Financial Crisis Management

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OVERVIEW

1. Action Items
   • Assessment
   • First Steps
   • Recommendations
   • Future Steps

2. Critical Concepts

3. Financial Support Resources

4. Questions
ASSESSMENT

- Where are we now?

- Human Component
  - Confidentiality / discretion
  - Projecting Calm
  - Fear Paralysis / Incapacitation
  - Leadership void = Disjointed Information

- Financial Implications
  - Immediate cash flow concerns
  - Might not have up to date records to work with
  - Long term projections in an evolving environment

- Communications and Reporting
  - Dealing with ambiguity and mass quantity of inbound comms
  - Timing
  - Messaging

- Providing Support To Others
  - Very unique situation
  - Collaborate, ideate with partners
FIRST STEPS

- What happens in the first days and weeks of a financial crisis?
  - Shock, Fear, Rumors, Gossip
  - This situation is unique
  - Many have experienced something similar

- Put on your oxygen mask
  - It is ok to not have all the answers immediately

- Make pizza from problems
MAKING PIZZA FROM PROBLEMS

$10K short for bills next month

$2K taxes
$1K utilities
$1K office expenses
$1K health insurance
$3K payroll
$2K Accounts Payable

$10K short for bills next month
RECOMMENDATIONS

- Human
  - Seek outside support / liaisons
  - Make sure whoever is in your support group is helping buffer you from disruption so you can focus
  - Control the flow of information (disseminate info type e.g. specific groups, audiences, everyone)
  - Filter the bombardment of questions inbound (set up specific email to receive requests, Set up daily auto responder messages)
  - OK to re-task staff or teams (manage your calendar, filter inbound communications, establish outreach)

- Write out your steps / decisions to be made as a laundry list
  - Just write, don’t do yet
  - Examples: Halt tix sales, cut off auto-debits, call bank, don’t cash checks, call sponsors
  - Begin to identify who you need to talk to, what message they need, how you get it to them, and who delivers it
RECOMMENDATIONS

○ Financial
  ○ Consider moving finance triage team off site
  ○ Who needs what reporting? (ED, board members, decision makers, partners, political)
  ○ Cash position and burn rate, AP/AR, P&L, actuals, projections, recommendations, requests of board members
  ○ Board members should be reminded of fiduciary duty, and D&O policy
  ○ Separate contractual obligations from other (red, green, yellow)

○ Tools (Show Sample Docs)
  ○ Pro Forma
  ○ Forecasting
  ○ Cash Flow

○ Reports
  ○ Cash position + burn rate
  ○ AP / AR
  ○ P&L YTD
  ○ Revised projections
  ○ Other specific requests
**Communications and Reporting**

- Outside support can assist with anonymous outreach, offsite space, lend resources
- Take control of your time, delegate and filter day to day communications, auto-reply, temporary email addresses
- Communications tree (delegation)
- Communications timeline (staff, vendors, etc)
- Initial outreach “This is happening, and I am going to get back to you at X time”
FUTURE STEPS

- Human
  - What is our staffing plan moving forward?
  - Who do we need to ask for what?
  - Other

- Financial
  - Are we viable, for how long?
  - What are our options?
  - Detailed payment plans
  - Written documents promising ____ to others
  - Re-engagement / new business plan

- Communications
  - Partners
  - Public (website, social, media, etc)
  - Staff
CRITICAL CONCEPTS

Iterating
- Speed and accuracy are everything
- Identify what you need, what you have, and what you don’t have
- Supply what you have daily to the decision makers
- Footnotes make clear what is missing or not 100%
- Consistency

Reporting Out
- Who is the voice?
- Presentation basics
  - Honesty & transparency, less is more, confidentiality, round numbers, forthright but non-emotional, avoid the weeds
- Consider your audience
  - Boards, Employees
  - Public officials (keep them ahead of media)
  - Funders, Vendors
  - Ticket Buyers / Holders
RESOURCES

- WFEA website (links and downloads)
  - wfea.org/COVID-19
- WFEA Facebook Group (community)
- SBA Loans
- Unemployment options for staff

- Mortgage relief options (forbearance/hardship options)
- Federal / State / County / City initiatives
- Chambers, Insurance brokers, group plans
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QUESTIONS?