



Real world solutions for testing times



Seeing opportunities

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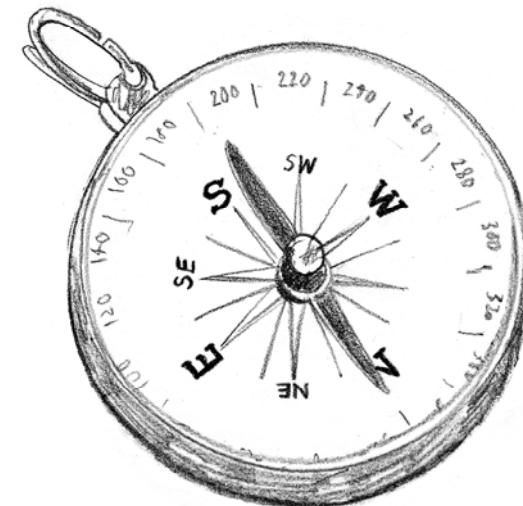


Helping your business come out the other side

The challenging economy in 2009 will put many businesses under stress, and we are here to support you through the difficult days, weeks and months ahead. In these testing times, you need an adviser who genuinely listens, and takes the time to ask the difficult questions, questions you might not have thought about. You'll receive objective and practical advice from us, helping you to make the big decisions and to seize appropriate opportunities as they emerge.

How we can help

- we bring the full scale and breadth of services you need, delivered in a distinctive, personalised way.
- proactive and partner-led relationship teams, who deliver solutions to your problems, not pre-packaged products and services.
- integrated delivery of the best advice from across our services and locations, not separate silos having separate conversations with you.
- extensive expertise in the issues facing Irish businesses, combined with the true global reach and resources of Grant Thornton International.
- specialist services that understand businesses in distress, and can help identify appropriate solutions in difficult circumstances.



The big questions for your business

No doubt your plans to respond to the recession are very much in progress. It may feel as though there are so many questions to consider at once, but at Grant Thornton, we know that some questions are more important than others. And some questions you need to have an answer for today.

Throughout this brochure, we've clearly highlighted all the big questions that we think you should be asking of your business.

- do you need to refinance your current facilities?
- how much cash do you have now and will it run out?
- are your debtor days increasing or are you experiencing high levels of bad debt?
- are you preserving your margins or are they declining?
- have you identified surplus costs? Are there opportunities to improve your operational efficiency?
- are you striking the right balance between reducing staff costs and maintaining incentivisation?
- are you up to date with recent guidance on financial reporting as well as your fiduciary responsibilities as a director?
- what are your key risks and opportunities in your market?
- are you planning a merger or acquisition activity to improve your competitive position?
- do you have a robust business plan and commercial strategy for the longer term?



Key priorities for management

Many management teams forget to do the basics when the market is buoyant, but that will need to change.

Focusing on the right things will give businesses under pressure more room for manoeuvre, while for others it will provide opportunities to realise their ambitions more quickly than they had planned. This is how we can help:

Financing your business

- analysing funding requirements
- preparing submissions to funders
- benchmarking terms and pricing
- considering alternative sources

Working capital management

- managing your cash
- forecasting and re-forecasting
- optimising tax cash flow savings
- improving management information

Protecting profits

- product portfolio analysis
- optimising pricing strategy
- enhancing terms of trade
- identifying overhead savings

Operations and cost reduction

- establishing cost reduction programmes
- improving supply chain
- enhancing operational efficiency
- outsourcing back office functions

Communication and compliance

- advising on financial reporting requirements
- clarifying directors' responsibilities
- mitigating fraud risk
- evaluating and designing controls

Your people

- optimising pension and benefit schemes
- retaining the right staff
- devising tax efficient redundancy packages
- enhancing reward packages

Strategic direction

- benchmarking against competitors
- entering new markets
- identifying acquisition opportunities
- disposing of non-core assets



Breaking through the funding barriers

As the recession deepens, and given the continuing difficulties in the Irish banking sector, privately held businesses are finding it ever more difficult to raise finance or renegotiate financing structures. Banks are increasingly focusing on their existing customers, and are carefully evaluating risk versus reward. Equally, as more businesses under-perform, more and more are breaching their banking terms.

How we can help

Although financing markets are challenging and expensive, there is a wide range of funding solutions available. We will take the time to understand your exact funding requirements, the opportunity for funders and the most competitive options. We are experienced at negotiating terms with funders, and can provide an integrated approach that comprehensively covers all the critical tax, accounting

and market issues.

Our areas of expertise include:

- testing your strategy and business plan, including an analysis of your funding requirements;
- helping with the preparation and presentation of the financial model for submission to funders, including carrying out robust sensitivity analysis of the banking covenants;

- leveraging our relationships with funders to gauge appetite, and then benchmarking terms and pricing; and
- managing the due diligence process with funders to allow your management team to continue focusing on the day-to-day running of the business.

The big questions for your business

- do you need to refinance your current facilities?
- is your existing debt provider trying to renegotiate the terms and pricing of your existing facilities?
- do you need additional funding for short-term restructuring or a longer-term change in business strategy or operations?
- do you need to reassess your financial gearing?



Cash is the oxygen of your business

For most businesses, the single largest cash drain is the extent to which they need to carry working capital. Yet for many businesses, there is a lack of recognition of the benefits of good cash/working capital management, and a lack of understanding of what the right level of working capital actually is.

How we can help

There are no easy answers to managing working capital, and there certainly isn't a 'one size fits all' solution.

In whichever way you solve the problem, it is important to do so in a sustainable way. Short-term solutions such as delaying payments to suppliers may be detrimental to the business in the longer term.

Our areas of expertise include:

- working with you to optimise your cash operating cycle through implementing and embedding processes that enable you to transact commercially and professionally with your customers and suppliers;
- helping you to prepare reliable cash flow forecasts, identifying the key profit and cash flow drivers to confirm the accuracy and reliability of the underlying assumptions;
- improving your management information on cash reporting.
- identifying and implementing long-term cash flow improvements;
- establishing a sustainable cash generation strategy that helps facilitate faster payments from debtors; and
- aligning of tax cash flow planning with your business needs.

The big questions for your business

- do you know how much cash you have?
- are you accurately forecasting your cash flow?
- are your debtor days increasing or are you experiencing high levels of bad debt?
- are you under pressure from your creditors for payments?
- are your levels of stock increasing?
- are you aware of tax cash flow savings, including allowances, exemptions and reliefs, and VAT payment arrangements?



Keeping your profits healthy

While cash flows and the availability of facilities to see you through are very much front of mind for most, profitability continues to be a core concern as margins are being squeezed. Businesses like yours need to focus relentlessly on each income and cost line to ensure everything that can be done to protect margins is being done.

How we can help

Our wealth of experience with entrepreneurial businesses enables us to benchmark your profitability against competitors and industry standards, whilst also providing you with specific insights and methods to help you protect your margins.

Our areas of expertise include:

- analysing of product portfolios, sectors and customers to help you clearly and objectively identify both where your profits come from as well as loss-making products;
- reviewing pricing strategy in the context of your product portfolio and market position;

- disposing of unprofitable operations;
- assisting with the development of timely and meaningful management information to inform your decisions and help third parties retain confidence in the business;
- reviewing and suggesting ways of enhancing your terms of trade, and providing negotiation support;
- understanding the impact of exchange rates and currency flows on your business, and developing plans to manage exposure and take advantage of opportunities; and
- helping to minimise tax bills/maximise reliefs.

The big questions for your business

- are you preserving your margins or are they declining?
- do you have relevant, reliable and timely information about sales and margin trends and stock levels to enable you to make informed decisions about your product portfolio?
- should you focus just on core profitable products to the exclusion of others?
- can you increase your prices for specific products?
- can you fix your input prices to improve the terms of trade?
- do you need to dispose of loss making operations?



Becoming leaner and keener

The effectiveness and efficiency of your operations are fundamental to success. Many a perfectly sound strategy has faltered or failed because the engine room of the business is deficient in some way. The majority of businesses have already cut their cost base, or are in the process of cutting it. But once obvious surplus costs have been shed, there will still be significant improvements to be achieved

through more effective utilisation of both human and tangible assets.

How we can help

We can offer strength in depth of operational expertise covering all areas of the business and a wide range of sectors. We will ensure that the operations of your business are thoroughly tested, and recommend improvements that will enhance your ability to

survive through the recession and be ahead of the curve when trading conditions start to improve.

Our areas of expertise include:

- analysing resource allocation decisions;
- assessing the efficiency of your day-to-day operations;
- reviewing the effectiveness of your internal controls and providing a full assessment of business risk;

- reviewing the potential for overhead savings;
- reviewing capital expenditure against business requirements;
- evaluating organisational effectiveness to identify hidden barriers to performance;
- evaluating your supply chain efficiency and reviewing your manufacturing process; and
- assisting in negotiations with suppliers.

The big questions for your business

- do you have a robust and deliverable business plan which satisfies stakeholders and which meets customers' demands?
- how do you ensure that resources are allocated where they will generate maximum return?
- are you facing integration issues following an acquisition?
- have you tested your cost base to ensure all spend is essential?
- do you understand and actively manage the key risks to which your business is exposed?
- how does the efficiency of your operations compare with your competitors?



Making yourself completely clear

Your business requires proactive directors who understand their responsibilities and discharge their duties. It is critical to ensure your compliance is up to date and carried out in an effective manner, combined with full communication to stakeholders and interested parties. Directors need to be sure that they have acted correctly to avoid being exposed to the risks of personal liability, should

circumstances overtake the business.

How we can help

There is increasing pressure on companies to comply with different accounting standards and disclosures, and we can keep you up to date with all of the relevant changes, as well as ensuring you are fully conversant with your fiduciary duties as a director. And due to our highly efficient methods and

processes, we can frequently offer more cost-effective compliance without any compromise on quality.

Our areas of expertise include:

- advising on the implications of the economic downturn on your financial reporting, and ensuring you are compliant with recent guidance in relation to disclosure;

- reviewing the adequacy of internal controls and revisiting accounting policies to make sure they reflect current conditions;
- advising your organisation on how to mitigate fraud risk;
- completing a health check of your PAYE, PRSI, VAT arrangements, systems and procedures to ensure you are accounting for them correctly, paying the correct amounts and specific benefits are not being missed;
- advising on current best practice in relation to communications planning for stakeholders and interested parties; and
- undertaking a review of the specific business and financial risks affecting the business.

The big questions for your business

- have you reviewed everything that may be relevant to an assessment of going concern, and are your disclosures specific in relation to the risks and uncertainties the business faces?
- are you up to date with your filings and payments in relation to PAYE, VAT and PRSI? If not, are you talking in a timely way to the Revenue Commissioners?
- do you adequately document your decisions and, importantly, the reasoning supporting them?
- given that the depth and length of the recession are uncertain, do you have plans B and C if conditions do not match the assumptions of plan A?



Working smarter not longer

The present economic climate forces employers to review all areas of their business, including staff numbers and the cost of reward packages. It's a difficult conundrum – how can we deal sensitively with those who we need to let go and at the same time ensure that those who remain are incentivised to give their best efforts when cash is tight and pay rises may not be an option?

How can we help

Whether the focus is on managing costs, talent management or business expansion, we can advise you on the following;

Our areas of expertise include:

- advising on processes for reducing staff numbers and devising tax efficient redundancy packages;
- reviewing and reducing the costs of reward and

benefits packages including pension and benefit schemes, while increasing the value proposition to staff. All at little or no cost to the employer;

- ensuring cash and equity incentive arrangements are cost effective and appropriately aligned with business goals;
- ensuring top talent is identified, retained and managed to align with future objectives; and

- reviewing the business's expenses policy, to ensure it is compliant, clear and cost effective.

The big questions for your business

- are the right people in the right place to meet current challenges and deliver against future objectives?
- are your current reward and benefits structures right for your business and your staff?
- what impact is the current economic climate having on your plans for staff numbers? If redundancies are necessary, have you thought about how you will go about this?



Focusing on your business future

Today's market demands a clear strategy, combined with focused and relentless management to implement that strategy. Many of the actions that can be done in the short-term, around funding, your cash position and operational improvements, simply create time and space to plan longer term strategy. But where do you focus the business? You need a clear understanding of

your core capabilities, the strengths of the business and where your opportunities exist. You will also need to consider your long-term financing strategy in light of the new world of funding.

How we can help

We bring to our clients the best of Grant Thornton's business and commercial advice, not only to address the 'here and now' issues you

face, but also to influence business performance over the longer term. What do you need to do to be sustainable and profitable in the future?

We provide management teams with an external perspective and highly relevant commercial skills to help you achieve clarity of focus and direction, and to advise you on the decisions that need to be taken.

Our areas of expertise include:

- benchmarking your market position against your competition, and analysing the changing demands of customers in your markets to help you strengthen your competitive advantage;
- helping you to quickly identify and take advantage of strategic acquisition opportunities that exist as a result of today's difficult market conditions;
- helping you to focus on your core business and freeing up capital and management's time through the sale of non-core assets;
- helping you to research, evaluate and finance entry into new markets; and
- providing you with advice and market insight in relation to appropriate long-term funding structures.

The big questions for your business

- what is your business plan and does your business have a viable strategy that will generate sustainable profits?
- have you developed an appropriate funding structure for the next three years?
- what are your strengths relative to your competitors?
- do you really understand your sector and what is driving success?
- is there an opportunity for you to grow your sales through new product development or entering new markets?
- have you got the ability to finance an acquisition?
- do you have any assets/subsidiaries that are not part of your core business?

Looking up when things are looking down

Businesses that are well structured and well managed, and do the right things quickly and decisively, will see opportunity in uncertainty.

When we do start to see the 'green shoots' of recovery, the sensible and balanced plans made in the teeth of the recession could leave you very well placed to ride the upturn. If you play a long game, you have a better chance of reaping long-term rewards.

Minding your pennies

Preserving and protecting personal and family wealth are front of mind for many entrepreneurs.

Grant Thornton Financial Counselling provides unbiased investment advice and truly integrated tax planning that reflects the way our clients think and the questions that they have. You need to protect and preserve your capital gains to make the most of all your hard work.



Contact

Contact Patrick Burke or your usual Grant Thornton contact

Patrick Burke

Partner, Privately held business

T +353 (0)1 6805 650

E patrick.burke@grantthornton.ie

24-26 City Quay, Dublin 2

Offices also in Limerick and Kildare

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