Businesses need to act now on coronavirus

Australian businesses should not ignore the impact coronavirus may be having on their organisation. While it may be easy to adopt a head-in-the sand approach, it's important to seek advice about any ramifications the virus could be having, especially in the tourism and retail sectors.

To assist, Jirsch Sutherland has set up a special coronavirus hotline for business owners and directors needing guidance and support. The number is 1300 547 724. English, Mandarin and Cantonese speakers will be on hand to handle enquiries.



Jirsch Sutherland National Managing Partner Bradd Morelli

The rising number of deaths from the virus means it must be taken seriously. "The coronavirus is having an immediate effect – and it's vital to take swift action," says Bradd Morelli, National Managing Partner, Jirsch Sutherland. "We have already had enquiries from businesses in the tourism and retail sectors that have been affected; they want to know what they can do to protect their businesses. There are solutions and processes that can buy a company time, but business owners and directors need to speak up immediately."

Morelli says while it's unknown how long the coronavirus threat will be around, it will have a lasting effect on many businesses.

"Fixed costs for businesses, such as wages, rent, utilities, financing costs and statutory liabilities are not affected by the sales decline," says Morelli. "But the anticipated downturn in revenue will have a huge impact on working capital and those businesses without sufficient reserves may find themselves suffering from cash-flow issues. If this occurs, business operators should be seeking assistance immediately to try to minimise the impact.

Tips for businesses affected by coronavirus:

- **Don't wait**: it's uncertain how long the crisis will be here, so build a forecast to understand how long your business can survive under the "new norm"

- **Diversify and limit risks**: seek alternative markets (supply or demand) for your product or service
- **Seek help:** If you don’t know what your business options are, speak to someone who can help. Equally, if your mental health is being affected, seek help from a health professional
- **Engage:** get on the front foot with your customers and creditors
- **Communicate:** speak with your stakeholders and talk them through the impact on your business and the contingencies that you are implementing
- **Take action:** reduce costs where possible to minimise the cash-flow impact
- **Think long term:** evaluate supply chains and ensure that future access to raw materials, components and finished goods will not be affected by another catastrophe
- **Assess:** determine whether you’re over-reliant on China and weigh up how to diversify your supply chains geographically