


# The Business Rescue Plan

The Small Business Bug-Out Bag...  
Your Emergency Survival Kit



*"In Crises the most daring  
course is often the safest"*

~ Henry Kissinger ~

Dare to stand out from the crowd,  
take action, take control.

## Foreword

This eBook was written for a period when the whole world was feeling the effects of a pandemic. As history has shown us time and time again, this is not a new thing, just a new thing for those alive today.

And I need to take a moment to acknowledge the fear and grief that the situation has delivered on some of our friends neighbours, even ourselves. Change is not comfortable, and often not welcome, but change is the only constant in life. So take the time you need to acknowledge your own feelings and then decide when is the right time to move forward in a positive direction.

And therefore it is important to note that history also shows us that these things shall pass. In times of crisis, a seismic change, whether experienced as a planet, as a nation or as an individual, there are those who decide to work with the change, to adopt the perspective of seeking out the new opportunities.

So however you decide to deal with any crisis, taking control, being proactive is one thing that will get you out in front of the competition, maybe in front of the market.

*“Change is inevitable.*

*Growth is Optional”*

*~ John Maxwell~*

*“When we least expect it, life sets us a challenge to test our courage and willingness to change; at such a moment, there is no point in pretending that nothing has happened or in saying that we are not yet ready. The challenge will not wait. Life does not look back. A week is more than enough time for us to decide whether or not to accept our destiny.”*

*~ Paulo Coelho ~*



## What you will learn

This short guide was designed to first deal with the sudden shock of a massive crisis in your business, but then as you work through the initial phases, to create some breathing space to enable you to work through the remaining phases and actually plan and prepare for the future.

And not just preparing for the period of growth that we know will eventually come, but to make sure if your business is ever hit with a crisis again you are far more prepared to deal with whatever life or the markets throw at you, and you are in a position to survive and thrive.

As we have already admitted, change is inevitable, economic crashes are cyclical and crises are part of everyday business life when unprepared. Like a butterfly coming out of a cocoon it takes hard work at first to come out of each transitional period before you get to enjoy the fruits of your labour.

This guide will take you through the basics of cash flow crises, long term growth as well as the one thing that most experts won't tell you, and that is how to protect your assets so you can live to fight another day when faced with what you may feel is the worst option possible.

I hope you find it of some use, and perhaps of some comfort.

Jo Seawright

**“CHANGE is to focus  
all your ENERGY not on  
fighting the old but on  
BUILDING THE NEW”**

~ Socrates ~



**"Out of a Crisis comes Clarity"**  
**~ Randolph O'Toole ~**

## Controlling the Crisis

So your business is going through something unprecedented and you are panicking that this could easily be the very last straw.

This is where you need to be proactive. If you have ever worked in the medical profession, or first aid or you know someone who does, when faced with a traumatised patient, a few seconds delay can mean all the difference. The same is with your business, except a business bleeds cash, and it can quickly bleed out.

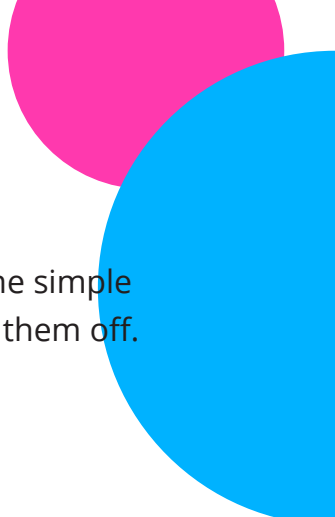
However, that doesn't mean diving in without thinking. Before you do anything you need to stop and breath. Decide what needs to be done, what direction you are going to take.

## Cash is King...

Cash is King, ... you have heard it all before, but the better analogy is 'Cash is the life-blood' and things are starting to get real now that the economy in some industries has just stopped dead. When that cash disappears and you have no easy way to access more you have a very short window to ensure you can revive the business. For the next few days at least you can forget about your Profit & Loss and you can forget about your Balance Sheet. We need to stem the bleeding, and fast.

The business owner who hesitates can lose the business. And if you get in front of the crowd, and you are able to negotiate a payment plan before anyone else you are likely to get the best terms. Imagine if you were the first client to phone a supplier to ask for a payment holiday, chances are you might get a really generous offer. Now imagine you are the 100th client asking for exactly the same thing, I would imagine by that time the supplier has given all the concessions they can afford.





We know how stressful this all is so we have put together some simple steps that you can work your way through and start checking them off.

We have 6 phases in order of priority:

- **Reduce the Cash Out (short term)**
- **Increase Cash In**
- **Growth**
- **Debt Management (long term)**
- **Safeguarding Assets**
- **Strategy ... preparing for post crisis as a lean, well oiled machine**

The first thing you want to look at immediately is the cash out, stem the bleeding, put on a tourniquet, or pack the gaping wound.

## Phase 1 - Cash Out (Triage part 1)

*Cancel all outgoings if at all possible.*

Cancel no/low benefit expenses (e.g. app subscriptions, entertainment). Make sure you know what makes you money or gets you sales. These are your blood supplies! Anything else should be cut.

- ☑ Re-issue or turn off all debit and credit cards (Don't just cancel). Most subscriptions on cards are on month to month contracts. Suppliers will then get in touch with you asking for an updated card. This is a quick step that could take care of a few hundred pounds / dollars a month all at once and with online banking these days might only take you 5m. - It also means that anyone else, including yourself, can't accidentally process another payment.



- ☑ Stop making all manual payments.
- ☑ Check through all other regular automatic expenses that are on subscription, standing order or direct debit.
- ☑ Note which ones are absolutely necessary for continuing the business. And try to cancel all others.

Re-negotiate all contracts or important expenses - Important expenses are the ones that increases sales, makes you money or you absolutely can not do without. So the mortgage or rent, while not putting any cash in the bank, might still be absolutely needed. Tax falls into this category, it can't be avoided, but negotiated proactively often results in a favourable outcome.

- ☑ Quickly identify key overheads and contact them first, they are probably your biggest and most important costs.
- ☑ Identify finance agreements, loans, leasing, etc. These are potentially paying for assets that help you make money, plus most SME finance is underwritten by a Personal Guarantee.
- ☑ Ask for help - this isn't about refusing to pay, this is about negotiating. Could they give you a payment holiday? Could they agree a greatly reduced amount for a period of time? Maybe you could agree to pay the full amount in return for a shortened contract? Depending on your situation this could get you out of some contracts you no longer want.
- ☑ Negotiate for these contracts in exactly the same way as key overheads.
- ☑ Find out what other Personal Guarantees are still active, some suppliers will have PGs. - Do not trigger a default on anything that has a Personal Guarantee without prior agreement if you can at all avoid it, your personal credit rating is more important than the business's... You may need to restart this business or a start new business once the crisis blows over, and you will find this far easier if you keep your personal credit intact.
- ☑ Do all of the steps above for your own personal finances to make sure you don't have an issue with your credit rating on any personal obligations.
- ☑ Everything else see if you can get out of it, reduce the monthly payments, request payment holidays, or reduce the contract's terms altogether.



- ☑ Make sure you are not replacing or holding the same amount of inventory. Reduce it inline with sales if sales are falling.
- ☑ And lastly, do you need to furlough or let go of staff? This is another area that a business can unfortunately get too fat and flabby. If you think you can not afford to pay all your staff, it is better to let some go early where they may be looked after by the government or social security, than risk everyone losing their job. It is probably the last thing you ever want to do, and is the worst job any business owner has, but using the medical analogy, sometimes a patient needs to lose a limb in order to save their life. Some would consider that is worse than having a life saved, if you are one of those people look at the Safeguarding your Assets section.

Part of your negotiation can include asking for a delayed payment on anything big or due imminently while you work out what money might be coming in (called Due Diligence) to be able to pay them and your other creditors.

Postpone what you can while you figure what money you can get in, and don't stop talking to any creditor until they agree to give you some kind of concession. Initially go in with a request to delay a payment for a period, say 2-6 weeks, while you contact everyone. Explain that you are going through the same process with your clients so that you can map out what can be paid and when. Then you can go back to them with a plan of how much you can afford for however many months and how you plan to eventually pay them everything you owe. Otherwise they might ask you what can you pay and you may over promise without having the chance to check what cash you have coming in.

If nothing else it might give you a few days or weeks breathing space where you can get some cash in. That one action of requesting a postponement can do a lot to improving your cash position, especially if you still have some paying customers. (Then you want to use the cash flow forecast, as described at the end of the Cash In Section)



## Phase 2 - Cash In (Triage part 2)

You have stemmed the bleeding, you now need to transfuse some cash back into the business to keep things going.

Start phoning all your clients, and depending on the industry you are in you may be able to call in the entire invoice, or this may also be a negotiation, as was the money you owed your suppliers, except you are on the other end of the phone. Which clients you start with is up to you. Aged Debtors might be less likely to pay you any money than your really good ones, or maybe you would rather start with the biggest to the smallest, but create a list and start to work systematically through them all.

### Phone all Debtors

- ☑ Introduce new payment options. - Make it as easy as possible for them to pay you. If you don't have a merchant account, online bookkeeping software often allows you to offer card payments (eg Stripe) or Direct Debits (eg GoCardless). These are very fast to apply for and implement. So could you offer the following:
  - 0% financing,
  - credit card payment
  - ACH / Direct Debit payments
  - Offer a discount if paid in the next few days
- ☑ Use the "what can you afford?" strategy with at-risk-for-defaulting clients. You would rather give them the chance of staying in business and continuing to pay you something, than for them to pay you nothing or potentially they go out of business. Be as forgiving as you can without putting your own cash flow in jeopardy, remembering that you have just asked for exactly the same thing with your suppliers. This could leave you on excellent terms with clients which is an investment for the future, they will remember how much you tried to help them.

If possible create a cashflow plan...







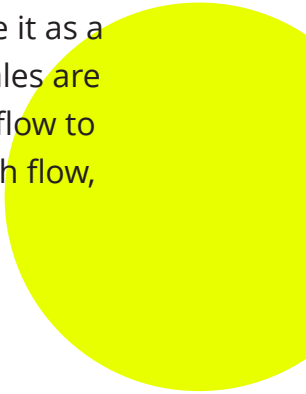
## Create a CashFlow Forecast

It doesn't need to be complicated. It can be week by week or month by month. The normal format is to list all your sources of income or clients in a spreadsheet, and along the top either run the weeks or the months.

Next, in each weekly or monthly cell enter what payments you can expect from each client as you talk to them. Total this at the bottom.

Then under the list of clients and the total cash you expect in over the coming months, start to list out all the expenses or suppliers. If you take one from the other and keep a running balance from your bank balance you will soon start to see when you can and cannot make payments. You can then start to adjust how much you can realistically afford to pay. If you were to share this with your suppliers from the Cash Out section, especially if they were being difficult and you used the request for them to help figure out a way to pay using that spreadsheet, I have found from experience that they usually agree to something you can afford. You may need to make up some interest on future payments, but at least they will then also be able to count on what cash they will be getting in.

For your own use, check it and adjust it frequently, daily if your cash situation is changing that quickly. It is not a one off exercise, use it as a tool. It is a good tool to have even when profits are good and sales are high. It takes less time for a profitable business with poor cash flow to go out of business than an unprofitable business with good cash flow, by many, many months.



## Phase 3 - Growth

Your normal sales channel might just have been wiped out. There is one thing that an entrepreneur is good at and that is getting creative. How could you pivot your business, your product, or your delivery service?

The Chinese word for crisis consists of 2 brush strokes, one means 'danger' and one means 'opportunity'. And we all know that there is opportunity in change. We are experiencing huge change right now, so logic concludes that for some individuals there is great opportunity. Don't sit bemoaning your situation, or worry about not knowing all the answers... right now no one has all the answers, if any at all. The business board game has been knocked up into the air and the pieces haven't landed yet.

So how can you continue to sell and deliver your products and services. What needs to be changed?

'Survival of the Fittest' is a phrase which actually misquotes Darwin. The actual quote is "It is not the strongest or the most intelligent who will survive but those who can best manage change." It is those who can change and adapt, those who can reinvent what or how they do something will find those cracks of opportunity.

Has any of your competitors already folded? Are you able to quickly acquire their clients after having pivoted to accommodate some of the changes thrust upon you?

Could you use a quiet period to intensify your marketing that has been tailored to the pain that others are experiencing?



If your marketing is still getting sales in, now may be the time to increase your marketing. The costs of a lot of marketing channels will be reducing while many competitors have stopped their marketing altogether.

## Phase 4 - Debt


We are now getting into longer term planning. You have hopefully got a good handle on cash in general, a tight grip on those purse strings... but some of those negotiations may have allowed you to consider liabilities over the long term.

Also when there is a national or global crisis, often there is a lot more help offered by the government in the form of grants and loans. Even when there isn't a national crisis, there may be some help available to allow you to safeguard jobs.

However, do not take on debt in an effort to try to continue business as usual without some careful thought. Business may never be 'usual' ever again. There are two main types of debt in business. Finance Leveraging and Finance Bridging.

Finance Leveraging is when you borrow money with a low risk, calculated return. (Eg, you borrow £20,000 to buy a machine that is going to make you £15,000 profit a year) Banks and business love a low risk leverage because everyone makes money from it.




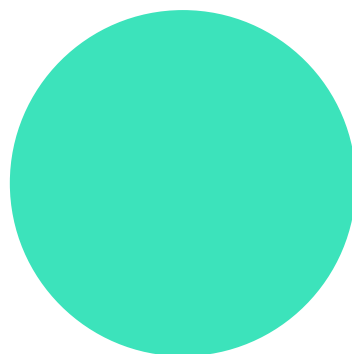


Finance Bridging is when you get an unexpected, short-term interruption to your cash flow. Note the term 'short-term'. If you don't know when or if you are going to get out of this do not take out debt. Reduce your outgoings as per the Cash Out section, and increase your Cash In.

However... debt right now is cheap. If you have existing loans, negotiate a better deal or a new loan that is much cheaper or more favourable to swap your existing debt. This may, for example in the instance of a mortgage, may even get you some extra cash for less money per month etc.

So, in summary:

- ☑ Do not borrow to try to continue business as usual
  - ☑ During a period of crisis be cautious about taking on Levering Debt, do you know how the market will behave?
  - ☑ Be extremely cautious over Bridging debt, use it as a last resort and only if you know you will get out of your crisis. If there is doubt consider the option of closing your business down (See Protecting your Assets in the Strategy section)
  - ☑ If interest rates have dropped (governments sometimes use this as a measure to help stimulate the economy or to help businesses) use this time as an opportunity to consolidate and renegotiate existing debt for better terms, whether that is interest rates, payment frequency, payment holidays etc.)
  - ☑ Maintain your personal credit rating... you will need it should the worst happen to fight another day.
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## Safeguarding Assets

This is a simple concept that not many SMEs (small to medium sized businesses) even think of, but is a tact that is frequently used by larger companies and those of us who are in the Mergers & Acquisitions space. All perfectly legal.


And it requires setting up a wealth or asset company. It is good for dictating your personal dividends (as company to company dividends are tax free) and to protect your hard earned assets.

So the average company has for example a piece of machinery or a mortgaged property. Say it is a piece of machinery and you had a 3 year lease on it that has just been paid off. Happy days, more profit to you. That piece of kit belongs to the company. If the company was to get sued, go into serious debt, or go under, creditors can look to the company assets, including that nice shiny, paid off piece of kit. That means that anything of value owned by the company in trouble could be lost to you permanently. We shall call this company 'Your Operating Co Ltd'

If however you have a second company that owns that piece of equipment, we shall call it 'Asset Co Ltd', and it leases the equipment to 'Your Operating Co Ltd', if that operating company ever gets into trouble or you need to close it down, it means nobody can touch the 'Asset Co' that owns the machinery.

That also means that you could very quickly start up a second operating company and it could then lease the equipment from your Asset Co instead of the original company.





Although you still own the shares of all 3 companies, the asset, the property or the machinery, belongs to the company that didn't get into trouble.

So ... how do you safeguard your assets? It is a simple process of 'Invoicing Out'. Something I and my business partners (Synergy Business Partners) do regularly for our clients and the businesses we have invested in, and is common practice among the larger businesses.

Much easier to do when your operating company is not in trouble, but can be done at any time, and it can be done fairly quickly if you know what you are doing.

This means that in the future if any trouble was to hit you, you could get a business up and running with the same clients and the same employees very quickly. It could be a way to safeguard your best assets of all .... your employees.

## Strategy- This too shall pass

You have potentially survived one of the biggest crises you have ever come across. But it may not be the last. Downturns in the economy are cyclical, so to varying degrees you will be faced with this again. How good would it feel if next time round you could say to yourself and your staff ... "I got this!"



If you have followed the previous steps, chances are your business is one lean, mean, money making machine, galvanised for a lot of potential issues. But like getting fit at the gym, if you stop 'working out' the jelly belly soon comes back and you are carrying just as much dead weight as before.

This is the time, when you are emerging from or bottoming out of a lean period, to start putting into place systems and checks to make sure you stay fit. It's the old adage... You manage what you measure, in other words if you are not measuring key parts of your business, then it is not being managed and you have no idea how well it is performing.

So there is a bit of maintenance to be done:

Have proper monthly or even weekly financial reviews, with targets around expenditure and profits, not just sales.

Install proper management systems to make sure you are working with staff who are performing, there is never any room for dead weight.

Evaluate inventory turn. Tighten turn on moving product, eliminate non-turning products, reduce working capital, consider possible drop-shipping or other alternative solutions.

Keep on top of Credit Control, don't allow old debts to grow more than a few weeks old. (It is probably worth keeping the 'easy ways to pay'.) Do you have a tight system that your office or accounts team follows?

Make sure you start putting money aside to cover your VAT, tax liabilities and PROFIT!! Keep a different bank account for each one and put it aside every month, a percentage of your sales. If a crisis hits you have a cushion, if it doesn't you have dividends. You want to eventually aim for enough of a cushion for a minimum of 3 months operating costs. Business owners are human, you will cut your cloth accordingly. If the tax man and your profits are already put to one side you will



figure out how to run on whatever is left over and you are less likely to let those expenses get too bloated again.

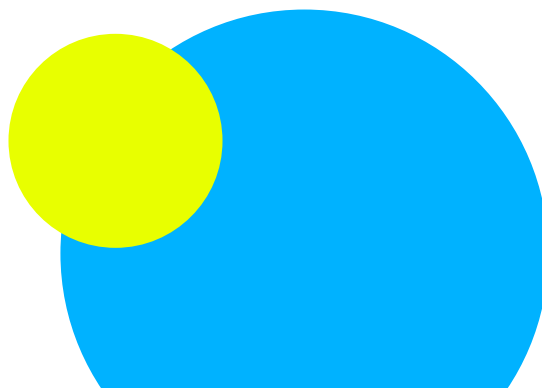
Evaluate your offering mix, focus on high margin products/services (reduce/remove low margin) - rationalising your products or services can often result in not just more profitable sales due to efficiencies, but more sales because you start to get a better reputation for your niche and it is less confusing.

Evaluate client mix, focus on historically financially well paying clients. Anyone who says their target market is everyone is seriously missing out on a massive opportunity. The universal Pareto (80/20) rule is proven time and time again. Fire your difficult, time consuming clients, it will allow you to become more efficient and free up time for your really good clients who will love you even more.

Develop an even deeper relationship with those remaining clients and engender true understanding and ultimately loyalty.

Think about long term growth

- Is this an opportunity to completely reinvent your offerings or even your business model?
- Do you need to niche down even further, strategically market to and concentrate on more recession proof clients, eg staples, food, government agencies, funeral directors, etc.
- Is this an opportunity to acquire your competitors that are unable to get through the current crisis?
- Has the market shifted as a result of competitors not making it, can you raise prices or acquire new clients? Be prepared to take advantage of a market shake up when coming out of the worst of a recession and you start to see green shoots.
- Make sure your are in a strong position to acquire competitors during the next crisis (there is always another one)





## Finally

There are some extra measures you may want to consider as part of your day to day activities once you are out of the Triage phase. Much of this is about setting up systems around regular processes and checks to ensure you not only stay fit but improve your efficiencies, profit margins and your cash reserves.

Accounting - Set up new GL Account(s) for unique circumstances, when the crisis is national there may be further help for specific expenses. If you already have this all sorted and categorised it is easy to see if you eligible and to prove what a specific crisis cost you.

It also allows you to account for the dip in profit etc should you be thinking about selling or raising investment for your business. If you are able to prove certain costs were directly related to an unusual event the value of your business can be negotiated higher than the bottom line may suggest.

Clients - Start to get to know your clients, have them in categories around profitability, ability to pay (how often are you having to chase them and how easy they are to work with?) This can provide you with good information for creating the future strategy for not just a stable business but a business with high growth

## A word about The Good Business Company

Most business Owners start their business because they are good at their craft, that could be designing, making or selling and anything in between. They understand their customer and their own expert field.

That leads to the start of a successful business, you get busy, you start to make some



money, and then things start to shift a little. Your wonderful reputation starts to mean it is getting difficult to fit all the clients in, but you love your clients and you don't want to disappoint any of them.

So you start to squeeze them in perhaps over the weekend or in the evenings. That can often lead to one of 2 things. Either your family is not happy, they need you in their lives, and even when you are with them you're not present, your mind is ticking over with all the things you know you still have to try to do before you can crawl into bed. Or standards of service start slipping because you are trying to rush everything. Little mistakes get made or you haven't got round to invoicing for a job, but you don't have the time to chase and you need the cash to pay the mortgage.

So you start thinking about employing some help. But somehow you seem to end up working just as much and the profits have gone down. Maybe even the complaints have started to go up.

So you decide to give up the dream of having a business that runs at a profit and while your time is spent on doing the things you really love. You start to contact the business back to just you, or the original founders. You get rid of the employees and you start to only accept what you can cope with on your own, but you are still working stupid hours, but hey, at least it is less hassle.

However often that leads to not just business growth but a lot of additional activities and responsibilities, time consuming and often exhausting responsibilities. With the growth of your business comes bookkeeping, financial planning, marketing, administration, payroll and employees. All the stuff you didn't start a business to end up doing.

If this is you and you are struggling to keep up or you need extra capacity to grow. Get in touch...

We offer hands on help with a lot of back office and administrative activities and we have both a Business Management and Marketing coaching programme. All designed to help you to create the business you had always dreamed of.

## The Good Business Co

We specialise in helping owners manage their business, from being a strategic partner that can help you interpret the finances, setting up future proof processes and reporting to simple virtual assistance to help you stay on top of the day-to-day running of the business, freeing you up to do more of why you started your business in the first place.

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