

Supporting Entrepreneurs at a time of crisis

1. Financial planning and risk management
 - a. Update cash flow forecast for the downside scenario to better understand the length of runway, cash flow and liquidity management, adjust accordingly
 - b. Work closely with the board (plus mentors & TA where available) to develop risk mitigating strategies
 - c. Be proactive in communicating challenges to existing investors and partners to maintain trusting relationships and obtain good terms in any restructuring needed
 - d. Be mindful of the legal environment you operate in and get legal advice: if you are choosing to pay one creditor at the expense of another, you may be opening yourself up for liability (at a business and personal level)
2. Extend runway
 - a. Cash flow interventions
 - i. Seek to obtain better terms from suppliers
 - ii. Seek concessions from funders – payment holiday, PIK interest, etc.
 - b. Cost savings
 - i. Do not wait until it is too late – if you can see problems coming down the track, now is the time to respond
 - ii. Act decisively around non-essential expenses
 - iii. Most important expense in many instances will be staff. Especially in markets where there is no ‘safety net’, it is important to retain as many of the staff for as long as possible, but not at the expense of the overall business failing ultimately. Also, from a strategic point of view, it is important to keep staff, so as to be able to scale back up as soon as the environment allows. Several steps can be taken sequentially:
 1. Ask staff to take any remaining leave balances
 2. Ask staff to reduce time commitment / salary concessions
 3. Redundancies
 - c. Alternative sources of revenues
 - i. Are there other products or services that are more resilient to the current environment that the company can produce/deliver?
3. Raise additional funding
 - a. General transaction readiness work – collect necessary data: contracts, asset lists, shareholder agreements, etc
 - b. Make sure you have a financial model up and running that would allow a funder to stress test the business
 - c. Seek bridge financing for the downturn from current investors in the cap table – it is much more difficult to bring in new investors
 - d. Use your network to make sure you are aware of emergency funding opportunities that are out there. Also refer to the Case i3 database [here](#)
 - e. Leverage philanthropic investment capital available (soft loans, recoverable grants)
 - f. Negotiate patient deal structures with repayment and exits tied to performance milestones and cash flow or revenue share
 - g. Convertible bond structures are attractive as they avoid the need for a business valuation today...but make sure they do not hamper your future ability to raise equity