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companies can get back on track with their budgeting and thrive in the post-COVID world.

Justin Hatch • Feb. 28, 2023



The COVID-19 pandemic dramatically affected business operations across industries. Nearly **63 percent** of companies with employees received some kind of financial assistance in 2020, including payroll, rent, utilities, and other expenses. The

pandemic was difficult for forecasts and budgets to account for, and many companies

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Across every industry, major adjustments were made due to the COVID-19 pandemic. Some of those changes may be scaled back, while others are here to stay. New health standards, [work-from-home](#) options, online shopping offerings, and supply-chain adaptations may become permanent solutions for businesses. When building a budget after COVID-19, businesses must determine what the new normal is and how it will affect cash flow moving forward.

2. Forecast, Forecast, Forecast

A reliable, accurate [financial forecast](#) has always been a vital part of creating a budget for businesses. However, the COVID-19 pandemic highlighted limitations of forecasts in that every major disruption in the market cannot be predicted.

On the other hand, that doesn't mean that forecasting is any less important. Accurate forecasts help businesses ride the ups and downs of market fluctuations and economic turmoil and prepare for the unexpected. With some pandemic-related hardships in the rearview mirror, forecasting can enable businesses to take a look at past performance and anticipate how to get through economic uncertainty that may loom on the horizon.

3. Rebuild Your Emergency Fund

Many businesses likely dipped into emergency funds to cope with closures and other obstacles during the pandemic. Now, it is time to build up these funds again to fortify the business against potential calamity in the future.

When it comes to an [emergency fund](#), size matters. Plan for major events with a large enough fund to cover expenses for several months. Three to six months is a good starting point, but a company may want to aim higher—especially if it found it

needed more during the pandemic. Hindsight is 20/20, and looking back at a major

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Make paying back loans and other debts a priority as the company's budget is created. Many government loans are **forgivable**, while others may need to be repaid. Be sure to understand what needs to be paid back and whether forgiveness guidelines have been met. Decide the best way to pay back debts, and communicate clearly with the entities that are owed money if the company needs some flexibility in repayment.

5. Be Realistic

Companies have been through a lot in the last few years. While they may have made it through a very rough patch, it isn't quite back to business as usual. The budget going forward should be realistic and not overly optimistic. Some goals might have changed a bit as the business recovers.

When creating the post-COVID budget, businesses should re-evaluate their financial position and goals. While a company may hope for a big boost in revenue when the pandemic is not affecting business as deeply, the recovery may not be so dramatic. Using more conservative estimates for **revenue** and growth can keep goals more in line with reality. This is an opportunity to look at where the company is headed—what it can realistically accomplish with current resources and economic conditions—and create a budget that reflects these conclusions.

Business budgets might not look quite the same after COVID-19. With these tips, companies can get back on track with their budgeting and thrive in the post-COVID world.

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