**Second Wave of Business Pressures Inevitable as Economy Reopens**

**John Devaney becomes President of CPA Ireland**

*Sunday, June 28th, 2020* With Ireland taking a major step towards reopening its economy, this week will mark the start of the survival battle for many Irish SMEs, warned John Devaney, the new President of CPA Ireland. Mr Devaney said there was a danger of complacency, and that “the new Government might think the job was done but the reality is many SMEs won’t make it out of lock-down without considerable government supports”.

John Devaney is a Portfolio Finance Director with EFM Financial Management and is based in London. He has extensive experience ranging from, providing strategic and financial advice to blue chip global companies, to working with start-ups and SMEs.

Mr Devaney said: “We can all commend the initial response to the crisis which was swift and comprehensive in supporting businesses. But how our economy recovers will be determined not by that response but by what is done from today. In the business world there will be a ‘second wave’, this is inevitable. We have previously called for an Action Plan for SMEs and that is what both Michaél Martin as Taoiseach and Leo Varadkar as Tánaiste and Minister for Enterprise should consider their economic priority focussed primarily on insulating viable but vulnerable SMEs long into the future.”

The biggest concern for businesses, Devaney believes, is many will have depleted cash reserves. “Over the space of just a few months many SMEs have had cash reserves completely obliterated. These are contingencies built up over several years and now, through no fault of any business owner, they no longer have a buffer to withstand shocks. That means that the slightest interruption, from a delayed customer payment to a minor repair job being required, could prove fatal to some SMEs. We must prevent this.”

Devaney believes the new Government’s plans for SMEs must focus on three areas, liquidity, clarity, and engagement. “In the short term what businesses need most is liquidity. There are now countless grants, loan schemes and vouchers and yet many businesses seem to struggle to avail of appropriate support. For example, the Restart Ireland grant uses decline in turnover to determine eligibility, this fails to recognise that many businesses have incurred surges in costs.

“What SMEs need in the coming months, is to be able to access government backed business continuity loans to supplement depleted reserves. Crucially this should include a system for ‘pre-approval,’ allowing businesses the confidence to proceed in the knowledge that should they need support it is readily available.”

Devaney believes that the July economic statement must act as a milestone setting out the long-term plan for SME support. “What businesses crave most of all is certainty, no one can predict what the virus will do next, but we can have certainty in how our Government will support business. This is why CPA Ireland have been calling for a long term, all of Government plan, ‘Action Plan for SMEs’. A process of small iterative changes and of tinkering around the edges only leads to confusion not confidence.”

Engagement is the final priority according to Devaney. “The Programme for Government includes a commitment to convene an SME Growth Taskforce which is really welcome. But this must be a meaningful engagement, there is zero value in a talking shop for civil servants with some token academics and representative bodies. It must be led by business owners who are at the coalface from across the country, and the Government must listen to their concerns and challenges.”

John Devaney, President of CPA Ireland concluded by wishing the new Government well during their tenure. “The challenges are clear for everyone to see and this will not be an easy time to lead the country. Ultimately their success will be our success and we wish every member of this new government success in their roles.”

**Ends**