

Business Continuity in Times of Crisis

Most of the companies operating in Russia were surprised by this triple crisis. Health, currency, and oil crises are having a massive impact on business and many companies face major challenges that were not considered in most business continuity plans. However, there are ways out with various backup solutions, such as issuing powers of attorney, interim management, business continuity plans, scenario analysis, or hedging. With these approaches, companies could plan and reduce negative effects on their business even in times of border closings.

Second General Director

The physical presence of the general director and key management at the workplace is necessary, so travel bans, quarantine, or illnesses can have a massive impact on these employees and thus on the business. For example, contracts cannot be signed or payments to suppliers or the authorities cannot be approved. The use of two or more general directors reduces this risk enormously. For more than five years it has been possible to appoint more than one general director and the practice is very positive. The two GDs are authorized to act either together or independently. One director can, for example, take over the administration and entire document flow that can be transferred to a company specializing in this. Other areas of activity can also be delegated on the basis of a power of attorney to internal or independent external persons. This eliminates the problem of local physical presence. "Many of our clients report that their foreign workers have either left Russia temporarily or even have been unable to return to their jobs in the wake of the crisis," confirms Christopher Schagerl, Director of Interim Management at the Moscow-based SCHNEIDER GROUP. In such cases, SCHNEIDER GROUP can step in quickly and perform these important functions.

FX and Budget Management

Besides the border closure, the Russian economy has also stumbled due to the oil dispute with Saudi Arabia and the associated devaluation of the ruble. The Russian national currency has lost 25 percent of its value within a few days. In order to be able to determine any existing risk, Marco Koschier, Director of CFO Services at the SCHNEIDER GROUP suggests using the checklist below:

1. Is the exchange rate loss due to the ruble devaluation realized immediately or only at the end of the business year?
2. What is the cash outflow if this loss must be realized immediately?
3. Are there any contracts with fixed exchange rates, and if so, are the conditions negotiable?
4. Is there a bankruptcy problem at the end of the year due to undercapitalization, and if so, which instruments are available to increase the equity?
5. What are the implications for the 2020 budget?
6. What are the effects on the tax base in general, and what effects does the current situation have on tax advance payments?

By working through the list, you can quickly determine whether your company has a problem and how extensive it is.

Remote Infrastructure

One of the problems for many companies is the arrangement of the “home-office” for employees. IT systems are often not designed for a large number of telephone or video conferences. Normally, when planning the IT system, it is not assumed that all office employees would work from home.

SCHNEIDER GROUP’s IT team can offer virtual infrastructure for remote desktop services and for software, check your current software and infrastructure status to find out if it is ready for remote access and/or configure current infrastructure for remote access, and advise what software/hardware should be purchased for configuring remote desktop services. We can also help you to implement EDI for document exchange between clients and suppliers, which can be very useful in the current situation. [Find out more about Electronic document exchange.](#)

HR Crisis Management

From the legal side when switching to home office, there are often unknown pitfalls that have to be considered in HR crisis management. Companies should ask themselves the following questions:

1. [What steps are necessary for a compliant transfer to distant work?](#)
2. Does the employee’s employment contract provide for work from home, and under what conditions?
3. How can we reduce labor costs?
4. What rights does the employer have if the employee no longer travels on business due to fear?
5. Can working hours in the home office be measured reliably and what are the effects on pay?
6. What are the reasons for terminating an employment agreement in the current situation?

The adaptation of human resources to the underlying economic situation of the company is a logical conclusion. Due to the employee-protective policy of the Russian legislation, the outcome is often related with labor law issues. The government warns employers that any breach of employees’ rights in this situation will be treated harshly by authorities. We can guide you through the icebergs and offer possible solutions for your case.

[For example, we can provide you with the minimal set of documents needed for the transfer of employees to distant work.](#)

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