

How to support
your clients
through the
cost of living
crisis

Diary of an FD

About this guide

As I'm writing this, the headline on the BBC is "Food bills are set to soar by £380 this year". Last week it was "Petrol cost hit new high every day for past month"

This isn't a situation that will resolve itself overnight and everyone will feel the pain of soaring prices in some form for the remainder of this year and beyond.

Have you had clients leave you or seek a price cut to reduce their costs? Or do they realise the value you can bring to their business in helping them navigate the next year? If you don't think you're in the latter camp, it's time to position yourself there now and that means taking some proactive action.

I'm going to share how I planned and delivered a session with 2 very disheartened business owners who had successfully navigated covid, only to see their margins crash and customer base slump as cost price increases came flooding in.

1. Research and Prep

Make sure you have an understanding of the basic facts around the economic situation and cost of living crisis. It helps to appreciate what has lead us to this position and what that might mean for the future.

If you niche in a particular industry, think about the specific impacts on that industry in terms of both pressures on the business operating and the customers it serves.

Get hold of some industry insights on how they expect to be impacted - linkedin can be a good source if you follow some industry experts.

2. Consider your clients position

How is your client impacted both personally and within their business

How much cash do they have in the bank? Has business performance changed in recent months?

Specifically on the business, how are they impacted from both an input and an output perspective:

Inputs - what exposure do they have to cost increases e.g. raw materials, wages, fuel, utilities

Outputs - what is the product / service, price point, where is it positioned in the market, and is this at risk due to the target customer reducing their spend?

Do they have a budget or forecast in place? If yes, it needs updating, if no, they need one ASAP!

3. Client conversation

Show your understanding and sensitivity towards the situation - we are all being impacted

Talk specifically about their business and how you see them being impacted now and in the future

Highlight the importance of making conscious decisions. In order to do this, they need to know the financial reality they are facing into

Pick out an area or 2 you can see needs addressing and discuss these

Offer to build or update a forecast and help them land on actions to be implemented

Talk through short-term funding options if that is necessary

4. Take action

When actually supporting a client to build or update a forecast:

- Review the cost base - where have increases already been taken / where are they to come?
- What action can they take to mitigate the cost increases - renegotiate, move suppliers, take out or push back a nice-to-have
- What do they expect to happen to customer transactions and revenue?
- Use industry insights and forecasts to do an updated forecast for the next 12 months
- What would their profit margin be? Does this align with aspirations / plans for the year?
- What would need to happen to pricing to get them back on track?
- How does this compare to competitors
- What is happening to their customer base - do they need to increase prices and change the target audience or potentially lower and adapt the offering?
- Consider scenario planning

Final Thoughts

I'm a firm believer that all businesses should have budgets and forecasts in place anyway but now more than ever.

It is those businesses who can assess their position and pivot that will come out on top and to do that they need clarity on how their business is being impacted and what they can do about it.

There is no better time to start offering forecasting as a service to your clients. I get people are concerned about spending money and wanting to reduce outgoings but supporting them in this way will prove your value to their business.



Thank You!

I hope you found this download helpful. If you need any further support to advise your clients on topics such as this, please reach out using my contacts below

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