



Smart decisions. Lasting value.

## Crowe Dialogue

# Role of CFO in Crisis Management

### **Crowe Dialogue Series**

Crowe Hussain Chaudhury & Co. (Crowe Pakistan) has initiated Crowe Dialogue Series for its clients and associates. The entire objective of this Dialogue is to bring together industry gurus, subject matter experts and influencers to discuss and deliberate the upcoming regulations and ideas and how does these affect entrepreneurs in our ecosystem.

With the 4th Industrial Revolution and a highly revolutionized business landscape, Crowe Pakistan is bringing together professionals with the highest business acumen to suggest cutting-edge innovative solutions and discover opportunities in the current highly competitive economic environment.

Starting in 2019, Crowe Pakistan is continually conducting these Dialogues and gathering suggestions from thought leadership representing all the leading sectors of Pakistan's economy.

Let's collaborate further and dialogue for mutual prosperity!

## Crowe Dialogue on Role of a CFO in Crisis Management

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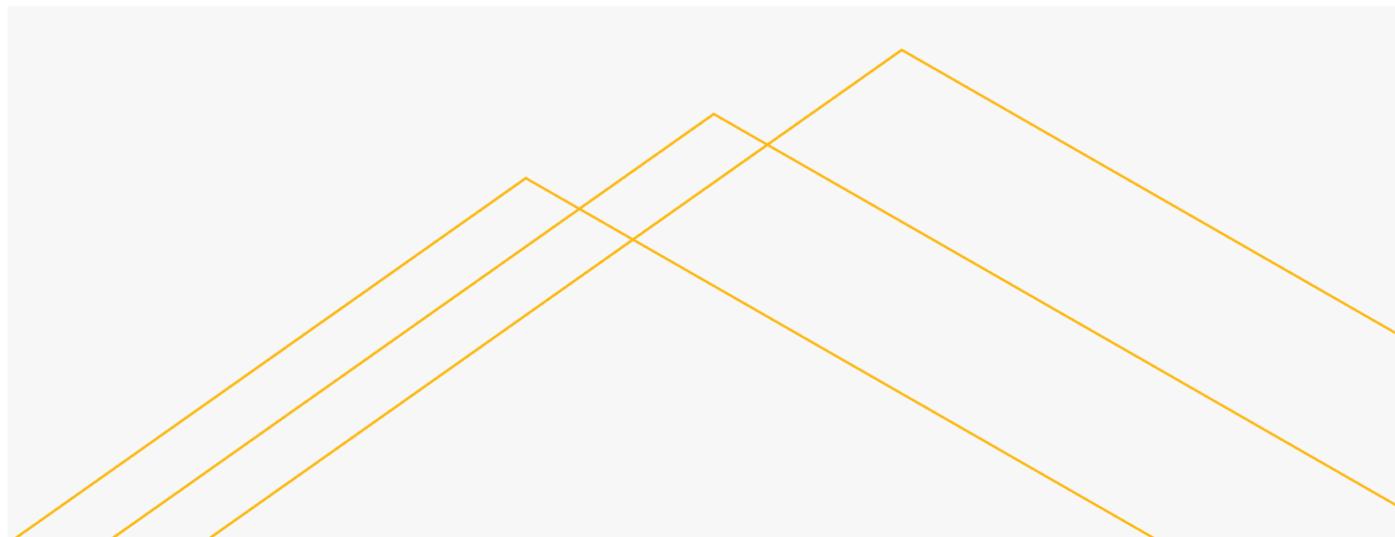
The World is in the process of measuring the disastrous effects of COVID-19 Pandemic on the economy. It has been one of the worst economic crises in the recorded history to hit almost every nation. Many of the companies have lost more than 75% of their yearly profits in the first quarter of 2020. Others are laying their staff off, while some are trying to cope by curtailing costs and encouraging their employees to work from the safety of their homes.

Amidst the chaos one fact emerges with the utmost certainty – the role of CFOs, in almost every company, is of critical importance right now. CFOs have a central role to play during the financial crisis, since they are the leader of the company, who directly contribute to the organization's financial health.

Crowe Pakistan through its team was in continuous discussion with clients, friends, and colleagues in professional circles to deliberate the potential impact and magnitude of the crisis and how the CFOs can play their part in overcoming the crisis as the finance leaders. The importance of this subject matter and feedback received from various corners led Crowe to facilitate a dedicated dialogue with a diverse group of finance leaders from various sectors.

The Crowe Dialogue emphasized on the role of a CFO in crisis management. We organized this dialogue by inviting four leading CFOs of large groups and enterprises in Pakistan. Mr. Muhammad Nasir Muneer, Senior Partner hosted the dialogue, whereas Mr. Iftikhar Taj, Director Governance & Strategy was the moderator.

Participants remained engaged for about 2 hours in this dialogue. The panelists and participants shared their experience of managing this unusual crisis which are featured in next section of this document.



## Thoughts Emerged from the Panelists and Participants

After presenting his thoughts, Mr. Iftikhar Taj requested the esteemed panelists to share valuable insights on the topic specifically in the light of their own experiences and practices that how they were hit by the crisis and what decisions they made to minimize the crisis impact. The summary of discussions with Panelists and later with participants is listed hereunder:

Formed a strategic group to look into the developing scenario and respond accordingly

- ▲ Lockdown immediately disrupted supply chain from local market and foreign markets, particularly from China.
- ▲ Thus, reviewed production plans and inventory levels keeping in view customer demands

Working capital management was top priority, so explored all options including inventory management, liquidity options, SBP financing schemes.

- ▲ Cash liquidity was a priority as duration of lockdown was uncertain

Work from home was a big challenge, thus immediately took all possible measures including keep up and running all servers, access to all data. In certain cases, accessing of data remotely became major hindrance, technology consultants are being approached to streamline data access.

- ▲ Kept the fixed cost at lowest

Rolled out internal and external communication plan on priority to keep all stakeholders in loop

Developed various business scenarios including zero revenue to adopt the best strategy under the circumstances

- ▲ SBP measures of salary financing and loan deferment really helped to improve liquidity

Supported certain customers by deferring their payments

Avoided to reduce head count to build confidence in employees as long terms goals are much more important than short term.

Diversified groups were relatively at easy as certain sectors were not hit by lockdown, thus diversification will be key factor to decide future investment opportunities

- ▲ Export orders were put on hold by importers and local markets were closed that substantially created cash flow challenge. Liquidated certain investment to keep the business running and meet fixed cash cost.

Immediately evaluated non-cash generating assets to generate liquidity

- ▲ Employees confidence was secured by taking necessary health safety measures

Workers were provided temporary residence on site with all safety measures

Certain local vendors were financed on the basis of their financial muscle to keep the supply intact

Cash culture was introduced as most of the suppliers were on credit terms

Zero-based budgeting exercise started

- ▲ Business Process Re-engineering and Process automation is being reviewed

Digitalization and digital governance will be one of the priorities after lockdown

## Survey to Map the Best Practices

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A survey was also conducted to map the key decisions by respondents in crisis management. All the participants took part in the polling and gave their views. The results of the polls are given below for knowledge-sharing purposes.

### Poll 1: Which of the following should be the top 5 focus areas for a CFO in crisis management?

Business continuity management



Working capital management



Long term planning along with short term survival



Supply chain continuity



Process automation



### Poll 2: Which were your company's top 5 considerations when the lockdown was announced?

Working capital management



Business continuity management



Communicate with customers



Supply chain management



Enablement of work from home



### Poll 3: How long do you expect to get back to normal business after lockdown ends?

4-6 Months



1-3 Months



More than 12 Months



### Poll 4: Which of the following will be top 5 priority areas for your company after lockdown ends?

Reviewing workforce safety measures



Automation of processes



Business re-modeling



Integrate work from home in the usual business



Review supply chain contracts



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