

Navigating Through The Pandemic

Here's a case study of how Baker Tilly, considered as one of the best places to work, navigated the course of its operations during the lockdown brought about by the Covid-19 pandemic.



Dato' Lock Peng Kuan
is the Managing Partner, Audit Assurance,
Baker Tilly Malaysia

Without a doubt, life post the Movement Control Order (MCO) and the subsequent extension of the lockdown in the Conditional Movement Control Order (CMCO) and the resulting Recovery Movement Control Order (RMCO) has changed dramatically. Even as the dust settles - companies as well as individuals and industries at large will experience paradigm shifts with everyone now facing a "New Normal".

What are the possible ramifications that will face us? What can still be salvaged and how can we at best move forward? YES (Property People Places) Paper zooms into the strategies employed by Baker Tilly as a considerable case study of these trying times to assess how the organisation, considered as among the best places to work, navigated its way during the unprecedented lockdown and its aftermath.

Similar to many businesses out there, in times of crisis, Baker Tilly as a group considers two things as paramount: Its people and the organisation's cash flow. In fact, as a professional services firm, the most important element for the group's success lies with its people, as Dato' Lock Peng Kuan, Managing Partner (Audit & Assurance) of Baker Tilly will readily testify.

"Our people are not only an asset to us but the most important asset that we have in our line of service," he maintains.

Fortunately, the group had the foresight to plan well ahead into the future by employing the use of the digital medium, rendering it adaptable in the face of the crisis.

"A year prior to the MCO period, we invested heavily in automation and technology infrastructure to provide for a better work-life integration for our people. This investment paid-off as it enabled us to work seamlessly from home when the MCO was announced. Our priority

immediately shifted to our people. And, our first instinct was to ensure that the well-being and safety of our people were protected," he shares.

"During the duration of the MCO, we were able to regularly engage with our colleagues to ensure that their well-being were taken care of. We were constantly checking in on our people, not so much as to check on the status of their work --- but to provide an avenue for our people to stay connected, and more importantly, to stay sane," he explains.

However, as "technologically advanced" as Baker Tilly is, there were still audit procedures that could not be performed remotely due to the infrastructure limitation of the entities being audited, which inevitably caused work to pile up during the MCO. This meant that there was a lot of work to catch up on after the MCO period within a very short period of time, especially when the extended reporting deadlines clashed with existing statutory deadlines, he relates.

"In preparing for the 'The New Normal' post-MCO period, a lot of time was spent focussing on training and fine-tuning the group's discussions in response to the audit and accounting challenges brought about by the Covid-19 pandemic. We knew that as a group, we had to adapt to a new way of working as quickly as possible while also maintaining the same level of quality when the floodgates of work opened," he adds.

Therefore, the plan was paramount in putting in place the "back-to-office" policy carefully and thoughtfully while communicating this to the group's employees clearly. Next, was the second very important consideration revolving around cash flow and business sustainability.

Understanding that in times of crisis, the "Cash is king" adage certainly rings true, is now the critical criterion for the survival for many businesses, the group looked into its business eco-system. This was based on the understanding that one's business' survival is dependent on the survival of the other businesses in the industry. Essentially, Baker Tilly's mission is to witness other companies succeed in overcoming the challenges ahead as well.

Strategies For The Near Future

Baker Tilly understands that companies need to continue leveraging on aids coming from the government while managing cash flow in a most effective way for the foreseeable future post-MCO.

"In terms of cash flow management, it is important to continue prioritising essential and non-essential expenditure

during this time to beef up liquidity in the company and conserve cash flows."

The key is to ensure that the cash on hand can be stretched for as long as it takes for the global economy to get back on its feet. Like I said earlier, we are all part of the same eco-system. Depending on how fast the economy recovers, companies may have to tighten their belts in the next six to twelve months just to ensure that businesses survive in the longer term by having longer runway in terms of cash flows," he sums.

Acknowledging that while many businesses were already experiencing the impact of a sluggish economy as early as at the beginning of the year even before the MCO, he expects that the post-MCO and CMCO world is going to be different from what we were used to before.

"Even as we go through the RMCO period now, demand is expected to continue being weak for some time due to travel restrictions as well as the fear of spending against the backdrop of job uncertainty. Exports will stay weak while commodity prices will be soft. Bankruptcies and bad loans are areas of concern especially when the moratorium from the banks are lifted in September. Job losses are also a concern although these are expected to vary considerably according to the age and size of the business," he analyses.

On the positive side however, having just undergone the largest "Work

From Home" experiment together, an experience which gave the nation an opportunity to fine-tune the "remote working" process, he expects that this would soon be an arrangement that companies can seriously consider post-MCO and CMCO. Additionally, the MCO and CMCO lockdown has also "forced" many businesses to digitise their work process, which will prove to be a benefit in the long run.

When it comes to the terms of managing growth, everything depends on the industry concerned, he maintains.

"Companies will have to assess which areas of their businesses were impacted the most during the pandemic, and whether these concerned the products or services they sold or provided, or the process that these products or services were delivered, or a combination of both these factors.

Moving forward, he does not discount the fact that businesses may have to become more lean while distribution channels may be forced to recalibrate and be more extensive.

"It really is an opportunity to take a closer look at the essential process in an organisation and consider which critical functions need to be beefed up to ensure continuity," he analyses.

As experts predict, this will not be the last global crisis that we will have to face. "Let's all learn from this, and be prepared for the next one," he sums on a wise note of caution.

