

POST COVID BUSINESS FINANCING STRATEGIES

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IMPACT OF COVID-19 ON BUSINESSES IN NIGERIA



Trade and investment disruptions

44.3 million adults' own businesses



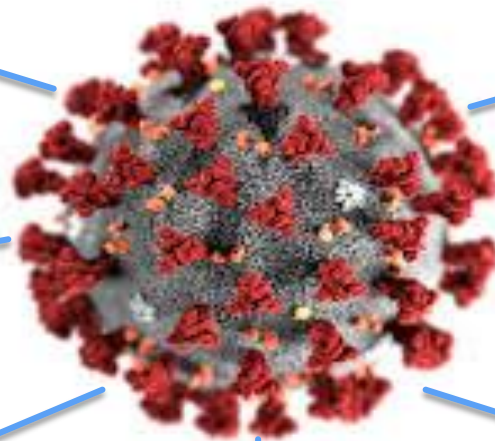
MSMEs account for 96% of businesses, 84% of employment and contribute 48% of GDP in Nig.


23M adults earn their income daily or weekly (EFIn Access to Financial services in Nigeria 2018 survey)

Supply chain challenges due to inability to move raw materials due to restrictions

Businesses experienced decline in income due to lockdown

Economy projected to contract between 5% to 10% (Compared to 1.6% in 2016)





A Few Questions Businesses Should Ask

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1. Do you have sufficient cash? – Liquidity.
 2. What cost have you been able to do without? – Cost structure.
 3. Are you financially exposed to any lender? – Funding debt.
 4. Is your business exposed to fluctuation in foreign exchange? – Risk
 5. Do you have trade receivables? – Credit
 6. Do you have liabilities?
 7. How have you been able to leverage on technology during the pandemic?



INDUSTRY IMPACT OF COVID 19

LOW IMPACT

Bakery
Beverages
Healthcare
Telecoms
Pharmaceuticals
Packaging
Personal care products

MEDIUM

Restaurant
Clothing
Education
Electricity
Agriculture
Real Estate
Hospitality
Consumer electronics

HIGH

Automobile
Banking
Finance
Entertainment
Leisure
Oil and gas
Trading
Transportation
Construction
Luxury Goods

Source : SBM Intel

Businesses with high impact have to review their business models.

Business Financing Strategies

1. Review your cost structure (marketing, adverts, travels, staff)

2. Source your raw materials locally

3. Renegotiate your loans (revise loan covenants, deferral of interest or scheduled amortized payments, requests for waivers)

4. Manage your receivables through a robust collection process

5. Outsource non-core functions

9. Explore crowd-funding options

10. Review your credit policies

12. Renegotiate your credit lines

13. Explore the waivers/moratorium/concession granted by CBN/BOI/NEXIM

8. Control all cash out flows (What can we deny? What can we delay? Should we invest?)

11. Extend your payables

7. Shared cost (shared services, co-location etc)

14. Access the intervention funds (50b for SME, N100b Health sector intervention)

6. Explore alternate supply chain financing options such as invoice financing & factoring



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