



Planning for business recovery

Actions you can take now to plan for business recovery

The current UK and global economic conditions mean businesses are having to trade under extremely challenging and unprecedented conditions. Now more than ever, real time working capital management and the robustness of business continuity arrangements are key. We would urge businesses who foresee a requirement for additional support or finance to act promptly. Here we outline the business critical areas you should focus on.

1. Applying for funding

It is our view that the lenders will still be looking to ensure that the loans they issue will be repaid.

They are likely to want to see your projections for at least the next 12 months and they may require to see current management information. They quite often want to see a profit and loss forecast together with a forecast cash flow and balance sheet.

Cash flow forecasts can look very different from the profit and loss account depending on your industry. Don't be surprised if they also want a business plan.

You are not just restricted to the high street banks although the extra government support may be focussed with them. There are a number of alternative solutions now available. Early dialogue with bankers and other funders is key.

You need to be clear on how much you need, over what period of time and what the lending is needed for.

2. Management information

It is important to ensure your management information is up to date and accurate to allow informed business decisions made. Up to date management information will also assist in the preparation of forecasts.

Regular forecasting will be increasingly important to monitor cash flows and identify any pinch points. Sensitivity analysis and increased rigour may need to be factored into cash flow models to reflect different short-term scenarios.

Carpenter Box Funding Team

We have a specialist Funding Team to assist our clients in firstly understanding, and then identifying funding needs and options. The team has access to the whole market from High Street Banks, to Challenger Banks and Alternative Finance Solutions (FinTech).

Under the current economic conditions the team is focussed on providing assistance and guidance regarding the Government support initiatives and loan schemes.

3. Cash management

Cash is the lifeline of any business. Having too much cash locked up in debtors and stock can cause you business difficulties in meeting payment requirements. Keeping a focus on your debtors' list and chasing payment so cash is collected within the credit terms provided to your customers can significantly improve a businesses cash flow position. If you are using cloud software there are solutions that help with automating credit control. Potentially you can get short-term lending on particular debtors.

In addition, a review of costs to identify and reduce non-essential expenditure as well as defer non-urgent investments could help the management of cash outflows during uncertain times, thus maximising working capital.

4. Government support

In light of the the current situation, the Government has announced a package of support for businesses.

Details of the latest key measures can be found on our Coronavirus Hub:

www.carpenterbox.com/coronavirus

How we can support our clients

Carpenter Box can provide the guidance to help review your business, provide advice on accessing support and assist with identifying options for cash flow needs.

A key review is to revisit current forecasts/ projections for the year ahead, and consider the impact the current business environment may have on these forecasts and more importantly cash flows, the lifeline of any business.

We can provide support in preparing forecasts/ projections to assist with decision making and applying for financial support where needed.

Find out more

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