

Your Guide to Lockdown Recovery

Planning and safeguarding your business
post COVID-19



Time to plan your route to recovery

- ▶ As we move towards the “new normal”, it is likely that the way your business has operated in the past will need to be adjusted, if only for the short term. This will impact on your business model and will require you to think ahead, in order to hit the ground running when the lockdown ends
- ▶ Jerroms are here to help you unlock the potential in your business. As business advisors, we will continue to provide you with expert insight at every opportunity assisting you with the difficult decisions you are facing. This guide to recovery is not meant to replace any of this advice but it does highlight some of the issues and challenges your business may face and things you need to consider during this next phase of business recovery
- ▶ What you need to do for your business will be individual and in some respects, bespoke. However, there is a clear framework to work within that includes common aspects to all businesses
- ▶ This guide acts as a useful reminder of the key things that need to be in place if you are going to get your business functioning efficiently and effectively; look after your people and your customers; and move your business forward



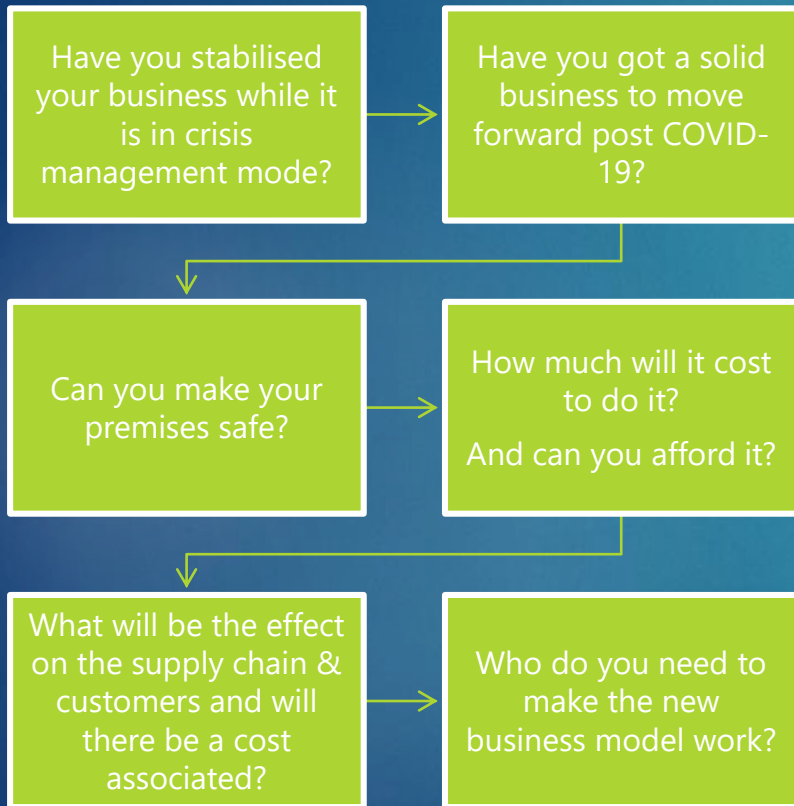
Steps to Recovery

- ▶ Stabilisation
- ▶ Financial
- ▶ Employees
- ▶ Premises
- ▶ Suppliers & Supply Chain
- ▶ Health & Safety
- ▶ Support



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Get ready for the new 'normal'



Stabilisation

What do you need to do to effectively address the short term needs of your business during lockdown?

Help available

- ▶ The government has provided a range of support packages. These include the furlough scheme, loans and grants, as well as the temporary removal of business rates for eligible sectors, offering much-needed financial relief to those facing tough times now and those planning for prolonged uncertainty
- ▶ Without cooperation from banks and other business organisations, much of this support would not have been possible
- ▶ In particular, the furlough scheme has been – and will for the moment continue to be – a vital lifeline. It enables companies to look into longer-term plans by keeping people employed rather than having to turn to more drastic measures, such as redundancy. The aim is to help make sure there is still a workforce available when things start to return to normal – or to a version of normal

Financial

Cashflow will be important as we exit lockdown

Measures you can undertake to help with cashflow include:

- ▶ Government assistance – if you haven't done so already, assess your eligibility for government coronavirus support in the form of a one of a number of business interruption loans, business rates holiday or VAT deferral for example. The package of measures continues to evolve so we recommend reviewing what is available on a regular basis. Some support will be available for longer than others so it's worth keeping an eye on closing dates for the various schemes that are available. Visit [Jerroms Coronavirus Resources](#) for the latest updates
- ▶ Keep up to date – continue to monitor and review all applicable government grants and economic incentives that may be introduced later this year. Review R&D claims to make sure all eligible costs are identified
- ▶ Income tax – consider taking advantage of the deferral of the income tax instalment due on 31 July to assist with personal cashflow
- ▶ Talk to your lenders – a lender cannot help with financial support if they are unaware of your situation and do this sooner rather than later while there is still some flexibility in the business
- ▶ Review your banking covenants – if you are likely to breach these, be prepared to have an early conversation with a proposed plan
- ▶ Review your existing stock - valuations may be needed for cash flow forecasting purposes. You may wish to consider selling current stock/services at a reduced price to generate cash into the business
- ▶ Use forecasts as a decision-making tool - understanding your cash position in the short and medium-term will help you to assess what steps you will need to take in order to keep your business moving. Devising forecasts with different scenarios will help you understand what your options might be. Jerroms can help you prepare a longer-term cashflow forecast to understand what additional funding requirements you may need, and in what form. The impact of any deferred payments that you have, including VAT and tax liabilities and any payment holidays and their subsequent repayments should be included in the projections
- ▶ And finally - be prepared to make a loss, with the lockdown resulting in reduced turnover, this will undoubtedly have an impact on profit margins. Many businesses will be looking at making a loss for a period. Use this period to review your fixed costs and identify any areas of the business which might have been historically underperforming and seek advice if necessary

Financial Considerations

Business Planning	Now is the time to review your plans, revise your forecasts and draw up new plans and be in a position to implement changes quickly. Adapt your management information in line with this
Manage Change	Ensure any changes you make now are essential for the future of the business. Introduce internal spending reviews to see where you can make immediate savings, cut costs, and move spending away from non-crucial areas. Now is the time to take stock of savings that can be made as a result of new working practices enforced on businesses by the coronavirus. Some of these may be beneficial and save costs
Credit Terms	Revisit and recommunicate to all customers. Strict payment terms should be encouraged to ensure cash flow and working capital for the future
Insurance	Most policies do not cover coronavirus but the government has stated that policies for both pandemics and government ordered closures should be covered. If unsure talk to your insurer
Financial Control Measures	Look to make them more robust if required. Review expenses policies, review sign off limits, ensure audit trails are in place
Communication with customers, suppliers and staff	Keep key customers informed of the measures you are taking for your business. Have upfront conversations with your suppliers, consider changes to credit terms if possible; where you may have difficulties in paying, approach with a prepared action plan and be prepared to negotiate. Keep employees informed - there may well be measures required, such as shorter hours and potential pay cuts in the future, that will become necessary, so having a workforce who understand and appreciate the challenges and the reasons behind any decisions helps any action required
New Opportunities	Consider new avenues to develop new products or services that meet the changing needs of your customers or new areas of demand that have opened up because of the crisis

Employees

- ▶ Employees have experienced more practical and flexible work routines, hours and expectations. Businesses need to think about how they can adapt their 'old ways' and blend them with the best of the 'lockdown ways' to create 'new ways'. It is an opportunity for businesses to review how they operate and also to look at different ways to utilise their workforce and their skills for the benefit of the business and their customers
- ▶ The processes, policies and guidelines that worked previously may no longer be fit for purpose for your business, or for your workforce, in the new working landscape
- ▶ Consider how you will communicate with employees before they return to work and afterwards. Transparency is crucial and it is important to emphasise that you will continue to review and adapt any return-to-work measures as required



Returning to the work place

Factors to consider include:

How many staff can safely be accommodated based on your health and safety measures?

If staff in the workplace is to limited, how will you manage and monitor who attends?

Consider how fire wardens and first aiders duties may be covered

If you need key staff to return consider how to fairly select who will return

For employees classed as vulnerable, have ongoing caring/childcare responsibilities or whose commute puts them at risk you may wish to consider allowing them to remain working from home or on furlough

Consider offering a rotational return to work

Try to reduce the number of people employees have contact with at work by changing shift patterns/rotas to keep the same team together each time

Extremely vulnerable employees should continue to shield

Where employees have to use public transport to get to work consider staggering start and end times to avoid peak travel hours; recommend use of "face-coverings" and social distancing measures. Ultimately you may need to consider whether they can continue to work from home or remain on furlough

Workforce Considerations

Redundancies	Ensure that correct procedures are followed and your HR team has all the resources they require to deal with the process
Skills Gap	If your business has diversified its product line, or moved into a new market, then you may need to consider new recruitment
Training	Identify where you can upskill your employees to allow for resource sharing
HR	Your HR team may have to deal with an increased number of people-related issues so ensure they have the resources they need. They will also need to keep up-to-date with the various guidance issued by the government
Brexit	EU staff will need support to make the necessary application under the government's EU Settlement Scheme, to regulate their immigration status so they can continue working beyond the end of Free Movement
Immigration	If you currently recruit skilled workers from outside of the UK, including EU nationals, and do not have a sponsor licence, you need to apply for one in advance of the new immigration system that is due to come into effect from 1 January 2021

Premises

- ▶ When businesses emerge from full lock down this will be a slow process and they will need to find new ways of working and inevitably different ways to use their space over the coming months. And at the same time consider how to manage the cost of premises in these changed circumstances.

Premises Considerations

- ▶ New working practices – make plans to adapt your space to comply with all new legislation. You may need more space to comply with social distancing practices which could go on for some time. You will certainly need to reconfigure the space you have to ensure employees can work safely at a distance of 2m from each other. Alongside this remote working will become the norm where practicable
- ▶ Remember you still have to comply with existing legislation (e.g. health and safety) and you may need to make adjustments to reflect the changes in the working environment
- ▶ Risk to third parties – consider and assess the risks of third parties coming into your workplace e.g. suppliers, customers. As an occupier and as an employer you have a legal obligation to these people too
- ▶ Review your insurance policies – ensure it is fit for purpose and takes into account the new situations and you are suitably covered
- ▶ Review any regulatory licences – ensure you are up to date, nothing has expired and review any additional requirements you may need
- ▶ Consider your facilities and maintenance activities – additional procedures may be necessary to reassure employees that the workspace is a safe environment to work. This may require scheduling of additional deep cleans etc. You may need to consider providing additional hygiene facilities such as hand sanitiser, soaps etc
- ▶ New or additional signage – we will all be working to new legislation and new working practices so ensure you comply with any new legislation/best practice and tell everyone about it – social distancing, wearing of appropriate PPE etc



Suppliers and Supply Chain

- ▶ Now is the time to review your supplier network. You need to ensure that your supply chain will hold up and allow you to get the products, parts and raw materials that you need to continue to trade and deliver revenue
- ▶ Businesses should keep in mind that the normal rules will apply and that if COVID-19-related issues do end up before the court, the parties will be held to their obligations and expected to work within the parameters of the bargain they struck
- ▶ Existing stock - if your business operates across multiple sites, identify where resources can be pooled and stock redistributed to locations where demand is high and supply is low



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Suppliers & Supply Chain Considerations

Identify where a failure to obtain a product or service will fundamentally affect the ability of your business to function

Ensure your key suppliers can continue to operate by paying them on time and helping to manage their cashflow

Communication and information sharing – You need to be aware of potential issues affecting your immediate suppliers and those further down the supply chain

Rather than rely solely on particular suppliers, or regions of the world, is it possible to diversify your supplier base to mitigate your risk exposure?

You need to safeguard your business from any potential claims of not fulfilling your contractual obligations.

Review all supplier agreements and clarify what each party's obligations are

Adapting your business – Is it possible that more of your business can go online? E-commerce is likely to continue growing as customers avoid physical stores/premises and crowded gathering places, but it could create logistical challenges.

IT security - If you are considering more online activity, review your IT security systems to ensure they are robust enough to cope and you have the correct measures in place to ensure data security

Health & Safety


- ▶ Employers have clear obligations to comply with health and safety at work and to manage and control workplace risks including protecting workers and others from the risk of COVID-19 infection in the workplace
- ▶ Each business will have differing needs and requirements when considering whether and how they should reopen and allow employees and others to visit their place of work. This guidance is to protect and support employees with their physical work and their mental health. Businesses can access and read the detailed government guidance [here](#)



Business Health Check

- ▶ What will the 'new normal' be for your business in the future?
- ▶ What scenario planning do you need to do?
- ▶ What will return to work look like?
- ▶ What short and medium term opportunities will exist?
- ▶ How will you exploit them?
- ▶ What do you need to change to make work safe and viable?
- ▶ What will you need to change along the way?
- ▶ Have you considered medium to longer term changes to ways of working?
- ▶ Have you, and do you need, an interim operating model?





We are here to
help

- ▶ We are in very uncertain and challenging times, but Jerroms are here to help in any way we can - please get in touch

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