



# Building Financial Resilience

**How to be Financially Resilient in  
Your Business and Life**

***Bonus: 4 Ways to GROW Your Emergency Savings  
by Michelle Sinclair-Doyley, JMMB***

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# BUILDING FINANCIAL RESILIENCE



## What is Financial Resilience?... Why is it Important?

Resilience is not only a skill, it is a necessity - both in business and life.

When something is “resilient”, it possesses the ability to recover quickly from difficulties.

Financial resilience is an important quality we all must learn for our businesses and lives. Businesses need to be able to withstand challenges that may impact their assets and income. As individuals, various events may occur that may impact us financially, such as: unemployment, divorce, disability, and health problems.

While we are in a pandemic, and in light of the uncertainty, different measures and events that are currently taking place, we need to be financially resilient more than ever before.

We need to understand money, how to manage our finances and what these financial statements say about our financial position.

Bottomline: Businesses can build financial resilience by building cash reserves when they get revenue. For individuals, it is all about investments that grow over time.

## Questions to consider:

- *What are my expenses? How can I cut back?*
- *How can I make more money?*
- *What investments should I be making?*



# BUILDING FINANCIAL RESILIENCE



## How can Businesses Become “Financially Resilient”?

### 1. Cut Costs:

For example:

- a. Scale back on non-essential staff
- b. Downsize your office space

### 2. Increase Revenue:

- a. By expanding online or diversifying into new growth markets
- b. Widen your product or service mix

### 3. Preserve Cash and Maintain Your Margins:

- a. Negotiate new terms with suppliers
- b. Amend your policies to collect payments faster
- c. Focus on core business
- d. Monitor costs of raw materials or product costs

### 4. Tighten Payment Collection:

- a. Request deposits or progress payments
- b. Monitor late payments
- c. Set up a process to follow up with debtors
- d. Consider charging a low interest rate on late payments

### 5. Build Cash Reserves:

- a. Liquidate excess inventory or raw materials
- b. Re-invest your own capital
- c. Refinance against your existing assets
- d. Find external investors



# BUILDING FINANCIAL RESILIENCE



## How can People Become “Financially Resilient”?

### 1. Cut Costs or Expenses:

- a. Know the difference between your “needs” and “wants”. Cut back on buying things you do not need right now but want.
- b. Eliminate unnecessary or additional expenses that will add up. (For example: Buying out or eating out too often vs. preparing meals)

### 2. Increase Income:

- a. Earn more from your talents and expertise
- b. Get a second job or seek a higher paying job
- c. Invest in rental property
- d. Extend your retirement age perhaps by an additional 5 years to receive more paychecks

### 3. Preserve Cash:

- a. Keep money in several accounts and separate your savings accounts.
- b. If possible, save in USD currency along with JMD

### 4. Save Your Money:

- a. Save before you spend. Save 10%-20% of your income right after you are paid.
- b. Save more money by buying things at discounted or sale prices

### 5. Invest in the Stock Market:

- a. Buy and invest in stocks that have guaranteed returns overtime
- b. Invest in unit trusts or growth funds like JMMB’s Optimal Capital and Income and Growth Funds which gave returns of over 11.5% and 19.3% respectively over a 5 year period (Jan 2013 - Jan 2018)



# BUILDING FINANCIAL RESILIENCE



**4 WAYS TO GROW  
YOUR EMERGENCY SAVINGS**



“Are you sitting down?” the salesperson asked me. “I am lying down actually” I said. “Good, because the part for your car is going to cost you J\$250,000.” Immediately my emergency fund seemed to be singing a line from a 1980s hit song *“If you’re lost you can look and you will find me, time after time. If you fall I will catch you, I’ll be waiting, time after time”*.

What would your emergency fund sing to you? Do you have one at all?

## PREPARING FOR CURVEBALLS AND OPPORTUNITIES

Life sometimes throws us curveballs; whether it is an unexpected pregnancy, medical and/or funeral expenses, car woes, loss of a job, etc. These curveballs all come with a price tag attached. Similarly, there are also great opportunities like a deal on the home or car you want to buy if you can pay a larger deposit. At these crucial times your emergency funds give you choices preventing you from:

- taking a loan, which attracts interest (this often leads people into a loan trap); and/or
- selling your assets at an inopportune time: for example selling your stocks at a lower price than the cost you paid for them.

## BUILDING YOUR EMERGENCY FUND

If you are in a stable job you should aim to have 3-6 months of your expenses saved in your emergency fund. However if your income is unstable and/or seasonal you should aim for a year’s expense in your emergency fund. This may seem like a lot, but you would want to ensure you can sustain your lifestyle if you are unavoidably unemployed job for up to a year. You can do it! Focus on creating one day’s emergency fund and build to one week until you have the amount you need. Here are some tips to help you build your emergency fund creatively:

- 1. Sell your stuff:** Do you have items such as books, treadmill, furniture, in your home that you no longer need? You were kind to allow them to stay for free, but now they need to pay a storage fee. Sell these items and add the proceeds towards your emergency fund.
- 2. Sell your talents:** You are talented and you sell that talent to your employer every day. Your employer is only one client. How can you increase your client base for that talent? Additionally which talents have you been giving away for free: singing at events; baking; accounting, and/or teaching? Now is the time to charge a fee.
- 3. Save your bonus:** If you receive bonuses during the year, determine the percentage of the bonus you will save. Use a portion of your bonus or any additional cash that you receive in the form of gifts to bolster your emergency fund.
- 4. Keep your money safe . . . from you:** The easier it is to access your cash, the more the chance that you will spend it. Similar to protecting all the mouth-watering cheese cakes or chocolate cakes from your mouth when you are on a diet, you also must keep your emergency savings out of ‘everyday reach’. Your JMMB Smart Investor US\$ or J\$ will “lock” the fund for between 30 days to 1 year, but the funds are available if you have an emergency. There is no card access, so while you are busy working, working, working your money would be working too.



# RESOURCES



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## Links:

- **6 Strategies to Create a Stronger, More Resilient Business**  
<https://www.fultonbank.com/Education-Center/Small-Business/6-strategies-for-a-strong-business>
- **How to Build a Financially Resilient Business**  
<https://autocfo.com/how-to-build-a-financially-resilient-business/>
- **How to Build a Financially Resilient Business**  
<https://www.anz.com.au/business/calculators/business-planning/how-to-build-a-financially-resilient-business/>
- **What moves the market?** <https://www.youtube.com/watch?v=TihkUtMVThI>
- **Monetizing Your Passion: Passive Income**  
<https://www.youtube.com/watch?v=DRDg23-UsZ8>