



## CHECKLIST CASH BURN & COST REDUCTION

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### ACTIVITY PROVIDERS

This Checklist will help you to think about where you can reduce costs. The key areas included in the Checklist are:

- **General Costs**
- **Direct Costs**
- **Payroll**
- **Admin and General**
- **Sales and Marketing**
- **Utilities**
- **Repairs and Maintenance**
- **Fixed Costs**
- **Long-term Closure Costs**



General	Check
<p>Review all of your direct debits and standing orders. Have you cancelled these? Make sure you don't cancel required payments such as insurance, for example.</p>	
<p>Review every cost line item. Is there an alternative? For example, can specific stock items be re-negotiated or sourced elsewhere at a more cost-effective price? Remember to consider cost/quality requirements. Can you reduce the need for certain items throughout your business?</p>	
<p>It is expected that as businesses re-open increased cleaning will be required. Have you costed sufficient levels of products required for sanitation, cleaning, etc.? This will also impact on staffing levels so consider additional costs.</p>	
<p>If you have a food/beverage offering, have you considered the cost of re-stocking food and beverage supplies and the availability of stocks, for when you reopen?</p>	
<p>As your activity reopens, ensure all staff are aware of payroll policies, e.g. no over-time; checking schedules regularly as there may be some tweaks to start/finish shift times; new hygiene/cleaning requirements. Clear work expectations are important.</p>	
<p>Forecasts: While it is difficult to predict business levels, it is important to create weekly and monthly projections. This will help you to forecast the level of revenues and the associated costs with running the operation. The costs will include the variable costs with opening along with the fixed costs of the business (e.g. insurance, utilities, etc.).</p>	
<p>Capex: Have you deferred any non-essential capital expenditure?</p>	
<p>Have you considered becoming part of a purchasing group? You might explore if it is beneficial to your operation.</p>	
<p>Have you considered changing your operating hours? This should be based on business needs and may help with reducing staffing requirements. E.g. if you normally opened your activity at 9am but can open now at 9.30/10am without an impact on business levels, then it may be worthwhile to consider this, particularly as demand may be lower than normal.</p>	



Direct Costs	Check
<p>Can you reduce certain items e.g. changing from printed tickets to online? If you have certain outdoor signage that you change on a daily basis, do you need to continue to do this daily or can you change to weekly/weekday/weekends?</p>	
<p>Determine the hygiene/cleaning requirements and schedule:</p> <ul style="list-style-type: none"><li>• What items you will require to reopen? (e.g. gloves, perspex at the reception desk, hand sanitisers, signs, etc.)</li><li>• What will be the required cleaning schedule and who is going to complete this task? Can it be incorporated within existing staff's requirements or will you require additional staff?</li><li>• Will you require additional staff for the entrance, reception or shop areas to ensure social distancing?</li><li>• Will you require additional cleaning for customer items such as helmets, equipment or gear?</li></ul>	
<p>If your activity has a food and beverage outlet:</p> <ul style="list-style-type: none"><li>• Review opening hours and the menus you provide.</li><li>• Can you reduce your outlets or menu offering to reduce food costs? Ensure your menu is accurately costed including all items (e.g. condiments, rolls as part of soup offering).</li><li>• Can you reduce food costs? Are there local options available to you?</li><li>• Review all F&amp;B consumables to see if there are any cost savings, e.g. napkins, condiments, etc.</li><li>• Request out-of-date stock to be replaced from suppliers.</li><li>• When re-stocking kitchens, review projections and business to ensure, as much as possible a reduction in food waste.</li><li>• Keep in contact with suppliers.</li></ul>	
<p>Ensure that good kitchen policies and procedures are in place and will be adhered to i.e. stock rotation, stock management, wastage and portion control.</p>	
<p>Ensure all purchases are checked and docketed, particularly perishable food items.</p>	
<p>Review all direct cost items to see if they can be reduced or changed</p>	



Payroll	Check
<p>Review your full operational labour costs.</p> <ul style="list-style-type: none"><li>• Will you need to reduce your staff levels? If you need to consider redundancies have you factored in this cost?</li><li>• Have you considered any potential additional training costs, particularly around the areas of health and safety and new operating procedures?</li><li>• Do you need to hire new and/or additional staff? If yes, have you factored in training costs?</li></ul>	
<p>Have you considered possible restrictions due to social distancing requirements? This may impact current service and/or staffing. E.g. Can you provide social distancing measures at your ticket/check-in desk and then afterwards when customers are using the activity? You may need to have additional signage around the grounds.</p> <p>If you have a buffet in your café, can you place markings to show that customers must adhere to social distancing or can you provide table service? These options should be costed, particularly from a payroll perspective.</p>	
<p>Upon reopening have you implemented reduced working hours as far as possible?</p> <p>Where key personnel are retained, ensure you have availed of the Temporary Wage Subsidy Scheme and any variations to this scheme that may follow.</p> <p>If staff do not meet the Temporary Wage Subsidy Scheme threshold, have you considered pay reductions?</p> <p>When your activity re-opens you may operate on a skeleton staff with management on the ground and working across different areas. You may opt to introduce or increase split shifts, for example.</p>	
<p>Have you reviewed all additional costs to see if any excessive or unnecessary staff costs can be eliminated or reduced, e.g. motor expenses, additional uniforms, etc.</p>	





Admin and General	Check
If procurement/purchasing contracts exist, have you sought a reduction in base fees or membership fees?	
Have you reviewed all leased equipment? This could include vehicles, IT rentals, printers/ photocopiers, merchant services, debit/credit card terminal rental fee, etc.	
Is it possible to change your credit card terminal for a more cost-effective option?	
Have you reviewed all your subscriptions? Is it necessary to retain these? Can any be cancelled without any adverse effect to the business? For example, software, POS can you postpone upgrades, etc. If cancelling any POS or ticket/reservations software, ensure to enquire if you will lose your revenue history, as you may choose not to do this.	
Have you reviewed all motor costs? If there are any costs that are not directly linked to the operation of the business these should be removed?	
As your business reopens, set policies in relation to the reduction of and discretionary expenses as necessary.	
Talk to the bank to see about reducing bank charges. Have you engaged with other creditors? Can you implement any payment plans to manage cashflow?	
Can you reduce your telephone, print or postage needs?	





Sales and Marketing	Check
<p>Have you reviewed all advertising campaigns?</p> <p>Are there any annual rolling advertising campaigns you have that need to be cancelled/amended?</p> <p>Have you determined what will be your sales and marketing budget and activities for re-opening and what will be the most cost-effective method for gaining visitors? E.g. costing out the return on investment of online campaigns versus other types of advertising?</p>	
<p>Have you suspended or sought reductions for any online advertising promotional memberships, subscriptions?</p>	
<p>Increase your social media presence and ensure the social media channels you are using are appropriate to your consumer.</p>	
<p>Upon re-opening, can you become part of a local marketing group? Can the cost of marketing be split with other local complimentary businesses to yours? E.g. visit to your activity with dinner in a local restaurant or hotel</p>	

Utilities	Check
<p>Have you turned off excessive external lighting, heating, cooling, ventilation units, etc.?</p>	
<p>As re-opening occurs, it may be the case that you will not be fully open. Consider closing areas and reducing power to these areas.</p>	
<p>Submit meter readings for electricity/ gas.</p>	
<p>Monitor oil prices.</p>	
<p>Have you suspended waste collections while closed? Ensure you manage collections upon re-opening as there are likely to be fewer.</p>	
<p>As your contracts with each utility provider end, ensure that you renegotiate where possible and shop around for the best price/value.</p>	



Utilities (Cont.)	Check
<p>Explore Maximum Import Capacity (MIC) usage in relation to electricity. MIC is the upper limit on the total electrical demand a business can place on the network system, so it should be high enough to meet the requirements of your business. Your electricity bill will show you what maximum MIC level you are guaranteed. It is important to choose the correct capacity for your premises. If the MIC is too high, you may be paying for more capacity than you actually need. If the MIC is too low; you may incur an 'Excess Capacity' charge. For more information, contact your provider.</p> <p>In the event of an extended closure of your activity, or part of your activity, there may be an option to reduce the businesses' MIC. However, all terms should be discussed with your energy supplier regarding MIC reverting to pre-crisis levels as needed, to understand the full implications of this.</p>	

Repairs and Maintenance	Check
<p>Where possible, seek to reduce your maintenance contracts but not at the expense of reduced service which may impact your grounds/building/equipment when re-opening or in the long term e.g. lifts, air conditioning, kitchen equipment, leisure equipment etc.</p>	
<p>If applicable, can you reduce grounds upkeep within reason?</p>	
<p>Be critical on facilities management and maintenance items without impacting safety.</p>	

Fixed Costs	Check
<p><b>Insurance:</b> Talk to your insurance broker/insurance provider. Insurance will need to remain in place while closed. Can you suspend or seek to reduce public liability insurance, or will a rebate be made available? Can you avail of insurance premium financing? See link to Guidance Note on Insurance <a href="https://covid19.failteireland.ie/industry-updates/faqs-managing-your-insurance-during-covid-19">https://covid19.failteireland.ie/industry-updates/faqs-managing-your-insurance-during-covid-19</a></p>	

Fixed Costs (Cont.)	Check
<b>Rent:</b> Have you engaged with your landlord to reduce rents and service charge if it applies?	
<b>Rates:</b> Defer rates payments due, in line with Local Authority guidelines	
<b>Debt Repayments:</b> Ensure you are having regular conversations with relationship managers/funders/owners, e.g. banks, debtors, Local Authorities, Revenue, etc.	

### Long-term Closure Costs

If you have determined that it is best to close your activity until 2021, it will be imperative to reduce your monthly costs to a minimum. If considering this, then it is also important to consider that when re-opening there may be additional pre-opening costs such as cleaning, hiring staff, training, equipment maintenance, etc. In addition, current creditors will look for payment in advance of reopening.

Long-term Closure Costs	Check
Insurance: Review with the insurance provider to see if your policy will change and how this will impact your premium. Ask for specifics about what is required (e.g. security), or if you are able to cancel certain services with limited implications (e.g. reduced electricity).	
Review every cost line item with the aim of reducing or eliminating these.	
If there are non-urgent repairs, consider postponing these.	
In the event of extended closure, do you need to increase security presence? Will this be a requirement of your insurance provider?	
Contact all suppliers including any service contracts with a view to cancelling or reducing.	
Payroll: reduce staff to a minimum (as required). Redundancies will have to be considered.	
Fixed costs such as rent, debt repayment and rates will all have to be discussed/negotiated to determine if there is a possibility for deferment, reduction or cancelling.	