

Managing your cashflow during Covid-19 for Rugby clubs

20th May 2020





The more a business knows about their cash flow, the more empowered they become.

COVID-19 is going to impact every income line of clubs this year. Recognising and accepting that early will help clubs get through. This guide provides some tips and tools on how to do that.

Cash Incomings

Income for clubs will be affected this season by COVID-19 so need to be reconsidered for the year.

Sponsorship

Clubs will need to keep up good communications with sponsors to make them aware of when rugby will return and how their support will help with this. Be conservative in your expectations when forecasting as many businesses will be facing financial pressures themselves. Respect their decision if they are unable to support you and check if they can be contacted next season.

Trust Funding

All gaming venues have been closed for level 3 and 4. While venues may be operational in level 2, grant applications are unlikely to be opened until later in the year and indications are that funding for employees will be the priority.

Membership

Many of your members will also be facing financial pressure as a result of COVID-19. Payment options will be important to give

people flexibility. This could be an opportunity to move members to monthly billing rather than one larger annual bill. Spend some time checking Sportspay available through Sporty.

Go to Sportspay [information](#).

Merchandise & Inventory

This is money sitting on your shelf. It's more important to convert them to cash than make a margin if you are facing cash issues. Offer discounts or add them to membership deals.

New income streams

Do you have available space to rent, or provide help with local events, or even look at crowdfunding options? Have an ideas session at your next meeting, but just make sure the cost doesn't outweigh the benefit.

Cash Outgoings

If cash coming in is reduced, look at what outgoings that will need to be the same.

Fixed Costs

Fixed costs are those that you have even if there is no activity happening at the club. Things like rent, rates, insurance and to some extent utilities like phone, internet and power. The Community Resilience Fund (next page) has been set up to cover these while in lockdown, but this could be a good time to review whether you are on the best plan for your needs; even a \$20 per month saving will add up.

Variable Costs

Variable costs are those that increase or decrease in line with your activity. So they should've been low over the past couple of months. But just because things start up again doesn't mean that these costs need to as well. Have a look at what you've provided teams in the past and see if they are necessary. Sometimes these things just build up and become expected. Use the current situation to reset expectations on what the club will provide and

what individuals and teams will. Perhaps the teams themselves can fundraise? Do direct costs for tape and medical supplies get added to team subs? Can you get contra goods and services if a sponsor can't provide cash; although be careful that this is going to be a cost and not just something extra that you may have to cover in the future.

Bar and food costs

It's always good to have a look at how your club purchases bar and food stock. Working with local suppliers can often get good deals and better ways to restock. And check the margins on items your selling. The latest craft beer might be popular, but if its costing you more than other beers and your selling at for about the same, then your profit will start to be affected. A general rule is there should at least be a 100% mark up on items even for clubs.

COVID-19 Financial Support

There are several government schemes available to clubs due to COVID-19.

Community Resilience Fund – open till 19 June

This fund has been set up by Sport NZ to provide cash grants to sports organisations whose financials are affected over Apr-Jun.

There is \$1,000 available for all rugby clubs affiliated to NZ Rugby to cover fixed costs such as rent, rates, phone, power, internet, insurance etc. as a result of lost or delayed income. Applications must describe why financial hardship is being experienced such as reduced memberships, sponsorship, trust funding or event and function income; also what cost reductions have been done and what these are being held for if any. There is a requirement to provide the clubs latest financial reports and show how these will be affected by COVID-19. The cash flow forecast template on the next page will help with this. Applications are made through your local Regional Sports Trusts. [More Information](#)

(No information on how the \$265m Sport Recovery package could benefit clubs is available at the time of writing.)

Government Wage Subsidy – open till 17 June

If you have staff and you haven't checked whether you are eligible for the wage subsidy yet, do it now! If you are, this is support for you to help pay your staff and it's now been extended to cover an additional 8 weeks. [More Information](#)

Small Business Cashflow Scheme – open till 12 June

This is a loan scheme run by the IRD to help organisations struggling as a result of COVID-19. The minimum amount is \$10,000 and because it's a loan clubs need to be confident that they will have the ability to pay it back over the next 5 years. To be eligible clubs need to have a sound financial plan to show they are viable and how they would make repayments. The annual interest rate is 3% but will not be charged if the loan is repaid within one year. [More Information](#)

Cash Flow Plan

Write out a plan on how the club can improve its cash flow and your more likely to do it.

Look at all your income and outgoings and ask these questions: (you will need a set of last years accounts for this)

- What income can you get in quicker?
- What's the likelihood of this being impacted due to COVID19?
- What outgoings are essential and what's discretionary?
- How big will the impact be, where is the risk?

Cash Incoming:

Cash Outgoing:

Solutions:

Cash Flow Forecast

Once you have your plan you can put it into numbers using the Cash flow forecast template.

A cash flow forecast can be used for:

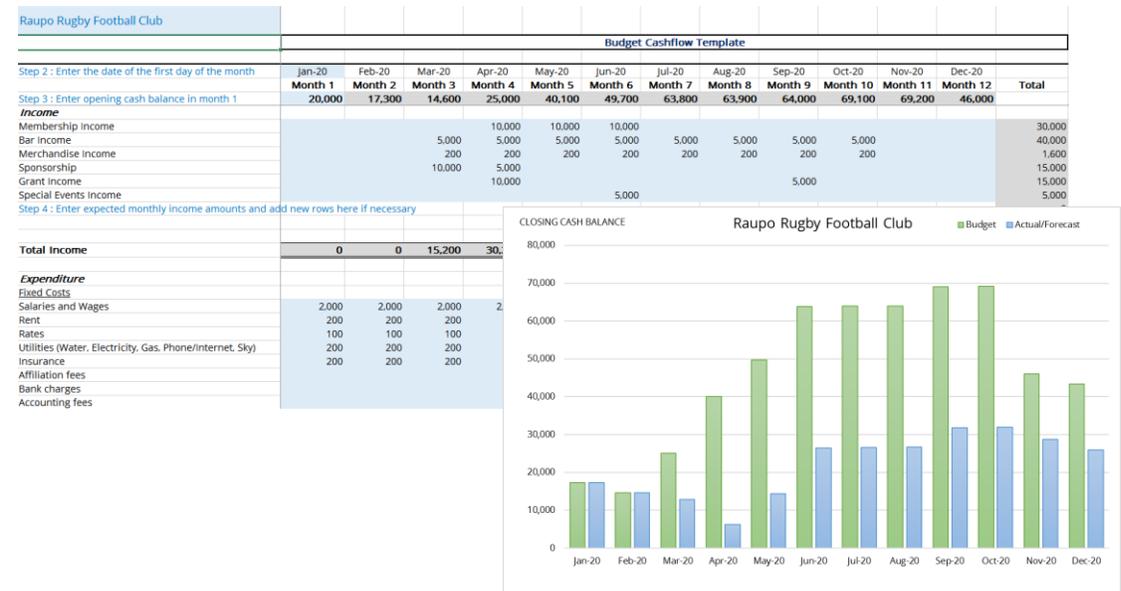
- planning for future cash shortcomings
- planning for buying assets, maintenance or developments
- testing different strategic scenarios, like increasing subs
- figure out the best time to invoice is
- for grants such as the Community Resilience Fund.

The cash flow forecast template is a simple spreadsheet created for you to add in a budget and then track against it as actuals come in and you get more information to forecast out the remaining months.

With Covid-19, you'll be able to add in actuals for the first few months of the year, then make some assumptions on what the future months hold based on the cash flow plan you've just made. You obviously want the closing cash amount to remain positive each month, and ideally be close to or greater than the opening at the end of the year.

If you add extra rows to the budget sheet, you must add the same rows at the same place in the actual/forecast sheet. A graph is automatically created to see the variance in closing cash each month between your budget and forecast.

Cash flow forecast [template](#).



Further Advice

Club Development Officer

All Provincial Unions will have someone who provides support to clubs. In most cases this is the Club Development Officer. Get to know who this is in your Union and ask them for advice on how other clubs are managing through COVID-19. They'll also be able to help you with your application to the Community Resilience Fund with your local RST.



Regional Sports Trusts (RST)

In your region there will be an RST with a local Sports Co-Ordinator who will be able to point you in the direction of updated information and guidance. The toolkits that Aktive* have developed are the sector standard and provide great advice for clubs. Below is a link to their Finance and Insurance toolkit which has more detail on the financial processes for clubs.

[Aktive Finance & Insurance Toolkit](#)

* Aktive is the Regional Sports Trust in the Auckland region