

Managing Finance Function during COVID-19

Webinar Series on Crises Management

Turku School of Economics
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Welcome

Jan Pfister



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AGENDA

- MANAGING THE FINANCE FUNCTION DURING THE COVID-19 CRISIS
- COMMENTARY AND *ELOMATIC* POINT OF VIEW
- Q&A
- UPCOMING WEBINARS

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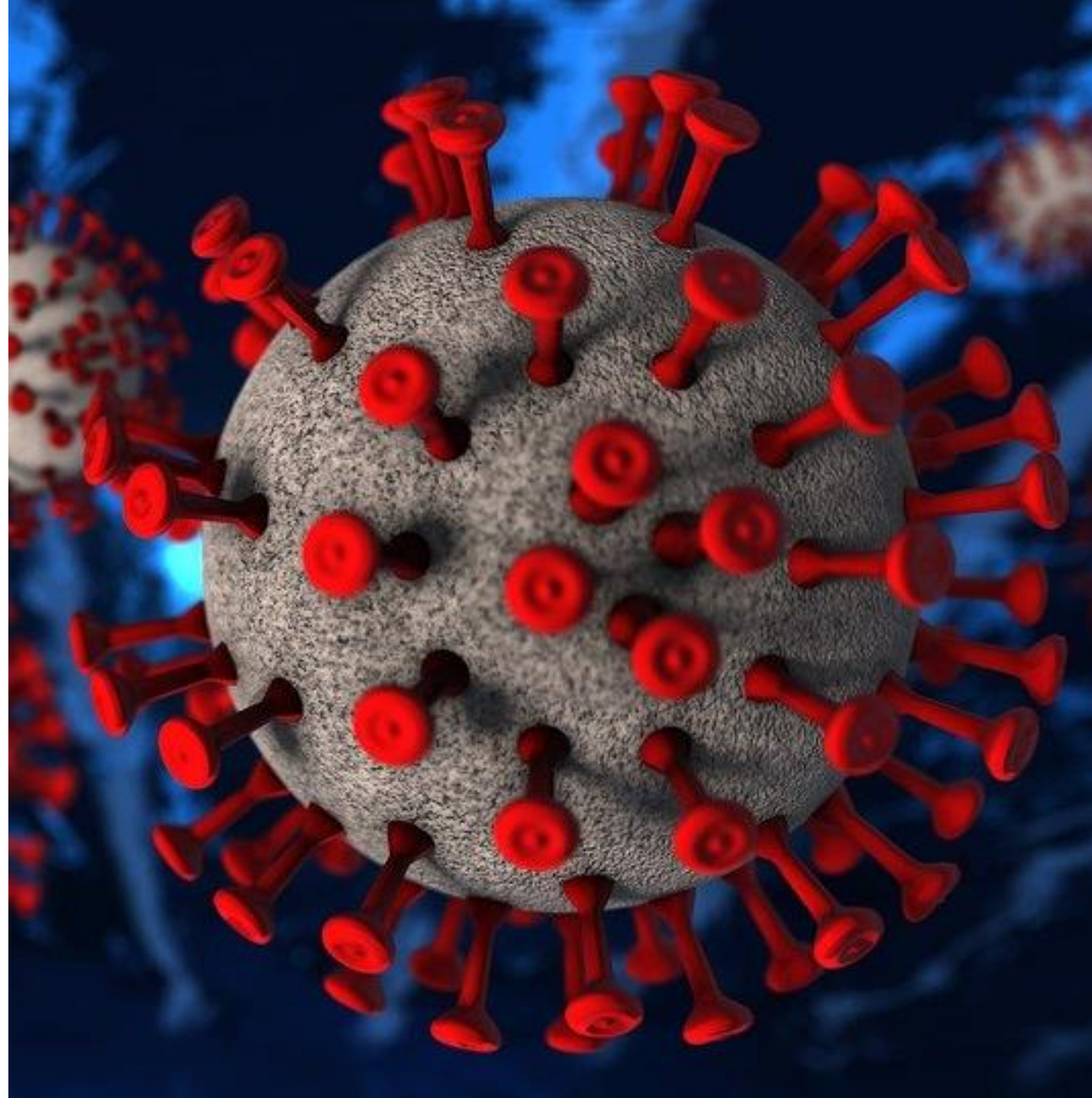
Jan Pfister

Dr. Jan Pfister is a Senior Lecturer at the Department of Accounting and Finance at TSE, and a Research Fellow at the House of Innovation at Stockholm School of Economics.



Managing the Finance Function during the COVID- 19 crisis

Dr. Jan Pfister
Department of Accounting
and Finance



Overview of CFOs' Perspectives on the COVID-19 Crisis

68%

of CFOs see **demand shock** as the biggest challenge

85%

of CFOs see **opportunities** arising

Many CFOs see severe **financial impacts**

87% expect **sales to decrease**

44% expect **profits to decline by >20%**

15% have **significant cash constraints**

Recovery

51% **U** shape

25% **L** shape



81%

of CFOs have implemented a **COVID-19 task force** as a short-term reaction

Nearly all CFOs step on the brakes

91% Working capital optimization

91% Company-wide cost reduction

89% Capex reduction

7 in 10 CFOs plan for cost reductions in their function

83%

Process optimization

78%

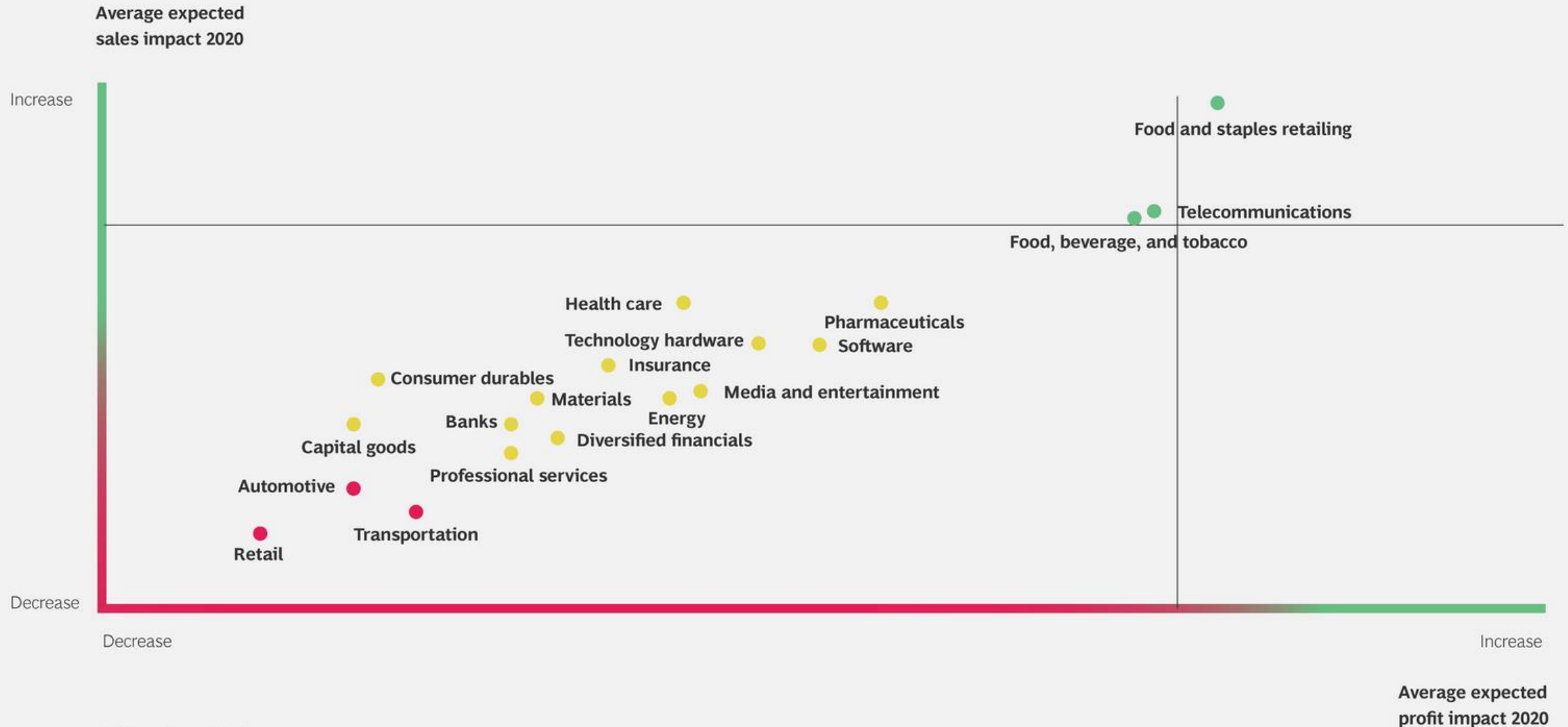
New ways of working

75%

Digitization

Retail, Automotive, and Transportation Companies Have Been Hit the Hardest

PERSPECTIVES ON THE
COVID-19 SITUATION

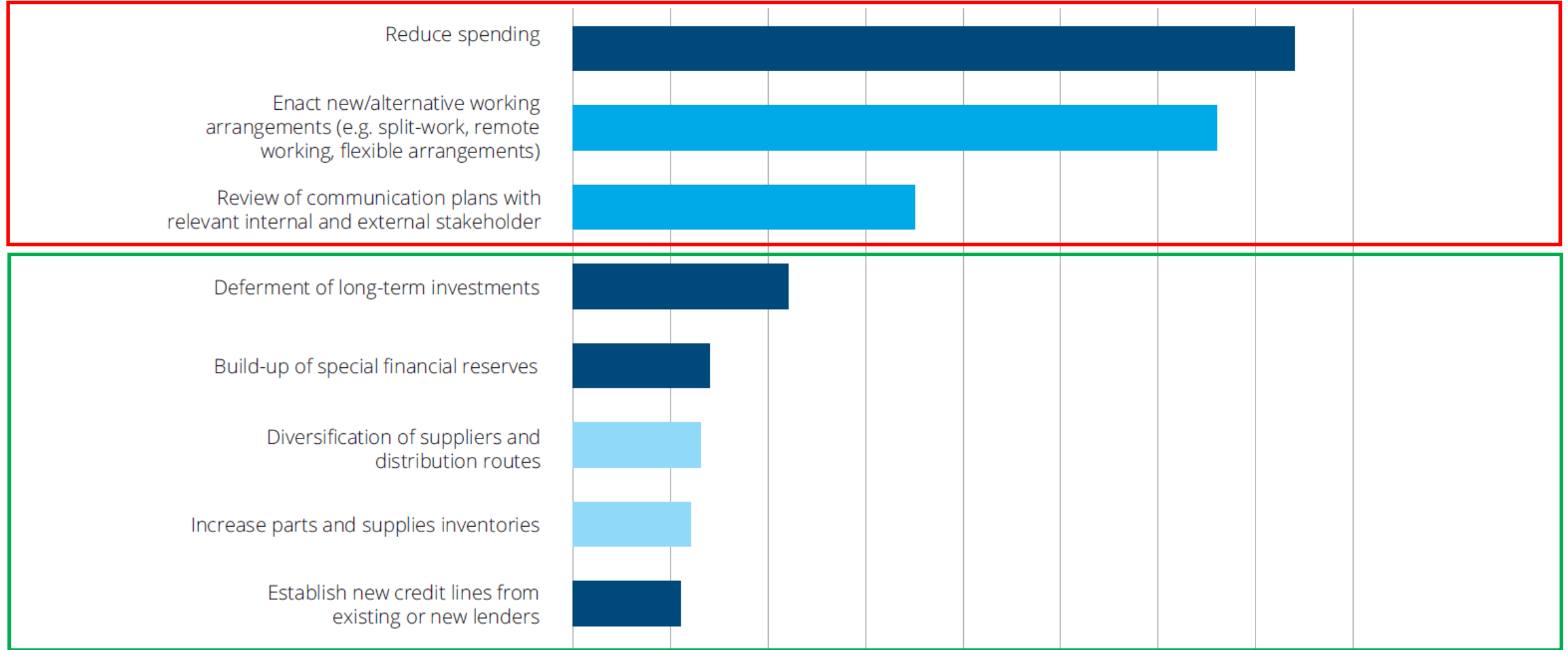


Source: BCG's COVID-19 CFO Pulse Survey.

Note: Industries with three or fewer respondents were excluded.

Figure 4: Actions prioritised in response to the spread of COVID-19*

Which of the following actions has your company already taken/is likely to take as a consequence of the spread of the coronavirus epidemic? (select top 3 based on priority)



Immediate action: Cash management



Customer



Supplier



Human Resources



Inventory



Capital expenditures



Rolling cash flow forecast
(daily/weekly)



Renegotiations



Zero based budgeting

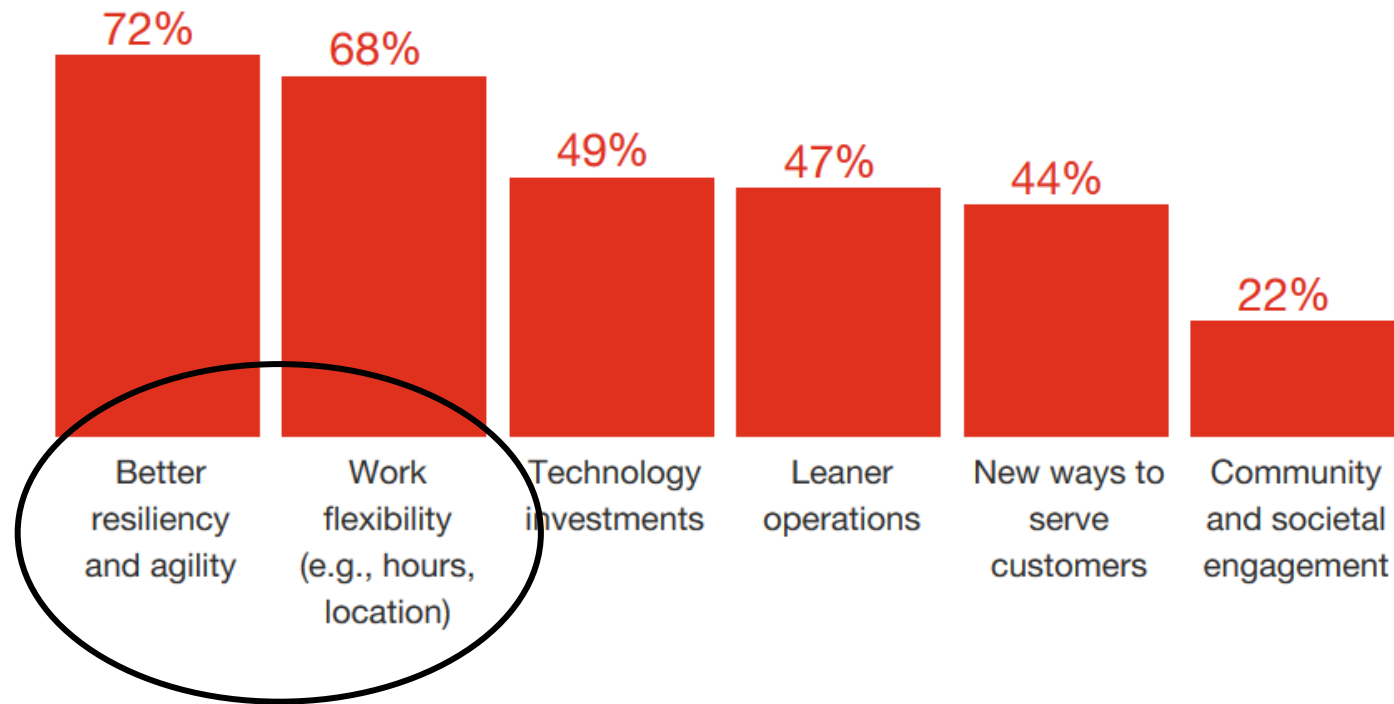


Cash authorization



Government aid

What about the current situation will make your company better in the long run? (Select all that apply.)



Source: PwC COVID-19 US CFO Pulse Survey
May 6, 2020: base of 288

Near and long-term actions



Improve productivity and agility (Capex, Opex)

- Forecast for different scenarios (under consideration of Virus spread)



Hire newly available talent



Conduct a SWOT analysis on the impact of the crisis



Reposition the organization?
(New products and services,
M&A and divestures)



Use digitalization and flexible working conditions

Be aware of your organizational culture...!



Communication, communication, communication...



Shape a cash culture



Involve employees in the cost cutting!?
Creates ownership at the bottom and
likely more acceptance...



Use the “COVID card” as an
opportunity to cut down bureaucracy

Cost cutting during the crisis

Topped tree



Trimmed tree



*“Never let a good crisis
go to waste.”*

Sir Winston Churchill



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Some relevant links

- Boston Consulting Group (2020) The COVID-19 CFO Pulse Check (<https://www.bcg.com/publications/2020/cfo-pulse-check-covid-19.aspx>)
- Deloitte (2020) COVID-19 checklist: Practical steps for the immediate, midterm, and long-term (<https://www2.deloitte.com/us/en/pages/finance/articles/cfo-insights-covid-19-checklist-practical-steps-for-the-immediate-midterm-and-long-term.html>)
- McKinsey (2020) The CFO's role in helping companies navigate the coronavirus crisis (<https://www.mckinsey.com/business-functions/strategy-and-corporate-finance/our-insights/the-cfos-role-in-helping-companies-navigate-the-coronavirus-crisis>)

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Tero-Seppo Tuomela

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QUESTIONS RECEIVED FROM ALUMNI

- What do you think are the best moves a company should take now to prepare for the effects of the end of COVID-19/ the continuation of COVID-19?
- Where to cut cost for this and why?

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- IMPACT OF COVID-19 ON SUPPLY CHAINS
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UPCOMING WEBINARS

- Crisis communication and change during the outbreak
 - May 27, 2020
- Customer engagement during crisis
 - June 10, 2020

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