



SOCIAL
ENTERPRISE
INSTITUTE

TOOLS FOR SOCIAL CHANGE



CHECKLIST

MANAGING CASHFLOW IN CRISIS

A checklist to help manage cash flow and stay afloat in the most difficult times.

THIS CHECKLIST WILL HELP YOU TO:

- ✓ GET ORGANISED, PLAN AND REGULARLY REVIEW CASH FLOW
- ✓ FIND WAYS TO ACTIVELY MANAGE AND REDUCE OPERATING COSTS WHERE POSSIBLE
- ✓ CREATE LIQUIDITY THROUGH KEEPING CASH FLOWING AND UNLOCKING CREDIT AND SUBSIDY
- ✓ MAINTAIN CASH FLOW DURING THE UNCERTAIN TIMES AHEAD



ABOUT THE CHECKLIST

Charities and social enterprises are now operating in unprecedented times.

Immediately, we see that the outbreak of Coronavirus (COVID-19) has frozen the ability of most organisations to operate.

In the medium term, Coronavirus is set to have a significant and prolonged impact on the trading income of most social enterprises, and there will be associated challenges in continuing to pay staff, creditors and overheads while keeping cash flow under control.

Maintaining cash flow has never been more important and will be one of the keys to survival during the uncertain times ahead.

To help you deal with these issues, this checklist sets out the main things you should consider now to keep cash flowing.



MANAGING CASH FLOW

GET ORGANISED AND AWARE

- Get a team in place to actively manage business disruption.
- Actively monitor government advice and support as this changes daily.
- Meet and communicate regularly with staff who will all play a role in cash flow.

PLAN AND REGULARLY REVIEW CASH FLOW

- Build as accurate a cash flow forecast as possible, based on expected sales/income and cash outflows for the next 3 months, then 6 months, and 12 months.
- Produce forecasts based on different scenarios, including worst case and best case scenarios driven by differing assumptions.
- Revisit your assumptions and cash flow model on a frequent basis.

REDUCE COSTS WHERE POSSIBLE

- Identify what overheads can be delayed, reduced or avoided - negotiation is key.
- Consider carefully when to make supplier payments, asking for flexibility if you are unable to pay creditors immediately, but always be fair to other businesses.
- As activity reduces, find ways to reduce fixed salary costs through furloughed status for staff (and associated subsidy through the UK Government Job Retention Scheme), unpaid leave, or lay-offs as a last resort.
- Get the latest advice on deferring Value Added Tax (VAT) and Income Tax payments.



CREATE LIQUIDITY QUICKLY

- Don't bury your head in the sand, allocate time and resources to chasing up late payments from debtors as soon as possible.
 - Negotiate payment terms with debtors, perhaps securing payment through installments or offering discounts for upfront or early payments.
 - Review sales orders and identify those which you can convert to cash most quickly.
 - Approach your bank, which may be best placed to move fast to provide credit.
 - Get credit, interest-free over 12 months through the UK Government Coronavirus Business Interruption Scheme, which is designed to keep businesses going.
 - Monitor and apply quickly for relevant grant funding to support the resilience of charities and social enterprises, as well as for particular industry sectors (e.g. retail, hospitality, leisure).
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FURTHER INFORMATION

Thanks for taking the time to check out this guide.

Motivated to learn more? The Social Enterprise Institute has put together a wide range of practical courses and resources to help you plan, start and grow a successful social-purpose business.

Visit **socialshiffters.co** to discover more.

TOOLS FOR SOCIAL CHANGE

The Social Enterprise Institute is the world's school for social enterprise. We bring all the know-how and tools you will need to start, manage, and grow an amazing social enterprise ... plus a supportive global community of peers and coaches.



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