



Business Stabilization and Contingency Planning



Our suite of services *for this challenging time*

8020 Consulting is focused on serving the comprehensive needs of businesses during times of transition. In unprecedented times such as these, our firm is uniquely positioned to help businesses navigate significant impacts to financial stability. Our firm offers a range of services to improve liquidity, maintain operations, and stabilize your business.

A Time of *New Challenges*

Businesses may encounter financial challenges brought on by one or many triggering events including:

- Profitability impacts
- Loss of key personnel
- Negative working capital
- Loss of revenue
- Excessive expenses
- Insolvency – inability to meet debt obligations
- Default event
- Lack of liquidity
- Supplier/Distributor changes or disruptions
- Unexpected market changes
- Litigation

8020 Consulting’s professionals have the intellectual capital and experience to evaluate and implement corrective action to address these issues.

Our Services

LIQUIDITY MANAGEMENT

Cash Flow Management
& Monitoring

Cash Conversion
Cycle Management

FINANCIAL PLANNING & ANALYSIS

Financial Forecasting /
Reforecasting

Key Performance Indicators
& Management Reporting

OPERATIONAL IMPROVEMENT

Headcount Planning

Supply Chain Optimization

Cost Containment

Capital Expenditures Strategy

PRODUCT / SERVICE RATIONALIZATION

Customer Profitability

Pricing

SKU Rationalization

Vendor / Supplier Negotiations

CAPITALIZATION

Raising Capital

Debt Structure Analysis

Liquidity Management

Cash Flow Management & Monitoring

SITUATION

- Cash flow shortfalls
- Lack of liquidity
- Unreliable cash projections
- Inaccurate disbursement tracking

PROCESS

- Develop daily and 13-week cash forecasts
- Prepare an analysis of immediate capital needs and short-term liquidity
- Verify that all cash receipts and disbursements are being tracked accurately
- Ensure the company has sufficient cash to meet future obligations
- Communicate any impending cash shortages to company management and appropriate external stakeholders
- Develop monitoring tools to help manage working capital and observe real-time liquidity performance

RESULTS

- Real-time cash position information available for transparent communication with all stakeholders
- Dynamic response for liquidity management
- Maximized liquidity through aggressive working capital management

Cash Conversion Cycle Management

SITUATION

- Elongated cash conversion cycle

PROCESS

- Calculate number of days of current cash conversion cycle
- Review billing practices, collections process and aggressively pursue past-due receivables – incentivize customers if necessary
- Review payment terms and temporarily prioritize disbursement activity
- Develop vendor communication strategy to ensure no disruption to receipt of products and services
- Analyze supply chain and purchasing strategy including days of inventory outstanding

RESULTS

- Strategic approach for improving cash conversion during crisis
- Shortened cash conversion cycle



Financial Planning & Analysis

Financial Forecasting or Reforecasting

SITUATION

- Obsolete forecasts
- Outdated assumptions
- Lack of scenario planning

PROCESS

- Develop a revised three statement financial forecast
- Conduct scenario analysis and demonstrate how changes to inputs impact company performance (contingency planning)
- Communicate basis of updated assumptions and overall impact to stakeholders
- Deliver detailed variance analysis versus prior budget/forecast

RESULTS

- Fully integrated financial forecast to support key decision making
- Redefined earnings estimates and targets

Key Performance Indicators (KPIs) & Management Reporting

SITUATION

- KPIs are not well defined or quantifiable
- Lack of KPIs
- Inadequate reporting
- Excess management reports

PROCESS

- Assess current KPIs being reported on a daily, weekly, or monthly basis
- Focus on KPIs and benchmarking metrics to determine highest impact to drivers of financial health
- Develop dashboards to efficiently and clearly communicate key metrics to stakeholders
- Develop management reporting focusing on new critical data
- Eliminate non-value add reports and develop automated, streamlined reporting

RESULTS

- Understanding of key drivers of the business
- Well-defined and quantifiable KPIs
- More informed decision-making using new data
- More relevant reporting information
- Rationalized reporting



Operational Improvement

Headcount Planning

SITUATION

- Unbalanced labor productivity
- Inappropriate distribution of labor
- Excessive labor costs
- Lack of headcount planning

PROCESS

- Model various headcount change scenarios (furloughs, partial work week, reallocation, layoffs, etc.)
- Realign and analyze compensation changes
- Determine impacts of severance, rehiring, and training costs
- Analyze and adjust sales compensation
- Repurpose headcount based on business needs

RESULTS

- Optimized headcount plan with minimal business disruption
- Balanced labor productivity
- Redistribution of labor
- Reduction in labor related expenses

Supply Chain Optimization

SITUATION

- Inefficiencies in supply chain
- Suboptimal inventory management plan

PROCESS

- Analyze impact of shift changes to minimize personnel contact (short, extended or staggered shifts)
- Assess different supply chain network options including changes to transportation (freight), plant / warehouse sourcing, network consolidation
- Run scenario analysis to review impact of company owned distribution, 3PL, or combination thereof
- Revise the demand forecast for current market conditions
- Develop inventory optimization plan to manage excess, obsolete, defective or shortages in inventory

RESULTS

- Reduction in short and long-term supply chain cost
- More efficient supply network in crisis situations
- Revised demand forecast
- Optimized inventory plan



Operational Improvement *(cont'd)*

Cost Containment

SITUATION

- Excess or misaligned costs
- Lack of cost management strategy

PROCESS

- Review overall cost structure for short and long-term savings opportunities and risk mitigation strategies
- Review operating expenses and reduce non-essentials (e.g. vehicles, fuel, leased equipment, etc.)
- Determine if overhead expenses can be reduced and/or eliminated
- Assess marketing and advertising for appropriate targeting to maximize conversion
- Negotiate with vendors to reduce supply costs (e.g. discounts for early payment)
- Review forecasted travel and entertainment expenses and reallocate to more critical items
- Review facilities costs and assess impact on future remote work arrangements

RESULTS

- Reduction in costs
- Actionable plan for cost cutting measures
- Revised budgets for operating managers that reflect cost reduction goals

Capital Expenditure Strategy

SITUATION

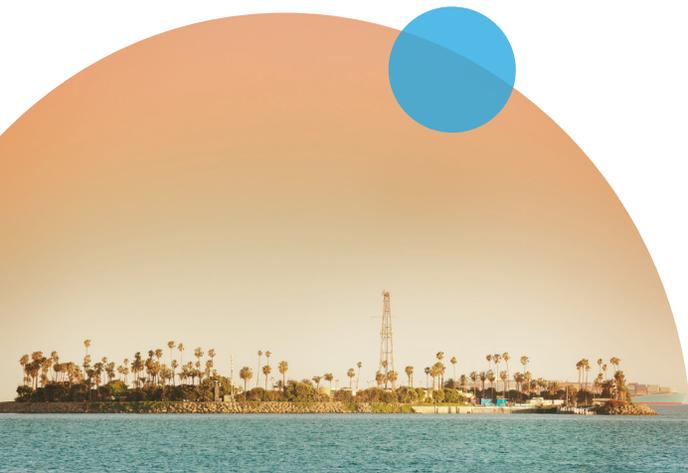
- Obsolete capital expenditures forecast
- Underutilized capital assets

PROCESS

- Analyze current capital spend to eliminate ineffective programs
- Develop model to review projects and associated return on capital
- Review and analyze all assets and determine which are most productive
- Determine the impact of the sale, donation, or destruction of non-essential assets on balance sheet and P&L

RESULTS

- Allocate capital to higher priority projects or eliminate spend entirely
- Improve return on assets
- Generate non-recurring source of liquidity



Product/Service Rationalization *(Critical During Inventory or Labor Shortages)*

Customer Profitability

SITUATION

- Uncertainty of which customers drive the most value
- Lack of profitability information by customer

PROCESS

- Develop contribution margin and customer profitability analyses
- Create a customer value matrix to illustrate highest to lowest value customers
- Establish targeted price increases based on analysis
- Allocate products or services to most profitable customers

RESULTS

- Focus on most profitable customers and exclude dilutive customers
- Improved gross margin

Pricing

SITUATION

- Misaligned pricing strategy
- Inefficient use of discounts or allowances

PROCESS

- Model price adjustments to determine impact on cash, revenue, and margin
- Analyze the impact of price adjustments across the value chain to capture additional benefits and mitigate incremental costs
- Implement price increase for inelastic products and services
- Develop a post-discount spend analysis based on historical results

RESULTS

- Understand impact on P&L of pricing changes
- Maximize profitability based on current inventory
- Targeted discount strategy



Product/Service Rationalization *(cont'd)*

SKU Rationalization

SITUATION

- Uncertainty of which SKUs are profitable

PROCESS

- Model the value of each SKU including revenue, share of market and profitability
- Develop value matrix to rank order value of each SKU
- Replicate analysis across brands, retail outlets, other services

RESULTS

- Focus resources on top SKUs and/or services
- Improved profitability

Vendor / Supplier Negotiations

SITUATION

- Inability to comply with existing terms
- Unfavorable terms

PROCESS

- Contact vendors and suppliers regarding potential discounts and adjustments to payment terms
- Analyze changes to supplier and customer credit terms
- Negotiate more favorable terms and incorporate into forecast

RESULTS

- Mitigate disruption in the acquisition of products or services
- Avoid penalties



Capitalization

Raise Capital

SITUATION

- Inappropriate capitalization

PROCESS

- Determine the appropriate capital structure
- Review short-term investments and determine liquidity position
- Determine what capital is required to fund the updated business plan
- Identify alternative sources of capital
- Assist with all information requests to support capital raise

RESULTS

- Additional capital to run the business
- Improved liquidity

Debt Structure

SITUATION

- Inability to service debt
- Unfavorable debt covenants
- Triggering events

PROCESS

- Review and understand existing debt structure, advance rates and covenants
- Ensure all debt service payments are included in latest forecast
- Determine if covenants will be violated; if so, negotiate with lenders for more favorable terms or forbearance arrangements
- Ensure the company adequately capitalized to meet future obligations

RESULTS

- Ability to service debt
- Favorable covenants
- Renegotiated debt arrangement
- Forbearance



Bring in the *Experts*

An unforeseen crisis highlights areas in your organization where business stabilization and contingency planning is either weak or lacking. Our specialized services will enable your company to mitigate business disruption by supporting access to liquidity, stabilizing operations, focusing on profitability, managing existing capital, and implementing a capital preservation strategy. Now is the time take advantage of this opportunity to realign responsibilities, mandates, and organizational objectives. With unknown variables surrounding a crisis, it is critical to review contingency plans, develop scenarios, and put them to the test.

Contact 8020 Consulting today for an assessment of your contingency plans, to mitigate risk, and reduce business disruption—now is the time.



For more information, *contact us:*

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