



The Association of
Accountants and
Financial Professionals
in Business

The background of the cover is a blue-toned cityscape of a waterfront city, likely Shanghai, with numerous skyscrapers. Overlaid on this is a network of white lines connecting various nodes, representing a digital or data network. Several circular icons are scattered throughout: a Wi-Fi symbol at the top center, a laptop icon on the left, a truck icon in the middle, and a bus icon at the bottom right. A thick, light blue diagonal line runs across the lower half of the image.

CHINESE ENTERPRISES FACING THE IMPACT OF THE COVID-19 EPIDEMIC— A SURVEY OF CHALLENGES AND RESPONSES

About IMA® (Institute of Management Accountants)

IMA, named the 2017 and 2018 Professional Body of the Year by *The Accountant/International Accounting Bulletin*, is one of the largest and most respected associations focused exclusively on advancing the management accounting profession. Globally, IMA supports the profession through research, the CMA® (Certified Management Accountant) and CSCA® (Certified in Strategy and Competitive Analysis) programs, continuing education, networking, and advocacy of the highest ethical business practices. IMA has a global network of more than 125,000 members in 150 countries and 300 professional and student chapters. Headquartered in Montvale, N.J., USA, IMA provides localized services through its four global regions: The Americas, Asia/Pacific, Europe, and Middle East/India. For more information about IMA, please visit www.imanet.org.



About Shanghai National Accounting Institute

Shanghai National Accounting Institute (SNAI) was established in September 2000 as a public service institution affiliated with the Ministry of Finance of China (MOF). The Institution is subject to the dual leadership of MOF and the Shanghai Municipal People's Government, and its operation is managed by the President under the supervision of the Board of Directors.

In the past 10-plus years, SNAI has sought to find a curriculum appropriate for senior finance and accounting professionals, cultivate high-end talent for the accounting industry, and provide advanced continuing education for macroeconomic regulators, large-and-medium-sized SOEs, financial institutions, and intermediaries. Today, SNAI has created its own unique teaching philosophy and methods underpinned by the three pillars of degree education, executive development program, and distance education. Over the years, SNAI has been widely known for its dedication to developing ethical accounting professionals.

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Introduction

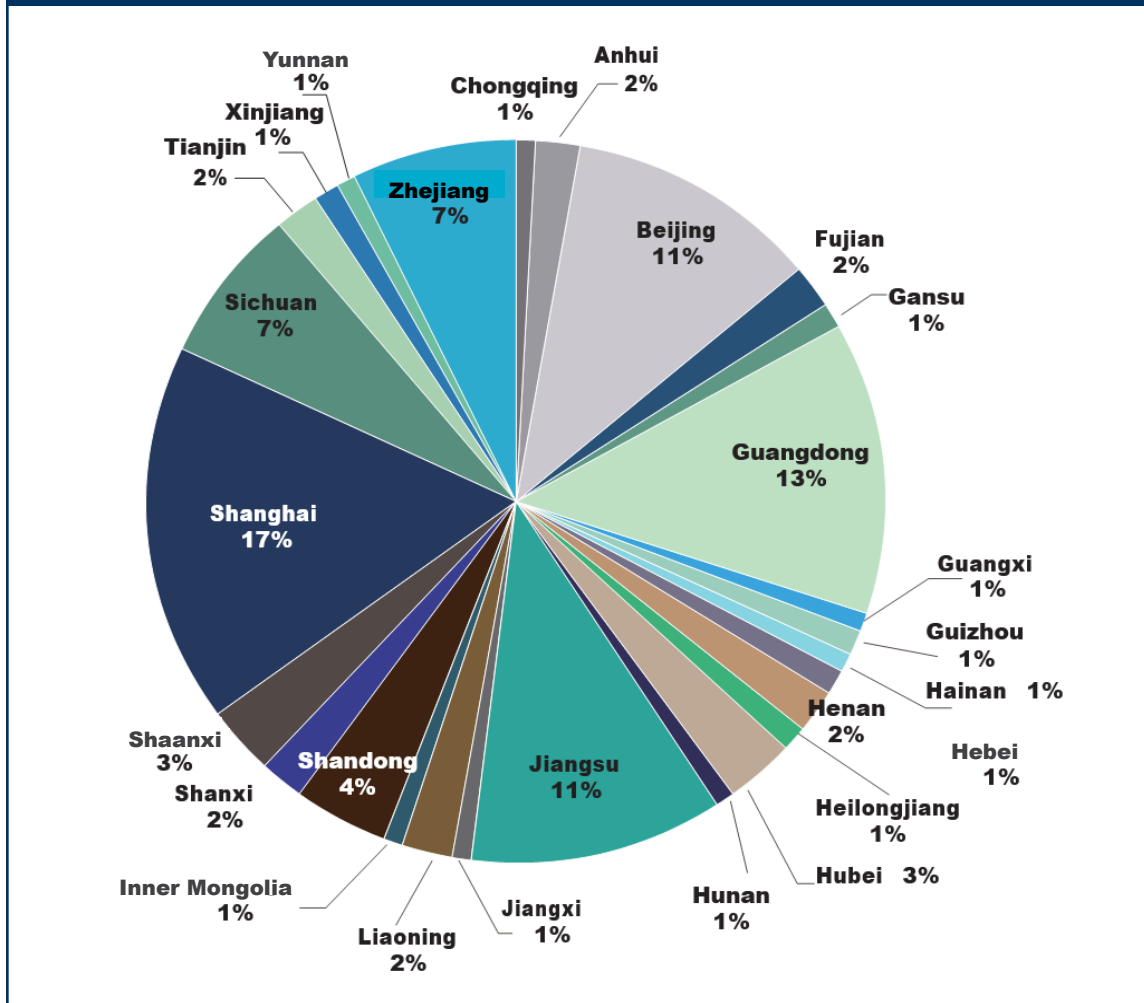
With the sudden outbreak of the COVID-19 epidemic in China in January, people from all walks of life are making joint efforts to fight against the virus. In the first half of February, when many enterprises from different industries typically began to resume work and production, China faced the dual dilemma of having to resume its economy while fighting against the coronavirus. Against this backdrop, Shanghai National Accounting Institute (SNAI), together with IMA® (Institute of Management Accountants), conducted a survey to help gauge the struggle faced by finance and accounting professionals during the epidemic. This survey focuses on challenges in the areas of business operations, financial and employee management, and corporate social responsibility (CSR), and responses from finance professionals to address the dual dilemma.

- The geographical locations of the respondents' enterprises include Shanghai (17%), Guangdong (13%), Jiangsu (11%), Beijing (11%), Zhejiang (7%), Sichuan (7%), Shandong (4%), Hubei (3%), and other provinces of China (see Figure 1).
- Among those enterprises, 23% are from the manufacturing industry, 11% are from the information communications, software, and IT service sector, 10% from wholesale and retail trade, 9% from the financial sector, 7% from integrated business, and 6% from the leasing and business services sector (see Figure 2).
- Enterprises with more than 5,000 employees account for 17% of the total, enterprises with between 1,000 and 5,000 employees account for 17%, enterprises with between 500 and 1,000 employees account for 16%, and enterprises with less than 500 employees account for 50% of the total.
- 25.8% of the enterprises are listed companies, and 74.2% are nonlisted.
- 28% of the enterprises are state-owned, 50% are privately owned, 19% are solely funded by foreign investors, Hong Kong, Macao, and Taiwan investors, or joint ventures (JVs), and 3% are others.
- Most of the respondents are finance professionals in business. Among them, there are 278 in senior management—including CFOs, controllers, financial directors, and chief accountants—accounting for 24% of the total, 42% are in middle management, and 34% are in lower/entry-level management.

The findings of the survey include:

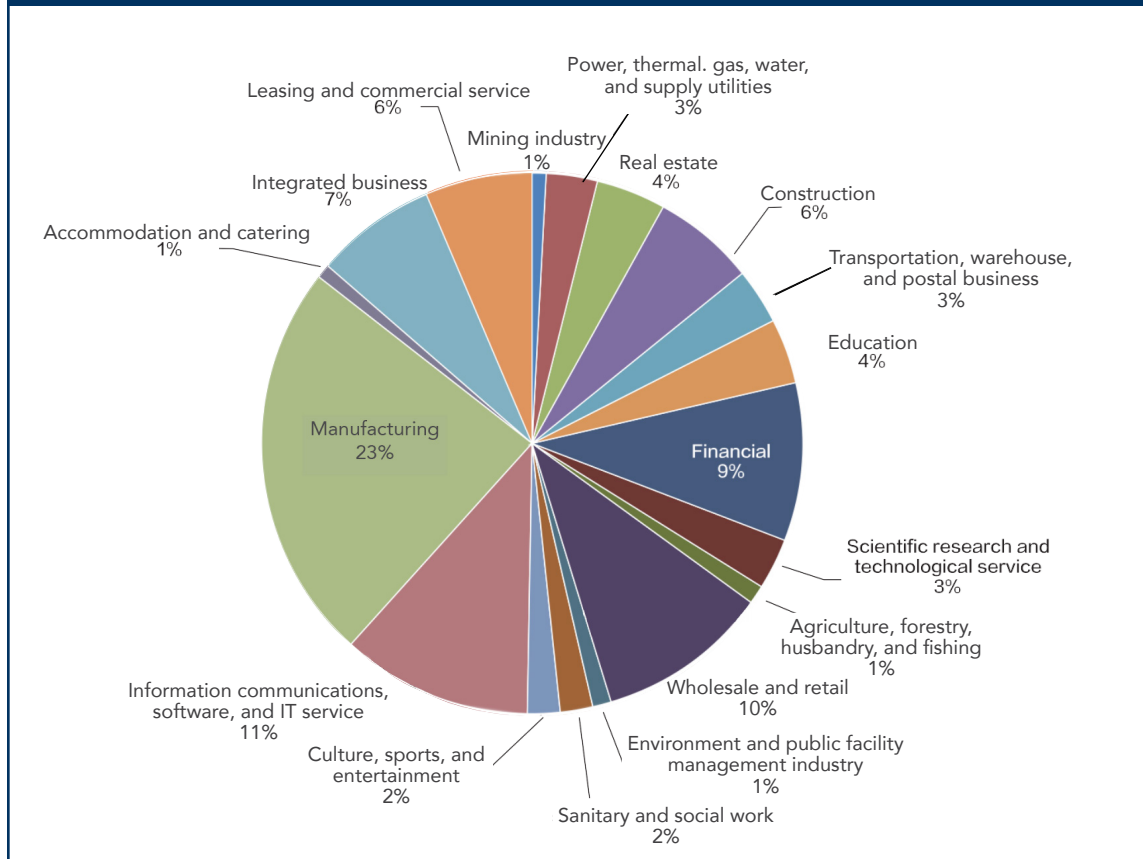
- The top three challenges facing these enterprises were poor cash flow, labor shortage, and reduced effective demand.
- The complete resumption of production was constrained, to a large degree, by the concurrent resumption of operations and production for upstream and downstream domestic enterprises along the supply chain. The upstream and downstream enterprises of the same industry were closely interlinked.

Figure 1: Geographical Distribution of Interviewed Enterprises



- Small and micro-sized enterprises lacked effective crisis response capacity and risk management mechanisms, which led to poor operational results.
- More than half of the respondents were cautiously optimistic about the complete resumption of business operations by the first half of 2020. The research and development (R&D) investment and employee training expense as a percentage of sales remained the same or slightly increased.
- Many of the enterprises, acting as public citizens, have been fulfilling their duties and social responsibilities; the leadership role of finance professionals was of vital importance to the sustainable survival and development of these enterprises.
- As the epidemic challenged their methods of operational management, the survey presents some responses and recommendations to address their concerns.

Figure 2: Industry Distribution of Interviewed Enterprises



Questionnaire Design

I. Data collection and processing

In February 2020, online questionnaires were sent out through IMA's member mailing system, IMA's official WeChat account, SNAI Weibo and WeChat accounts, and esnai.com; and 1,180 responses were collected in one week. To ensure validity, we filtered the data by the following rule: for those with repeated contact numbers and email addresses, only one questionnaire was counted. After eliminating invalid questionnaires, there were a total of 1,158 usable responses.

II. Survey components

We were able to get access to firsthand information on enterprise operations with a high degree of timeliness and accuracy as the research took place during the second week of work resumption in China (February 17-24, 2020). The questionnaire is designed to cover the following topics in order to reflect the real operational situation and problems faced during work resumption:

1. Operational difficulties during epidemic control and work resumption;
2. Challenges faced by employee management and related solutions;
3. Current business conditions and forecast;
4. CSR and the leadership role of finance executives.

III. Classification of respondents

The respondents were classified based on the following factors: industry, scale of operations, ownership structure, founding year of the enterprise, and position of the respondent.

IV. Basis of calculation

Unless otherwise specified, all data in the charts are presented in the form of proportion within the surveyed group. Some charts use a five-point Likert scale, with 5 being the highest and 1 the lowest.

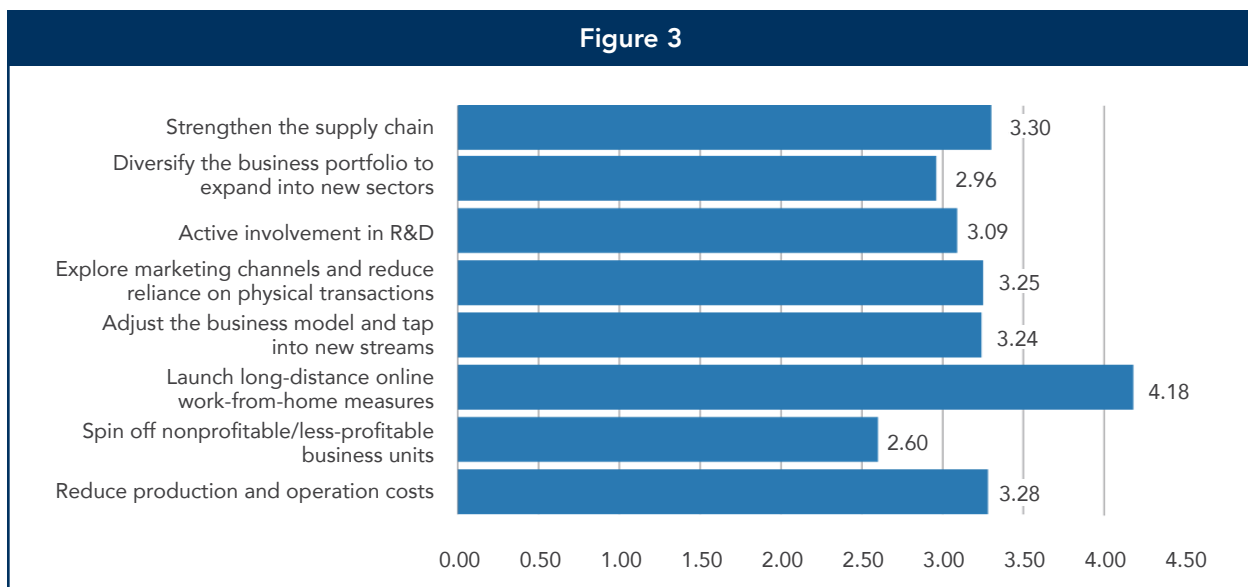
Analysis of Survey Results

I. Responses to the epidemic and employee management

1. During the epidemic, what initiatives have been taken by enterprises to recover production and operation?

(1-fully inconsistent, 2-inconsistent, 3-neutral, 4-consistent, 5-fully inconsistent)

To cope with the epidemic situation, the enterprises have mainly taken the following initiatives: launching long-distance online work-from-home measures (4.18), followed by strengthening the supply chain (3.30) and reducing production and operation costs (3.28). See Figure 3.

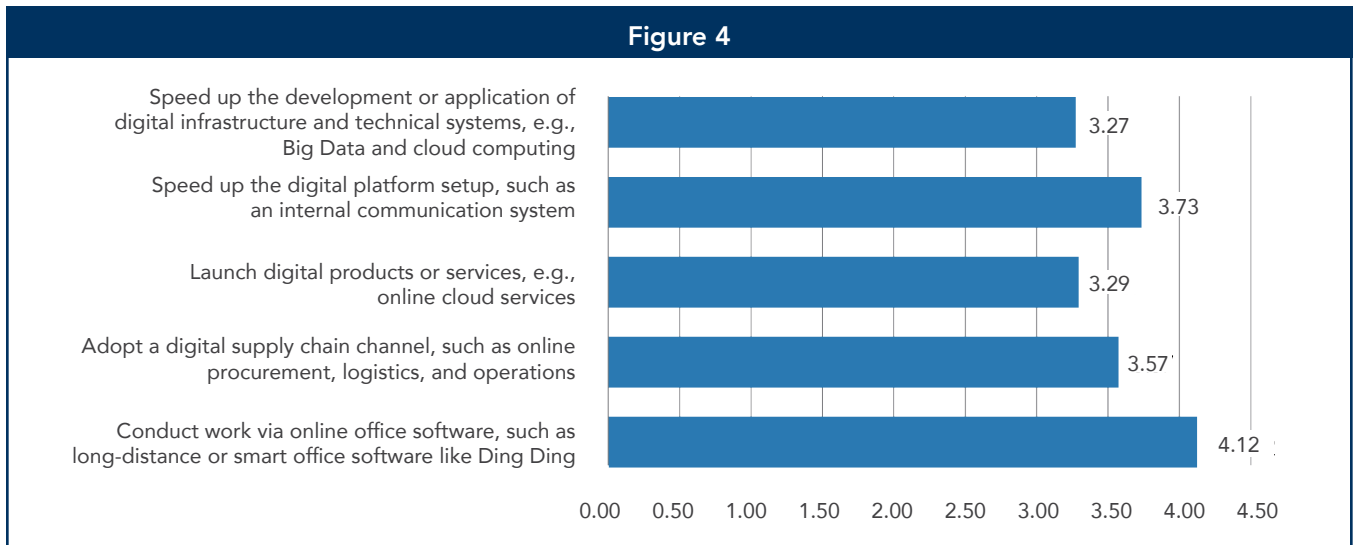


The percentages of initiatives—such as launching long-distance online work-from-home measures, adjusting the business model and tapping into new streams, exploring marketing channels and reducing reliance on physical transactions, active involvement in R&D, diversifying the business portfolio to expand into new sectors, and strengthening the supply chain—taken by listed companies were obviously much higher than those of nonlisted companies. Meanwhile, nonlisted companies were more likely to reduce production and operation costs and spin off nonprofitable/less-profitable business units than listed companies.

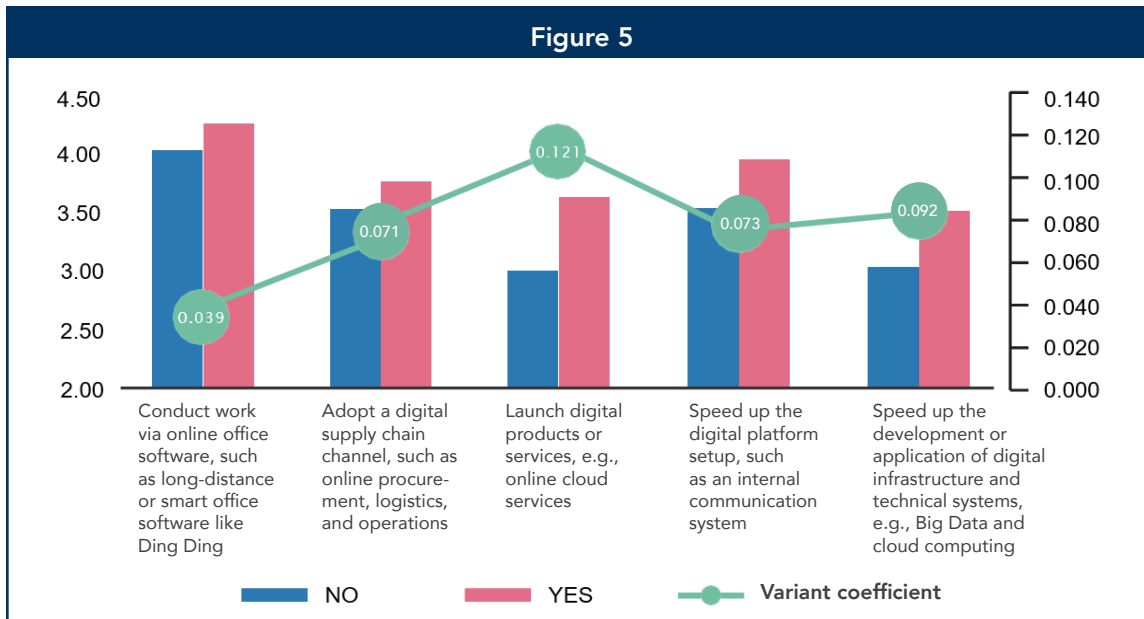
2. Which scenarios or business units have adopted digitalization measures during the epidemic?

(1-fully inconsistent, 2-inconsistent, 3-neutral, 4-consistent, 5-fully consistent)

During the epidemic, the most frequently adopted digital initiatives included conducting work via online office software such as long-distance or smart office software like Ding Ding, followed by speeding up the digital platform setup, such as an internal communication system. See Figure 4.



During the COVID-19 epidemic, the percentage of digitalization adoption in each scenario of listed companies was much higher than that of nonlisted companies (see Figure 5).

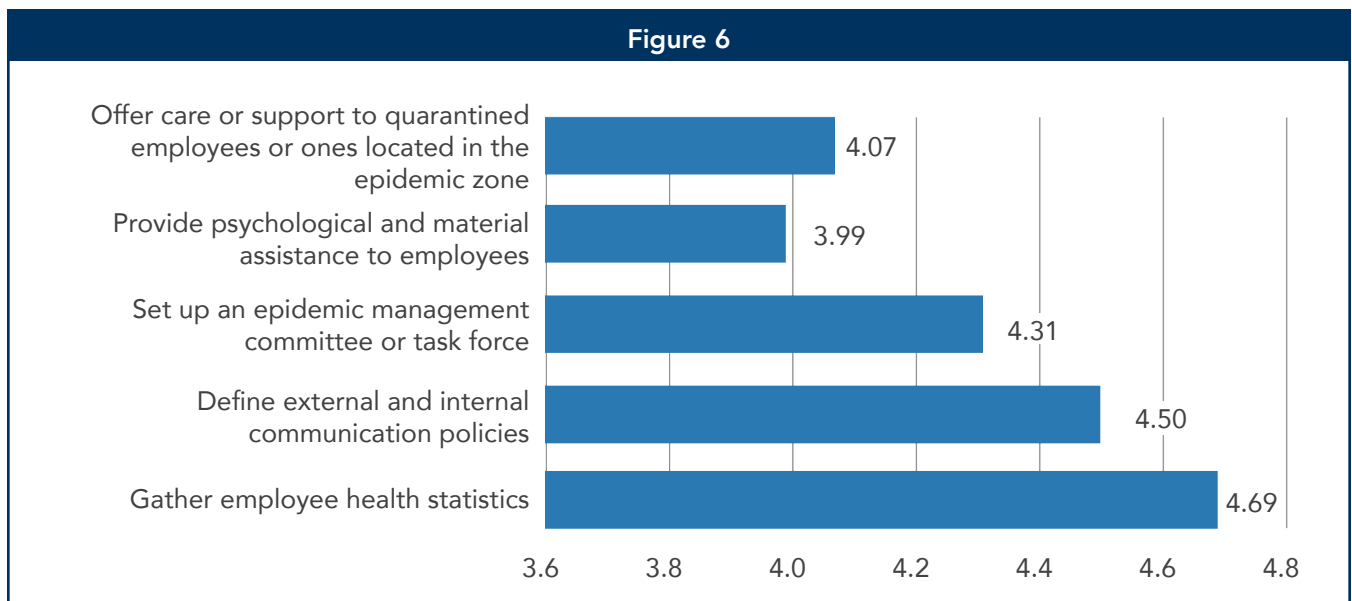


Among listed and nonlisted companies and companies with different ownership structures and different sizes, the most overlapped initiative was to conduct work via online office software, such as long-distance or smart office software like Ding Ding. The scenario with the largest difference was to launch digital products or services, e.g., online cloud services. In each scenario, the larger the size of the company, the higher the likelihood of adopting digitalization initiatives.

3. What epidemic management initiatives have been adopted to address the epidemic?

(1-fully inconsistent, 2-inconsistent, 3-neutral, 4-consistent, 5-fully inconsistent)

During the outbreak, the most frequently adopted initiative by enterprises was gathering employee health statistics, followed by defining external and internal communication policies and setting up an epidemic management committee or task force. See Figure 6.



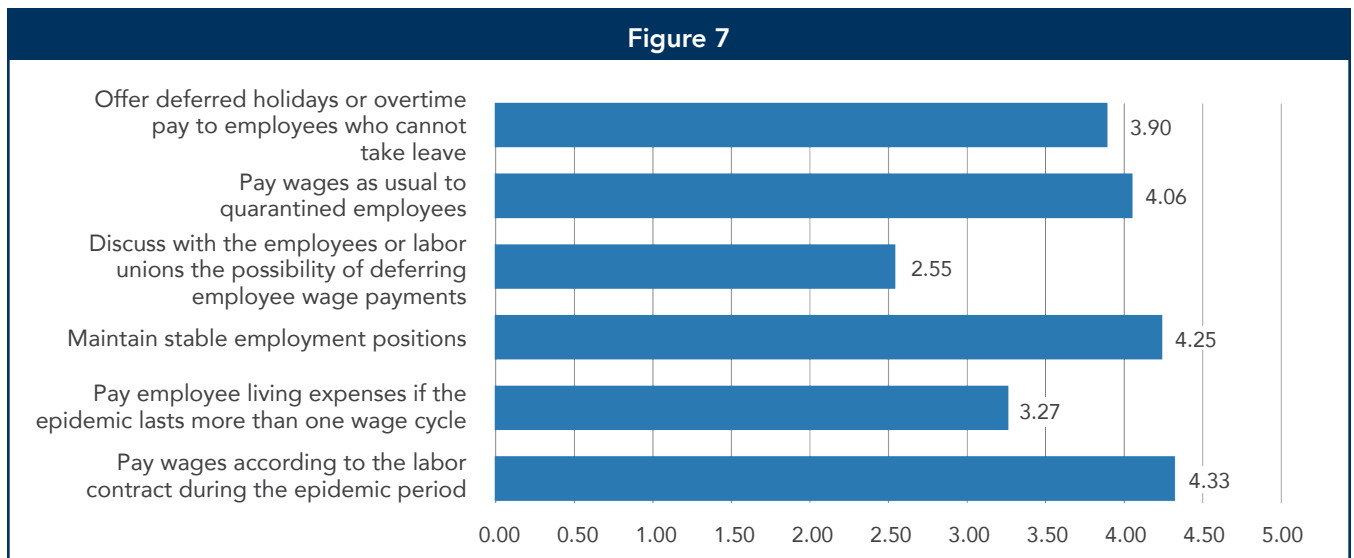
The number of epidemic management initiatives adopted by listed companies was much higher than those adopted by nonlisted companies. There were stark differences on whether these companies provided psychological and material assistance to employees. The state-owned and large enterprises adopted the most comprehensive range of epidemic management initiatives, while private enterprises adopted a relatively small number of such initiatives. There were big differences on whether these companies set up epidemic management committees or task forces.

4. During the epidemic, what initiatives have been taken to guarantee the interest of employees?

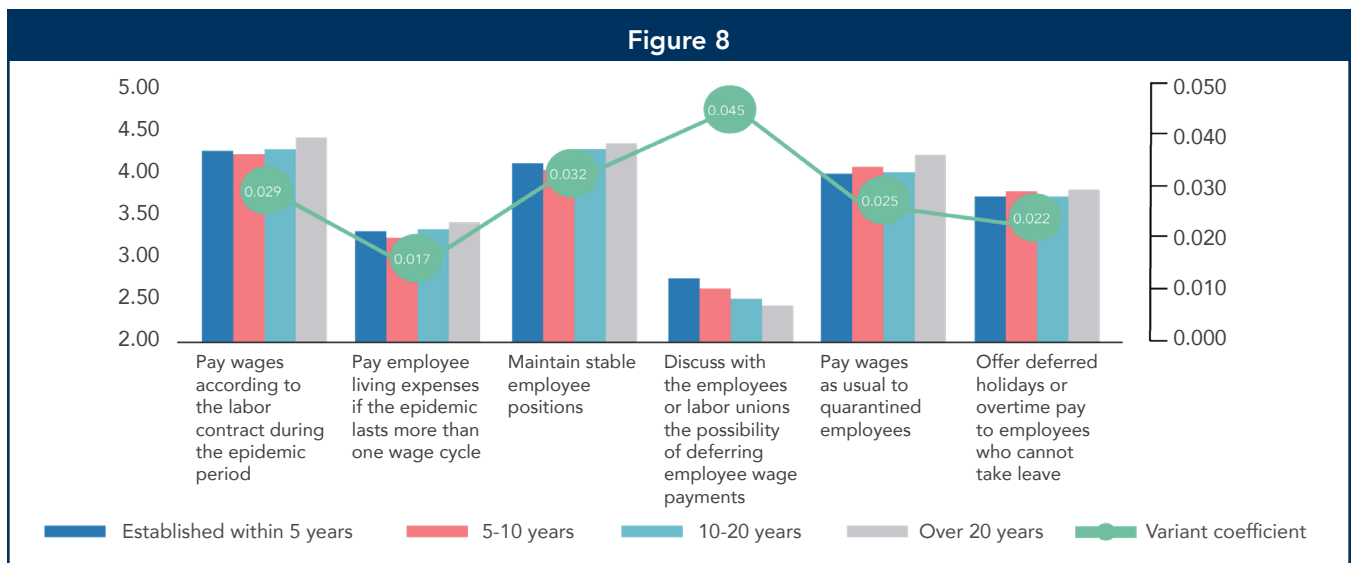
(1-fully inconsistent, 2-inconsistent, 3-neutral, 4-consistent, 5-fully inconsistent)

During the epidemic, the prioritization of initiatives adopted by the enterprises for their employees is as follows: pay wages according to the labor contract during the epidemic

period (4.33), maintain stable employment positions (4.25), pay wages as usual to quarantined employees (4.06), offer deferred holidays or overtime pay to employees who cannot take leave (3.90), pay employee living expenses if the epidemic lasts more than one wage cycle (3.27), and discuss with the employees or labor unions about the possibility of deferring employee wage payments (2.55). See Figure 7.

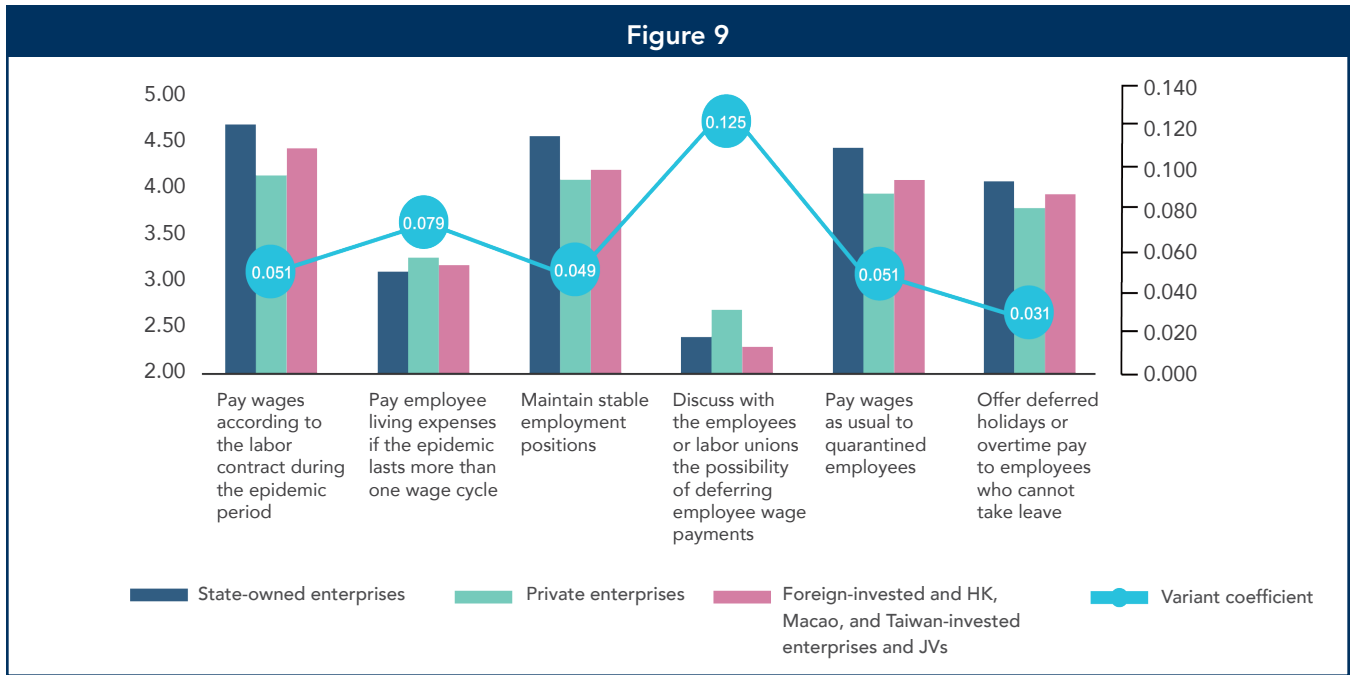


As Figure 8 shows, most enterprises were able to pay wages according to the labor contract, and the ones that planned to discuss with the employees or labor unions the possibility of deferring employee wage payments did not account for a high percentage of total enterprises.



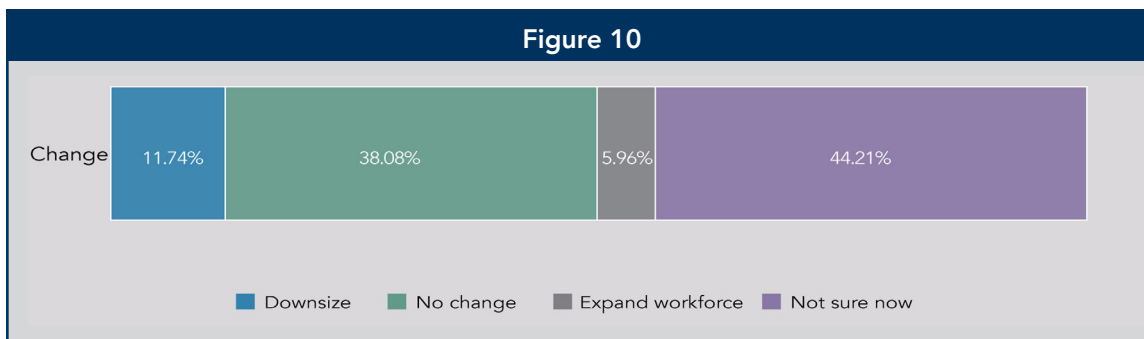
The longer the enterprise has been established, the higher the likelihood of paying wages as usual to the quarantined employees and the lower the likelihood of discussing with the employees or labor unions the possibility of deferring employee wage payments.

State-owned enterprises were more likely to pay wages according to the labor contract during the epidemic period, maintain stable employment positions, pay wages as usual to quarantined employees, and offer deferred holidays or overtime pay to employees who cannot take leave compared to private enterprises (see Figure 9). Private enterprises were more likely to take initiatives such as paying employee living expenses if the epidemic lasts more than one wage cycle and discussing with the employees or labor unions the possibility of deferring employee wage payments.



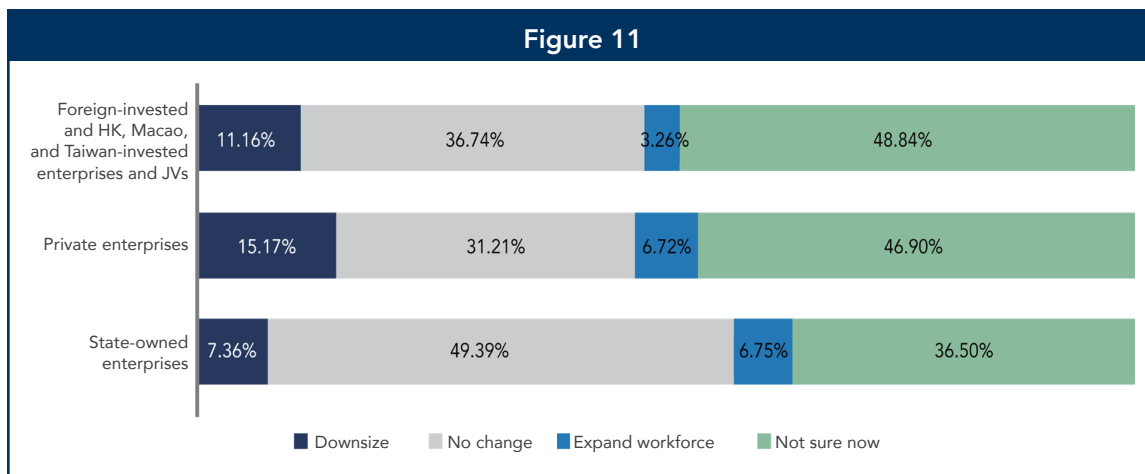
5. Will the size of the workforce change due to the epidemic?

A total of 44.21% respondents were uncertain about whether the size of the workforce would change due to the epidemic and 38.08% of respondents believed there would be no change to their workforce (see Figure 10). As for those respondents who believed changes would occur to their workforce, 11.74% said they anticipate downsizing, which was almost twice as those anticipating expanding the workforce (5.96%).



The longer the enterprise has been established, the higher the percentage of respondents who believed there would be no change to the workforce size due to the epidemic. The percentage of respondents in listed companies believing there would be no change to workforce size or expansion was higher than those in nonlisted companies. Meanwhile, the percentage of respondents in listed companies that believed there would be downsizing or that were uncertain at this stage was smaller than those in nonlisted companies.

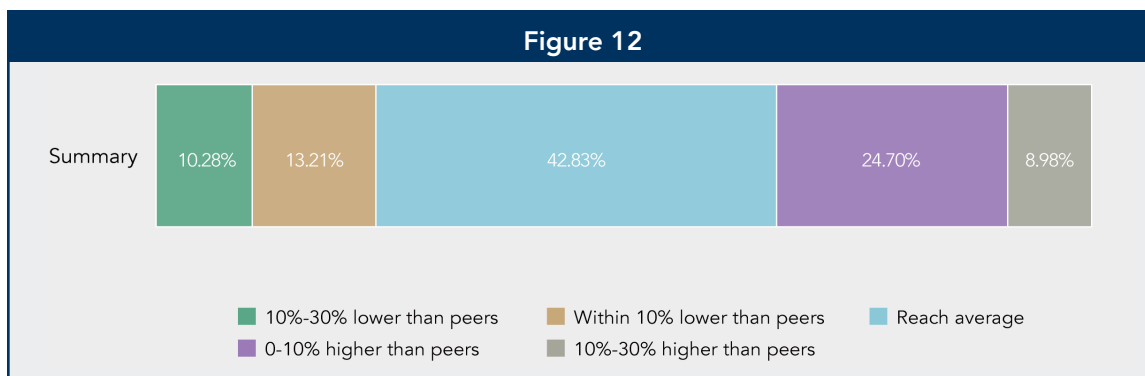
Respondents from state-owned enterprises accounted for the highest percentage of those who responded there would be no change in the workforce, the highest percentage who believed there would be expansion of the workforce, the lowest percentage of those who responded there would be downsizing, and the lowest percentage who said they were uncertain at this stage. Respondents from small enterprises and microenterprises tended to choose downsizing and uncertain at this stage at the highest rates (see Figure 11).



II. Business and financial data for interviewed enterprises

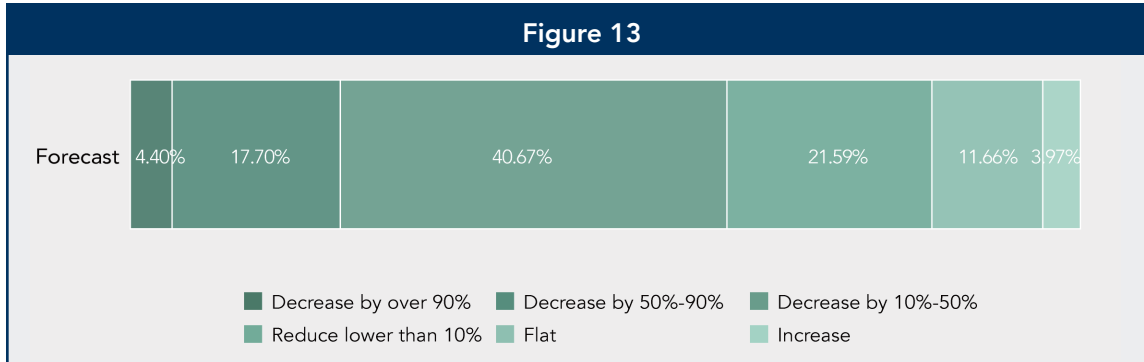
1. Corporate performance in the past three years, in comparison with other local competitors (e.g., profitability and investment return)

The highest percentage of respondents (42.83%) said their corporate performance reached the average, 23.49% said it was lower than their peers, and 33.68% said it was higher than the average. See Figure 12.

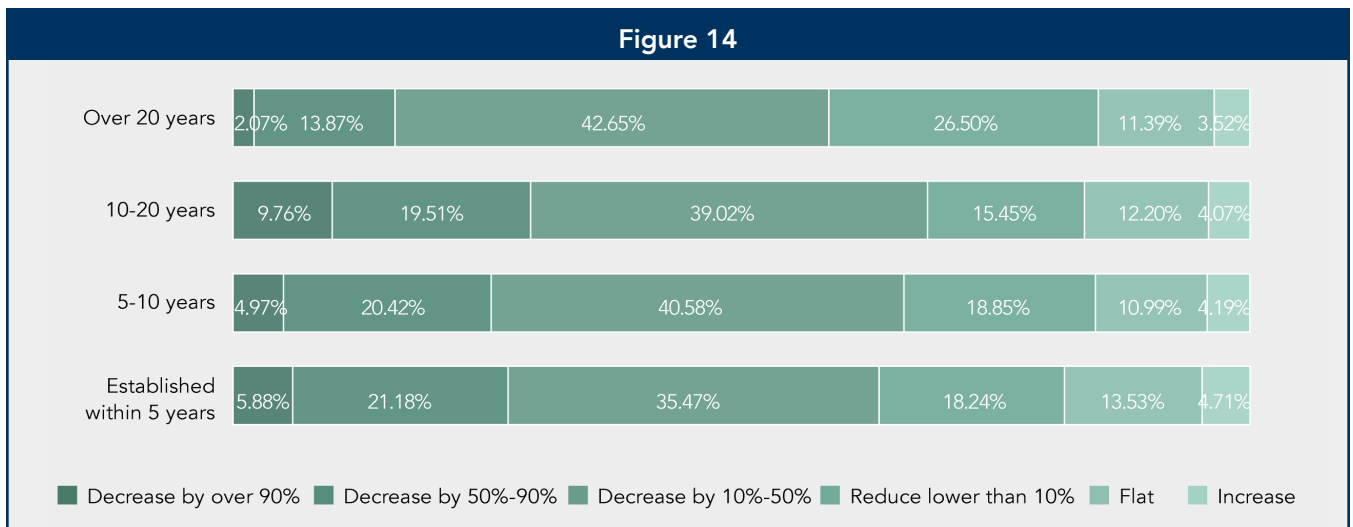


2. Comparison of forecast revenue and budget for first quarter of 2020

While comparing forecast revenue and budget for the first quarter of 2020, only 3.97% of respondents believed that actual revenue would increase, 11.66% of them believed revenue would remain flat, and 84.37% predicted a decrease (see Figure 13). Among those who predicted a decrease, 21.59% believed that it would decrease within 10%, 40.67% believed it would decrease between 10% and 50%, and 17.7% believed it would decrease between 50% and 90%.

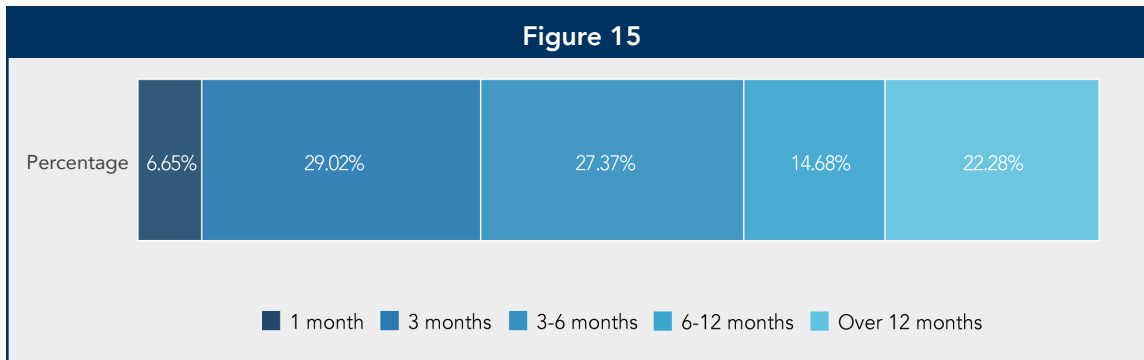


Small private enterprises that have been established for a short period account for the high proportion of enterprises that predicted their revenue would decrease in comparison with their budgeted target in the first quarter of 2020, revealing their weak downturn-resistance capability. See Figure 14.

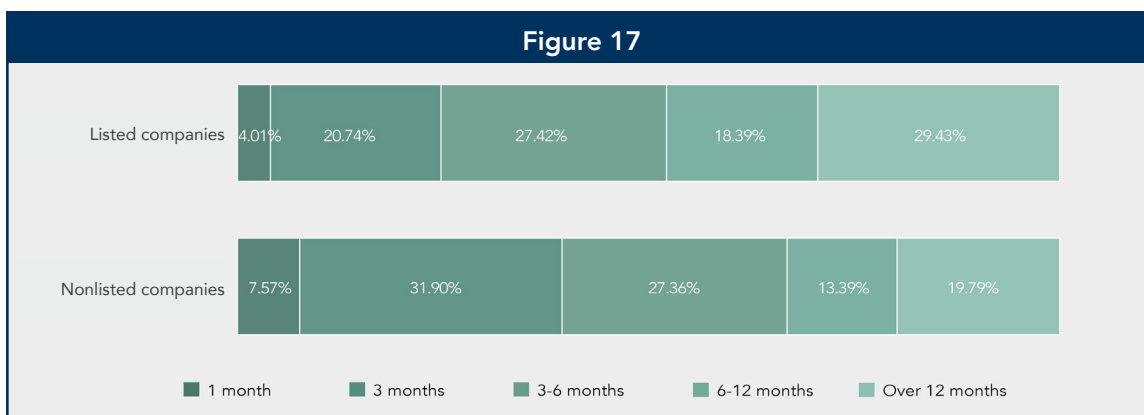
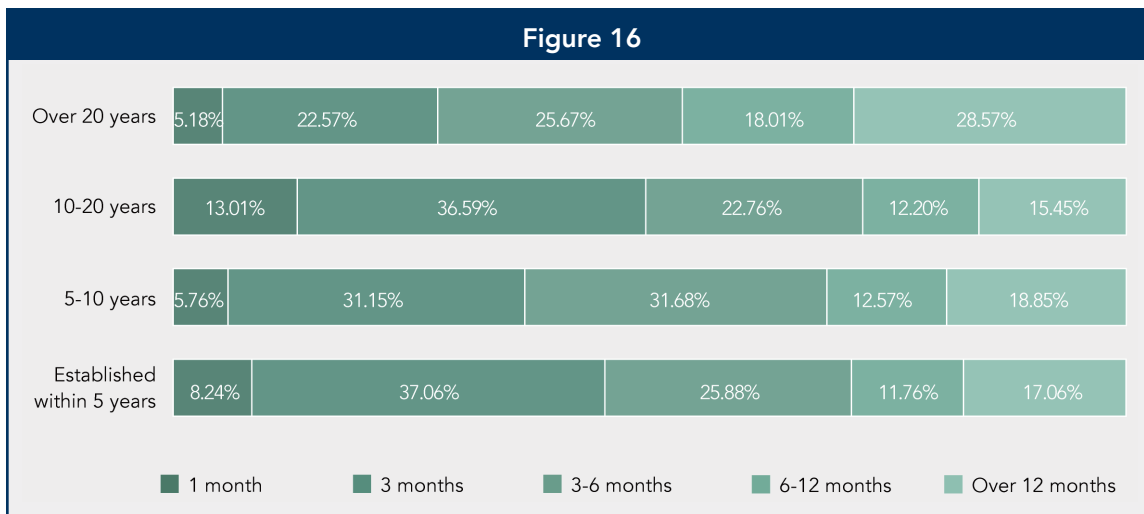


3. Period of maintaining current cash flow for companies

A total of 27.37% of respondents said their cash flow could sustain operations for another three to six months, 14.68% said their cash flow could sustain operations for another six to 12 months, 22.28% said their cash flow could sustain operations for more than 12 months, 29.02% believed their cash flow could sustain for three months, and 6.65% said their cash flow could sustain operations for only one month. See Figure 15.



The longer the company has been established, the longer its cash flow can be sustained (see Figure 16). Performance of state-owned enterprises was far better than that of private enterprises, while performance of listed companies was better than that of nonlisted companies (see Figure 17). Among the enterprises with less than 500 employees, there was a higher percentage whose cash flow could sustain less than three months compared to companies of other sizes. More than half of small enterprises and microenterprises had cash flow that could not sustain more than six months.



4. Expected change of corporate cost

More than 80% of respondents expected that the epidemic would increase corporate costs, 10.54% of them believed there would be no change, and 9.76% of them believed that the epidemic would decrease corporate costs. See Figure 18.

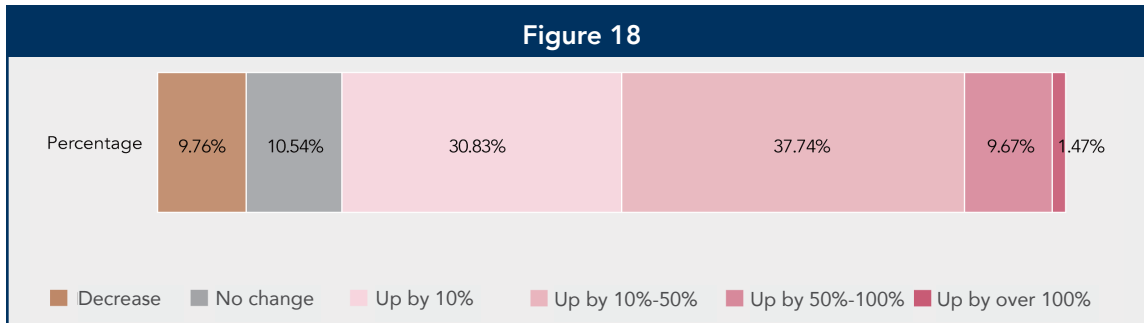
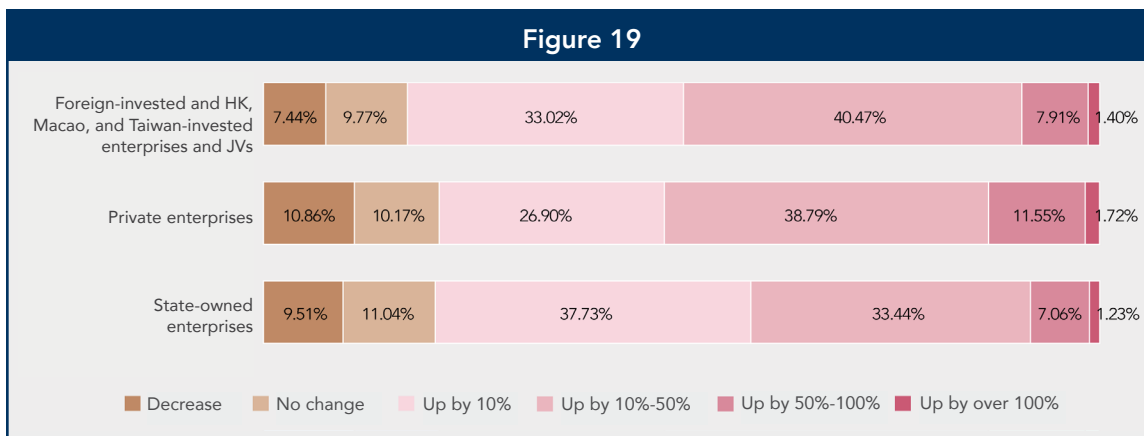
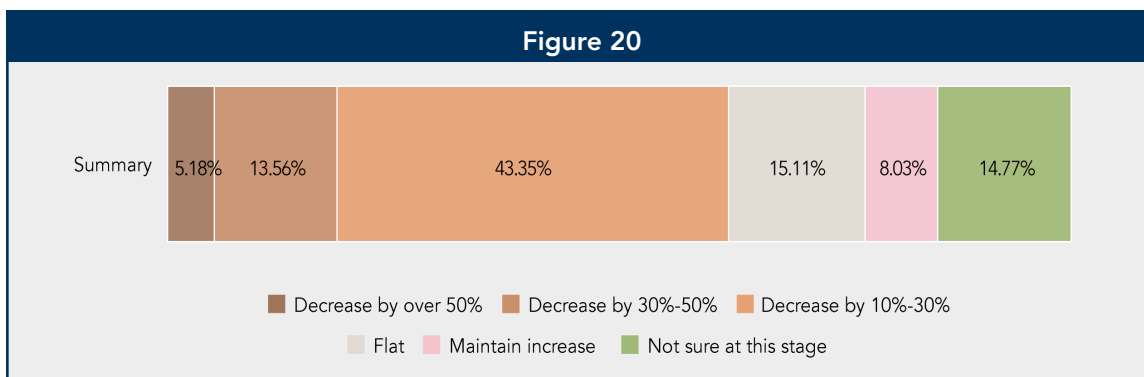


Figure 19 shows this breakdown by company type.

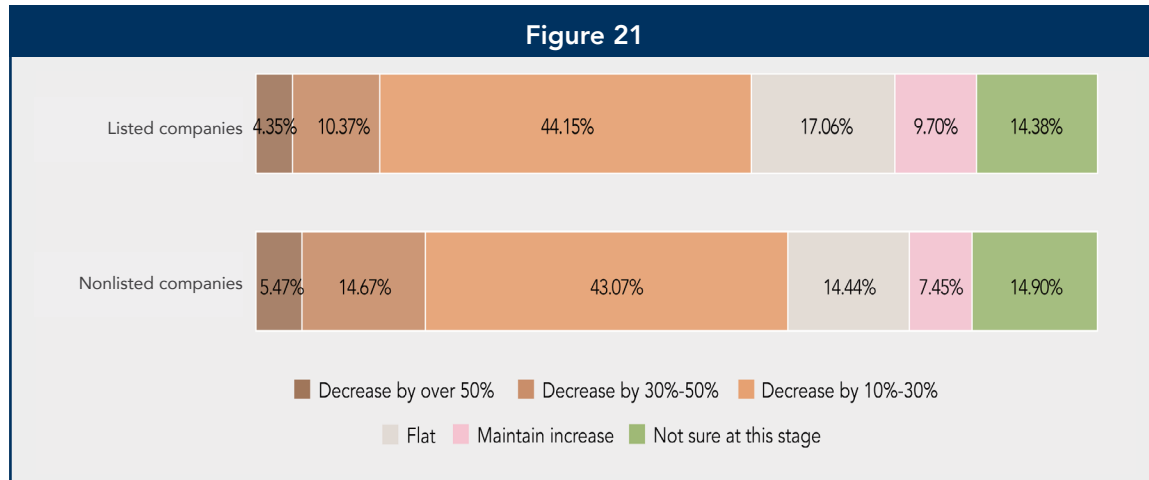


5. Expected performance change due to epidemic compared to 2019

About 8% of respondents believed that their expected corporate performance would increase, 15.11% believed that it would remain flat, 43.35% believed that it would drop around 10% to 30%, 13.56% believed that it would decrease between 30% and 50%, and 5.18% respondents believed that it would drop more than 50%. See Figure 20.

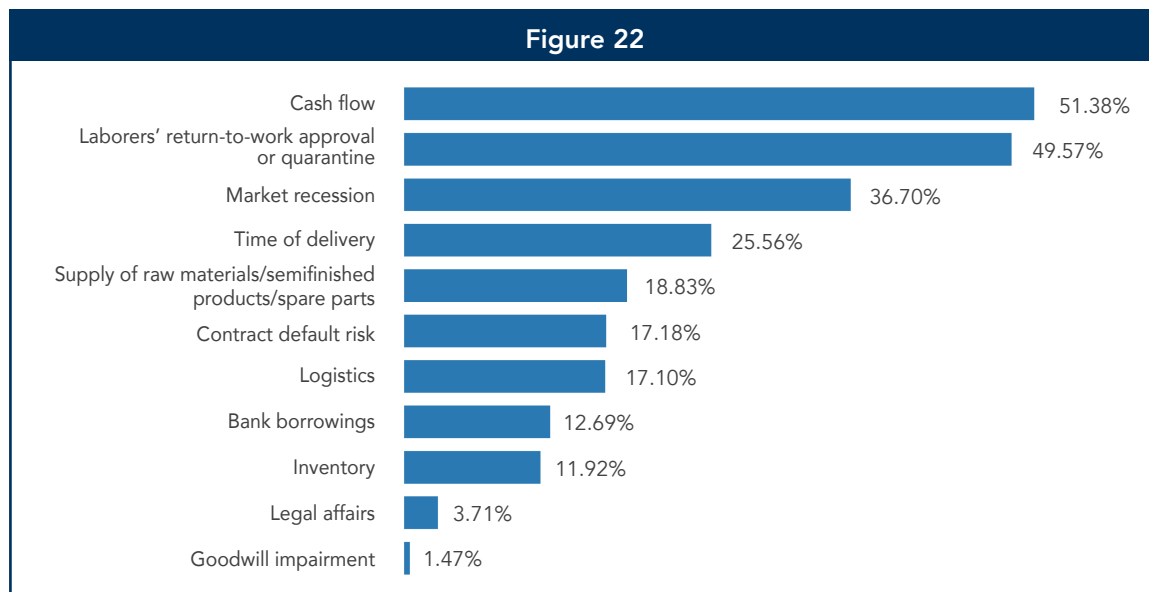


Respondents from nonlisted companies predicted that they would suffer more significant performance declines compared to listed companies (see Figure 21).



6. The biggest difficulty or challenge faced by enterprises at this moment

The three biggest difficulties or challenges confronted by CFOs or senior financial management are cash flow (51.38%), labor (49.57%), and market recession (36.70%) (see Figure 22). Other challenges included time of delivery (25.56%), supply of materials/semifinished products/spare parts (18.83%), contract default risk (17.18%), and logistics (17.10%).



The shorter the period the company has been established, the more likely it is that it will experience cash flow difficulty. Nonlisted companies account for a higher percentage than listed companies in terms of facing difficulties in the areas of cash flow, customer market shrinkage, and procuring bank loans, while listed companies account for a higher percentage than nonlisted companies in difficulties relating to labor procurement, availability of raw material/semifinished

products/spare parts supply, logistics, inventory availability, increasing legal complications, and goodwill impairment.

Besides difficulties in cash flow and labor aspects, foreign enterprises face imminent problems in supply/delivery deadline, contract default, and logistics (see Figure 23). Besides cash flow and labor, enterprises from the manufacturing industry face stark challenges in supply and delivery issues, as upstream and downstream capacities require a period of time to recover (see Table 1). The smaller the size of the companies, the more likely they are to face challenges caused by cash flow.

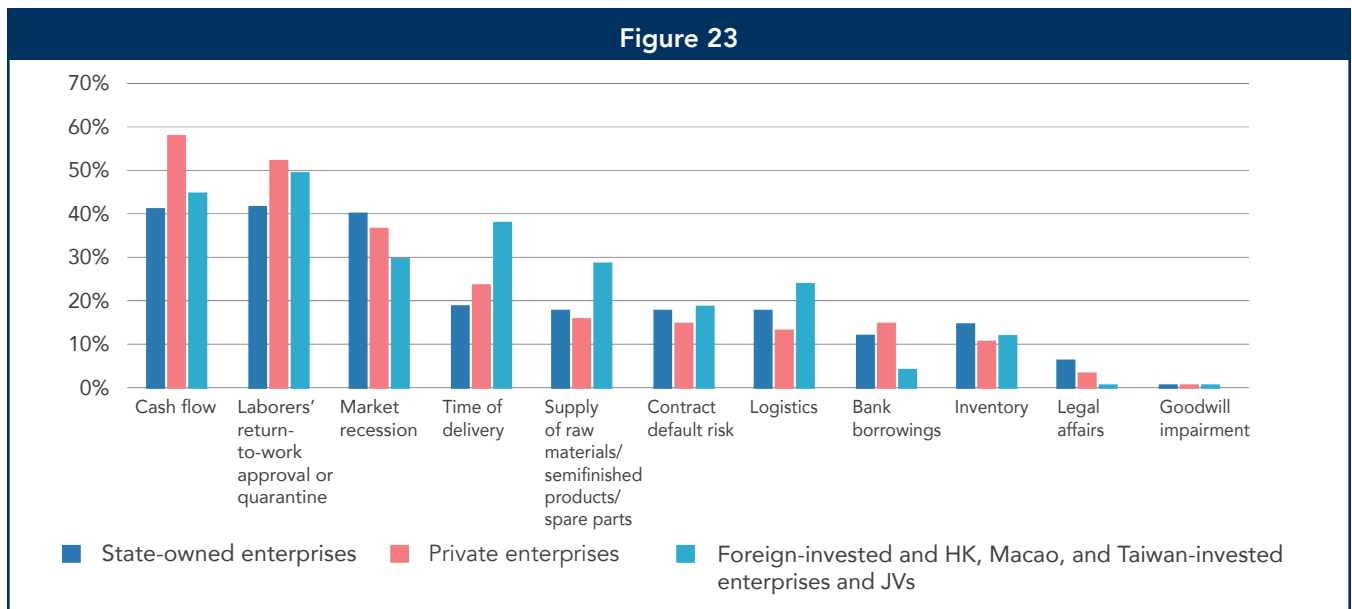


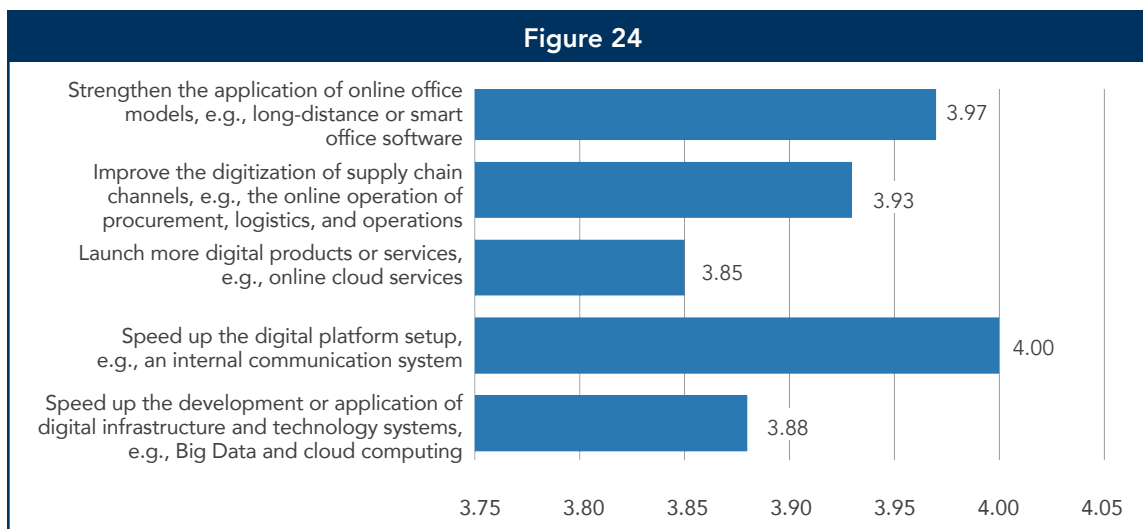
Table 1

Industry	Cash flow	Manual	Market recession	Downstream delivery	Upstream supply	Contract default	Logistics	Bank lending	Inventory	Legal affairs	Goodwill impairment	Sample size
Power, thermal, gas, water, and supply utilities	9.46%	56.76%	24.32%	10.81%	13.51%	13.51%	8.11%	27.03%	2.70%	8.11%	0.00%	37
Real estate	67.35%	53.06%	32.65%	22.45%	8.16%	16.33%	2.04%	22.45%	12.24%	0.00%	0.00%	49
Construction	60.81%	68.92%	17.57%	22.97%	29.73%	18.92%	13.51%	17.57%	8.11%	4.05%	1.35%	74
Transportation, warehousing, and postal services	53.85%	38.46%	43.59%	17.95%	7.69%	15.38%	17.95%	25.64%	7.69%	5.13%	0.00%	39
Education	57.69%	51.92%	38.46%	13.46%	11.54%	21.15%	9.62%	13.46%	7.69%	3.85%	3.85%	52
Financial	41.18%	45.10%	42.16%	7.84%	0.98%	38.24%	3.92%	10.78%	9.80%	12.75%	4.90%	102
Scientific research and technological services	51.28%	58.97%	33.33%	28.21%	15.38%	30.77%	10.26%	5.13%	5.13%	2.56%	2.56%	39
Wholesale and retail trade	52.89%	42.15%	35.54%	32.23%	14.88%	12.40%	28.93%	9.09%	27.27%	0.83%	0.83%	121
Information communications, software, and IT services	53.08%	54.62%	40.00%	26.92%	13.85%	15.38%	13.65%	8.46%	3.85%	6.92%	0.77%	130
Manufacturing	42.22%	45.19%	31.85%	42.59%	39.26%	7.04%	30.74%	8.89%	15.19%	0.74%	0.74%	270
Integrated	53.57%	48.81%	41.67%	25.00%	13.10%	22.62%	13.10%	11.90%	9.52%	4.76%	2.38%	84
Leasing and business services	56.94%	59.72%	55.56%	16.67%	1.39%	19.44%	4.17%	16.67%	2.78%	1.39%	1.39%	72
Total	51.38%	49.57%	36.70%	25.56%	18.83%	17.18%	17.10%	12.69%	11.92%	3.71%	1.47%	1,158

7. Change brought by companies after the epidemic

(1-maintain status quo, 2-change rarely, 3-change a bit, 4-change quite a lot, 5-change substantially)

After the epidemic, enterprises are more willing to make changes to speed up the digital platform setup, such as an internal communications system (4.00); improve the application of online office models, e.g., long-distance or smart office software (3.97); improve the digitization of supply chain channels, e.g., the online operation of procurement, logistics, and operations (3.93); speed up the development or application of digital infrastructure and technical systems, e.g., Big Data and cloud computing (3.88), and launch more digital products or services, e.g., online cloud services (3.85). See Figure 24.

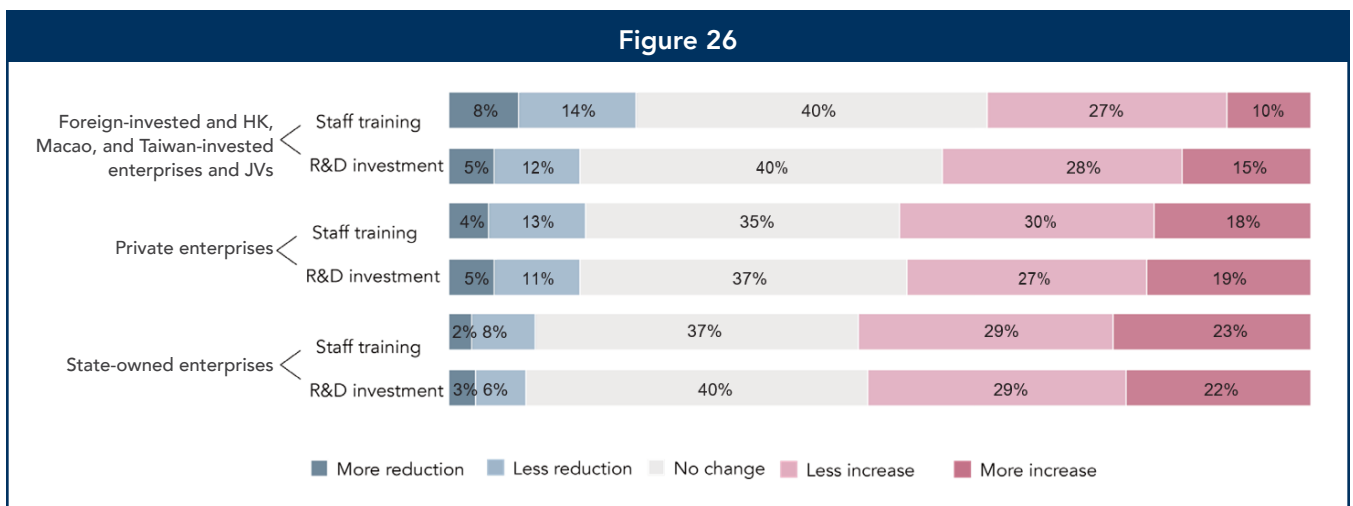
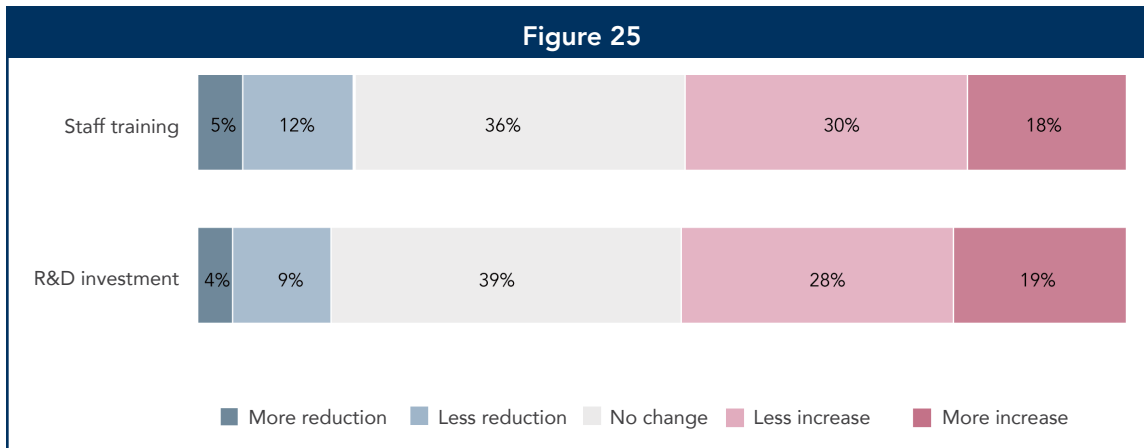


8. Enterprise R&D and training investment for 2020

(1-reduce a lot, 2-reduce a little, 3-no change, 4-increase a little, 5-increase a lot)

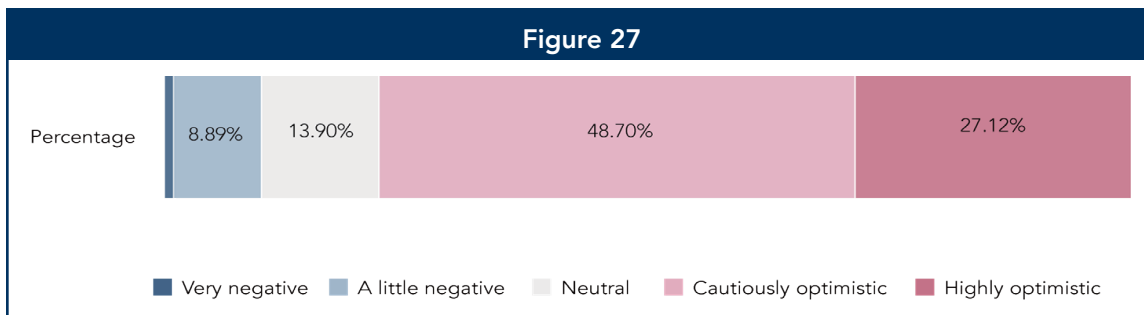
Besides changes in revenue and costs due to the epidemic, our survey also highlights the planned investment in R&D and employee training for 2020 (see Figure 25). Forty-seven percent of respondents believed that they would increase R&D expenses in 2020, 39% of them believed that there would be no change, and 13% of them believed that they would see lower expenses. Forty-eight percent of respondents believed that they would increase training expenses for 2020, 36% believed that there would be no change, and 17% believed that they would have lower staff training expenses.

Furthermore, listed companies accounted for a higher percentage of an increase in employee training and R&D investment compared to that of nonlisted companies (see Figure 26). State-owned enterprises accounted for the largest percentage of investment in employee training and R&D, while foreign-invested companies and Hong Kong, Macao, and Taiwan-invested companies and JVs accounted for a lower percentage.

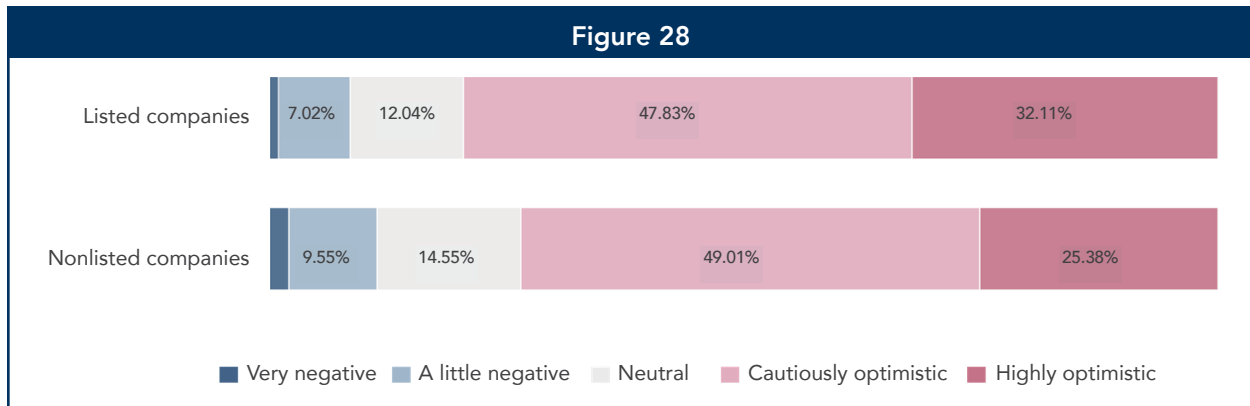


9. Confidence in full recovery of operation in second quarter

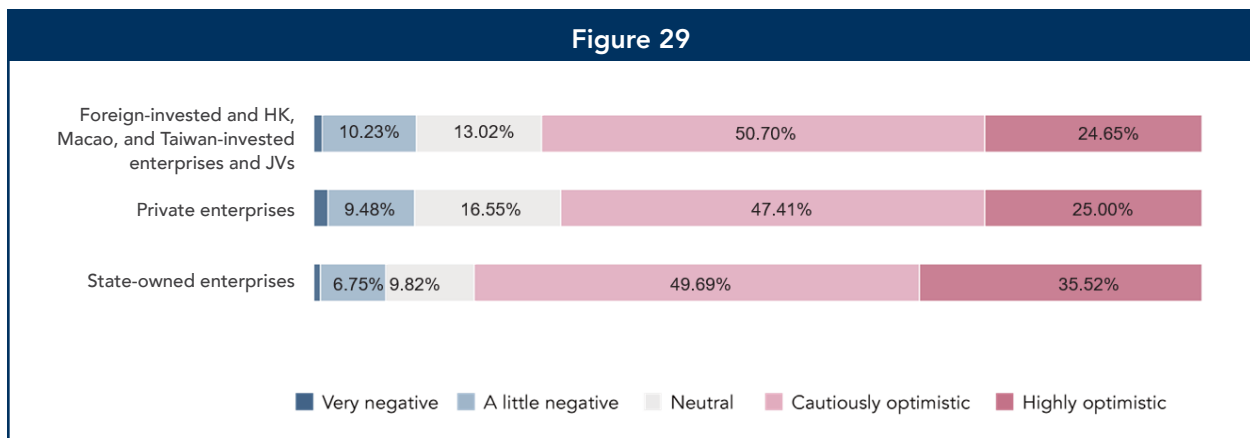
With regard to confidence in operation recovery in the second quarter, 27.12% of respondents said they were highly optimistic and 48.7% said they were cautiously optimistic. See Figure 27.



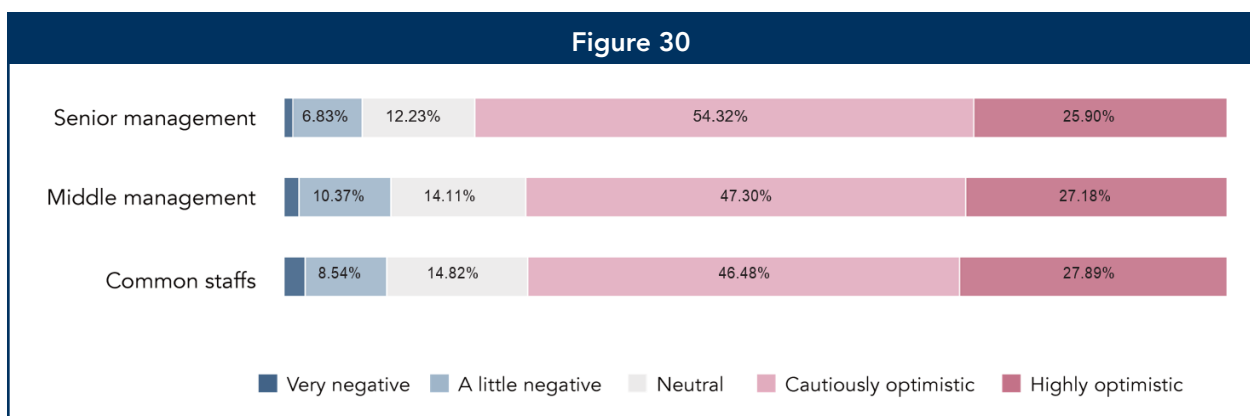
Listed companies were more optimistic about operational recovery in the second quarter compared to nonlisted companies (see Figure 28).



Respondents from state-owned enterprises were the most optimistic about operation recovery in the second quarter (see Figure 29).



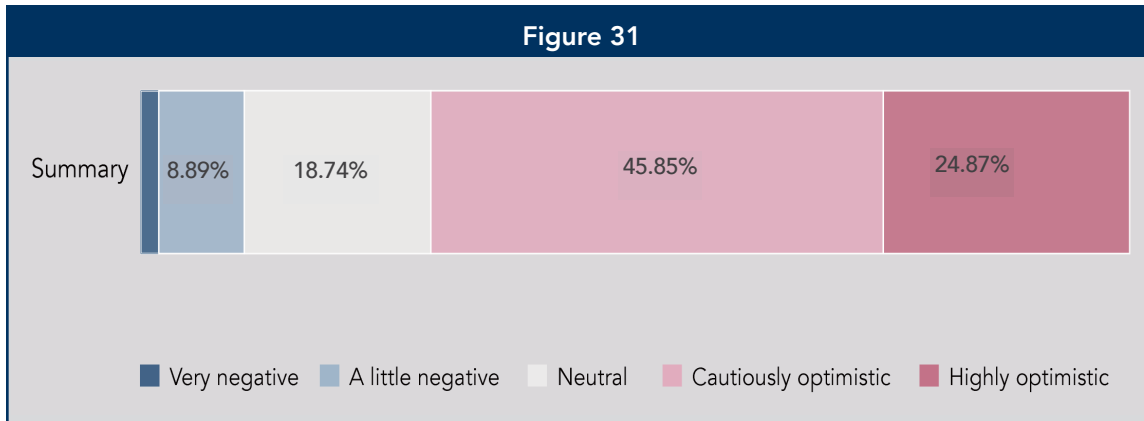
Respondents with higher positions were less negative or less highly optimistic, with the majority choosing cautious optimism (see Figure 30).



10. Confidence in overall market recovery in the first half of 2020

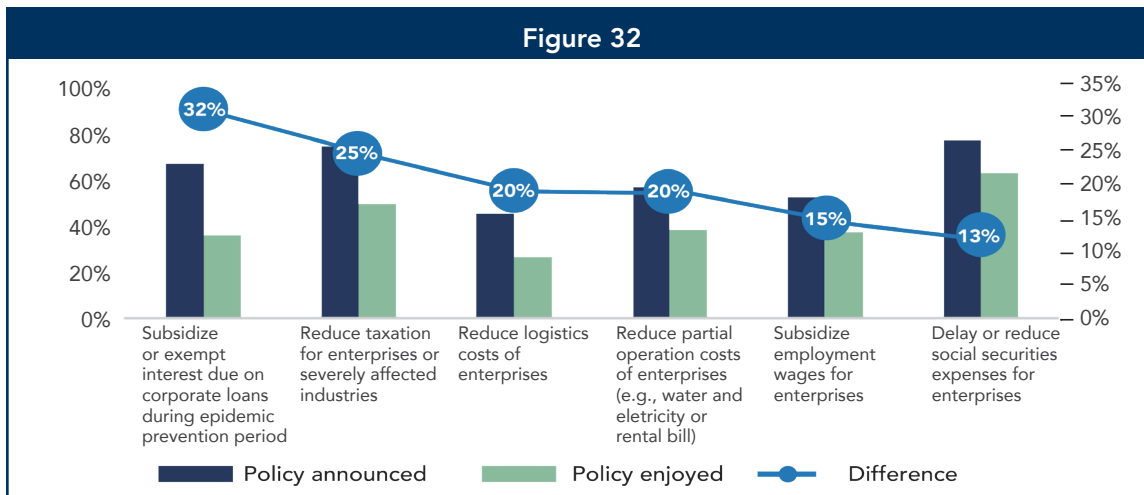
In terms of confidence in resuming operations in the overall market in the first half of 2020, 24.87% and 45.85% of the respondents said they were highly optimistic and cautiously

optimistic, respectively (see Figure 31). Compared to nonlisted companies, listed companies were more optimistic about the overall market recovery in the first half of 2020. Respondents of state-owned enterprises were the most optimistic about the recovery of the overall market in the first half of the year, while foreign investors and respondents from Hong Kong, Macao, and Taiwan-invested companies and JVs were the most pessimistic.

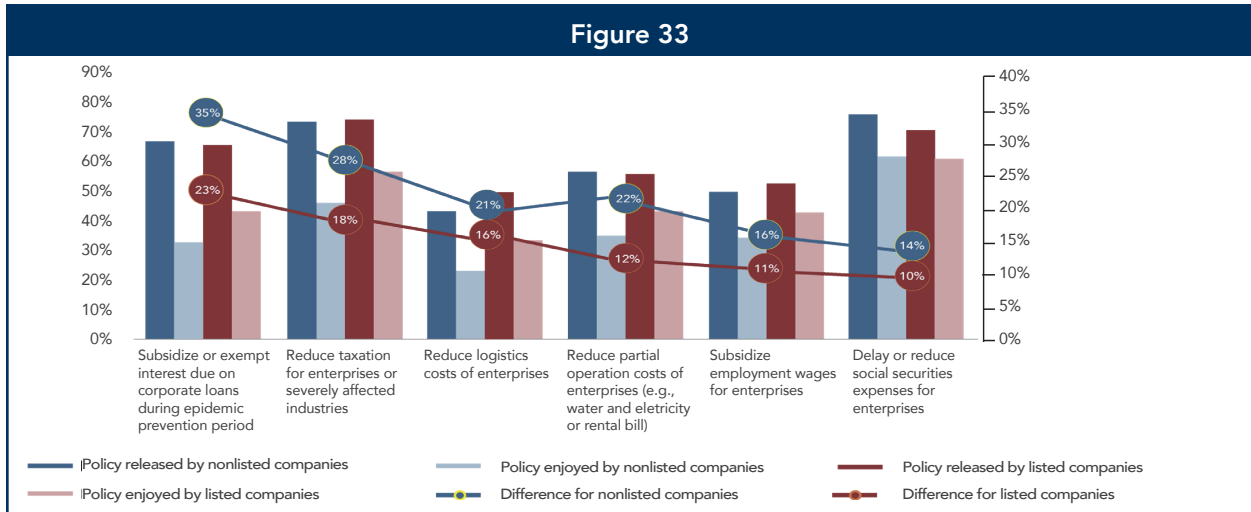


11. Local government’s policy support to enterprises and the support actually enjoyed by enterprises

There was still a big gap between the assistive policies announced by local governments and tax authorities and the policies actually enjoyed by enterprises (see Figure 32). The biggest difference was in subsidies and reductions on corporate loan interest during epidemic prevention and control (32%). The smallest difference was in delaying or reducing corporate social securities expenses (13%).



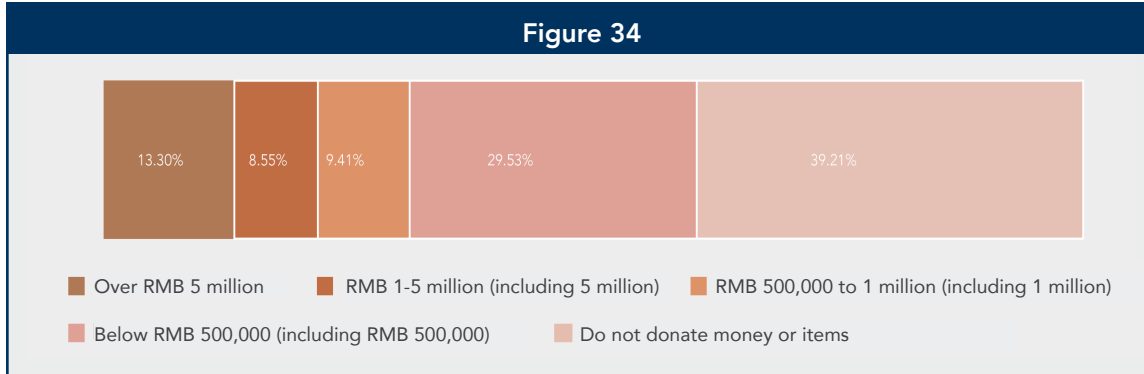
Compared to nonlisted companies, listed companies faced smaller differences between the policies announced vs. policies actually enjoyed (see Figure 33). State-owned enterprises had the smallest difference in this area.



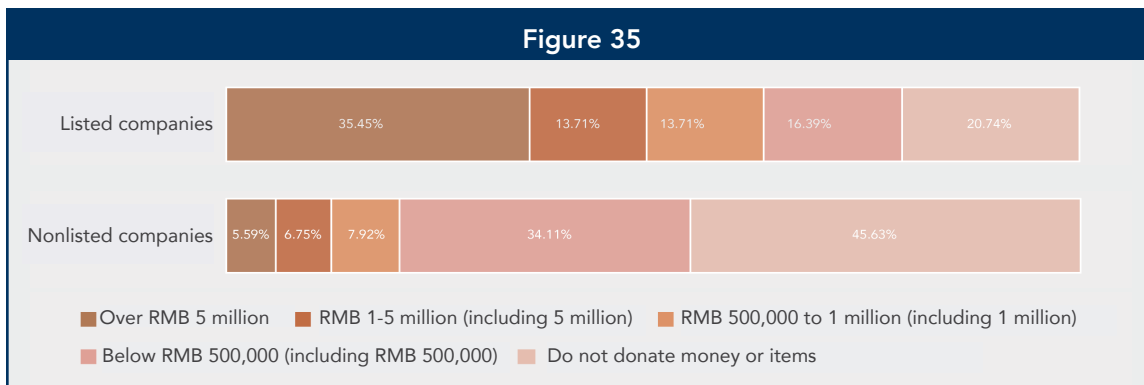
III. Corporate social responsibility and finance leadership

1. Amount of social donations or donations funded by enterprises

Ideally, the enterprise is also considered a “social citizen.” The questionnaire examined the donations of the respondents’ companies, of which 61% gave charitable donations (see Figure 34). Companies that donated more than RMB 500,000 accounted for 31.26%, and the ones that donated more than RMB 5 million accounted for 13.3%.



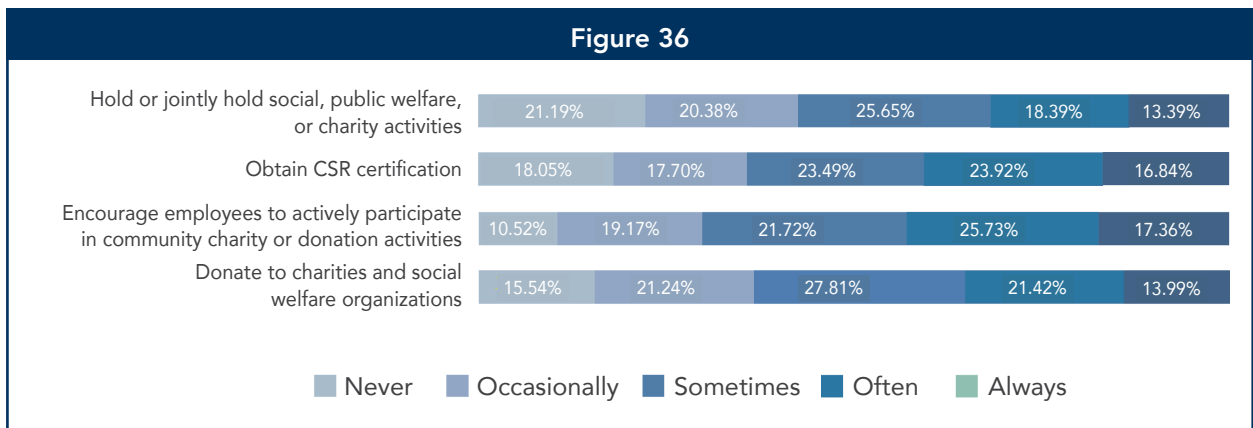
Listed companies donated significantly more than nonlisted companies (see Figure 35).



2. Public welfare activities held by the company in the past three years

(1-never, 2-occasionally, 3-sometimes, 4-frequently, 5-always)

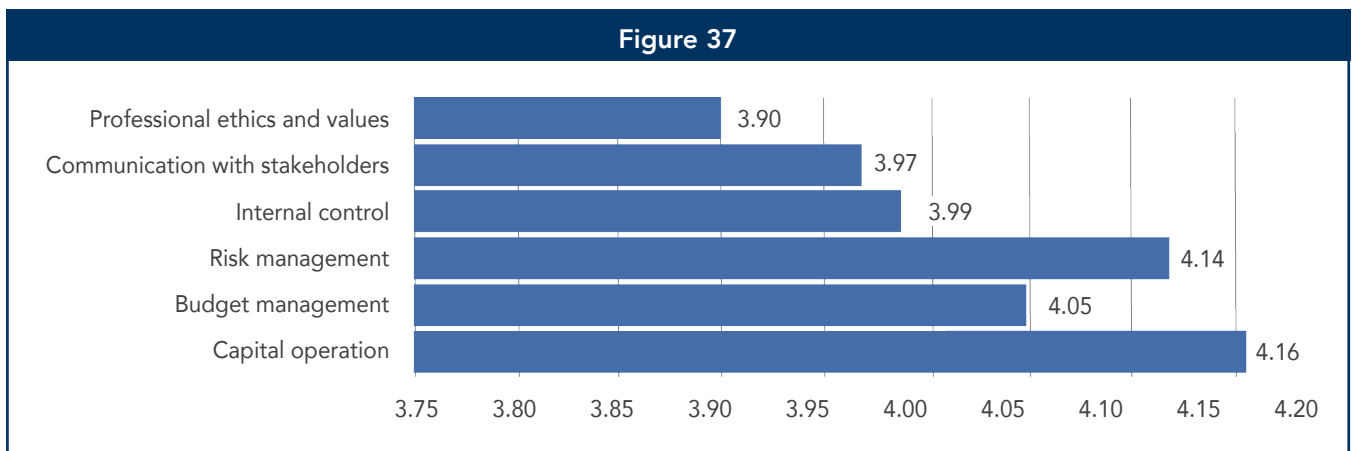
In addition to charitable donations, companies also took initiatives to carry out public welfare activities in the past three years, such as encouraging employees' involvement in community public welfare or donation activities (see Figure 36). The longer the company has been established, the more charitable activities it tended to organize. Listed companies carried out more charitable activities in the past three years than nonlisted companies. State-owned enterprises carried out the highest number of public welfare activities in the past three years, followed by foreign-invested enterprises and JVs in Hong Kong, Macao, and Taiwan.



3. Key responsibilities of CFOs or finance executives during outbreak

(highest 5 points, lowest 1 point)

Corporate finance executives or CFOs performed key responsibilities such as capital operation (4.16), risk management (4.14), budget management (4.05), internal control (3.99), communication with stakeholders (3.97), and professional ethics and values (3.9). See Figure 37.

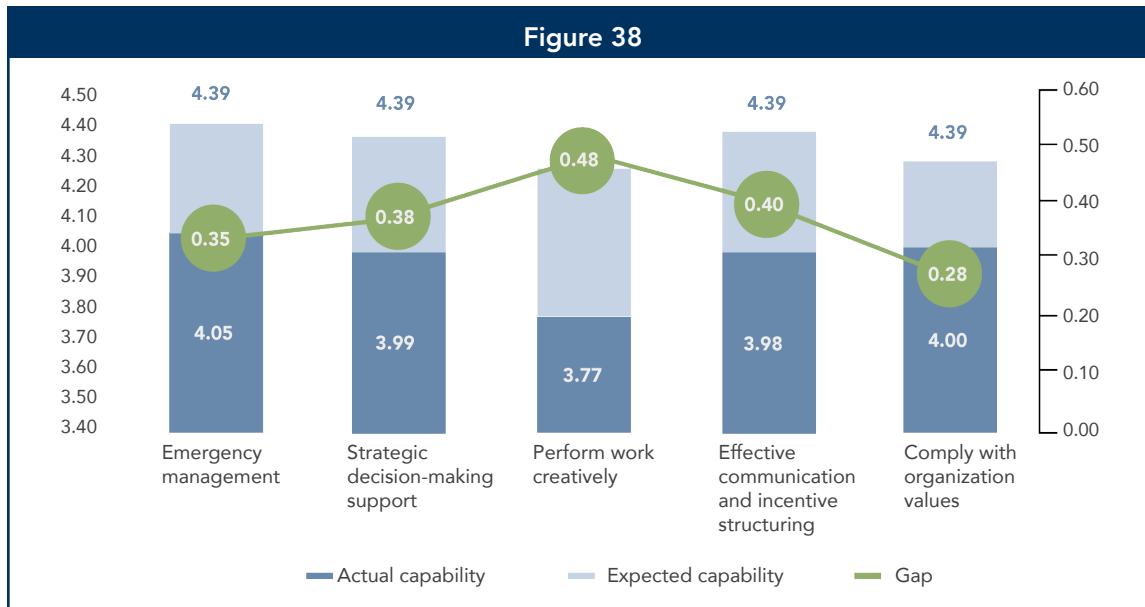


4. Key capability shown by CFOs or corporate finance executives during epidemic outbreak period

The key capabilities of CFOs or corporate finance executives in responding to crises are ranked according to their importance: emergency management capabilities, compliance with organizational values, strategic decision-making support, effective communication and incentives, and creative performance of work. See Figure 38. There was still a gap between the capabilities demonstrated by CFOs or finance executives and the capabilities they are expected to have. The biggest gap was in performing work creatively, and the smallest gap was in compliance with organizational values.

Overall, the bigger the companies and the longer the companies have been established, the smaller the gap between the expected capabilities of the CFO or corporate finance executives and their actual capabilities.

Senior management excluding CFOs believed the difference between the actual capabilities and expected capabilities of CFOs or finance executives was larger than that considered by CFOs or finance executives themselves.



Survey Findings and Recommendations

At the time of the survey, the local and central governments had issued a series of tax reduction, payment, and subsidy policies. To an extent, the survey results verified the necessity and timeliness of these policies. These policies had partly relieved the difficulties and eased the anxieties of the industries and enterprises, playing a positive role in the orderly resumption of work, production, and trade. The survey also found some similarities in the difficulties and challenges faced by the enterprises. Based on the analysis of the results, the following recommendations are presented.

I. Cash flow is king

Cash flow of three to six months is the “lifeline” for more than half of the enterprises. The epidemic is a “test” for enterprises, discerning between those with survivable vs. poor cash flow management. Cash flow management is part of the corporate risk management spectrum. During the epidemic, enterprises can allocate resources and optimize management through better management of cash on hand, suspending unnecessary expenses, accelerating funds recovery, utilizing primary and secondary markets to conduct capital operations, applying for emergency loans, and other measures. At the same time, enterprises should take precautions beforehand, focusing on solving medium- and long-term cash flow management problems and utilizing reasonable debt leverage in order to help construct a more comprehensive financial plan and arrangement.

II. Credit is the most valuable asset

Under an epidemic crisis situation, negative effects between the upstream and downstream industrial chains will trigger a “chain reaction,” decreasing the contractual performance ability of suppliers and clients. This in turn will lead to difficulties in procuring raw material input from upstream sources and output of production from downstream sources, causing losses in production and operation and damaging enterprise reputation. Credit is like the intangible asset of an enterprise and has a great bearing on its long-term development. Financial professionals should evaluate contractual performance ability through analyzing aging of accounts receivable and payable to forecast supply chain risks and cooperating with related departments, and conduct active communications with shareholders to reduce the credit risk potentially caused by emergency events.

III. Risk decision making

The unprepared responses by small and micro-sized enterprises to the epidemic reflect their lack of risk prevention awareness and risk management mechanisms. These enterprises should include “major emergencies” into their corporate risk management spectrum and establish an emergency decision-making committee and response mechanism. Enterprises should also keep informed of the latest preferential policies on bank financing and lending issued by central and local governments in order to get the most suitable and preferential resources. During the epidemic, the taxes and fees reduction, subsidies for enterprises, and other favorable measures are highly beneficial for struggling enterprises, especially small and micro-sized ones. A better use of the “taxes and fees reduction, exemption, deferral, reimbursement, and subsidy” policies will help the enterprises to overcome difficulties.

IV. Investment in innovation

More than half of the financial managers surveyed believe that it is necessary to continue to increase investment in R&D and employee training, as well as application of and investment in digital technologies. Therefore, financial managers should reevaluate their enterprise development strategy and business model after the emergency event, soliciting responses from every business department to create the new model in order to improve business capital efficiency and restore growth.

