

Business Survival Full Checklist

Introduction by Sofema Aviation Services (SAS) www.sassofia.com

Budget Review

Now is the time to take a long hard look at 2021 review your budgets and income forecasts. Be realistic and set achievable targets for the coming year.

It is vital to keep and maintain accurate control of the organisation's finances during these challenging times. Avoid debt if you can even with low interest it will become a drag on the business.

Management Data

It is important to have good visibility of the business status and continuous overview regarding the cash flow to ensure the strongest management position.

Customers – The 80-20 Rule

Typically 80% of profit comes from 20% of clients so consider the following action plan.

- How can we better serve the top 20% of our clients – Raise a project to consider a number of ways that improvement in service can be delivered
- Provide distance or removing the bottom 20%
- How to encourage better performance and to promote the middle 60%

Debtors

Make sure your terms of business contain explicit payment terms and are adequately communicated as you cannot rely solely on terms that appear only on the invoice.

It is a well-known fact that businesses fail through a lack of cash, not lack of profit. Non-paying customers can quickly create a cash flow crises.

Place a management accounts priority to review debtors list (Highest to Lowest) and urgently chase up overdue invoices. Do this continually.

Be prepared to offer a deal (extended terms) or discounts, do everything possible to maintain cash flow.

Debt Ownership Management

Make sure that you have strong internal ownership of invoicing and collections. Be cautious as shared responsibilities tend not to be so successful.

Where possible agree extended payment terms with all your suppliers in advance of any order (whilst you have bargaining power).

Banking & Finance

Review your current banking facilities and discuss future needs well in advance of any need

- Ensure sufficient finance facilities remain available.
- Ensure that capital assets are purchased with long term finance.
- Consider the possibility to lease cars and other equipment to improve the cash impact.

Review Critical Business Processes

Strive to save cost and increase efficiency, perform a business review and commit to flow chart the main business processes, identify any challenges which are present for each step. Review opportunities to improve the processes by removing any unnecessary bureaucracy

Aviation Leadership & Management Skills Development Diploma

Are Leaders Born or Made?

Behavioural Theorists believe that people can become leaders through the process of teaching, learning and observation. Leadership is a set of skills that can be learned by training, perception, practice and experience over time. Leadership learning is a lifetime activity.

Use the Team Approach to Optimisation

Without doubt the front-line staff have the highest level of exposure to any shortfalls. Therefore it is worth to engage with team members and to encourage them to propose ways to streamline and simplify processes and to identify cost reductions leading to efficiencies.

Bottom up Budgeting

Bottom up Budgeting (BUB) it's a process that starts at the front line and moves up through the business channels with the objective of everyone involved in each business area focusing on delivering a 10% cost saving.

Manpower Requirements

It can be seen that during business reviews that certain business areas are usually performing far better than others. It is worthwhile to use this information as an enabler to review staffing needs over the next 6 to 12 months for each particular area.

This is the time to consider relocation, re-training and in the worst-case redundancy.

Open and honest communication can be a motivator, by involving the maximum number of people, we should strive to effectively explain the business strategy and get their buy-in.

At the same time to manage expectations about forthcoming pay rises to come. If possible, consider the potential of offering other benefits such as amended hours, flexitime or additional holiday.

Consider the possibility of moving to annual hours contracts. This can save overtime costs, whilst providing job security.

Business Process Optimisation

Now is the time to review your full list of products and services and eliminate those that are unprofitable or not considered core activities. Grow in areas which show promise and involve "Team Members" in discussions regarding expected trading conditions and get their input on any opportunities to reduce costs whilst maintaining revenues, always strive to communicate honestly and frequently.

Could there be a Growth Opportunity?

Whilst business valuations may be historically low an opportunity arises for companies which are in a strong financial position in as much as there is an opportunity to grow, to approach weaker competitors with a view to acquiring them.

Working with Key Performance Indicators (KPI's)

Establish your key performance indicators (KPIs) and measure them frequently.

Sales Leads generated, Orders supplied/fulfilled, Cash balance, Stock Turnover, Debtor Days, Gross Profit, Net Profit

What to do if you do not have confidence that your Business will Survive?

If you have concerns that your business is unlikely to survive, consider opportunities to sell your business. Whilst it is unlikely to be easy to achieve a sale it is far better to have a limited outcome than to see your business crash into failure. Of course it is challenging to let go of something you have built even when this is the best outcome.

Should we outsource?

What to do with Non-core activities?

Consider available alternatives such as outsourcing any relevant activity either locally or overseas. In fact, they can be converted from fixed costs which are incurred at the same level throughout the business cycle into variable costs by the use of outsourced supply.

Share Status with Financial Providers – No surprises

Banks very quickly become nervous so ensure a regular dialogue with your lender always provide the earliest possible warning so that the best outcomes can be achieved.

Always preserve cash and to reduce pressure on cash funds consider delaying capital investment, where possible to obtain long term finance, also to consider asset sales and lease back.

If your business is struggling financially, then do take advice at the earliest possible time in order to avoid unnecessary risks related to insolvency, also consider that there is the potential for charges of wrongful or even fraudulent trading.

Tax & Liabilities

Ensure that you take advantage of all available reliefs in addition try to minimise or delay your tax expense wherever possible however to note if you are likely to not be able to meet all tax obligations to discuss at the earliest possible, It may be possible to agree extended payment terms.

Deferring payments to suppliers may not be welcome by the supplier and may incur late payment penalties however if it generates essential cash to maintain the business it is worth to consider.

Considering Business Overheads

Methodically review all overheads to ensure that each expense is necessary and that you are achieving optimum value (not the same as cheapest) but if possible avoid cutting any marketing expenditure.

If it is possible to outsource your HR function, ensuring that you have access to good advice as well as support for redundancy tribunals

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Sofema Aviation offers a complete program of training related to Aviation Leadership - see the following link <https://sassofia.com/aviation-leadership-and-management-skills-development/>

For additional information please email office@sassofia.com