

How to survive during recession?

怎樣在經濟衰退中生存

Understand Finance

了解財政

&

Maintain long term sustainable growth

維持長久的、可持續的增長

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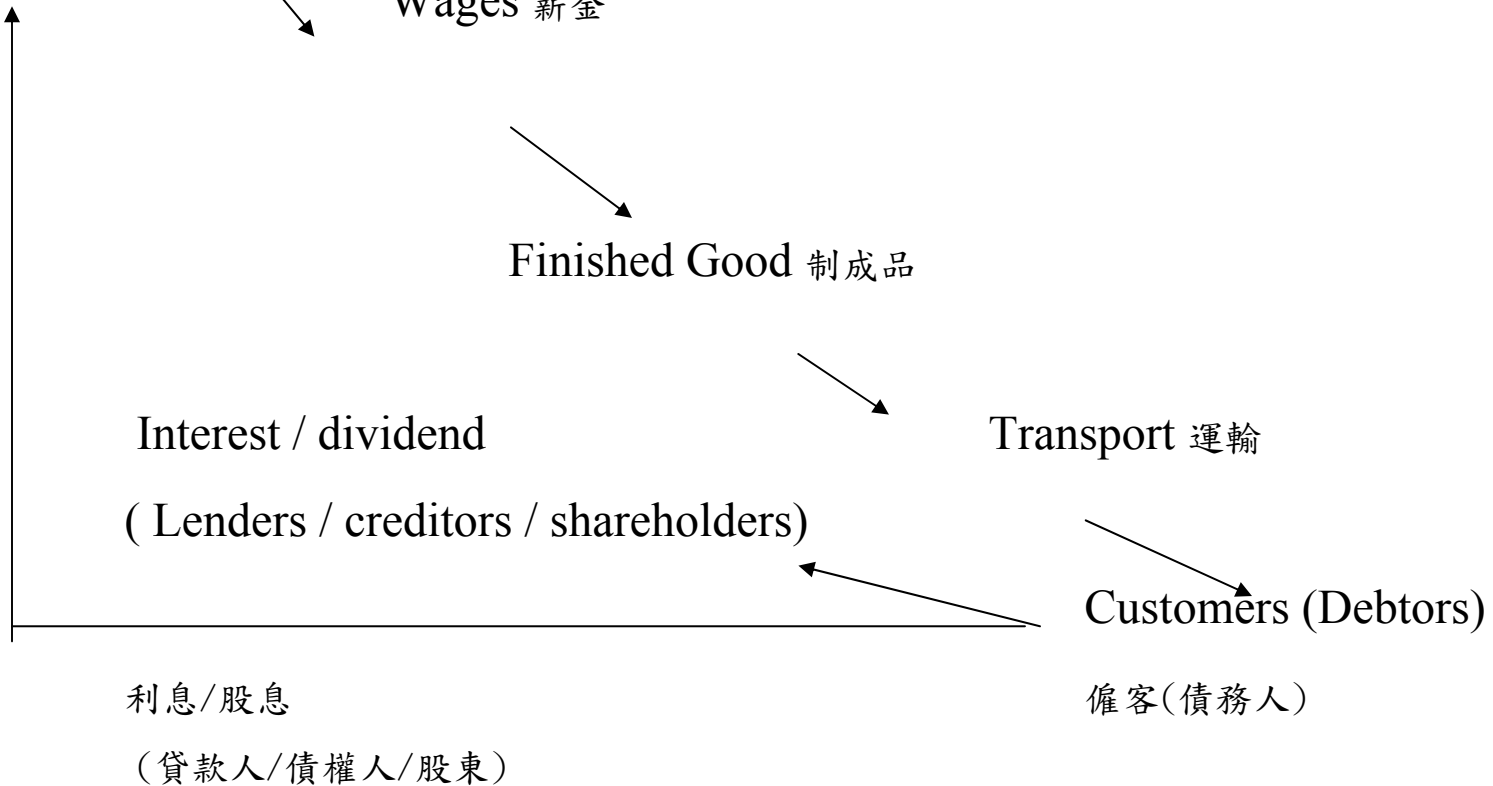
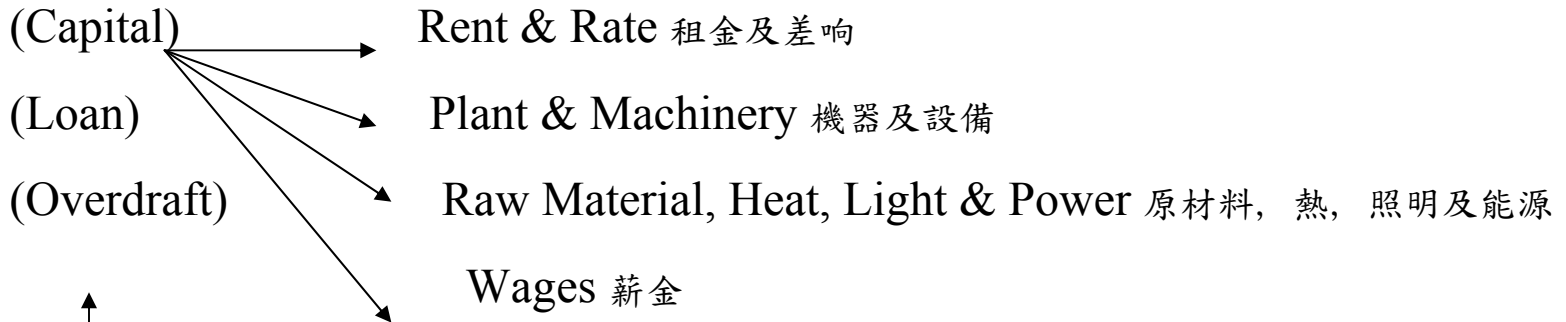
What is finance used for? 財政何用？

Working Capital Cycle: 流動資金循環

Cash in > Cash out 現金收入 > 現金支出

Cash 現金, (資本, 貸款, 透支)

Income > Expenditure 入息 > 支出



Profit  $\neq$  Cash ?      盈利  $\neq$  現金 ?

Non cash items in financial accounting? 財務會計中之非現金項目

This is VERY important to understand. 明白它是非常重要的  
Why? 為甚麼 ?

- Most businesses do not fail because they do not make a profit.  
大部份的商業都不是因盈利不足而倒閉

-They fail because they run out of cash.

(Many fail while they are expanding business with good profitability. Expanding at the wrong time without proper risk management is hazardous to business.

它們是因現金不足而倒閉（大部份倒閉都在有盈利下而且正在擴張中。在不適當時候擴充而沒有作風險管理是很危險的。）

- Have you saved regularly for emergency or capital expenditure?  
你有做定期的儲蓄以作危急及資本性開支嗎?

## Assets & Liabilities 資產及負債

Liabilities – a burden to your financial health 負債 - 是財務健康的一種負擔

Assets with positive cash flow 有現金流入的資產

Assets with negative cash flow 有現金流出的資產

Saving & invest – 30% / 40% of income 儲蓄及投資 - 入息的30% / 40%

Real assets? 真正資產?

Plant & Machinery 機器及設備

Factory, Warehouse 工廠, 貨倉

Lorry, Car, Yacht 貨車, 汽車, 遊艇

Home, Holiday Home, BLT 住家, 渡假屋, 收租物業

Correct type of borrowing? 正確的融資?

Overdraft 透支

Loan 貸款

Mortgage 按揭

- Total Cash in > Total Cash out 現金收入 > 現金支出    Total income > Total expenditure 入息 > 支出
- Asset Finance, Capital management, Asset management 資產融資, 資金管理, 資產管理
- Debt Ratio, Repayment Ability 債務比率, 還款能力
- Cost of finance, interest cover 融資成本, 利息覆蓋率
- Mismatch of Assets and Liabilities, Short Term / Long Term finance 資產及負債錯配, 短期/長期融資
- Overdraft and credit card finance 透支及信用卡融資

Rule of 72 and compound effect for double capital 七十二法則 及 複息效應、資本倍增

$\frac{72}{\text{annual growth rate}}$  , e.g.  $\frac{72}{12\% \text{ p.a.}}$   $\Rightarrow$  Need 6 years to double capital 需六年雙倍資本增值  
 年增長率

If annual growth rate is at	12%,	it needs	6 years to double capital.
如果年增長率是	9%	需要	8 年去雙倍資本增值
	8%		9
	6%		12

Check:  $(1+12\%)^6 = 1.9738$   
 驗算  $(1+9\%)^8 = 1.9925$   
 $(1+8\%)^9 = 1.9990$   
 $(1+6\%)^{12} = 2.0122$

What does that means to your credit card debts? 這對於你的信用咭債務有甚麼啓示?

What will be the effect of your mortgage (or credit card loan) with 2% (or 5%) interest rate higher than others?

如果你的按揭(或信用咭貸款)利息比他人高出兩個(或五個)百分比,這會有甚麼影响?

How you feel about the followings? 你對下列因素，有何感覺？

- UK GDP > Recession 英國國民收入總值 > 經濟衰退
- UK Inflation Rate 英國通貨膨脹率
- UK Unemployment Rate 英國失業率
- UK Interest Rate 英國利率
- UK Exchange Rate, £, US\$ 英國匯率
- UK Property Market 英國物業市場
- UK Share Market 英國股票市場
- UK Petrol Price 英國電油價格
- UK Economic Cycle (expand or contract in the right time)  
英國經濟週期（在適當的時候擴張及收縮）
- UK Business environment 英國商務環境

Lessons from History, Failures of markets 歷史的教訓，市場的失敗

Risks > Risk Management – have you done that? 風險> 風險管理-你做咗未？

## Major business risks and insurances checklist: 主要商業風險及保險檢查表

- employers liability 僱主責任
- public liability insurance 公眾責任
- business interruption 業務停頓
- building (include subsidence) and contents (& tenant improvement) 建築物(包括下沉) 及財物(及租客裝修)
- equipments, stock in trade, wine & spirits, frozen food, goods in transit, money, domestic contents  
設備, 存貨, 酒類, 凍肉, 運送中貨物, 現金, 家用財物
- product liability and professional indemnity 產品責任和專業補償
- property owner liability 業主責任
- loss of rent 租金損失
- loss of licence 吊銷牌照
- terrorism 恐怖行動
- commercial vehicles 商業用車
- key man insurance 主腦人保險
- income protection 入息保障
- critical illness 危疾
- credit insurance 信用保險
- home worker 家中工作者
- loss of computer / data 遺失電腦 / 資料
- protective devices, warranties and maintenance 保護的設計, 保證和維修.....

Even the chance is small. What can go wrong will go wrong ultimately! 即使機會很微, 會出錯的最終也會出錯  
It is a matter of time. Can you **survive** if unlucky things happened? 這祇是時間問題。如不幸事發生, 你能生存嗎?  
First priority of a successful business is always preservation of capital. As a result, all successful businesses are risk averse. What is the alternative ways to avoid risks? 成功的商業都以保本為首要任務。因此它們都是嫌惡風險的。  
。有甚麼替代方法去避免風險嗎?

It won't happen to me. It won't affect me. Don't rely on luck!

這不會發生在我身上。這不會影响我。請不要倚賴幸運!

What happened in 2008? 二〇〇八年發生了甚麼事?

The top 5 big investment banks (2 bankrupted and 3 forced to change to banks) disappeared in USA

美國最大的五間投資銀行已經消失(兩間破產, 三間被迫轉為銀行)

- too confidence, 太過自信
- controlling risk, 控制風險
- just ignore the worst case scenario and the unexpected happen  
只不過漠視最壞情況及不預期的情況發生了

In U.K. Northern Rock, Bradford and Bingley collapsed (& London Scottish Bank)

在英國 northern Rock, Bradford and Bingley 倒閉 (& London Scottish Bank 倫敦蘇格蘭銀行)

- top profitable UK banks, 高盈利的銀行
- overtrading, 過度經營
- unaware of risks, 不察覺風險
- assets and liabilities mismatch 資產及負債的錯配

Huge impacts to HBOS, RBS, Lloyds TSB, Barclay, HSBC – relatively prudent! No luck!

對其他銀行如 HBOS, RBS, Lloyds TSB, Barclay, HSBC 有很大影响, 雖然比較謹慎, 但不幸地亦受牽累

UK business owners: no way to get finance, cash flow problem 英國商人: 無法取得融資, 產生流動資金問題

UK employees: employee of Lehman Brothers, Woolworth, MFI 英國工人: 如 Lehman Brothers, Woolworth, MFI

UK shareholders: share value dropped substantially 英國股東: 股價大幅下跌

UK property owners: house price continue to drop 英國業主: 屋價持續下跌

UK pension fund holders: pension fund value dropped substantially 英國退休人仕: 退休金大幅下跌

Other countries ..... 其他國家…….

Oasis airline in HK 香港甘泉航空

Citic in HK 香港中信泰富

Tai Lin in HK 香港泰林連鎖店

Ping An in China 中國平安保險



Anything can happen to you, your family and your business.  
任何事情都可以發生在你的業務，你的家庭或你的身上

These may not be your faults. You may just unlucky! 這可能不是你的過失。祇不過不幸而矣！

Redundancy: employee of Lehman Brothers, Woolworth, MFI

遣散: Lehman Brothers, Woolworth, MFI 的僱員

Disability / death due to car crash 因車禍而喪生 / 傷殘

Disability / death due to train crash 因火車相撞而喪生 / 傷殘

Disability / death due to bomb explosion 因炸彈爆炸而喪生 / 傷殘

Disability / death due to fire in underground tunnel 因地鐵隧道內失火而喪生 / 傷殘

Unable to work due to **critical illness**! E.g. Heart disease, Kidney failure, Cancer, stroke .....

因危疾而不能工作，例如心臟疾，腎衰竭，癌病，中風……

What will happen to you / your family? 這對你及你的家人有何影响？

Mortgage payment! 按揭供款

School fee! 學費

Utility bills! 公用設施費

Food bills! 糧食費

Transportation cost! 交通費

Medical bill! 醫療費

If you try, how much of these can be reduced? Not much, isn't it?

如你償試，你可以減少這些費用嗎？不會很多，是嗎？

Sometimes half-death (e.g. critical illness) is worse than death! There are extra burden on you and your family! 有時，半生不如死(例如危疾)。反而成為自己及家人的負累。

What can help you survive? 你怎樣可以幫你生存呢？

How is your business doing? 你的生意怎樣 ?

- What is the problem? 有怎麼問題 ?

- What to measure? 用怎麼去衡量 ?

- When to take action? 何時需要行動 ?

What to measure? 用怎麼去衡量？

- Against your plan 比較你的計劃
- Against your expectations 比較你的預期
- Against your competitor 比較你的競爭者

What to measure? – against plan 用怎麼去衡量？比較你的計劃

You need regular actual figures 你需要定期的實際數據

Ideally latest management accounts and annual financial statements

最好有近期的管理會計賬及財務年結表

- Sale 銷售
- Orders in hand 手頭訂單
- Wage 工資
- Other costs 其他成本
- Profit 盈利

What to measure? - against expectation 用怎麼去衡量？比較你的預期

You need regular actual figures 你需要定期的實際數據

- What is owed to you? 他人欠你多少債？
- What you owe? 你欠債多少？
- How much cash you have? 你有多少現金？

Do you have figures to foresee any problem in the coming months, year?

你有沒有數據可預測來年或數月後的問題？

## Long Term Business Plans 長期的業務計劃

The purpose of strategic planning is to set your overall goals for your business and to develop a plan to achieve them. It involves stepping back from your day-to-day operations and asking where your business is headed and what its priorities should be.

策略性計劃的目的是設立整體的業務目標及設計一個計劃去完成它。我們要退出日常操作去思考業務的去向及決策的優先次序。

## The three key elements of strategic planning 策略性計劃的三大要素

- Where is your business now? 現時的業務狀況?

- Where do you want to take it? 希望的業務狀況?

- What do you need to do to get there? 需要做甚麼去達成它?

Tools 工具

SWOT

- Strengths 強項
- Weaknesses 弱點
- Opportunities 機會
- Threats 威脅



Tools 工具

PESTLE

- Political 政治
- Economic 經濟
- Social 社會
- Technological 科技
- Legal 法律
- Environmental 環境

Other:

Eg. Michael Porter's five forces .....

## The Plan 計劃

- Analysis of internal drivers: corresponding to the strengths and weaknesses of the SWOT analysis 分析內部動力：關於強項及弱點的分析
- Analysis of external drivers: corresponding to the opportunities and threats elements of the SWOT analysis 分析外在動力：關於機遇及威脅的分析
- Vision statement: a concise summary of where you see your business in five to ten years time 理想目標書：一個五至十年的業務理想概畧
- Top-level objectives: these are the major goals that need to be achieved in order for your vision for the business to be realised 高級目標：要完成理想而必需要完成的主要目標
- Implementation: this involves setting out the key actions (with desired outcomes and deadlines) that will need to be completed to attain your top-level objectives 執行：它包括要完成高級目標而需要執行的主要行動（包括期望結果及最後日期）
- Resource: a summary of the implications your proposed strategy will have for the resources your business needs 資源：包括執行有關策畧所需資源的概畧

Problems that must be avoided: 一定要避免的問題

- Running out of cash (Cash & Risk Management) 耗盡現金 (現金及風險管理)
  - Chase up what you are owed. 追收應收欠款
  - Don't pay up until you need to, but must on time. 準時還款，不早不遲
- Running out of customers (Customer management) 流失客戶 (客戶管理)
  - Look after the ones you have. 珍惜現有的客戶
  - Know what makes you different. 知道怎樣使自己不同

Cash is you friend 現金是你的朋友

- Don't confuse sales with cash 不要混淆銷售和現金
- Your business will survive on cash today not promises of cash tomorrow.  
商業會因持有現金而生存而非未來的付款承諾
- De-leverage > Reduce debtors – get cash in 去槓杆化 > 減少債務 – 持現金
- Review your spending (saving) plans 檢討消費（儲蓄）計劃
- Could you lease or rent rather than use your cash for capital expenditure when business not yet stable?  
當業務尚未穩定時，不要用現金作資本性支出，可租賃

## Profit & Pricing 盈利及價格

- Are your prices sustainable? 你的價格可持久嗎?
- What will happen if sales volumes fall? 如果銷售額下降會怎樣?
- What are your competitors doing? 其他競爭者在做什麼?
- Cut out sales where profit margins are already too low. 減少銷售如果盈利太低

## Sales 銷售

- Monitor sales for profitability 留意銷售及盈利
- Don't be too hungry for new sales 不要過度渴望新銷售
- Don't relax credit checking of customers 對於客戶的信用檢查不要怠慢
- Keep your finger on the financial pulse 要留心你的財政脈搏
- Re-check cash flow forecasts, debtors and profitability regularly – ideally weekly / monthly / quarterly

經常檢查流動現金預測，債務及盈利狀況 – 最好每周 / 每月 / 每季

## Overheads 通常開支

- Don't dash to cut necessary overheads 不要胡亂削減應該的開支
- Look at the obvious fat first 優先留意較大額的
- Don't leave yourself too thin 不要留給自己太少
- Ensure you have stock to cover orders 確保有足夠存貨去接訂單

## Last Thought 最終考慮

- Remember that the future will get better with **plan**. 計劃會使將來更美好
- All successful businesses are **risk** averse. 所有成功的商業都是嫌惡風險的
- We must ensure that we **survive** to enjoy the benefits of an economic upturn.  
我們一定要確保能生存才能夠享受經濟轉好時的利益
- Continue as usual vs. **Sustainable** long term growth  
繼續現狀 vs 維持長久的、可持續的增長
- **Protect** life, protect lifestyle, protect capital, protect cash  
保命、保生活、保本、保現金
- If in doubt, seek professional **help** 如果疑慮，請教專業人仕