations at production lines, work cells and shipping/receiving, increased frequency in cleaning, creating alternative working arrangements, etc.).
- Ensure you have up to date contact information of all employees (phone, email) as well as emergency contacts.
- Maintain constant communication with workforce (i.e., daily emails/calls) to maintain morale. This can also include regular/off-the-cuff, social chats.
- Consider risk-based pay premiums or re-evaluating sales or other incentive-based compensation; ensure sufficient insurance coverage for the workforce.
- Encourage your workforce to maintain a typical routine throughout the week, including healthy living (exercise, diet, mental health, etc.).



Supply chain

- Perform an operational risk assessment, and consider and plan for the impact of disruption on critical business functions.
- Understand your COVID-19 supply chain risks and impact, including those on third-party suppliers. After assessing impact, look for alternative products and logistics suppliers.
- Implement multiple demand plans, and focus on supply chain resilience via demand planning and network optimisation.
- Bolster e-commerce capabilities to address increased consumer demand for online shopping.



Brand presence during lockdown

- At a company level, offline teams should coordinate with the online team to divert the traffic to their e-commerce website/app to clear out the inventory.
- Deploy digital strategies for remaining connected with consumers.
- Consider offering extensions on promotional schemes and loyalty programmes to customers.



Security

- Review effectiveness of current business continuity plans (BCP) and devise a holistic BCP and clearly define Standard Operating Procedures (SOPs) for employees working from home.
- Secure your IT assets by enabling relevant authentications and patches.
- Prepare a robust cyber-attack defence⁽¹⁾ model and stay up to date on attacks and create a model to identify trends and emerging risk/threat areas, especially the ones related to VPN access.
- Stay updated on changes to data privacy, protection and cyber laws and regulations.

⁽¹⁾ [Click here](#) to know how to mitigate cyber risks during COVID-19

Medium-term steps



Compliance and process reviews

- Conduct independent checks to ensure that your business is adhering to all compliances.
- Review remote working outcomes and eliminate redundancies.
- Factor the latest directives issued by the government for essential goods and services.



Business continuity planning

- Assess current technology and security limitations of the current work environment.
- Plan for future remote working needs, including infrastructure and asset planning.

Long-term steps



Business transformation

Undertake a finance function transformation project - conduct a detailed assessment of the current finance function and its relevance on the changing ecosystem.



Digital strategy

Review digital strategy of the business and assess interdependence of various business processes.

Grant Thornton's consumer team can help you navigate current business and operational challenges by drawing on years of experience of working with industry leaders

[Click here](#) to view video recording of the recent Grant Thornton and FICCI webinar on impact of COVID-19 on consumer and retail sectors

[Click here](#) to view the findings from our recent survey that analyses the challenges, best practices and way ahead for the consumer and retail sectors

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[Click here to download the recently released Grant Thornton Halt-Plan-Refresh Guide on revisiting business priorities and plans](#)



For more insights on the COVID-19 crisis, scan this barcode to see continuous updates on our website

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