



+ COVID-19 Health Crisis
Business SME Action Checklist



Business Checklist

Some industries will be more severely affected than others so it is vital that you act quickly and decisively here.

Your leadership and decision-making during this period of economic instability will be crucial to ensuring your business is well-positioned to survive.

Below is a checklist for the essential actions you should undertake for your business:

1) Build a cashflow forecast for the next 12 months and keep updating every month as you get more data.

- a. Get your last 12 months of trading from your accounting software and work out your average monthly cash flow.
- b. Factor in a drop in revenue of between 20-60%, or more, depending on your industry.
- c. Ensure your variable expenses are adjusted with your revenue
- d. Understand what the drop in revenue would have on your current trading conditions.

2) Review all of the excess expenses in your business and decide which need to be cut.

- a. Go through every expense account and remove any non-essential expenses
- b. Find ways to negotiate and reduce other expenses

3) Review your wage structure and ensure you are maximising the [\\$100,000 Cash Relief from the stimulus package](#). If your payroll is not structured correctly you will miss out on this benefit. Get in touch with your Kelly Partners Client Director before completing your monthly or quarterly BAS to ensure you maximise the benefits under this cash relief package or if you are unsure about your payroll structure.

4) Apply for the \$250,000 loans announced by the government as part of the stimulus package. Even if you don't need the loan just yet, apply and put it to the side in case you do need it in the coming months. The criteria to qualify for the loan hasn't been specified and will likely be treated differently by the different banks. What we do know is the government is trying to remove the red tape to make it as easy as possible to obtain these loans.

The Government will provide eligible lenders with a guarantee for loans with the following terms:

- a. Maximum total size of loans of \$250,000 per borrower.
- b. The loans will be up to three years, with an initial six-month repayment holiday.
- c. The loans will be in the form of unsecured finance, meaning that borrowers will not have to provide an asset as security for the loan
- d. [Read more.](#)



Business Checklist (Continued)

5) Manage ATO Payments through the announced series of payment deferral concessions for businesses directly impacted by COVID-19.

Please be aware that this is not a reduction in the debt but just a delay of the payment. Therefore, any cash flow saving should be put aside where possible to be used if needed to keep the business afloat or to pay back to the ATO once you have navigated through this issue.

The ATO assistance is not automatic, contact your Director and they will approach the ATO to request assistance. If eligible, the ATO will 'tailor' the assistance package for you.

The payment deferral concessions are:

- a.** Deferring by up to 4 months the payment date of amounts due through the business activity statement (including PAYG instalments), income tax assessments, fringe benefits tax assessments and excise duty.
- b.** Allowing businesses on a quarterly reporting cycle to opt into monthly GST reporting in order to get faster access to GST refunds they may be entitled to.
- c.** Allowing businesses to vary Pay As You Go (PAYG) instalment amounts to zero for the March 2020 quarter. Businesses that vary their PAYG instalment to zero can also claim a refund for any instalments made for the September 2019 and December 2019 quarters.
- d.** Remitting any interest and penalties, incurred on or after 23 January 2020, that have been applied to tax liabilities.
- e.** Allowing affected businesses to enter into low-interest payment plans for their existing and ongoing tax liabilities.

6) Review all current debts and negotiate with banks to refinance or stop repayments where applicable. As mentioned, this is not a reduction in debt but merely a delay of the repayments so don't spend this money unnecessarily, instead keep it aside to assist in navigating the current situation. Once you are in a secure position you can make the additional repayments back to the bank if possible.

7) Touch base with your landlord and try to negotiate a rent-free period or a reduced rent period.

- a.** Ensure the landlord is aware the government is supporting the banks in freezing loans so they can contact the bank and freeze the loan for a period, so they are not feeling the pain also.
- b.** Each landlord will have a different situation so you will need to work to their individual circumstances to get a result that works for both of you.
- c.** Keep aside any rent saving here that you can avoid spending. Once you are in a secure position you can make the additional rent repayments back to the landlord if possible.



Business Checklist (Continued)

8) Review your team and roster to ensure you are not overstaffed. If you do have under-performing staff who don't necessarily align with the business culture, now is the time to let them go. The reason the government has announced so many initiatives is because they want you to keep as many staff employed as possible. It takes a lot of time and investment to build a good team and organisational culture so try to prevent disrupting that by letting go of employees too quickly.

- a. Communicate early and communicate often. Remember your team is going to be facing the same fears you are in the current climate so try to help them through.
- b. Where possible try to hold on to as many people as possible and try to split the burden, e.g. reduction of wages.

9) Understand the other government initiatives that have come from the Federal stimulus package. These won't impact as many businesses but for those that are eligible for benefits, the measures could make a significant difference.

- a. [Head to our website to read more about them.](#)

10) Understand what initiatives are available at a State level as each State has taken a different approach.

- a. Please see the [Kelly+Partners website](#) for details as we have summarised each State separately.

11) Create a marketing plan for the next 6 months and execute. While everyone in your industry is on the defence, you have an opportunity to get on the offence and try to win market share during these challenging times. Get creative and find cheap ways to reach new customers. Use the lock down time to create content and build your personal and business brand. Write a book, film a video, do something you would ordinarily be too busy to do.

+ Kelly+Partners is here to help.

If you would like assistance with any of the checklist items above, or if you have some questions you would like answered, get in touch with your Client Director today. You can also click the button below to request a call back at a time that suits you.

[Request a call back from your Director](#)

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