

Greek Financial Crisis

Issues and immediate actions for consideration

Crisis operations	Organisations will need to take immediate actions across a range of issues. These will need to be co-ordinated across group and operating unit entities. Clear leadership, structure, organisation and common situational awareness will be essential, coupled with a clear and decisive business plan.	<u>Rick Cudworth</u> <u>Jas Sahota</u> <u>William McLeod-Scott</u>
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A checklist of key actions – Now and on Day 1:

- Set up a cross functional response structure at HQ and operating units(s) necessary to deal with this issue
- Establish a Crisis Management Office (CMO) to support response activities and work streams
- Establish specific communications channels, responsibilities and timings to manage situation assessment and reporting •
- Consistently monitor unfolding events and consider their actual and potential impacts on the business
- Ensure that a common 'version of the situation' is maintained through consistent collation, analysis and distillation of information
- Communicate early (now) with key stakeholders so they are briefed on intended activities and will be better able to support or understand actions

Liquidity and finance	Organisations will need to significantly increase their focus on cash management to preserve liquidity, while capital controls and disruption to finance and operations could necessitate a broader financial restructuring, and requirement for a turnaround plan.	<u>Jas Sahota</u> <u>David O'Neill</u>
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A checklist of key actions – Now and on Day 1:

- Monitor cash daily and implement procedures to optimise cash and working capital
- Evaluate impact of short term liquidity challenges if Greek banks aren't re-capitalised and explore alternative financing arrangements
- Assess current and forecast liquidity requirements, including under different stress scenarios and considering impacts arising from counter party risk, capital controls and austerity measures
- Minimise cash out flows to Greek group entities and debtor exposures to Greek businesses to mitigate against risk of trapped cash and write-offs
- Evaluate new funding and facility requirements through detailed business planning and financial forecasting that reflects actual and potential disruption to activities or trade partners in Greece
- Monitor default risk on loans in Greek operations that are arranged outside of Greece, due to capital controls

Credit and treasury	Redenomination to a weaker currency and the introduction of FX controls will cause disruption to local banking systems and cash flows, putting cash held in the country at increased risk. The likelihood of one or more Greek banks defaulting will increase financial credit exposure for counterparties across the globe.	<u>Vivien Pereira</u> <u>Karlien Porre</u> <u>Dino Nicolaidis</u> <u>Michael Andersen</u>
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A checklist of key actions – Now and on Day 1:

Assuming your Greek counterparty bank defaults:

- Identify earnings in Greece that currently service Euro debt
- Consider options for borrowing locally to increase the possibility that the debt would be redenominated in a new weaker currency
- Determine actual level of exposure split between underlying exposures, FX hedges and bank cash position in Greece
- Assess the value of in-the-money derivatives with banks "at risk"
- Map location of debt and assets, selling down surplus assets in 'at risk' countries

- Expand list of relationship banks to mitigate counterparty risk
- Consider the impact of a new Greek currency on the relative economies of cross-border sales and purchases
- Communicate to the Board and investors the anticipated impact of the crisis and the readiness of the organisation

Assets and operations	Organisations with operations in Greece may need to execute a rapid wind-down of sites and/or businesses and exit to preserve value. Organisations with cash consuming business abroad may need to consolidate by closing subsidiaries rapidly.	<u>Phil Bowers</u> <u>David Taylor</u>
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A checklist of key actions – Now and on Day 1:		
<ul style="list-style-type: none"> • Prepare a range of options to be implemented depending on the magnitude of the macro-economic issues • Prevent communication breakdown or 'information overload' by preparing draft messages and FAQ packs for release to staff in local markets • Consider potential customer redress or compensation actions • Assess financial implications, and potential liability exposure to broader group • Review business continuity plans for critical services and remote access working in the event of prolonged civil unrest effecting work conditions • Consider the impact of a new Greek currency on the relative economies of cross-border sales and purchases 		

IT systems	Systems will not be able to process transactions in a new currency, requiring manual workarounds which will increase the risk of error and delay payments to staff and suppliers.	<u>Phil Everson</u> <u>Mike Baldock</u>
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A checklist of key actions – Now and on Day 1:		
<ul style="list-style-type: none"> • Identify systems needing to process new currencies and consider required upgrades (detailing plans for testing and tactical fixes and strategic system upgrades) • Predict volume changes dependent on currency changes and consider related capacity requirements <p>Review and refresh necessary steps required to wind down regional operations and the potential broader impact of this</p>		

Claims handling & customer contact	Organisations may face claims and / or requests for interim financial support as a result of capital controls or a process of moving to a new currency. This may require the rapid design, set-up and operation of operating schemes to administer these processes and handle large volumes of customer engagement and communication. These could include processing centres, contact centres and short-term augmentation of existing teams.	<u>Hugo Morris</u> <u>Gareth Bateman</u>
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A checklist of key actions – Now and on Day 1:		
<ul style="list-style-type: none"> • Refresh and where necessary prepare customer communication messages • Ensure systems/tools are available to cascade mass communications to customers • Understand ability to significantly augment operational capacity and capability in a short timeframe 		

Supply chain disruption	Capital controls or new currency provisions could disrupt supply chains as third parties are no longer able to fulfil contractual arrangements. The potential inability of Greek carriers globally (sea, air and land) to purchase fuel may leave them stranded, disrupting deliveries.	<u>Kristian Park</u> <u>Dominic Wong</u>
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A checklist of key actions – Now and on Day 1:		
<ul style="list-style-type: none"> • Identify priority products/services and alternate means to obtain the products/services in the event of shortages • Review contracts with suppliers • Prepare statements in case of shortages or disruptions to service • Identify which suppliers may be vulnerable to currency change <p>Secure spare stocks of critical supplies</p>		

Strategic plans	The disruption will create an immediate impact on Organisations' ability to execute their strategic plans while also creating new opportunities to exploit. The situation will require a swift execution of communication strategies to investors, suppliers, customers, tax authorities and regulators.	<u>Jas Sahota</u> <u>David O'Neill</u> <u>Hanno Ronte</u>
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A checklist of key actions – Now and on Day 1:

- Prioritise strategic goals to reflect new market reality
- Perform a high-level portfolio view of each market and business area to understand optimal options and limit overall exposure
- Align strategic planning with financial, legal, tax and operational plans in preparation for potential market exit
- Prepare a new business plan to execute against
- Run competitor analysis to consider targeted acquisitions and other future opportunities

Political / regulatory landscape

Organisations operating in Greece will be impacted by different controls or political/regulatory requirements as part of any withdrawal from the Eurozone (e.g. amendments to cross-border trade rules, adjusted regulation on the level of capital being held to protect against market shock, revised rules on lending).

[Julian Leake](#)

[Rick Cudworth](#)

A checklist of key actions – Now and on Day 1:

- Understand EU legal framework updates and timelines for specific markets and sectors

Special note for Travel businesses

With the events in Tunisia, dealing with the additional challenges in Greece may be more than they can handle. The most immediate challenge they are likely to face are customers not being able to access cash whilst abroad. Customers may also experience problems in Greece if there is serious disruption to services.

[Alistair Pritchard](#)

[Graham Pickett](#)

[Rick Cudworth](#)

A checklist of key actions – Now and on Day 1:

- Provide customers with guidance travelling to areas potentially effected by financial issues
- Consider planning alternate travel arrangements in event of disruption to local services
- Prepare contingency plans to divert customers to alternative locations and model the operational and financial implications
- Implement 24/7 monitoring of Greek counter parties
- Prepare contingency plans to mitigate counter party risks arising from service and business failures with hotels, local tour operators, coach companies and other key suppliers