

WAKE UP CALL



Welcome to issue 53 of Wake Up Call – RSM Indonesia newsletter covering topics on audit, accounting, business, corporate finance, transaction support, governance, internal control, management, risk, and taxation.

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COVID-19: A wake up call that BCP is not only about IT



Angela Simatupang, Consulting Practice

Business Continuity Planning (BCP) is more than managing IT disruption. The pandemic COVID-19 has shown us this. Macroeconomic conditions are worsening the impact might be faced severely by hospitality and retail sector, and other industries including mining, agriculture, manufacturing might experience a moderate impact.

When business talks about Business Continuity Planning (BCP), most people delve only in information technology (IT) side. BCP is much more than managing IT disruption (albeit the importance of IT risks). The pandemic of corona virus (COVID-19) has shown us this. We all see the panic and banning of people coming from China, South Korea (and even Singapore) in the early stage of this pandemic. But if we see now, other countries has dramatically increase its confirmed cases at the speed of light. At early March, Italy has only 4000+ confirmed cases, on 11 March they reported 10,000+ confirmed cases and in less than 24 hours it has risen to 12,000+ confirmed cases – 20% increase in less than a day! And as at 27 March 2020, confirmed cases is has hit 80,000.

Organisations has now take measures to deal with suspected and confirmed infection, however all were reactive and taken quite some time after the virus has gone viral. Is it too late? Should we have better identification of varied risks, maybe we would have a better response plan in place. Maybe our BCP has not considered all matters that should matter.

Business Continuity Planning 101

What is a BCP? BCP or Business Continuity Planning is a documented and formal arrangements for resuming critical business operations in a timely manner following a disaster or other disruption. BCP is a function of risk

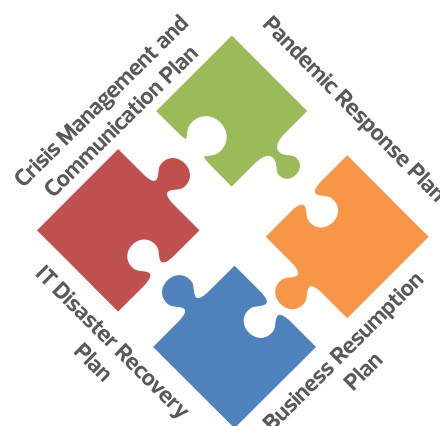
management. The response plan should be timely, focus is on sustaining the business, and recovery process must be efficient and organised.

Understanding of the operating environment, the constraints and threats that could result in a significant disruption (conduct of risk identification and assessment) is very important. Followed by identification on which parts of the organisation critical to its short and long term success and quantification on the impact of those threats to critical functions. There should be a process to ensure that information remains current and relevant to the changing risk and business environment.

Learning from past (and current) disasters, we need to bear in mind that the event may impact multiple sites simultaneously, communications may suffer extended outages, full staffing may not be available for the recovery, work in process and vital records may be destroyed, essential transportation may not be available, supply chains may break down, untested provisions may be unreliable.

Therefore when preparing our BCP program, functions and systems must be inventoried and prioritised for recovery, teams have their recovery playbook for reference, and there are designated team for recovery coordination. In designing it, we need to understand the objective of BCP which includes among others: Identify and

ELEMENTS OF BCP



mitigate risks; Protect employees, customers, assets; Minimise potential economic loss and disruptions to operations; Ensure organisational stability; Provide for an orderly response and recovery; Reduce legal liability; and Comply with regulatory and contractual requirements.

What to do now?

Assess your business operations, external expectation, risk postures, etc., to determine BCP requirements and objective. Revisit your Disaster Risk Assessment Register. It should include identification of natural, human, and technical threats that may disrupt your critical business operations.

Evaluate your current BCP documentation, strategies, processes for alignment with requirements and objectives, and general best practices.

For further information, please contact: contact@rsm.id



Grow and Growth Strategy



Saptoto Agustomo, Consulting Practice

"If you are not growing, you are dying" – Tony Robbins. Every company need to formulate a growth strategy, and it should be elaborated for implementation.

Every business must be able to maintain its business continuity.

A consistent revenue growth is needed in all economic situations. Global and national economic growth in general will be a reference for companies. Therefore, companies must have accurate strategies to be able to maintain or even increase growth. What are these strategies? Let's review.

Companies should be able to grasp every opportunity quickly, grab it! Rather than to think in advance there are no resources, better to say "yes" first to take the opportunity to get that projects. Only after a company is able to truly grab the project, all efforts are mobilized to be able to convert opportunities into jobs that generate revenue.

The company should always be ready to face all situations. Especially when there is an opportunity to earn revenue. Internal readiness needs to be maintained, in all areas of business process, including organization and human resources, tools and equipment, and of course working capital need to be prepared from internal or external financing sources.

In addition to being ready to seize opportunities and internal readiness to produce them, the company and its employees should have a sense of ownership of the company and its projects/production. Ownership is

a fundamental capital to run the wheel of all resources.

With those three capitals, the company will undoubtedly be able to win the project to be converted into revenue. The company needs to have a project winning strategy. The business development team is the driving force. They become business intelligent agents who will explore the market and further expand (enlargement) projects and enrich (enrichment) existing projects.

If we can conclude so far, the strategies to grow are: Grab, Ready, Own, Win (GROW).

Back to the beginning of this article, every business must be able to maintain its business continuity. The four strategies are not enough. Growing is not enough. A healthy growth is when the revenue growth is able to exceed the minimum expected and needed to generate profits. Profit must be achieved at a level that is able to support the company to maintain business continuity. Revenue must exceed its expenses, including to pay corporate income tax. For this reason, an income target and growth target are needed. A target must be set by the company, with all kinds of sizes, methods and techniques. A target is not just a financially measured target, but also a target that is measured qualitatively; consider internal and external measurements.

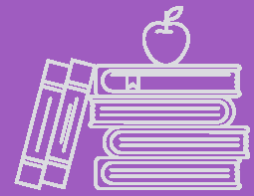
For example, employee satisfaction, owners, customers, investors, banks, compliance with regulations set by the regulator, and even the company's contribution to the economy as a whole.

When the company has successfully achieved these targets, business continuity will be guaranteed. The value of the company will increase, the stakeholders mentioned above will feel satisfied and happy. The company must not let go of its responsibility to provide happiness to all stakeholders. The happiness of all stakeholders can certainly be called as the ultimate goal of a company standing.

In the end, to be able to perpetuate its business, companies need all those growth strategy (GROWTH).

For further information, please contact:
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Our activities



RSM Indonesia 35 years in business

RSM Indonesia celebrates its 35th anniversary on March 4th 2020, and we held a health talk on how to live healthy and to prevent infectious disease, followed with a mini health check.



RSM's Coronavirus Global Resource Centre

As the Coronavirus continues to reach new milestones and further impact the global economy, businesses are experiencing unprecedented disruption across the globe. From supply chain issues and diminished workforce mobility, to severe supply chain interruption, the threat to organisations is real and intensifying rapidly.

To find out more about the impact, please visit <https://www.rsm.global/rsm-global-coronavirus-resource-centre> or if you require any assistance preparing your organisation for the potential impacts of COVID-19, please contact us.

Insights



Latest insights on Coronavirus (COVID-19)

Updates



Latest Tax updates on Coronavirus (COVID-19)

Finding opportunity in change



Re-imagining what is possible in a 're-globalised' world

Country by country Coronavirus resource centres

Indonesia Facts



Ulos, North Sumatra, Indonesia

Image Source: Wikipedia.com

According to the Batak tribe of Indonesia, there are three sources of warmth for humans; Sun, Fire and Ulos. Why is ulos a source of warmth? Ulos is said to be a source of warmth because they were living on cold mountains. This natural condition makes sunlight insufficient to give warmth especially at night. Then, they created something that is able to give them warmth, also believed to be able to give men bravery and women strength against infertility .

At first, Ulos was only used as an ordinary cloth but it later developed to a symbol of love, traditional ceremony requirements, and society structural system symbol. Even today ulos is believed to have magical religious power and is thus considered 'sacred' and has special power to protect the user.

Source : Wikipedia.com



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Thank you for reading

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