

MANAGING THROUGH COVID-19

CASE STUDIES

CASE STUDIES FROM MEMBERS MANAGING THROUGH COVID-19

MEMBER FCPA

CHAIRMAN AND CEO

PROFESSIONAL SERVICES FIRM IN HONG KONG

As a boutique investment firm offering a variety of financial services, this firm has responded to the challenges of COVID-19 by improving cost structures and it continues to look for new business opportunities.

RESTRUCTURING THE BUSINESS

Due to the economic effects of recent events in Hong Kong, the Chairman and CEO of the firm – a CPA Australia member – was already expecting a slowdown in business activity before the COVID-19 outbreak. The firm had already started restructuring its business model, including changes to their compensation scheme for staff in some roles and downsizing some business activities.

While the COVID-19 outbreak has not had a major impact on the cash flow of the business, the member advised that businesses should be prepared for the challenging times ahead and should focus on lowering costs and improving operational efficiency.

GENERATING NEW BUSINESS OPPORTUNITIES

Although the member believes that the business environment in the near-term will be very uncertain, the member stated that there are still business opportunities that the firm is looking at in this environment, such as investment in distressed asset and structured financing.

By running a tighter business and at the same time generating new business opportunities, the member remains relatively confident about the long-term outlook of the business.

CAUTIOUSLY EXPANDING THE BUSINESS

While the COVID-19 outbreak might bring new investment opportunities for the firm, the member said that they will remain cautious in expanding their business.

BUSINESS AND ECONOMIC OUTLOOK

The member believes that because of the COVID-19 outbreak there will be a short-term slowdown in capital expenditure due to challenging economic environments in Mainland China and Hong Kong. However, the member remains positive that the economic recovery will soon begin once the crisis is over, with many businesses in Mainland China gradually returning to full operation. In addition, the member expects that in the coming months, governments around the world will provide additional stimulus measures and step up credit support to help businesses navigate through the challenges caused by COVID-19.

While industries such as retail and tourism have been heavily impacted, the member expects the businesses with strong financial resources in those industries to recover once the crisis subsides and consumer spending gradually increases.

As a knock-on effect of the COVID-19 pandemic, online businesses will experience substantial growth in Hong Kong as more consumers turn to online services during the crisis. This provides growth potential for online businesses, though the member advised that this also meant that businesses will need to invest in upskilling their staff.

TIPS FOR BUSINESSES

To address the negative consequences of COVID-19 on businesses, the member offers the following tips for businesses preparing for COVID-19:

- Be mindful of personal hygiene and encourage staff to wear masks and use hand sanitisers regularly.
- Be well-prepared for an economic slowdown and consider revisiting staffing arrangements or restructuring compensation packages.
- Focus on improving business models and consider increasing online presence through the use of technologies for online sales.
- Look at improving cost structures such as compensating staff based on the amount of business they bring in.
- Invest in staff training so they are better equipped to keep up with future technology trends.