

Cost management:

- In this early phase, rapidly understand the **quick cost reduction opportunities**
- Quickly develop top-down, high-level options that allow you to understand your **strategic and tactical options** before they are forced upon you
- **Assess your future business** from a commercial, operational and financial perspective
- Take early, **decisive action** to manage your cost base to fit your future commercial assumptions
- Once the market is more stable, start to **refine your Business Plan** to allow you to come out of the current market conditions faster

Liquidity management:

- **Short-term cash flow forecasting** – Companies that have not faced a liquidity challenge before can find the actions needed to change their cash flow management processes overly demanding. It is essential to use a receipts and payments approach to produce daily and weekly cash flow forecasting, to assess the available liquidity headroom, pinch points and additional funding needs
- **Stress testing forecasts** for different impact scenarios will also help provide better clarity on the sufficiency of liquidity and inform the required actions and asks of financial stakeholders
- Check your compliance with the **financial covenants and obligations in your various debt facilities**, including the representations that have to be made on any drawdowns
- Be **proactive in speaking to your lenders and existing funders**. The more notice that you can give your debt provider of the impact of Covid-19 on trading performance and liquidity, the more chance there is of getting the flexibility and support you may need
- **Alternative external financing options** – Whilst new money could be raised from third parties, it will potentially be both expensive and a difficult process. Most often, the existing shareholders and lenders to your business should be your priority. However, in the short-term companies could also explore potential financing support that their main established trading partners may be offer
- **ABL facility headroom** – Certain types of working capital debt facilities are more quickly impacted by downturns in trading. This is especially so for asset based facilities where available funding is driven by debtor and stock levels. Careful modelling of the impact of trading on headroom levels will be required
- **Other sources of temporary liquidity support** – Other sources of temporary financing include deferral of monies due to HMRC through “time to pay” arrangements (as noted above), business rates holidays and grants for COVID-19 affected businesses in the hospitality, retail and leisure sectors