

27 March 2020



COVID-19 has caused significant distress to hospitality businesses and the future is going to be challenging. Here are 5 essential steps you should take now to give your business the best possible chance of surviving this unprecedented crisis.

FIVE ESSENTIAL STEPS TO HELP YOUR BUSINESS

1. Do your cashflow

It is absolutely essential that you know your current and future cash position. Make sure your financial records are up-to-date so you know what costs you can reduce immediately, when your major bills are going to fall due, who owes you money and when they are going to pay.

Talk to your bank, landlord and major suppliers. Negotiate some additional flexibility if you can. They will understand as we are all in a similar position.

Use a financial model to stress test your cashflow forecast in different scenarios, analyse moving different revenue and cost items around to give you a better cash position, and in the worst-case scenario, assume no revenue if you must.

2. Access government assistance

The Federal and Queensland Governments have announced a number of stimulus and business support packages. These range from PAYG and payroll tax relief/deferrals, fee waivers to concessional loans. Keep up-to-date with these and apply for assistance applicable to your business.

3. Review your insurance

You may have business interruption insurance. These policies differ across insurers, industries and are tailored based on the particular type of business insured. Check with your insurance broker and/or legal advisor as to whether you may be covered.

4. Develop a business recommencement plan

Consider how you can mothball your business until this crisis is over and develop a practical plan on how you would recommence business. How do you (i) re-engage your employees, (ii) source stock to start trading again, and (iii) most importantly, attract customers back to your venue?

Also, consider how and when you can access additional working capital including both equity and debt sources. You may have to access the equity in your personal assets, bring on new investors and/or take on additional debt. All available options should be on the table.

5. Seek professional advice

If you are unsure how to navigate your business through this crisis, please seek professional advice. Acting early and getting qualified help might be the difference as to whether your business makes it through this unprecedented crisis. **A plan is critical.**

In times of financial stress, it is important to be honest with yourself. Business owners need to accept the current environment and tackle challenges head on.

This period is going to be hard on you personally, so it is important to ensure you are aware of, and look after your mental health, because the most important thing is that you get through these challenges yourself as well.

For assistance, please contact:

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Further up-to-date COVID-19 information and advice are available from our **COVID-19 Advisory Resource Centre** at:
<https://www.hlb.com.au/insights-news/covid-19-advisory/>

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