

Riding Out COVID-19: Three Proactive Things Businesses Can Do This Week

Amundsen Davis Financial Services Alert
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We are dedicated to assisting businesses through the financial and operational uncertainties that are accompanying the COVID-19 pandemic. We hope to shed light on several things that need to be top of mind during this crisis, including the availability of the bankruptcy process not just as a wind-down of the business but also as a mechanism to maintain ongoing operations of a business during this difficult financial time. This week, let's start from the top given that both the Payroll Protection Program and the "Disaster" relief programs are now up and running and providing the possibility of some much needed cash to struggling businesses.

1. Assemble Your Financial Documentation. The first thing that every business should be doing right now is assembling their financial documentation. Assemble a balance sheet, a profit and loss statement, a statement of cash flows, or whatever other audited or unaudited financial information that you and others could use to analyze the current position and future prospects for your business. If the owners of the business have personally guaranteed the obligations of the business, those owners should also consider assembling their own financial "snap shot." As you move forward during this process, a majority of the people from whom you will be seeking accommodation will probably want to review this financial information for themselves. Having it prepared and ready will only accelerate the process and hopefully lead to a more efficient and quicker resolution.
2. Communicate With Interested Parties. If you have not done so already, reach out to your banker immediately. If your business is in a healthy financial position, this will only serve to calm the nerves of a most likely anxious banker. If your business is not in the best financial position, your banker may have some options for you on revised terms or the availability of the relief funds being offered through the CARES Act or other COVID-19 related legislation. Also reach out to your landlord or landlords. Much like financial institutions, landlords are also facing monumental losses as their tenants' revenues and available cash decline. A telephone call to a landlord right away can help establish open lines of communication and lead to productive conversations including the need for and availability of rent abeyance or rent re-negotiation.

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3. Consult With Trusted Advisors. Finally, touch base with all of your trusted advisors, not just your legal counsel. Financial consultants can be invaluable during times like these and there are financial consultants available for any and all size businesses with any and all size revenues. Spending a little money on financial consultants in the beginning of this process may assist with operations and cash flow throughout this process. Moreover, the presence of such a financial advisor may provide some solace to lenders and other creditors of your business as they make decisions regarding your business going forward. But don't forget your lawyers. I am hearing more and more from companies needing to reduce their workforce. There are not only legal and illegal ways to go about hiring and firing employees, but there are processes and procedures that can reduce an employer's general risk for doing so. That risk is only heightened during the COVID-19 crisis. Labor and employment lawyers are truly the best positioned professionals to assist your business with that unpleasant but sometimes necessary task.

Businesses which do these three things this week should find themselves ahead of the curve and well positioned to evaluate exactly where they are or are not financially going into these critical next few months. At the very least, in times where some things are beyond our control, these are three things business owners can do to not only address impending potential financial issues but begin to work towards solutions to those financial issues.

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