

RECOVERY SPECIALIST LEADS SEMINARS

A corporate recovery specialist in the north is fronting a series of seminars that he believes will help small firms survive the recession.

In the series being rolled out by Invest Northern Ireland in partnership with councils, Sean Cavanagh is drawing on more than 25 years of experience in business recovery. Mr Cavanagh advised many businesses in previous recessions in the 1980s and 1990s. He urged small firms to adopt a positive strategic plan for this recession and to be aware there is light at the end of the tunnel.

His practical ideas for businesses to consider include:

- Seeking new trading opportunities by looking at import substitution. The weakness of sterling means imports are much more expensive and there are opportunities for northern manufacturers to say ‘we can do that’ and still save the importer money.
- Stretching existing cash as far as possible. The tax authorities have agreed that they will be much more understanding in giving more time to pay tax if proper proposals are put forward and adhered to. A lot of small businesses do not like asking for more credit but the experience of Mr Cavanagh’s firm is that creditors understand that these are exceptional times and will, in the main, allow more time to pay.
- Tapping into new sources of cash. The tax authorities will help here also with a new scheme recently announced whereby they will refund up to three years income tax paid on profits. So if you have paid tax when the times were good and you are now making a loss, you can now greatly improve your cash flow by applying quickly for a refund.
- Financial Assistance. In some cases, Invest N.I. will look favourably on applications via its Accelerated Support Fund.
- New Enterprise Loans Scheme. The British government has nearly finished rolling out this joint scheme with the banks whereby the banks will possibly lend funds to small businesses with up to 70 per cent of this lending unsecured.
- If things are still looking bad, there is hope in the shape of an individual or company voluntary arrangement, a rescue procedure whereby – provided creditors can be encouraged to agree – a business is allowed a permanent write-off of a substantial part of its debts while still continuing to operate.

“The key is to seek advice early. Leave it too late and the chances of succeeding can evaporate,” Mr Cavanagh – a partner in the corporate recovery department of Cavanagh Kelly in Dungannon, Co. Tyrone – said.

“Be flexible, be realistic, be positive and plan early.

“Prevention of a problem is always better than the cure.”

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