

# ACCA and Covid-19: Support through Unprecedented Times

■ \*Helen Brand OBE



ACCA's 227,000 members and 544,000 future members globally have – like finance professionals the world over – been at the heart of keeping organisations going through the challenges of the pandemic.

And, as their professional body, we know that our number one priority is providing them with all the support, advice and information we can to help them guide their organisations to the best of their ability.

Much of our data and insight on managing the pandemic has been collected from our global membership – including leaders, finance leaders and Board members – so we're building a comprehensive picture of how organisations are coping and planning for the future.

## ACCA's Covid-19 hub

As the health crisis which emerged in China turned into a global pandemic, it was clear our members would be looking for practical and up-to-date guidance they could rely on. In early March, we launched a dedicated Covid-19 online hub containing relevant information and insights for members and other stakeholders – such as regularly updated economic analysis, CPD resources, signposting to sources of business support from government and other agencies, and advice on how businesses can plan through a crisis. This hub - at [www.accaglobal.com/covid-19](http://www.accaglobal.com/covid-19) - is open to everyone, not just our members, and is continually updated.

A key component of our approach has been asking our global family of ACCA members how the pandemic is affecting their businesses and the steps they are taking to mitigate its economic effects. And by sharing these insights more widely, we hope to play a part in helping businesses of all types and sizes adapt. This has included detailed surveys on how businesses are coping.

## The road to recovery? What businesses are telling us

ACCA published its latest survey on the effects of the pandemic in late June, a follow up to our first global Covid-19 survey which we ran in March. This earlier report gave us some good insights into our members' sentiments across the world on the impact of the pandemic as it developed. Fast forward two months and this latest report survey looks at where sentiment is now and how that is evolving as different jurisdictions go into or indeed come out of lockdown and look forward to the future.

By way of context for what finance professionals are telling us, the evolving economic picture is useful to bear in mind. It's likely, we will see the most severe global recession in many decades, probably at least since The Great Depression of the 1930s, with the World Bank forecasting a 5.2% fall in global GDP.

But we are not completely powerless in the face of this and finance professionals are stepping up to do their utmost to help their businesses weather the storm, in a variety of creative ways. In terms of our survey sample, we had over 4,500 responses from across all sectors and representative of our global membership. So, at this stage, what are they telling us?

Firstly, that impacts across the value chain are growing, with noticeable challenges with customer demand. And once demand starts dropping off significantly, we know there is going to be a domino effect across organisations which of course translates into negative forecasts on the financials.

There is slightly better news on the perceived effectiveness of government support, but still a long road to travel there, and a sense understandably that many organisations are shifting their focus to medium- and longer-term recovery strategies as a response. And that's no surprise given the footprint of the pandemic and particularly in certain markets with a focus on recovery more imminent.

## Impacts across the value chain are increasing

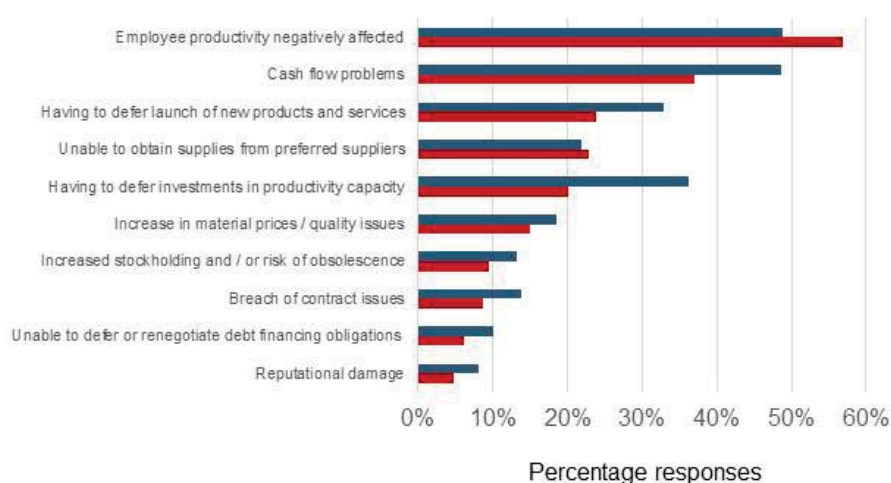
Over half of respondents saying customers' purchases stopped or reduced. You can clearly see there are widespread issues that are being felt and you can also see the extent to which this has now increased since our March report:

So, for those organisations that have undertaken a forecast, what are they looking like?

Firstly, revenue forecasts for June are down vis-à-vis the previous years' revenues and a significant number of respondents suggest these will be down at least 25% and some even thinking revenues will be down over 50%.

## Impacts across the value chain increasing

53% of respondents cited customer purchases as having stopped or reduced



March 2020 ■ June 2020 ■

ACCA Think Ahead

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Across many of these parameters, some of the issues are becoming more widespread. There are some small areas of improvement that we can see, most noticeably around employee productivity, but overall, it's a more challenging picture than in March.

One way in which organisations can better understand the possible impact of the crisis on their operations is through sound financial practices and particularly regular financial forecasting. Our latest data in June shows how forecasting has ramped up across all organisations with less than 20% now saying that they still haven't performed a forecast, which is still quite a high proportion in the circumstances we're seeing. Irrespective of how difficult it may be to plan now, we would expect organisations to be undertaking some form of assessment on where the business is heading and the financial implications. And as leaders and Board members, this is something you should be expecting.

In our March data, one of the key messages was that all organisations were hurting and significantly challenged by the Covid-19 crisis, but smaller businesses were facing particular challenges.

We can again see the same narrative from our June data. Relative to their larger counterparts, more challenges are being faced by SMEs, particularly in terms of cash flow.

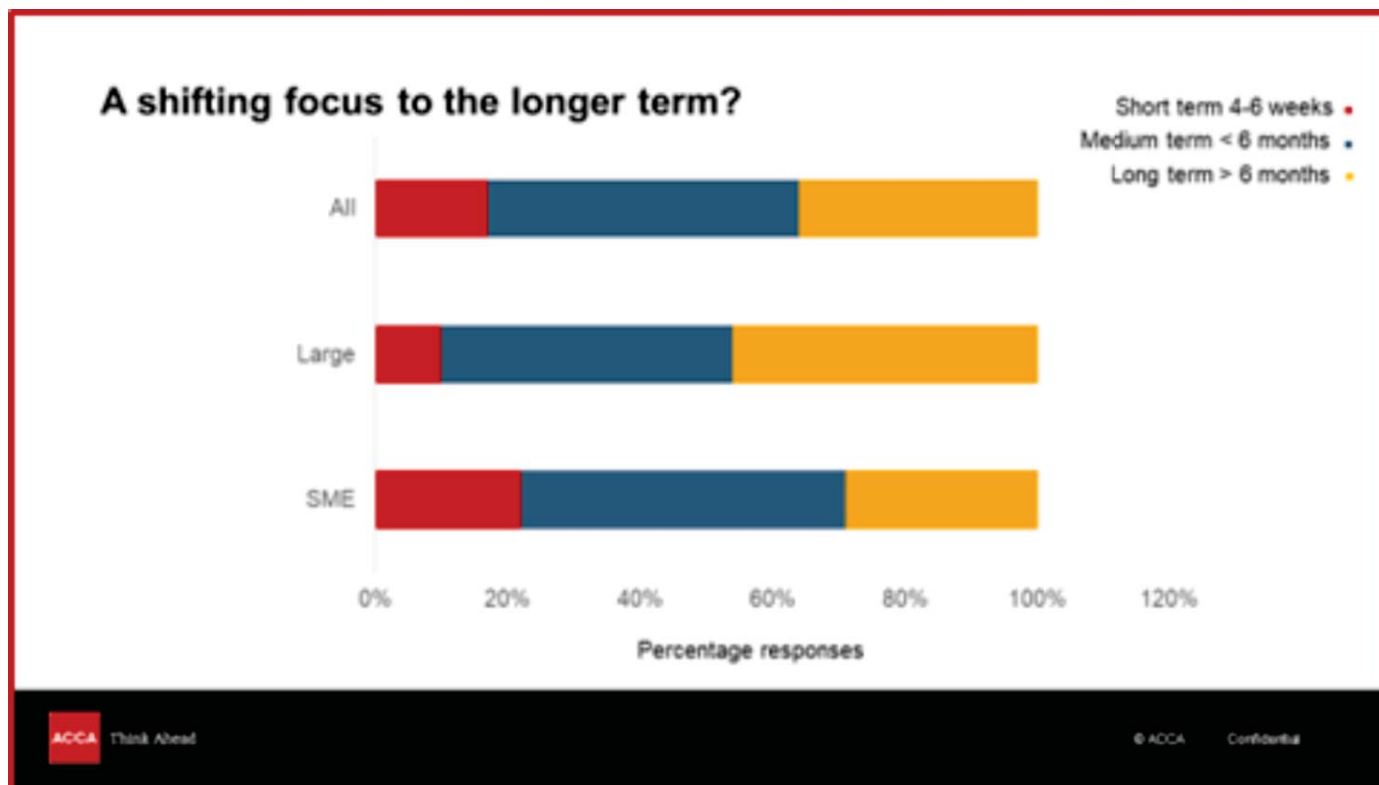
Revenue forecasts from SMEs follow a similar pattern to larger companies but are even more pessimistic. That ties in with some of the data we have just seen on declining customer demand for SME's and it's also a very similar story to what we were seeing in the March data.

This data begs the question what are organisations now doing across the world in response to these challenges, what are the areas of focus, and the strategies they are adopting?

### Shifting focus to the longer-term

We asked a very simple question about where organisations were spending most of their time right now. In terms of time horizons, a significant minority are really in immediate response mode and primarily focused around the very short term 4-6-week period, but most organisations are increasingly looking to

focus on taking cost out of the system, driving process efficiency, managing cash impacts but also you can clearly see some organisations thinking more particularly around the digital opportunities and scenario modelling as they look beyond the short term into the medium term and even longer term horizon.



the medium- and longer-term recovery period:

This broad narrative is consistent across size of organisation – although perhaps not surprisingly, SMEs were slightly more likely to be focused on the near term than their counterparts from larger organisations, possibly linked to the customer demand and cash flow challenges we observed.

### Employee and people-related interventions

It's probably no surprise that providing employees with flexible work arrangements was cited by most respondents as the intervention that most common, and that experimentation could be a catalyst for major change to how organisations operate in the future. But our data also showed a wide range of other interventions being deployed, with an obvious continuing focus on health and safety issues and social distancing requirements.

### Operational and financial strategies

When we look at the different operational and financial strategies being deployed, it is a story of a continued prioritised

### Perspectives on longer term impacts

As outlined above, we have seen significant experimentation with flexible and home working over the past few months. For some organisations, it's been broadly proven to work depending on their sector. And so, for many respondents there is clearly a sense that “home working” or at least a more flexible approach to working is going to be one of the lasting impacts for many organisations.

There is also clear evidence of the role of technology and digital investment as both a means to help organisations immediately respond to the crisis and how they can better plan out their recovery longer term. This includes digital investment in analytics capabilities and scenario modelling, as well as the broader role of technology as a catalyst for transforming business models.

A third of our respondents see potential supply chain restructuring as we look forward,

## The recovery roadmap



The full roadmap can be accessed at ACCA's Covid-19 Global hub. <https://www.accaglobal.com/uk/en/cam/coronavirus.html>

### Recovery roadmap

One of the additions to our latest report is a recovery plan.

Essentially, it's a roadmap of the factors organisations should be considering as they plan their way to recovery. It's designed to be simple, practical guidance, centred around the critical areas such as workforce management, financial strategy, customer engagement and data and digital transformation and using an 'Act, analyse and anticipate' model. (*figure above*)

Leaders and Board members should be considering leadership, strategy and risk area and the importance of maintaining and delivering governance, taking a hard look at strategy and whether it's fit for purpose and looking at how the organisation might need to transform to compete in the future.

Positively, we believe this latest ACCA report does demonstrate that, by really understanding the challenges that our businesses face and taking a creative, forward-looking approach, there's a

great deal we can all do to safeguard the organisations we've built. Because of the severity of global economic picture, not every business will survive. But those that Act, Analyse and Anticipate now will stand the best chance of coming out of the other side, ready to thrive.

*\*Ms. Helen Brand OBE, Global Chief Executive, ACCA - Association of Chartered Certified Accountants, UK. The above article is an excerpt based on her Speech at IOD's Global Webinar- 'Reshaping Board's Strategy to Embrace Technology for Sustainability in the Pandemic Era', held on July 02, 2020. It is based on a recent ACCA Report.*

The ACCA Report is available to download at: <https://bit.ly/2BG31Td>

You can also access all the advice and guidance on ACCA's Covid-19 hub at: [www.accaglobal/covid-19](http://www.accaglobal/covid-19)