

# BUSINESS STRESS IN A PANDEMIC: - LESSONS FROM THE RETAIL RECESSION AND GFC - CRISES MANAGEMENT IN THE ERA OF COVID-19

*Health and safety comes first, but few retailers have experienced such calamitous events we are going through now. After grappling with the immediate community and health concerns, what next?*

*Some of us have and know how to pull businesses through the dark times even without Government assistance. Whilst COVID-19 is an event of an order of magnitude greater than anything before, business recovery principles are basically the same. Distressed retailers are a fact of life, even without COVID-19 and decisions on closure and restructuring are common place. Stephen Spring discusses the top level issues and what to do when retailers find themselves in this predicament.*

## **Cash is king.**

What cash do I have or can use?

## **Is the business worth saving?**

Many businesses are marginal, even in the good times. Often this is because of an accumulation of creeping expenses, eroding margins and flat sales. Assume the worst.

## **What's my true accounts position?**

Who are my creditors and debtors? How much do I owe them and what do they owe me? When are all these payments due for payment?

## **What do I owe employees?**

Include all the superannuation and other entitlements such as bonuses promised and commissions.

## **What are my ongoing contracts?**

Review all property leases, equipment and vehicle lease and other service agreements such as POS, signage and storage licenses that you need to pay and those who pay you.

## **What's my legal position?**

Directors of companies are in a different position that of sole trader or others who have personally guaranteed contracts and owe wages. What's truly on the line if the business needs to be thrown a lifeline from the Government?

**Acting more like a liquidator than retailer and with a "hard moneyman" approach, reforecast your sales and expenses. Employess come first, but you might be surprised its not magnitude of cash flows, but the timing. The leases and contracts will be the hardest to deal with, but start negotiations or get help. These early indications will dictate if the business is salvageable and needs help from its creditors and/or some loans or needs recapitalisation - or shutting down altogether. Remember, even though the whole world seems to be in this together, in reality, most business people with their backs against the wall be out for themselves. Just like the virus is exposing those who live and those who die, only the best retailers will come out the other side alive.**



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