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Guide to **Building a Resilient Business**

Practical strategies for protecting and strengthening your business from those who work alongside businesses like yours

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What does resilience actually mean for your business?

Resilience is one of those words that gets used so often it can start to feel meaningless, but in business, it has a specific and practical definition.

At its most simplistic, it is the ability to anticipate, absorb and adapt to disruption without putting your operation at risk.

That disruption could be external such as a change in market conditions, a client insolvency or a supply chain failure or it could be internal, for example,the sudden departure of a key person.

The businesses that handle these moments well tend to share certain characteristics:









This guide works through the key areas where we see businesses either protected or exposed.

Our guidance is not exhaustive, as every business is different, but it should help most businesses to build stronger strategies for a sustainable company.

Financial resilience: The foundations

Financial resilience is not about having a perfect balance sheet. It is about having enough visibility, enough flexibility and enough reserves to give you options when things do not go to plan.

Cash reserves: The buffer that buys you time

Cash flow problems are the most common reason businesses face serious difficulties and the pattern is consistently the same. The business is profitable on paper, but cash is tied up in operations, delayed by slow-paying clients or absorbed by costs that arrived faster than expected.

The advice we give consistently is to aim to hold a reserve that covers at least three months of operating costs.

If your business is project-based or has irregular income you may need more and should build that target based on your worst-case scenario, not your average month.

Reaching that level takes time, but the first step is simply knowing where you currently stand.

Action: Review your cash position now and set a target reserve level that reflects your specific risk profile. If you are not sure what that level should be, speak to us.

Cash flow forecasting: Visibility changes behaviour

There is a meaningful difference between a business that knows roughly how much is in the bank and one that has a clear, rolling view of cash in and out over the next 13 weeks. The latter makes better decisions.

A 13-week forecast captures the variables that matter, such as:

- Customer receipts
- Loan repayments
- Payroll
- VAT and corporation tax liabilities
- Supplier payment
- Planned capital expenditure

When you can see a shortfall coming four to six weeks out, you have options. When you see it on the day it arrives, you do not.

In some cases, businesses can also use invoice financing to bridge gaps where cash is committed but not yet received. It is not a solution to structural problems, but it can provide useful breathing room.

Action: Build a rolling 13-week cash flow forecast and review it at least fortnightly. Increase the frequency during periods of high investment or uncertain income.

Funding structure: Eliminating single points of failure

A business that depends entirely on a single overdraft facility or a single investor is carrying more risk than it probably realises. If that facility is withdrawn or constrained, the business is immediately in difficulty.

It is worth reviewing whether your current funding mix is appropriate for the conditions you are operating in. Options worth considering alongside your primary facility include:

- Revolving credit facilities for short-term working capital flexibility
- Invoice financing to release cash tied up in unpaid invoices
- Government-backed loans or sector-specific grants
- Asset finance for capital expenditure, preserving working capital for operations

Action: Before approaching lenders, speak to us. Well-prepared accounts and credible financial forecasts significantly improve your chances of securing finance on favourable terms.

Stress testing: Planning for scenarios you hope won't happen

Most businesses are tested at some point. Very few have thought through what they would actually do before it happens.

Stress testing is the practice of modelling your finances against adverse scenarios and assessing where the pressure points are. Useful scenarios to consider include:

1. Customers taking 30 to 60 days longer than usual to pay
2. A 15 to 20 per cent fall in revenue over a sustained period
3. A significant rise in wages, energy or materials costs
4. A key supplier failing or raising prices with little notice
5. Higher interest rates on variable-rate borrowing

The point is not to be pessimistic. It is to identify vulnerabilities before they become crises and to put contingency measures in place while you still have the time and headroom to do so.

Action: Conduct stress testing well ahead of any anticipated difficulty. If a scenario would put the business under serious strain, that is your signal to act now.

Cost management: Protecting margin before it's eroded

Periods of uncertainty reveal the costs that were always there but never scrutinised. Regular cost reviews are not about cutting indiscriminately; they are about ensuring every pound of expenditure is doing something useful.

Productive areas to examine include contracts and subscriptions that have rolled over without review, processes where manual effort could be automated and tax reliefs or allowances the business is not fully using.

The last point is one we often find under-exploited, particularly around R&D credits, capital allowances and employment incentives.

A thorough cost review at least once a year and more frequently in a difficult trading environment, can have a material impact on your financial position.



Operational resilience: **Beyond the numbers**

Financial resilience is necessary but not sufficient. Businesses that are operationally fragile can find that a single disruption in their supply chain, their client base or their team creates a financial impact that overwhelms whatever reserves they have built.

Client and revenue diversification: The forgotten rule

If a single client accounts for more than 20 to 25 per cent of your total revenue, that relationship carries existential risk.

It may be a valued, long-standing relationship, but if it ends, the impact on your business will be severe.

Diversifying your client base is not always straightforward, particularly if you operate in a specialist sector.

However, it is worth examining whether there are adjacent services you could offer to existing clients or complementary market segments you could reach without stretching your core proposition too far.

The same logic applies to revenue streams, as businesses that generate income from multiple sources, whether that is products, services, recurring contracts or consultancy, tend to be more stable than those that depend on a single model.

Supply chain: **Hidden vulnerabilities**

The post-pandemic years exposed how dependent many businesses were on supply chains they had never properly stress-tested.

For most businesses, that risk has not disappeared, but has simply become less visible again until a new crisis, such as a global conflict, exposes it once again.

The discipline required here is straightforward even if the implementation is not:



Identify the single points of failure in your supply chain



Develop alternative supplier relationships



Review your contract terms for adequate protections



Build buffer stock for critical materials, where practicable

It is also worth assessing the financial stability of your key suppliers, as the unexpected insolvency of their businesses can be as disruptive as your own financial challenges.

People and processes: Protecting capability

When critical knowledge sits with a single individual, the business is exposed every time that person is unavailable. That risk multiplies if they leave.

Operational resilience through your people means documenting key processes and making them accessible to the right team members, cross-training so that critical functions can be covered and communicating openly during periods of uncertainty.

Teams that understand what the business is facing tend to perform better than those kept in the dark.

In a difficult trading environment, the instinct is often to cut costs through headcount. Sometimes that is necessary.

However, the businesses that come through strongest are often those that invest in their people and their processes precisely when it feels counter-intuitive.

Technology: Generating efficiency

Manual systems that work at small scale become bottlenecks as businesses grow or face pressure.

Cloud-based accounting and operational tools give you real-time financial visibility, reduce administrative burden and make it easier to identify problems early.

However, this is only one area of efficiency within a business and AI may open many more doors for eliminating manual processes and delivering better insights.

The investment in many technologies is often modest relative to the operational benefit, so it pays to plan out your tech stack in order of the savings they offer.

Cloud accounting software, automated invoicing and CRM platforms are no longer luxuries and for most businesses, they are the infrastructure of effective management.

Business continuity planning: Preparing for the unthinkable

A business continuity plan is not a document you hope to never use. It is the product of an exercise that forces you to think through your dependencies and your vulnerabilities before they matter.

A workable plan covers the key risks and their likely impact, the steps to be taken if each materialises, the roles and responsibilities for managing a crisis and how you would communicate with staff, clients and suppliers through it.

It should also set out realistic recovery timescales and all of it should be tested with regular scenario planning to make sure it is actionable.

If you already have a plan, the question is when you last reviewed it. The risks facing your business now are probably not identical to the ones you were planning for when you originally drafted it.

Take the time once or twice a year to run through it to make sure it is up to the test and understood by all of those who will need to be involved in executing it.

Tax and compliance: **The risks of falling behind**

Tax is an area where the gap between businesses that are well-managed and those that are not becomes particularly visible.

A sudden unexpected tax bill, or worse, an HMRC investigation, can destabilise an otherwise sound business quickly and disproportionately.



Keeping your tax and Companies House affairs current

Falling behind with tax compliance of your Companies House obligations creates a compounding problem, as penalties and interest can quickly accrue, when things start to slip.

Ultimately, over time, you are more likely to draw the attention of HMRC leading to a potentially long and costly compliance check and investigation.

This diverts time away from the management of the business and can create a reputational risk that may affect relationships with suppliers, lenders and investors.

Accurate, up-to-date records and on-time filing are not just regulatory requirements. They are the foundation of a business that can respond quickly and credibly when called upon to do so.



Planning for tax liabilities in advance

Corporation Tax, VAT and PAYE can create significant cash demands if not anticipated and planned for – plus you miss the opportunity to mitigate liabilities through careful tax planning.

You should, of course, calculate and include tax payments n your cash flow forecast as a standard practice, rather than something you address when a bill arrives, and yet many businesses don't.

This is an area where taking advice early consistently produces better outcomes than reacting to a bill.

Reviewing your corporate structure

The legal and tax structure that was appropriate when you started the business may not be the most efficient one now.

As businesses grow, diversify or begin succession planning, a structural review can identify meaningful improvements in tax efficiency and risk management.

It is not an exercise that needs to happen every year, but it is one that most growing businesses benefit from at key inflection points.

How we can help

We work alongside businesses at every stage to help them build stronger financial foundations and plan for the future with greater confidence.

The work we do in this area includes, but is not limited to:

- Developing robust cash flow forecasting and financial modelling
- Identifying and applying tax planning opportunities and reliefs
- Reviewing your funding structure and preparing you for lender engagement
- Strengthening your financial reporting and management information
- Advising on business continuity and risk management
- Corporate structure reviews at key points in the business lifecycle

If you would like to discuss how we can help make your business more resilient, please get in touch with our experienced experts.

+44 (0)20 8863 1234
more@macalvins.com



Foreword from Pankaj Rajani



In the years I have spent working with business owners, the ones who navigate difficult periods best are rarely those who saw the problem coming.

More often they are the ones who had already built the structures, habits and financial discipline to absorb shocks when they arrived.

The economic environment we are operating in today is not uniquely hostile, but it is demanding as businesses face higher costs and more challenging access to capital.

In that context, resilience is no longer a nice-to-have, but rather a fundamental part of running a business well.

We have put together this guide drawing on what we see working in practice. The advice here is not theoretical. It reflects the conversations we have with client's week in, week out and the decisions that make a real difference.

I hope you find it useful.

Pankaj Rajani

Pankaj Rajani
Partner and Co-Founder of Macalvins

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+44 (0)20 8863 1234 | more@macalvins.com | macalvins.com

7 St John's Road, **Harrow**, Middlesex, HA1 2EY, United Kingdom
15 Half Moon Street, **Mayfair**, London, W1J 7DZ, United Kingdom

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