



Managing your cash during COVID-19

Put simply, cash flow is the lifeblood
of your business.

The bottom line is that your
business' cash flow needs to be
managed effectively in order for
your business to be successful. This
has never been more true.

Cash outgoings

Cash flow is a simple equation of cash coming in, and cash going out. If you've got little to no cash coming in, look at what cash going out you can reduce.

RENT

One of your biggest outgoings could be the rent on your premises, so talk to your landlord. They may be able to reduce your rent for the next few months, and then spread what is owed across 6 months after that. It might be that you can manage without a work premises altogether and work from your home for the next 6 - 12 months, after the lockdown of course! This could give you much needed cash to see you through.

SUPPLIERS

Have a conversation with your suppliers. If you think you won't be able to pay them for a while, talk to them about any options they might be able to offer. A lot

of businesses are in the same boat right now, try and find a solution together.

GOVERNMENT TAX CHANGES

Can you utilise the Government tax changes? There have been significant changes to some of the New Zealand tax legislation since COVID-19, including changing provisional tax thresholds, and allowing late payments on tax bills. We've covered these in one of our podcast episodes, Business Isn't Usual. But we urge you to speak to your accountant or Inland Revenue about how this could work for you.

Business isn't usual

PODCAST

Cash incomings

Get resourceful. Look at all aspects of your business and look for where you are owed money, and go get it.

GOVERNMENT WAGE SUBSIDY

If you haven't looked into the wage subsidy from the Government yet, [do it now](#). If you're eligible, this is immediate support for you to pay your staff.

INVENTORY

This is money sitting on your shelf. It's more important to convert it to cash than make a margin on that particular stock item - you can obviously only do this once the lockdown is lifted, or if you have an online store. The cash can be used to pay bills now or buy better margin/higher turnover stock.

WHO OWES YOU MONEY

If you have anyone that owes you money, look for ways to bring that money in **now**. You could look at a discount if they can pay you this week. That cash minus a 20% discount is worth a lot more in your hand, instead of being in theirs. If you're in a position where you can offer vouchers for your products or service, this is a great incentive to get people to spend money with you now. This will also guarantee customers at a later date, who will likely then continue to spend!

If you're not getting any support or information from your accountant or business advisor at the moment, ask for it!

Or get in touch with the RightWay team. We've got business advisors, HR specialists, and tax experts ready to support you and your business.

Write down a plan

Sitting down to write out just 2 or 3 things that you could do to improve your current situation in your business will help. By writing it down, it keeps you accountable and more likely to do it. And you'll also feel good for being proactive!

Look at all your cash coming in and your cash going out, and make some calculations and notes on the following:

- Essential spending in your business - what do you need to spend now, and for the next month or two.
- Costs you can shave, is there opportunity to delay paying suppliers etc.
- Who owes you money? Get that money quicker by offering a discount.

Write out all the facts and figures and you might be really surprised at what you can achieve. Take back a bit of control in this environment, it doesn't need to be perfect.

Your cash flow plan

Cash outgoings

Cash incomings

Solutions

Talk to your bank

If you need more cash and are looking to the bank to fund it, you will need to go into that conversation prepared.

Have a written plan of how you're going to manage the next few months and beyond, and what you need to do it. That will put you in a better position when it comes to talking to your bank. The Government have also released a Business Finance Guarantee Scheme, which is available for businesses that have an annual turnover between \$250,000 and \$80,000,000. Basically, the Government will take 80% of the risk on any loans for eligible businesses, and the bank will take the other 20%.

We have a Business Isn't Usual podcast episode on working with your banker during COVID-19 which has some really valuable insights. Also check out business.govt.nz for more details on the Business Finance Guarantee Scheme.

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Look after yourself and your family

Make sure you're looking after yourself and your family above everything else. The [Mental Health Foundation](#) has a support page on their website with some great tips. And you can access the [Xero Assistance Programme](#) for free if you're a Xero customer. This will give you access to free and confidential wellbeing support.



Get help

Now more than ever, expert advice and direction for your business is essential. Hoping for the best may not be enough.

FACEBOOK BUSINESS HUB

Check out our Facebook Business Hub page. This page is managed by RightWay business advisors, tax experts, and HR advisors to keep you updated on news and information for your business. Because there are changes happening all the time, this is a great space to connect with experts on what it might mean for you.



GET IN TOUCH

Please don't hesitate to reach out to us for support and advice. We can help you navigate these challenges, give you options for your business, and we can work through a step by step plan with you.

We have a video meeting system which means we can meet and talk to you from anywhere. Pajamas are optional.

