

# Taking Stock Financial Health / Working Capital options

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Presented by Jim Gleeson - Ulster Bank

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## Is uncertainty a threat or an opportunity?..

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- Businesses that we speak to who are going through a period of uncertainty are concentrating on their cash flow
- Put a plan in place
- Ensure Flexibility

**Uncertainty can present you with an opportunity to push through reforms in how you currently manage your cash and working capital.**

## Strategic Considerations

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- Look for new Financial Relationships based upon “vested interests”
- Good Governance and Transparency
- Think Holistically – “Balanced Scorecard”
- Understand your competitors and where possible partner with them, in joint ventures
- Continue to build business brand

**When the economy fully recovers, new habits will ensure your business is in better shape to leverage further opportunities.**

## Characteristics of Businesses that are meeting current challenges and striving

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- Business plan that reflects current market position
- Sustainability core theme of products and services
- Focus on cost, plus distribution efficiencies and cash flow momentum

**Underpinned by a strong partnership with their bank. Ensuring both day to day running requirements and dialogue on tackling future challenges**

## Growth and Prosperity possible by

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**1. Ensuring your Basic Plan is Right**

**2. Cutting Costs**

**3. Care for cashflow management**

**4. Continued Marketing**

**5. Customer Retention not just  
acquisition**

**6. Diversification**

**7. Customer Service**

**8. Credit Checks**

**9. Maintaining Profit Margins**

**10. Co-operation**

## Improve cash flow management by adopting...

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**1. Ingrained cash culture**

**2. Business decisions considered in cash terms**

**3. Bonuses linked to cash collection – NOT Sales targets**

**4. Review Expenses**

**5. Immediate Lodgement of all receipts**

**6. Improve Debtor Collection**

**7. Incentives to pay/agree extended creditor terms**

**8. Identify single client dependency**

**9. Policy on extension of trade credit to new customers**

**10. Communications lines open and pro Active**

**11. Personal visits on outstanding debts- rather than phone or e- mail**

## Budgeting Detail

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- Strategic cost reduction – not just indiscriminate
- Understand your value added chain
- All budgeting re: based
- Regards all costs as variable
- Cash centric cash flow driven decision making
- Accuracy, relevancy and timeliness of Cash flow trails
- Sell/lose redundant/surplus assets
- Reconfigure production/sales/finance cycle

## Three core steps if cash flow problems become evident

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- Identify if and where you have a cash shortfall
- Develop a cash flow summary
- Identify who can help and talk to them as early as possible:
  - Creditors
  - Large Customers
  - Your Bank
  - Others

**Finally develop a plan of Business Improvements to avoid it happening again**



# Prepare before meeting with your bank

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A. Prepare background details

B. Develop cash flow forecast

- Weekly for crisis period
- Monthly to end of year

C. Outline in writing the following:

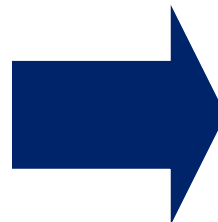
- An outline Purpose and Vision
- An update on the company's net worth and on any personal statement of affairs
- Identify risks affecting the business and steps you could take to mitigate or reduce them
- Identify the areas you think your bank could help
- Show how you might repay any finance facility

**This information demonstrates your commitment to improving current status and will guide your bank in establishing what might be needed to help**

## And your bank can help by doing the following

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- Review all existing debt
- Review terms and repayment structures of debt
- Consider changes to debt terms
- Develop a revised plan for dealing with arrears or cash flow management



- Review range of solutions

- Overdrafts
- Loans
- Invoice Finance
- Asset Finance/leasing
- Expense management
- Trade Finance
- Or others

(All of which can be tailored to your specific needs and circumstances)

## In Summary

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- Forecast your cash flow
- Invest time in key relationships
- Take steps to protect your business
- Make the most of key supporting initiatives that are out there –such as Small Business Can



**We are open for business – here to listen – and can provide support**

# Thank you

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*My details if you need them:*

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