

# The Crisis Backbone: “Finance Command at the Helm of Continuity”

A practical step-by-step framework for CFOs & FM’s across all industries — manufacturing, trading, services, real estate, and construction — to protect liquidity, stability, and business continuity during war or geopolitical crisis such as in the GCC region.

CRISIS MANAGEMENT FRAMEWORK

14-STEP PLAYBOOK

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# Step 1: Establish a War-Time Financial Control Room

The first action is to immediately create a **Financial Crisis Management Team** responsible for daily monitoring of all financial risks across the organization.

## Team Members

- CFO / Finance Head
- CEO / Managing Director
- Supply Chain Head
- Sales Head
- Operations Head

## Daily Dashboard Must Include

- Cash position & bank balances
- Major receivables outstanding
- Major payments due
- Inventory levels
- Supply chain disruptions

This control room becomes the nerve center of all financial decision-making during the crisis period, ensuring no blind spots in cash or operational visibility.



# Step 2: Prepare an Emergency 13-Week Cash Flow Plan

The **first and most critical responsibility** of the CFO during a crisis is cash visibility. A 13-week rolling cash flow forecast gives management approximately 3 months of forward visibility to avoid sudden cash shortages and plan financing in advance.

## What to Include in the Forecast

- Customer collections
- Supplier payments
- Salaries & payroll obligations
- Loan repayments
- Operating expenses

## Key Actions

### → Update Weekly

Refresh the forecast every week with actual data and revised projections.

### → Identify Gaps Early

Spot cash shortfalls before they become emergencies.

### → Plan Financing in Advance

Arrange credit lines or facilities before the need becomes urgent.



# Steps 3 & 4: Cash Preservation & Aggressive Receivable Management

## 💰 Cash Preservation Strategy

During crisis: **Cash is more important than profit.** The CFO must implement strict cash protection policies immediately.

### **Freeze Non-Essential Spending — review immediately:**

- New capital expenditures
- Expansion projects
- Marketing campaigns
- Travel expenses
- Consulting contracts

Allow only business-critical spending to continue.

## 📄 Aggressive Receivable Management

Receivables become highly risky during war because customers themselves face uncertainty. Proactive action is essential.

1. Identify top 20 receivables by value
2. Contact customers proactively
3. Offer early payment incentives
4. Introduce stricter credit control

**New Credit Policy:** Reduce credit days, increase advance payments, and limit exposure to risky customers.

# Steps 5 & 6: Supplier Payment Strategy & Working Capital Control

## Step 5 — Negotiate with Suppliers

The CFO should proactively negotiate with key suppliers to balance cash inflows and outflows. Options include:


- Extend payment terms where possible
- Convert lump sum payments into installments
- Arrange temporary payment rescheduling

The goal is to preserve cash without damaging critical supplier relationships.

## Step 6 — Inventory & Working Capital Control

War situations create shipping delays, supply disruptions, and demand uncertainty. The CFO must monitor working capital very closely.

1. Reduce slow-moving inventory immediately
2. Avoid overstocking across all categories
3. Increase stock only for truly critical items
4. Liquidate obsolete inventory to free cash

 **Key Principle:** Working capital should be *optimized*, not maximized.



# Step 7: Risk Mapping Across the Organization

The CFO must conduct a comprehensive **financial risk assessment** covering all major risk categories. Each identified risk must have a documented mitigation plan.



## Supply Chain Risk

- Import delays & border closures
- Price surcharges on logistics
- Logistics & freight disruptions



## Customer Risk

- Delayed or defaulted payments
- Project cancellations
- Reduced order volumes



## Financial Risk

- Currency fluctuations
- Rising interest rates
- Credit tightening by banks

# Step 8: Scenario Planning for Uncertainty

The CFO must create multiple financial scenarios to prepare the organization for a range of possible outcomes. For each scenario, calculate the cash survival period, required cost reductions, and financing requirements.

1

## Scenario A — Mild Impact

Sales Decline: 10%

Limited disruption. Focus on cash preservation and receivable tightening. Minor cost adjustments required.

2

## Scenario B — Moderate Crisis

Sales Decline: 25%

Significant pressure on cash flow. Activate supplier renegotiations, freeze non-essential capex, and draw on credit lines.

3

## Scenario C — Severe Crisis

Sales Decline: 40%

Survival mode. Deep cost cuts, emergency financing, restructuring of obligations, and potential asset liquidation required.

***Scenario planning is not pessimism — it is financial preparedness. Organizations that plan for the worst are best positioned to survive and recover.***

# Steps 9 & 10: Cost Control & Strengthening Banking Relationships

## Step 9 — Cost Control & Efficiency Programs

The CFO should lead a company-wide cost optimization initiative.

Areas to review:

- Administrative overhead
- Operational inefficiencies
- Logistics costs
- Vendor contracts
- Facility expenses

The focus must be on **efficiency without damaging core operations**. Cost cuts that destroy revenue-generating capacity are counterproductive.

## Step 10 — Strengthen Banking Relationships

During a crisis, access to credit becomes critical. The CFO must be proactive with banking partners before the need becomes urgent.

- Maintain regular communication with relationship managers
- Secure overdraft facilities in advance
- Negotiate working capital credit lines
- Monitor loan covenant compliance closely

**The objective is financial flexibility — ensuring the organization can access funds when needed without scrambling at the last moment.**

# Steps 11, 12 & 13: Profitability, Reporting & Employee Confidence

**1**

## **Protect Profitability**

Even if sales fall, margins must be protected. Review pricing strategies, cost structures, and product/service profitability. Stop or restructure all loss-making activities immediately to prevent cash drain.

**2**

## **Weekly Executive Financial Reporting**

The CFO must report weekly to top management covering: cash position, receivables aging, payables commitments, working capital status, sales outlook, and risk alerts. This ensures quick and informed management decisions.

**3**

## **Maintain Employee Confidence**

Financial instability creates internal panic. The CFO must ensure salary payments are planned and on time, employee communication is transparent and calm, and cost controls are structured and perceived as fair. Employee confidence maintains operational stability.

# Step 14: Identify Strategic Opportunities

Crisis periods are not only about survival — they also create significant strategic opportunities for organizations with strong financial control and liquidity discipline.



## Acquire Weaker Competitors

Distressed competitors may be available at attractive valuations. Strong balance sheets enable opportunistic M&A during downturns.



## Better Supplier Contracts

Suppliers facing reduced demand are more willing to negotiate favorable long-term pricing and terms with financially stable buyers.



## Expand Market Share

As weaker players exit the market, well-managed companies can capture their customers and grow their market position.



## Secure Strategic Partnerships

Crisis creates alignment incentives. Companies can form alliances and partnerships that would be harder to negotiate in normal conditions.



# Key Performance Indicators: What the CFO Tracks Weekly

During a crisis, the CFO must maintain a disciplined weekly KPI review to ensure the organization remains on track across all financial dimensions

KPI	Purpose	Why It Matters in Crisis
Cash Balance	Liquidity strength	Immediate survival indicator — must be monitored daily
Receivable Days	Collection efficiency	Rising days signal customer stress and cash risk
Payable Days	Payment flexibility	Extending payables preserves cash without new financing
Inventory Turnover	Working capital efficiency	Slow turnover ties up cash in uncertain demand environment
Operating Expense Ratio	Cost discipline	Tracks whether cost controls are actually working
Debt Service Coverage	Loan repayment ability	Critical for maintaining banking relationships and covenants



# The Core Principle: Financial Stability Formula

Cash is more important than profit during a crisis. The CFO's role is not accounting — it is protecting the survival and continuity of the business.

## Liquidity

Maintain cash visibility and access at all times through the 13-week model and banking relationships.



## Cost Control

Freeze non-essential spending, optimize working capital, and lead company-wide efficiency programs.



## Risk Management

Map all financial risks across supply chain, customers, and markets — with a mitigation plan for each.



## Strategic Planning

Use scenario planning and opportunity identification to position the organization for recovery and growth.

**Financial Stability Formula: Liquidity + Cost Control + Risk Management + Strategic Planning = Business Survival and Stability**