



# Navigating the Impacts of COVID-19

## – Alvarez & Marsal’s Management Guidelines to CFOs

The global impacts of COVID-19 have resulted in a more complex and challenging crisis than most CEOs and CFOs have ever faced. For the first time in our modern history, organizations across all sectors are facing a level of crisis never before experienced. The CFO’s primary job in this environment is to keep cash, the lifeblood of a company, available and flowing. The critical actions and associated tools shown in the table below represent a CFO’s playbook to help the organization Pivot to Cash™ and produce robust and sustainable contingency plans.

The real challenge is that no one knows how long it will take to get back to business as usual. Current predictions range from three weeks to four months. For the finance function, this **uncertainty greatly impacts the Order to Cash, Procure to Pay, and Cash Management processes in particular**, as these functions are the lifeblood of the company. Other activities are important, but right now it is all about liquidity and keeping supply chains operating efficiently.

By now, CFOs have likely re-evaluated their priorities in the face of the COVID-19 pandemic to ensure they understand the scale of the challenges they are facing, and are aware of what their options are to maintain liquidity and operate their business contingency plans. As this new reality sets in, it is important for CFOs and the finance leadership teams to organize around these critical areas and take immediate action.

### Components for Immediate COVID-19 CFO Response

Alvarez & Marsal authored the 10 most important actions for the CFO and finance function to support the business in these uncertain times, based on our vast experiences and competencies derived from A&M’s Restructuring and Liquidity Management, Tax Advisory, and Corporate Transformation practices, as well as many former CFO experiences.

First, by executing the recommended actions under the Pivot to Cash™ framework, CFOs will establish governance and role definitions that are critical to success. A&M also recommends a strong communication and change management plan to ensure that every finance leader and associate is operating under the new playbook.

### COVID-19 CFO Checklist

#### Critical Action

1. Pivot to Cash™



2. Improve Ability and Speed to Forecast and Model (Business and Cash)



3. Eliminate Non-Essential Spend



#### Key Tools

- Liquidity Control Tower
- 13-Week Cash Forecast
- Short-Term Financing Strategies
- Bank Covenant Forecast Model

- Enterprise Level Driver-Based Forecast
- Ability for Quick Forecasted Scenario Modeling

- Amended Spend Controls and Delegation Authority Levels
- Capital Planning Module – Forecast and Committed Levels

## Critical Action

4. Adjust Inventory Levels

5. Limit Disruption in Supply Chain and Critical Operations

6. Maximize Cash Inflow from Customers

7. Establish Work-at-Home Model for Entire Finance Staff

8. Enable Stricter Cash Management Sweeping

9. Retain Talent / Change Variable Incentives

10. Evaluate Tax Strategies and Manage Shareholder Expectations

## Key Tools



- Demand Planning Models
- Shrinkage Reports



- Strategic Supplier Program
- DPO Monitoring by Class of Supplier
- Supplier Conferences by Category



- DSO Reporting - by Geography and Customer Segment
- Advanced Collection Strategies
- Dynamic Discounting
- Portal for Promotional Opportunities



- BCP Modeled Globally, not Regionally
- Home Connectivity Even for Desktops vs. Laptops



- Global Treasury View of Cash
- Treasury WorkStation – Global Linkage
- Lockbox Strategy



- Retention Strategy and Plan
- Compensation Strategy and Plan



- Government Stimulus Impact Analysis
- Tax Payment Deferral Opportunities
- Tax Implications of Proposed Business Transformation/Changes
- Certain Items Tracking for COVID-19-Related Activities

## How Can A&M Help?

Navigating the financial challenges left in the wake of the COVID-19 pandemic can be challenging for any CFO and their finance team. As we emerge from the COVID-19 initial impacts, there may be a situation where there is a lack of capacity or expertise from your company's finance team to address all the critical actions. The CFO Services professionals at A&M specialize in working in a fast-paced and challenging environment. We have experience leading full programs and implementing individual point solutions to drive an immediate impact.

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## ABOUT ALVAREZ & MARSAL

Companies, investors and government entities around the world turn to Alvarez & Marsal (A&M) when conventional approaches are not enough to make change and achieve results. Privately held since its founding in 1983, A&M is a leading global professional services firm that provides advisory, business performance improvement and turnaround management services.

With over 4,500 people across four continents, we deliver tangible results for corporates, boards, private equity firms, law firms and government agencies facing complex challenges. Our senior leaders, and their teams, help organizations transform operations, catapult growth and accelerate results through decisive action. Comprised of experienced operators, world-class consultants, former regulators and industry authorities, A&M leverages its restructuring heritage to turn change into a strategic business asset, manage risk and unlock value at every stage of growth.

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