



Managing Your Business Through the Covid-19 Crisis

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Welcome



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Today's Agenda

- Introductions
- Managing Cash Flow
 - Revenues
 - COGS & Operating Expenses
 - Forecasting
 - Other Considerations
- Opportunities
- Closing Thoughts
- Questions

Today's Presenter



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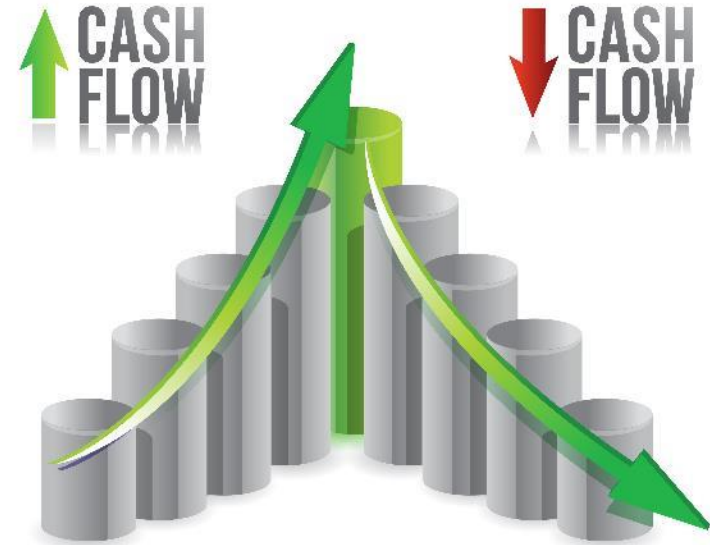
Some Perspective

- Crisis hit quickly and may be long-lasting
 - March month-end/April 1 is first big date for monthly cash outlays
- The Chinese word for "crisis" is composed of two characters signifying "danger" and "opportunity"
 - There is opportunity amid the challenges



Managing Cash Flow

- “No cash, no business”
- Revenue - Sales to Cash
- Payroll
- Expenses
- Leases, debt service, etc.
- Government programs for businesses and employees
- Importance of short-term cash forecasting



Revenue – Sales to Cash

- Communicate with customers
 - “No news is bad news”
 - Live your brand – website, email, social media
- Brainstorm alternative revenue sources
 - Take out, delivery, discounts, “virtual wine-tasting”
- Focus on most valuable accounts and sales that can close quickly
- Invoice quickly and monitor collections
 - Consider accelerating forms of payments – such as deposits, credit card sales, greater discounts for cash or more prompt payments, etc.



Payroll

- For many businesses, payroll represents their largest expense
- Layoffs, furloughs, salary reductions
 - One deep cut vs. rolling small cuts
- Government programs – assist employees with access



COGS & Operating Expenses



- What expenses can be reduced?
 - Reduction or elimination of certain expenses – such as utilities, insurance on inactive fleet, cleaning
 - Negotiation of lower prices or extended payment terms from suppliers for COGS and Operating Expenses
- What expenses might increase?
 - Enablement of remote work environment, etc.
 - Logistics – extra delivery costs
- Watch inventory levels
 - Don't have excess cash tied up in inventory that isn't moving

Leases, Debt Service, Etc.



- Other major expenditures for many companies include real estate and equipment leases, bank loan/other debt service (principal & interest)
- Contact landlords, equipment lessors, banks for relief – options include:
 - Renegotiate to take advantage of lower rates
 - Defer payments – add to end of term or extend term to reduce principal payments
 - Short-term reductions or holiday on lease payments – extend lease if appropriate
- Explore SBA and other government guaranteed loans - programs such as deferrals of tax payments, etc.

Short-Term Cash Forecasting

- *Essential – you won't know how deep to cut if you don't model future cash-flows*
- Does your modeling indicate sufficient cash-flow to survive the next few months *under realistic circumstances* – or do you need to take steps including expense cuts, borrowing additional funds, equity injections, etc. to meet cash needs?
- Consider having professionals review your forecast for completeness & accuracy – it is critical to be realistic



Other Considerations

- Business interruption & other insurances
 - Review whether there is any potential claim for disruption due to COVID-19
- Supply chain
 - You can't sell product you don't have!
 - Are your suppliers able to reliably supply your business?
 - Do you need to identify alternative suppliers to ensure you are covered?
 - Are you maintaining regular communications with your supply chain so they can prepare for your needs during this time?



Opportunities

- Competitors may take “eye off the ball”
 - Is this an opportunity to secure new customers and grow market share?
- There will be “good people” who are laid off or working in under-capitalized businesses
 - Is now a good time to fill gaps or upgrade people?
- Suppliers are looking to maintain their sales volumes
 - Is this a good time to negotiate better pricing and terms?



Opportunities

- Borrowing costs are low
 - Is this a good time to refinance debt or leases?
- Some businesses will be put on the selling block – and borrowing costs are low
 - Is this a good time to acquire competitors or adjacent businesses?
- Governments are making significant relief funding available
 - Have you researched and applied for all programs that may be beneficial to you and/or your employees?



Closing Thoughts

- Identify and plan for risks & contingencies
 - Task force – you don't have to manage alone
 - What if key management or personnel become ill and cannot work
- This too shall pass...
- Communication is key – all stakeholders
- Make sure your customers, people, family and yourself are “cared for”
- Consider if there are ways that you can bring your resources to help the crisis at large



Questions



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