

SURVEY REPORT ON BUSINESS CONTINUITY CONDUCTED BY PUNUKA ATTORNEYS AND SOLICITORS

The coronavirus (COVID-19) is a highly infectious disease which was first discovered in Wuhan China in 2019 and has been declared a global pandemic due to its ravaging impact across continents of the world. The COVID-19 pandemic has been described by the United Nations Development Programme (UNDP) as the defining global health crisis of our time and the greatest challenge we have faced since World War Two. From the health sector, to aviation and transport, tourism and hospitality, education, business, recreation, oil & gas, real estate and manufacturing, the pandemic has continued to cause grave impacts with resultant grave consequences. The statistics as at May 19, 2020 showed a total number of 4,971,499 cases with 324,115 reported deaths globally. In Nigeria, the number of reported cases as at the same date was 6,175 with 191 deaths, and the number keeps multiplying on a daily basis at an alarming rate.

Lagos, Abuja and Ogun were on lockdown with no movement from the 30th of March, 2020 following an order from the President of the Federal Republic of Nigeria, Gen. Muhammadu Buhari and also, most state governors keyed into this order and declared a lockdown on their various states as a major containment strategy. Due to the tension generated by the lockdown and its impact on the economy, the government had relaxed the lockdown and allowed some level of movement, though this poses a huge risk of increased infection if not properly managed.

In the face of the challenge posed by the COVID-19 pandemic, businesses have reacted differently to the situation with some showing some level of adaptability and survival instinct while some others may have been hit too badly to recover.

PUNUKA Attorneys & Solicitors recently conducted a survey amongst its clients to understand some of the challenges they have faced within the period and their strategies for business continuity. The following were the outcome of the survey.

We sought to know if they were able to achieve remote operation by leveraging on technology to achieve working from home and 70% of the respondents confirmed their ability to achieve remote operation, while 30% responded in the negative. We also sought to know if those that could work from home using technology had any challenge achieving that and also asked those that could not operate remotely to provide reason for that and the following were the responses, 6% stated lack of knowledge about collaboration tools for remote operation, 12.5% said they lacked the technical skill to drive the process and this was closely related to the 19% that said they were yet to have the training on use of collaboration tools, 38% respondents stated their businesses could not be carried on virtually, 12.5% said the problem was due to IT implementation challenge, 6% had assets

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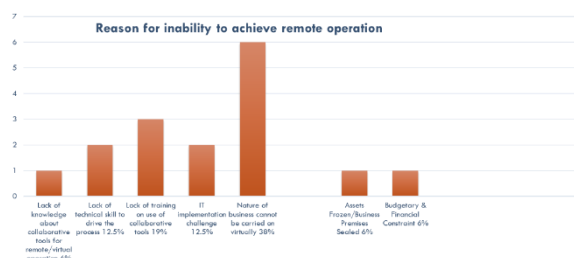
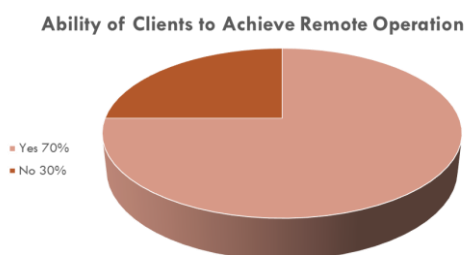
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frozen and business premises sealed and 6% stated budgetary/financial constraint as the major challenges.

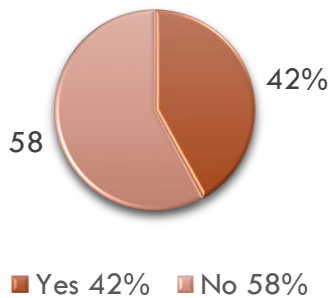


The respondents were further asked to provide information on challenges faced with the marketing of their goods/services and the following responses were obtained:

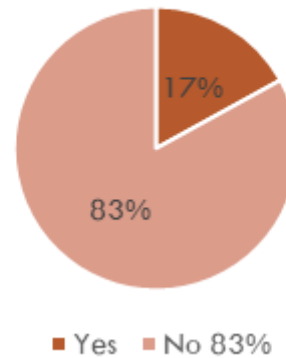
- Reduced commercial activities
- Recording activities halted. Producers like to record with artists in the studio
- Recoveries and litigation difficult in a lockdown
- Logistics challenges
- Developing new strategies expensive at this time
- Network challenges
- Customers on lockdown. Challenges with physical presentation of product
- Technical efficiency challenges
- No set policies to tackle the challenges of this time
- Deduction in oil prices

Our question on willingness to explore online means for marketing of products or services revealed that majority of the respondents were willing to explore the opportunity as 93% responded in the affirmative. On commercial contracts and credit line issues, 42% responded to have current and impending commercial contract issues while 17% stated they have credit line obligations falling due soon. We also asked a related question on whether the respondents were having challenges meeting obligations to creditors and we had 42% respond in the affirmative, 50% were yet to be confronted with the challenge while 8% were not sure.

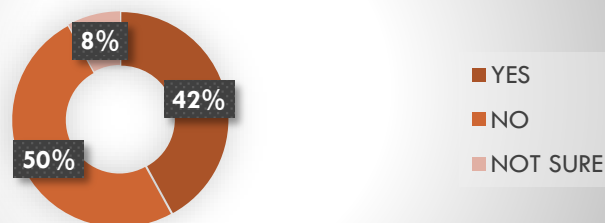
CURRENT OR IMPENDING CONTRACT ISSUES IN THE FACE OF THE COVID-19



CREDIT LINE OBLIGATIONS THAT WILL FALL DUE SOON



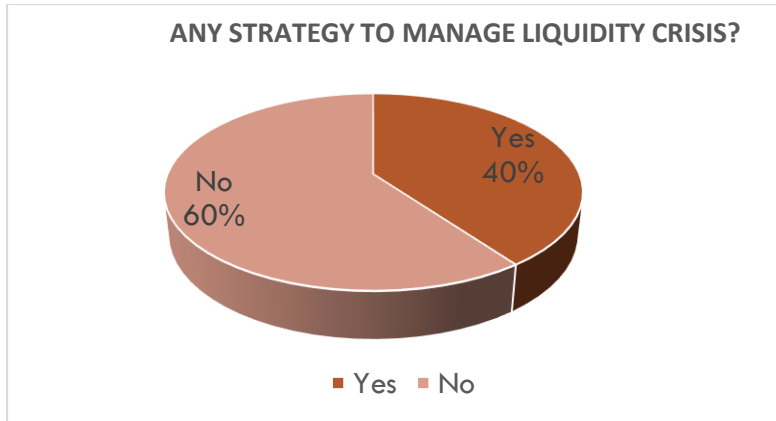
CHALLENGES MEETING OBLIGATIONS TO CREDITORS



The following were feedbacks from the respondents on proactive steps taken to manage the situations:

- Willingness to discuss with customers and reschedule repayment
- Discussion was ongoing
- Engage lenders and reach a mutually acceptable settlement
- To seek legal opinion
- Restructure facility
- Seek and act on legal advice
- Explore CBN funds available
- Engage creditors for possibility of revising the terms
- Managing the situation by giving notice to the creditor's lawyer of possibility of the pandemic impeding fulfilment of the repayment obligation.

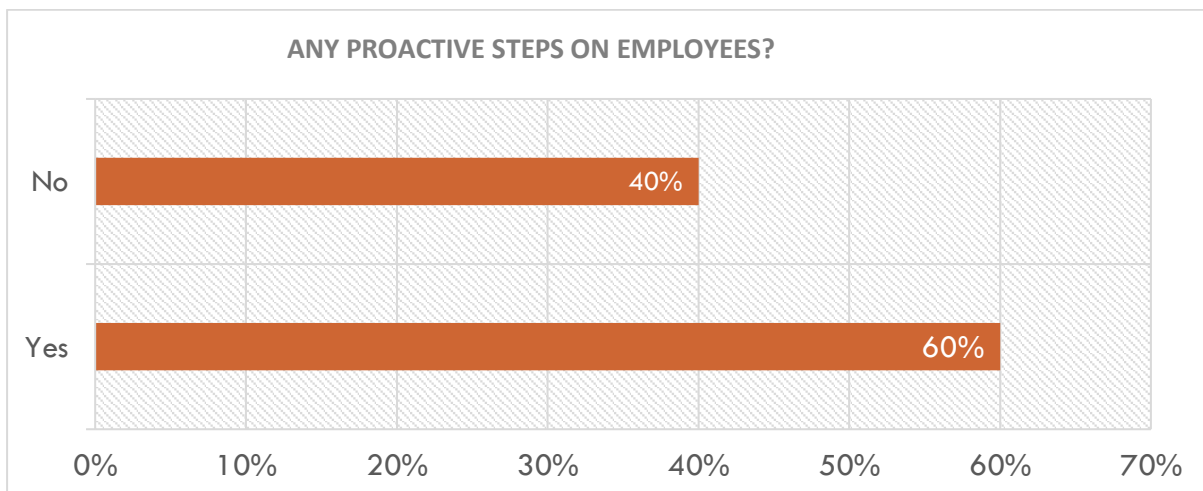
Further, the respondents were asked of their strategy for management of any impending liquidity crisis if and when it comes and from the responses, 60% were yet to put any measure in place to manage any liquidity crisis.



When asked how they were managing account receivables and their strategies to recover business debts, the following were some of the responses:

- Continuous engagement with customer sand willingness to reschedule payments in line with projected cashflow of the customers
- None so far
- Consistent follow up through phone calls, SMS and emails
- Discussion on-going
- Putting structures in place to deal with issue
- Most of the receivables trapped because of inability to conclude contracts
- Staggering payments and constant follow up on debtors

Considering the impact of the COVID-19 pandemic on companies and by extension the employees, we asked the respondents if they had developed strategies for staff management and engagement, the feedback showed that 40% of the respondents were yet to take any step towards staff engagement in the face of the pandemic while 60% were already having some sort of discussion.



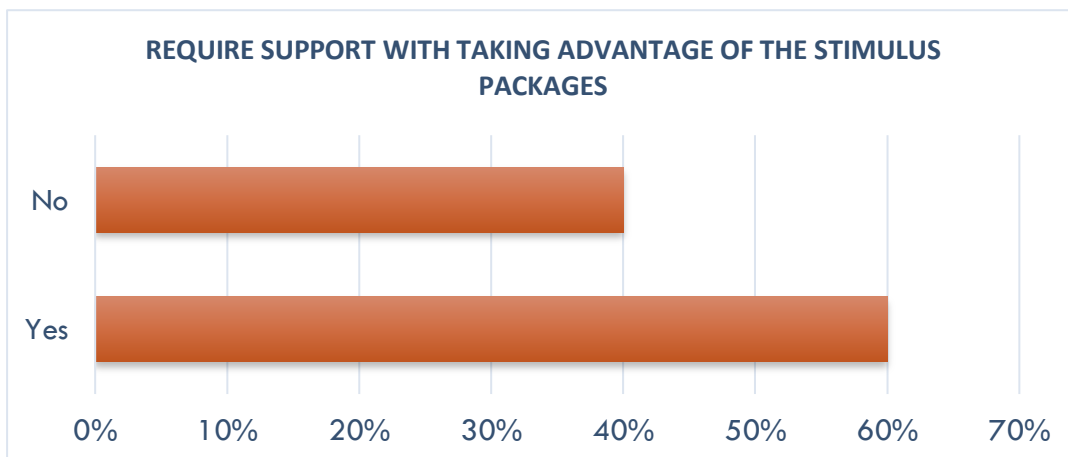
Some of the steps already taken on employees by some respondents were as listed below

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- Employees working from home
- Employees asked to take their leave during the lockdown
- Still paid full salary
- Strategic reviews ongoing
- No work, no pay policy in place
- Employees empowered to work remotely
- No remuneration changes

The respondents were further asked if they were aware of the government interventions and stimulus packages to assist SMEs and households and 85% responded in the affirmative while 15% were yet to be aware. 60% of the respondents also informed they needed support to take advantage of the stimulus package.



In conclusion, we note that the emergence of the Covid-19 pandemic has changed the way we work and the way we do things. It may seem scary to some, but it is the new normal and rather than live in denial, it is pertinent that company owners and managers design and follow a strategic path that will ensure they are not left behind in the scheme of things. It is important to emphasise that the major driver for this new normal is technology. Be prepared therefore to leverage on technology to remain relevant and continue to provide your goods or services to your target market at even a much higher level than you ever did.

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