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# Small Business COVID Help practical next steps and helpful resources for small business owners during the COVID19 crisis

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clarity.

## contents

### **your key numbers**

Now more than ever, as a small business owner you need to know the key numbers to focus on and how to make them better. Understanding the key metrics in your business means you can form a plan that you can work towards in the short term, that will get you through to the long term.

Appendix A: step-by-step process for those businesses effectively closed by government guidelines

### **costs**

Cash is king. In these unprecedented times you need to be ruthless with your spending.

### **vision**

Where possible - establish a better vision of the future. It can seem hard to see the light at the end of the tunnel, but this will pass eventually and you will need a plan of action ready to tackle the next phase.

### **get creative**

We are so lucky to be living in a world that can still be connected even during a time of social and physical distancing. Explore opportunities and other ways to do things within your business. Can you sort online ordering, are you a restaurant who could offer deliveries, can you offer online live yoga sessions? Now is the time to think outside the box.

### **action plan**

You are not alone in this. Your family and friends are all going through this too. Don't shut yourself away - talk to your network. You may discover you can work together. Create an action plan and seek support, especially from your business advisors. The government are offering many different types of support and you need to make sure you are taking advantage of them.

### **leadership**

Small business employees often feel like family, or sometimes they actually are family! It is a stressful time for you as a business owner with the responsibility of a team beneath you. Step up as a leader and galvanise the team. Listen to their worries, help them to adapt and encourage them to support one another **as a team** during these uncertain times. We are all in this together.

### **relationship marketing**

Start/continue relationship marketing. Your customers are **all** online now. Whilst we can't connect physically, we can still communicate through online marketing and social media. Make sure that just because you aren't physically present, you are still speaking with your community online and keeping them up-to-date.

### **breathe**

We are all going through a very unnerving and unsettling time. We need to make time to vent and process our anger and frustration in order to focus on working through the problems. Your mental health is a priority.

### **building blocks**

Look at the foundation and the building blocks of your business. Together with us, discover what is really necessary at this time and piece together a plan to strengthen your business, now.

## your key numbers

Firstly, you must focus on your **core cash target and the cash gap** ⚠️ Your core cash target is the ideal amount you will have in your bank account before spending on new projects, paying shareholders, hiring new team members etc. It's calculated by adding your taxes due and two months worth of overheads for the current period. In this instance, it is important to build this figure into the picture to understand what cash reserve you have that you can put aside to fund the business in the short term, rather than spending it on a new project! The Clarity platform shows a visual representation of this by linking in with your QBO or Xero account, however you can work this out manually by calculating two months of overheads and adding all outstanding taxes.

Compare your core cash target to the amount of actual cash you have available for the business. The gap is then the ideal amount of funding needed to keep you afloat during COVID19.

Other key figures also need to be considered. Speak to us about these key numbers TODAY.

- **cash days**

Cash Days shows how long it takes for money to go through your business, from sales to getting paid. It's calculated by adding your aged receivable days (the average of how long it takes for your customers to pay you) to your work in progress days (the average of how long it takes for you to raise sales after completing work - if you're a service business) and adding to your inventory days (the average of how long it takes to sell stock/inventory after it's purchased) minus your aged payable days (the average of how long it takes you to pay your suppliers) for the current period.

- **revenue**

Revenue Growth is calculated by comparing your current period's annualised revenue to the previous financial year's revenue.

- **gross profit**

Gross Profit % is calculated by dividing your gross profit figure by your revenue figure for the current period.

- **overheads**

Overhead refers to the ongoing costs to operate a business but excludes the direct costs associated with creating a product or service. Overhead can be fixed, variable, or a hybrid of both. There exist different categories of overhead, such as administrative overhead, which includes costs related to managing a business. The income statement reports overhead expenses

- **revenue per employee**

Revenue Per Employee is calculated by dividing your revenue, for the current period, by your full time equivalent employees

There are a number of schemes, loans and grants in place for small businesses around the world offered by the government to help with funding and payments. These are listed in the [action plan](#) section of this guide.

## appendix a

### step-by-step process for those businesses effectively closed by government guidelines

Speak to us and arrange a meeting to run through the following process **AS SOON AS POSSIBLE**

**Step 1** arrange online meeting with us to effectively determine if your business can be 'frozen' and if so, how long can the business be 'frozen' paying as little as possible and how will this be financed. If you are using Xero/QBO or other cloud accounting software download the Bank Transaction report for the last three months. If not, download the last month transactions into a csv file. Failing that, use recent bank statements or reports from other bookkeeping software.

**Step 2** together, we will create a spreadsheet with the transactions along the lines of:

Monthly outgoings							
Date	Details	Cost	Can be cancelled - amount	Action	Can't be cancelled - amount	Can they be reduced - amount	Total costs that can't be cancelled - amount

our aim here is to create a simple spreadsheet to determine what costs can be cancelled and the action to be taken (ie cancel DD or standing order, contact:- bank, supplier, landlord, lessor etc) and what costs cannot be cancelled and will need to be financed. Remember the most significant payments will be for: salaries, rent, mortgages, loan repayments, purchases of goods, sales tax (VAT or GST), payroll taxes, corporate/income taxes.

You can use the Clarity Action Plan to record actions if you wish (got to future screen, move the change all by 1%, click save and delete all tasks - to start with a blank plan).

**Step 3a** consider all accounts receivable. Will the business be able to collect any of these and what is the total that they will likely collect and over what time period?

**Step 3b** consider all accounts payable. Will the business be able to defer any of these and what are the totals that they will likely need to pay now, within 3 months, 3-6 months, after 6 months?

**Step 4** create a simple cashflow forecast using the above information. A daily or monthly forecast will depend on the severity of the situation. It may be necessary to use excel for accuracy. Or it may be necessary to leverage technology to prepare a set of projections to support any bank or other funding request - see step 5. You will need to determine what works best from a time/urgency/need perspective and without duplicating any unnecessary work.

**Step 5** consider what the total funding requirement is and over what time period. Consider all available government and other support. Work out a plan that is realistic, affordable and can likely be repaid, when restrictions can be eased. It is likely we will need to prepare detailed budgets, cashflow projections, rolling three month cashflow calculations, KPIs/dashboards, assistance with funding applications and continue to regularly meet/check-in with you

**Just remember, you don't have to do this yourself, we can help you do this.**

## costs

Unfortunately, you need to effectively consider how long the business can be 'frozen', paying as little as possible and how will this be financed.

We have put together a list of difficult questions that you need to ask yourself to determine the costs that can be cancelled/reduced. This will then whittle down the total costs that can't be cancelled.

Run these through with us:

- Can you reduce overheads? How might you go about that?
- Can you delay capital expenditure?
- Can you finance capital purchases?
- What discretionary costs are you able to avoid?
- How much less will you sell?
- Will you lose customers?
- Will you need to offer discount to keep customers?
- Will customers pay slower or not pay?
- Will you incur extra costs to provide your services/products?
- What costs can you reduce or are not necessary?
- Can staff go part time with part time pay?
- Do you have supplier payment terms you're not currently using?
- How can you reduce stock reorder levels so stock not sitting on shelves for long?
- How can you raise sales invoices as soon as possible to reduce work in progress?

It is important to **action** what you have just discovered. Make sure that you cancel the direct debits, apply for the payment holidays, raise the invoice, inform customers of the new terms. 💰

### **"You can only control the controllables"**

Circumstances are changing every day and you need to keep on top of the "controllables" that are in front of you **today**.

## vision

Prioritise activities under the captions “important” and “urgent”. Do this here:

 **IMPORTANT**

.....  
.....  
.....  
.....  
.....

 **URGENT**

 .....

 .....

 .....

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.....

Do the urgent things first and the important things after. Prioritise the 3 most urgent tasks (highlighted by  symbol), and make sure you know who is going to do them and by when. This is all relative to the level of urgency as already discussed.

Share this list with the relevant team members, and make sure you hold your team accountable. Given the exceptional circumstances, team members may be working with a whole new set of tools or on new processes, for example, they may not be comfortable working with social media, or being on the front line with clients over the phone. Understand that you are asking team members to step out of their comfort zone and that instructions need to be simple to follow. Be prepared for questions!

Once you’ve got the first 3 tasks prioritised, repeat the exercise until you’ve gone through and allocated or completed all the outstanding tasks from your meeting with your us.

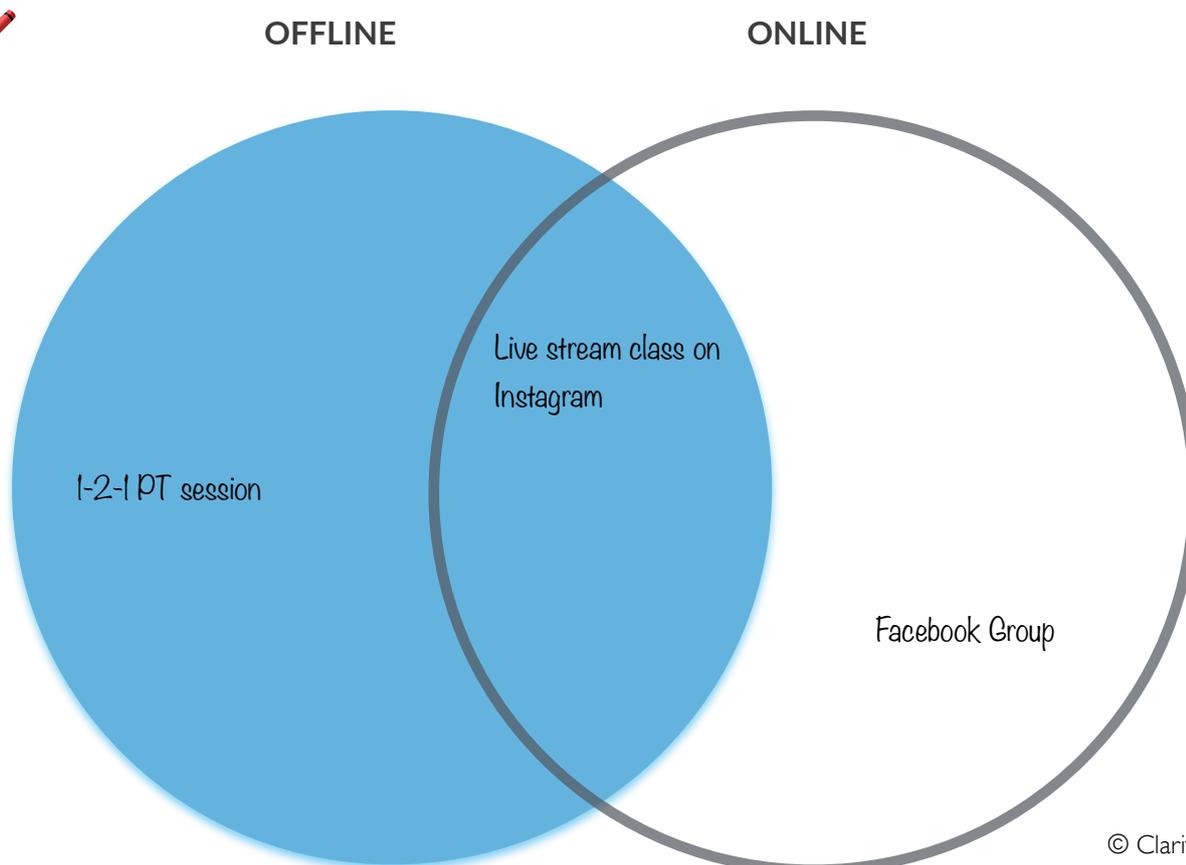
However, you must make sure that your meeting and conversation with your us covers more than just immediate crisis management. Do you have systems in place for recovery? What resources will you need? What systems will you need in place to revert back to post social distancing? What processes have been made more slick due to remote working? List the positive and negatives and prepare for the boom post isolation.

## get creative

The government instructions have caused a lot of disruption for many businesses. But now is the time to think outside the box on where you can get income from. You will be remembered by your customers by how you adapt and react to these tricky times. Look after your best customers and show them that you are still valuable to them, and that they are still valuable to you. Consider new ways to deliver your service or product. It may be through mail or through virtual web-based services. Offer discounts if necessary and think outside the box.

- Can you offer a takeaway service?
- Do you offer home delivery?
- Is your website up-to-date with your take-away service and contact information for over the phone orders?
- Can you run online classes? PT sessions, yoga classes, client calls all through zoom?
- Do you have an online community? Are you engaging with them through social media?

Open up the discussion with your team and see what creative ideas you can pull together to bring your business to the masses online. Fill in this Venn diagram below with business that is only offline and online, and what you bring from offline to online. Examples;



## action plan

You now need to consider all available government and other support available and work out a plan that is realistic, affordable and one where loans can be repaid, when restrictions can be eased.

Build an action plan that can mitigate the risks. Consider:

- plan to deal with customer requests for discounts, late/non payments,
- loss of revenue and ways to maintain or generate new income
- capital purchases - delaying/financing
- all overheads and discretionary spending
- staffing levels, rotas, part time hours, layoffs as a last resort

Consider speaking with:

- bank/lender - increased facilities, payment holiday, etc
- suppliers - discounts, payment terms etc
- insurance company - business interruption
- tax authority - time to pay on payroll, sales tax, business tax
- team - explaining what's going on, changes to working practices and what they are doing to support customers etc
- government bodies - re various support packages and measures
- customers - about what you are doing to support

**There is support available for you. For example, in the UK :**

- a Coronavirus Job Retention Scheme
- deferring VAT and Income Tax payments
- a Statutory Sick Pay relief package for small and medium sized businesses (SMEs)
- a 12-month business rates holiday for all retail, hospitality, leisure and nursery businesses in England
- small business grant funding of £10,000 for all businesses in receipt of small business rate relief or rural rate relief
- grant funding of £25,000 for retail, hospitality and leisure businesses with property with a rateable value between £15,001 and £51,000
- the Coronavirus Business Interruption Loan Scheme offering loans of up to £5 million for SMEs through the British Business Bank
- a new lending facility from the Bank of England to help support liquidity among larger firms, helping them bridge coronavirus disruption to their cash flows through loans
- the HMRC Time To Pay Scheme

Please take the time to read through our partner 2020 Innovation's guide that covers the support listed above in more detail. What it means for you, and what actions need to be taken: <https://www.the2020group.com/wp-content/uploads/2020/03/Week-2-COVID-UPDATE-FOR-MEMBERS-Government-Support-and-Action-Planning-Update-24-March-2020-Final.pdf>

## list of government and other support

- UK**      [UK Government COVID-19: support for businesses](#)
- [The Coronavirus Business Interruption Loan Scheme \(CBILS\)](#)
- [Enterprise Nation Guidance for Small Business](#)
- 
- Ireland**      [Government & others support for COVID-19 impacted businesses](#)
- 
- Australia**      [Government Coronavirus information and support for business](#)
- [COVID-19: The financial support available to small business, state-by-state](#)
- 
- NZ**              [Government & others COVID-19: Information for businesses](#)
- 
- Canada**        [Canada's COVID-19 Economic Response Plan: Support for Canadians & Businesses](#)
- 
- RSA**             [Breakdown of SA Government's Economic Response to Covid-19](#)
- [South Africa's economic plan for Covid-19](#)
- 
- USA**             [Coronavirus \(COVID-19\): Small Business Guidance & Loan Resources](#)
- [COVID-19: How the federal government is supporting small business](#)

## leadership

In your office you will have naturally fallen into a routine with your colleagues and peers, and without knowing it, human interaction has become a part of your work process. The sudden change to an isolated environment can be challenging for both you and **your team**.

The following detailed insights from the Harvard Business Review are extremely useful to read. In particular p.50 Section 2: Managing Your Remote Team and p. 63 Section 3: Leading Through the Crisis: <https://hbr.org/download/61327506/10440E-KND-ENG/10440-PDF-ENG>

#TeamClarity have summarised some key takeaways that we encourage you to discuss with your team members.

- Distractions at home. Do they have a designated 'work-station' that is not where they sit and watch tv in the evening? It helps to mentally and physically segregate work and play in what is normally your place of relaxation.
- Encourage a routine. 9am start time, take a lunch break. Use zoom, google hangout and slack to keep in daily contact with your team and re-establish office routines online such as staff meetings or status calls.
- Take a break. Encouraging exercise or getting outside (whilst remaining socially distant!) to clear heads and break up the isolation. Host an office pub quiz (via zoom)
- Check in with them personally, their family, their friends. How are they getting on? How has this impacted their life other than professionally.

It is also worth chatting with your team to highlight how these changes effect productivity?

Recognising when you are at your most productive or creative can help with planning out your day and result in more successful days which will ultimately leave you feeling more satisfied and motivated. You, like everyone else will have a time of day when you are in the zone. You have the most energy, you are most aware and most able to get things done. Ideas just pop into your head, completed work seems to fly off of your desk and you enjoy doing the work as well as the satisfaction of getting it done.

This is your zone time and this time should be reserved for all of your important work. Trying to do great work at any other times of the day is frustrating and simply wastes time. If you're someone who gets up early you'll be better off doing analytical tasks in the morning along with making decisions. In the late afternoon/early evening you'll be better off completing insight tasks (e.g. brainstorming and being creative).

If you get up late and have the most energy at night then you'll want to do analytical tasks and decision making in the later afternoon/evening and the morning should be reserved for insight tasks. And if you fall somewhere in between then your 'zone' time will mirror someone who gets up early albeit your analytical tasks and decision making should be done

early to midmorning. By focusing on your zone times with the correct tasks you'll find they happen easier and are more enjoyable. As a result you're saving time and playing to your strengths.



If you would like more information and tips on time management, #TeamClarity have put together the 'Clarity Time Machine' Guide, that includes multiple techniques to ensure that you are making the most of your time. Reach out on [info@clarity-hq.com](mailto:info@clarity-hq.com) for the guide.

Resources and links you can use for remote working, online team meetings and working from home are listed below. In addition, these 5 tech companies are providing free remote working tools during the Coronavirus Outbreak too:

<https://www.inc.com/jason-aten/these-5-tech-companies-are-providing-free-remote-working-tools-during-coronavirus-outbreak.html>

- Zoom - <https://zoom.us/>
- Slack - <https://slack.com/>
- Google Hangout - <https://hangouts.google.com/>
- Skype - <https://www.skype.com/en/>
- GoToMeeting - <https://www.gotomeeting.com/en-gb>

## relationship marketing

We have found the following article really helpful for small business owners and only takes a few minutes to read: <https://www.entrepreneur.com/article/347913>. The advice is as you would expect during this time of crisis, however we particularly wanted to highlight Mark's guidance around relationship management and marketing:

Make sure to communicate clearly and consistently with your customers. If you are open for business, make sure they know that and how to interact with your organisation. Make it easy for them to purchase your product and services.

Use your social media presence to keep your customers up to date. If you typically don't use social media, it may now be time to build one. Implement a newsletter or series of emails to your customers if you aren't already doing so. Use it to communicate your ability to help customers and any changes to how you regularly provide them.

A good system that #TeamClarity use for email CRM (Customer Relationship Management) Marketing is mailchimp. <https://mailchimp.com/>

Be creative and find new opportunities to market and sell. Given the current conditions, what resonates with customers right now that you can provide? This is a good time to focus on your existing customers, provide excellent service, make sure you retain your important relationships and customers. Let any key relationships know you are still there and how you can be of service.

To add to Mark's advice, we want to add the following quite blunt advice. **Look after your best customers now.** This may seem unorthodox for you as a business, but in such exceptional circumstances it is crucial that you are ruthless with your decisions. Unfortunately, now is the time ensure that you are not emotional when making business decisions so that you can lead your business through COVID19. Should discounts or payment holidays apply to all your customers? Will this relationship outlast the virus? There is obviously a humane limit to your ruthlessness (!) but make sure that you are thinking about your own cash flow and funding gap and make **realistic** offers to your market.

If you would like guidance on how to market your business on social media and how to communicate with your customers online, please get in contact with #TeamClarity on [info@clarity-hq.com](mailto:info@clarity-hq.com) for our 'best practice marketing guide'.

## breathe

Your mental health is so important in these uncertain times. As we're spending more time at home, it's important to find new ways to remain active and exercise is important. Obviously there is a lot of stress right now with everything that is going on in the world. Please don't forget the benefits of exercise.

In exceptional circumstances like these, it may feel and be necessary at times to work solidly for days on end. But, continue too much and you'll break in one way or another because your mind and body need to rest and recover, especially to function at your optimal level. Simple things like 10-20 minutes of daily meditation, eating your lunch away from your desk and taking a walk outside in nature will all help. Getting out in the fresh air will result in returning to work feeling refreshed and with a clear head. But please make sure you are following government instructions and regulations during your time outside.

#TeamClarity have put together a list of the best free home workouts and how to access them. We appreciate this may not be your thing, so don't feel pressured to use them! But we encourage everyone to take a break from social media and their phones to focus on themselves and their mental health **at least once a day.** 😊

- OBE Fitness - <https://www.obefitness.com/>

Working out is better with an accountability buddy, or thousands of them. OBE are offering a 30-day free trial for all types of classes from HIIT, pilates, barre & more. Plus they have at-home classes for seniors, daily workouts and a Facebook community too.

- Sculpt Society - <https://www.thesculptorsociety.com/>

The Sculpt Society is doing a 14-day free trial of their dance-cardio and strengthening routines. Whether you have a spare 15 minutes or 50 minutes, there is a workout for you.

- CorePower Yoga - <https://www.corepoweryoga.com/>

CorePower Yoga is offering free online classes for people at every level, which is perfect for those of us who haven't been able to touch our toes for while.

- Peloton - <https://www.onepeloton.co.uk/>

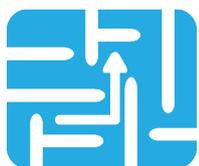
Spinning classes at home for those who have an exercise bike. But even if you don't, Peloton is offering a 90-day free trial, which can be used for body weight, yoga, strength training and meditation classes.

- 305 Fitness - [https://www.youtube.com/channel/UCITBXIWPx7L\\_jhJ\\_vdRAu-A](https://www.youtube.com/channel/UCITBXIWPx7L_jhJ_vdRAu-A)

Dance like no-one is watching (except maybe your dog) during one of 305's famous dance cardio classes, live at noon every day on their Youtube page.

## building blocks

There are a huge amount of challenges facing small business owners at the moment:



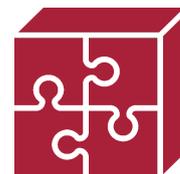
Complex situation



Lack of cash



Understand key numbers



Planning

Hopefully this guide has helped you understand a bit more about the complex situation that COVID19 has put you and your business in. For a more detailed overview, read Section 1: <https://hbr.org/download/61327506/10440E-KND-ENG/10440-PDF-ENG>

Going through the '[your key numbers](#)' and '[costs](#)' sections of this guide with your us as soon as possible, will help you get your head around your personal situation with cash and help you get to grips with the other key numbers to focus on for the immediate future. And appendix A will have provided a realistic process for those businesses effectively closed by government guidelines.

In terms of planning - whilst it does seem somewhat ridiculous to plan for the long term future, these uncertain times **will not last forever** and it is important to discuss a plan of action for coming out of this crisis with us too. Whilst it may seem all doom and gloom at the moment, you will need a game plan for the future, whether that is in 4 weeks, 8 weeks, or 12+.

For now though, use this guide to put this simple short term plan together **today**:

1. **YOUR KEY NUMBERS** - Call us TODAY. Figure out your core cash target and the cash gap. And work through the 5 other key numbers we've listed. Or run through appendix A if that is your reality.
2. **COSTS** - Answer the tricky questions we have listed. Document them in the spreadsheet we suggest in appendix A. Discuss the total with us and be realistic with your cuts.
3. **VISION** - Triage your tasks. Delegate where possible. But get your top 3 tasks completed as a priority to move forward.

4. **GET CREATIVE** - Now you've outlined what costs you are going to have to cut, and you understand what income is going to be taking a hit. Get creative about how you can use different channels for new revenue streams. Come up with at least two alternative solutions.
5. **ACTION PLAN** - Knowledge is power. You now know the funding you need to stay afloat. Use what you know and put it into action to keep your business going. Use the links in this section to find what resources are available to your particular business and industry and action the necessary applications or steps to receive them.
6. **RELATIONSHIP MARKETING** - 21st century technology means that we are all online all the time. This includes your customer base. Communicate with them, keep them up-to-date on your news and reach out to them. Previously, you could connect with your community through direct marketing, networking and online. There is only one channel now. **ONLINE**. Make sure your website has the latest contact details and keep in touch.
7. **BREATHE** - Allocate 30-mins a day for your mental health. 🚫 No phones. 🚫 No social media. You don't have to become the next body-builder or take up tap dancing. Prioritise your own wellbeing for 30-mins, allow yourself to re-focus and breathe.

Most importantly, remember that we are all in this together. We are stronger together. And we will beat this together. Stay home. Protect the NHS. Save lives. ❤️