

# PREPARING FOR COVID-19

## CASE STUDIES

## CASE STUDIES FROM MEMBERS MANAGING THROUGH COVID-19

THOMAS WONG FCPA

PARTNER

CW CPA – ACCOUNTING  
PRACTICE IN HONG KONG  
AND MAINLAND CHINA



While COVID-19 has negatively impacted business operations at [CW CPA](#), a combination of prudent business measures, targeted investment in technology, and flexible working arrangements has helped the firm increase efficiency while keeping staff safe and motivated.

### MANAGING CASH FLOW

From a cash flow perspective, CW CPA was severely impacted by COVID-19 in the first two weeks after the first day of the Chinese New Year (25 January), with cash flow dropping significantly. However, Wong stated that he saw early warning signs and took precautions to prepare his business for the impacts of COVID-19. He advised that it is important to focus on early warning signs, manage anxiety and implement contingency plans as soon as possible.

The measures that CW CPA have undertaken to improve their cash flow include:

- **Chasing fee notes irrespective of whether the credit terms had expired** - Wong no longer allows debts to be outstanding. As a result, cash flow improved significantly starting from late February.
- **Provided incentive to staff to seek new business** – Wong anticipates that he will see an increase in existing clients asking for discounts or reducing work with the firm. To counter that impact, he is providing incentives to staff to seek out new business.
- **Started applying early for bank loans** - CW CPA applied for loans during the Chinese New Year holidays (25 January to 28 January).

## ACCESSING FINANCE

Wong noted that while seeking external funding from financial institutions during tough times is a common practice, he advised that businesses should not completely rely on financial institutions for assistance. Equally important is the need to continue building and enhancing client relationship during difficult times.

## DIVERSIFYING THE BUSINESS

CW CPA maintains a diverse clientele portfolio from multiple markets which helps to cushion the negative impacts of the COVID-19 pandemic.

Wong advised that it is crucial for small and medium practices to diversify and expand into different markets, as well as seek suppliers from diverse markets.

## KEEPING STAFF SAFE

Treating staff as family members is advice that Wong would like to give to all businesses in preparation for COVID-19. Wong observed that concerns over COVID-19 have also impacted the mental health of staff, with many anxious not only about the virus but also potential job losses because of the downturn in business. To ensure staff safety and mental wellness, Wong made the following decisions:

- **Flexible work-from-home arrangements** – Wong communicated with his staff in Hong Kong and Mainland China that they could work from home.
- **Providing computer equipment for staff working at home** - To minimise business interruptions, CW CPA sent computer equipment with appropriate software to staff having to work from home, allowing them to remain productive and engaged.
- **Providing care packages to staff and their families** – To assist staff, he provided every staff member 50 face masks and sent masks to their families.
- **Offering summer internships to university students** – Wong has been proactive in writing to universities to let them know that his accounting practice is still accepting summer interns.

Wong is very conscious of the need to be positive and to communicate to staff that he is looking for opportunities to grow in the recovery. Due to the measures adopted above, Wong revealed that business efficiency was not affected, and billing in February 2020 actually increased year-on-year.

## OPTIMISING BUSINESS STRATEGIES

Wong anticipates that his clients may ask for discounts in the coming months to help them manage the negative impacts of COVID-19. To address this issue, Wong undertook an analysis to determine how much of CW CPA's billing will be affected in the next six months and based on the results, offered a certain percentage fee cut to all clients.

In addition, an incentive scheme is being devised for CW CPA staff who bring in new customers and business deals to counter the expected decline in revenue.

## INVESTING IN TECHNOLOGY

As business travel is affected by various infection control measures, CW CPA has increased its IT usage by using technology such as Zoom to conduct video conferencing.

Moreover, CW CPA has invested in upgrading their IT infrastructure in Mainland China and Hong Kong. This has helped the business cope with the work-from-home arrangements.

## OTHER TIPS

Some additional tips that Wong would like to share with businesses preparing for and managing the business impacts of COVID-19 include:

- Small and medium practices should be pragmatic about what they want to achieve during the crisis.
- Leaders should always stay positive.
- Cut cost by hiring more part-time staff who can work from home.
- Treat your clients and suppliers as more than just business associates.
- Grow your professional networks to help grow your business.
- Seek to reduce your rental space by making better use of work-from-home arrangements.