

Coronavirus Business Survival & Recovery Plan

As we navigate our businesses through these unprecedented times, we all need to do extraordinary things and for many that should involve the production of a written plan. We have set out the areas that you need to look at and our role as your trusted adviser is to discuss this with you and to draw up a plan. We will keep this brief as time is not of the essence at this point. The plan is not unlike going through the Coronavirus itself and entails:

Stage 1 – Initial assessment & diagnosis:

You need to have a good handle on how bad the damage is:

- 1) Carry out an initial assessment of how badly your business has been affected and make a written note of the key points. For some that will be total loss of turnover, for others it will be a loss of a percentage of your business.
- 2) Ensure that your current financials are up to date so that you know what your balance sheet looks like. It is essential that you know your numbers as Banks will expect this.
- 3) Determine what Government initiatives will be of use to you and start to tap into them. These schemes are all pretty well known now as detailed in our fact sheet which is also attached.
- 4) Cash is king during this period.

Stage 2 - Intensive care & survival plan:

You need to understand how your business will survive in lockdown:

- 1) The Government indicates we will be in this state for 2 months, but let's assume 4, and if less then great.
- 2) Understand your cash flow for that 4-month period and build in cash flow from Government initiatives. Be careful on timing of receipts as monies will be slower to come through than anticipated.
- 3) Determine your funding requirement. This will be monies that you need to apply for under the CBILS (Coronavirus Business Interruption Loan Scheme).
See below for significant health warning on this.
- 4) Cash remains king during this period.

Stage 3 – Recovery plan:

Bringing the business out of lockdown is as dangerous as going in and must be carefully planned:

- 1) You must be able to stand alone now and deal with the financial position that you are in at this point. Government life support is now switched off.
- 2) If you have misjudged this and are short of working capital, then this could be terminal. This is the point that many businesses will go bust due to bad planning.
- 3) Assume that it will take your business about 4 months to get back to anything like normal levels of trading.
- 4) Know your numbers and have a cash flow, profit projection and balance sheet from the outset that you can refer to.
- 5) Funding may be required under the CBILS for this time as well. You may have legacy debt to deal with and growing start-up capital required.
- 6) Cash is king more than ever during this period.

Your Business Model:

This is the best opportunity you will get to reassess life and your business model:

- 1) During the lockdown period take the time to reassess and reconnect to your businesses by knowing why you do what you do. Drive and enthusiasm is going to be required in abundance to move forward.
- 2) Discuss and assess your model and know what makes your business special and unique. Write all of this down in your plan.
- 3) Do the numbers. This is an opportunity to reset your financial model to one that provides a chance of getting the returns you deserve. Treat it like a new business but with all the infrastructure in place.

CBILS (Coronavirus Business Interruption Loan Scheme):

This is a fantastic scheme and a lifeline to business but take heed of the “health warning”:

- 1) Government has declared that there will be help for all business who suffer losses through the effects of Coronavirus through the CBILS. This is not quite the case.
- 2) Banks who are administering the scheme are taking slightly different views on who qualifies and want to see businesses using all of their own funds, borrowing more out with the scheme if they can, using HMRC deferrals and delaying payment to creditors. This may cause a business serious issues as they start to implement the recovery plan.
- 3) Businesses will need to put up a robust case for CBILS funding otherwise they will not be allocated this lifeline which in many cases could be the difference between survival and failure.
- 4) By following the steps in the plan described above you will be best placed to convince your bank manager that you are entitled to CBILS loans.

Engage with William Duncan + Co to assist you.

We have the expertise to assist you in drawing up your plan and in attending to the financial aspects pertaining to it. We can also remain in regular contact with you as you travel through this treacherous journey. We look forward to working with you in a more relaxed atmosphere when we reach the other side and you start the next stage of your business journey.