

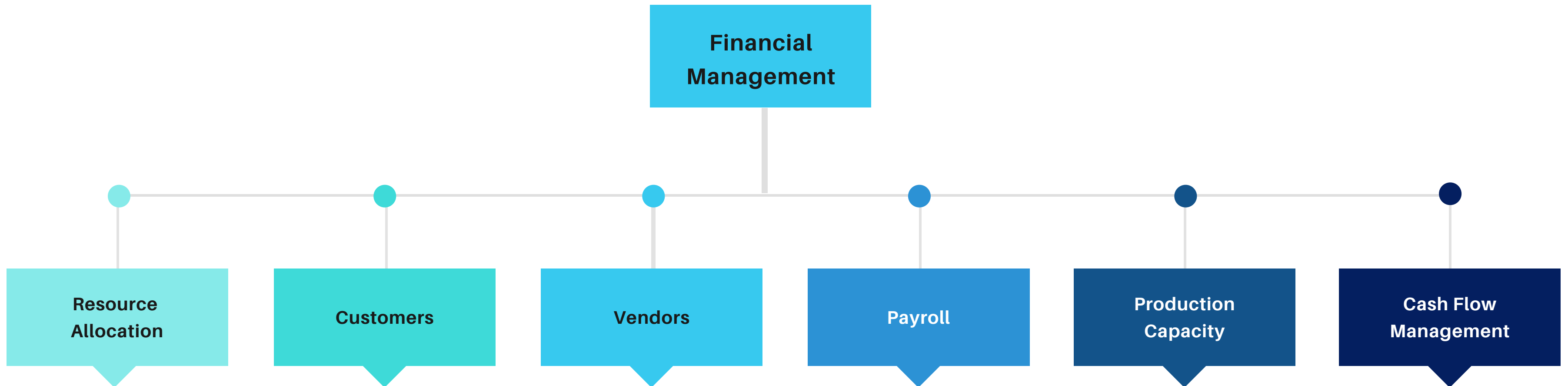


**COVID-19 READINESS**

# **FINANCIAL MANAGEMENT**

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# AREAS OF FOCUS



# Allocation of Scarce Resources

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1. What to make
  - Highest margin products.
  - Products with quick turns.
  - Which distribution channels are still active?
2. Who to sell it to
  - Can you get better payment terms?
  - Some customers are building inventory and are stocking up. Can you get them to pay COD?



## CUSTOMERS

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- What is the financial health of your customers?
- Are you taking your AR for granted?
- Can you incentive faster collection? For example, offer discounts for timely collection.

## VENDORS

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- What is the financial health of your suppliers?
- Can they meet your demands?
- Can you negotiate better terms with your suppliers?
- Eliminate non-essential

## PAYROLL

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- No overtime, which means your delivery times might stretch out.
- Customers will need to pay extra for faster delivery.

## CAPACITY

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- Revisit production capacity.
- Higher capacity requires higher levels of working capital. Better to scale down by 30% and be profitable than not.

# Cash Flow Management



## TRACKING

Track daily sales and get ready to make adjustments. For that you need to have a plan. Need to run cash flow scenarios which will tell you when to trigger changes in workforce etc.



## PLANNING

- a. Scenario 1 - 20% reduction in sales
- b. Scenario 2 - 50% reduction in sales
- c. Scenario 3 - Employees are not allowed to come to work



## MONITORING

Monitor Daily Cash- Worksheet attached