

Business Continuity Management

Building resilience in an organization and responding to crisis





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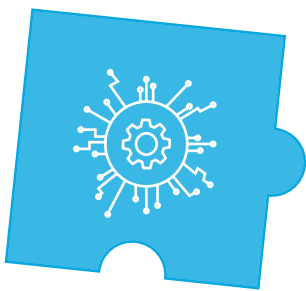
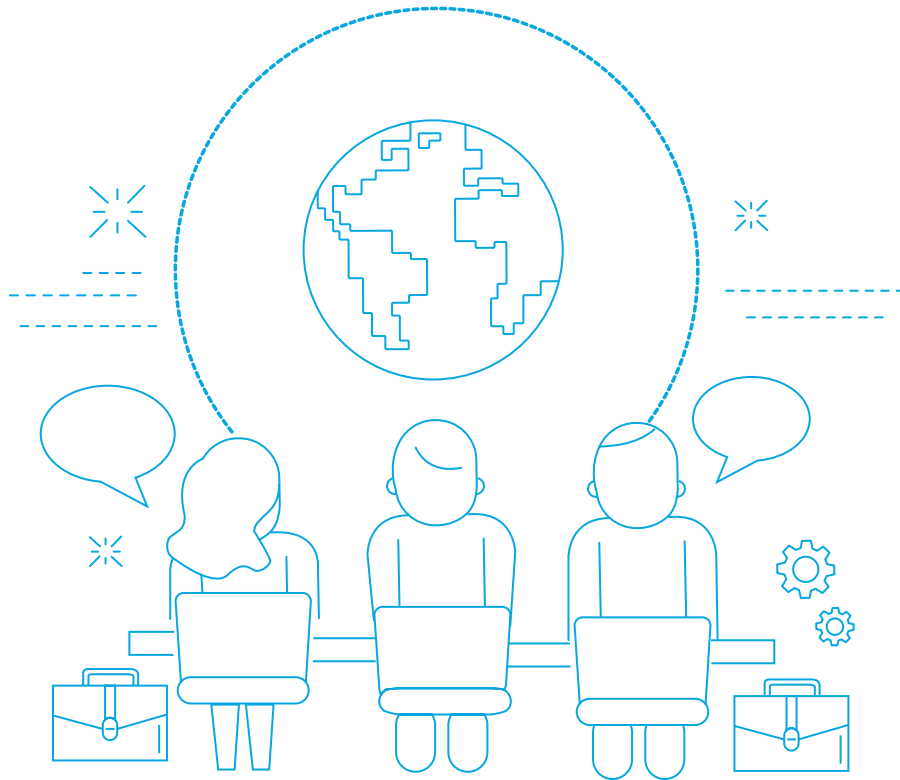


1 Impact of crisis



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Impact of crisis

The Coronavirus disease (COVID-19) pandemic is evolving at such a rapid pace that the Government of Kuwait and governments across the world have imposed lockdowns and curfews to curb the outbreak. The pandemic is having a huge impact on people's lives, communities and businesses around the world.

Recent changes in Kuwait

As COVID-19 pandemic continues to impact the global economy, businesses are experiencing unprecedented challenges including supply chain interruption, diminished workforce mobility and weaker financial performance. These challenges require organizations to take prudent and practical decisions to mitigate the adverse impact on business operations.

The Kuwaiti Government has taken several measures to address the current crisis such as:



Partial curfew from 5pm to 6am. Lockdown of some residential areas



Public holiday for public sector excluding essential public services. Closure of non-essential services such as restaurants, retail shops, malls public transportation etc.



Reduced interest rates by 1.25%
Reduced taxes and zakat payments



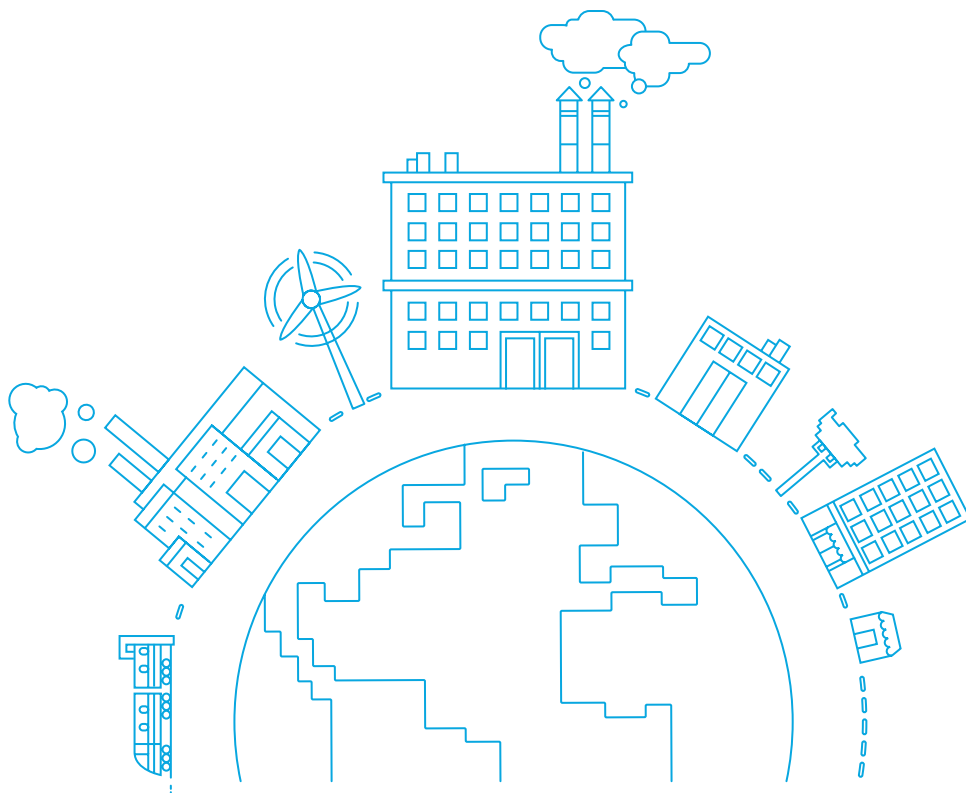
Postpone repayment of loans and credit card facilities for individual consumers as well as impacted small and medium-sized companies for three months and six months respectively

Impact on organizations

What are organizations facing?	
Strategic Impact	<ul style="list-style-type: none"> ■ Inability to achieve strategic objectives and business plans
Financial Impact	<ul style="list-style-type: none"> ■ Cash flow issues resulting from reduced revenues/sales ■ Inability to meet obligations (overheads/creditors/etc.) ■ Financial market volatility and erosion ■ Volatility of forex exchange rates ■ Challenges raising funds
Operational Impact	<ul style="list-style-type: none"> ■ Staff unavailability ■ Production and supply chain disruptions ■ Shortage of materials ■ Disruption in project timelines and delivery ■ Subcontractor failure
Technology Impact	<ul style="list-style-type: none"> ■ Inadequate IT Infrastructure for remote access ■ Lack of hardware/ devices and applications for remote working environment ■ Inadequate mechanism for offsite technology support
Legal/ Regulatory Impact	<ul style="list-style-type: none"> ■ Challenges in fulfilling contractual obligations ■ Challenges in complying with regulatory requirements
Reputational Impact	<ul style="list-style-type: none"> ■ Inability to meet customer demand/expectations ■ Communication challenges

Impact of COVID-19 on global economy

- ! Businesses are facing supply chain disruption in the form of material shortages or a decline in global exports
- ! Curfews and lockdowns have a negative impact on revenues for restaurants, shops, malls etc. leading to lower consumer spending
- ! The impact on the domestic and international travel and airline industries due to the pandemic includes low demand for the hotel and hospitality industry
- ! The sharp decline in oil prices due to low demand has impacted gulf rich oil countries
- ! Demand for commercial office space will be impacted





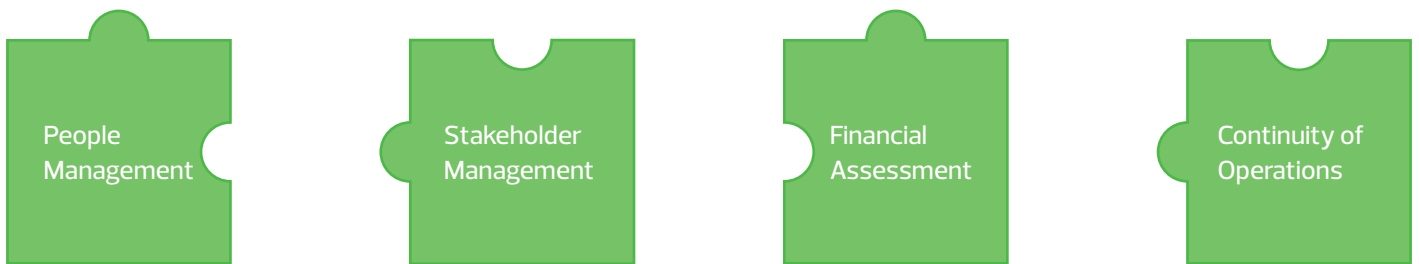
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Actions to take



Actions to take to address crisis – short to midterm

Significant ripple effects have already been experienced by businesses in Kuwait and around the world following the COVID-19 pandemic, which is affecting global supply chains, altering the way businesses operate and affecting people's everyday lives. These are some steps you can take to address the crisis.



Actions to take to address crisis

People Management

People are key assets in any organization. It is crucial to deal with the safety, wellbeing and job securities of employees. Organizations need to set clear, transparent and relevant communication with your employees.

- ! Listen to employee concerns and support employee needs
- ! Build trust among employees
- ! Explore methods of working from home and IT support services
- ! Communicate consistent/ unified messages to all employees
- ! Communicate positive messages to employees
- ! Advise employees to be flexible in working arrangements
- ! Set mechanism for responding to employees' health concerns

Stakeholder Management

Communication is an important component during a crisis. Lack of proper communication may trigger speculations, raise doubts and eventually lead to loss of stakeholder confidence. Stakeholders may include customers, employees, shareholders, investors, vendors, regulators etc.

- ! Understand stakeholders' critical priorities, requirements and their capacities in the short and medium term
- ! Establish communication plans to address internal and external stakeholders' interests/ needs
- ! Establish Escalation/ De-escalation processes and ensure stakeholders are aware of them
- ! Communicate proactively with your stakeholders on recent changes that are happening around the organization
- ! Adopt targeted marketing strategies to approach your customers or clients
- ! Establish a process to communicate proactively with regulators to understand legal and regulatory compliance requirements and subsequently inform relevant parties

Financial Assessment

Organizations need to assess current financial performance and take measures to ensure positive cash flows.

- ! Identify available cash and liabilities
- ! Identify urgent payments (e.g. Supplier/ Vendor invoices and settlements)
- ! Track down cash buffers, calculate available cash and unutilized credit lines
- ! Identify loan repayments
- ! Assess any financial aid or assistance established by the government/ banks (e.g. loan repayment delays)
- ! Assess zakat or taxes requirements set by government
- ! Allocate cash reserves based on prioritization
- ! Forecast cash flows by establishing a cash forecast for various scenarios

Continuity of Operations

Organizations need to urgently assess, respond to and resume operations to avoid further disruptions to business operations.

- ! Identify current contracts agreed with clients/ vendors/ subcontractors and do the following:
 - Review current contracts with clients and discuss terms of conditions, revised deadlines and project schedules and payment plans
 - Review force majeure terms
- ! Identify which business functions are essential and which can be temporarily suspended
- ! Identify vendor continuity strategy and alternative vendors for materials and human resource
- ! Re-assess the current risk of the supply chain
- ! Re-arrange working arrangements/ shifts for back office and site workers
- ! Stockpile critical equipment, materials and tools
- ! Ensure alternative contracts with third party manpower suppliers and prepare flexible contractual agreements
- ! Abide with related governmental requirements to avoid violations, penalties and legal suits

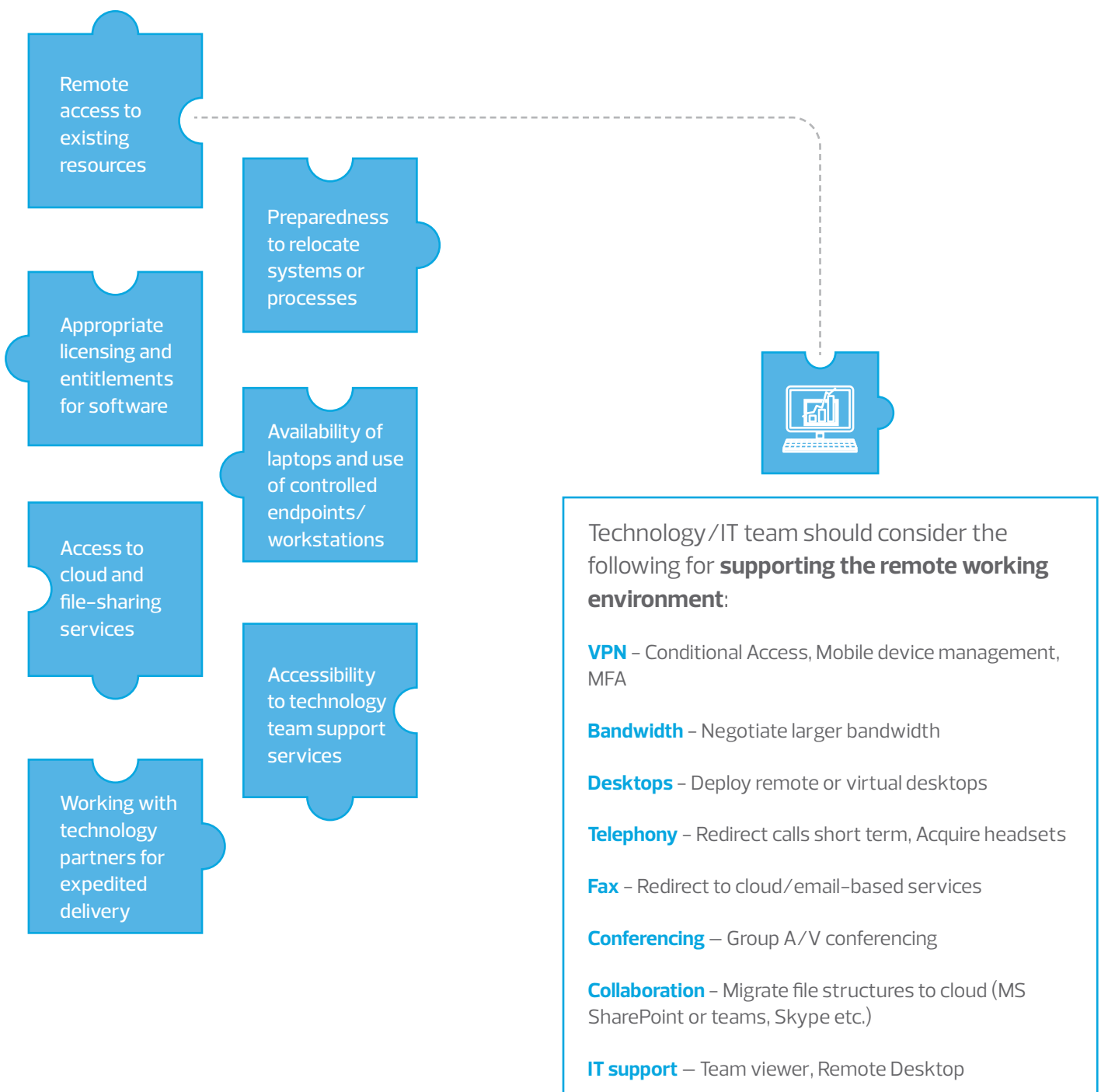


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Technology considerations



Organizations need to consider certain technology initiatives to address the current situation.





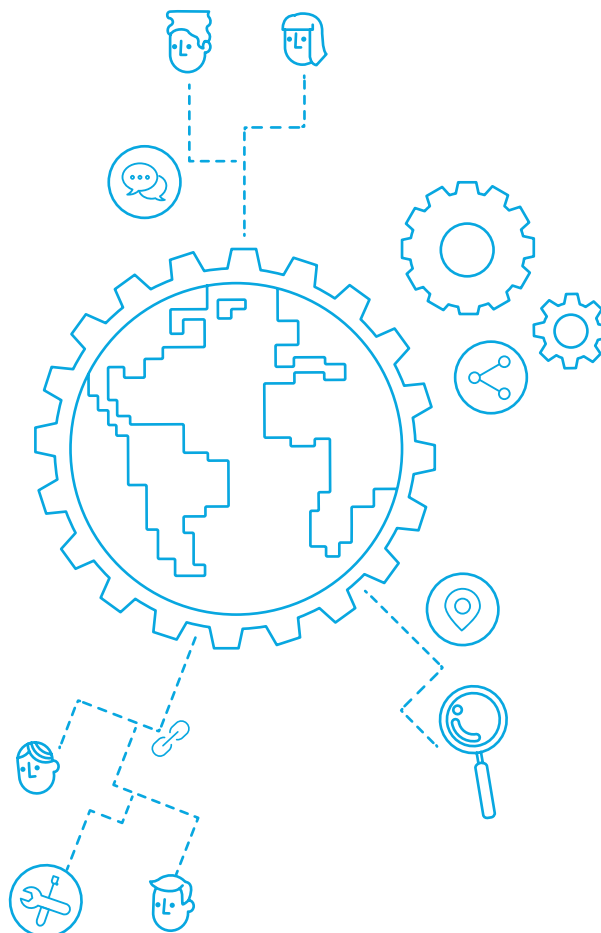
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Post-crisis review



These are some steps that your organization can take:

- ! Assess the actual damage and impact of the crisis to the organization
- ! Conduct lessons learnt from the crisis and identify improvement plans
- ! Develop comprehensive framework, policies, procedures, continuity plans, crisis communication plan and strategies to address such crisis in the future
- ! Conduct awareness training for employees
- ! Conduct live simulations/ scenarios to enhance preparedness to face such crises
- ! Develop policies, procedures and guidelines to support work from home



Business Continuity Management (BCM) Program

What is a BCM?

"Strategic and tactical capability of the organization to plan for and respond to incidents and business disruptions in order to continue business operations at an acceptable pre-defined level."

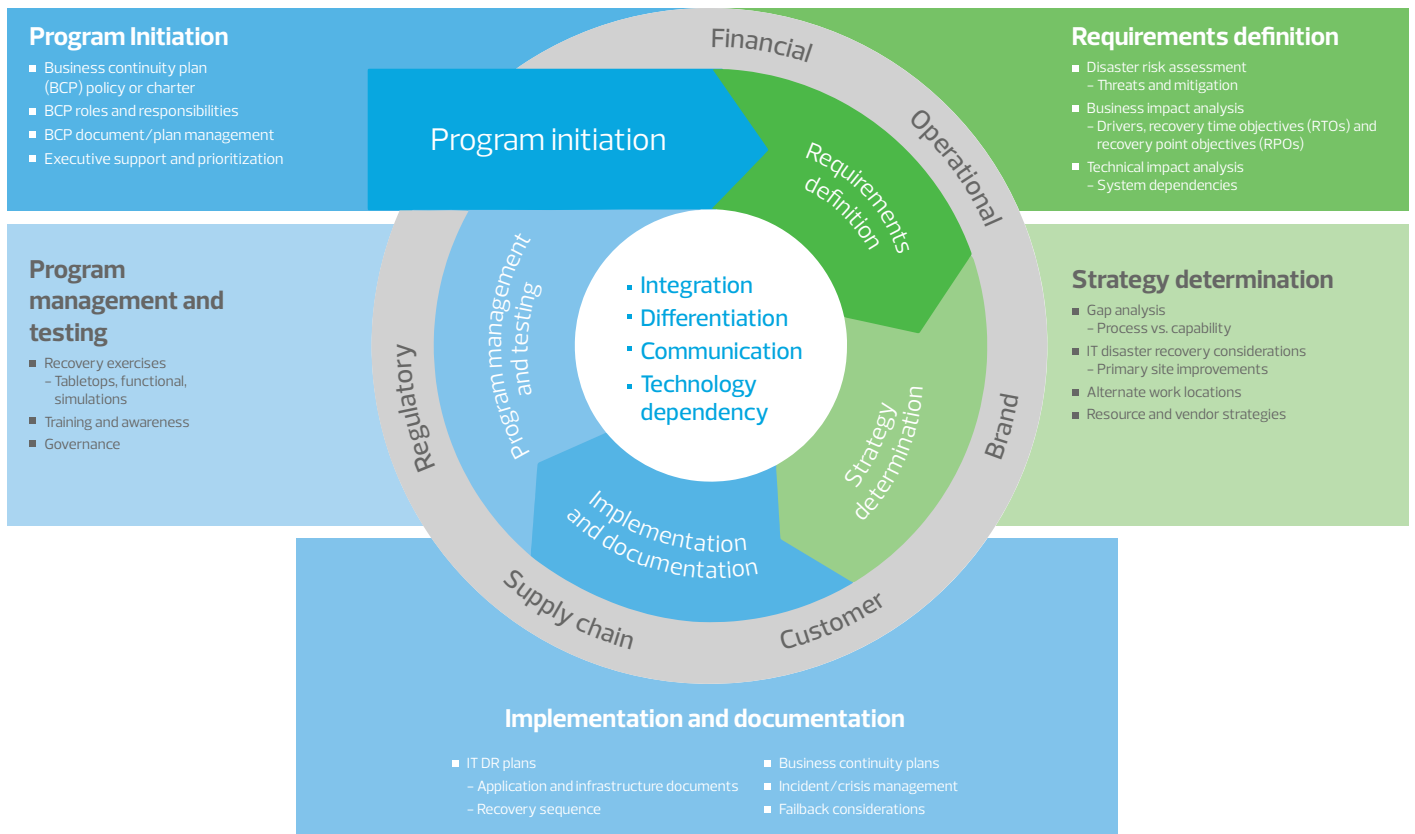
The BCM Program includes the identification of risks and threats, the creation of response structures and plans to address incidents and crises.

Business continuity is relevant and applicable to all industry sectors and organizations regardless of size, complexity, type, and location.

We can help you identify and remediate gaps in your current plan, build a plan from scratch, test your policies and procedures, train your employees and keep your plan current as your organization changes over time. In short, we can help you avoid the mistakes that organizations make when developing business continuity and disaster recovery plans.

Our approach is based upon years of helping organizations both prepare for unforeseen disruptions and demonstrate this readiness to business partners.

RSM Business Continuity Planning Methodology



The RSM five-phase methodology is specifically designed to maximize our ability to serve our clients' diverse business continuity planning (BCP) needs. This model allows us to leverage existing recovery-related processes and documentation in order to help our clients expand their recovery capabilities. We are able to effectively support all aspects of your BCP plan.

BCP is a living process that must be updated to reflect technological and organizational changes. An outdated plan that sits in a binder on a shelf is of little use in an emergency—and could actually do more harm than good if it doesn't accurately reflect current recovery processes or organizational structures.

1. Program initiation

We review existing policies and charters, roles and responsibilities, documents, plan management, and executive support and prioritization. Most organizations have something they can use as a starting point to develop a more robust plan.

2. Requirements definition

We assess threats and mitigation efforts; analyze business impact drivers, recovery time objectives and recovery point objectives; and conduct a technical impact analysis, including system dependencies.

3. Strategy determination

Here we conduct a gap analysis to align business recovery requirements with current capabilities and develop solution options to remediate defined gaps.

4. Plan development, implementation and documentation

In this phase, we develop technology recovery plans (e.g. application, infrastructure, documents, and recovery sequence and prioritization documents), business continuity plans, incident and crisis management plans, and fallback considerations.

5. Program management and testing

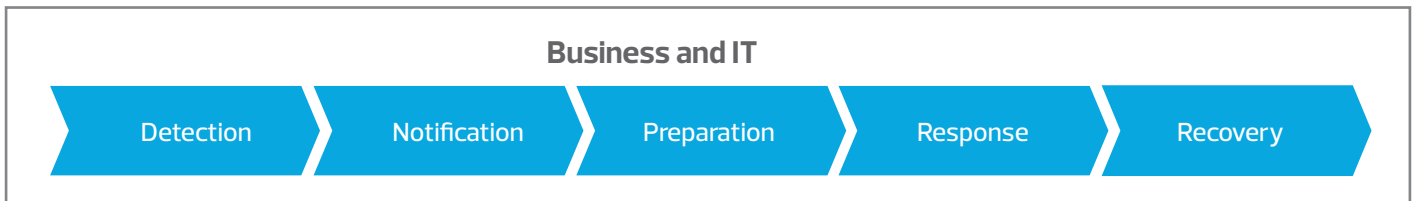
The final step focuses on developing recurring, sustainable processes for ensuring that documented plans and processes remain current and align with business objectives. Services include recovery exercises (development of on-site and online training for management and staff), and program governance procedures.

Crisis Management

Crisis management is the process by which organizations deal with disruptive events that could cause serious damage to them, be it financial, health & safety, reputation etc. Crisis management is a vital organizational component to ensure sustainability of organizations during such situations. In such difficult times, organizations need to take a rapid approach to

ensure effective crisis management and handling the threat sequentially.

Our crisis management framework provides a holistic approach to analyze situations, develop effective strategies and determine options to handle effective crisis situations.



Our team can provide you with a range of management services to support you during these challenging times and build a more resilient organization.

Develop crisis management framework and plans

Assess and develop crisis action plans and recommend strategies to be adopted by organization (Business and IT)

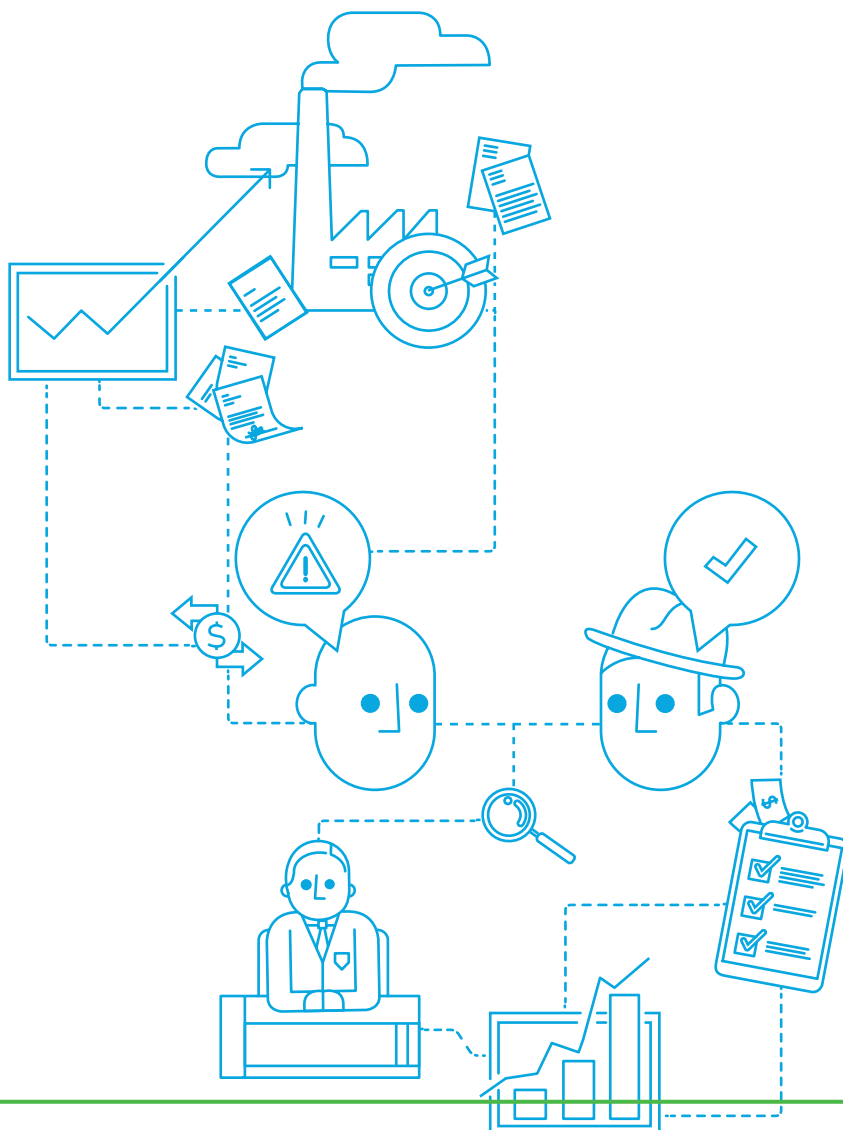
Assess the liabilities arising out of the crisis and provide the recommended solutions to limit the liabilities/ loss

Independent business action plan review

Review effectiveness of crisis communication plan and strategies

Monitoring of borrowers' financial positions and provide guidance

Helping you build resilience for a stronger tomorrow



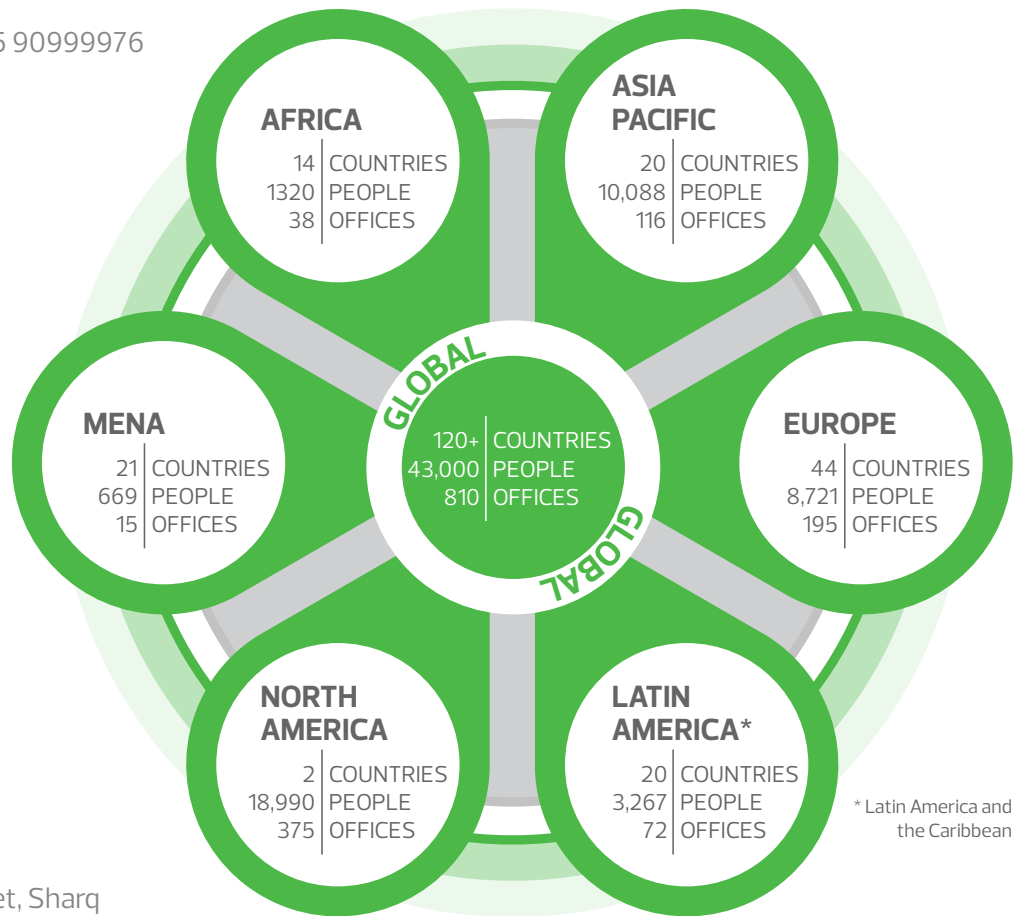
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