



## Planning for What's Next

By Gina Miller, Partner

Here we are, a month after the world was upended due to the coronavirus. In the first few days, leaders had to respond to the urgency of the situation. For some, the workforce began to work remotely. Others adapted and some have temporarily closed their doors. We don't know how long the current pandemic will last or how long it will take the economy to recover, but we do know that now is not the time to lose sight of your long-term plans.

[Kevin Sneader](#) and [Shubham Singhal](#) with McKinsey & Company recently wrote an article titled [Beyond coronavirus: The path to the next normal](#), where they discuss the five horizons, or stages, to plan for: Resolve, Resilience, Return, Reimagination and Reform. Each of these five horizons have different considerations when it comes to planning, moving from addressing immediate needs, such as keeping your workforce safe, to long-term goals, such as addressing changes in your industry, due to new regulations or competition. Mid-term goals may address how you will get your revenue back to pre-coronavirus levels.

It is impossible to know what the future may hold at each of these horizons. In times of uncertainty, like the current environment, planning and [scenario analysis](#) are critical whether evaluating and projecting earnings and cash flow, estimating liquidity or determining the best mitigating actions. Jack Alexander [defines](#) scenario analysis in the Financial Management periodical (*Scenario planning and the COVID-19 crisis*, April 7, 2020) as:

*"Scenario analysis provides a structured way to identify a range of potential outcomes and estimated impacts and then identify and evaluate potential actions. It reinforces the presence of uncertainty and increases readiness to deal with a variety of potential outcomes.*

*It also creates a sense of confidence by having a structured way to work through the challenge as it evolves. Scenario planning encourages us to react to the important factors we have identified and to not overreact to extraneous reports or data points."*

In addition to providing a range of possible outcomes, scenario analysis creates readiness and reinforces the uncertainty of the situation. In the current situation, scenarios may include a return to near normal in the next couple months, a return to near normal in twelve months and a worst-case scenario, the pandemic is not controlled for many months. Your plans may include:

- How to operate with fewer employees;
- How to get assistance from the government;
- How to operate your business with "social distancing" to protect your employees and/or attract customers;
- How to create a service or product that is now desired in the market; and
- How to react to temporary or long-term changes in government regulation.

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Riverwood 200 3300 Riverwood Parkway Suite 700 Atlanta, GA 30339 phone 770.396.2200 fax 770.390.0394

[www.btcpa.net](http://www.btcpa.net)



### **How Can We Help?**

Financial planning that considers multiple scenarios is key during this period of uncertainty. The professionals at Bennett Thrasher have a deep understanding of financial planning, cash flow modeling and scenario analysis and are here to help you with your planning. For assistance with any of these items, contact [Gina Miller](#) by calling [770.396.2200](tel:770.396.2200).