



## 2020 Business Continuity

### 7 Must Dos that should Protect Your Business from Covid-19

#### 7 Survival Techniques for Covid-19

##### Technique #1

You're not alone but wake up & smell the coffee

##### Technique #2

This is literally life and death, so start cutting costs

##### Technique #3

Really change how you conduct business

##### Technique #4

Make the 'real Government' work for you

##### Technique #5

Start pruning customers and get new ones

##### Technique #6

Be fair to suppliers but favour yourself

##### Technique #7

Be harsh to essential suppliers. They need you

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# TECHNIQUE #1 You must look after yourself 1<sup>st</sup> .

Be compassionate but self-preserve.

There isn't a sensible business person alive that can say they're not deeply concerned about the corona virus. Your first responsibility is to yourself, then your family, your company and finally your staff.

If ever the expression 'survival of the fittest' was apt, it's right here and now. Businesses are going to fail. It's up to you to make sure your company isn't one of them. In order to help others, you must first focus on your own survival.

The new number for your business is 50.00%. This business continuity plan applies the 50.00% rule everywhere it can. Take last year's revenue and plan how to increase it by 50.00%. Look at all your costs and decrease them by 50.00% too. Assume that 50.00% of your customers are going to fail, or leave you. Thousands of companies worldwide are going to fail. Using this 50.00% business survival number could be why you're not going to be one of them.

**YOU OWE IT TO:** yourself, to your family and to your staff. They rely on you for their livelihood. By making a continuity plan, you are taking the necessary steps to protect them.

Your health and that of your family are very important and relevant but they are not the focus of this document. Making sure your company survives and thrives will ensure you, your family and your staff all benefit.

## THE CLINICAL APPROACH

Your business continuity plan will contain lots of common sense. It should also be objective, impartial and factual. In preparing this plan, you must be disciplined enough to stay positive, this will help keep you mentally healthy too.

Your business continuity plan is a **business survival** plan. To write it effectively, you must clinically examine every aspect of your business, much in the same way a surgeon examines a patient. They are mindful of the human element but they cut with confidence and precision. Your focus will be on your new number: **50.00%**

“ The better you plan, the better  
your chance of survival ”

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## Technique #2 Start with the toughest job

### Cut your salary & then cut your staff

You are not responsible for the damage that Covid-19 will inflict on your business. You are responsible for how you deal with it.

Finding and keeping good staff is very difficult. Being their boss, their leader and often their confidant, making the decision to suspend, or terminate, their employment is very hard. For the health of the business and those staff that you can keep, you have to face the fact that you must let some people go. Take a deep breath and get to it.

Then move on to all your customers, suppliers, your banks, your landlord and even the Government. None of this is going to be easy, but everything here is necessary:

#### 1. STAFF & SALARIES

Unless your company has enough cash to survive for the next six months, the first 50.00% you're going to apply is to your salary. Cut it by 50.00%†. Then look to cut 50.00% of your staff. Examine every single employee and ask yourself 'if I work weekends/evenings, can I do this job?' If the answer is yes, then let that person go. Then ask, 'can I split this person's job into several parts and ask the remaining staff to do this?' If the answer is yes, then let this person go too. Do this for every member of staff until you reach a head count that is 50.00% lower. Then cut staff salaries by 50.00%† too.

#### STAFF PROMOTIONS

Ensure your remaining staff understand why the business survival 50.00% action plan is necessary. You must convince them that their sacrifice now has potential rewards in the future. Set a date for promotion and salary increases.

#### 2. GROW CUSTOMERS

Make a detailed plan on how you can increase last year's revenue by 50.00%. The corona virus will affect your ability to achieve this goal. It's your job to figure out how to deliver that number. Your business survival depends on it.

#### CULL CUSTOMERS

Taking a clinical approach, examine every one of your current customers based on their likelihood of surviving in the near to mid-term. Grade each one as either:

- **Low** will undoubtedly survive
- **Medium** slim chance their business could fail
- **High** any possibility/likelihood of failure

Done correctly, this should show 50.00% customer loss.

#### CREDIT CONTROL

From today, cut all credit terms, to all customers, by at least 50.00%. Give no credit whatsoever to high-risk customers. Medium-risk customers should be assessed on a case-by-case basis with strict credit control. Aim to reduce all your current aged debtors by 50.00% within the next 30 days. Don't hesitate, even if it means you lose customers. Your business survival requires it.

#### 3. CASH & CASH FLOW

Make a detailed cash flow projection for the next twelve months. Overestimate costs, assume 50.00% less sales and allow a 50.00% increase in the Days Sales Outstanding.

† ensure you apply to Revenue for the Covid-19 Wage Subsidy Scheme

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Clinically cut costs, map out your cash flow and make sure you have enough cash to survive



Focus on the largest negative value in your cash flow projections and add 50.00% to it. Will your current finance, or overdraft facility, allow you to trade through that period(s)? If not, consider looking for alternative or complementary finance. Make an [appointment](#) to talk to Convertibill®, maybe we can help.

#### 4. BANKS & FINANCE

List out all the bank(s), finance provider(s) and lease obligations in your business. Get up-to-date statements for all of them. Your cash flow projections must include all the monthly repayments and interest costs. These projections tell you how much additional funding you need. Present your finance request something like this:

1. They roll-up all loan liabilities into one new loan
2. They add another 50.00% to the total amount
3. You pay 50.00% of the new monthly amount
4. As soon as business 'returns to normal', you will visit them and agree a new repayment structure

If your current finance provider(s) will not support you, it could be because they can't. That's right, your finance provider could be in difficulty too. If they provide what you need, take it. Worry about the interest payments later. Or make an [appointment](#) with Convertibill®.

#### 5. GOVERNMENT SUPPORT

There are plenty of Government Departments, agencies and third-parties all offering some form of Covid-19 assistance. These may materialise, but some of the 'small print' suggests that they may take longer than expected. Time is not on your side. Our advice would be to contact Revenue directly. Use the MyEnquiries link on the homepage of the Revenue-Online-Service [ROS] to submit your request for any 'tax holidays' your business needs, e.g. PAYE, VAT, corporation tax, etc. Prepare your submission in advance. State clearly the specific reasons why you are seeking to defer some/all your tax payments and submit it as soon as you can.

#### 6. ALL SUPPLIERS

Landlord, insurance, leases and any other non-essential payments must stop, or be reduced by 50.00% too. Apply this to non-core suppliers too. Better that you pay them later than never at all (because you didn't implement a survival plan). You were tough on your staff. You must be tough on all your suppliers too. Then negotiate with each, and every, core/essential supplier to either reduce their prices or extend their credit terms, or both.

#### 7. ASSETS

Sell everything you can, as fast as you can. Liquidate all stock. Sell and lease back essential assets. Look for an [Invoice Finance](#) company and sell your invoices too.



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## Technique #3 Rethink, Remodel & Reinvest

You may never have this opportunity again

Just as your life, how business is conducted from today onwards, has most likely changed forever. Embrace it now

Once you've implemented the alarmist, 'post-apocalyptic' survival techniques, it's time to 'take five'. You must now rethink every aspect of your business. If some of these ideas are completely alien to you, you should at least consider them. Think about things that are almost ridiculous but, are in fact, not that outrageous at all. For example, what if you could never have more than one person in each room or office in your building ever again? What if there is an annual lock-down every Winter? What if you cannot meet your customers, your accountant, your business advisors, or anyone, in person for business reasons anymore? How will you cope?

For manufacturers and employers of unskilled labour, is now the time to consider robotics? What about your admin' staff that process all the 'paperwork', is now the time to go completely paperless? Who will, or how will you, process all your accounts payable invoices? How can you convert paper based processes into digital ones? Who is going to process the payroll and file tax returns every month? What about signing contracts, how is that going to work if you are unable visit the other party in person?

The good news is that if you can think of it, there's certain to be a solution already available. If you look hard for it.

Your business and its industry sector could be about to change forever. You can decide how that change is made, or you can let external factors force you too. If there are going to be changes, it is better for you to be in charge. Take the time to think of the biggest cost saving changes you can make for the least amount of money. Plan what needs to be done. Research it thoroughly. Price the solution(s) from 6 – 10 different providers and then build a business case for doing it.

Armed with a professional document, go out and raise the finance you need. If the prospect of doing this concerns you, outsource! In other words, ask your accountant to help you.

### SOLUTIONS ALREADY EXIST – USE THEM

All of the question above are answered here:

- ✂ Can you outsource production? Can you use robotics?
- ✂ Look online for freelancers to outsource your work too
- ✂ Outsource all your admin' work, tax, payroll, etc.
- ✂ There's no place for paper in today's world. Get rid of it

- ✂ With online accounts, your accountant has access
  - ✂ Your suppliers can now enter their invoices directly
  - ✂ Contact customers using online video conference facilities
  - ✂ Get your contracts signed using esignatures
- ... what else can be automated or outsourced?



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## Technique #4 Build a Business Case

& look for finance like you'd look for a new pair of shoes

Used correctly, spreadsheets can bring a business case to life. As powerful as they are, they can also be destructive when used in the wrong hands

This is an extract from the '[5 success secrets every business owner should know when raising finance](#)': "... business is not always about the numbers. The business story, the business owners and promoters. and their products and services, can often dwarf the numbers. When presenting the numbers, remember to re-tell the business case.

It is common practice to provide the Profit & Loss [P&L], the Balance Sheet [B/S], 12 month's cash flow projections and a perhaps a budget too. When you [meet your finance provider](#)(s), ask them what information they would like to receive and in what format. Ask them if they have a template, or documentation format and whether they'd be prepared to share that with you. Note these requirements carefully and provide only what they need.

Detailed spreadsheets can quickly become a forest of numbers. The creator will completely understand the details because they also understand the business. Remember to summarise the business case in a single spreadsheet so that anyone can understand it. "

Banks and finance providers are just like any other supplier, select 6 – 10 and then choose the 'best fit' for you.

### DO

- 🔥 Format the entire spreadsheet using a consistent style
- 🔥 Use comma separations for millions & thousands
- 🔥 Format the entire spreadsheet using a consistent style
- 🔥 Leave large white spaces around important facts
- 🔥 Use text to explain each number

### DON'T

- 🔥 Assume anything, every number must be explained
- 🔥 Hide rows, columns or sheets in any file
- 🔥 Use more than one or two colours in total

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## Technique #6 Sell the asset & keep using it

### It's called Refinance

Some assets should be liquidated immediately. Debtors should be financed and essential assets can be refinanced

#### LIQUID ASSETS

Returning to the Survival Strategy: 50.00% technique, on the basis that 50.00% of your business could be lost, look hard at every asset in your business. The debtors ledger is an easy and fast asset to liquidate. Whatever the value of the debtors ledger in your business, within a week or so, c.80.00% of its value can be turned into cash using [Invoice Finance](#). This is available from Convertibill® and any number of other finance providers. Research them all, interview 6 – 10 and then choose the one that best suits your business and your appetite.

#### FIXED ASSETS

Examine all the fixed assets in your business. Look at the non-core assets first. Are they worth the value that appears on the company's balance sheet? Probably not. Value them at 50.00% less and then ask yourself, can I sell these? If the answer is yes. Sell them. You may think that replacing these assets in 1 – 2 years' time will be expensive and maybe it will. However, you'll still be in business and should be able to afford it. Better again, you are the first to sell a specific asset. Your competitors sell second, or fail and their assets are sold. The market is over supplied with that asset and the price drops further. Less than what you sold yours for. You get the idea. Go to cash. You'll probably need it.

Essential core assets that your business needs can be sold and you can continue to use them. This is called refinance where a leasing company buys your existing asset and leases it back to you. You want to be in cash now. There are plenty of [Asset Finance](#) companies in the market. Interview 6 – 10 of them and short-list those that will offer to refinance existing assets. If it is proving very difficult to find a suitable refinance provider, make an [appointment](#) with Convertibill®. We can probably help.

#### INTELLECTUAL ASSETS

Intangible assets are often overlooked or undervalued. Take the time to look at any intellectual property in your business. Some of your most used and/or valuable assets may not even appear on your balance sheet. List all the company's intangible assets such as: technical knowledge, know-how, data, purchased software, software licences, IT systems, custom software and anything else the company may have. Is any of this re-saleable? Do you have more software licences than you need (now that only 50.00% of your staff are still with you)? There may be some hidden 'gems' in that list. Find them and sell them.



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# Technique #7    Remain Positive

## The future is much brighter

### DOWNSIDE

Readers may find the Survival Strategy: 50.00% too drastic. Popular sentiments are mostly positive and, in a few months from now, they suggest that everything will be 'back to normal'. If so, and you had implemented every suggestion in this document, at worst you will end up repurchasing some assets for more than you sold them. You may also have lost some, hard to replace, staff too.

### UPSIDE

Rethinking any business is the basis for innovative change. Adopting a rethink, remodel and reinvest strategy is a positive strategy that works in any economic situation. It is also a positive focus during a time full of uncertainty and isolation. Remaining positive in mind and in action will help to blot out the constant stream of never ending negativity. Business owners are more often found working in their businesses rather than looking at them objectively and working at improving them. With time on your hands, now is the time to carefully reflect on: what your business does; how it does it; why it does it the way it does; where it can be improved; and who can help to implement any, and all, improvements. Your business survival depends on being the best that you can be.

### BALANCE

Notwithstanding the human consequences, the positives of the Survival Strategy: 50.00% outweigh the negatives. As every gardener knows, pruning is essential to improving shape and promoting new growth. These instructions are severe to a point but on balance are true to the principal of survival. Be the careful gardener to your business. Prune it and grow it.

### IMPARTIAL OBJECTIVITY

No respectable parent is comfortable when criticising their children's shortcomings. On the other hand, their children's teacher can casually discuss these same deficiencies with ease. That is because the teacher can be objective because they are impartial. The same is true of business owners and their companies. Adopting a radical programme of change requires a level of impartiality that is difficult to achieve for most business owners.

A business owner's passion for their business often blinds them to the seemingly obvious flaws within it. The corona virus induced, forced separation of business owners from their businesses may help to improve their level of objectivity. Achieving the maximum level of impartial objectivity should significantly improve the analysis of any flaws. Harsh reality may reveal that drastic business change measures are not only required but are in fact essential.

### INVERTED LOGIC

Is now the time to step down, or away, from the business? Is now the perfect opportunity to cede control to your staff and let them buy you out? Maybe you should think about merging with, or buying a competitor? All of these are real possibilities to consider. Some of them will require finance and if they do make an [appointment](#) with Convertibill®. We can probably help.

### STAY WELL

Your first responsibility is to yourself, then your family, your company and finally your staff. Stay focused and more importantly: stay well.

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