Reasons to be cheerful: An accountant looks beyond Coronavirus

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Most managers and finance staff will have worked hard to prepare budgets for this or the upcoming financial year. These carefully crafted financial plans are now often ruined because of Coronavirus. Income has often fallen, possibly disappeared, and costs have, in many cases, been incurred in previously unimagined ways. Enough reason for being miserable and cautious, you would think, and accountants often fall naturally into the pessimistic camp, even when times are good. But now is not the time for caution or seeing only the downside of this current crisis.

In the public sector, we need to reconstruct our plans proactively and constructively. There are two aspects to that planning. The first and most immediate is to set out and finance what is needed to reduce the impact of the crisis. That may include financing support to your communities to deal with the impacts through financial, advisory and service interventions. It also means enabling our organisations to operate without placing our staff and customers’ health in peril. For many other organisations, particularly, in the private sector, it is about finding a way to survive.

The experience of many people in organisations with which I have been working is that there can be plus sides to this crisis. Doing things the way that we have always have has often not been an option. Necessity has been the mother of invention, as the old saying goes. For instance, working from home has become the norm for many. This has been a positive experience for some people - no long journeys to and from work and a noticeable increase in productivity. We have also seen how effective the available technology has been. Could this be the start of a “new normal” (currently an over-used phrase) of more modern ways of working. There are many potential benefits – financial, social and environmental, amongst others. Fewer people in the office means less need for space and lower premises costs. It will also reduce congestion, overcrowding on public transport and pollution. Consulting staff about home working and more flexible working arrangements may lay the groundwork for a transformation in the way that many of us work.

Some of these developments in working practices may not have happened in every country. In places where power and internet are unreliable or where the remote access to systems is not available, these sorts of new arrangements will be difficult to make work successfully. This means that some countries may not be able to keep up with what may be described as another mini industrial revolution.

The impact of new technology has been impressive and wide ranging. High-level government, business and parliamentary meetings have taken place on Zoom or Microsoft Teams. Its impacts in keeping friends and family in touch has been great. There are, however, limitations in all this that we need to recognise. The limited non-verbal interactions can lead to misunderstandings and can make meetings much more difficult to chair and less inclusive for many.

At the higher level, should we be investing in expanding transport facilities when there are options other than face-to-face meetings? If these meetings are not needed to the same extent there is less need for the transport facilities that enable them. Could this be a case for re-examining the UK’s commitment to invest over £80 billion in high speed rail, for example?
Our approaches to appraising proposed capital expenditure should always focus on the full range of options that are available to meet the objectives. That also means having the true objectives stated i.e. what are you trying to achieve rather than what you are trying to do. One option that should always be part of the appraisal of options, even if often quickly discounted, is to “do nothing”. A fresh view of the application of new technology may make “do nothing” the favoured option more often. It does appear to me that all of this leads to a need for an increased emphasis on and investment in modernising economies through ensuring that power and broadband are in place and functioning well to serve government, business and the public.

These thoughts are an attempt to see a silver lining in a very large virus cloud. However, there is no doubt that for many organisations the future is now considerably more challenging. Developing plans now that steer the stormy waters of the current crisis but also thinking about the strategy for the post-crisis period is vital. A coherent financial strategy needs to be in place that reflects these challenges but also drives towards a positive future.

As the world edges back towards normality there will be a rebound in economic activity. For the public sector, this means re-focussing on priorities other than dealing with the Coronavirus pandemic and re-instating services to the public, particularly for those more vulnerable citizens. For the private sector, being able to take advantage of a return to a more normal level of economic activity is vital. There are opportunities to provide goods and services in new and innovative ways - keeping in touch with customers, taking on board feedback, making special offers, ensuring fast and efficient deliveries and online targeted marketing being just some examples.

On top of this there may well be fewer competitors and new commercial opportunities for private businesses. And there may be improved partnership options where the method of procurement could become much more flexible to promote innovation and problem solving. This will affect public services and PPPs.

Protecting business during the crisis is critical and something in which the public sector has an important part to play. Being ready to take the new and returning opportunities at home and internationally is also vital. That may mean the private sector investing in goods and services and routes to market well in advance of the ensuing income being received, requiring working capital. Central Banks, governments and commercial banks have a major role in ensuring that working capital is made available as part of an economic “rebound” strategy. The wider public sector should also seek to do whatever it can to support business in these endeavours, whether it is by providing finance, premises, external trade assistance or practical IT support. It can be the start of a renewed partnership approach between the public and private sectors.

Accountants can be at the vanguard of this resurgence. The post-Covid-19 world needs to look more like the USA New Deal of the 1930s than the austerity that the UK, for example, has experienced over the past decade. We need a vision that takes our organisations and nations forward. But all such visions need the discipline and focus that the accountant can bring to financial planning. A laser-like focus on our objectives and the means of achieving them is crucial.

So why should the accountant be cheerful? Because the opportunity is there to be at the heart of the resurgence – supporting new ideas, removing obstacles, finding solutions. Saying “Let’s find a way” more often than “No, we can’t do that”! In difficult times the accountant that is positive, engaging and cheerful will be valued.

Duke Ellington said “A problem is a chance for you to do your best” – a pretty good reason for being cheerful. And any chance to quote a jazz musician rather than a politician or an epidemiologist is currently to be welcomed!

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(With thanks to Jim Brooks)