

COVID-19 BUSINESS AND FINANCIAL PLANNING GRANT

CALL FOR CONSULTANTS

TERMS OF REFERENCE

Consultants accepted onto the register will be asked to work with qualifying businesses to develop strategic recover plans.

The strategic recovery plans will be used to help businesses to assess their business model and consider options to both secure their future and to identify how they will recover and grow in the longer term. Therefore, the quality of the plans produced should be to a high standard.

The final reports should be clear and concise, contain an executive summary and be no longer than 40 to 50 pages. Consultants should organise a debrief meeting with businesses to summarise the key findings and recommendations.

Consultants should consider the following elements when agreeing a scope of works with businesses:

1. Review Business Model

- Examine the negative impacts on the business as a result of COVID-19.
- Consider existing market conditions and the possibility of new markets.
- Consider options to rebuild income streams.
- Consider options to reduce costs and implement efficiencies.
- Consider alternative supply chain options.
- Consider potential for synergies with other businesses.
- Assess financial and operational risks.
- Consider input from an industry expert if deemed necessary.
- Assess the strength of the management team, succession planning and wider governance matters.
- Identify and prioritise key strategic issues impacting the business.
- Select and prioritise initiatives that will mitigate risks and identify appropriate actions.

- Consider any further contingency planning should severe lockdown measures be re-introduced or further potential disruption as a result of the United Kingdom exiting the European Union.

2. Health Check and Financial Plan

- Provide details of historical trading performance and financial position for the last three years.
- Consider short-term cashflow needs and impending liabilities as a result of reduced trading, tax deferrals or loan repayment holidays.
- Consider the wider working capital cycle, credit terms in the industry, the need to hold higher levels of stock than normal.
- Consider the current standing of key customers and suppliers and the potential to insure the debtor book.
- Consider options around the asset base such as the ability to liquidate surplus assets, the potential use of HP and sale & leaseback of premises.
- Provide three-year projections, including monthly profit and loss, balance sheet and cash flow statements. Excel versions of these documents should be included in the final report provided to the business.
- Provide details of key assumptions used in the projections and evidence that the assumptions have been challenged.
- Undertake a sensitivity analysis on the key assumptions identifying impact of these on the projections.
- Reflect any recommendations as suggested in the Strategic Recovery Plan.

3. Identify Funding Shortfalls and/or Debt Restructuring

- The strategic recovery plan should identify funding shortfalls and make recommendations regarding attaining additional finance and/or restructuring existing finance.
- Where recommending additional debt consider key banking ratios such as debt service cover and the potential for promoters to make a meaningful contribution toward the financing needs of the business.
- Consider alternative funding options and the potential for equity investment.
- The strategic recovery plan should equip businesses to approach potential funders to seek funding/investment if necessary.