

## Business Continuity During Crisis - Cash Flow Management Questions and Tips to Safeguard your Business

When crisis hits, as with COVID-19, the focus quickly turns to cash and how to manage the financial risks of the organization. Stakeholders including executive leadership, banks, shareholders and others will want to know the liquidity impacts immediately!

Gaining visibility over cash flows and having quick access to information will enable efficient decision making and management of working capital. Refer to the management accounting guideline, [\*From Data to Decisions: A Five-Step Approach to Data-Driven Decision Making\*](#).

Some general tips to consider, but are not limited to, the following:

- Understand the organization's financial position in terms of liquidity, forecasts, investments, and financing. How much cash is available at hand and how much is needed now to sustain your business? (What is the breakeven point?)
- Prioritize demand for cash/payments to sustain the business – the flow of cash/shortfalls (Who needs to be paid to keep the lights on?)
- Revisit capital investment plans and cash flow forecasts. What is scenario planning telling you? Can investments be postponed or reconsidered? (What payments can be deferred?)
- Convert fixed costs to variable costs to increase cash flows. Can assets be sold and leased instead?
- Collect receivables – speed up payments wherever you can.
- Think strategically to manage risk from a customer and supply chain perspective. Are appropriate payment terms with customers and suppliers established? Are these terms fixed or flexible? Any opportunity to renegotiate terms?
- Take advantage of emergency funding opportunities from the government (See BDC links).
- Consider different revenue streams. Can your organization pivot and leverage existing assets to new or different markets? What is the cost-benefits analysis telling you?
- Ensure effective tax planning efforts are in place. Are there opportunities to leverage potential refunds to defer or reduce payment of taxes?
- Develop efficiencies through enhancing policies, processes, and systems through travel bans, eliminating non-essential meetings, establishing hiring freezes, developing restrictions on discretionary spending, and reducing outsourcing and focusing inwards and leveraging internal capabilities.

- Continually review the markets, products and services, and distribution channels. Where does your organization stand and what is your organization's financial health?
- Ensure appropriate financial metrics and targets are in place. What does financial success look like now? How often should this be monitored, analyzed, and reported and to whom?
- With COVID-19, does the current business model work? Is the organization still creating value for its customers or is a redesign of the business model required? Refer to the management accounting guideline, [\*Business Model Design\*](#).

The bottom line to good cash flow management is keeping yourself informed by asking the right questions and proactively taking action towards business continuity will position your organization to being resilient and responsive during turbulent times.