

# Financial Contingency Planning Opus Consulting Group's Approach

March 2020



**OPUS**  
CONSULTING GROUP

STRATEGY – FINANCE – OPERATIONS

# Most businesses currently face 3 common challenges

**1**

**All their Stakeholders are impacted**

**Staff**

**Banks**

**Vendors**

**Customers**

**2**

**Cash Flow is the major challenge for many businesses**

**Cash at Hand**

**Revenue**

**Operational  
Costs**

**Debt Service**

**3**

**The end of the tunnel is an unknown**

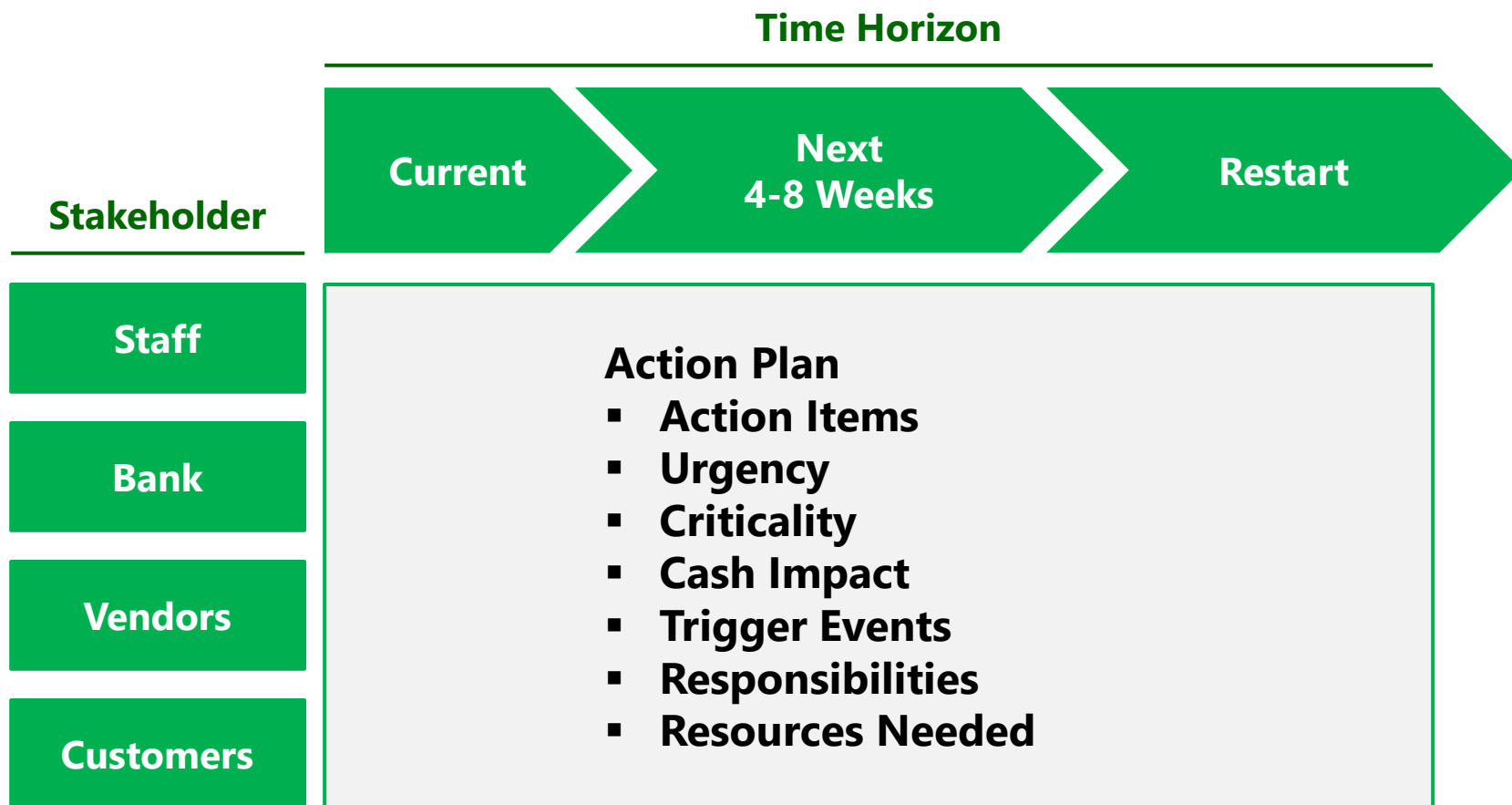
**Current  
Situation**

**Next Weeks/  
Months**

**Ripple  
Effects**

**Costs to  
Restart**

# We recommend structuring your plan to find solutions with each stakeholder



# 7 Step Contingency Planning Checklist

1. Create Awareness and Demonstrate Purpose
2. Protect Assets and Employees
3. Establish Focus Response Team
4. Conduct Stress Test Planning
5. Manage Upstream "Supply Chain, Vendor"
6. Manage Downstream "Customers"
7. Develop Plan with key management "Tabletop Meeting"

# 1 Create Awareness and Demonstrate Purpose

- **Define what is at stake for the business**
- Review national and local resources, towns, trade associations resources and guidelines to self-educate and create awareness
- Benchmark against other firms' responses
- Support collective prevention efforts beyond the firm where possible
- **CDC Resources**
  - <https://www.cdc.gov/coronavirus/2019-ncov/communication/factsheets.html>
- **Portland Regional Chamber of Commerce**
  - <https://www.portlandregion.com/coronavirus-resources.html>
- **OSHA**

## 2 Protect Assets and Employees

- Follow guidelines and health recommendations
  - Center for Disease Control
  - Department of Health and Human Services
  - Monitor Local Organizations and Closings
- Communicate with employees related to specific options and expectations
  - Communication should be ongoing and formalized
  - Explore alternative working options and prepare accordingly
  - Follow health guidance to support affected employees
- Monitor public perception and like industries
- Resources:
  - [Bernstein Shur & Portland Chamber of Commerce Webinar](#)
  - [Braan & Isaacson – Coronavirus Employment Issues](#)

## 3 Establish Focus Response Team

- Develop Cross Functional Teams to address areas of focus led by the senior leadership team
- Create 5 workgroups to plan, tasks and prioritize:
  - Human Resources
  - Upstream: Suppliers & Vendors
  - Downstream: Customers
  - Finance & Cash Management
  - Other
- Workgroups should meet continuously to create short term goals, develop simple one-page summaries and operating cadence
- Meetings require actionable outcomes which are agile and can impact decision making quickly, high expectations should be set by management

## 4 Conduct Stress Test Planning

- Assess current situation, financial health and operating metrics
- Identify key drivers that will impact the businesses' revenue and costs
- Define specific scenarios appropriate for the business with specific input variables
- Model Profit and Loss, Balance Sheet and Cash Flow for each scenario to stress test
- Develop trigger events and moves for the next phase of action to ensure continuity
- Explore creative options to maintain operations



## 5 Manage Upstream - Vendors

- Conduct an inventory and supply review to identify critical parts and inventory levels in the supply chain
- Review your leases, contracts and terms (“force majeure”)
- Communicate with suppliers and vendors
  - Assess timeline of outages and shortfalls
- Manage anticipated shortfalls of supplies proactively
  - ration
  - pre-order
  - seek alternative sources
- Review payment term alternatives and financing

# 6 Manage Downstream - Customers

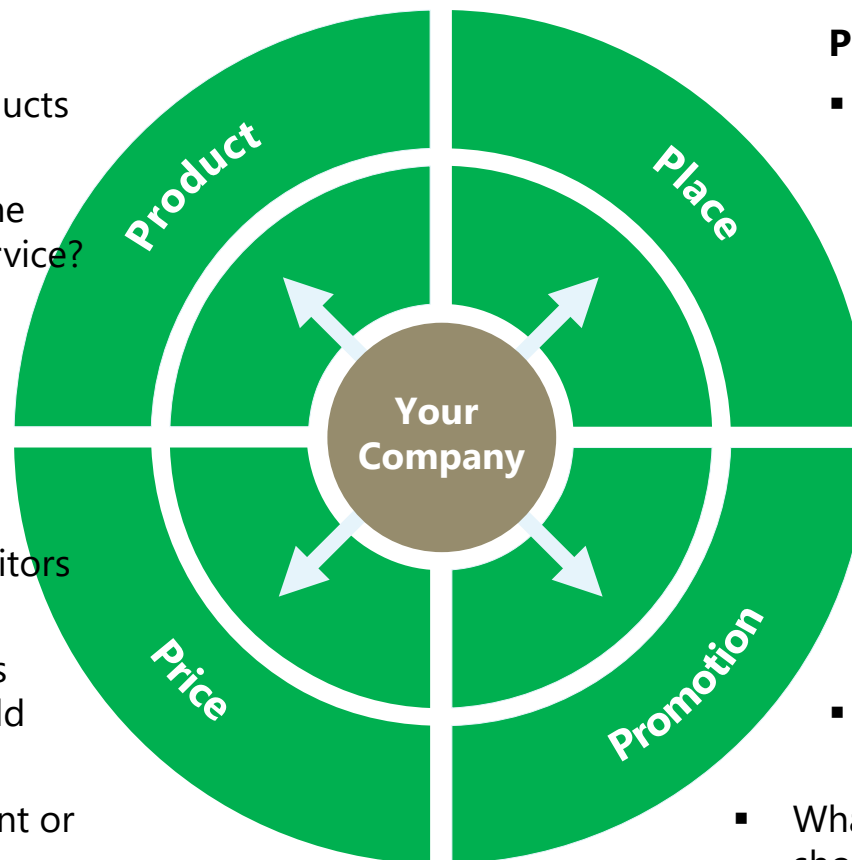
## Objective: Defend your Brand and Profitability

### Product

- How are your products impacted?
- Can you provide the same quality of service?
- Which alternative services?

### Price

- What are competitors doing?
- How are your costs trending and should you reflect them?
- Should you discount or stay put?



### Place

- How to differentiate your customer base and their needs?
  - Any alternative channels?  
Delivery/Pick-Up?

### Promotion

- How to communicate your value and your values?
- What are possible creative communication ideas?
- What advertising channels should I prioritize?

# 7 Develop Plan with cross functional team "Tabletop Exercise Meeting"

The tabletop exercise is a meeting to discuss a simulated emergency situation. Members will discuss the actions they would take in a particular scenario, testing their emergency plan in an informal, respectful environment. Tabletop exercises are used to clarify roles and responsibilities.

Ground rules are that individuals respect and work collaboratively.

## Step 1: Prepare Meeting

- Function work groups analyze and gather findings
- Review critical cross-functional interactions
- Identify most likely and worst case scenarios

## Step 2: Conduct Meeting

- Present and discuss
- Identify and discuss interactions and overlap
- Formalize plan: actions, responsibility, timeline
- Identify required resources/support

## Step 3: Implement & Monitor & Update

# Financial Stress Testing

## ▪ **What is it?**

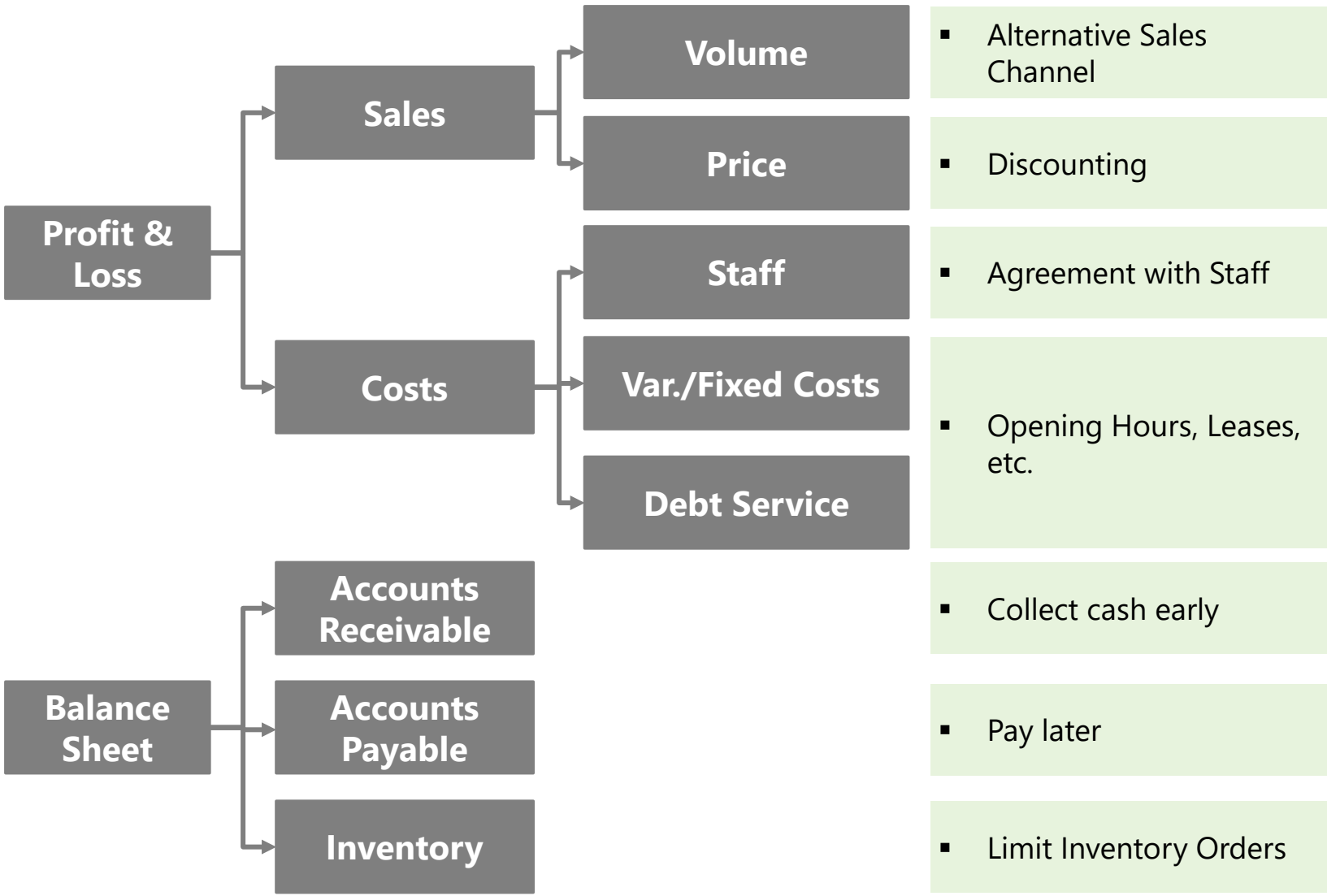
- High uncertainty requires considering different scenarios
- Scenarios can include business-specific and macroeconomic assumptions
- Assumptions and Mechanics modelled in Excel spreadsheets

## ▪ **Why is it necessary?**

- Determine the financial needs of your business
- Help make the right decisions for your business (HR, Inventory,...)
- Address expectations of your creditors/shareholders

# Cash Flow Drivers

## Examples of Strategies



# Stress Testing – Demo

Simplified Stress Testing Tool for Illustration



# Financial Priorities

**1 Understand your Position**  
 Look at your data, contracts, financial resources and understand your options

**2 Be Proactive**  
 Reach out to your bank, creditors and shareholders in full transparency, start the conversation and ideally provide a plan

**3 Plan and Stress Test**  
 Build a 13-Week Cash Flow Forecast considering different Scenarios to assess your cash needs

# Seek Help Early

SBA Disaster Loan Application: <https://disasterloan.sba.gov/ela>

The screenshot shows the SBA Disaster Loan Assistance website. At the top left is the SBA U.S. Small Business Administration logo. On the top right are navigation links: FAQs, Help, Contact Us, Register, Login, and a home icon. Below these are three main navigation buttons: Loan Information, Search Declarations, and Apply Online. The main heading is "Disaster Loan Assistance" with the subtitle "Federal Disaster Loans for Businesses, Private Nonprofits, Homeowners, and Renters". The central content features three overlapping circles representing a 3-step process: 1. A red circle with a map icon and the text "Eligible Disaster Areas". 2. A blue circle with a computer and smartphone icon and the text "Apply Online". 3. A green circle with a loading spinner icon and the text "Check Application Status". At the bottom, there are three footer links: SBA.gov, 3-Step Loan Process, and FEMA Disaster Assistance.



# Opus and the Opus Team

For the past 10 years Opus Consulting Group has been assisting businesses on the line of strategy, operations, and finances. As a tool to help our community, our cross-functional team of consultants have assessed risks associated with the Coronavirus and have placed together a plan for businesses to prepare for what to expect and how to plan accordingly for the next few months.

Opus Consulting Group will continue to strive to assist businesses through this time and values our relationships and will stay open to take care of your business needs so that we can navigate through this time together.



**Jacques Santucci**  
*President*

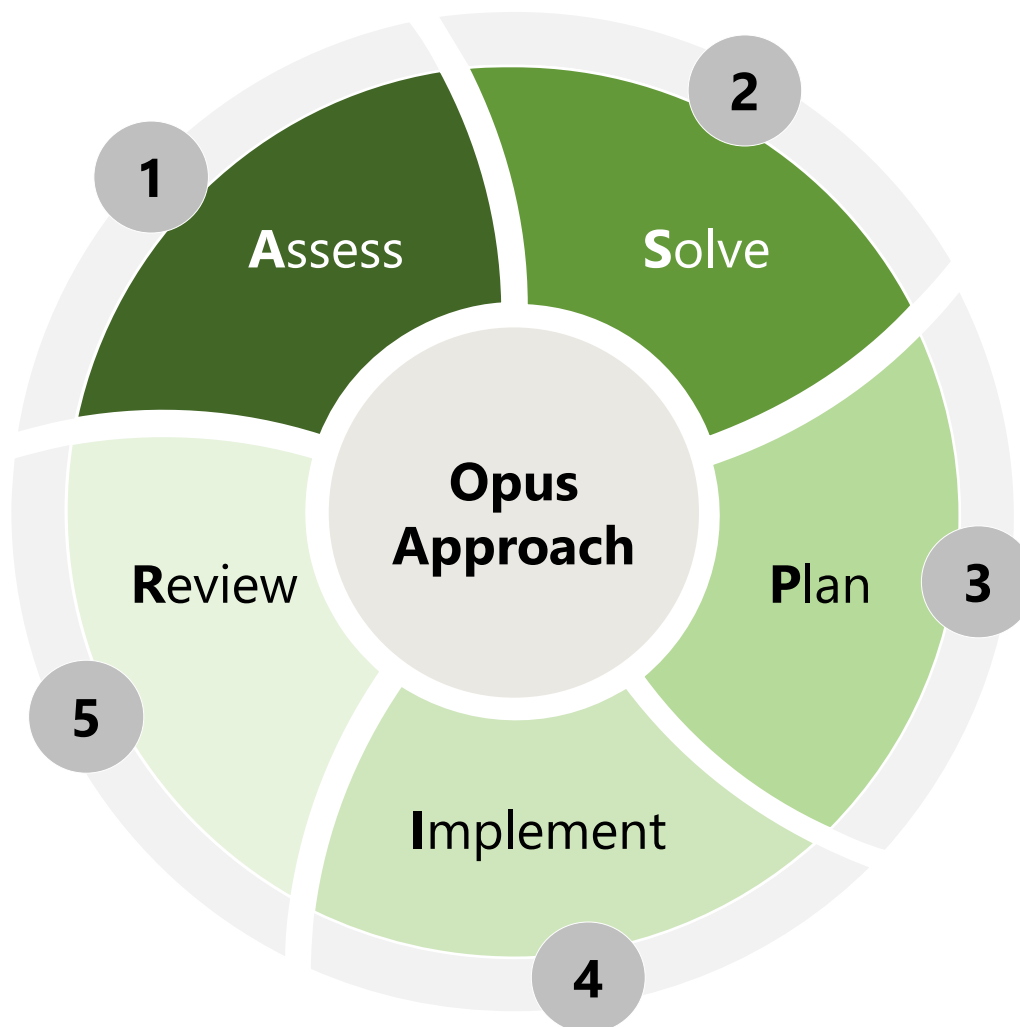


**Andrew Wood**  
*Director*



**Connor Yost**  
*Director*

# Opus Approach – Structured and Iterative



# Opus Approach - Assess

**Assess**

**Solve**

**Plan**

**Implement**

**Review**

- We recommend addressing the following topics:
  - **Emergency Response**
  - **Strategic & Tactical Response**
  - **Financial Management**
  - **Operational Implications**
  
- 3-step approach to perform **situational analysis**:
  - **Discovery Phase** with Data and Document Request
  - **Interview Phase** with Senior Leadership and Key Personnel
  
- **360° and Industry-specific** Review of the Business:
  - Finance
  - Operations
  - Human Resources
  - Marketing & Sales
  - Technology
  
- Addressing **all stakeholders**: customers, employees, vendors, etc.

# Opus Approach - Solve

**Assess**

**Solve**

**Plan**

**Implement**

**Review**

- Identify:
  - **Key business drivers**
  - **Key business risks**
  
- Develop **Problem Tree** to get a Mutual Exclusive and Collectively Exhaustive (MECE) understanding
  
- Identify **constraints**:
  - **Financial**
  - **Regulatory**
  
- Identify **cross-dependencies** through facilitation and discussion across departments and functions
  
- **Stress Test** and identify likely and worst-case scenarios
  
- **Build recommendations and roadmap**

# Opus Approach - Plan

**Assess**

**Solve**

**Plan**

**Implement**

**Review**

- Design a clear plan setting and considering:
  - Objectives
  - Actions
  - Timeline
  - Responsibilities
  - Stakeholder
  - Resources
  - Company Culture
  
- Plan with different time horizons in mind:
  - Immediate: Emergency Response
  - Short to Mid Term: Stabilize
  - Mid to Long Term: Rebound
  
- Practice
- Align teams
- Ongoing Contingency Planning (“Plan B”)

# How Opus CG can help by your side



Contact us: [info@opuscg.com](mailto:info@opuscg.com) / 207-619-1899

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