

## NAVIGATING THROUGH COVID 19 | FMCG SECTOR

The fast moving consumer goods ('FMCG') industry, forecasted to reach US\$ 15,362 billion by the year 2025, is starting to feel the reverberations of COVID-19 – a pandemic that has taken the world by storm and has impacted the sociological equilibrium in ways never witnessed before.

### The 10 commandments

This point-in-time note provides expert guidance on 10 significant aspects that can enable our clients in the FMCG sector to respond effectively to the current and emerging situation.

### Focus of risk assessment

The best measures of your risk exposure emanate from the income elasticity of your consumers vis-a-vis your products.

However, we recommend that you update your risk assessment at an enterprise level.

### Strategy

Focus on products that are classified as 'necessity', as these will drive demand and be outliers, both during the lockdown and in the slowdown in the aftermath of the lockdown.

### Operations

Prioritize your production on business resumption to essential products and align your supply chain accordingly.

### Research & development

Anticipate and cater to the transformation in consumer behavior. Products that address health protection, hygiene, organic food and fitness are most likely to spur demand.

### Sales

Go where the demand is likely to be. Innovate and align research and marketing activities to reinvent and launch new FMCG products that cater to the foregoing.

### Distribution channels

Reengineer your focus on distribution. Consider the relatively restricted direct consumer interface across channels (*traditional trade, modern trade and cash and carry stores, e-commerce*). While traditional trade will continue to see strong demand for essential food items followed by snacks, the potential of e-commerce to drive business is unprecedented.



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### SOPs & Finance

Change your SOPs with an eye on enhanced digitization and complete compliances with new regulatory directives and guidelines. Evaluate the impact of COVID-19 in preparing and reporting your financial statements for the year ended March 31, 2020 and projections (*inventory measurement; impairment of non-financial assets; provisions; contingent liabilities and contingent assets; going concern assessment for self, customers & vendors; income taxes; borrowing costs; post balance sheet events & interim reporting*).

### Human resources

Preventive measures in the context of employee health and safety are imperative. Your biggest risk for business continuity may lie within.

### Information technology

Assess the capability of your IT systems and working practices to ensure security and confidentiality; enhance the processing integrity of information and data; and optimize availability of your platforms, hardware and software. Cyber-attacks and data theft are on the rise.

### Inventory

Update your inventory management parameters (*including stocking levels*), with emphasis on front end integration (*marketing, distribution & sales*) and back end supply chain integration.

#### Disclaimer

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#### MGC Global Risk Advisory LLP

Our Firm was established in September of 2015, with the vision to be the best providers of risk advisory services wherever it operates. Effective May 08, 2019, MGC Global Risk Advisory LLP became a direct and independent member firm of the US\$ 4 billion, Atlanta headquartered Allinial Global (*formerly PKF North America*); and changed its name to MGC Global Risk Advisory LLP.

MGC Global Risk Advisory LLP specializes in providing risk advisory solutions to its clients in the areas of enterprise wide risk management, control assessments, internal audits, fraud investigations, process re-engineering, governance frameworks, IT risks, GDPR readiness, cyber assessments, CxO transformation, board evaluations and research. It currently has over 100 dedicated risk advisory specialists in its own offices in Bengaluru, Mumbai and the NCR and arrangements with our associates to service its clients in all major cities in the country.

Our Firm has access to the expertise of over 28,373 professionals and over 4,000 partners in 592 offices across the globe as a member firm of Allinial Global. Amongst numerous achievements and accolades secured, the Firm has been recognized as one of the '10 most promising GRC consultants in India' in 2017, the 'Company of the month' in January 2018 and the 'Company of the year' in 2018 as well as in 2019 (*both, in the category of risk advisory services*).

In case you would like to discuss the above or any other aspect relating to risk management and business transformation, **please write to us at [contactus@mgcglobal.co.in](mailto:contactus@mgcglobal.co.in)**.

