

No Time to Wait – Develop a Proactive Debt Strategy

With the spread of COVID-19 almost every Canadian business is concerned about the future. To survive these unprecedented times business owners will need to communicate with their lenders, develop a detailed financial plan, access government relief programs and be aware of alternative sources of financing.

Osprey Capital is having ongoing discussions with numerous North American banks and alternative lenders regarding the availability of debt.

- The consensus is that banks are focusing on supporting existing customers by amending credit terms and providing access to various government support options.
- Alternative lenders have broad activity levels ranging from actively looking to underwrite new loans to not pursuing any new business.

Based on these discussions, we strongly encourage businesses to be proactive with their lenders and be aware of what alternative lender options are available. We have prepared a checklist for businesses to help as they review their debt financing strategy.

THE CHECKLIST



COMMUNICATE WITH LENDERS

While many businesses have already been in discussions with their bank, ongoing dialogue is essential to understand the currently available options and the potential to amend or increase existing facilities. This dialogue should be a priority. In addition, Canadian banks are the gatekeepers for some of the more significant government programs and to qualify businesses may need a referral or their bank's participation. For current debt facilities, we see options that may include principle repayment deferrals, extensions to short-term credit facilities and the opportunity to increase leverage or asset margining on working capital facilities.



PREPARE A DETAILED FINANCIAL PLAN

Whether a business' current lender has asked for it or not, a detailed written financial plan to address the current COVID-19 environment is part of a sound debt strategy. A good plan will include a summary of the measures taken or to be taken to manage the cashflow of the business over the next 12 to 18 months. The detailed financial model should project performance on a monthly basis and be flexible enough to analyse and adapt to various scenarios as things are changing quickly. Many businesses will benefit by tracking cashflow on a weekly basis.

Lenders are extremely busy and most have multiple applications to process. Being prepared will assist in expediting credit decisions.



ACCESS GOVERNMENT RELIEF PROGRAMS

A crucial part to surviving this challenging time is the access to government support. To facilitate ease of access, we have compiled a list of government relief programs and other useful links. These sites are being updated frequently, so check back regularly to remain current. The list is available here:

[Important COVID-19 Information Links PDF](#)



ALTERNATIVE SOURCES OF FUNDING

Despite the best communication and planning, some businesses will find themselves in a situation where their current lenders are unwilling or unable to help. Even businesses that are currently being supported by their bank could find themselves needing additional financing. Through our ongoing discussions, there are numerous lenders that are trying to assist in these circumstances. The options available to businesses are evolving every day.

WE ARE HERE FOR GUIDANCE

Going forward potential lenders will be looking for opportunities with a well thought out debt strategy that has been vetted by accountants, lawyers and financial advisors. They will take comfort that there has been a review of the operations of the business and that the scenarios have been considered and stress-tested by an independent party. This will speed up the decision-making process.

If a situation occurs that requires you to seek another solution or you just want to chat about options, the Osprey Capital team is available.

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About Us

Founded in 1998, Osprey Capital Partners Inc. is one of Canada's largest independent investment banks - comprised of dedicated expert service professionals focused on divestitures, acquisitions and capital raising. Osprey's international reach is augmented through its Globalscope partnership.

GLOBALSCOPE

55 independent M&A firms. 1 global family.