

EXPERT ADVICE GUIDE

Business Liquidity - Cost Containment and Leveraging Financial Support

Q. How do I deal with short-term cash flow issues?

Understand what your costs are. Prepare a cashflow statement. This is a statement of your incomings and your outgoings and takes into consideration, not only your bills to suppliers, but your VAT, PSRI and debt repayment schedule. This will give you the information you need to make informed decisions on your business and approach your financial institution if you need short term financial support.

Q. How do I reduce my costs?

Review all cost areas and detail into both fixed and variable costs. Look at not only reducing purchases, but can you close an outlet, reduce opening hours, close a bedroom floor and reduce utility use in this area. Can you approach suppliers seeking extended credit terms or negotiate delayed payment terms for costs like VAT, rates, water, rates etc.

Q. How do I reduce my labour costs?

If business is down, then the required labour will be less. If business has reduced significantly then look at short-term working or temporary layoffs.

www.mywelfare.ie and <https://www.gov.ie/en/service/c20e1b-short-time-work-support/> have more details.

Q. What do I do if I need help with cashflow?

Talk to your bank manager / relationship manager / financial institution. Go prepared – know what cash you will need over the next number of months. You will know this after you have completed a cashflow statement.

Q. What if my cashflow for the next few months shows that my cost outgoings are greater than my sales?

Consider closing your business on a temporary basis. This is a tough decision and one that should not be taken lightly. Ensure that you have full knowledge of all your costs (when closed, although reduced, you will still have outgoings). Talk to your bank manager and review all the supports available to you.

Q. What supports can my bank offer?

There are a number of financial supports available – these are all listed on the Fáilte Ireland website. The three main pillar banks (AIB, Bank of Ireland, Ulster Bank) have also offered their support to the industry. The offerings vary amongst the banks but include working capital assistance, overdrafts, moratorium on debt repayments.

Q. What other supports are out there?

The government have announced several supports which include:

- Application of interest is suspended for January / February VAT return and February and March PAYE (employers) liabilities. In addition, they said that debt enforcement activity will be suspended until further notice.
- Working capital and credit guarantee schemes through the SBCI
- Loans of up to €50k for small businesses through Microfinance Ireland
- Enterprise Ireland have supports for their clients which include consultancy support
- Local Enterprise Offices are offering match funding to support business continuity, preparedness, innovation and productivity
- Employee and employer support through the jobseekers allowance, jobseekers benefit, illness benefit and an employer support payment

Information on each of these and others, as they become available, are listed on the Fáilte Ireland website.

Didn't find the answer you were looking for?

Email businesssupports@failteireland.ie with your question

