Never Let a Good Crisis Go to Waste

Winston Churchill knew a thing or two about crisis. He served as Britain’s Prime Minister during World War II and convinced an entire nation to fight against a Nazi occupation, knowing that to do so would mean sacrifice, loss and a new and miserable normal for Britain’s people.

Churchill is credited with saying “Never let a good crisis go to waste” in the mid-1940s as the world approached the end of WW II. It is said that Churchill was referring to Yalta and the alliance forged between himself, Stalin and Roosevelt, an unlikely trio that would lead to the formation of the United Nations, creating opportunities in the midst of a crisis.

What is inspiring about Churchill’s quote is that it causes you to look for a silver lining during a crisis and to seek opportunities where they might not have been before.

How can business owners find a silver lining from this crisis? Brian Meewes, CFO-COO of OODA Health says industry has had a long stretch of "growth-at-all-costs," where financial discipline may have been less critical, but challenges all businesses to now get their financial house in order.

"That stretch is officially over, and in this challenging time, CFOs have an incredible opportunity," he said. "If you don’t think there’s an opportunity to completely transform the financial health of your business, and exit this situation far better off, you’re probably missing something. Keep looking!"
Here are some areas FocusCFO recommends you look at, to assure your business comes out of the pandemic stronger than before:

Know Your Numbers

Now more than ever, there should be an urgency to know your numbers. A rolling 13-week cash flow forecast will give you the insight that you need to see what’s coming ahead and to understand when there might be a cash flow shortfall. What we hear from new FocusCFO clients after the rolling forecast has been created for them is “I don’t ever want to live without one again”. There is no better time than during a crisis to put into place this powerful tool for knowing your numbers and having control over your decisions.

Know Your Expenses

When was the last time you did a comprehensive review of your expenses? From your rolling cash flow forecast, you will now have insight on your expenses, giving you a chance to look at each with fresh eyes. If you have contracts for supplies or services, can you negotiate better prices or terms? A crisis, it is said, brings everyone back to the negotiating table. Look at your agreements and see if there is room to gain increased margin if you pay in 25 days? Contact your suppliers and see what is most important to them. Have you had a supplier that you’ve been less than happy with, but there hasn’t been a good time to find another? Now is the time.

Know your Revenue

The rolling forecast will also give you great insight to your revenue sources because it tracks trends, payment issues and vulnerability. If your business is curtailed or shut down completely, will those revenues return when you reopen, or are they gone forever? If you’ve operated fully during the pandemic, has there been impact to a previously steady revenue source? Do you need to look for an alternative? Everyone has seen the news coverage of closed businesses that transformed themselves to help with PPE manufacturing. A distillery starts making hand sanitizer. A dental company starts making swabs. The crisis provides the motivation to take a hard look at income, profitability and growth.

Know Your People

For business owners, this may be the most difficult deep dive that they do. When it comes to people, we tend to be more subjective than objective, and it often is very personal. Certainly, the most important task is to make sure everyone is healthy, both physically and mentally, and can work safely. After your most important assets are protected, it is the time to take a hard look at each associate and decide if they are in the right seat, aligned with their skill set. If not, make those adjustments now Is everyone rowing hard and in the same direction or do you have
someone on your team that just messes with the mojo of the entire firm? While making changes during a crisis might not make sense due to continuity and team morale, there is really never a good time and a crisis provides an opportunity for a reduction in your work force.

Find Your Silver Lining

Churchill also said “difficulties mastered are opportunities won.” Yes, this is a difficult time for business owners and we don’t yet know when the pandemic crisis will be over with. If you have bandwidth to look for your silver lining, you should use it. Many companies will come out of this stronger than before, ready to compete and grow at a pace that was previously unattainable. At FocusCFO, we’re bullish on American enterprise and will help you find your silver lining. Let’s not let this crisis go to waste.