

Deloitte.



Combating COVID-19 with resilience

Zooming in on business continuity and crisis management –
Preparing organisations to be more resilient



**MAKING AN
IMPACT THAT
MATTERS**
since 1845

Our Speakers



Cheryl Khor

Partner,
Deloitte Risk Advisory
Country Function Leader



Megat Mohammad Faisal

Partner,
Deloitte Risk Advisory
Operational Risk - Technology
& Digital Risk



Hazrizal Hassan

Director,
Deloitte Risk Advisory
Strategic Risk – Business Continuity
& Crisis Management

Agenda

01 Business Continuity
Management

02 Crisis Management

03 Organizational
Capabilities

04 Resilient Leadership



Cheryl Khor

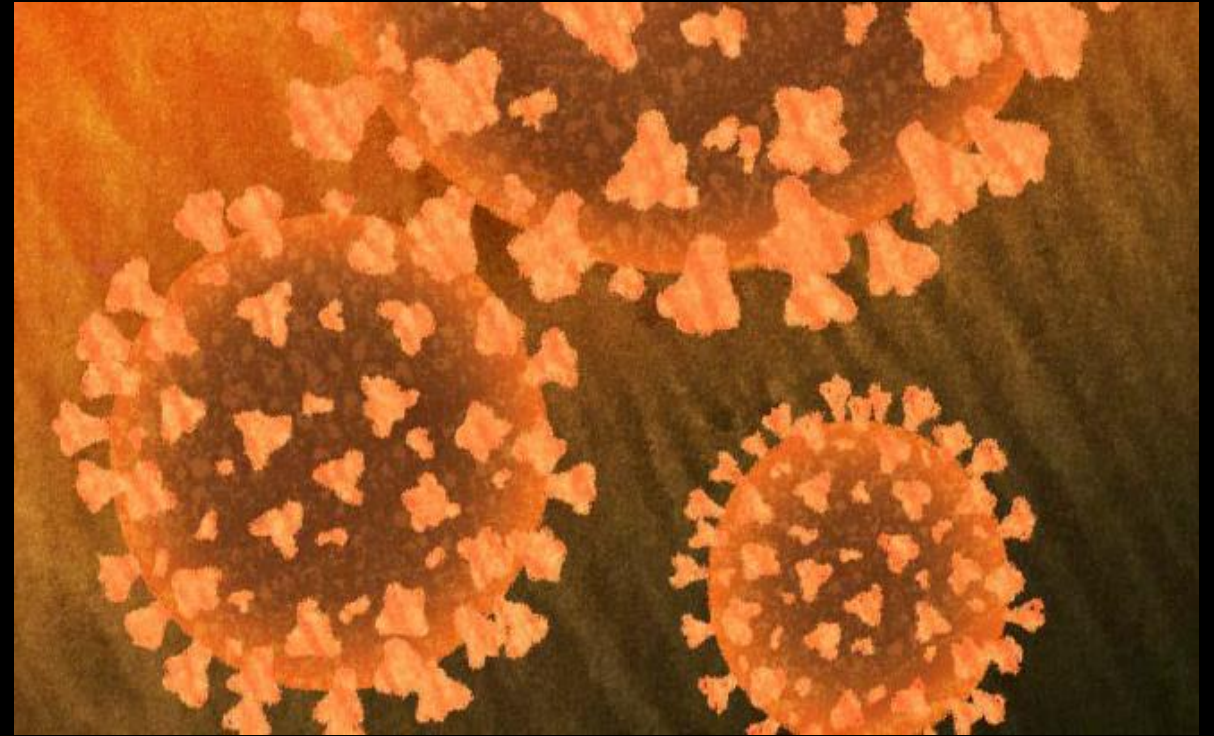
Partner,
Deloitte Risk Advisory
Country Function Leader

Zooming in on business continuity and crisis management – Preparing organisations to be more resilient

COVID-19 takes over the world

The rapid global spread of COVID-19 has quickly eclipsed recent epidemics in both size and scope. In response, governments around the world are taking unprecedented actions which has impacted global markets and industries. In light of the current situation, questions are surfacing on organisation's readiness in responding to such crisis.

- What are the impact of the government restrictions on the organisation?
- How are you managing the interruption in a manner that will result in the least-possible impact on your stakeholders?
- Do organisations have the required infrastructure to support the business?
- Are you communicating in a manner that demonstrates compassion, confidence and competence?





Hazrizal Hassan

Strategic Risk – Business Continuity
& Crisis Management

01 Business Continuity Management

02 Crisis Management

03 Organisational Capabilities

04 Resilient Leadership

Preparation is key

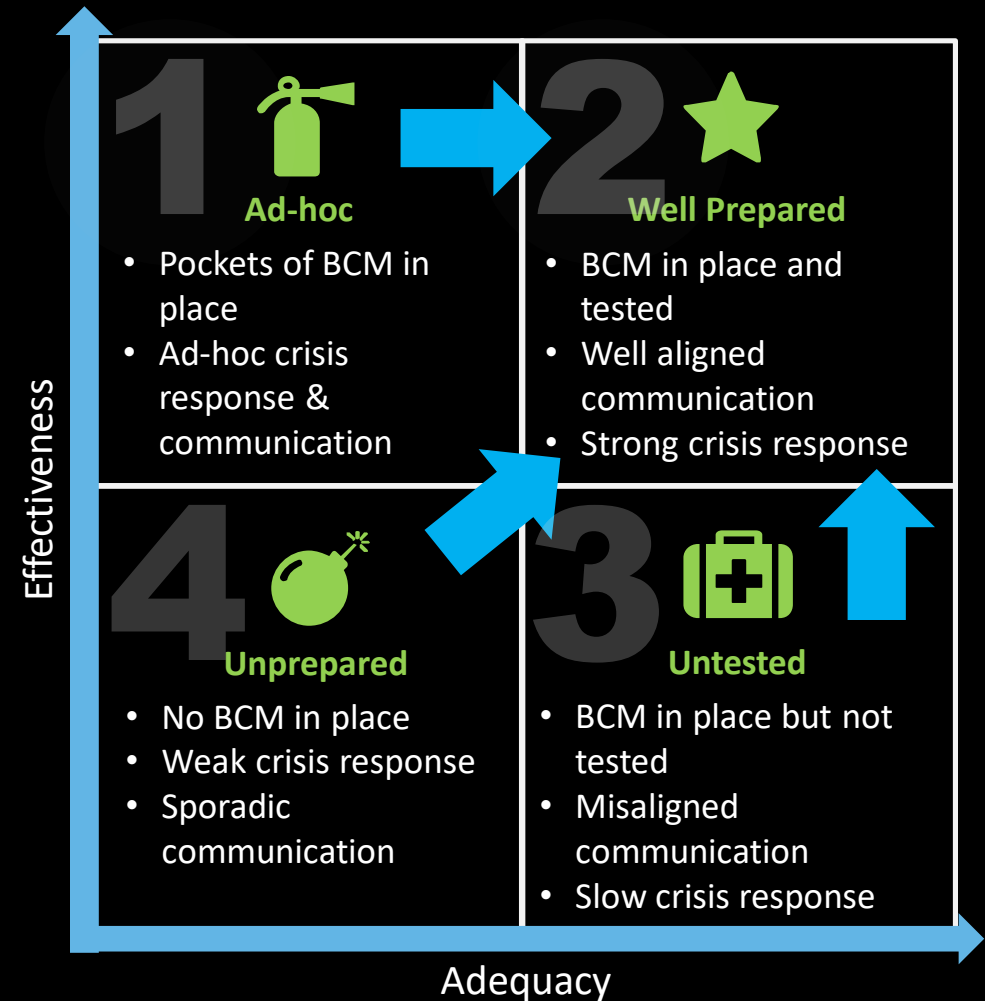
Do you know?

Following a major disruption, more than 50% of businesses fail without an effective business continuity plan.

Business continuity and crisis management is a critical organisational function. Although a black swan event is relatively low-probability, it still poses a threat to the competitiveness and viability of an organisation in which failure to respond can result in serious harm to stakeholders, losses for an organisation, or end its very existence.

As such, a key managerial challenge is to design and implement an organisational business continuity and crisis management that is capable of coping with these events. We believe that learning from failures is an important facilitator of preparedness for both present and prospective crises. Our quadrant helps to dissect an organisation's current state of preparedness and help managers prepare more effectively for crisis situations.

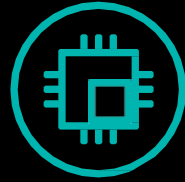
Crisis Preparedness Matrix



Disruptive events to an organisation can be any of the following...



Natural disasters



Cyber attacks



Terrorism



**Geopolitical
events**



Health risks

What is the organisational impact?

Mass absenteeism

Employees who fear they may have contracted a disease may refrain from coming to the office, which halts critical business processes.

Loss of key personnel

As a result of casualties of personnel in key positions, it could result in strategic uncertainty, reduced confidence, and impacts on business processes.

Affected suppliers or business partners

The inability to procure critical resources, outsourced services, or any supply-chain disruption could bring daily operations and processes to a halt.

Significant decline in market demand

Key markets could see a demand slump in the short-to-medium-term, resulting in unsold inventory.

Building a resilience program

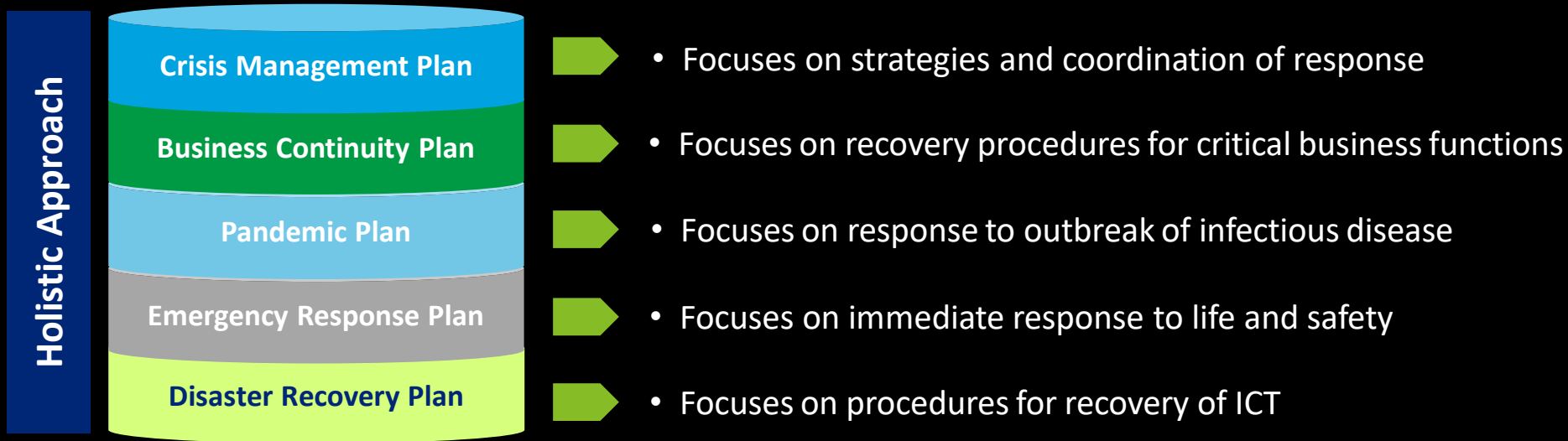
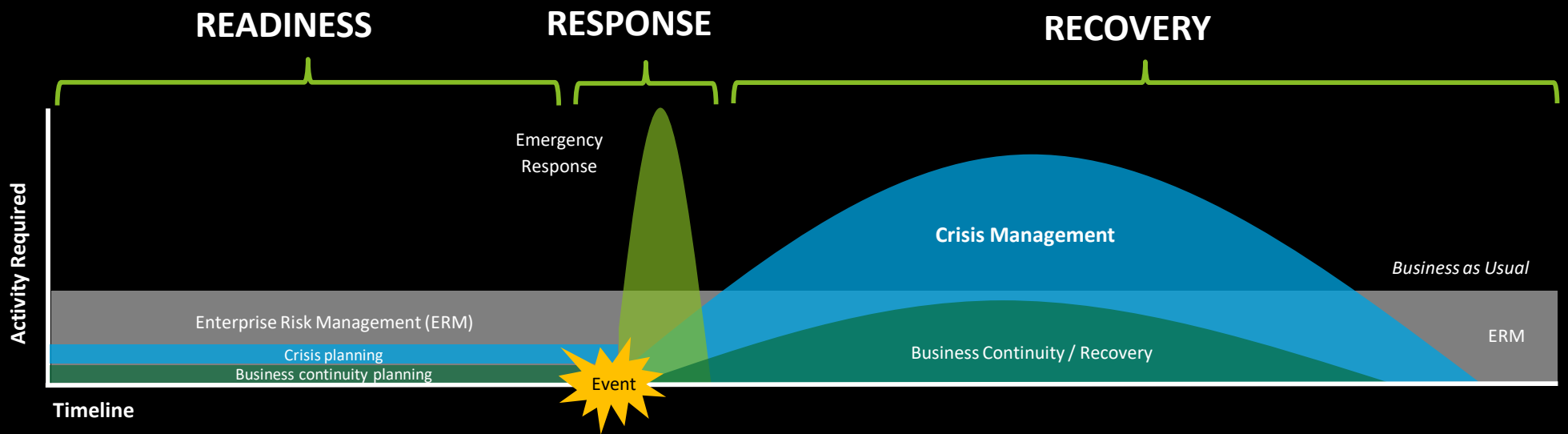


Illustration of the general recovery process and timeline

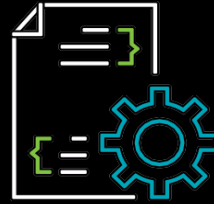


An effective **resilience programme** is a critical component of successful business management...

... but how do we build or improve business continuity management?



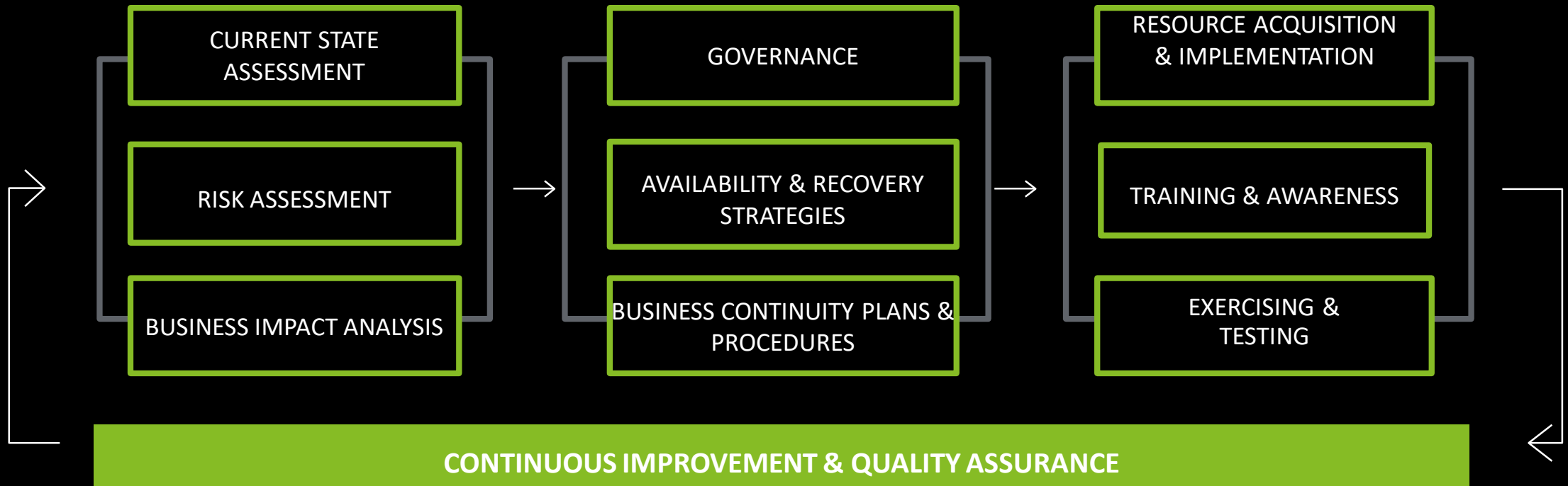
ANALYSE



DEVELOP

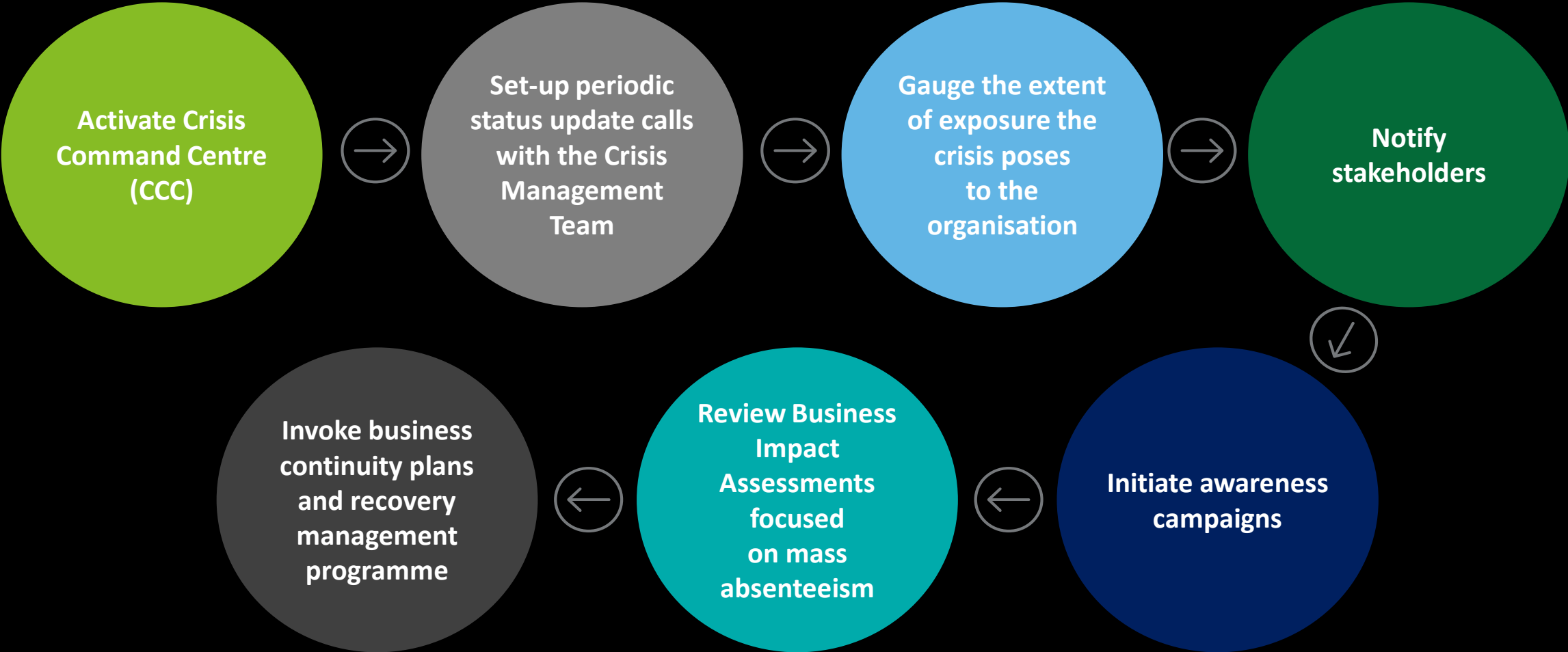


IMPLEMENT

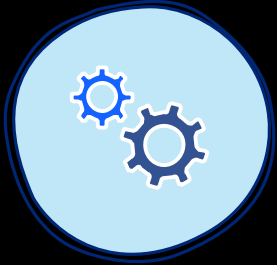


Examples of key actions to be taken immediately

The speed and effectiveness of businesses' response to the impact of COVID-19 will be tested in the coming months. Here we explore some of the critical and key actions that management teams can make.

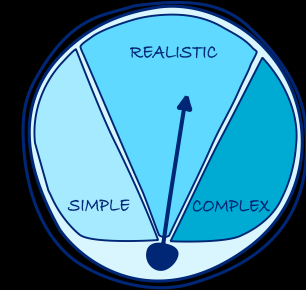


Challenges and trends that limit the effectiveness of resilience programme



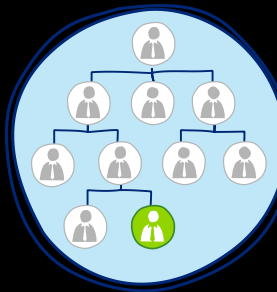
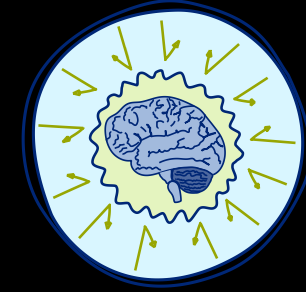
Too much focus on "the BCP" – **plans are often static** and inaccessible during incidents

Limited stress-testing of capability to respond and recover



Check-the-box mentality focused on auditable versus executable artifacts

Data is not used to support decisions during preparation or response



Programme responsibility and management **delegated low** within the ranks

Investment in resilience activities provide **no measurable improvement** in capabilities





Hazrizal Hassan

Strategic Risk – Business Continuity
& Crisis Management

01 Business Continuity Management

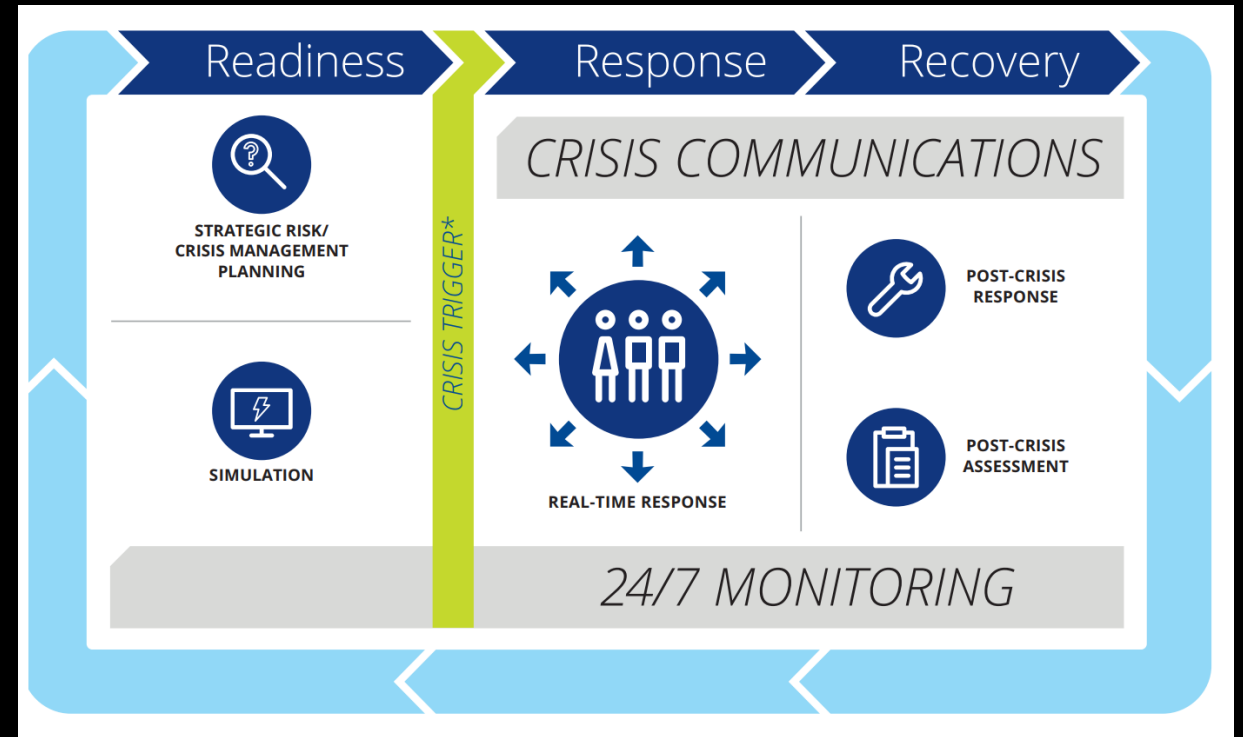
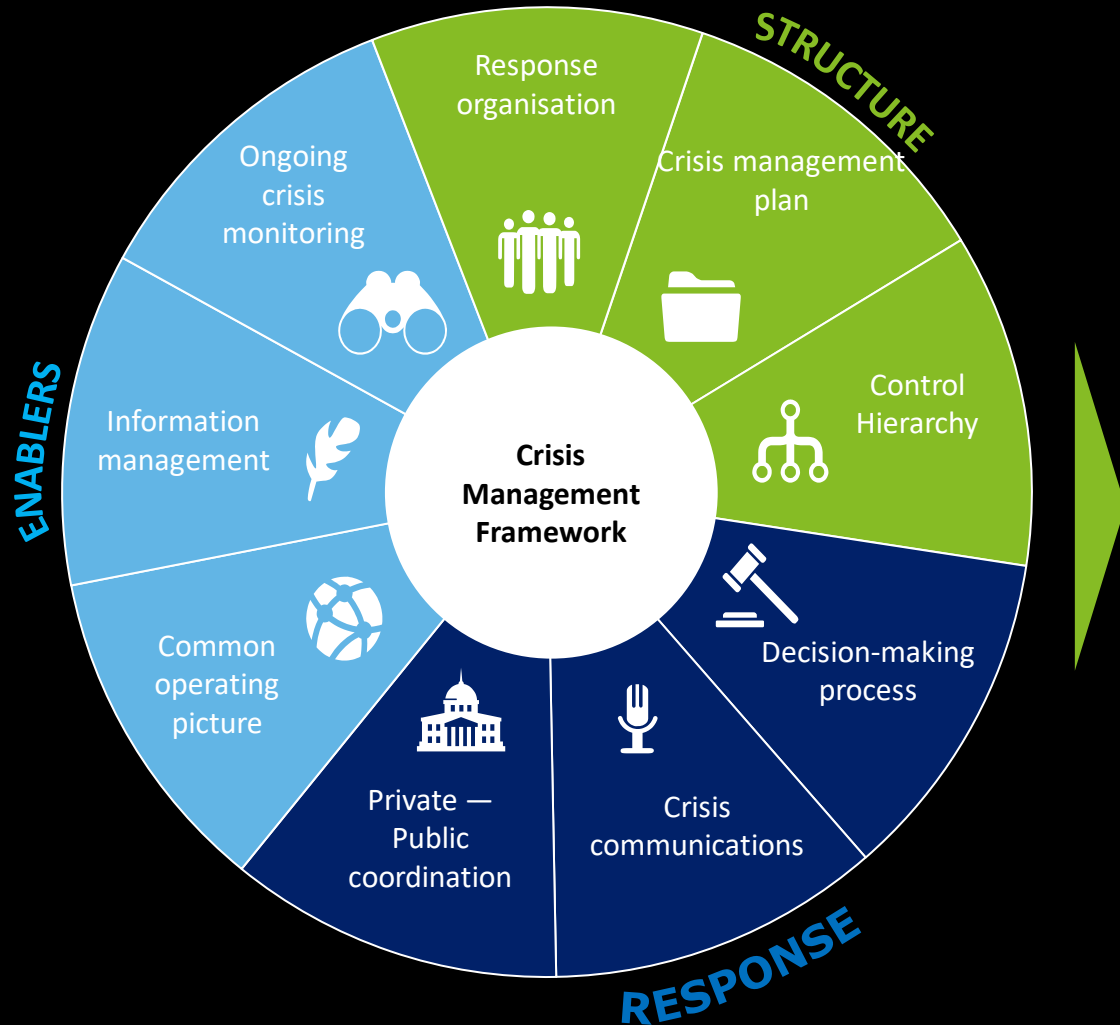
02 Crisis Management

03 Organisational Capabilities

04 Resilient Leadership

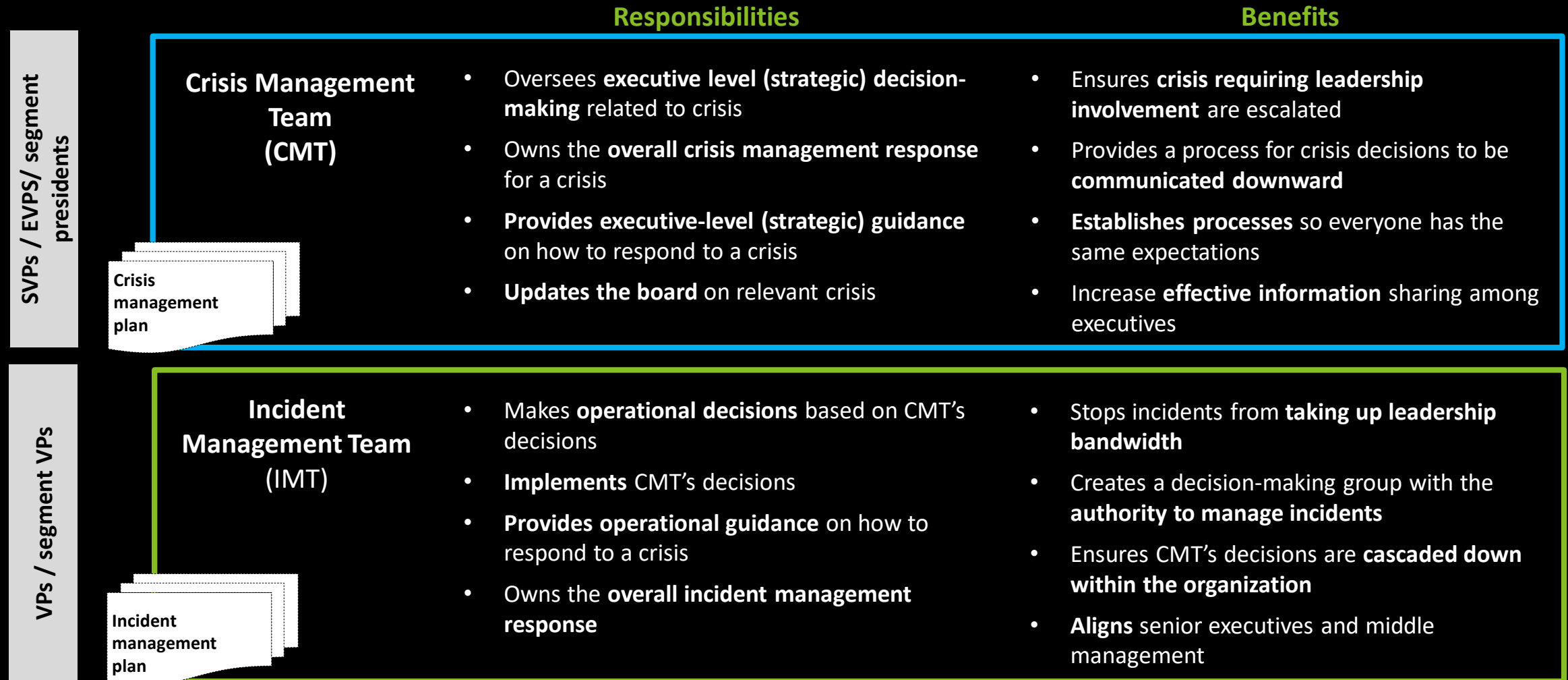
Building a crisis management capability

Crisis management practices continue to evolve as organisations seek to improve their crisis response effectiveness



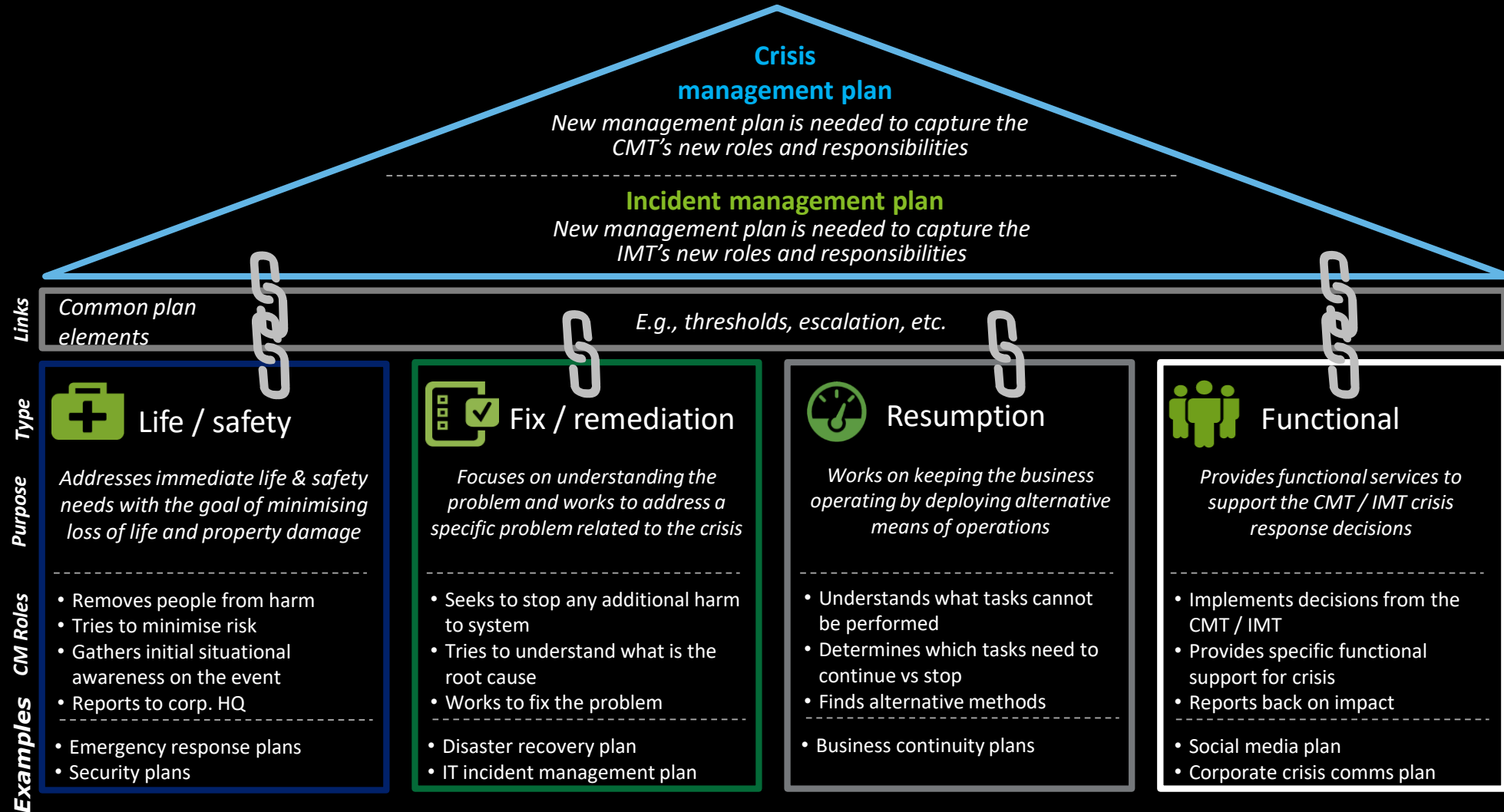
Crisis management roles & responsibilities

You need to decide where operational issues end and “corporate crisis” begins. Responsibility assignment ensures appropriate decision-making ownership, and segmented responsibilities enables rapid escalation and de-escalation when necessary.



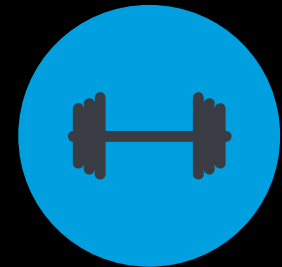
Crisis Management Plan & Response Plans

New management plans direct the four types of response plans, whereas response plans will need to be modified to link them to the management plans



Crisis management for the resilient enterprise

Crisis can present opportunities for organisations to emerge stronger, enabling them to build more effective capabilities at **all stages** of the crisis and resilience lifecycle.

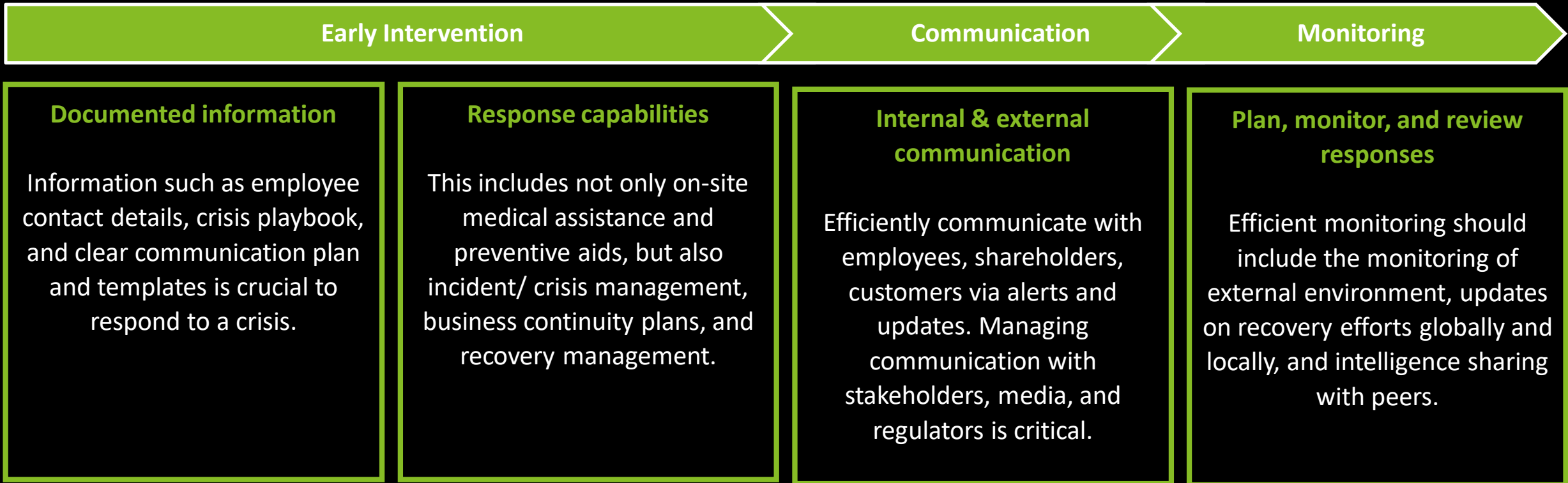


Truly effective crisis management goes beyond being reactive and simply protecting existing value. It also enables **resilience** and powers **future performance**, thereby enabling an organisation to **emerge stronger**.

Practical Response for Pandemic Crisis Preparedness

Key components of a crisis response plan

A crisis such as a pandemic outbreak can escalate quickly, crippling an organisation's operations, and threatening safety of its employees. It is imperative to have an effective crisis response plan, integrated in the BCM programme:



Getting Your Workplace Ready

“ Company should start doing these things now, even if COVID-19 has not arrived in the communities where they operate”
- WHO



Promote regular and **thorough hand-washing and good respiratory hygiene** by employees, contractors and customers



Advise employees and contractors to consult national **travel advice before going on business trips**



Promote regular **teleworking and online collaboration** across your organization



Consider **split working teams** and alternate on-site working schedule



Develop a response plan if someone becomes ill with suspected COVID-19 at your workplace



Develop a **contingency and business continuity plan** for an outbreak in the communities where your business operates

Key considerations for organizing a **meeting**:

BEFORE THE MEETING

- **Check the advice from the authorities** on restrictions or high risks zone on your planned meeting venue
- Develop a **preparedness plan** to prevent infection at your meeting or event
- Develop a **response plan** in case someone at the meeting exhibit symptoms of COVID-19

DURING THE MEETING

- **Provide a briefing** on the measures that organizers are taking to make the meeting safe for participants
- **Place hand sanitizers** prominently around the meeting venue
- Arrange seats so that participants are at least **one meter apart** (if there is sufficient space)
- **Open windows and doors** whenever possible to make sure the venue is well ventilated

AFTER THE MEETING

- **Retain the names and contact details** of all participants so that it may help public health authorities in the event that authorities need to trace people who may have been exposed to COVID-19
- Organizer should **let all participants know** if someone at the meeting was isolated as a suspected COVID-19 case
- If any of the meeting attendees started to develop cough or fever, they should **self-isolate and contact their healthcare provider**

Getting Your Workplace **Ready** (cont'd)

Key considerations on **travelling**:

BEFORE TRAVELLING

- Ensure your organization and its employees have the **latest information** on areas affected by COVID-19.
- **Assess the benefits and risks** related to upcoming travel plans and avoid sending employees who may be at higher risk of serious illness to areas affected by COVID-19.
- Consider **issuing** employees who are about to travel with **hand sanitizers and masks**.

WHILE TRAVELLING

- Encourage employees to **good hygiene** by washing their hands regularly and maintain **social distancing**
- Ensure employees know **what to do and who to contact** if they feel ill while traveling
- Ensure that your employees **comply with instructions from local authorities** where they are traveling

RETURN FROM TRAVELLING

- Employees who have returned from an area where COVID-19 is spreading should **monitor themselves** for symptoms for 14 days
- If they develop symptoms such as cough or fever, they should **self-isolate and avoid close contact** with other people, including family members.
- Affected employee should **contact their healthcare provider and employer**, giving them details of their recent travel and symptoms.



Latest general information, travel alert and advice from WHO

- www.who.int/emergencies/diseases/novel-coronavirus-2019/situation-reports/
- www.who.int/emergencies/diseases/novel-coronavirus-2019
- www.epi-win.com



Megat Mohammad Faisal

Partner,
Deloitte Risk Advisory
Operational Risk - Technology
& Digital Risk

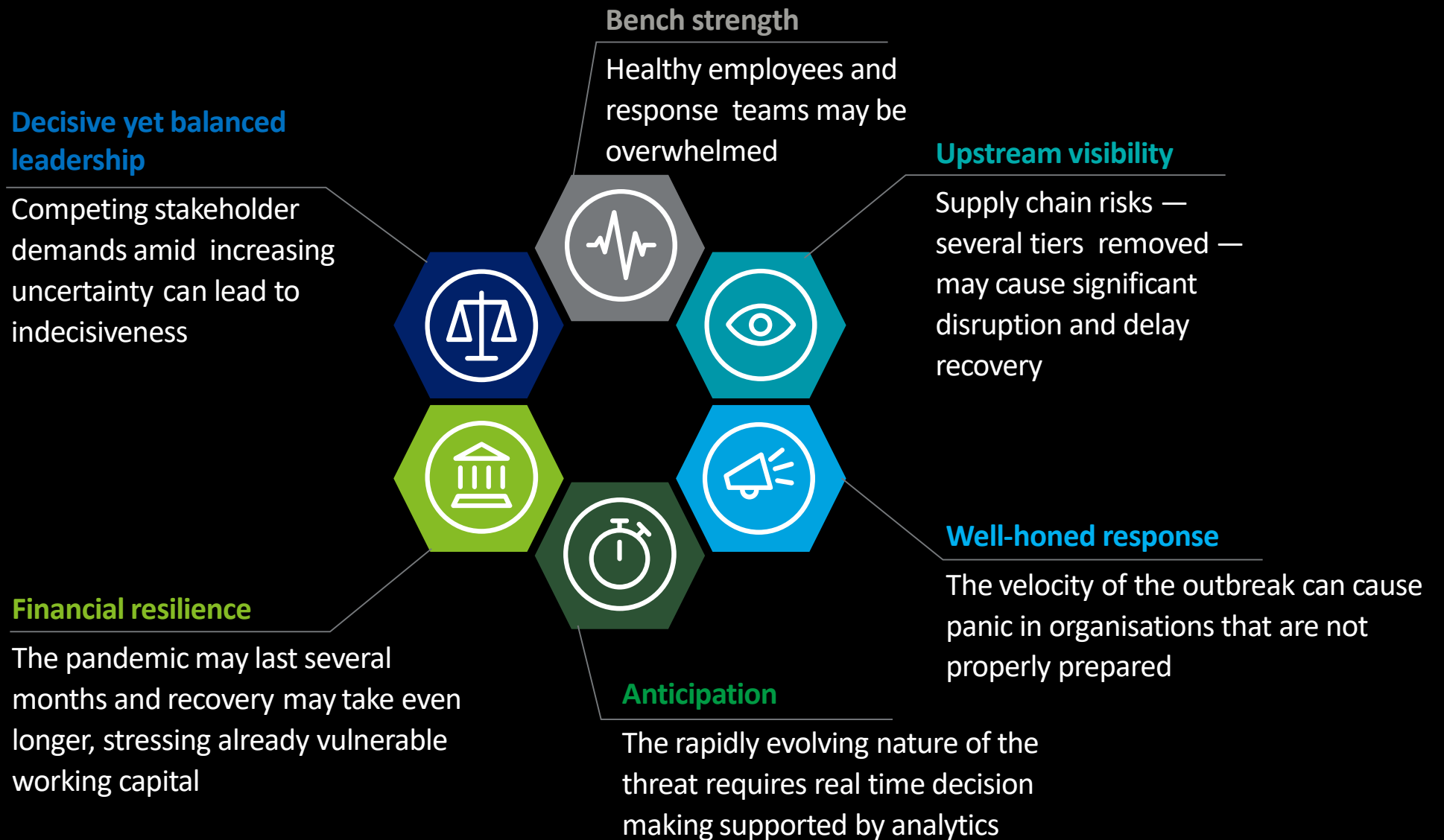
01 Business Continuity Management

02 Crisis Management

03 Organisational Capabilities

04 Resilient Leadership

Organisations will need to demonstrate **six** important capabilities to manage potential pandemic challenges



Organisations are undertaking various activities to prepare for challenges that are unique to pandemics

	Human Resources	Tech & Operations	Supply chain/Third-party	Crisis Management	Legal	Finance
Critical Risk	<p>A significant portion of the workforce is unavailable due to an outbreak</p>	<p>Back up locations and people may also be impacted</p>	<p>Prolonged supply chain disruption</p>	<p>Employee-driven contagion may drive panic in the workplace and beyond</p>	<p>Customer lawsuits resulting from non-performance of contracts</p>	<p>Pandemic may last several months, stressing already vulnerable working capital</p>
Preparedness actions	<ul style="list-style-type: none"> Identify critical roles and name appropriate backups Confirm both principal executives and their backups understand their roles Conduct exercises to assess preparedness levels across the enterprise 	<ul style="list-style-type: none"> Identify mission-critical operations, products, services, and supporting assets Determine which processes can be 'lifted and shifted' to less vulnerable sites Create scenario-based playbooks for alternate sites, technology, and contingent workforce 	<ul style="list-style-type: none"> Identify key vendors, service providers, and suppliers Review entire supply chain for first/second order impacts and help find alternates, as needed Confirm third-party preparedness, vulnerabilities, and resilience. 	<ul style="list-style-type: none"> Establish triage approach for information flow Create hotlines to understand employee concerns Communicate frequently using a balanced perspective 	<ul style="list-style-type: none"> Review contracts to assess potential remedies due to force-majeure event Proactively engage customers Assess insurance options Prepare for litigation Confirm internal policy requirements for pandemic events 	<ul style="list-style-type: none"> Develop variety of scenarios to understand dependencies and impacts Model liquidity impact Create contingency plans for additional working capital
						



Megat Mohammad Faisal

Partner,
Deloitte Risk Advisory
Operational Risk - Technology
& Digital Risk

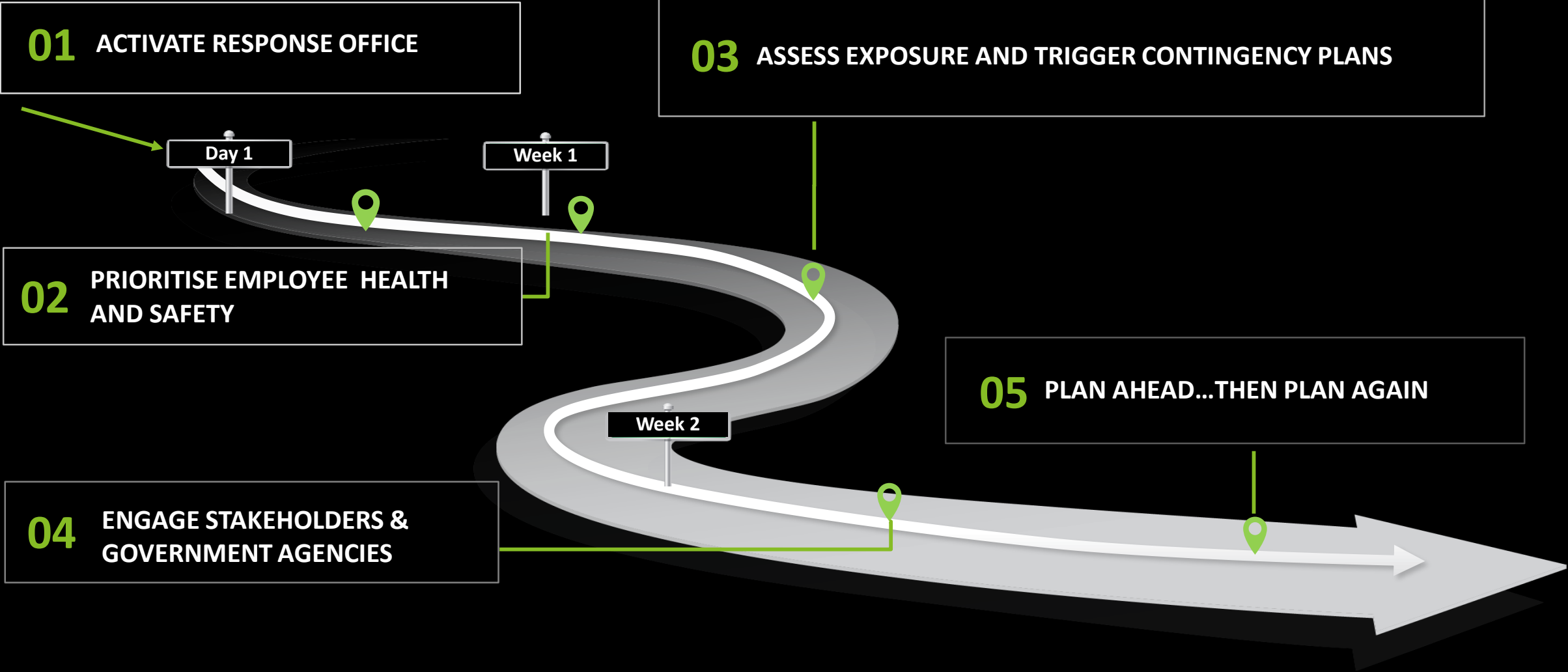
01 Business Continuity Management

02 Crisis Management

03 Organisational Capabilities

04 Resilient Leadership

A brief summary of our point of view on *resilient leadership*



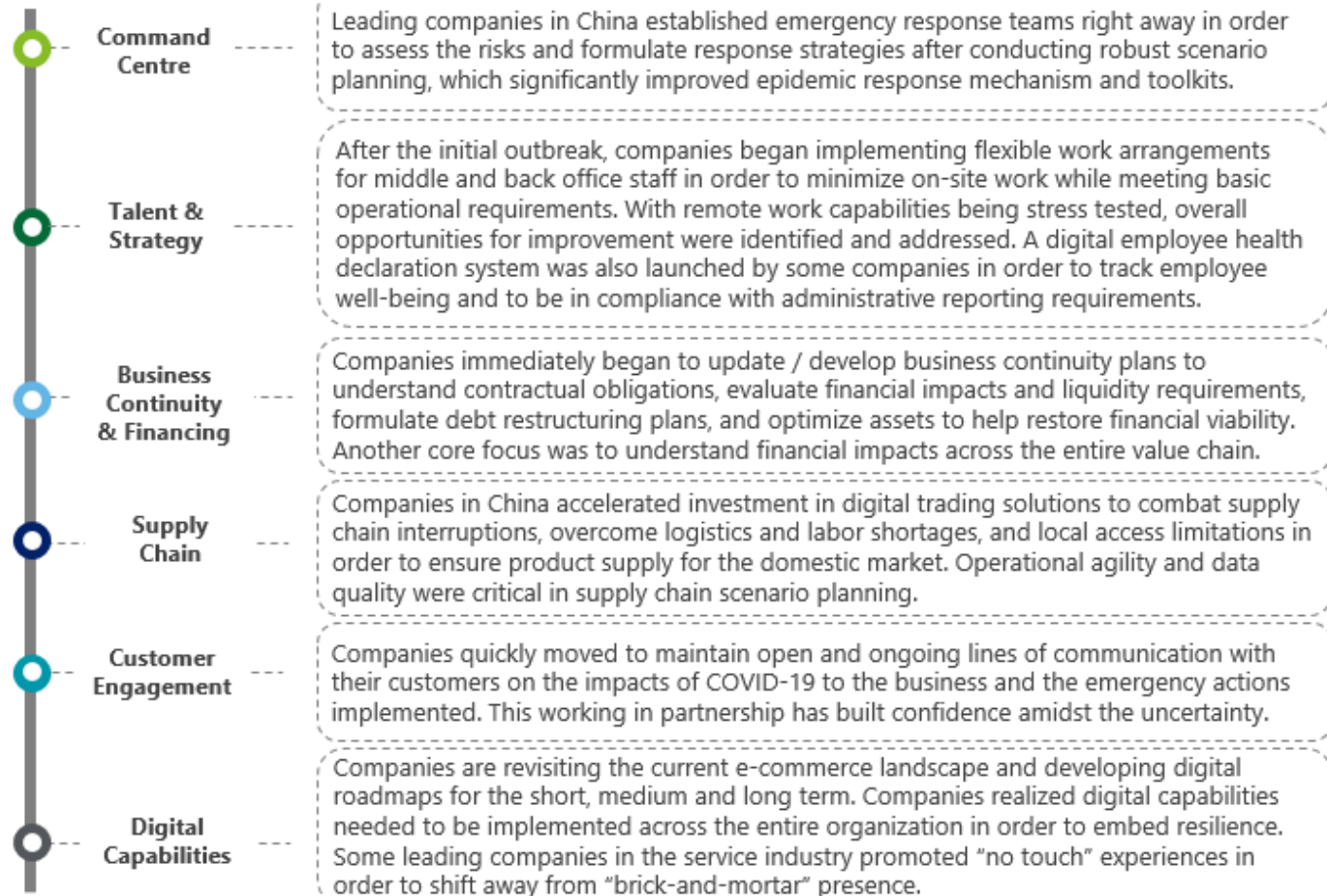
Resilient leaders will need to evaluate actions within the context of geographic location and sector

CASE STUDY: China took decisive actions to contain the impact of the crisis on their sectors. While the country was clearly impacted in Q1 FY20, there is evidence of recovery.

Priority Impact Sectors	Scenarios		Influencing Factors				
	Short term	Recovery scenario	Reduced/Restricted Travel	Production Suspended	Supply Chain Interruption	Reduced Consumption	Working Capital Pressure
Automotive	H	M	X	X	X	X	X
Consumer Goods (Clothing & Essentials)	M	M		X	X	X	
Consumer Goods (Luxury Goods)	H	M	X			X	X
Transportation and Hospitality	H	M	X	X	X	X	X
Technology (Hardware)	H	M	X	X	X	X	X
Real Estate	H	N	X	X		X	X
Oil & Gas	H	M	X	X	X	X	
Life Sciences	H	O	X	X	X	X	X
Healthcare	H	O	X	X	X	X	X

H High Impact N Neutral or Low impact
M Significant disruption/financial impact O High demand/opportunity

Key learnings from leading companies in the Chinese market...



Comparison: Impact in China vs other regions

	Sector	China		Rest of Asia Pacific			EMEA and Americas		
		Short term	Recovery scenario	Short term	Recovery scenario	Downside scenario	Short term	Recovery scenario	Downside scenario
TMT	Telecom & Media	N	N	N	N	M	N	N	M
	Entertainment	H	M	H	M	M	M	M	M
	Technology	H	M	M	M	N	M	M	N
Consumer	Automotive	H	M	H	M	H	H	M	H
	Clothing & Essentials	M	M	M	N	M	M	M	M
	Luxury Goods	H	M	H	M	H	H	N	M
	Agriculture	M	N	N	N	N	N	N	N
	Wholesale & Distribution	M	N	M	N	N	M	N	M
	Transportation & Hospitality	H	M	H	H	H	H	H	H
	Education	M	N	H	N	M	M	N	M
ER&I	Industrial Products & Chemicals	M	N	M	N	M	M	N	M
	Construction / House builders	M	N	M	N	N	N	N	M
	Oil & Gas	H	M	H	H	H	H	H	H
	Mining & Metals	H	N	M	N	M	M	N	M
	Power & Utilities	M	N	N	N	N	N	N	N
FS	Real Estate	H	N	H	N	N	H	N	N
	Banking & Capital Markets	M	N	M	N	H	M	N	H
	Investment Management	H	N	H	N	H	H	N	H
	Insurance	M	N	N	M	M	N	M	M
LSHC	Health Care	H	O	O	N	O	O	N	O
	Life Sciences	H	O	H	N	O	M	N	O
G&PS	Defence, Security & Justice	O	N	N	N	N	N	N	N
	Civil Government	H	M	N	N	N	N	N	N
	Health & Social Care	O	N	H	N	M	H	N	M
	Transport	H	N	H	N	M	H	N	M

ASEAN countries are similar to China in terms of the impact. Other countries can learn from China to kick-start recovery.

Addressing six major organisational needs



Set the foundation

Create a resilient and agile organisation that is prepared for volatile times



Defend and drive revenue

Identify opportunities to improve top line growth



Reduce and manage costs

Increase margin and operating profit to counteract impacts to revenue



Optimise assets, liabilities and liquidity

Curate portfolio of assets, strengthen balance sheet, and manage for cash



Accelerate digital

Use technology and data to enable growth, decrease costs, and become an insights-driven organisation



Manage expectations

Align and fulfill stakeholder expectations, and proactively address risks created by volatile conditions

Key	
Short term	Initial impact in Q1 of 2020
Recovery scenario	Impact through 2020 assuming the infection rate declines by mid year and markets recover
Downside scenario	Impact through 2020 and 2021 assuming Covid-19 infection rates continue or accelerate
H	High impact on business and trading cash flows
M	Significant disruption, likely financial impact / loss
N	Neutral or low impact / opportunity
O	Higher demand and / or opportunity

In the crucible of crisis, resilient leaders are defined *first by who they are...*

Five qualities of a leader that distinguish between surviving and thriving amidst crisis

MISSION FIRST

Stabilise today, and harness both the energy and the constraints of volatile conditions to spark innovation tomorrow.

- *How are you turning the COVID-19 crisis into an opportunity to emerge stronger?*

SPEED OVER ELEGANCE

Decisive action – with courage – is often more essential than getting it perfect.

- *How are you empowering your teams to take courageous action in a volatile environment?*

DESIGN FROM THE HEART

Serve the heart of your organisation, your purpose, and your societal obligations, while simultaneously making hard decisions to protect financial viability.

- *How are you balancing both empathy and decisiveness to serve your employees, customers, communities and ecosystem?*

OWN YOUR NARRATIVE

Paint a picture of a compelling future and path forward that your stakeholders can support and rally around.

- *How are you proactively filling the information vacuum to combat the spread of misinformation and rumor?*

EMBRACE THE LONG VIEW

Stay focused on what's on the horizon to instill confidence and steadiness across your ecosystem.

- *How are you anticipating and responding to the new business models likely to emerge post COVID-19?*

You are not alone, we are here to help

Find our collection of resources [here](#).



Analysis

The heart of resilient leadership

Leadership resources for responding to COVID-19



Perspectives

COVID-19: Managing cash flow during a period of crisis

Coronavirus cash flow implications across extended supply chain



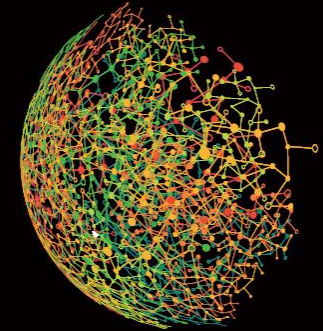
Perspectives

COVID-19: A black swan event for the semiconductor industry?

Insights from Deloitte's US semiconductor practice



Deloitte.



COVID-19
Practical workforce strategies that put your people first

COVID-19 – Practical workforce strategies that put your people first

Perspectives

Future of Work: Ways of working in uncertain times

Increasing organizational resilience in the face of COVID-19

Perspectives

Maintaining customer loyalty and trust during times of uncertainty

Leading through COVID-19 by putting customers' interests first



Analysis

COVID-19: Managing supply chain risk and disruption

Coronavirus highlights the need to transform traditional supply chain models

Perspectives

People, technology, and the path to organizational resilience

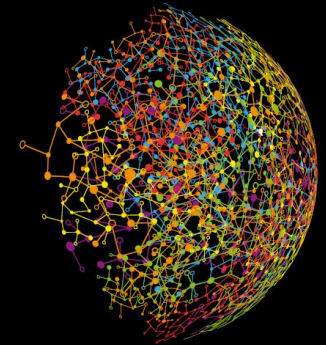
Insights for technology leaders facing COVID-19

Deloitte insights

COVID-19 potential implications for the banking and capital markets sector

Maintaining business and operational resilience

Deloitte.



COVID-19
Managing supply chain risk and disruption

COVID-19 – Managing supply chain risk and disruption

thank you.

Business Resilience services is prepared to help you respond to, mitigate and react to unforeseen events

When crisis strikes, seconds count.

Deloitte Risk Advisory deploys the full breadth of capabilities to help clients prepare for, respond to, and recover from crisis, such as financial crimes, cyberattacks, pandemics, and other man-made and natural disasters.

Contact us:

Cheryl Khor

Country Function Leader

ckhor@deloitte.com

+60 3 7610 8871

Shahariz Aziz

Partner, Regulatory Risk

shaharizaziz@deloitte.com

+60 3 7610 7972

Justin Ong

Partner, Financial Risk

keaong@deloitte.com

+60 3 7610 8895

Ho Siew Kei

Partner, Cyber Risk

sieho@deloitte.com

+60 3 7610 8040

Anthony Tai

Partner, Operational Risk –
Extended Enterprise Risk
Management and Assurance

yktai@deloitte.com

+60 3 7610 8853

Megat Mohammad Faisal

Partner, Operational Risk –
Technology and Digital Risk

mkhirjohari@deloitte.com

+60 3 7610 8863

Muzafar Kamal Mahmood

Partner, Operational Risk –
Internal Audit

muzafarkamal@deloitte.com

+60 3 7610 8821

Hazrizal Hassan

Director, Strategic Risk – Business
Continuity & Crisis Management

hhassan@deloitte.com

+60 3 7610 7927



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organisation”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax & legal and related services. Our global network of member firms and related entities in more than 150 countries and territories (collectively, the “Deloitte organisation”) serves four out of five Fortune Global 500® companies. Learn how Deloitte’s approximately 312,000 people make an impact that matters at www.deloitte.com.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which are separate and independent legal entities, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Hanoi, Ho Chi Minh City, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Osaka, Shanghai, Singapore, Sydney, Taipei, Tokyo and Yangon.

About Deloitte Malaysia

In Malaysia, services are provided by Deloitte Risk Advisory Sdn Bhd and its affiliates.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms or their related entities (collectively, the “Deloitte organisation”) is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication. DTTL and each of its member firms, and their related entities, are legally separate and independent entities.