

Five-point strategy for business recovery

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Thousands of small to medium-sized businesses affected by the devastating floods in Queensland and Victoria will need to plan for their business recovery as the physical clean-up is completed.

Vantage Performance managing director Michael Fingland advises owners to initially focus on a five-point recovery strategy.

First, he suggests they lodge a claim with their insurer.

"Many people are confused as to whether they're covered or not in a crisis," he said. "Don't assume; the

best way to ensure you are assessed is to lodge a claim with the insurer."

An assessor will be assigned to inspect property and contents and stock. They may also provide relevant safety advice for re-entering the property and when to resume trading.

Second, forecast the short-term cash flow. Cash-flow forecasts should be a key management tool in any business, but in disaster situations they are critical.

Preparing 13 or 26-week cash-flow forecasts under both best and worst-case scenarios will help quantify the flood impact on the business. It will also spotlight periods of cash short-

ages in time for owners to implement a strategy to mitigate them.

Third, prepare a 100-day work plan. This detailed plan should define and prioritise what actions need to be taken, by whom and when.

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"It will provide a solid basis for the rebuilding process – and a measure of your achievements," Mr Fingland said. But as every day of this part of

the rebuilding process is critical, owners should review and update the plan each morning.

Fourth, communicate with staff as they will be worried about their continued employment. Communication should be timely, relevant and clear, and cover both business and personal issues.

"When it comes to your business, tell them what impact there is on the business, outline your 100-day work plan, identifying their roles within it and take any questions they may have," Mr Fingland said.

"And promise to keep them well informed and identify the point of

contact in the business for anyone with concerns."

Finally, contact and update financiers. Providing financiers with regular updates, including cash-flow forecasts and 100-day work plans, will reassure them that the owner is taking a rational and organised approach to the rebuilding process.

For franchisors, the Franchise Relationships Institute (FRI) prepared a free flood support kit for franchisors, advising how they can best support their franchisees.

FRI managing director Greg Nathan said that 400 franchisors had downloaded the kit.