



M+A

Partners

## Ten tips to help your charity navigate through these uncertain times

Guidance

Information

COVID-19

Update

Support

The current Coronavirus pandemic is exceptional. This is not business as usual. With the movement of people suspended and fundraising from events going into freefall, most charities are struggling to respond.

Some are seeing a surge in demand for their services, while for others, especially those who are paid by results, the significant drop in people using their services is a worry for their survival.

You may well be feeling overwhelmed by all of this, along-with experiencing a severe squeeze on your finances. It might be the case that you are having to rely on using your reserves to see you through in the short term.

It could also be the case that the pandemic has detrimentally impacted upon your cash position. For example, in the past your charity may have relied on shops and trading to provide good levels of cash and now this has stopped completely.

### How will your charity respond?

These ten tips might help you to respond now, and then plan how you are going to get through this challenging time. They are focused through a finance 'lens'.

### Tip 1: Focus and prioritise ruthlessly

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Stop all pet projects and non-critical work. Focus on your core work and concentrate all effort and resource on this. Consider the impact versus profitability of different activity streams and stop work that has low profitability and no impact. This is hard to do but crucial to your response.

### Tip 2: Really challenge decisions

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Get current management information on the table that is not weeks out of date and good enough to make decisions. Have robust and open conversations about what is really going on. It is essential to get everyone in a space (even remotely) to talk about what to do and how to respond. Allow everyone to speak. There is no such thing as a 'stupid question' in these exceptional times. Coordinating your thinking, and pulling in the same direction may be the biggest thing you can do to get through this emergency.

### Tip 3: Know your margins and costs

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It is hugely important to have a thorough understanding on the profitability of service lines, their overheads or how overheads are applied to service lines. In doing this you can create a strategy for moving forwards, in the knowledge that you have a business model and costs that you are on board with.

#### Tip 4: Use reserves appropriately

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Review your reserves policy and how this works. Look at potentially spending 'rainy day' funds to get you through issues or invest or evolve, for example, by investing in online tools. Understand what money you have available in your reserves and how you can use it. It may also pay to look at how you can use restricted funds. Could these be used within the purpose given but in a resourceful way to take the pressure off funding? Think creatively.

#### Tip 5: Finance needs to step up

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Finance needs to step away from day-to-day transaction processing. It needs to be a more flexible workforce, coordinating with the rest of the organisation as a business partner. It needs to step up to provide good-quality management information to help the organisation to see into the future.

#### Tip 6: Get management information right

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You need to have good-quality financial and non-financial information. Charities regularly say that management information is for decision-making. What decisions are you making? Be clear. Information needs to be forward-looking, timely and focused on the important. It needs to be good enough to enable you to confidently answer tough decisions and not be weeks out of date.

#### Tip 7: Cash is king

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Get on top of cash flow and reporting on it. Produce frequent cash flow information.

#### Tip 8: Seek advice if there appears to be no solution

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If you find yourself in a situation that is impossible for you to see a way out of, seek professional advice. It may be that an external pair of eyes can help turn an organisation around. Equally it may lead to a more orderly close-out process. Seek help early.

#### Tip 9: React and evolve

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Fail fast, pivot, try again. In these tough times, keep listening and learning. Focus on what's important. If something isn't working, stop and rethink your direction.

#### Tip 10: Have energy and resilience

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And the final thing is to have energy and resilience for the long haul. The Coronavirus pandemic isn't going to go away soon. Keep in touch with your staff and ensure they remain resilient through these exceptional times.

**M+A Partners are here to help and support you during this time of National Emergency.**

**If you need advice please do get in touch with your usual M+A Partners contact or email [enquiries@mapartners.co.uk](mailto:enquiries@mapartners.co.uk)**



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