



*MANAGING CASH FLOW IN  
CRISIS SITUATIONS*

# Webinar Question 1

**Are you experiencing cash flow issues right now?**



# Why is Crisis Cash Flow Planning Important?

## External

- Investors want to know the company will stay solvent
- Bankers want to assess your ability to pay your debts
- Knowledge is power – when discussing with customers, investors and banks

## Internal

- Assess impact of unexpected events (COVID-19)
- When will we run out of cash?
- Can we make payroll?
- Which customers are at risk – receivables/sales? – how do we help?
- How much additional funds do we need? When? Sources?
- Which payables can be “Negotiated”?



## Webinar Question 2

**Do you have a cash forecast today?**



# Making Cash Forecasting Happen

## Input

### Key Data

- Accounting records
- Bank Data
- CC statements
- A/R and A/P

### Pro Tips

- Use Online Tools
- Keep accounts reconciled

## Create

### Cash Flow Forecast

- Revenue
- Expenses
- Debt payments

### Pro Tips

- Assume all outstanding checks are cashed
- All bill recorded in system – paid or unpaid
- Reflect true timing cash arrival from sales

## Review

### Management

- Timing of Cash shortages
- Plan when to pay vendors
- When to call a customer

### Pro Tips

- Not Prepared by Transaction person
- Weekly discussions
- More than just you

## Webinar Question 3

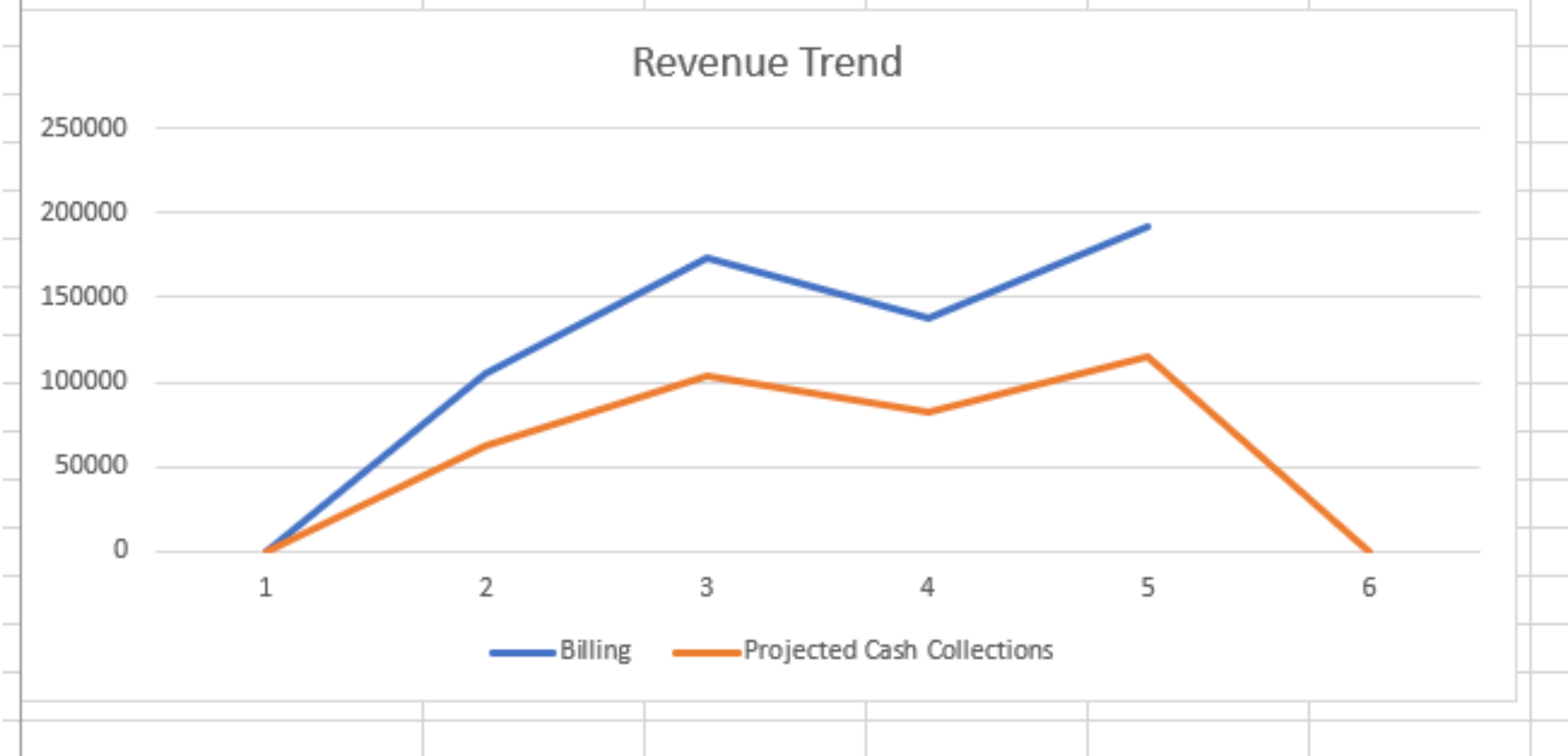
**How many of you use online banking and accounting software?**





# Example 1

<b>Billing</b>	<b>104,700.00</b>	<b>173,685.00</b>	<b>138,254.60</b>	<b>191,729.00</b>	
<b>Projected Cash Collections</b>	<b>62,820.00</b>	<b>104,211.00</b>	<b>82,952.76</b>	<b>115,037.40</b>	<b>-</b>





## Example 2

### Cash Forecasting – Summary and Operating Section

<i>(\$'s in Thousands) Cash Basis</i>		2/2/20	2/9/20	2/16/20
Beg of week		54.9	66.6	43.7
Change		5.2	(20.4)	28.9
End of week	Adjusted to match QB	66.6	43.7	79.5
Total Revenue	Weekly	39.2	37.3	35.9
Cost of Goods Sold	Weekly	(21.4)	(19.4)	0.0
Payroll Delivery and Packing	Biweekly	(4.2)	(9.4)	(4.2)
Payroll Run the Shop		(0.4)	(13.1)	(0.2)
Sales Tax	Due 20th	0.0	(2.0)	0.0
Merchant Fees	Due 6th	(3.2)	0.0	0.0
Rent	Due 15th	0.4	(4.6)	0.0
Auto Insurance	Due 20th	0.0	0.0	(0.6)
General Liab Ins	Due 13th	0.0	0.0	0.0
Worker's Comp	Due 19th	0.0	0.0	(1.0)
Auto Loans	Due 20th, 26th	0.0	0.0	(0.2)
Software Devel	Due 1st	(1.4)	0.0	0.0
Gas	Weekly	(0.4)	(0.4)	(0.3)
Overhead	Weekly	(1.6)	(7.3)	(0.4)

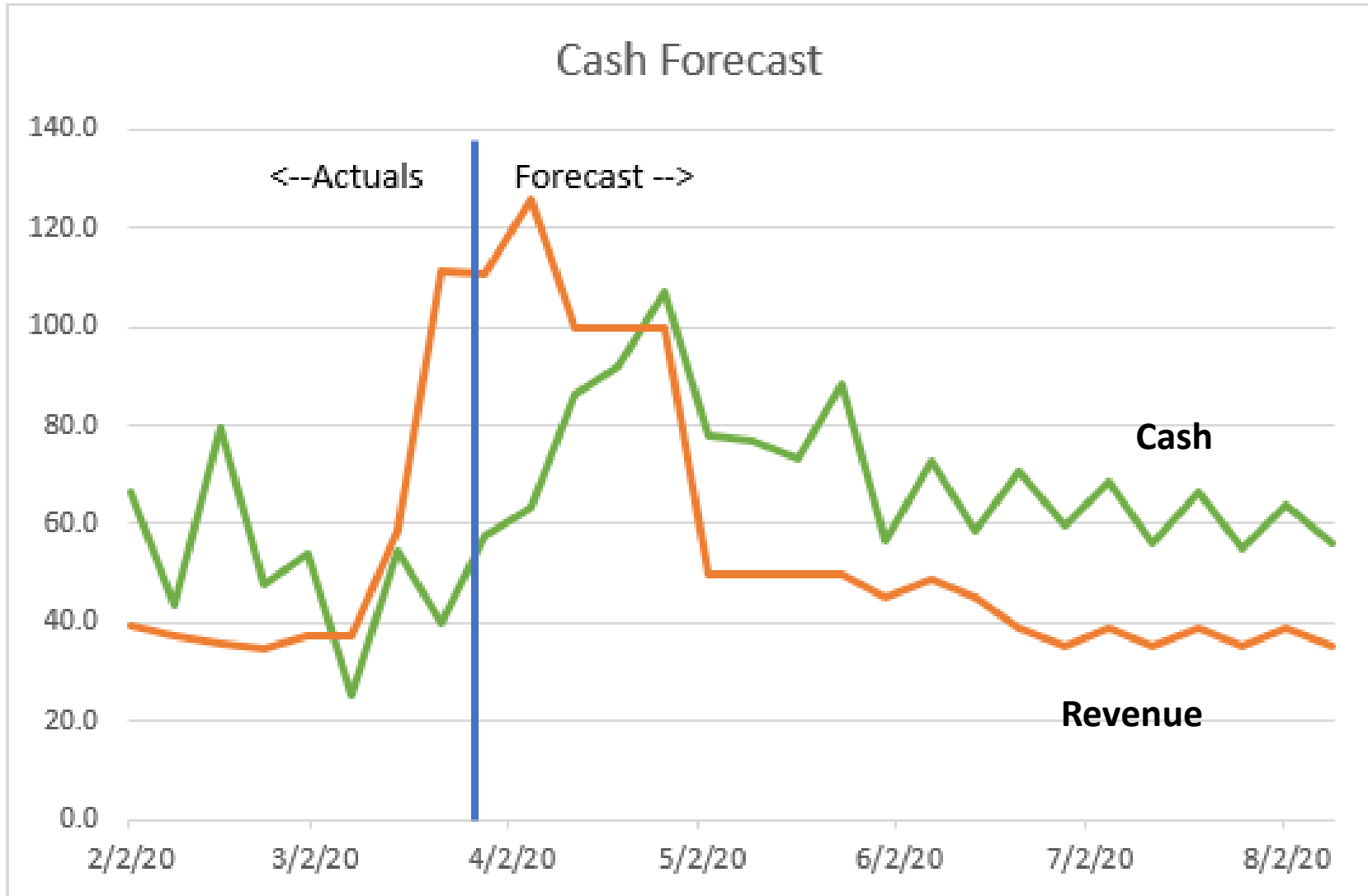
# Example 2

## Cash Forecasting – Debt Section

<i>(\$'s in Thousands) Cash Basis</i>		2/2/20	2/9/20	2/16/20
Current Bal Due				
Credit Card 1	2.0	(1.1)	(0.9)	
Credit Card 2	0	(0.7)	(0.4)	
Credit Card 3	12.2			(0.1)
Credit Card 4	0			
Bank Line of Credit	30			
Short Term Loan	6			
	50.2	-1.8	-1.3	-0.1
Vendor Debt 1	3			
Vendor Debt 2	12.5			
Vendor Debt 3	1			
	16.5	0	0	0
Debt 1	11.4			
Debt 2	45			
Debt 3	16.1			
Debt 4	50.0			
	122.5	0	0	0

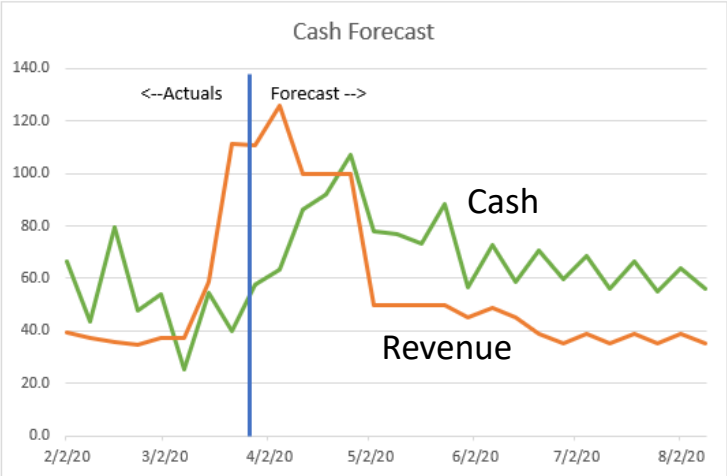
## Example 2

### Cash Forecast – Base Case View

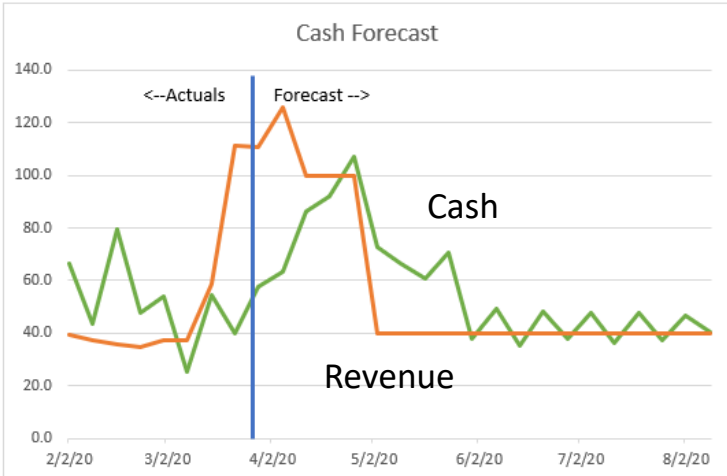


# Example 2 – What-if Scenario Review

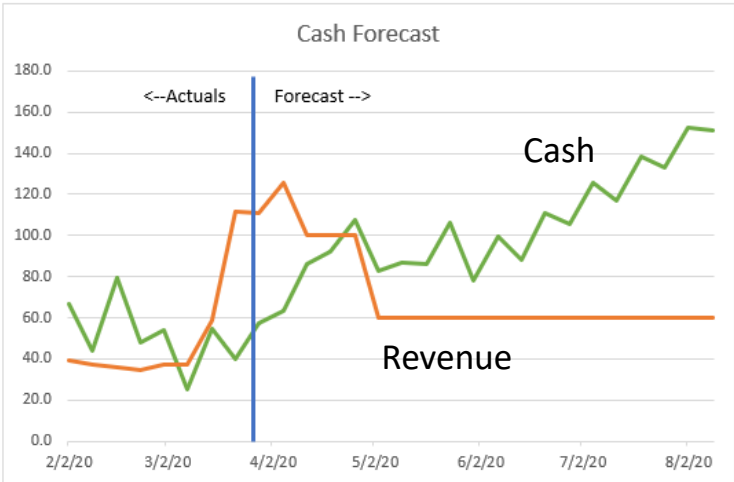
## Base Case



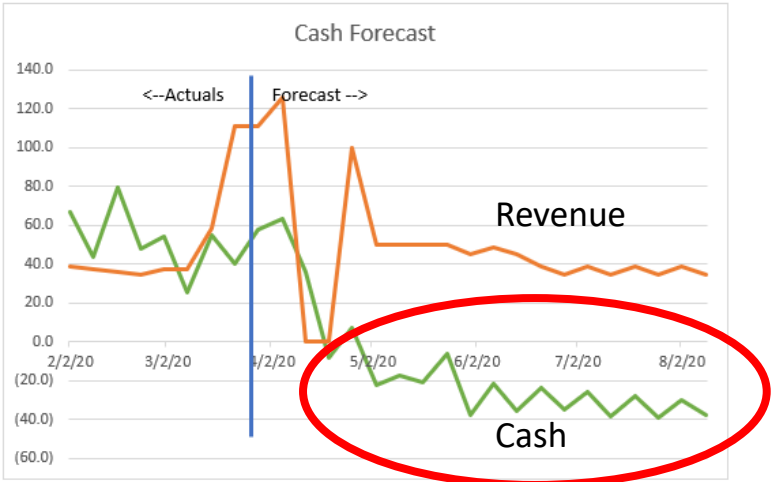
## Return to Previous Revenue Level



## Maintain 50% Revenue Gain



## 2 Week COVID-19 Shutdown



# Strategies to find cash

- **Adjust Your Business Plan to Improve Profit Margins**
- **Accelerate Your Receivables**
- **Negotiate Your Payables**
- **Consider Borrowing Options – Stimulus Options**
- **Slash Expenses / Non used service contracts (subscriptions etc.)**
  
- **Raise Investor Capital**
- **Sell Non-Essential Assets**



# Q & A



## Key Take-aways

- **Cash flow forecast during this crises → 90 days out**
- **Forecast is easy to execute**
- **Be ready for What-ifs**



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# Webinars

MANAGING YOUR WORKFORCE NOW

Presented by: Beth Williams & Kevin Grey

Date: April 23<sup>rd</sup> , 9:15 – 10:00

SURVIVING TO THRIVING IN THE NONPROFIT WORLD

Presented by: Katherine Whitney & Janet Marsh

Date: April 29<sup>th</sup>, 9:15 – 10:00





*Making Potential Happen*