

Addressing a Business Crisis

A Financial *Adaptability* Blueprint



EVENTUS
ADVISORY GROUP

Addressing a Business Crisis:

A Financial *Adaptability* Blueprint

Introduction

When your business experiences a crisis, assessing your current state can be overwhelming. Throughout 2020 and into 2021 many businesses have dealt with the repercussions of the global pandemic and associated shutdowns and restrictions. Currently, recovering from this crisis is on the forefront of every business owner's mind. The goal of this white paper is to provide senior leaders, business owners and operators with a meaningful, actionable structure to swiftly adapt to new crises and unexpected changes. With a practical structured process, leaders can quickly build financial plans and turn them into business-saving actions.

The Financial Adaptability Blueprint will discuss the importance of understanding your cash flow, both incoming and outgoing, during a crisis. With clarity on the current financial state of your business achieved, the paper then provides an overview of how to take stock of your current and future business prospects and explores the critical decisions you'll need to make regarding your business. We discuss how to analyze your market and the forces impacting your business, review your team and operations, and develop a plan of action that will allow you to move from survival mode to a place where you emerge from the crisis and thrive.

From Inflow to Outflow: Understanding Cash Flow

Money is the lifeblood of your business. Thus, the first step to your survival strategy is to capture a



The Crisis Assessment and Actions Workbook and Eventus 90-Day Cash Flow Model

When the global health crisis hit in 2020, Eventus quickly formed a Business Emergency Room to assist leaders whose organizations were adversely affected by the pandemic. Alongside the regular virtual meetings, we also created the comprehensive **Crisis Assessment** and **Actions Workbook** and [90-Day Cash Flow Model](#), two useful resources to help businesses navigate their pandemic-related challenges. This white paper provides an overview of the methodologies discussed in much greater detail the Workbook. The 90-day Cash Flow Model, referenced throughout the paper, can be used in its current form, in conjunction with the Workbook, or as a teaching tool that businesses can look to as an example to build their own processes.

comprehensive view of the impact that your challenges have on your cash flow. Using the [Eventus 90 Day Cash Flow Model](#) or similar model, you will:

1. Determine your realistic cash inflow with your ongoing changes and challenges in mind.
2. Estimate your realistic cash outflow with the goals of a) surviving immediate challenges, and b) thriving after the immediate challenges pass.
3. Evaluate the results of your inflow-outflow analysis to determine where your challenges leave you financially.

Current Cash Inflow Analysis

In trying times, you must be on top of your sources of cash. Focus your organization's leadership and team members to consider every source of income you receive and expect to receive, including but not limited to ongoing client services, one-off sales, grants, and donations. Don't be caught off guard. Know and plan for lost income issues. You can't depend on money that is not incoming.

As you gain a complete picture of your inflow, take initial measures to ensure that your inflow remains as high as possible under the circumstances. Speak with customers and clients about their challenges to determine how they might be affected. Have a frank discussion about their ability to retain your services, purchase your products, and make payments. Create a mini-plan for each customer. Following your customer conversations, record your "accounts receivable" and "new sales" cash flow expectations, including:

1. Total amounts due per customer
2. Due dates
3. Collection dates
4. Collection amounts
5. Total estimated collections (All Customers)
6. Total actual collections (Amount in Model)
7. Difference between estimate and total

In some situations, you may wish to offer discounts and payment plans for future purchases or services to any customers worth keeping. Make sure you're certain that the long-term gain of such discounts outweighs the short-term loss. One simple rule with discounts – they should never put you at a loss or zero profit. There must be some margin and a clear path towards increasing that margin when considering discounts.

If you are backed by investors, be sure to maintain communication about any changes to inflows you are experiencing. You may need to go to them for an emergency capital injection, and you'll increase your chances of their support if you show you are on top of your cash situation. Make sure there is no difference between the income you expect to receive and the income you actually receive during the 90 days following the creation of your model. If there is a difference, determine why, address the issue if