

6 STEPS TO SURVIVING A DOWNTURN AS A BUSINESS

In a serious economic downturn, it is important for businesses to be resilient and prepared. Here are six steps businesses can take today to remain solvent, maximise survival and come through stronger on the other side.

1. ADDRESS THE IMMEDIATE CHALLENGES FACING YOUR WORKPLACE AND CUSTOMERS



- Align senior team members (priorities: safety and cash conservation), avoid inaction
- Promote flexible remote working and implement collaboration tools
- Over-communicate with full transparency
- Empower the team

2. PLAN FOR PROLONGUED REVENUE REDUCTION



- Ensure security of supply chains
- Plan for multiple quarters of lower revenue
- Conduct 3-6 month scenario planning (model revenue-decline and stress-test P&L scenarios)
- Build specific revenue-mitigation actions for declines in core revenue streams

3. PRIORITISE AND PROTECT CUSTOMERS



- Adapt resources to meet customer needs
- Evaluate opportunities to ensure stronger linkages with key customers
- Build trust and loyalty
- Monitor marketing, sales and pricing implications

4. INCREASE OR ACCELERATE THE CASH YOU ARE RECEIVING



- Collection of debts (receivables)
- Government grants
- New bank loans
- Business continuity or interruption insurance

5. REDUCE OR DELAY THE CASH YOU ARE SPENDING



- Identify opportunities to reduce payroll (leave without pay, options instead of cash, part-time)
- Rent payments and landlord negotiation (rent reductions, deferrals, cancellations)
- Debt repayments under existing loans and bank negotiation (interest/principal)
- Contracts with suppliers

6. CREATE A PLAN TO RETURN THE BUSINESS TO THE NEW NORMAL



- Support employees in the workplace
- When customer demand returns, it may be for different goods and services (especially digital)
- Prepare for bounce-back and recovery
- Assess marketing spending, leverage macro trends