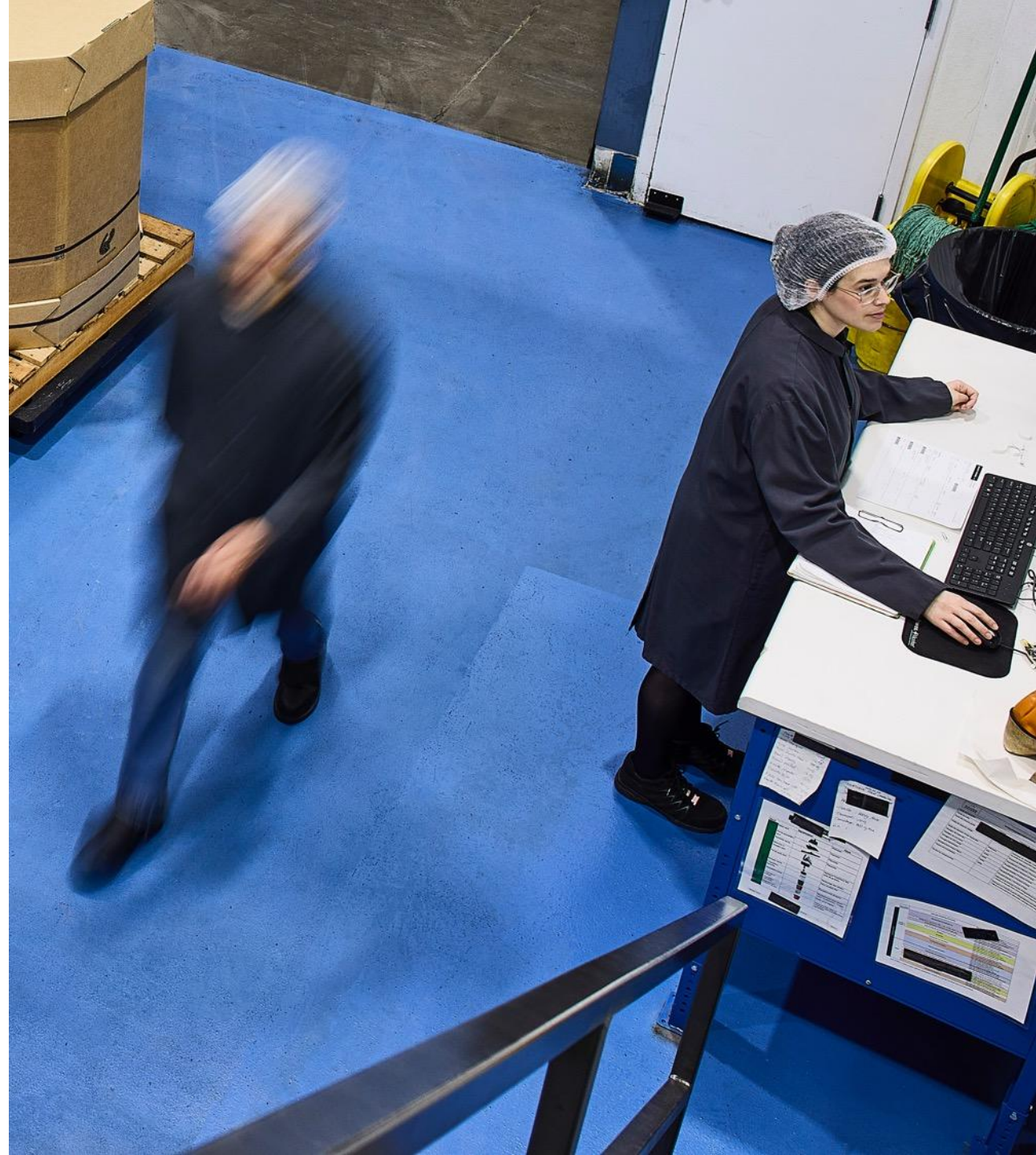


Building resilience in a changing world





Lance McLellan
Vice President - Financing

Compressed planning cycle



Stable market



Volatile market



All-hands-on-deck approach

- ➔ Constant communication
- ➔ Meet with leadership team often
- ➔ Review metrics weekly (even daily)
- ➔ Create a task force (larger SMEs)



First horizon

Actions to take now

Ensure your company's financial situation is solid



-
- Understand how your business is doing and how external factors will impact it
-
- Use real and reliable financial data (not gut feelings)
-
- Take the full measure of your financials
-



4 financial ratios to measure financial health



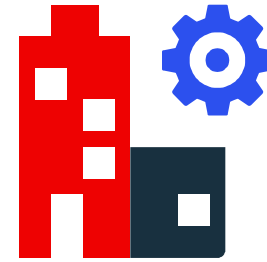
Liquidity

Can I pay
my bills?



Profitability

How much profit
am I making?



Productivity

Am I making the
most of my assets?



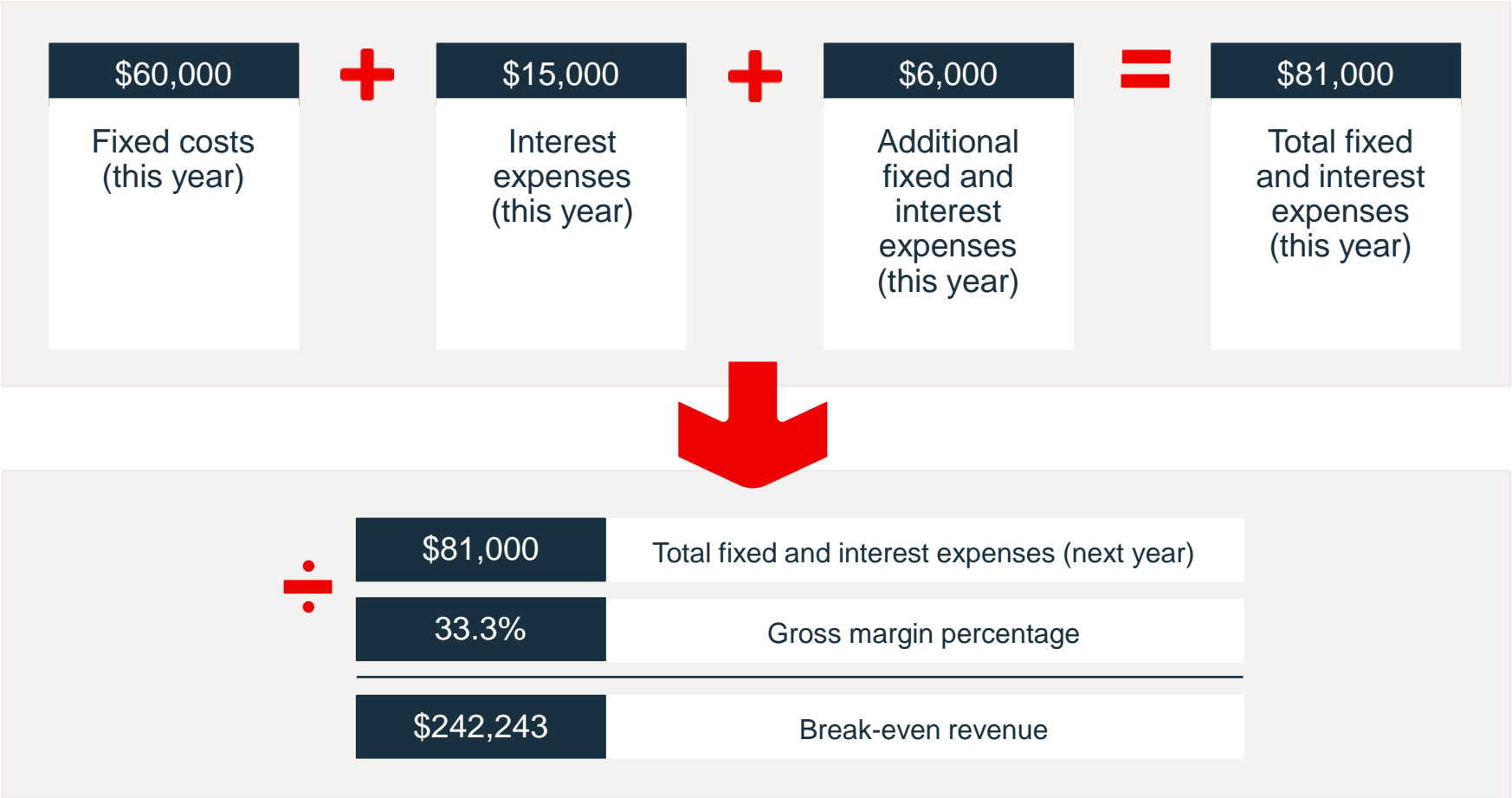
Leverage

How much debt
am I carrying?

Calculate your break-even point

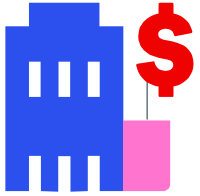


How much money you need to make to cover all your expenses and generate a net income of \$0.





Financial management tools every business needs



Operating budget



Cash flow planner/forecast



Costing tool

How vulnerable is your business to different impacts?

Create scenarios

- ➔ Sales volume drops from X to Y
- ➔ Price changes from A to B
- ➔ Overhead costs go from 3 to 1

Evaluate various assumptions

- ➔ Market competition
- ➔ Exchange rate
- ➔ Changes to supplier costs
- ➔ Importing costs

Plan for the worst and hope for the best.

1.

Put together a plan

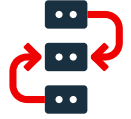
- Act quickly
- Set a timeline
- Ensure accountability

2.



If you're unsure,
contact a financial
management
expert for advice

Contact key customers and suppliers



Ensure your suppliers can still deliver



Inform main customers of order status



Consider how to improve customer satisfaction



Check clauses in your client and supplier contracts



Check financial tools if asked to absorb price increases



Assess your supply chain costs, dependencies, reliability



Second horizon

Plan for next 2 to 3 months



Review your cost structure



- Review your expenses
- Examine recurring costs
- Identify where you can cut
- Ask if you can stop doing anything
- Phase out unprofitable products
- Think strategically

Don't risk your long-term viability for short-term gain



Re-evaluate your pricing strategy

- ➔ Talk to customers
 - What are they willing to pay?
-

- ➔ Benchmark competitors
 - What are they charging?
-

Pricing strategies

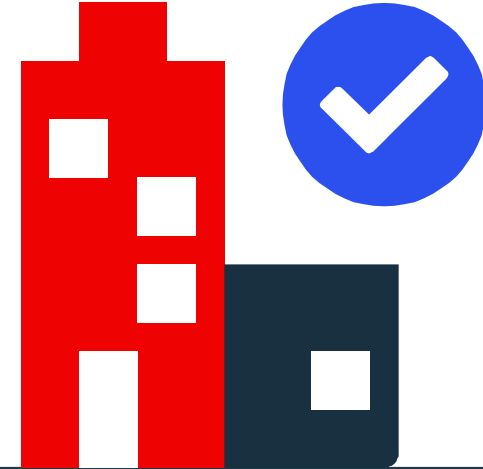
Examples of different tactics



Leverage high-margin products



Monitor pricing changes and adjust



Find new suppliers or materials

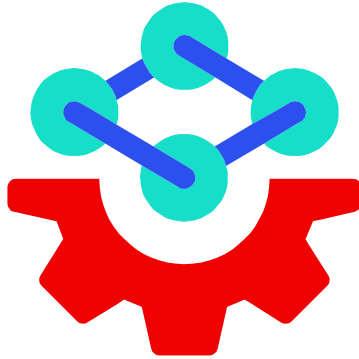
An abstract graphic on the left side of the slide, featuring a large white arrow pointing right, set against a background of red and white geometric shapes.

Third horizon

Plan for 6 months out

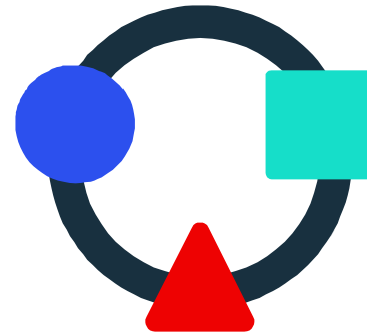


Longer-term strategies for building resilience



Productivity

- Technology
- Automation
- Artificial intelligence



Diversification

- Market
- Supplies
- Sales

How productive is your business today?



Identify sources of waste and address them



Overproduction
High inventory levels
Poor quality and rework
Idle machines or staff
Inefficient processes
Wasted time
Poor use of resources
Underperforming staff

Identify pain points
Develop an action plan
Focus on high-priority tasks & quick wins
Establish a timeline
Assign responsibility
Eliminate tasks that don't add value
Standardize



Technology can solve multiple challenges



→ Control costs

- Automating repetitive tasks
- Improving productivity
- Predicting equipment breakdowns

→ Increase sales

- Generating leads
- Contacting prospects
- Personalizing recommendations

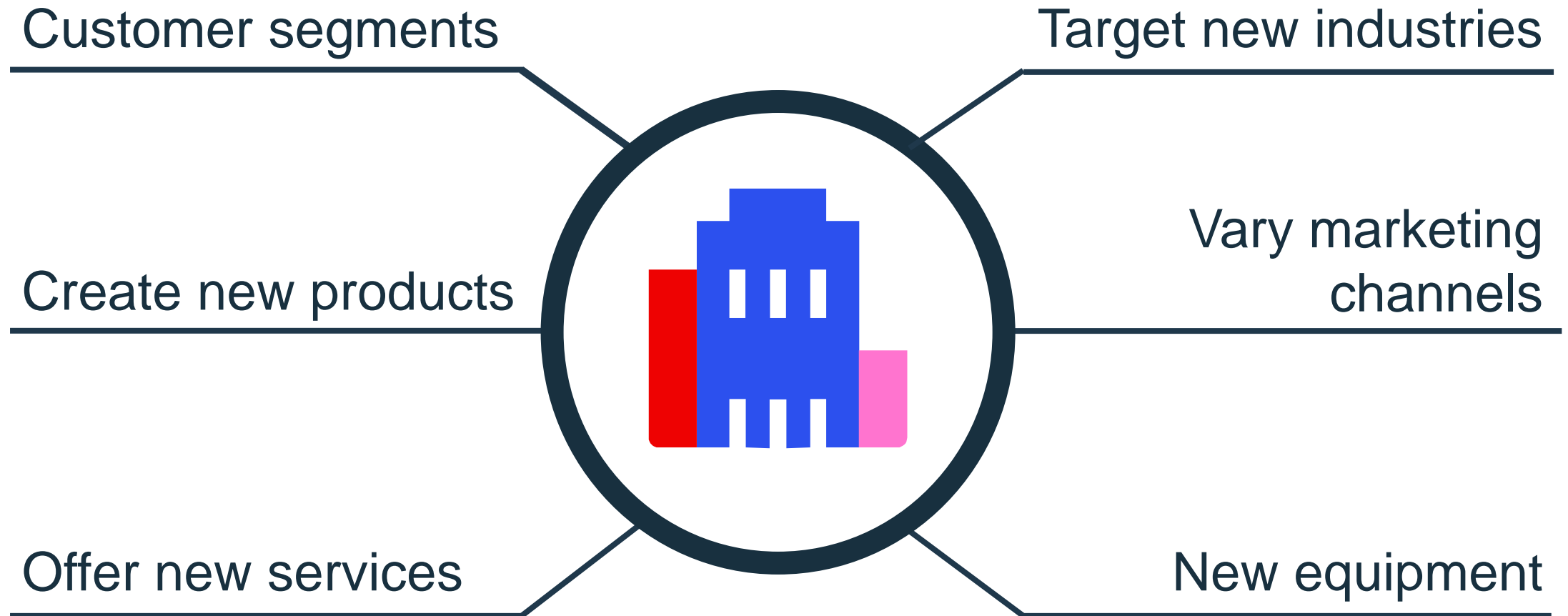
→ Ease labour shortage

- Reducing number of redundant tasks
- Increasing engagement
- Facilitating recruitment

→ Navigate uncertainty

- Improving forecasting
 - Monitoring inventory
 - Optimizing resource allocation
-

There are many ways to diversify your business



Geographic diversification is a more long-term strategy

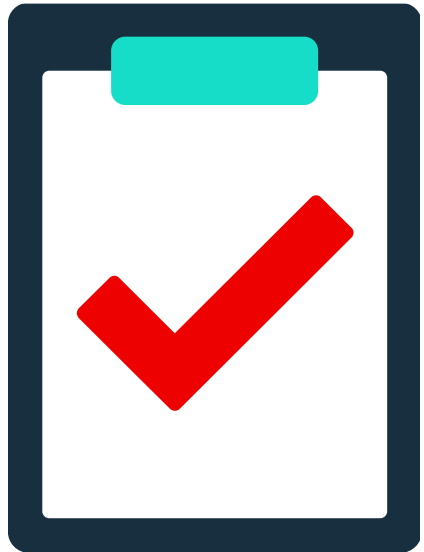


Selling to more customers in Canada is probably the quickest way to diversify geographically

Free-trade agreements

- European Union (CETA)
- Several Asian-Pacific & Latin American countries (Trans-Pacific Partnership)

Key takeaways



- ➔ Review your numbers and financial position
- ➔ Reach out to customers and suppliers
- ➔ Cut costs, improve productivity, use technology
- ➔ Plan ahead and diversify
- ➔ Ask for professional help



BDC support programs



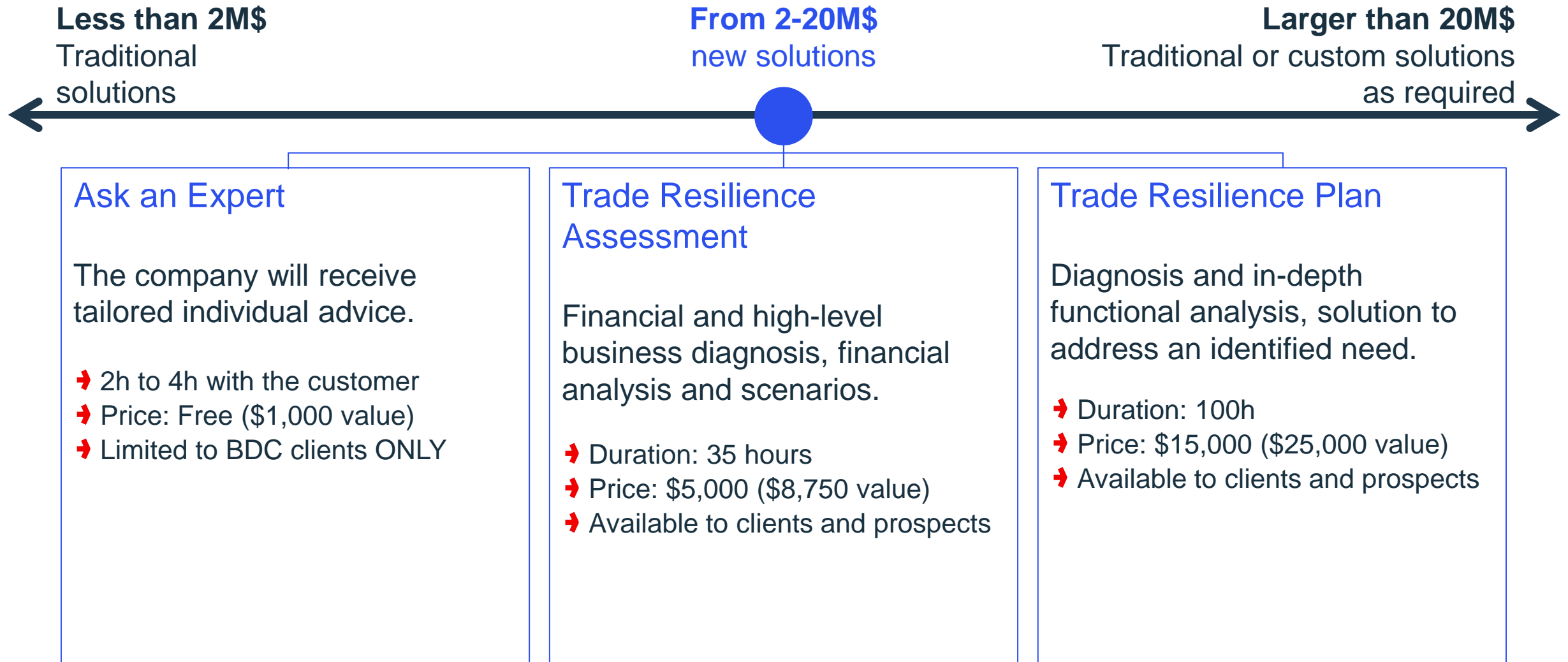
Pivot to Grow loan

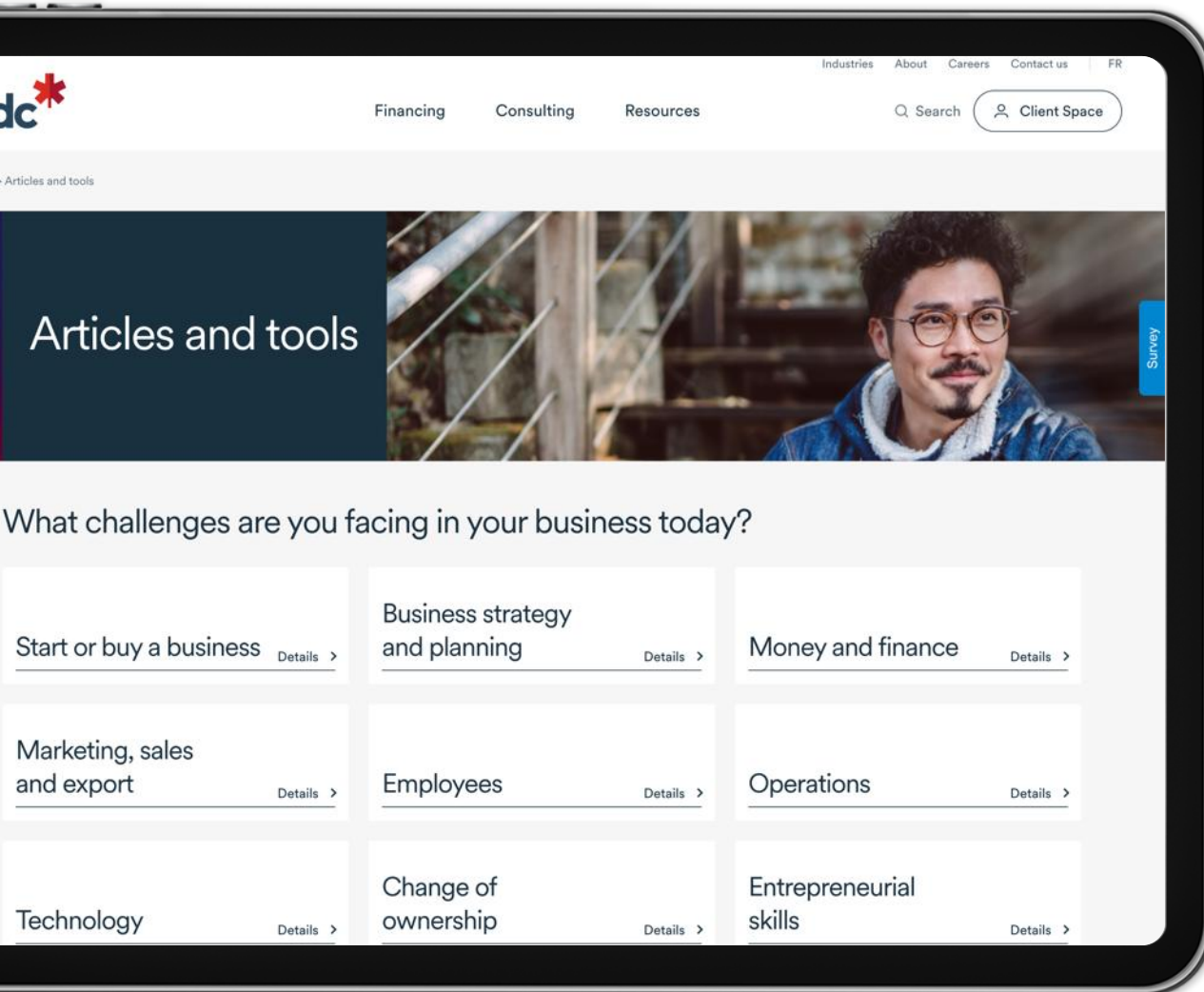
- ➔ Up to \$2M* loan (with a total loan commitment of greater than \$350K)
- ➔ Pay only interest for up to the first 12 months of their loan
- ➔ Up to 72 months amortization to repay, including initial principal postponement
- ➔ Prepay at any time with no penalty
- ➔ Access to preferred interest rates
- ➔ For businesses with annual revenues above \$2M and US market exposure

Trade Resilience Advisory

- ➔ Assess your financial health and identify vulnerabilities
- ➔ Investigate focus areas of the business based on the assessment, with priority areas including finance, operational efficiency, supply chain or market diversification
- ➔ Develop a roadmap with recommendations for immediate action

BDC's new Advisory offerings help businesses meet the moment and strengthen their resilience muscle





Free tools and resources

➔ eBooks

➔ Template tools

➔ Entrepreneur's toolkit

Thank you



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