

“Outsource jobs or centralise functions to best utilise your people”

RAMESH SUBRAMANYAM, CHIEF FINANCIAL OFFICER OF TATA POWER, ON HOW TO CONSERVE CASH DURING A CRUNCH

1 EXPLORE ALL OPTIONS: Determine which expenses can be questioned, reduced or eliminated without inconveniencing your established customers. Raise cash by selling obsolete inventory and non-performing assets. Outsource jobs if it makes sense or centralise functions to best utilise your people.

2 SCAN EVERY EXPENDITURE: Cutting back on discretionary spending is crucial. Expenditure should be incurred for only three purposes — unavoidable routine organisational needs, increasing productivity and investment for growth. For every expenditure, ask yourself the question will the money spent yield a quick payback?

3 CASH IN ON YOUR REPUTATION: For an organisation facing a crunch, its reputation can be its best friend or worst enemy. Stakeholders will remain with corporates that behave in an ethical manner when other companies' products and services are available at a similar cost and quality. They will always support your organisation in crunch times and keep availing your products or services when they have seen you through cycles.

4 LEVERAGE YOUR GOODWILL: If your organisation's reputation in the financial marketplace is intact, raising money wouldn't be too difficult. If your reputation is sterling, service providers — including banks — would love to partner with a safe borrower. Thus, you can negotiate better terms during a downturn.

5 REWARD RIGHT BEHAVIOUR: It is important to define expected behaviour and then encourage it by rewarding with cash, kind, and some cases, just through praise. Whether it is a big change or a simple everyday idea that saved a couple of thousands — everything counts during tough times. ☺

