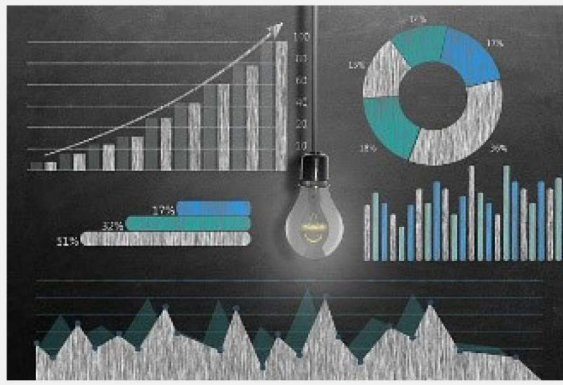


Sabal Advisors

Achieve Optimum Value

Insight Minute for Business Owners



How to Conserve Cash and Increase Liquidity During the Covid-19 Crisis

The first priority for companies has been employee safety and making operational changes to effectively operate the company in a period of unprecedented turmoil. The next step is ensuring the company can fund the business during the coronavirus crisis and during the recession that will ensue.

Below is a summary of actions to consider to increase cash, improve liquidity and stay financially healthy until business levels and cash flows return to more normal levels (each company requires a customized program to optimize results):

Conserve Cash

- Review all expenses for reductions that can be made
- Accelerate AR collections (must analyze if offering discounts for early payment makes sense)
- Lower inventory levels
- Delay vendor payments
- Renegotiate vendor terms
- Obtain landlord concessions
- Review expected required workforce levels to determine if reductions/furloughs are warranted
- Reduce compensation levels on a temporary basis
- Pause or reduce employee benefits
- Prepare a cash-flow model and update frequently (daily/weekly/monthly depending on situation)

Financing – Increase Liquidity

- Update lenders on operations and action plans
- Calculate lender covenants based on current performance & projections
- Renegotiate lender covenants and other terms
- Request a temporary or permanent increase to lender credit lines
- Evaluate all SBA, state and local loan and assistance programs (e.g., SBA paycheck protection plan loan, SBA economic injury disaster loan, employee retention credits)
- Determine if other sources of funding will be required

Operations

- Review organizational structure to determine if restructuring is needed given changes in business levels and operations
- Review business locations, services, products and business units to determine if any should be discontinued or streamlined or enhanced
- Evaluate supply chain adequacy and risk to determine if new vendors should be added

Sabal Advisors provides companies with revenue over \$5 million with the highest caliber M&A, financial and strategic advisory services usually available only to larger companies.

Contact us for a confidential conversation.

Call 561-337-5324

rmurphy@sabaladvisors.com | www.sabaladvisors.com