



## The Business Restart Incubator: Spotlight on the Finance Function

Business leaders are facing unrelenting pressure from investors, employees, and other stakeholders to make drastic changes to adapt and survive in this new COVID-19 (and future, post-COVID-19) economy. However, along with COVID-19 came extreme market uncertainty and volatility that may be here to stay for months or even years, making it hard to decipher what changes are needed to be made and when. There is no playbook with all of the right answers since our modern global economy has never experienced such a disruption, but this does not mean business leaders should sit back and fail to act. The first question that should be asked in the wake of all this disruption is: does my business need a realignment or a full-on restart?

### ASSESSING THE FINANCIAL SITUATION

As we sit here at the end of May, it is likely there have already been a series of difficult restructuring decisions implemented, or at least a number of disruptions in your business' operations, resulting in underperformance to financial targets. In order to stop the losses and get back to financial health, swift actions must be taken to support the business. Starting with the most urgent need, the CFO must gain an understanding of the immediate liquidity picture through questions such as:

- Do we know what our projected liquidity picture looks like?
- What is the current cash burn?
- What is happening with our DSO? Do we have any major customers causing changes or are there other discernable patterns?
- How are we managing payables and our DPO?
- What levers can we pull as we look into the future to manage liquidity?

As these questions are addressed, we can begin to look into the next-level questions such as understanding the larger macro and future-forward perspectives. This will include areas such as customer mix, sales trends, industry and segment trends, changes to the business model, challenges to the product mix, and so on. Following a diligent process into assessing the situation has never been a more critical task than now. While it can seem overwhelming, this article is designed to assist with navigating how to get moving in this new environment and prepare for a restart!

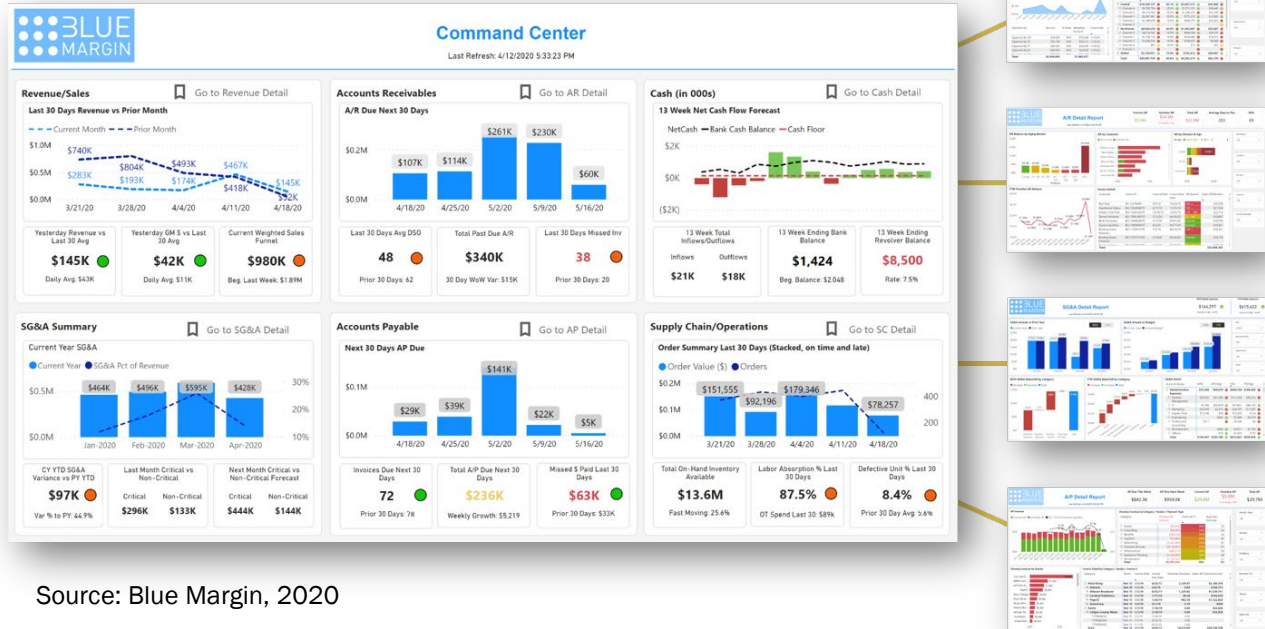
### REFLECT AND SHIFT

The first step to getting back in the saddle and enabling your finance function to best serve the business is to reflect on financial performance, including recent history, and identify pivotal shifts needed to better align towards the future. Data driven insights must be a catalyst in the decision-making process and are necessary to developing any sort of future strategic plans. As mentioned previously, understanding the cash position should be the immediate priority and any prior activities surrounding cash flow metrics or reporting should be evaluated. Do you have all the tools necessary to provide complete transparency for historic and future cash forecasting? As part of the [Business Restart Incubator](#), we implement a rapid assessment and Blue Margin Command Center dashboard to facilitate this process.



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The Command Center dashboard includes several vital metrics for your business providing drill-down capabilities to deep functional areas. For instance, you can easily identify impacts to DSO if customers are beginning to lag or even identify upcoming due invoices to manage the cash and payables of your business. The dashboard allows for visibility into these metrics and enables the right business levers to be exercised to stabilize financial health.

## REALIGN TO THE NEW NORMAL

Many industries will never be the same after the COVID-19 pandemic, and it's important to know how it will impact the industry in which your business operates. Looking at oil & gas for example, we have witnessed oil futures contracts take a temporary dive into negative territory for the first time in history. Will this be the new normal? Probably not, but there has been a paradigm shift in global demand for the industry that may very well be permanent. So, how can businesses facing this type of outlook adjust? Leveraging expert-led, facilitated scenario sessions allows for cross-functional input and alignment to the new normal. These sessions should leverage the data and insights derived from the first phase as well as include advanced modeling and scenario planning (random forest models, vector autoregression, digital twin scenarios, etc.). Evaluating a plethora of data, aligning leaders across multiple functions, and forming conclusions based on all of this input can be a difficult task, but it is necessary to realign to the new normal and plan for the ongoing business model changes.



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### TACTICAL PLANNING

After the facilitated sessions and alignment between cross-functional teams, the finance function should have a long list of activities ready to execute and others to support the business. There will be several hundred dominoes that need to align to yield results from these activities, which requires intensive tactical planning. In order to free-up all resources available, any ongoing projects that do not align to the new strategy should be stopped immediately so those resources can be reallocated elsewhere. Project management preparation must be done to assign each of the activities to initiatives and projects with dedicated owners to be held accountable. Both internal and external expertise is likely needed to plan the critical path items and ensure there's enough knowhow to make it over any unforeseen hurdles.

### OPERATIONAL PREPAREDNESS

With a Project Management Office established and activities delineated between stakeholders, it is more important than ever to make sure there is absolute buy-in to the mission by every individual involved. Failing to complete this step can be just as fatal as a missing link in the project roadmap. Every stakeholder must have the answers to the following questions: why they should care, what's in it for them, and how they can help. With the right buy-in from employees and a detailed project roadmap, you're now ready for the execution phase.

### EXECUTE LIKE A START-UP

When it comes to execution in the post-COVID-19 economy, the luxury of time does not exist. Regardless of your business' size, the execution phase must be similar to that of a start-up environment. This means a relentless, scrappy mindset centered around the if we fail, fail early philosophy. As a CFO, you must be constantly monitoring each initiative's execution and be ready to make adjustments, or implement countermeasures if the results aren't up to par. If the activities designed to decrease DSO are lacking results, maybe that means offering additional incentives to customers for payment or deals on future sales. The main concept behind this approach is relentless effort on the initiative to drive results; if one method isn't working, perhaps the next three will have a better effect. Not only is time of the essence with consideration to short-term liquidity, but being able to reposition your business for financial success faster than competitors could leapfrog your position in the market. Businesses who are able to move with agility and execute like a start-up during black swan events can actually come out of the crisis in a more favorable position than they started in.

### HOW SLKONE CAN HELP

[SLKone's Business Restart Incubator](#) can help leaders ask the tough questions and provide the right answers in order to succeed in the new normal. We're here to help your business reach financial stability quickly and leapfrog the competition. Reach out – let's have a discussion.