

COVID-19 Delta – Issues / Impacts / Actions

Current at 7 September 2021

	Do I have enough stock?	What will my sales be under Delta Level 2 restrictions?	Is my pricing right?	Do I have enough cash?	What hours do I need my team to work?
Issues	<ul style="list-style-type: none"> With Auckland still in Alert Level 4 access to stock may be severely impacted with delays, slow delivery, or no delivery at all. Pricing of stock is changing quickly e.g., 7-day quotes from suppliers 	<ul style="list-style-type: none"> Restriction on the number people allowed in indoor venues Social distancing requirements Health requirements such as mask wearing could slow down productivity 	<ul style="list-style-type: none"> You have reduced operating capacity but have the same overheads Your current stock levels are insufficient for the jobs in front of you 	Cashflow being drained by: <ul style="list-style-type: none"> Paying employees for reduced outputs (less production) Paying for stock well in advance of when you can generate sales from it (plus a delay in customers paying you) Other operating costs e.g., rent, insurance etc. Debt servicing e.g., bank loans Paying tax 	<ul style="list-style-type: none"> Your customers may have reduced ability to work during Alert Level 2 due to unavailability of stock and 2m distancing impacting their business Stock shortages may mean jobs are delayed and your team has to down tools while they wait for materials It may be that despite your best efforts you just cannot generate enough work to keep your team busy
Impact	<ul style="list-style-type: none"> Stock levels may already be drained. You may be funding stock purchases long before receiving and being able to generate sales from it. With limited access to stock, this may impact your ability to deliver to your clients and how much work you have in the pipeline for your staff to complete 	<ul style="list-style-type: none"> Due to social distancing onsite and additional health & safety measures jobs take longer to complete = less jobs completed in a day = less revenue Less customers allowed inside at any given time = less opportunities to make a sale = less revenue 	<ul style="list-style-type: none"> Decreased profitability Change in breakeven level Draining cash reserves 	<ul style="list-style-type: none"> Smaller cash reserves Stress/worry about paying the bills Reduced working capital available to fund stock etc. 	<ul style="list-style-type: none"> You cannot keep your full team busy full time This may create an inability to offer full hours of work This may create an inability to pay full wages
Actions	Consider: <ol style="list-style-type: none"> How much stock on hand you currently have? What work you are able to complete with your current stock levels? If your stock delivery is likely to continue to be delayed due to Auckland lock down extended and, Focus on replenishing stock levels and cashflow required to do so. How many hours of labour this is / how many hours you will need your team available for? Can you promote your team is available for labour-only jobs? Discuss with your team and reach mutual agreement of working arrangements in Level 2 	Consider: <ol style="list-style-type: none"> Reorganise your workplace to ensure you can serve your customers and your team can work together safely Determine what sales will be possible based on your new capacity levels, understand the potential shortfall and re-price accordingly to ensure you are covering your fixed costs and overheads 	Consider <ol style="list-style-type: none"> Reprice jobs to take into account longer time requirement e.g. If the job takes 20% longer, increase your price by 20% or bill on cost + basis Learn what products / services have the best gross profit margin for your business. Train your staff to upsell these products and services at every opportunity Consider how you price with a focus on maintaining GP \$ rather than GP % Run job profitability reports from your job management system and monitor job hours and materials relative to pricing to enable good decision making 	Consider <ol style="list-style-type: none"> Ensure you have prepared different financial scenarios including a reduction in sales and increased pricing Have funding in place BEFORE it is anticipated you will require it. Renegotiate / Extend payment terms to suppliers Reduce payment terms from customers / request customers pay up front and follow up with outstanding debtors Consider IRD COVID-19 tax relief options, including delayed payment or tax write-offs Claim the Wage Subsidy and the Resurgence Support Payments 	Consider <ol style="list-style-type: none"> Determine what work is available Determine the hours required from your team Check eligibility for ongoing wage subsidy Have a discussion with your team around reduced operating ability and the impact Discuss alternatives Reach mutual agreement on working conditions
What next?	<ol style="list-style-type: none"> Communicate with your team on any issues that may impact them including: your immediate plans, your plan for further Alert Level changes and any issues they would like to raise with you. Reach mutual agreement on working hours (Delta Level 2 may not mean full time hours). Sign up to our email list to gain access to our regularly released resources. Contact the Velocite Team if you require our support with any of the actions mentioned above. Reflect on the past three weeks of lockdown and when you get to the weekend take some time out! 				