



COVID-19 Business Survival Guide

To one extent or another, you have no doubt felt the impact of COVID-19. Over recent weeks, we have had countless discussions with our clients on minimising the negative impact of the current challenges and how to come out the other side, stronger than ever.

Here's a list of practical steps we recommend that you consider, in light of the current challenges:

	<u>What?</u>	<u>Who?</u>	<u>By when?</u>
1	<p>Watch your cash like a hawk</p> <p>There's only one reason businesses go under – running out of cash. The slowing down of economic activities around the country and the world is likely to put your business under significant cash flow pressure. You need to have a weekly (ideally daily) cash flow forecast for the next 3 months, 6 months or even 12 months. Consider worst, likely and best case scenarios. Talk to us if you don't have a cash flow forecast and are looking for a template/assistance with preparing one. Consider all options available to inject and conserve cash in the business (for ideas, check out the 3. <i>Look for help</i> section below).</p>		
2	<p>Communicate, communicate, communicate</p> <p>Everyone with whom you have business dealings will want to hear from you. So, communicate with them – your employees, major customers and suppliers and lenders will all want to know how these challenges are going to impact your business and consequently, them. Everyone knows that you may not be able to provide them with immediate answers. Therefore, communicate with them that you are actively reviewing the impact and will be doing everything in your power to operate your business the best you can and that you will keep them informed.</p>		
3	<p>Look for help to survive</p> <p>There's only one reason business go under – running out of cash. You absolutely need cash to survive and here are a 15 ideas to inject and conserve cash other than “sell more”:</p>		



<u>What?</u>	<u>Who?</u>	<u>By when?</u>
<p>Landlord</p> <p>1. Ask for a rent-free period (see Appendix A for a template letter to send to your landlord to ask for this).</p> <p>Bank / Lender</p> <p>2. Ask for a loan repayment holiday (note that it was announced on 20 March that many banks have agreed to assist small to medium businesses with a loan repayment holiday of 6 months). Contact your bank manager to make sure you qualify.</p> <p>3. If you identify a cash flow gap in your forecast, contact your lender now to arrange for additional funding / line of credit so they can be approved now.</p> <p>4. If you have recently purchased new plant and equipment with cash, talk to your lender about a sale and leaseback.</p> <p>Suppliers / Trade Creditors</p> <p>5. Delay trade creditor payments: decide which creditor payments are critical and which can be delayed.</p> <p>Customers / Trade Debtors</p> <p>6. Just as you are considering delaying your trade creditor payments, so are your customers. So get on the front foot and talk to them and reach an understanding of when they'll be paid. Chase any late payments straight away.</p> <p>7. Consider offering a discount to your customers / clients if it means that you'll get paid now.</p> <p>8. Give reasons to your customers / clients to increase their purchases of your goods and services now before the full impacts hit their business.</p> <p>Stock</p> <p>9. Monitor stock purchases closely and do not order unless you know there are customers waiting to buy in the foreseeable future.</p> <p>10. If you have excess stock, review return policies and see if they can be returned to your suppliers for a refund.</p>		



<u>What?</u>	<u>Who?</u>	<u>By when?</u>
<p>Government / Revenue Authorities</p> <p><u>For a summary of Government Stimulus Packages In Response To COVID-19, please click here.</u></p> <p>11. Review Federal and State governments stimulus packages and how they might help (e.g. federal government payments to help you keep employing, state government’s payroll tax deferral etc.). Talk to us if you require any assistance in applying for them.</p> <p>12. Contact the relevant revenue authority to defer / put on payment arrangements all tax payments. Note though that superannuation guarantee obligations are still required to be met.</p> <p>13. If you report GST on a quarterly basis and usually get a refund, consider switching to monthly to speed up the refund.</p> <p><u>Again, for a summary of Government Stimulus Packages In Response To COVID-19, please click on this link.</u></p> <p>Employees</p> <p>14. Talk to your employees about the changes to their work as a result of this. More details are covered under 5. <i>Look after your employees.</i> In relation to cash flow, some options are:</p> <ul style="list-style-type: none"> ○ If there isn’t enough work to keep your employees fully productive, consider asking your employees to take leave. Note that taking annual leave won’t help with cash flow as you still need to pay them. ○ Consider asking employees to take unpaid leave, especially for those who have exhausted their leave entitlements. ○ If an employee cannot attend place of work due to lock-down requirements, required self-isolation or unwilling to attend place of work, you may be able to stand the employee down without pay unless the employee can do work without attending place of work. Please let us know if you require a referral for any legal matters. ○ This might be an opportunity to restructure your workforce so consider letting go of those whose services aren’t required. ○ Consider a temporary reduction in pay (either by reducing working hours or lowering hourly rates). This one is very painful but if it comes down to it, it maybe the only way to save your business and their jobs. Employees may be scared, so they need to be reassured by you and they need to be given an understanding of your plan to keep the business alive and keep them employed. 		



	<u>What?</u>	<u>Who?</u>	<u>By when?</u>
	<p>Other</p> <p>15. Set up an expense account in your Profit and Loss called “COVID-19”, put all expenses incurred including lost sales and lost time into that account. This will help significantly when applying for government assistance and when talking to your lender. Also, if you are able to make a claim with your insurer for business interruption, this will make quantifying the claim much easier.</p>		
4	<p>Consider changes to operations</p> <p>Consider the processes and production lines of your business and identify what processes are critical in order to continue operations, and which processes can be suspended temporarily. Consider also how you might be able to continue your business in a different manner e.g. working remotely and meeting virtually.</p> <p>Work through the changes with your management team and communicate with the rest of the team as soon as each key decision is made. Similarly, if anything directly impacts your customers and / or suppliers, communicate with them of any change as soon as the decision is made.</p>		
5	<p>Look after your employees</p> <p>As an employer you have a duty of care to provide and maintain a safe workplace. Regular communication with your employees is important to keep them informed of their obligations to prevent the spread of COVID-19 and let them know what support you’ll provide them during this time. Have in place easy to follow guidelines that they can see and access. Some specific actions you can implement are:</p> <ol style="list-style-type: none"> 1. Circulate a disease prevention plan that outlines that measures taken to prevent the spread of COVID-19 2. Let all staff know of how they are expected to inform the business if they think or know they have the disease e.g. who is the person (and a back-up) they need to inform and how. 3. Ensure there is no shame for an employee self-identifying as having the virus – this is vital to get across to your team as if employees have concerns around letting the business know of their diagnosis then the virus has more of a chance to spread. 		



	<u>What?</u>	<u>Who?</u>	<u>By when?</u>
	<p>If possible, consider alternative working arrangements for your team by providing flexibility in the form of work hours, work location and pattern of work across teams in order to maintain productivity. If feasible, consider facilitating your team to work from home in order for them to be able to perform their usual duties. If there is a lack of work to do, use this time productively by upskilling employees with online training and / or getting to the tasks you've always wanted to get to but never seem to have the time e.g. documenting systems and processes. This way, employees will be of greater value and the business will be more productive when things return to normal (and they will).</p> <p>The most important thing to remember during this time is to communicate your plan to your staff. Should an emergency scenario affect your business then best practice should be to let your employees know exactly what to do to maintain productivity ahead of time.</p>		
6	<p>Mental Health</p> <p>This is a stressful time for you and your team. See Appendix B for an article by Lifeline on maintaining Mental health and wellbeing during the Coronavirus COVID-19 outbreak.</p>		



Appendix A: Template letter to ask for a rent-free period

Please print on company letterhead

Date

Address

Dear XXX

RENT RELIEF REQUEST

We are writing to request a six month waiver of our current rental arrangement. Alternatively a moratorium on rental payments for 6 months with an appropriate repayment plan after the above period has expired.

We have been a long term tenant at these premises and have no intention of relocating after the end of the lease.

However, similar to many other small businesses, our business has been significantly impacted by the recent pandemic. Due to the announcement of various limitations around social distancing, gatherings and travel our ability to earn an income has been decimated.

We are working with our accountants for access to various government concessions/relief and we are also actively looking at strategic alternatives in sustaining our business during this period.

However, all of the above measures will take time to process and implement.

We seek your support during this difficult period as your decision is vital to the survival of our business.

Thank your for your consideration and we hope to receive a positive response from you.

If you have any queries please contact me.

Yours sincerely

Director Name

Company Name



Appendix B: Mental health and wellbeing during the Coronavirus COVID-19 outbreak (by Lifeline)

<https://www.lifeline.org.au/get-help/topics/mental-health-and-wellbeing-during-the-coronavirus-covid-19-outbreak>

The outbreak of the coronavirus COVID-19 has impacted people in varying ways on an international scale. It is understandable that during times like this, people may be feeling afraid, worried, anxious and overwhelmed by the constantly changing alerts and media coverage regarding the spread of the virus.

While it is important to stay informed, the following are some mental health and wellbeing tips and strategies to continue looking after ourselves and each other during these difficult times.

Manage your exposure to media coverage as this can increase feelings of fear and anxiety. Be mindful of sources of information and ensure you are accessing good quality and accurate information. We have provided some links below.

Follow a “calm yet cautious” approach – do your best to remain calm and be mindful not to contribute to the widespread panic that can hinder efforts to positively manage the outbreak. Ensure you are following directives issued by the government, medical advice and observe good hygiene habits.

Show compassion and kindness to one another – these times of fear, isolation (both physical and social) and uncertainty are when it is most important that we strengthen our sense of community by connecting with and supporting each other. Remind ourselves that we can manage this much better together in solidarity, and that COVID-19 doesn't discriminate – it can affect anyone regardless of age, gender, nationality or ethnicity.

Actively manage your wellbeing by maintaining routines where possible, connect with family and friends (even if not in person), staying physically active, eating nutritious foods and seeking additional support by contacting Lifeline or further professional support as required.

Strategies to cope with social distancing, self-isolation or quarantine

Going into a period of social distancing, self-isolation or quarantine may feel daunting or overwhelming, and can contribute to feelings of helplessness and fear. In addition to the above, we encourage the following:

- Perspective – try to see this time as unique and different, not necessarily bad, even if it something you didn't necessarily choose
- Connection – think of creative ways to stay connected with others, including social media, email and phone
- Be generous to others – giving to others in times of need not only helps the recipient, it enhances your wellbeing too. Is there a way to help others around you?
- Stay connected with your values. Don't let fear or anxiety drive your interactions with others. We are all in this together!
- Daily routine – create a routine that prioritises things you enjoy and even things you have been meaning to do but haven't had enough time. Read that book, watch that show, take up that new hobby.
- Try to see this as a new and unusual period that might even have some benefits.
- Limit your exposure to news and media. Perhaps choose specific times of day when you will get updates, and ensure they are from reputable and reliable sources.



Staying connected through the COVID-19 crisis

Research after the SARS pandemic in Hong Kong in 2008, provides evidence of the significance of connection through epidemics. It found that residents in Hong Kong experienced increased social connectedness, which offset the negative mental health impacts of the pandemic.

As connection is so important during this time, here are some tips on staying connected to others during this time. Remember – we are all in this together.

- If there is someone you think may struggle through social isolation, it is important to reach out to them and let them know you care:
 - Call them to check on their welfare
 - Send an email
 - Leave a note under their door
 - Don't underestimate the power you have to offer hope to another person.
- We encourage people to get creative with how they interact, here are some ways to stay connected if self-isolating:
 - Set up a gratitude tree – where every member posts a message or sends a text to other members to share something they are grateful for.
 - Find a buddy, or group of, to set daily challenges with. These could include a healthy habit, a mindful practice, a creative pursuit. Be sure to encourage and check in daily to stay motivated.
 - Set dates and times to watch the same TV shows/movies with someone and message each other your thoughts along the way... kind of like Goggle Box but you're not sharing the couch!
 - If your local community has one, join its social media group! This will keep you up to date with what's going on directly around you. It may also include ways you can perhaps reach out and connect with someone less fortunate than you and ways to assist them.

Helping children cope through COVID-19

This is an uncertain time for everyone, and children may be impacted by fear and anxiety. Here are some tips on how to ensure your children are supported;

- Give your children extra attention and reassurance. Where possible, minimise their exposure to media and social media that may heighten anxiety
- Acknowledge your own feelings about the situation and let children know it's okay to share their own feelings
- Include your children in plans and activities around the house
- If you don't see an improvement in 4 weeks, or if you're concerned, seek professional help (earlier if needed)

Reputable sources of information

- Australian Department of Health – <http://www.health.gov.au>
- World Health Organisation – <http://www.who.int>
- Smart Traveller (information for Australian travellers) - <https://www.smartraveller.gov.au/news-and-updates/coronavirus-covid-19>



Where to go for support?

It is extremely important to seek out help if you feel you need it. We want to remind everyone that Lifeline is here to offer support to you and listen. Lifeline are committed to ensuring our services continue as normal during this time.

- 13 11 14 will continue to be operating 24 hours a day, 7 days a week
- Lifeline Text 0477 13 11 14 will continue to operate 6pm – midnight (AEDT), 7 nights a week
- Lifeline webchat will continue to operate 7pm – midnight (AEDT), 7 nights a week
- Kids Helpline – for children that may need support 1800 55 1800 <https://kidshelpline.com.au>
- Beyond Blue – 1300 22 4636 <https://beyondblue.org.au>