

# Our “Resilience Wheel”

## Where to focus your business in stressed or distressed conditions

With the rising impact of COVID-19 being seen worldwide, all industries will face significant disruption to their supply chain, workforce and cashflow. The right response will depend on the specific circumstances you and your business face. However, when experiencing significant stress or distress, we recommend you focus everything you do around the management of cash.



# “Resilience Wheel”

In these turbulent times we are at your disposal with efficient solutions. Our Resilience Wheel outlines five key considerations for businesses with cash management at the centre.



## Cash Management

Take steps to retain cash in the business:

- stretch creditor payments
- negotiate payment deferrals with landlords and banks where possible
- sweep idle cash from other facilities into your working capital account, or draw down on availability in your banking facilities
- negotiate with customers for them to pay early, by offering them a discount or other concessions
- Investigate available government grants and other support



## Emergency and contingency plan

- Identify critical points in the supply and value-added chains, important employees and reliance on external service providers and subcontractors
- Consider temporarily shutting down the business operations



## Stakeholder management

- Achieve a better negotiating position with stakeholders through robust liquidity and financial planning
- Increase interaction with fiscal authorities, landlords, lenders and key suppliers and customers



## Leadership and employees

- Increase flexibility by identifying the profiles and strengths/weakness of employees
- Actively engage with employees, works council members, trade unions and lawyers in order to explore options
- Revise policies and rules concerning absences, training sessions, overtime and holiday scheduling



## Set up a team for crisis management

- Assemble a crisis management team consisting of representatives from key business and management areas
- Anticipate short-term risks and fields of action
- Communicate with your team on an honest, regular basis

## Cash management

The most critical factor for companies at this time

### Take steps in order to preserve company liquidity

These may consist of the following measures:

- Reaching agreement on a temporary extension of payment terms for trade payables
- Negotiating with landlords and banks to obtain a temporarily deferral of amounts that are due and payable
- Making full use of untapped credit lines and – where possible – releasing committed surplus liquidity
- Negotiating with suitable customers to achieve early payment in exchange for prompt payment discounts/allowances where possible
- Analysing and applying for tax assistance and tax relief
- Analysing and applying for government subsidies, aid programmes or special loan programmes

### Short to medium term cash forecasting is essential

Now more than ever you should create a robust cash forecast. The minimum expectation for most businesses should be a 13 week daily (or even weekly) forecast, monthly after that to the end of 2020. Profit & loss and cash flow should be integrated and cash balances reconciled.

Stakeholders who are contemplating providing financial assistance will not be able to support everyone to the same level. Having a robust plan underpinned by strong financial forecast will give comfort and clarity to the stakeholder, thereby maximising your opportunity to access the necessary funding.



# Our “Resilience Wheel” – Focus on cash management



- Short-term cashflow forecast
- Areas that impact short-term cashflow
- Wider considerations to work through
- Stakeholder engagement





#### **Preparatory measures**

- Brief initial discussion about the current situation
- Quick check of suitable financing programmes and required documents

#### **Application for financing assistance**

- Support throughout the entire application process, including a teaser
- Submission of a rating indication

#### **Bank communication**

- Active communication with the banks involved
- Support in implementing contracts
- Business check

#### **Labour law**

- Support in connection with measures like short-time working

#### **Manager liability**

- Advising board members and managers on issues of insolvency and liability law

#### **Tax assistance offers**

- Assistance in connection with short-term tax support measures, including with regard to advance payments, deferrals or due-date extensions

#### **Liquidity/financial planning**

- Preparation of short-term liquidity planning and a medium-term financial plan
- Modelling of scenario calculations
- Determination of a financing need

#### **Expert certification**

- Preparation of brief business appraisals for documentation purposes
- Preparation and assessment of restructuring concepts
- Independent business reviews

#### **Performance improvement**

- Identification of quick wins in working capital
- Joint development of short-/medium-term (cost) savings potentials
- Close implementation support and interim management

#### **Outsourcing**

- Use of outside experts in the case of a restrictive personnel policy for the purpose of maintaining key functions

#### **Home office and data protection**

- Current home office policies
- Review of the IT infrastructure
- Action plan and implementation of data protection and IT policies

#### **Optimisation of process workflows**

- Process analysis and optimisation
- Use of software robots for the purpose of automating administrative activities
- Analysis/optimisation of emergency plans

**We support you  
with the upcoming  
challenges**

# Further considerations



## Contingency planning

Where are the critical points in your supply chain? Consider stock piling essential supplies (try to create and hold an emergency reserve of critical supplies), ensure alternative sources are identified.

Who are your essential employees? Establish staff support plans to allow them to continue working (childcare, flexible working, remote working).

Explore what reliance your business has on external support for any processes/interaction with other businesses (including the supply/delivery chain).

Consider whether part (or all) of your business should be suspended, and the implications in terms of

deactivating equipment and dealing with live projects or work in progress.

Think about if employee absence could cause you to miss a tax/regulatory filing deadline. Depending on your specific regulatory requirements, you may be able to delay audit dates or make arrangements for an audit using a virtual approach.

Look at the insurance cover you have and check whether you have a legitimate claim for the kind of disruption your business is currently facing. Similarly, check if a successful claim could be made against your business for the cancellation of services or goods.



## Stakeholder Management

A robust cash forecast will put you in a stronger position with your stakeholders.

Be proactive and engage with tax authorities, lenders, landlords and key suppliers to avoid missing out on financial and other support that may be available.



## Leadership & People

Understanding your employees' profile is critical; consider the flexibility you have to deploy people into different areas of your business.

In many cases workforce solutions can be negotiated, and a big part of this is active engagement with people, unions and other employee representatives to explore what options can be accommodated for each business. Engaging with your legal advisers early will help clarify the options available. There is always going to be a sensitive balance between maintaining employment levels and the ultimate survival of the business.

Set a clear policy for people absence, covering voluntarily absence and for situations where people are quarantined or unwell.

Employees need to know where they stand and trust messages from their business leaders – tone, accuracy and relevance can make all the difference to behaviour.



## Setting up a crisis management team

Ensure representation from key departments or groups and meet frequently to discuss and prioritise problems. Wherever possible, try to anticipate the next problem. If you have spare resource, allocate some of it to a 'hot planning' group who can react and find solutions to individual problems as they emerge without tying up the whole management team.

Communicate early, often and frankly with the team. Establish a communication system which can reach staff at home or otherwise isolated. Lack of news breeds uncertainty and concern.

# Confederation package of measures for mitigating the economic impact of the coronavirus crisis

The Federal Council has adopted a comprehensive package of measures worth more than CHF 60 billion for mitigating the economic impact from the spread of the coronavirus. The measures, which are directed at various target groups, aim to avoid dismissals, preserve employment, ensure wages and provide assistance to self-employed persons. Since 26 March 2020, banks having been providing liquidity to impacted companies in the form of bridge loans in order to enable them to cover

their ongoing fixed costs despite the revenue losses caused by the coronavirus crisis. The Confederation is guaranteeing loans of up to CHF 500,000 at the rate of 100 per cent and loans between CHF 500,000 and CHF 20 million at 85 per cent. Companies in need of liquidity can obtain such a loan and repay it over five years.



## Liquidity assistance for companies

- Immediate assistance in the form of guaranteed COVID-19 bridge loans
- Payment deferral for social insurance contributions
- Ability to extend payment deadlines for direct Confederation tax and value-added tax, as well as for incentive taxes, customs duties and other taxes, without interest on arrears
- Quick review of vendor invoices and prompt disbursement by Confederation administrative units without utilisation of payment deadlines
- Stay of enforcement pursuant to the Federal Act of 11 April 1889 on Debt Enforcement and Bankruptcy (DEBA; Bundesgesetz vom

11. April 1889 über Schuldbetreibung und Konkurs – SchKG)

- Measures in the area of tourism and regional policy and immediate assistance in the tourism area
- Repayable loans for professional sporting organisations for the purpose of bridging liquidity shortfalls and subsidies for sporting organisations staffed by volunteers
- Immediate assistance for cultural enterprises, interest-free loans to not-for-profit enterprises
- Employers can pay the employee contribution to the occupational pension fund from the general employers' contribution reserve



## Expansion and simplification of short-time working

- Short-time working compensation for employees in fixed-term employment relationship and for persons working for an organisation for temporary work
- Short-time working compensation for apprentices
- Short-time working compensation for persons working on call
- Short-time working compensation for employer-like employees (e.g. members of a limited liability company), who receive a flat payment of CHF 3,320 for one full-time position

- Suspension of the waiting period for short-time working compensation
- The approval period for short-time working is extended from three to six months
- Companies that have lost more than 85 per cent of normal operational working time may exceed four billing periods
- Employees no longer need to use up their overtime credits before being able to benefit from short-time working compensation
- Urgent simplifications when handling requests as well as payments for short-time working





### Measures to prevent bankruptcies

- Temporary release from the obligation to give notice of overindebtedness for companies that were financially healthy at the end of 2019 and that can be expected to resolve their overindebtedness after the end of the coronavirus crisis
- Introduction of a quick, unbureaucratic process that enables SMEs to obtain a temporary COVID-19 moratorium of three months without having to present a restructuring plan, with the ability to extend the moratorium by an additional three months. Also, in contrast to the composition moratorium, specific restrictions apply for the purpose of protecting creditors. For instance, claims for wages and for maintenance payments are not covered by the moratorium and continue to be owed unconditionally.
- Both measures have the objective of shielding from an impending bankruptcy those companies that are experiencing a liquidity shortfall solely as a result of the coronavirus crisis



### Compensation for self-employed persons in the case of loss of income

- Compensation to persons whose independently owned & managed, publicly accessible business had to be closed
- Compensation of parents with children who are required to be supervised
- Compensation of persons ordered into quarantine by a physician
- Cancellation compensation for artists
- Cancellation compensation for cultural associations in the amateur field

## Corona-Hub

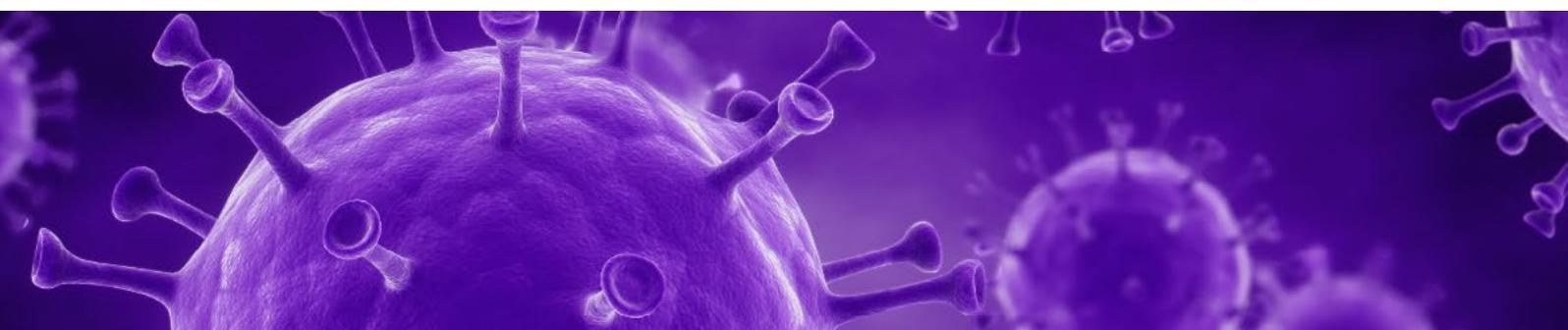
Further contacts and information about assistance for companies and entrepreneurs ...

**... can be found online on our website:**  
[www.grant-thornton.ch/en/Coronavirus](http://www.grant-thornton.ch/en/Coronavirus)

On our Corona Hub website, our experts from Transaction Services, Legal, Tax, Audit and Business Risk Services discuss important questions and issues relating to the economic impact of the pandemic and provide you with essential information.

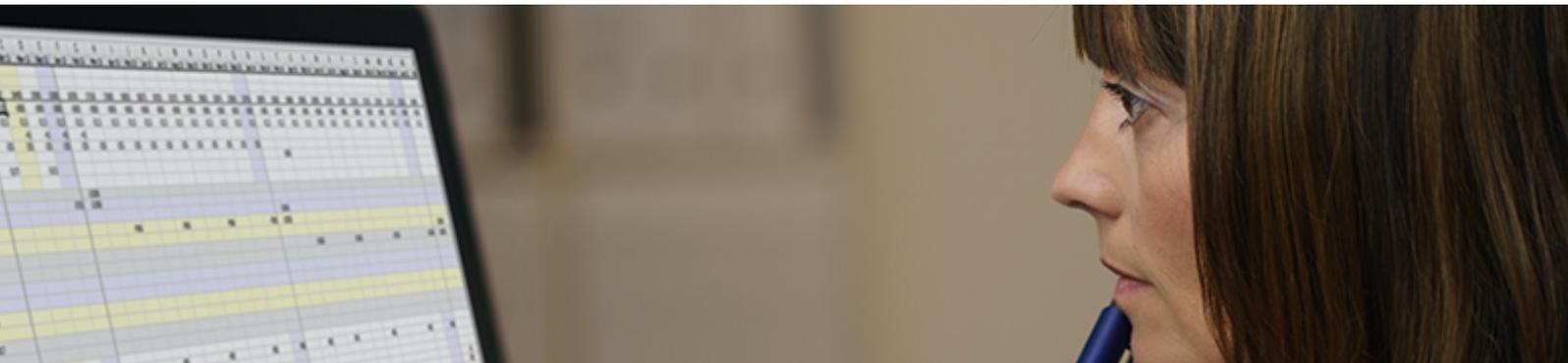
**Our broad-based teams of experts are available to assist you in the following areas in particular:**

- Cash and liquidity management
- Independent Business Review
- Independent opinion on restructuring plans
- Support in distressed M&A situations
- Valuation topics in connection with COVID-19
- Legal questions on restructuring, insolvency and manager liability
- Labour law issues
- Tax law advice
- Accounting and financial reporting issues
- Business risk assessments



# Explore the “Resilience Wheel” for your business

Our Transaction Services advisers are focused on working alongside our clients to support them through challenging times of stressed or distressed operating conditions.



## Contact our specialists

If you would like a conversation with one of our local specialists to explore the Resilience Wheel dimensions for your business and how you can put in place measures to protect your business at a time of crisis please contact.

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## Contacts



### Vincenzo Braiotta

Partner, Head of Transaction Services

Grant Thornton AG

**T** +41 43 960 71 40

**E** [vincenzo.braiotta@ch.gt.com](mailto:vincenzo.braiotta@ch.gt.com)



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