

# Lessons Learned From the COVID-19 Pandemic

June 10, 2020

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## DIGITAL STRATEGY

- ▶ We have to self-isolate but remain connected to our work and clients
- ▶ Digital strategy uses technology to transform activity. It looks at the activities and processes in your organization that need to be transformed to provide better service to your customers.
- ▶ Digitalization is critical for organizations to adapt to the current environment
- ▶ Digital tools play a significant role in protecting your business from disruption
- ▶ Waiting for COVID to pass is not an option....Zero revenue now means issues down the road

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## DIGITAL STRATEGY

Who led the digital transformation of your organization:

- a) CEO
- b) CTO
- c) COVID-19

Digital Transformation Quiz - Susanne Wolk

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## EMERGENCY RESOURCES/CASH

- ▶ Cash buys you time
- ▶ How much should you keep in your “rainy day fund” do you need?
- ▶ Understanding your fixed costs is critical
- ▶ Plan for the unexpected
- ▶ Are there source of capital/cash available other

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## SOURCING CAPITAL



### Existing Lender

- ▶ Current Lender: This may include initiating challenging discussions with your existing lenders to negotiate incremental support or perhaps seeking out various additional sources.

### New Lender

- ▶ Additional Lender: There may exist opportunities to create a new lending relationship with a firm that is able to leverage the operations and associated assets in a more suitable way to ensure adequate capital is available.

### New Equity

- ▶ New Equity: There may be an opportunity to source capital from an equity investor to provide additional resources in order to ensure the business can weather the storm and navigate the challenges.

### Part or Full Sale

- ▶ Business Restructuring, whether formal or informal may allow a company to utilize a combination of the tools outlined above as well as other strategies including a partial or full sale to ensure a sustainable business is preserved and stakeholder value is protected.

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## CASH FLOWS

- ▶ Short term weekly cash flow projections help you understand when your finances will be tight and will provide a road map to develop your plan
- ▶ The cash flow projection should be on a receipts and disbursements basis
- ▶ Be realistic
- ▶ Understanding your fixed costs and the timing of those fixed costs
- ▶ Costs that were deferred (i.e. rent, loan payments, etc.) need to be considered

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# CASH FLOWS

Cash flow Week #	1	2	3	4	5	6	7	8	9	10	11	12	13
Receipts:													
Receivables	\$ 500	100	300		200		50			400		100	
HST refund						50							
Total	500	100	300	-	200	50	50	-	-	400	-	100	-
Disbursements:													
Rent								50				50	
Hardware					100								
Payroll	250	250		250		250		250		250		250	
Loan (P&I)	100		100					100				100	-
Total	350	-	250	100	350	-	250	150	250	-	250	150	250
Net cash flow	150	100	50	(100)	(150)	50	(200)	(150)	(250)	400	(250)	(50)	(250)
Opening cash	200	350	450	500	400	250	300	100	(50)	(300)	100	(150)	(200)
Closing cash	\$ 350	450	500	400	250	300	100	(50)	(300)	100	(150)	(200)	(450)

Weekly cash flow

Consider deferrals

Cash flow strain

Rolling projected cash position

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# CASH FLOWS - liquidity management



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## CASH FLOWS - market update



- ▶ Government support has continued to evolve on a weekly basis with wide ranging measures followed by industry specific funds being made available. The focus now shifts to execution and ensuring the promise of liquidity is delivered in a timely fashion to business owners.
- ▶ Commercial lenders are being patient with existing clients in amending / extending terms and providing principal holidays. Pricing has gotten slightly more expensive despite base rate cuts.
- ▶ Commercial lenders looking at new opportunities are being very selective as the banks digest the risk profile of their existing client base.

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## DIVERSIFICATION, PLANNING AND RESILIANCY

- ▶ Were all your eggs in one basket? Did you find another basket?
- ▶ Resilience and ability to adapt are key to operating in the “new normal”
- ▶ Being able to react quickly and decisively in a crisis is key to sustainability
- ▶ Cutting costs is not enough
- ▶ Doing nothing is not an option
- ▶ Plan of the unexpected - the only certainty is CHANGE
- ▶ Finding new opportunities and being creative are key

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## COMMUNICATING WITH STAKEHOLDERS

- ▶ Communicating with all stakeholders - employees, business partners, customers, lenders - is CRITICAL
- ▶ Social media is great but the personal touch is much more powerful
- ▶ Don't forget about your employees
- ▶ Involve your stakeholders and check in with your stakeholder regularly
- ▶ Instill confidence

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## STAKEHOLDER MANAGEMENT



- ▶ Identify key stakeholders (e.g. c-suite management, board of directors, lenders, government agencies, suppliers, etc.).
- ▶ Provide guidance and pro-active management to the stakeholders, including communication strategies.
- ▶ Lead your stakeholders through this process to maintain control.
- ▶ Specifically with lenders / investors managing the narrative and presenting solid information with an action plan is the best tool to both buy time and ensure a constructive path forward.
- ▶ Don't forget your employees

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## SUCCESS FACTORS



CASH = TIME



STAKEHOLDER/  
WORKFORCE  
MANAGEMENT



DIGITIZATION



STRATEGIC  
OPTIONS AND  
PLANNING

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## SELF ASSESSMENT

- ▶ Are you too busy taking care of immediate concerns to devise a business strategy for COVID-19?
- ▶ Are you confident that you possess all the tools and financial information you need to make informed business decisions?
- ▶ Are you experiencing financial and operational challenges that put you at risk of breaching financial covenants with your lenders?
- ▶ Are you looking to ensure your business has sufficient liquidity to handle changes to your business environment?
- ▶ Do you know the strategic options available to you and your stakeholders to address the impact of COVID-19?

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Would you be interested in another webinar by these panelist the week of July 6 2020?

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**QUESTIONS**

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**Thank you for attending.**

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