

COVID-19: BUSINESS DEFENSE APPROACH

 *HOW TO MANAGE YOUR BUSINESS THROUGH CRISIS*

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Dear business partner,

Although the Covid-19 crisis is first and foremost a public health emergency, the economic impact of the virus is beginning to emerge and it is clear that all businesses will be affected, regardless of sector.

For some businesses, the pandemic has already had a detrimental effect on cash flow which requires immediate attention; others are at a stage where it is essential to start serious contingency planning for a global economic downturn.

At Mazars, we are supporting businesses to act now to protect against the worst effects of the crisis. We have the practical experience and expertise to support businesses navigating turbulent times. Whether it's crisis cashflow management or economic downturn planning, we can help minimize the impact to your business.

Below we outline two approaches to manage your business through this crisis. Please get in touch with us to discuss how we can help and support you in order to raise together in this difficult time for all of us.

The support for the outlined services will be offered free of charge to our clients.

Sincerely,



Diana YLLI
Partner
Mazars Albania
& Kosovo



Teit GJINI
Partner
Mazars Albania
& Kosovo

IMMEDIATE BUSINESS SURVIVAL

Identify immediate steps to close a serious 'cash gap' arising under the following six areas.

1. Quantify the impact

- Prepare weekly cashflows over the coming three months.

2. Determine the 'cash gap'

- Assess all available cash resources and lines of credit/borrowing vs projected cashflows.

3. Prepare the 'cash gap' plan

- Determine the extent to which national support will be available to assist the business.
- Prepare a cost reduction or expense deferral programme.
- Consider the temporary closure of certain operations.
- Release of finance from internal resources and key relationships.
- Prepare a revised cash flow statement based on the remedial action plan.
- Determine the amount of additional external funding required.

4. Prepare an information pack to facilitate engagement with national crisis support programmed and external funding parties to include.

- Previous trading history and recent financial statements / monthly management accounts.
- Summary of the remedial action plan to close the 'cash gap'.
- Revised cash flow statements based on the remedial action plan.
- Defined amounts required from external funding sources.
- Crisis funding plan to sustain the business for a prolonged period (i.e. 12 – 18 months).

5. Engage and negotiate with external parties to agree appropriate funding arrangements.

6. Involve appropriate stakeholders to communicate the key elements of the plan.

PREPARING FOR THE DOWNTURN

Assess the likely impact of the crisis on the business under these five key areas

1. Sales volume impact

- What is the impact on sales volume and demand?
- What are the implications on cash collection?

2. Frontline staff

- Are key people likely to become unable to work for an extended period of time?
- Is there reliance on a skilled workforce who are not easily replaced?

3. Vital suppliers

- Is there reliance on key suppliers who are likely to be disrupted, resulting in significant delays to delivery?
- Will key customers receive sufficient supplies?

4. Operations

- Are there restrictions on the use of facilities, and can your business model be adapted?
- Is it possible to carry out business functions remotely, such as payroll, finance or IT?

5. Legal and regulatory obligations

- Is there a danger of not meeting major contractual agreements and / or regulatory requirements?

HOW MAZARS CAN HELP YOUR COMPANY IN THE CONTEXT OF THE COVID-19 OUTBREAK?

Mazars in Albania has developed a business tax and advisory taskforce which can support your firm in the context of the Covid-19 outbreak and its consequences on your business environment. Whether you are an Albanian or international firm active in Albania, our advisors propose you tailor-made solutions to support you in the following areas, contributing to the resilience, protection and continuity of your business:

1. BUSINESS CONTINUITY ADVISORY

- Advising and supporting your Company in regards to Business Continuity and outlined business defence strategy.

2. TAX ADVISORY

- Day-to-day tax advisory support.
- Monitoring of the local tax environment and its consequences on your business in the context of the Covid-19 outbreak.
- Timely updates in regards to legal amendments.

3. CASH FLOW MANAGEMENT ADVISORY

- Supporting clients' short-term strategic business planning.
- Understanding cash requirements during the Covid-19 outbreak.

4. FINANCIAL & SCENARIO MODELLING ADVISORY

- Preparing integrated short-term Covid-19 related financial forecasts to support immediate investment/funding decisions
- Enhancing current business forecasts to incorporate sensitivity analysis.
- Advice on possible forms of financing, including the financing grants and schemes provided by Albanian Government.

5. CORPORATE RESTRUCTURING ADVISORY

- Support in developing sustainable recovery plans following the Covid-19 outbreak.

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About Mazars

Mazars is an internationally integrated partnership, specialising in audit, tax and advisory services. Operating in 89 countries and territories around the world, we draw on the expertise of 40,000 professionals – 24,000 in the Mazars integrated partnership and 16,000 via the Mazars North America Alliance - to assist clients at every stage in their development.