

# Conquering A Business Crisis: COVID-19

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# Business Owners' Sentiment

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## 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

Resources

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Cash Management

Pricing & Cost  
Containment

Supply Chain  
Management

Marketing

# Resources

## **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>
- [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/>

## **Working Capital Assistance:**

**NOWaccounts**<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.

# CASH MANAGEMENT

- 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.

# PRICING & COST CONTAINMENT

- Reduce unnecessary expenses like travel, entertainment and other areas that do not contribute to revenue generation.
- Review personnel requirements. Are vacant positions are 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.



# 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

# Marketing

- 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.