

Surviving a crisis as a family business – cash flow considerations

WEVE all heard the old adage “turnover is vanity, profit is sanity, but cash is king”. And never has this been more relevant than during the events of the last 12 months for businesses across the island of Ireland.

In the second of this series reflecting on our real-life research with family businesses, seeking out advice and support from government and industry professionals was the most common strategy taken to minimise the impact of the pandemic.

Of the chief executives interviewed, it will come as no surprise that many shared serious concerns about the finances of their businesses. ■ 96.2 per cent of CEOs were concerned over loss of revenue; ■ 84.8 per cent were concerned about insufficient cash flow; ■ 79.3 per cent experienced a negative impact on sales.

Revenue streams have been erratic

and it will be difficult for some businesses to deal with the backlog of debt and deferred payments such as VAT and tax but those businesses that are going to survive are those

stands and also what your finances could look like if various scenarios happen – only you will know what these are and you should know how these could affect your business and what action you can take to mitigate these.

■ Tap into external advice from your accountant and bankers. Be responsive to banks questions. Good communication with your providers of finance is so important. Cash flow planning in real time can highlight opportunities as well as issues – it can show you what's realistic for your business and what potential there is to come through crisis situations.

As part of our ‘Surviving a Crisis as A Family Business’ series we have recorded a podcast on cash flow planning which you might find useful to listen to. Produced by Dublin City University the podcast also features Eimear Fitzgerald from business banking at ALB Bank. You can listen to it by visiting www.harbison-nulholland.com

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FAMILY BUSINESSES



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GETTING IT
RIGHT: Cash
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- Get invoicing and credit control procedures in place and systemise them to make sure you get your cash in as quickly as possible. Know exactly who your customers are and when they're going to pay you.
- Work out what your payment priorities are, who you owe money too and when you have to pay. Challenge the norm, what do you still need to pay? Can any recurring costs be reduced or cancelled?
- Work out a number of “What If?” scenarios – your position as it