

BUSINESS UPDATE

HOW WE CAN HELP



Whatever your views on the current situation, politics or your personal circumstances, it is probably fair to say that the Prime Minister's speech yesterday was a little unclear. In the words of Baldrick from the Blackadder TV series...

"I have a cunning plan... Do nothing!"

Of course the decisions are enormous, and weighing up the impact on the economy, families, and personal wellbeing, against the risk of a second spike and further fatalities is a huge task. If you follow any news, social media or other 'opinion' sources, you will have seen all the views on whether deaths from delayed cancer treatments or from the impact of future poverty will surpass those from Coronavirus, but the reality is that we cannot know and are reliant on computer modelling of the numbers. To quote Mark Twain, "There are lies, damned lies and statistics".

The broad message appeared to be that Boris wanted to get some businesses back to work, although what he said did not appear to have changed.

- If you can work from home – Do so
- If you can't work from home – Go to work. Social distance. Avoid public transport etc.
- Those hospitality, retail and leisure business to remain shut.

The harsh reality is that many businesses are haemorrhaging cash, losing any customer loyalty they had, and have a ticking clock on when furlough payments may stop (currently in about 7 weeks). So focussing on what the social media 'experts' have to say, or just waiting for things to get better is not the most **cunning plan**.

SO WHAT DO YOU DO RIGHT NOW?

Look, we know that cash flow forecasts and business plans are boring. We know that they rely on estimates and best guesses. We understand that many business owners don't know where to start or what to consider. But every survey or piece of research shows that businesses with a clear, written plan, outperform those without one. The simple process of creating one will flag up unseen issues, generate ideas and focus resources.

You need to know what you can and should do if restrictions remain but furlough payments end. Who will you keep? What branches will you close? Where will the cash come from to cover any shortfall?

You need to explore new products and services and ways of working. One of our clients with a chain of Pizza shops has started selling a 'do it yourself' pizza online. A pizza frying pan and all the ingredients posted to customers that have bought online, paid up front, provided e-mail addresses, and are sharing experiences on social media. Another has turned its pressure washers into disinfectant sprayers. What can you do to innovate and adapt?

You need to look at things that never seemed that important when running your business seemed easy. Is it structured to reduce your personal risk? Sole traders and traditional Partnerships (non-LLP's) should consider incorporating into a company structure. Companies should consider setting up holding companies to protect assets from trading risk. Many business owners should consider moving personal assets to spouses, children or family trusts.

You should make sure your tax affairs are properly planned. Should you change your business year end to manage tax liabilities better? Have you paid more tax than you should and can get some back? Previous updates have discussed R&D tax reclaims where many businesses are missing out on huge tax savings. Are you eligible for a claim?

What Boris did make pretty clear, is that we are not getting back to "normal" any time soon. Businesses may be working through the consequences for many years. Our cunning plan is.... **HAVE A PLAN!**

We have published and shared our 'Recovery Business Plan' document through a number of channels and had great feedback on how it has helped many owners to start to address key issues by having a simple template to follow. If you want a copy, just e-mail marketing@markholt.co.uk and ask for it.

THINK, PLAN, ACT