

SPEND
TO SURVIVE

Spend to survive playbook

How Europe's top finance professionals manage
spend without compromising growth in a crisis



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About the playbook

When a crisis hits, implementing efficient spend control is high priority. But it's not just about cutting costs, you need to keep your business primed to take opportunities when they arise.

In this playbook, we ask leading business figures how to make smarter decisions in turbulent markets – and show you how to build momentum on the other side.

We spoke to more than 20 finance experts and founders of some of Europe's fastest growing companies, asking questions about their strategies and spending practices to bring you clear advice.

For their involvement in this playbook, we'd like to say a huge **thank you!**



Crises and deadlocks, when they occur, have at least this advantage – that they force us to think.

Jawaharlal Nehru

This playbook will help you understand:

- The most important steps to preserve cash
- The financial metrics you need to focus on
- How to successfully budget and forecast in a crisis
- How the role of finance changes during uncertain times

Practical steps to boost cash flow



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Cash is king no longer applies; cash is now God.

Dynshaw Italia CFO at Soldo

Cash flow conversations usually start with revenue, and there are a number of ways to supplement your income during economic downturns that might make all the difference.

Bring your client payments forward.

There are lots of tools at your disposal to help with this, from online payment systems to automated late payment reminders.

Have a healthy cash position.

Thankfully, government grants and reduced-rate loans are often made available during crises.

Your accountant will be in the know about these, so pick up the phone.

Pivot.

Even in tough conditions, you can adjust your offering to fit the marketplace. And that repositioning can bring in the revenue you need to survive the fallout.

What you can do right now

Explore funding options

Ask your accountant about back loans, grants, tax refunds, and deferred VAT payment options available to you. Check out government schemes and apply for help. As Marta from Digital Detox advised, these options can help increase cash flow and 'you can make another use for the money.'

Fast-track customer payments

Get paid faster with automated invoicing. Making it easier to receive payments is attractive to existing and potential customers, and it all extends your runway.

Find new sources of revenue

Look into new markets, particularly those less affected by the crisis. Find new use cases, experiment, and fail. Use data to understand what's not working so you can pivot quickly. Maintaining healthy growth and creating cash can help you preserve it.



Cash now is better than cash later.

Dynshaw Italia CFO at Soldo

Managing your spending

During COVID-19, spending on office supplies and perks ground to a halt. Travel and entertainment costs disappeared, as well as events. Vizlib told us they **saved almost \$100k by skipping a tech conference.**

Most businesses were lucky to see costs naturally reduced when they needed. But what active steps can you take to cut costs?

Renegotiate with suppliers

Adjust payment terms and reinvest elsewhere. This goes for rental payments, too. If your office is mostly unoccupied, it's pertinent to reduce costs.

Rationalise subscriptions

Minimise spending by axing unnecessary software subscriptions. Aarish Shah, founder of EmergeOne, said many clients had multiple video-conferencing software subscriptions.

Spend smarter

Being in a crisis doesn't mean you should cut all spending. Prioritise and spend wisely. At Manilife, online ads were shut down at the start of lockdown but that changed once they saw it was the cheapest time to market.

Create a cash flow forecast

Build a forecast that considers up-to-the-minute financial data. Use Excel templates and software tools to get the most out of your data.

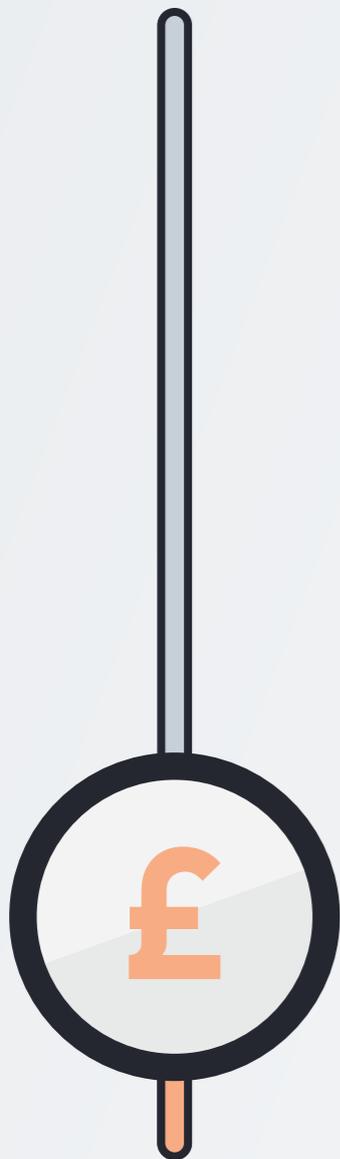
Metrics that matter

Your financial metrics tell you where your business stands. So, when a crisis hits, metrics will play an even bigger role in telling you what to focus on to keep your business healthy.

While before COVID-19, many businesses noted that the most important metrics to keep up were accounts receivable, profitability, cash burn and customer satisfaction – **priorities have changed.**

Of course, choosing the right metrics to help you get through this is going to depend on your industry and business size. But, for most companies we spoke with, the value of cash-related metrics soared.

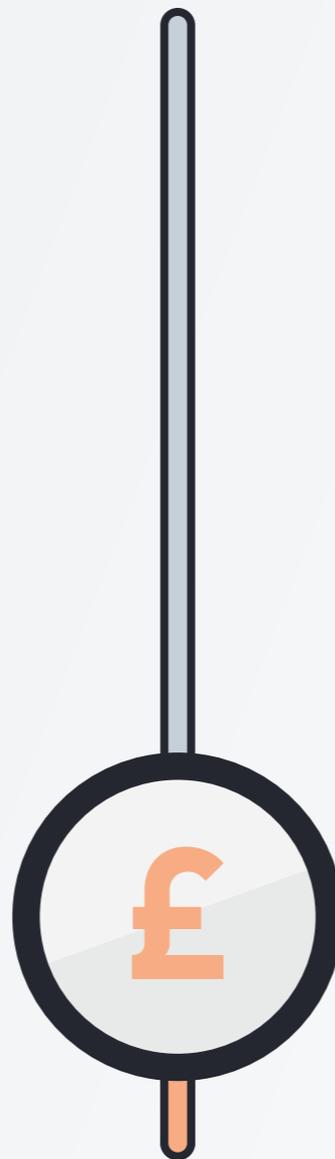
• MRR •



• Cash Flow •



• ARR •



In uncertain times, it all comes down to cash.

Specifically, they **prioritised cash flow movement** and scaled back on revenue run rate, monthly reoccurring revenue (MRR), and annual recurring revenue (ARR) – because while these metrics emphasise long-term revenue, you need to get the cash you're due now to secure your near future.



Cash flow and overall liquidity has to be the most important in these difficult times.

Alistair Quantico

What you can monitor right now

What you have

Before jumping the gun and deciding what you can spend on, you need to take a good, hard look at the cash you currently have. What is affecting it right now, and where? Marta from Digital Detox suggests looking at the sales pipeline and keeping a closer eye on it than ever.

What you're owed

Idriz from Vizlib told us their key metric right now was accounts receivable (AR). With net cash flow as their top priority, they've used extra resources to chase invoices. Similarly, you can reduce the probability of delayed or missed invoices with automated payments.

What's in store

As the CFO of Ralston pointed out, when you look at cash movement from a previous month, you're focusing on what's already happened. Sales leads, new customers, and other leading indicators of cash coming in are imperative.



**KEEP YOUR EYES ON
THE PRIZE**

Keep your customers closer

When checking your priorities, remember how much **cheaper it is to retain existing customers** rather than acquiring new ones.

In a time of crisis like COVID-19, your customers will share a lot of the same pains you have, and you'll have to encourage them to stay with you.

Relaxing payment terms, talking about and planning the future together might help you reduce churn.

In Kyle Brennan's words, **'Now is a better time than ever to talk to customers about how you can meet their needs.'**

You also have to do an even better job at understanding why your product is so important to them. This will help you optimise acquisition channels and earn new customers during this time.



Forecast for a fruitful future

The finance professionals and founders we spoke with emphasised that forecasting and budgeting are especially relevant during a crisis.

For many, starting from scratch was the best option. They chose to reduce time frames for their budgets and forecasts, **replacing annual estimates with monthly**. Opting for a real-time view of spend across the business will prove useful in ever-changing market conditions.



Reforecasting shouldn't be limited to profit and loss (P&L). When looking at all costs and restructuring, it's good to **forecast the balance sheet and cash flow**.

You must know your working capital requirement and fully understand how much money you need to cover operating expenses.



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Be productive, have a cash flow forecast to record income and outgoings. Build one for the full year to support long-term decisions.

Marta Digital Detox

4 steps to how you should forecast now

- 1. With your team:** Involving more people in this forecasting will help you create a performance-related plan. Get buy-in from those delivering the plan.
- 2. With the right budgeting method:** Zero-based budgeting (ZBB) has been a strong option in slashing costs during COVID-19. ZBB is super useful, but not ideal for smaller businesses with a tighter budget and limited areas which could use it.
- 3. With approval processes:** The best way to control costs is through approvals processes, so an informed decision can be made on every purchase. But many start-ups and scale-ups prefer to avoid bureaucracy, as it slows business down.
- 4. With technological help:** Aarish from EmergeOne emphasised the value of implementing a spend management platform or virtual card system that helps you save time managing people and their spending performance-related plan.

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If spend is already signed-off, it's easy to set things in motion and let people run with it. You need to allow teams to be autonomous and let them work.

Aarish Shah CFO of EmergeOne

Use forecasting to analyse where profits can come in the short term. It's an opportunity to **pivot your business** to earn what you need to survive the complex market conditions of COVID-19.



The changing role of finance

COVID-19 initiated sweeping changes in how people conduct business all over the world, and this was felt keenly in finance departments.

As we were told unanimously by the people we talked to, the impact of the coronavirus meant universally extending the remit of the finance team. Almost everyone noted the **increased time spent in forecasting and planning** – especially in the beginning.



At Ralston, there was a lot of scenario planning, which changed from month-to-month to week-to-week.

When facing the coronavirus crisis, considerations moved past preparing for the worst or surviving. Businesses sought to lay foundations that would allow them to achieve goals and build momentum post-lockdown.

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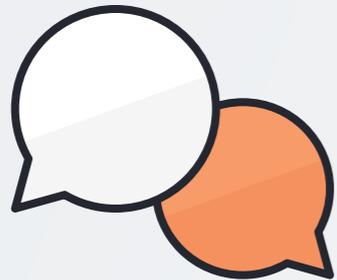
We spent a large amount of time interpreting performance and creating a credible plan to steer business forward.

Philip Kelvin CFO of Trussle

Preparing for post-lockdown life

Businesses answered the challenge of stepping forward during the pandemic by:

- **Being hands-on and keeping a close eye on all payments** – making sure all payments going out are signed-off, and preventing delays on any payments coming in.
- **Getting more involved in commercial conversations** – looking into new use cases and identifying new markets.
- **Getting involved in projects at an earlier stage and optimising acquisition** – being more creative in terms of pricing, giving customers reasons to be excited about their offerings during lockdown.



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It's less managing, more sharing information and experience. We have a daily zoom call and share everything we've done with clients in the last 24 hours, so everyone hears (about each other's) work.

Heather Darnell Founder and Finance Director at Ask The Boss

The power of communication

The consensus among the professionals we talked to was that there were also **changes in communications between the finance team and the rest of the company.**

When you allow more information to flow through different parts of the business, your people begin to see things that can benefit your bottom line.

In times of crisis, you have to make sure everyone is pulling in the same direction. Every member of your team should know what is going on.

It's critical for leaders to be as transparent as possible on cash flow and costs, and to be realistic about where business is and is going.

This exchange of ideas and work has resulted, for many companies, in increased involvement in advising the board.

For VC-backed companies, a noticeable difference was in the communication with investors.

At Soldo, Dynshaw highlighted the 'need to keep (investors) informed as they're concerned about all businesses in their portfolios' and ensuring investor buy-in.

...be as transparent as possible on cash flow and costs...

All about Soldo

At Soldo our mission is to help businesses make smarter decisions when it comes to company spending.

Founded in 2014 by tech veteran Carlo Gualandri, **Soldo** is one of Europe's fastest growing fintech companies. In 2017, the company raised \$11 million in Series A funding led by notable venture capital firm Accel to accelerate its growth and has trebled its workforce in the last 6 months.

In 2019, the company went on to raise \$61 million led by Dawn Capital and Battery Ventures – the largest round of funding ever secured by a spend management company.

Soldo provides companies with a unified solution to manage spending and expenses.

Give your team the power to buy what they need on **Soldo Mastercard**[®] cards, while retaining control over costs with custom budgets and rules for each user. Users can capture detailed expense data, right at the point of purchase. And seamless accounting software integrations automatically stream data into Xero and QuickBooks.

Soldo is trusted by scaling businesses across Europe, including Monzo, GetYourGuide, Curve, Gymshark, Citymapper and Zipjet.

Soldo is based in London, Dublin, Milan and Rome.

Want to know more?

Speak to our sales team at:

sales.uk@soldo.com



Thanks for reading

We hope this playbook helps you think about how you can manage spending during times of crisis.

If you've enjoyed reading this and want to delve deeper into the minds of the experts we talked to, you can watch the full conversations on the [Spend to Survive](#) microsite.



[Watch videos](#)

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