Conquering A Business Crisis: COVID-19

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Business Owners’ Sentiment

Small-business owners are bracing for the worst

- Owners surveyed said they’re worried about the fallout from the COVID-19 outbreak:
  - 77% are "very worried" about the economic impact of the coronavirus outbreak
  - 54% expect the US economy to fall into recession during the next 12 months
  - 49% say customer demand is down

Source: National Small Business Association Impact Poll, March 2020
Conquering A Business Crisis
What to Consider
SBA Loans and other Assistance

- **Apply for the Small Business Administration loans.** In addition to the disaster loans, which only apply to businesses in states that have declared emergency status, some state governments are offering aid packages. [https://www.sba.gov/funding-programs/disaster-assistance](https://www.sba.gov/funding-programs/disaster-assistance)

- **Economic Injury Disaster Loan Program**
- **Guidance for Businesses and Employers**
- **SBA Products and Resources**
- **Government Contracting**

**Minority Business Development Agency (MBDA)**
[https://www.mbda.gov/](https://www.mbda.gov/)

**Working Capital Assistance:**
[NOWaccountshttps://nowcorp.com/](https://nowcorp.com/)
CASH MANAGEMENT

• Prioritize who to pay first.
• Have conversations with vendors to ask for longer payment terms or partial payment.
• Have financial records in one, easily accessible place and review them daily.
• Review financial information and forecast cash needed to operate the business.
• Know your financial data well.
• Don’t rely on your CPA to tell you how the business is going.
• Address problem areas where costs are out of line.

Sourced from UGS Small Business Development Center (SBDC), Greater Women’s Business Council (GWBC) & Small Business Administration (SBA)
• Regularly review customer accounts and have solid credit policies in place.

• Place slow pay customers on COD or pre-payment.

• Require cash payment at time of sale.

• Talk to lenders about renegotiating existing loan terms and interest-only payments for a while.

• Keep payment promises (Don’t make promises you can’t keep).

• Work with federal and state government agencies about payment of past due and coming due taxes.

• Don’t ignore collection letters from federal and state government agencies. They can freeze your bank accounts, cutting off access to cash.
CASH MANAGEMENT

• Have a line of credit in place, review it annually and adjust as needed.

• Sell unproductive assets now. Don’t wait until a crisis.

• Consider business credit cards, but understand the risk.

• While no one enjoys laying people off, have a plan to reduce labor if needed.

• Check with the Department of Labor about unemployment programs available to business owners in distressing economic times.

• Reduce embezzlement opportunities by limiting check signing to the owner or requiring two check signers. Examine payroll records for accuracy and reconcile bank statements and credit card registers daily.

Sourced from UGS Small Business Development Center (SBDC), Greater Women’s Business Council (GWBC) & Small Business Administration (SBA)
• Reduce unnecessary expenses like travel, entertainment and other areas that do not contribute to revenue generation.

• Review personnel requirements. Are vacant positions really needed? Can duties of vacant positions be divided among other employees or performed by part-time workers or temporary workers? A lean workforce before a crisis, will help you survive.

• Eliminate discounts and giveaways.

• Review pricing and value. Don’t cut prices in panic mode.

• Discuss rent reduction with your landlord.

• Consider renting unused space to other business owners.

• Negotiate discounts with vendors, when possible. Remember, trying times impact them too. They may be willing to offer short-term discounts they otherwise wouldn’t.

Sourced from UGS Small Business Development Center (SBDC), Greater Women’s Business Council (GWBC) & Small Business Administration (SBA)
Supply Chain Management

- Review inventory levels regularly.
- Conduct inventory at least monthly.
- If your POS system has an inventory management feature, enter products as they come in. Your POS system will provide daily inventory information.
- Eliminate slow sellers when reordering and liquidate products that have been in inventory beyond 90 days.
- Consider adding items with faster turn times.
- Look for vendors that provide a just-in time option for ordering products.
- Stay engaged with your suppliers. Don’t wait until a crisis.
- Assess operations and capacity. Adjust as needed.
- Contact your local SBDC office for assistance

Sourced from UGS Small Business Development Center (SBDC), Greater Women’s Business Council (GWBC) & Small Business Administration (SBA)
• Identify key target customers and consider a “niche focus.”
• Reassess your marketing strategy.
• Consider redistribution of marketing expenditures.
• Communicate regularly with customers to keep relationships:
  - Customer support, business hours, services, special order needs, promotions
• Strengthen digital communications and online presence.
  - Use multi-channels to reach your audience: social media, email, website, text, etc.
  - Develop/update online profiles
  - Update your website
• Use Technology to expand services:
  - Facebook Live, video, e-commerce sites, payment and services apps, videoconferencing, chat box, networking, etc.
• Watch for new trends and look for opportunities to provide solutions.