



bennett partners

BUSINESS SURVIVAL PLAN

**A guide to help you navigate the Coronavirus pandemic
and its impact on your business.**

VERSION 1 - LAST UPDATED 24.03.2020

COVID-19 BUSINESS SURVIVAL PLAN

Introduction

The Bennett Partners team are here during these difficult times to support and provide positivity to you and your business! As a business owner, there's one key thing you need to totally focus on now – **keeping your business alive during these difficult times**. It's not all doom and gloom either – withstanding the tough times sets a business up to be a fast turning cash flow business when everything bounces back in a positive way in the future.

Remember that while cash flow is under control then so is your business. Downturns can be scary in the moment, usually because there is no plan in place for your business and the world around you appears to be panicking. If you take actionable appropriate steps to create a Survival Plan, then in reality a downturn is just a stop gap to the next upturn, where your business will be cash flow fit and ready to take full advantage. You will need to build a cash "war chest" which will let you keep trading through the coming difficult months.

THERE ARE 7 KEY AREAS YOU NEED TO CONSIDER IMMEDIATELY:

- 1. Cash.** Preserve cash at all costs. You must immediately start building a cash "war chest" for your business to survive.
- 2. Banks and Funding** – You should contact your bank immediately to determine additional lines of credit for your particular circumstances. Alternative funding sources should also be considered. The time to act is NOW, not in 2 weeks' time when the banks will be overwhelmed by other bank loan applications.
- 3. Management Team** – Work through the COVID-19 Continuity Plan with your Management Team, then quickly communicate appropriate decisions to your entire team.
- 4. Employees** – You need to openly discuss reduced working hours with your employees to save cash (if this does save cash) and working from home arrangements. Employees will 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.
- 5. Customers & Suppliers** – Great communication is needed so that customers have peace of mind that it's "business as usual" where possible, and so that you can rely on your suppliers.
- 6. Protection.** (1) Update and upgrade your Asset Protection. It's very important to review strategies to protect the equity in your family home and other assets in personal names. It's vital you know how your business is structured and the associated risks. (2) Review all of your general business insurance and personal risk insurances to ascertain your coverage during the current pandemic. (3) Ensure you have an up to date Enduring Power of Attorney (EPOA) and Will, and to know where the original signed copies of these are located.
- 7. Mental Health** – This could be one of the most stressful times ever for you and your employees. We can provide links to assistance for you to help you and your team through this crisis.

To assist you, included in this Plan are the following checklists for meetings and emails for you to use in your business. We recommend that you use them in the following order:

1. Business Owner Decisions. We will guide you through the key decisions that you need to consider NOW to keep your business alive.
2. COVID-19 Survival Plan. Developing your Survival Plan will help you stay calm and focussed in order to ride out the storm.
3. Agenda for Team Meeting with all Employees. This is an example agenda for you to discuss with your team to highlight your plans to keep the business going and workplace safe.

BUSINESS OWNER DECISIONS

To maintain your cash “war chest”, you may need to consider options that you haven’t considered before. Right now, above all else, you need to do anything that is needed to keep your business alive.

ACTION



WHO CAN ASSIST



Maximise Cash Receipts from Stimulus Package

Review the Australian Government stimulus package for business cash flow. Identify which key parts your business is eligible for and get the process started to obtain these cash flow bonuses.

There may be some opportunities to restructure how business owners receive wage payments so that your Stimulus Package amounts received are maximised.

More detail about individual stimulus package is included in the COVID-19 Continuity Plan.

Contact your Accountant at Bennett Partners on 07 4951 1455.

Prepare a Cash Flow Forecast for 12 Months

Create or update your business cash flow plan for the coming 12 months. You need to determine your daily and weekly planned cash position to make informed decisions, like when you may need additional bank funding. Use this tool to know your breakeven point as well understanding your fixed and variable costs.

Contact your Accountant at Bennett Partners on 07 4951 1455.

Determine your one Key Performance Indicator (KPI) that drives cash flow

All businesses have one key performance indicator that is a predictor of future cash flow performance and this is normally attached to your income producing ability.

Contact your Accountant at Bennett Partners on 07 4951 1455.

Consider Delaying Tax Payments to the ATO

In order to keep your business alive and attend to critical business expenses, you may need to delay making payments of GST, PAYG Withholding Tax and Employee PAYG Tax to the Australian Taxation Office (ATO). The ATO is implementing a series of relief options to assist those impacted by the coronavirus including:

- Deferring by up to six months the payment date of amounts due through the business activity statement (including PAYG instalments), income tax assessments, fringe benefits tax assessments and excise
- Allow businesses on a quarterly reporting cycle to opt into monthly GST reporting in order to get quicker access to GST refunds they may be entitled to
- Allowing businesses to vary Pay As You Go (PAYG) instalment amounts to zero for the March 2020 quarter. Businesses that vary their PAYG instalment to zero can also claim a refund for any instalments made for the September 2019 and December 2019 quarters
- Remitting any interest and penalties, incurred on or after 23 January 2020, that have been applied to tax liabilities
- Working with affected businesses to help them pay their existing and ongoing tax liabilities by allowing them to enter into low interest payment plans.

Contact your Accountant at Bennett Partners on 07 4951 1455.

To take advantage of the available relief options, please contact the ATO on 1800 806 218.

Important: It’s vital that you keep lodging your Business Activity Statements (BAS’s) and Instalment Activity Statements (IAS’s) by their due dates and negotiate a delayed payment with the ATO, otherwise the ATO may view the PAYG withholding portion as non-compliant and you will then lose you tax deduction for these amounts. Additionally, employers will still need to meet their ongoing super guarantee obligations for their employees.

ACTION



**WHO
CAN
ASSIST**



Arrange Additional Bank Funding

The Federal Government have announced a range of support packages and initiatives to financially support Australians and Australian business. Many Banks have also offered various packages to their clients in an attempt to ease the financial burden of cash flow over the coming months. While the various packages and offers are fairly consistent we highly recommend speaking directly with your financial institution to understand exactly what support they are offering. Contact your Bank Manager ASAP and arrange for additional bank funding / lines of credit that can be approved NOW for use in an emergency. Making these arrangements early before things have gone bad is the key. Bank approvals may take up to one month or longer, so start the process today.

Contact our Finance Specialist at SB Lending on 07 3810 8355.

Consider Alternative Funding Arrangements

Consider using alternative funders to arrange funding such as debtor finance or small business cash flow funding to pay for inventory and operating costs. These funders lend based on the cash flow of your business and don't need property security. You should consider doing this now as a backup to any other bank lending arrangements you may have.

Contact our Finance Specialist at SB Lending on 07 3810 8355.

Employee Policies

While all your employees want to keep receiving their full salaries and wages, if your business runs out of cash then they no longer have their jobs. Everyone is suffering and tightening up in the short term, so we all have to work together.

- Do you have to reduce working hours of some employees?
- Decide if you should offer unpaid leave to your employees. Some businesses are suggesting that employees take unpaid leave on a roster basis.
- Decide on how to inform employees of your need to stand them down for the short term.

As these are unprecedented times, there may be less conventional options available in relation to staff redundancies. Ensure that you seek the appropriate advice to understand your obligations.

We recommend that you contact our Industrial Relations Specialist at Sirius Impact to discuss your options and understand your obligations. Contact them on 07 3810 8388.

Protect Your Personal Assets

Now is the time to upgrade / update your asset protection. Consider if you need to protect the equity in your family home or other assets in personal names. We recommend that you create a structure chart listing entities and ownership of assets to identify any risks to your business or personal assets. Take the necessary steps to ensure that any risks identified are mitigated.

Contact your Accountant at Bennett Partners on 07 4951 1455.

The Government has introduced the [Temporary relief for financially distressed businesses](#). The purpose of this safety net is to lessen the threat of actions that could unnecessarily push businesses into insolvency and force the winding up of the business. The ATO will tailor solutions for owners or directors of business that are currently struggling due to the Coronavirus, including temporary reduction of payments or deferrals, or withholding enforcement actions including Director Penalty Notices and wind-ups.

Insurance – Personal Risk (Income Protection, Life & TPD, Trauma)

Review your personal risk insurance policies for any insurance exclusions in relation to the COVID-19 pandemic.

Insurance providers are still accepting applications for new insurance policies, however additional travel and exposure questions may be asked and your cover may be determined based on your responses.

Contact our Risk Insurance Specialists at SB Life on 07 3810 8360.

ACTION


 Insurance – General Business

Now is the time to contact your insurance broker to review your policies to understand precisely what you are and are not covered for in the event of an extended incident.

You may also need to consider other insurances as a result of changes in the way you operate.

 Enduring Power of Attorney (EPOA) + Will – Create or Update these NOW

If you have to self-quarantine or if you are incapacitated in any way, you need to have an EPOA in place so your business can continue to operate.

Ensure your EPOA and Will are up to date now and ensure your family and your Accountant know where the original signed documents are.

**WHO
CAN
ASSIST**


Contact your Insurance Broker. If you do not have someone to rely upon, please contact your Accountant at Bennett Partners so we can recommend a trusted Broker.

Contact your Legal Advisor. If you do not have someone to rely upon, please contact your Accountant at Bennett Partners so we can recommend a trusted advisor.

COVID-19 SURVIVAL PLAN

Your Cash Flow

You and your Management Team will need to remain calm as you lead your employees through this crisis. This will allow for decisive and clear decisions to be made without any undue disruptions. If you are calm, you will have a competitive advantage over most businesses.

Remaining positive and being seen to be positive is the best way through any crisis.

CASH INFLOWS

ACTION



PERSON RESPONSIBLE



Outstanding Accounts Receivable

Verify outstanding invoices with customers, so you know there is no realistic reason for a customer to dispute or delay payment when the time comes. It may be necessary to negotiate terms or offer discounts to ensure cash flow.

Confirm Expected Receipt Dates

Confirm the date that your customer has in their payable schedule for paying your invoices. You can then send reminders to see if the payment arrives on time, and if not you have an alarm bell to be proactive in following up your cash flow.

Chase Up Late Payments FAST

Don't be complacent in chasing late payments. You need to set a standard with your customers of what is expected. It's proven that setting the expectation means you will be paid quicker than the other suppliers who are not chasing up on this.

Sell Unused Equipment

Be realistic about what equipment you need in your business. Decide if you can sell any underutilised or obsolete equipment so as to create your cash "war chest".

Increase Sales

Review your current sales lines to identify if they will be impacted by COVID-19. If you identify that it is likely there will be a drop in sales, then:

- look for opportunities amongst your customers and call them up to talk to them about how you can help them during this time;
- consider offering a discounted price for your products or services; and
- think outside the square in relation to your product or service offering.

Refinance

There are a number finance options available to business beyond using residential or commercial property as security. For businesses that have debtors (Debtor Finance), stock (Trade Finance) or equity in equipment or vehicles (Equipment Finance), funds can be borrowed against these items which releases cash to pay for the operating costs of your business.



Stimulus Package (Federal Government)

- [Boosting Cash Flow for Employers](#). Up to \$100,000 to eligible small and medium-sized businesses, and not-for-profits (NFPs) that employ people, with a minimum payment of \$20,000.
- [Supporting apprentices and trainees](#). The Government is supporting small business to retain their apprentices and trainees. Eligible employers can apply for a wage subsidy of 50 per cent of the apprentice’s or trainee’s wage for 9 months from 1 January 2020 to 30 September 2020.
- [SME Guarantee Scheme](#). SMEs with a turnover of up to \$50 million will be eligible to receive these loans. The Government will provide eligible lenders with a guarantee for loans with the following terms:
 - Maximum total size of loans of \$250,000 per borrower.
 - The loans will be up to three years, with an initial six month repayment holiday.
 - The loans will be in the form of unsecured finance, meaning that borrowers will not have to provide an asset as security for the loan.
 - Loans will be subject to lenders’ credit assessment processes with the expectation that lenders will look through the cycle to sensibly take into account the uncertainty of the current economic conditions.
- [Temporary early release of superannuation](#). The Government is allowing individuals/sole traders affected by the Coronavirus to access up to \$10,000 of their superannuation in 2019-20 and a further \$10,000 in 2020-21. Individuals will not need to pay tax on amounts released.

Stimulus Package (QLD Government)

- [Queensland COVID-19 Jobs Support Loans](#). The Queensland Government announced the availability of low interest loans of up to \$250,000 for carry on finance with an initial 12-month interest free period for businesses to retain employees and maintain their operations. To register please email your full name, phone number and preferred email address to contact_us@qrida.qld.gov.au or Freecall 1800 623 946.

CASH OUTFLOWS



Fixed Term Contracts

Discuss these with suppliers and ask if they can be reduced or cancelled. Don’t assume that suppliers won’t work with you. You paying a supplier a smaller payment will be better for them than receiving no payment if your business closes. Know your contractual obligations.

Supplier Terms

Discuss terms with your suppliers to see if you can extend your terms or get a discount from your suppliers if you pay early.

Reduce Costs

Reduce costs where possible. Many businesses have extras that in the good times seem to be needed. Be critical and if there is an expense that will not put you at risk or reduce productivity at this time, then think seriously about cutting it.

ACTION

PERSON
RESPONSIBLE

Loan & Lease Repayments

Most banks have hardship teams offering a range of services that may be of support. For more information, or to find the number for your bank's hardship team go to

<https://www.ausbanking.org.au/campaigns/financial-hardship/>.

- Discounted interest rates up to 6 months and in some circumstances interest free on Business Loans, Overdrafts and Credit Cards.
- Deferred repayments up to 6 months on Business Loans, Overdrafts, Equipment Loans & Credit Cards
- Term Extensions of up to 6 months for current Business Loans and Equipment Loans
- Waiver of account fees including Merchant Terminal Fees, Loan Redraw Fees and Loan Application Fees
- Access to Term Deposit funds without penalty

Stimulus Package (QLD Government)

- [Payroll Tax Relief \(QLD\)](#). If your business has been affected by the coronavirus (COVID-19), you may be eligible for one or more of a range of payroll tax relief measures. These include:
 - refunds of payroll tax for 2 months
 - a payroll tax holiday for 3 months
 - deferral of paying payroll tax for the 2020 calendar year.

Stimulus Package (Federal Government)

- [Instant Asset Write Off](#) The Government is increasing the instant asset write-off threshold from \$30,000 to \$150,000 and expanding access to include businesses with aggregated annual turnover of less than \$500 million (up from \$50 million) until 30 June 2020.
- [Backing Business Investment](#) The Government is introducing a time limited 15 month investment incentive (through to 30 June 2021) to support business investment and economic growth over the short term, by accelerating depreciation deductions. Businesses with a turnover of less than \$500 million will be able to deduct 50 per cent of the cost of an eligible asset on installation, with existing depreciation rules applying to the balance of the asset's cost.

Salaries and Wages

With salaries being the highest expense for most businesses, reducing employee hours has become the first port of call. Yet knowing that these tough times will pass, many business owners are reluctant to permanently cut their staff numbers, especially having invested in finding and training good people. To assist in reducing employee costs, consider the following options:

- Flexible Working including work from home and flexible work hours;
- Paid or Unpaid Leave. Discuss with employees the option of taking annual leave or long service leave at full or half pay or in advance, or taking a period of unpaid leave.
- Stand down or Redundancy. To avoid unfair dismissal claims or breach of your obligations, please seek advice before commencing this process.

Your Team

ACTION



PERSON RESPONSIBLE



Open Communication

Talk openly with your employees. They will possibly be scared and unsure for their jobs. Let them know you are in control and that while there is a tough outlook in the short term, the business is prepared to sustain things as best it can. Be honest but positive and rallying your team to give all the productivity they can is the best plan of action. The attached meeting template can assist you with this process.

Workforce Optimisation

Identify the critical tasks that are required in your business right now and the key roles required to ensure they can be performed and services delivered to your customers. Consider if there are any tasks that can be reduced or eliminated and the impacts to the workforce in doing so. Ensure that you communicate who is accountable for key tasks.

Productivity goals

Share the numbers with your employees and, as a team, work through the solutions so that EVERYONE knows what part THEY have to play.

Give your people role clarity

Whether working from home or at work, each employee should be clear on what their key areas of focus are. Determine the specific tasks and actions and allow your team members the space to work out how to make it happen. Provide clear messaging on how to best communicate and when, particularly if your team is working from home

Leading the business and managing your people

- Avoid becoming a micro- manager
- Have clear understanding amongst your team on expectations
- Check-in first to see how people are before you ask them what they have done
- Expect productivity to be down, ensure that your targets for the business and your team members are both realistic and pragmatic in light of the current situation
- Praise your team and keep their spirits high when they do great work
- Encourage your team to really support each other during these challenging times
- Invite your team to provide ideas and solutions to challenges as they arise, you don't need to have all the answers

Policy for Customer / Client Meetings

- No hand shaking – use toe taps or elbow bumps instead!
- Encourage Zoom / Skype / Microsoft Teams online meetings

Innovation + Technology

Use technology wherever you can such as Zoom, Skype, Facetime or Microsoft Teams. This is an effective way to communicate generally, however it is even more important during this time.

Health Policies

Have measures been put in place to support good hygiene and health for your employees, including restrictions to international travel, advice on attending client meetings, site visits and events?

ACTION 

PERSON RESPONSIBLE 

Policy if Feeling Unwell

Do you have a clearly communicated policy on what your employees should do if they are feeling unwell – including seeking medical attention and isolation? What will this mean for colleagues and clients if you suspect a case of COVID-19?

Reduce Infection Risk

How will you reduce the risk of others becoming infected, such as closing the workplace and cleaning?

Monitoring Health

How will you monitor the health of any employees that may be exposed?

Working From Home Policy

Where practical, many businesses are looking to apply working from home arrangements to ensure continuity of service to customers. Integral to the success of working from home is ensuring the responsibilities that are in place in the office are carried through to the work environment in the home. When developing a working from home policy, consider:

- Process for obtaining approval
- Workplace Health & Safety requirements
- How to manage performance expectations.
- Equipment requirements.
- Information Technology requirements.
- Security of assets and information.
- Risk Management

Workplace Health & Safety Policy

Ensuring a safe and healthy working environment for all employees, contractors and visitors is paramount. Ensure that employees are aware of what they must do in the event of an accident, injury or emergency as well as how to report and manage injuries.

Leave Policy

Ensure that staff are clear about what leave they are entitled to and when and how they can access leave during these unprecedented times.

Policy on Events

Defer non-essential training. Reduce attendees.

Your Customers / Clients

ACTION



PERSON RESPONSIBLE



Communication

Communicate regularly with your customers/clients through email, your website and social media pages to ensure they know you are open for business.

- Advise clients / customers of your businesses COVID-19 plans.
- Do you need to inform your clients and customers of any changes to your services? This could include different opening times, delays in deliveries or deadlines.

Safety Protocols

Advise your customers/clients about the measures and protocols you are taking to make your premises safe and how you will interact moving forward.

Key Customers

Offer discounts or other payment terms to your key customers to encourage them to keep buying from you.

Unwarranted Fear

How will you respond to customers not consuming your goods or services for fear of catching Coronavirus?

Forward Purchases

Give reasons to customers to increase their purchases of your goods and services now before the full impacts hit their business.

Marketing

Develop strategies for attracting new clients and winning back existing/lost clients.

Your Suppliers

ACTION



PERSON RESPONSIBLE



Communication

Talk to your key suppliers about their COVID-19 contingency plan.

Alternative Suppliers

With international travel and export impacted by COVID-19, have you assessed the strength of your supply chain and do you have alternatives in place if you need to source another provider?

Keep your Stock Levels Up

Ensure that your business has the necessary stock to counteract and supply chain issues that you may encounter.

Support from Suppliers

Which customers will need extended terms from you and which suppliers might require different arrangements? Liaise with your suppliers to determine how they can support you.

TEAM MEETING AGENDA

All Employees

CHAIRMAN	[BUSINESS OWNER / CEO]
1. Introduction	<ul style="list-style-type: none"> • Thanks for your help and support during this crisis time with the Coronavirus / COVID-19 affecting everyone across the world. • I want to inform everyone of what is happening here at [BUSINESS NAME] so you are fully aware. • Right now, it's business as usual. <ul style="list-style-type: none"> ◦ If the Government makes us all stay home for a period of time, we'll then make some changes to comply with this. • My focus is to create a cash "war chest" for the business so we can keep making vital payments each week to our employees and key suppliers. • As a business owner, there's one key thing I am keeping totally focused on now – keeping this business alive during these difficult times. <ul style="list-style-type: none"> ◦ It's not all doom and gloom either – withstanding the tough times sets a business up to perform well when everything bounces back in a positive way in the future.
2. Our Team	<ul style="list-style-type: none"> • Your physical and mental health is exceptionally important to me. • Please ensure you use hand sanitiser on a continual basis during the day and avoid touching your face • Please inform your manager if you feel unwell at any time, and we're happy for you to self-quarantine at home. • We may have to discuss working arrangements in the near future. <ul style="list-style-type: none"> ◦ If we can keep working at our workplace and if our income keeps coming in, then nothing changes. ◦ But if our income from customers drops, we may need to consider working less hours or even asking if anyone wants to take unpaid leave on a roster basis. ◦ I hope it doesn't come to this, but a reduced wage for a short period of time is better than no job if this business can't survive. This is when we all need to work together to help each other.
3. Working Arrangements	<ul style="list-style-type: none"> • If we do end up allowing or requesting that you to work from home, you will need to be very aware of our IT and Internet Usage Policy and Working from Home employment policies. • We will also provide you with working from home best practice tips.
4. Our Customers / Clients	<ul style="list-style-type: none"> • Where possible, we will have online meetings using Zoom / Skype / Microsoft Teams / Facetime. • If you do meet with a client, we recommend no handshakes (use toe taps instead!)
5. Concluding Comments	<ul style="list-style-type: none"> • We're positive that if we work closely together, we will get through this unprecedented time and this business will be in great shape when customer demand picks up. • Good open communication is the key here. • If anyone has any questions or concerns at all – please see your Manager or myself and we can assist you!