

Strategic Financial Planning



Nigel Wright Group **Webinar**





Businesses must look to the future, Head of RG Corporate Finance tells regional business leaders and CFOs

Business leaders and CFOs in the North East must begin to shift their focus from the initial seismic impact of the coronavirus pandemic to planning strategically for the future.



Ryecroft Glenton

Carl Swansbury, who is Partner and Head of Corporate Finance at Newcastle-based advisory firm Ryecroft Glenton Corporate Finance (RGCF), told delegates on a webinar hosted by specialist recruitment agency Nigel Wright Group that many of the firm's clients had been extremely busy dealing with immediate priorities, which included introducing new business structures, such as remote working.

At the same time, they are accessing the financial support being offered by the government in the form of the Job Retention Scheme, VAT deferral, Coronavirus Business Interruption Loan Scheme etc, thus enabling businesses to prepare to fund a period of softened performance.



Swansbury said: "It is a very uneasy period, but any market creates opportunity and businesses must be in a position to react when positivity returns.

"During the first three or four weeks of lockdown, the focus was on businesses finding a way through this period of under-performance and uncertainty, but they must now consider the question of medium-term strategy, along with the growth capital required, so they can take advantage once the green shoots of recovery start to appear."

He acknowledged that one of the major challenges is the ability for businesses to accurately forecast the coming three to six months.

"Our advice is prudence," he added. "Be cautious with financial forecasting rather than assuming normal business will resume in the short term, thus enabling you secure the amount of funding you need to trade through the pandemic. RG is well-placed to help businesses prepare the financial forecasts needed to secure loans available via the Coronavirus Business Interruption Loan

Scheme (CBILS) and as a result of our strategic collaboration with RTC North we are able to reduce the cost of us providing this advice to our clients.



"For example, the preparation of a Financial Forecast by RG, to aid with an application for a CBIL, which may cost £3,000, would attract a 40 percent subsidy from the Scaleup North East programme, reducing the cost to our client by £1,200."

Richard Morgan, associate director of finance and HR at Nigel Wright Group, who chaired the webinar – which included 25 business leaders and CFO's from across the region, including Michael Hall, CFO of e-Quality Learning, Donna Wilson of TaperedPlus and Mike Conn, CFO of Atlas Cloud, said: "Businesses have been through several phases over the last six weeks from initial crisis management, reshaping overheads, securing short-term funding and now they are entering the recovery and look forward planning phase."

Carl said that to access the government's CBILS, businesses must demonstrate they are both commercially viable and profitable with an ability to repay the interruption loans in the short to medium term.



While the application process for loans of less than £250,000 is improving and becoming more-straight forward, the difficulty lies with loans in excess of this amount - as banks understandably need to take a more stringent approach when assessing these applications for many reasons, including



business complexity, along with the fact the government only underwrites 80% of those loans greater than £250,000.



He added: "While there are a number of government schemes that support working capital, such as CBILS, it is vital

that businesses assess what level of growth and development capital they need."

"This pandemic provides all businesses with the opportunity to reassess its current strategy and to ensure that it is fit for purpose moving forward. This might include changing current business model, diversifying from a product or service proposition perspective or pivoting towards more insulated sectors or clients, which can be achieved organically or indeed by making a strategic acquisition. This can be funded in many ways, including by accessing private equity investment, debt from a clearing bank or debt fund or indeed by leveraging the target company's assets.

"This is about encouraging businesses to focus on the medium to long term by securing the growth and development capital needed now to be deployed once Covid-19 is behind us.

Webinar participant Chris Blaxall of NBS said: "There is a future out there and we now have to look to that future and look at the strategic options for business to operate in a very changing world, which will see digital play a much greater role."

Carl added that one lesson learnt from the current situation was the need for businesses to communicate promptly and effectively – with both customers, employees and their supply chains.



"It's important to have proactive conversations before a problem becomes a problem. That might involve understanding a supplier's predicament and agreeing sensible payment plans that work for all involved. One thing this pandemic has done has been to encourage the need for early and proactive communication and for leaders to lead."

He added that it was also important for business leaders to be aware of their mental wellbeing, especially when many work in isolation, and advised of the benefits of joining online peer group meetings or engaging with a business coach or mentor to gain an independent perspective.





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