



ANTI-CRISIS CORPORATE STRATEGY STATE AND DEVELOPMENT DIAGNOSTICS

Vasily Kudrin, CIA, CFE, CCSA. 23 September 2022

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PROFESSIONAL EXPERIENCE



VASILY KUDRIN

- Partner of the consulting practice of **AO HLB Vneshaudit** - audit and advisory in risk management and business management. Partner and Chief Investment Officer of **Lybrion**, a digital asset management company.
- Professional in the area of finance and business, more than 20 years of practice in real-world business, finance and advisory.
- More than 300 professional projects and educational events in process organization, risk management, internal control, transformation of corporate systems.
- Vasily Kudrin has professional international diplomas: CIA (internal audit, since 2004), CFE (investigation and fraud risks, since 2007), CCSA (internal control and risk self-assessment, since 2004).
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EXPERIENCE

- Experience in the field of financial management, audit, risk management and internal control since the late 1990s, as well as crisis protection projects and implementation of business continuity plans and recovery from complex, emergency situations.
- Russian and international experience in organizing and conducting investigations, including projects focused on the recovery (return) of lost assets.
- Participated in the boards and committees of a number of professional public organizations, such as the Russian Institute of Internal Auditors (IIA), Association of Certified Fraud Examiners (ACFE), international Institute of Internal Auditors (The IIA).
- Member of organizations of corporate governance and internal control (AND, RID, IIA) and digital investments (Crypto Valley), take part in coordinating of Debate Club, that deals with innovations in of corporate governance, risk management and control.

DIRECTIONS OF ANTI-CRISIS PROTECTION

NEW CRISIS

PROLIFERATING CRISIS

PLANS

SESSIONS

OPTIMIZATION

DIAGNOSTICS AND RECOVERY

TRANSFORMATION



Emergency and business continuity plans



Strategic sessions and immediate action plans



Cost reduction, staff optimization, removal of cost centers

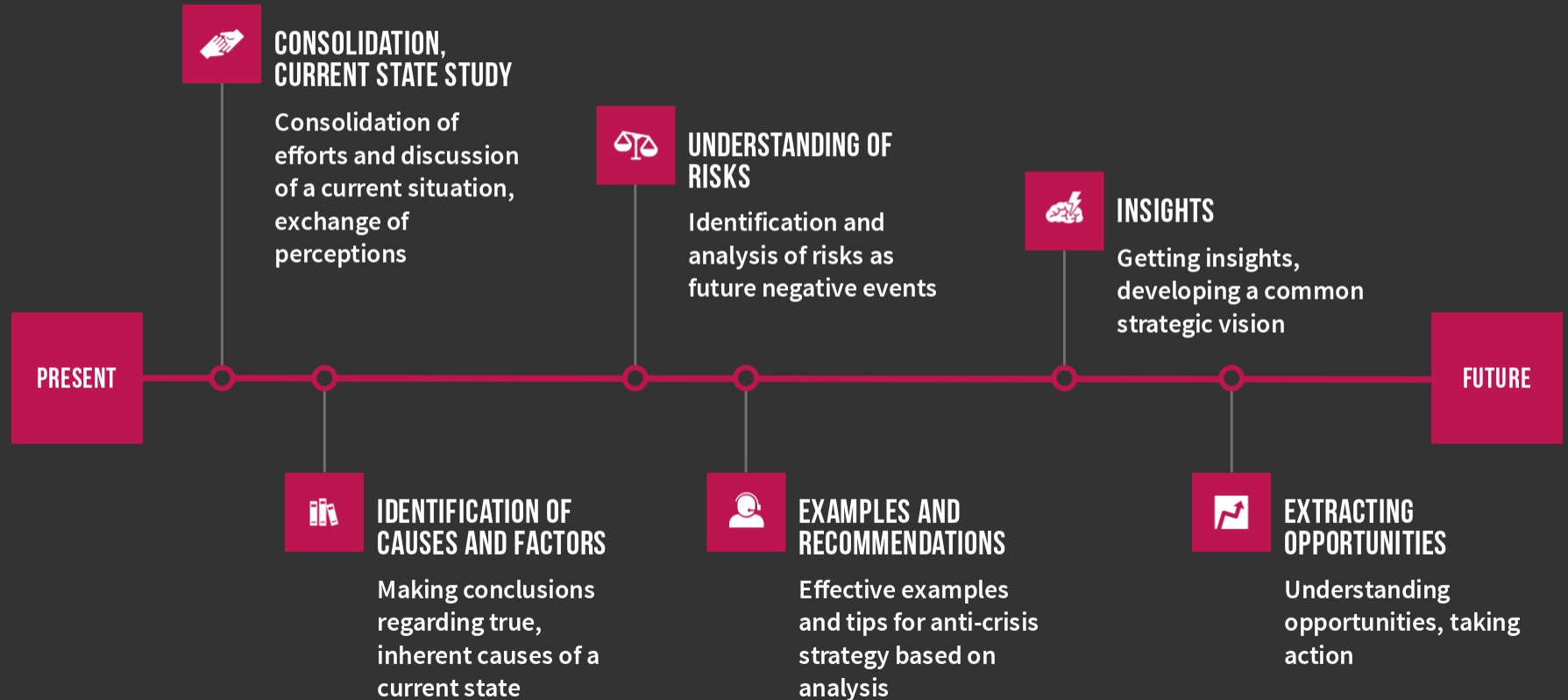


Diagnostics, use of risk management methods, asset and process recovery

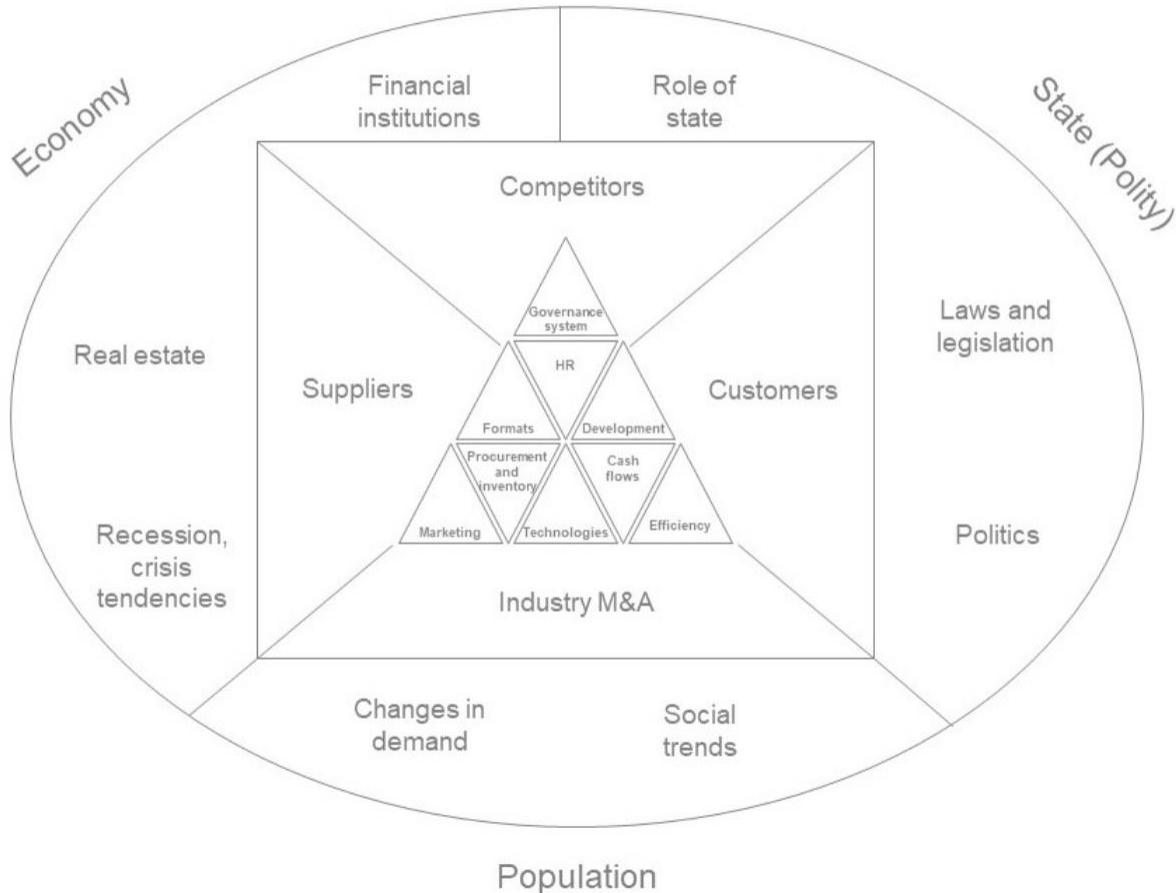


Exit, sale, transfer, structural transformation

STRATEGIC SESSION'S GOALS



STRATEGIC SESSION: MODEL AND PLAN

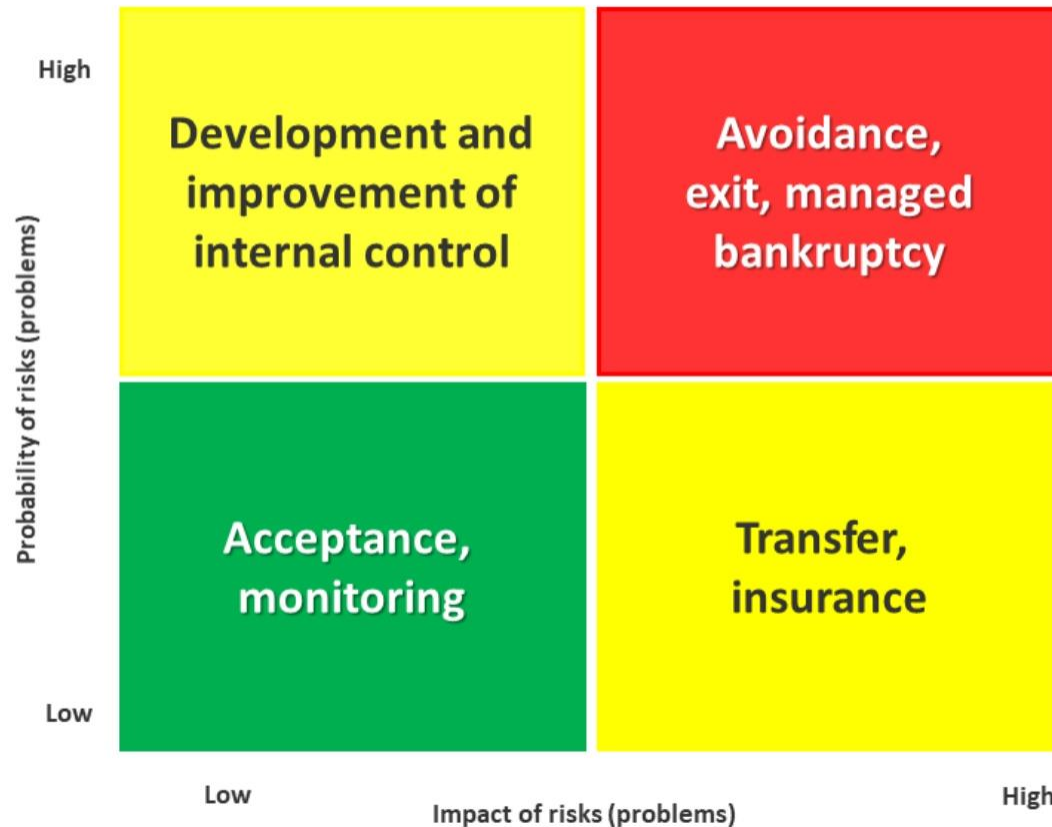


FORMAT:

2-3 days

- Strategic groups (senior management, deputy directors)
- Risk-focused approach
- Immediate action plans

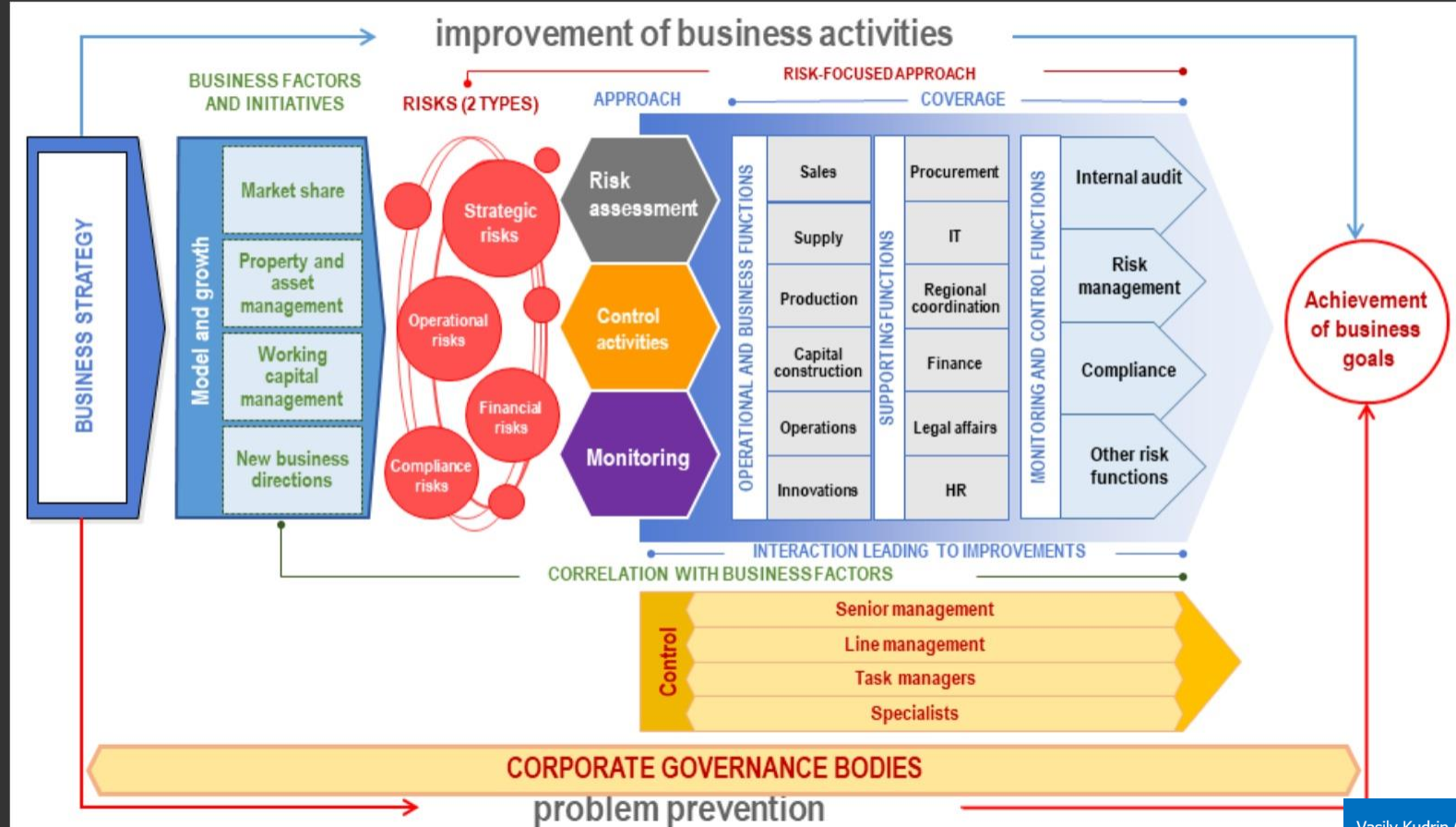
ACTIONS BASED ON RESULTS OF ANTI-CRISIS SESSIONS



CRITERIA:

- Austerity, singularity and immediacy
- Responsibility
- Coordination with other departments

LINE OF DEFENSE AND DEVELOPMENT MODEL



APPLICABILITY OF RISK MANAGEMENT TOOLS



CORPORATE CURRENT STATE DIAGNOSTICS AND ANTI-CRISIS REPOSES

ANTI-CRISIS DIAGNOSTICS / RISK-FOCUSED APPROACH

PREPARATION, PLANNING

- Analyse of situation (current state)
- Understand goals
- Strategic session
- Develop immediate action plans
- Coordinate on responsibilities and initiating monitoring
- Compose diagnostic team

DETECTION OF SIGNALS

- Initiate continuity plans
- Typical risk indicators
- Identify and analyze signals (risk indicators)
- Discuss and update action plans

RISK ASSESSMENT & PROBLEM PREVENTION

- Identify risks
- Assess risks
- Coordinate with previous anti-crisis analysis activities
- Range risks
- Discuss opportunities and exit (transfer) plans

REFRAINING & CONTROL

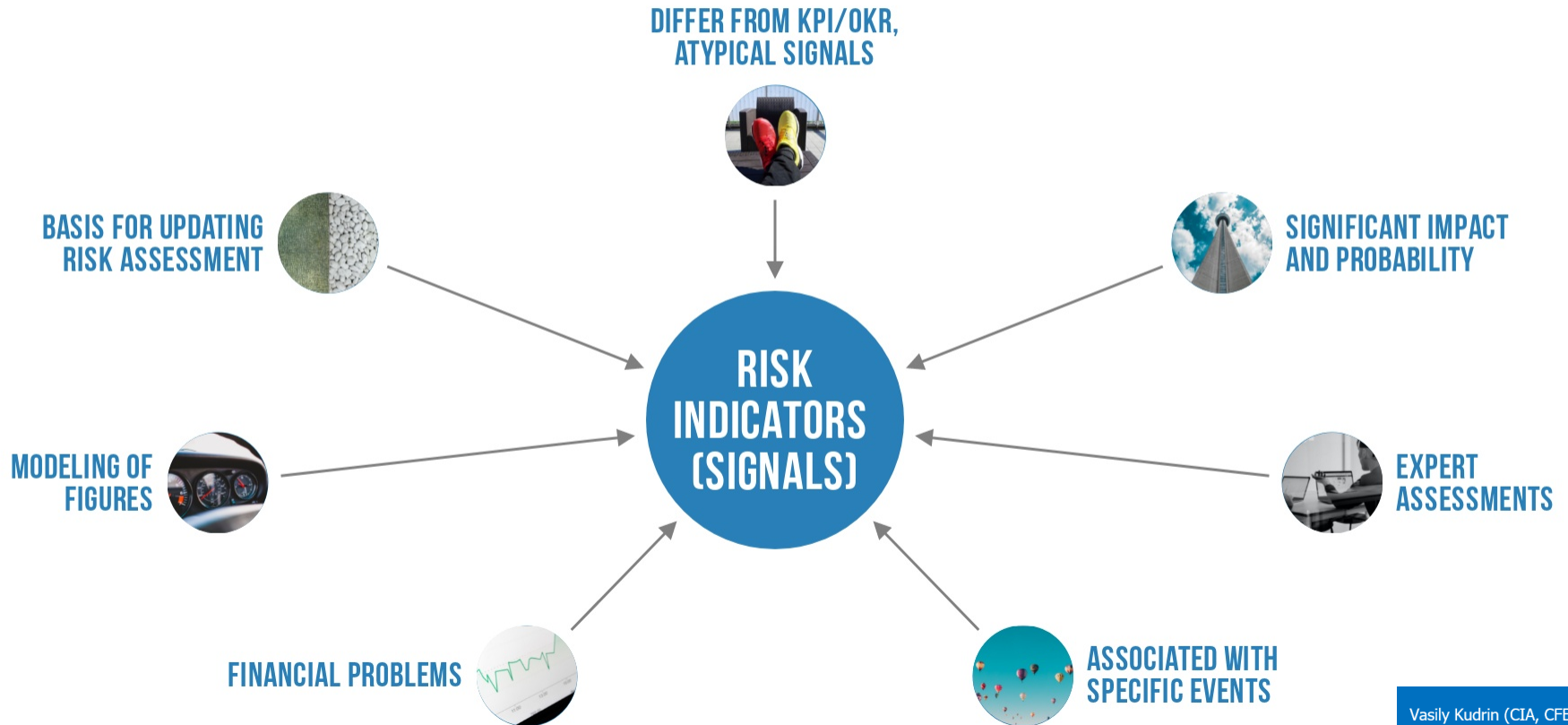
- Prepare conclusions and recommendations
- Find examples
- Develop additional action plans
- Analyse of damage caused
- Update and initiate of anti-crisis plan implementation

RECOVERY & LEARNING

- Perform investigations
- Develop recovery plans
- Develop base of knowledge, constant discussion and learning
- Set monitoring
- Start recovery activities

PRE-BANKRUPTCY RISK INDICATORS (SIGNALS)

Characteristics necessary for correct detection of signals



PRE-BANKRUPTCY RISK INDICATORS (SIGNALS)

Examples



FINANCES

- Increasing refusal of debtors to pay debts
- Blocking and depreciation of investments and assets
- Decrease in capital liquidity
- Increased events of distortion of managerial and other internal reports
- Margin call event approaching
- Growing pressure from banks



STATE (POLITY)

- Increase of restrictions and (geo)political barriers directly affecting business
- Systematic introduction of destructive regulations
- Increasing events of state inspections and claims from government agencies
- Growing of seizure (raiding) events in the industry



CUSTOMERS AND SUPPLIERS

- Leaving of important (key) clients and suppliers
- Loss of market shares (niches)
- Reduced inventory turnover



INTERNAL PROCESSES

- Abrupt departure (loss) of significant personnel
- Loss of important data(bases)
- Increasing events that interrupt processes
- Increase in significant complaints and disputes (conflicts)

RISK ASSESSMENT IN TIMES OF CRISIS

State, society

- GEOPOLITICAL CONFLICTS
- STATE PRESSURE
- ADMINISTRATIVE BARRIERS
- REACTIONS OF SOCIAL GROUPS
- LEGISLATION
- SANCTIONS

Trust

- FRAUD
- DISUNITY
- ETHICS, CULTURE
- THEFT OF ASSETS
- ABUSE
- LOSS OF TRUST OF INTERNATIONAL PARTNERS
- REPORTING DISTORTIONS

Processes, operations

- KNOWLEDGE, COMPETENCIES
- SUPPLIERS
- LOGISTICS
- TECHNOLOGIES
- CYBER
- MACROECONOMY
- PERSONNEL
- CUSTOMERS
- CONTINUITY

Finances

- CASH TRANSFERS
- PRICE, BIDDING WARS
- STABILITY
- LIQUIDITY
- REAL ASSET VALUE DECREASE
- BLOCKAGE OF FINANCIAL INVESTMENTS
- IMPAIRMENT OF FINANCIAL ASSETS
- LOANS
- CURRENCIES

MODELING AND EXECUTION OF CRISIS RESPONSE ACTIVITIES

based on results of anti-crisis strategic sessions and diagnostics of a current state



RESPONDING AND PREVENTING PROBLEMS

- Short-term actions, separate plans for optimization and reductions
- Understanding the financial impact
- Integration with the company's existing risk assessment

REFRAINING AND CONTROL

- Anti-crisis plan
- Improving internal control system
- Organization of initial and subsequent express analysis of caused damage

RECOVERY AND MONITORING

- Investigations
- Exit strategy scenarios (including managed bankruptcy)
- Asset and loss recovery plans

RECOMMENDATIONS FOR ORGANIZING ANTI-CRISIS PROTECTION



STRATEGY: SESSIONS

- Immediate implementation and initial action plans
- Culture of cooperation and consolidation of efforts
- Involvement of second-level managers

DIAGNOSTICS OF CURRENT STATE

- Concordance with a risk map
- Interactive discussions, risk maps and polling
- Search for signals and examples of how to respond to them
- Involvement of middle management
- Periodic renewal until the end of the crisis

RISK MANAGEMENT

- Anti-crisis agenda
- Internal consulting
- Involvement of all monitoring departments (functions)
- Agile approach

CONTACTS



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