



finance recovery guide

**shaping
print to
business**

Your Finance - Guidance and Action List

Actions needed

1) Do you know your financial position this month?

Keeping a tight control of finances is vital through this very challenging period. Even if it is not your normal practice, introduce monthly accounts including a cashflow forecast. Make a sales forecast, however uncertain and review progress weekly, if not daily, towards it. Review your cost base in detail – every line, every item – they will add up. Remember your medium term aim – probably to get back to normal profitable trading. But think through what you may have to do to get there. If you rely on invoice discounting or factoring to provide cashflow, review the forward consequences and the steep decline in sales invoiced and talk to the bank before they come to you – see item 4 below.

With an outline financial forecast of say the next six months trading, carry out a few key 'What if?' scenarios on both your trading forecast and crucially on your cashflow forecast. What if sales stayed at current minimal levels? What if they climbed slowly back to historic levels? What if one or more of your key customers were unable to pay their invoices?

2) Have you reviewed all government financial support packages available and taken a policy decision on your participation?

National governments have announced a variety of measures to assist companies through the pandemic crisis. Some are tax deferrals or relief e.g. delays in VAT payments, suspension of local authority business rates. Some are cash support e.g. UK government furlough scheme to avoid short-term redundancies. Others are loans e.g. UK government Coronavirus Business Interruption Loan Scheme.

You must assess how each of these suits your own company e.g. taking out a further loan with any risks or loan guarantees attached. Then decide whether to apply for such support. If you do apply and you know the outcome, then feed that into your financial forecasts.

3) Have you reviewed how you can best balance the need to protect your cash position with long term trading?

Your medium term aim is in all likelihood to get back to 'normal' trading. The question is how to best get there and this may mean taking difficult decisions to protect your financial position in the meantime. Under item 1) above we suggested you should review your cost base in detail – every line, every item – small savings will add up. In addition, review all your outgoings – routine payments for services, rent, equipment leases etc. Talk to these 'suppliers' and seek assistance e.g. delays in payment, waiving of some charges etc. If you don't ask, you will not get.... Talk to your major materials and consumables suppliers. They need you to survive and prosper, how might they help in the short term? Are there any other measures you could take to improve liquidity e.g. sell off stocks? Feed the results of all these actions back into your financial forecast.

4) Have you talked to your bank about your financial situation and got a clear understanding of the level of support you can expect from them?

Once you have taken steps 1 to 3 above, you are in a good position to talk to your bank. You will know from the financial forecast now produced how confident you can be of your short term financial position. Keep the bank advised and seek any additional support they can offer. Remember they too want successful viable customers for the long term. If you rely on invoice factoring or discounting to provide cashflow, the results at present will be very challenging for most companies. Seek clarification from your bank as to how they may be able to vary standard terms

to support your company through this difficult period. Are there alternative sources of finance worth exploring e.g. sale and lease back or premises or equipment?

5) Have you maintained your invoicing and sales ledger processes, including conversations with key customers to ensure prompt payment?

Business is about relationships and trust. If you have been a good and reliable supplier to your customers in the past, they will probably be helpful to you in difficult times like now. Clearly there may be customers who are struggling to pay their bills e.g. in retail or hospitality sectors. You will need to consider carefully the balance to be struck between chasing hard for your money and losing future goodwill. Where customers are struggling, seek to help for example by agreeing phased payments. 'Do as you would be done by', but also be prepared to be politely assertive where necessary.

6) Have you maintained your purchasing processes and talked to your key suppliers about what help they might offer?

Talk to your key suppliers. Explain your position as best you can and seek assistance where appropriate. Check how they are operating in practical terms and advise of your own changed processes. Consider establishing links with a reserve supplier for essential goods/services. Monitor communications from other suppliers to keep abreast of any advice on changes to services, communications etc.

7) Have you reviewed your insurance and legal positions?

Review any business continuity insurance you may have and check its limitations. Consider any other legal issues arising eg directors and officers liability insurance. Some governments have eased or suspended the rules on 'wrongful trading' thereby easing legal pressures on directors to seek liquidation. Remember your legal responsibilities to your staff and creditors remain the same. Do not fail to hold any necessary formal board meetings to take essential decisions and make sure you minute them properly.

8) Have you reviewed your IT procedures since the Pandemic?

Have you maintained your IT processes throughout the pandemic crisis? Crucially is your back up still working effectively? Do you have IT back up already in place, ie in the event of your server or internet connections failing, is there a mirrored site elsewhere? If so, test it across all business processes. If not, set one up as speedily as possible and ensure there can be instantaneous transfer between the two sites by testing all critical business processes. Check system equipment resilience and any necessary revised IT system procedures.

Second there may be business process issues that have IT implications. This is not the time for major changes, but minor revisions may be necessary to for example bridge the gap between system steps normally bridged by physical transfer of documents or rekeying of data by staff in offices. The best way to review this is by remote consultation with the specific team leaders involved, including those 'upstream' and 'downstream' of the team directly involved.

For those who are working from home, you should make sure company data protection obligations are maintained and employees using their own computers should still process information in compliance with data protection principles. You should remind employees about home security, confidential information, passwords, shredding etc. You must consider the security issues around the use of various software aids to remote communications eg Zoom, Skype etc.

Company specific action list – Your finance

No	Question	Action	Who	When
1.	Do you know your financial position this month?			
2.	Have you reviewed government support packages available and taken a policy decision on your participation?			
3.	Have you reviewed how you can best balance the need to protect your cash position with long term trading?			
4.	Have you talked to your bank about your financial situation and understand the level of support you can expect?			
5.	Have you maintained your invoicing and sales ledger processes, including conversations with key customers?			
6.	Have you maintained your purchasing processes and talked to your key suppliers about help they might offer?			
7.	Have you reviewed your insurance and legal positions?			
8.	Have you reviewed your IT procedures since the Pandemic?			



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