



Informative Bulletin
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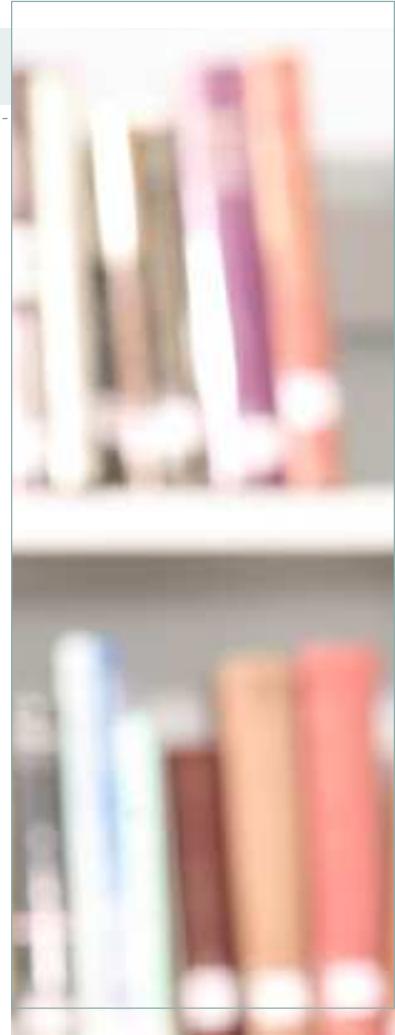
Reality cannot be avoided

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At Accounting & Finance Ltd we witness a delay in introducing the right financial strategies when in crisis when they are both known and effective.

The reality of numbers cannot be hidden and avoided and the fastest these strategies are implemented the better for the company's cash flow and progress.

Subsequently, I would like to present some of these strategies suggested by AF Ltd per case and after careful analysis.



A) Financial Management

The right financial management protects the company in any environment even in crisis and forms the basis for its growth.

We strongly believe that companies that operate at low leverage can absorb better the tidal waves of an economic crisis. This requires good cash flow management as well as a thorough break even analysis.

A.1. Cash flow

We acknowledge the fact that most of the companies today in Greece face cash flow problems. However, there are preventive and corrective tactics which should be used:

- The evaluation of the current financial situation and the categorisation in chronological order of all amounts due (debtors) and to be paid

To be continued



CASH FLOW—*continuing*

- New target setting both for the short and long term as well as ranking all the problems in relation to their impact.
As far as problems arising from the inability to pay are concerned, those should be analysed according to their negative consequences
 - The analysis and selection of the right financing solutions to improve cash flow or the liquidation of assets
 - The effective management of revenue streams. In order to minimise the period of time from a sale accrued until its payment, companies can make use of reductions and other marketing incentives designing a system to monitor customer behaviour and adjusting payment policies accordingly
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- Negotiating loan payback time. This tactic can allow a longer payback period and smaller instalments, improving cash flow
 - Looking for ways to increase sales using various marketing tools and practices and paying attention to price wars which are destructive especially in the case of inelastic demand
 - Researching the possibility of joint ventures or other forms of cooperation.
Good cooperations may end in other strategic routes like acquisitions and mergers but nevertheless they are a good practice to have your sales increased via additional channels, share marketing expenses and cross selling
 - Using backwards and forward diversification to reduce suppliers' and intermediaries' cost
 - Reducing warehousing cost via better warehousing and logistics management

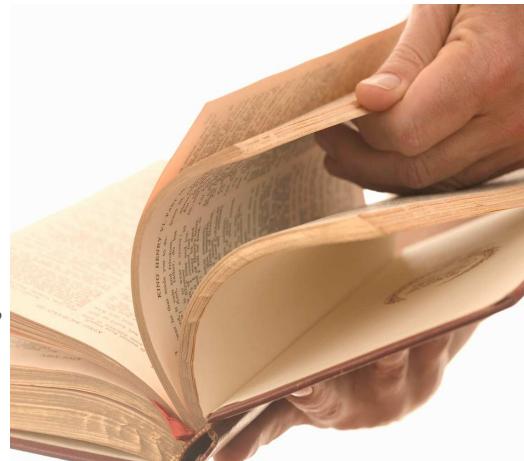
A.2 . RE-ORGANISING TO REDUCE OPERATIONAL COST

Re-organising to reduce cost is a practice suggested even in growing and mature markets but it is a necessity in times of crisis.

Attention needs to be given so as the Value to the client will not be destroyed, for example making service personnel redundant offering competition advantages to claim your clients.

Tactics for cost cutting followed with good results are:

- Making your products simpler
- Making your management structure simpler
- Using outsourcing
- Reducing cost through new contracts (employment, rent, etc) as well as introducing new production methods and /or redesigning your internal operations eliminating wasteful elements
- Turning variable cost to fixed cost wherever possible.
This can be achieved via outsourcing and leasing but new invoicing contracts can also be negotiated and introduced, for example remuneration linked with productivity



B) Differentiation strategy

Differentiation is about getting ready to access new markets in different sectors. Although risk may be counterbalanced with this tactic it is important to target markets and sectors where company's capabilities match market entry and success requirements; otherwise it may be dangerous. Choosing geographical markets closer to company's knowledgebase and using the right marketing strategies, positive results can be achieved.

There are opportunities in Greece.

Our vast experience and our aim to guide and support you through the various possibilities when investing or managing a business in Greece are reflected in our services which include immaculate accounting services, legal advice and 360° support for establishing, growing, financing, managing and internationalising your business profitably.

View our services and contact us for more information

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