

Tips to assist small business prepare for the business implications of COVID-19

We in PSC are concerned about the effect this crisis is having on businesses across the country. We have put together a document to help you put a plan in place during this time to help your business weather this storm. It is not exhaustive, but we hope it will provide you with a starting point to help you go in the right direction.

Communicate

1. Employees Communication should include but not be limited to the following:

- a. Contingency Plan in the event of:
 - i. An employee testing positive
 - ii. An employee been in close contact with a person who has tested positive
 - iii. Closure of working premises based on HSE Guidelines.
- b. Identifying vulnerable employees and making them aware of the guidelines and policies.
- c. Flexible Working Hours
- d. Working from Home policy
- e. Identify critical staff and put a plan in place to ensure that tasks that cannot be postponed, can continue.

2. Communication with Customers

It is vital that you communicate to your customers that you have implemented all the guidelines in your premises to ensure that your customers feel safe in your environment.

Consider using technology to meet with your customers virtually. Technology is there to help.

Identify new ways in which you can sell your service or product to them.

3. Communication with Suppliers

Talk to your key suppliers about their ability to deliver(y) reliably during the crisis. Consider not only their ability to produce the inputs you need, but also the transportation of the products to you and keep to the agreed costs/prices. For example, if your supplier (or their key suppliers) are based in a location hard hit by COVID-19, production may slow or stopped, and/or their ability to get those supplies to you is restricted. Consequently, those key supplies may take longer to arrive. If authorities impose import restrictions based on the product origins, then more time will be spent at customs clearance points before you are able to utilise the goods.

In such a scenario, you should consider using alternative suppliers, including local suppliers even if more expensive. Source them now and start price negotiations early.

4. Communication with Revenue

Where you are experiencing cashflow difficulties, it is vital that you do not ignore the letters from Revenue. Please pick up the phone to them and explain the situation. If this is not possible please talk to us and we can assist in this communication.

5. Communication with Financial Institutions

Where you are experiencing cash flow difficulties and loan repayments are due or there are other immediate drains on cashflow, please pick up the phone and talk to your bank manager to see what products are available

Review possible Impact

These are most likely but not limited to:

- **Sales** – depending on your business and if you have an online presence.
- **Staff** – with rapidly changing measures and school closures, have you a team available to meet the needs of your customers. Have you identified any vulnerable staff? Do you need to consider short time, lay-off?
- **Suppliers** – Is your business reliant on one of the affected countries? Lead time of materials etc could have a serious effect on your business. Again, consider alternative suppliers, look at local suppliers.
- **Cashflow** -This is a major area for everyone and in particular if you do not have cash reserves.

Finance & Cashflow

Having up to date figures in your business is essential in running your business efficiently and in particular in terms of a crisis.

To assist with Cashflow, here are some tips:

- Establish the level of **cash reserves** you have.
 - This would include bank overdrafts etc
- Review the fixed **weekly outgoings** that you have which would include, wages, rent, loan repayments, suppliers etc
- **Stock**
 - Look at alternative ways of selling stock – online, etc and in particular goods that will not last longer than 3 to 6 months.
 - Focus your promotions towards these sales.
 - Reduce stock orders on areas that you feel will not sell in this crisis.
 - Increase stock orders on items you feel will sell in this crisis.
- **Debtors**
 - Contact your debtors and collect any balances outstanding.

- Consider signing an arrangement with them to go on a direct debit system where they themselves are experiencing difficulties. Remember, the hope here is that this is short term.
- Don't delay invoicing as soon as the service or product is delivered.
- Up to date information here is key.
- Commission – review contact and consider paying this only on receipt of collection of the debtor.
- **Creditors**
 - Look for payment extensions.
 - Review contracts for terms and conditions.
 - Look for an option of paying by instalment.
- **Revenue**
 - Please communicate with Revenue Commissions. Do not ignore their letters. Call them and discuss the situation. Arrangements can be made and as this is changing constantly, please keep an eye on their website for any press releases.
 - Please ensure that compliance in terms of filing returns are kept up to date unless this becomes impossible. Again, communicating with the Revenue in this is key.
- **Spending**
 - Do not cut spending on promoting your products/services, look for better deals. However, consider alternatives such as social media which are more cost effective.
 - Delay any non-critical spending that can wait:
 - e.g Capital expenditure
 - Freeze Pay Rises and Bonuses
 - Look to reduce staff costs by reviewing working hours or implementing a recruitment freeze.
 - Consider reducing drawings from the business.
 - Talk to your financial advisor about moving from capital and interest to interest only repayments, or the possibility of a moratorium on repayments for three months.

Business Model

In times of crisis there are often opportunities. Focus on what your business can do and consider changing the model. Look at your key employees and see what is possible.

Don't delay. Look at what is possible and plan for it. Talk to key members about implementing it.

If you are not doing it already, start looking at your Key Performance Indicators. These are vital in keeping you on top of where your business is going. Consider the following:

- Key Sales Lines
- Gross Profit Margin
- Wage to Turnover Ratio
- Stock Turnover
- Debtors Days
- Creditors Days



What were you putting on the long finger?

Like many of us in business, there are always things we don't get to. Make a list of them and start. As managers and business owners we are too often deep in the doing and not actually taking a chance to look at our business and look at what we can do better. This is an opportunity now for you to do that.

Contacts

Here is PSC our offices are currently open. We have hand sanitizers in all meeting rooms. All rooms are cleaned down after use. Currently, in line with the HSE guidelines, while we will of course meet with clients where necessary, we would encourage clients to communicate by email and phone the office insofar as possible.

This is in both your interest and that of the general public. All staff members are available by phone and email.

However please note the following email addresses should you need to contact any of the management team:

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This is unprecedented times we are in. The entire team here in PSC across all departments will do our very best to help, assist and guide you where we can in this evolving situation. Please keep an eye on our social media (Facebook: PSC Accountants) or our website for further updates.

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