

# COPING WITH COVID-19

A SERIES FOR YOUNG ENTREPRENEURS

EP 5\_

Cash-in, cash-out -  
Managing finance in times of crisis

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16 JUNE 2020 4:30-5:30 PM (CET) // ZOOM

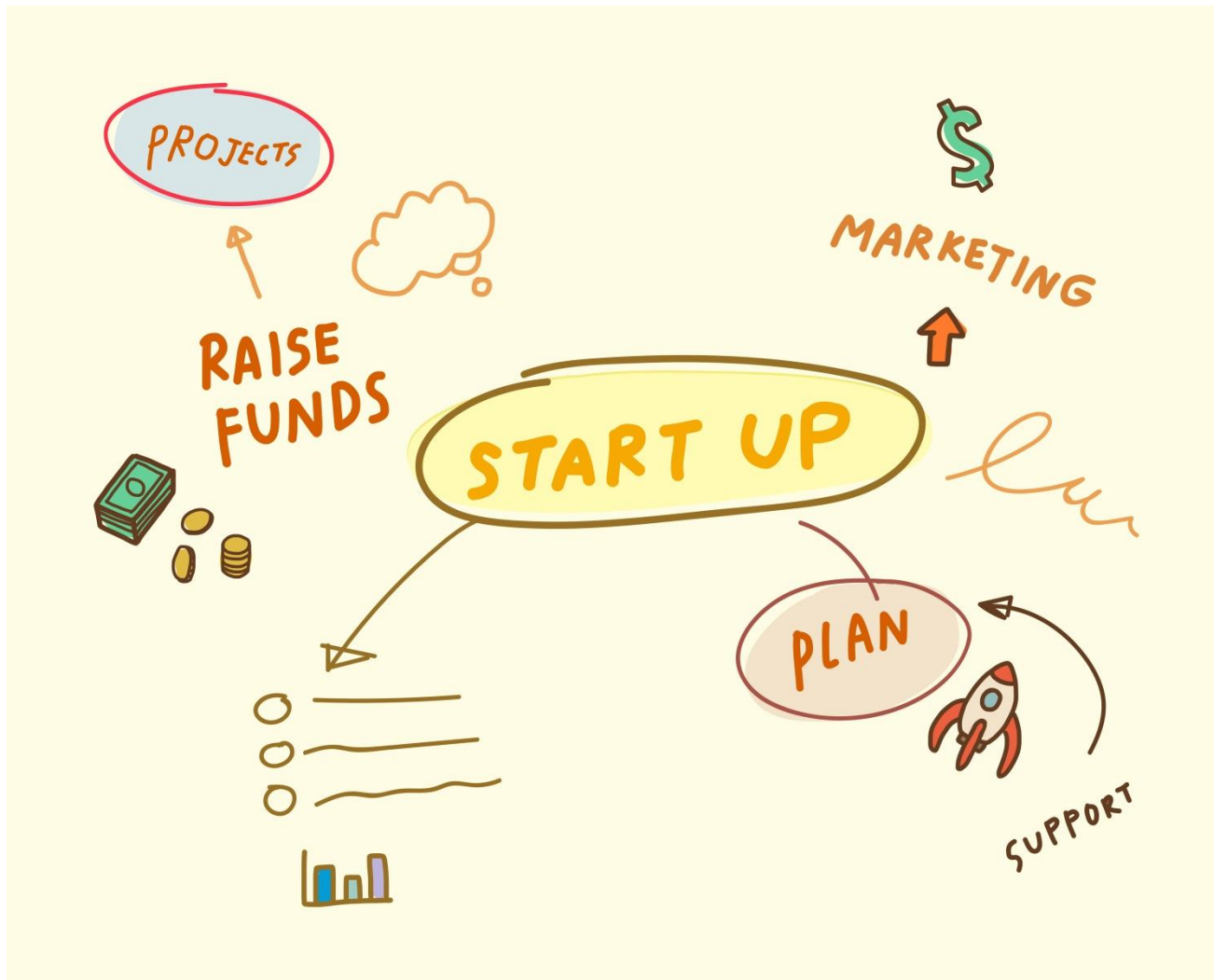


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# Cash-in, Cash-out: Managing finance in times of crisis



# Cash-in, Cash-out: Managing finance in times of crisis

**“Never take your eyes off the cash flow because it’s the  
lifeblood of business.”**

*—Sir Richard Branson, business magnate, investor, author and philanthropist*

# Cash-in, Cash-out: Managing finance in times of crisis

**“Entrepreneurs believe that profit is what matters most in a new enterprise.**

**But profit is secondary.**

**Cash flow matters most.”**

*—Peter Drucker, management consultant, educator and author*

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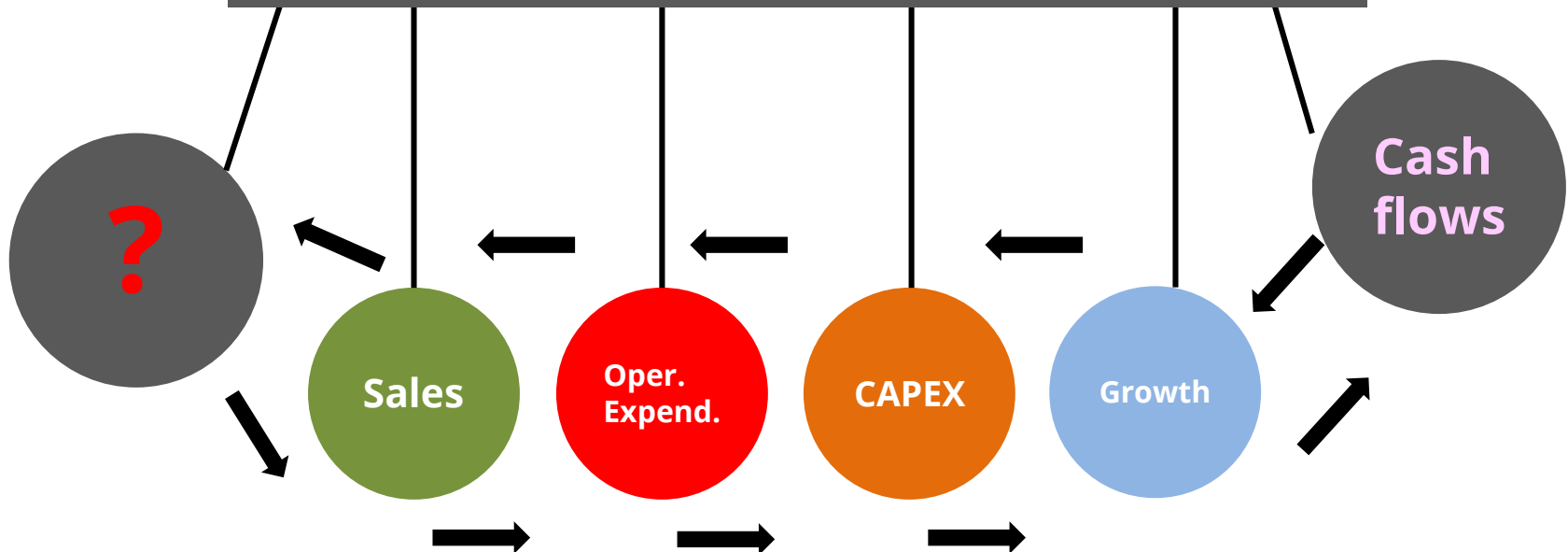
Finance plays a pivotal role in the Startup success... quite often ignored



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Finance is not an isolated world...  
any change in business conditions,  
triggers a

Chain reaction...  
that impacts Cash flows  
and viceversa



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## The Finance's Four Cardinal Points

#1 Sell High



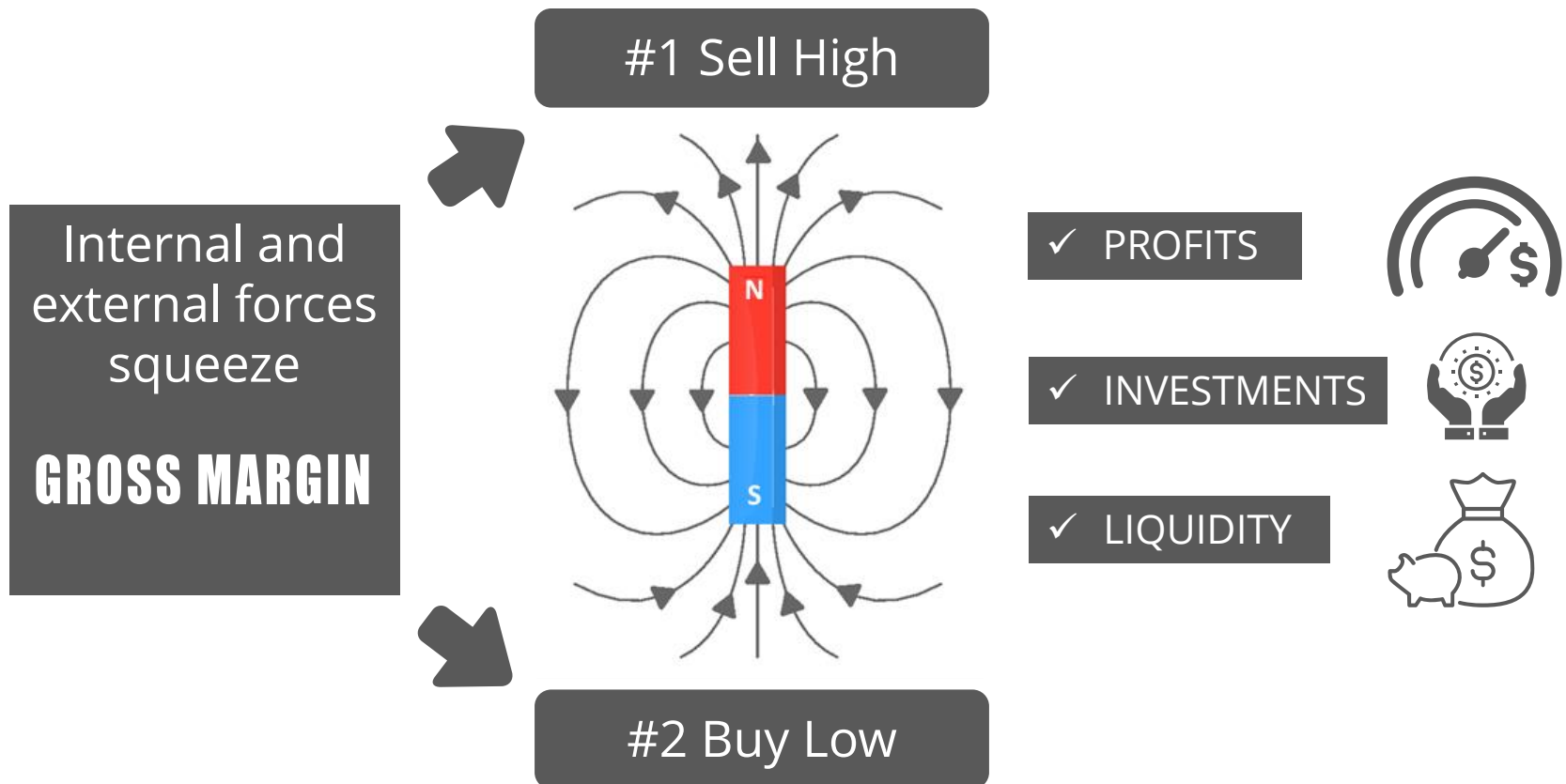
#4 Pay Late

#3 Collect Early

#2 Buy Low

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## The Finance's Four Cardinal Points



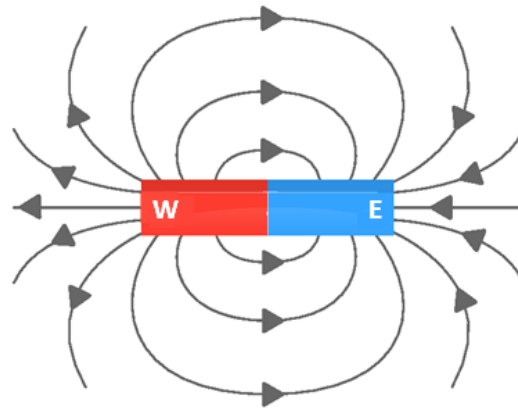


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## The Finance's Four Cardinal Points

keeping Cash flowing...  
and enough Money at the  
Bank

#4 Pay Late

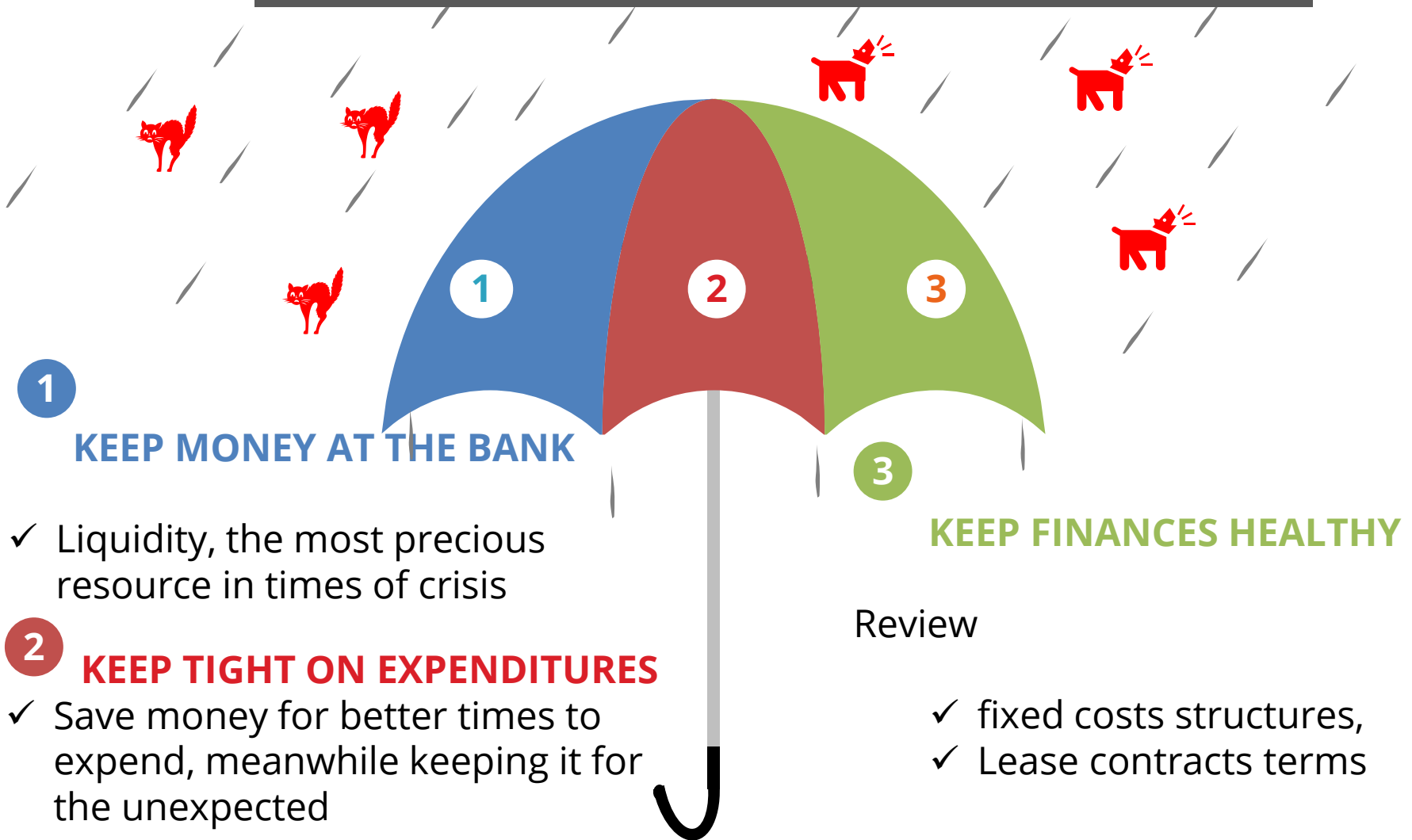


#3 Collect Early

**LIQUIDITY**

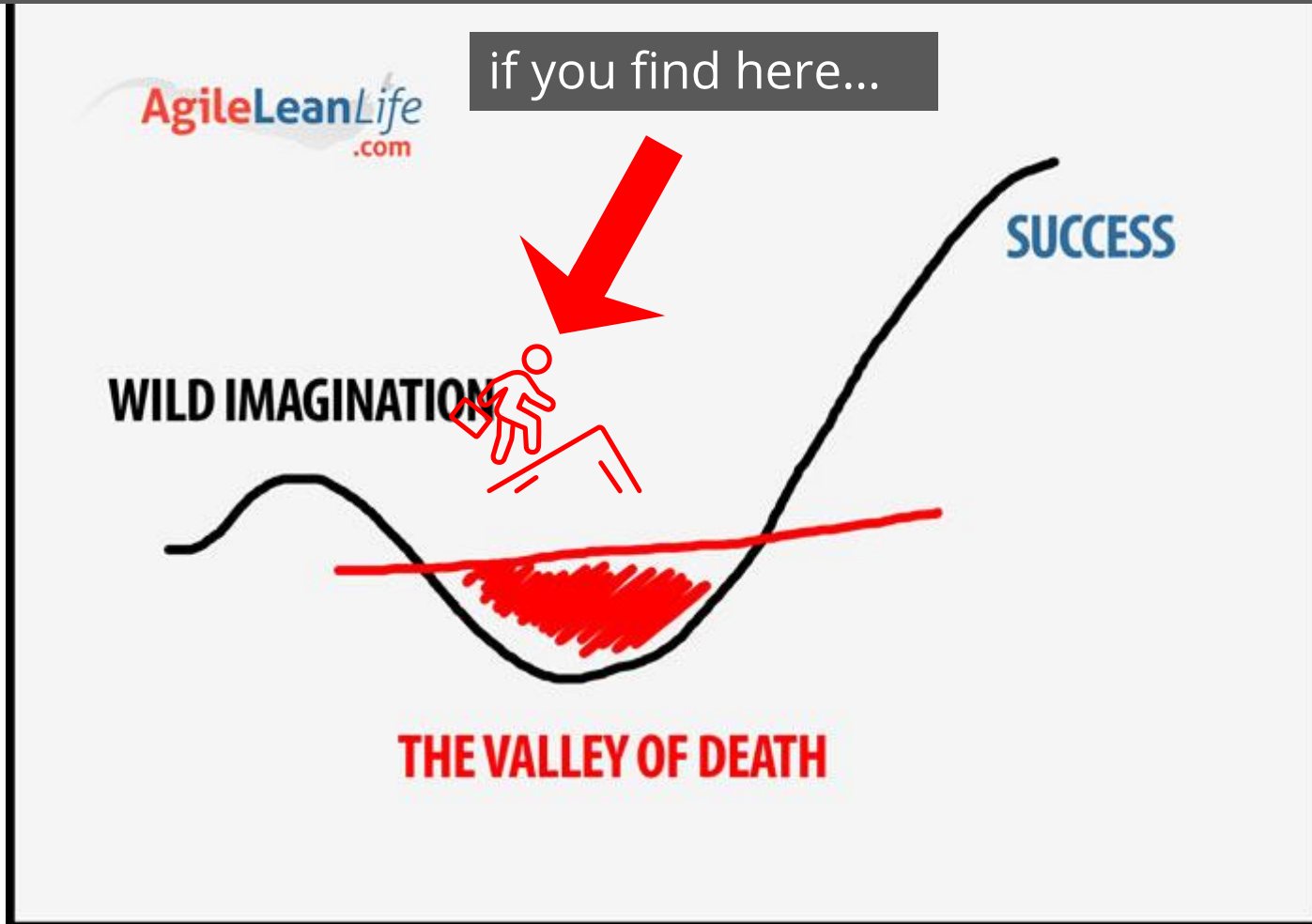
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When raining Cats and Dogs...



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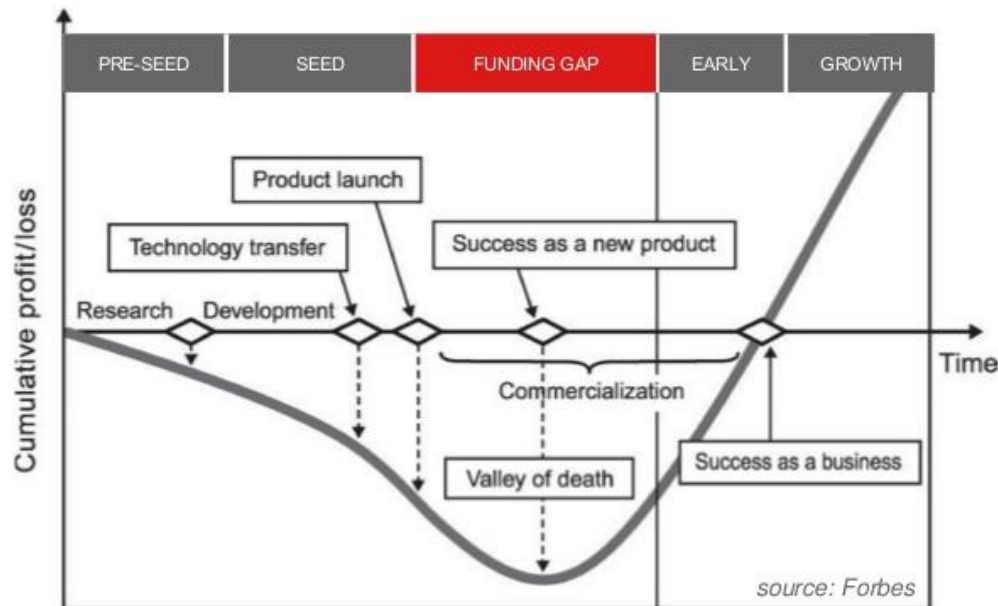
Remember... be aware of the Valley of Death



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Crossing the Valley of Death marks the Startup's Success or Fail, usually driven by the availability, or lack of it, of  
**Financial resources**

## the Valley of Death



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## # Key Takeaways



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## REVIEW BUSINESS MODEL

HOW DEEP IS THIS CRISIS IMPACTING YOUR BUSINESS,  
IN TERMS OF

- ✓ GO TO MARKET STRATEGY
- ✓ CUSTOMER ATTRACTION AND RETENTION
- ✓ PRICING
- ✓ COST STRUCTURE
- ✓ SOCIAL DISTANCING IMPACT
- ✓ FINANCE NEEDS ?
- ✓ GOING DIGITAL ?

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2



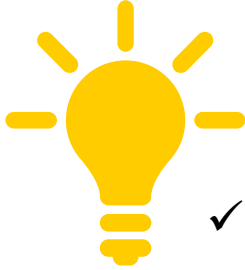
## KEEP ENOUGH LIQUIDITY

- ✓ BUILD UP 3 MONTHS CASH COVERAGE OPERATING EXPENSES
- ✓ REVIEW COLLECTION AND PAYMENT CONDITIONS
- ✓ USE MOBILE INSTANT PAYMENTS PLATFORMS IF AVAILABLE e.g. PAYPAL, OTHER LOCAL SOLUTIONS ?



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## REVIEW TRADE TERMS

- ✓ SUPPLIERS TRADE TERMS
  - ✓ TRY TO EXTEND NUMBER OF DAYS CREDIT
  - ✓ NEGOTIATE LEASES AND FIX COMMITMENTS WHEN POSSIBLE
  - ✓ AVOID OVERSTOCKING OF GOODS
  
- ✓ CLIENTS BUSINESS TERMS
  - ✓ SHORTEN NUMBER OF DAYS CREDIT
  - ✓ PROMOTE DISCOUNTS ON ADVANCED PAYMENTS
  - ✓ ASSING CREDIT RISK LIMITS PER CLIENT





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## ASSING CREDIT RISK LIMITS PER CUSTOMER

Customer's Credit Risk analysis Matrix

Loss Probability	Neglible	Minor	Moderate	Significant	Severe
Very likely	B Medium	C High	C High	E Very high	E Very high
Likely	A Low	B Medium	C High	D High	E Very high
Possible	AAA Very Low	A Low	B Medium	C High	D High
Unlikely	AAA Very Low	AA Low	A Low	B Medium	D High
Very unlikely	AAA Very Low	AAA Very Low	AA Low	B Medium	D High

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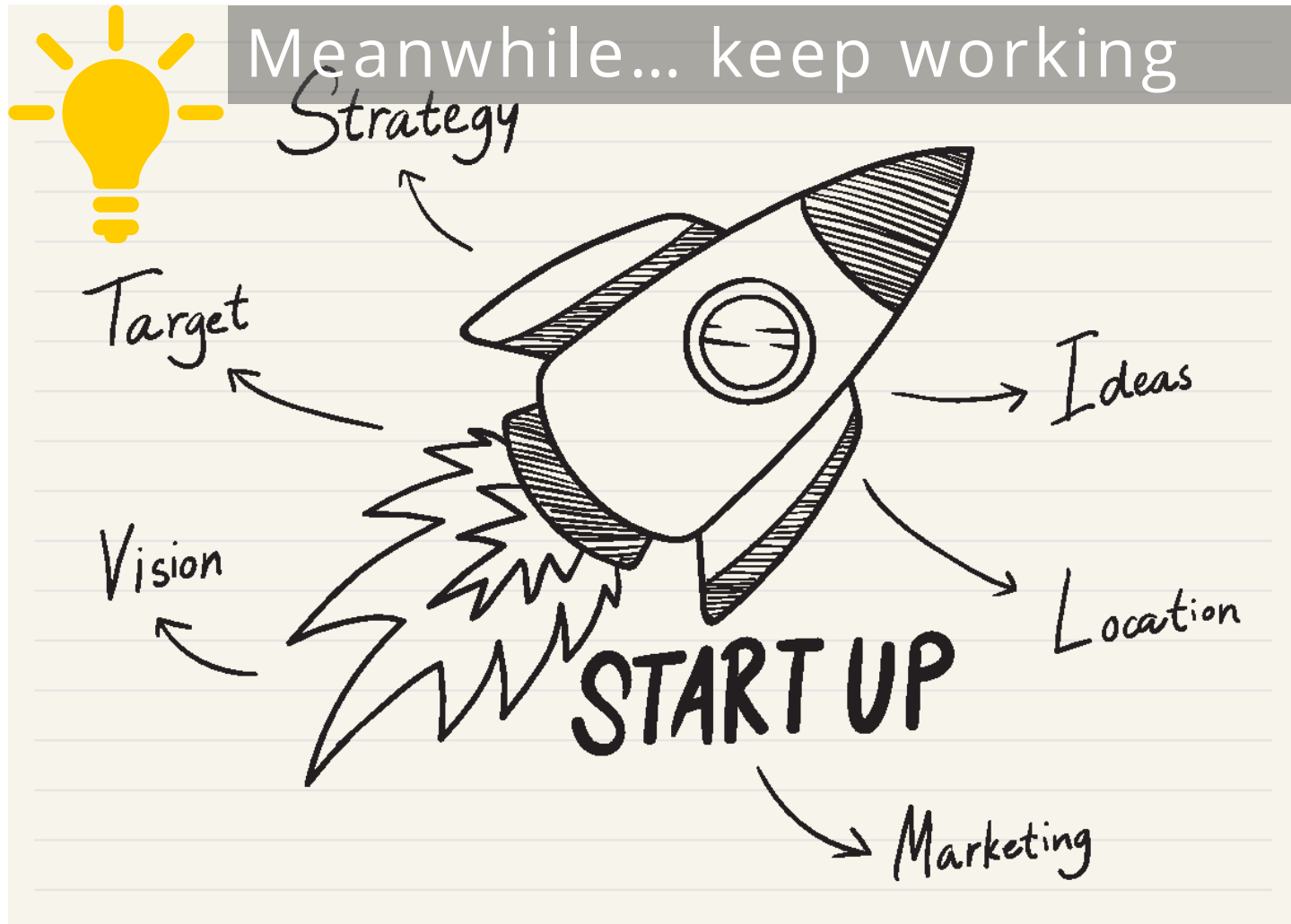
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**SAVE !**



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# Cash-in, Cash-out: Managing finance in times of crisis

... for a successful launch!



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Thank You  
and  
Good Luck!

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