From Surviving To Thriving
How to Lead Your Business through the Corona Crisis

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Jared Turner

Director of the Small Business Development Center for Box Elder County, Utah

Previous experience in marketing, education, publishing, market research, food & beverage, fundraising, international trade, and consulting.

Lived in Shanghai, China for 8 years and started two businesses: a bakery and a publishing company. The bakery just survived (barely) the China COVID-19 Pandemic.

University of Utah - B.A. Economics
Purdue University - MBA

Interests: Guitar, Chinese language, DnD, fitness, chopping wood, ultimate frisbee, podcasting.
Presentation Outline

1. Box Elder Chamber of Commerce Survey Results
2. Utah Leads Together Outline
3. Strategies to Reduce Your Burn Rate
4. Finding Opportunities During the Crisis
5. Financing & Government Aid
6. Stabilization & Post Crisis Recovery
Immediate Impact of COVID-19 on Business

- 19% Work from home
- 19% Change in hours
- 22% Temporary closure
- 24% Employees lack childcare
- 28% Modified service delivery
- 29% Impacts to travel
- 41% Limited public access to business
- 47% Financial hardship
- 51% Cancellation of events

Source: Box Elder County Chamber of Commerce Business Survey March 2020
Financial Impact on Business if Social Distancing Lasts for 8 weeks

- Businesses that offer “tangible services” have been most severely impacted by Covid-19.
- 22% of businesses have voluntarily or been forced to close.

Source: Box Elder County Chamber of Commerce Business Survey March 2020
Utah Leads Together
Utah’s plan for health and economic recovery

March 16

Urgent Phase

8-12 Weeks

Stabilization Phase

10-14 Weeks

Recovery Phase

8-10 Weeks

Homebound Economy

Normal Economy

Resumption of “New Normal” Lifestyle

Source: https://coronavirus.utah.gov/business/
Sinclair Communications COVID-19 Recovery Planning for Brands
Everything has changed.
Nothing will be the same again.

Innovate. Adapt. Overcome.
Reduce Your Burn Rate
“Staunch the Bleeding”

- Renegotiate Rent Payments with Landlord
- Renegotiate Loan/Debt Payments with Bank
- Discuss Payment Terms with Suppliers
- Involve Employees in Plans to Reduce Work Hours and/or Furlough Days
- Cut Unnecessary Costs

Key Takeaway

As much as possible, eliminate the amount of cash flowing out of your business.
Working with your bank

- Work with your bank to see if there’s anything they can do.
  - Ask about deferred loan payments
  - See if you can refinance outstanding debts
- Many banks are waiting to see what the Covid-19 Stimulus Package is going to look like.
- The first step is reaching out. Many banks will work with you to preserve the banking relationship you have with them.

<table>
<thead>
<tr>
<th>Banks we reached out to</th>
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<tbody>
<tr>
<td>Alta Bank</td>
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<tr>
<td>First Community Bank</td>
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<tr>
<td>America First</td>
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<td>Goldenwest Credit Union</td>
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<td>Bank of Utah</td>
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<td>Mountain West Bank</td>
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<td>US Bank</td>
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<td>Citibank</td>
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<td>Wells Fargo</td>
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<tr>
<td>Elevate Credit Union</td>
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<tr>
<td>Zions</td>
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</tbody>
</table>
Don’t be these guys. Now is the time for action!
Finding Opportunity in the COVID-19 Crisis
A crisis creates the opportunity to dip deep into the reservoirs of our very being, to rise to levels of confidence, strength, and resolve that otherwise we didn't think we possessed.

— Jon M. Huntsman Sr. —
Finding Opportunities During the Crisis

“Speed is the most important commodity during a crisis.”
Trends to Learn From

People are Online and Finding Businesses
People are spending more time on social media, looking for updates, and finding businesses.

Focus on Empathy and Community Support
Use proactive and positive information about what you are doing to serve the community.

Habits are Changing
People are adapting to things they can do at home. In China, exercise videos were down 30% but yoga videos were up 271%.

People are Looking for Something to Do
People have more time on their hands. Give them something to do.

Convenience Drives Sales
People are less likely to leave their home or car.

No Contact Service
Changing operations to eliminate physical contact offers an attractive option to customers.
Communicate with your Customers

**Let Customers Know you are Open (or Closed)**
Update your website, put it out on social media, send out an email. Let them know how things have changed.

**Announce Safety Precautions**
Let them know how you are protecting them and your employees from possible infection. Instil confidence in you.

**Offer Special Discount or Promotion for Duration of the Pandemic**
This pandemic affects everyone. Recognize the shared burden.

**B2B Companies: Personally Contact Clients**
Get on the phone. Find out their needs and how you can change to meet their needs.

**Empathize and be Positive**
Recognize the difficulty everyone is enduring and offer encouragement and unity.

*This is not a time to be “salesy!”*
Utilize Technology

What Part of your Business Can you Move Online?
Move communication that normally happens face-to-face to online.

Create Online or Phone Ordering System
Make it easy and possible for customers to spend money with your business.

Host an Online Event
Did your event get cancelled? How can you host it online?

Can you provide part of your service online?
Handyman: Diagnose the problem and scope of work via video chat. Schedule a time to come when customer can be away.

Dance/Exercise: Hold classes online. Modify classes in a way they can participate.

Bar/Tavern: Host online karaoke night.

Realtor: Video call house tour.
Innovate - Try Something New

What really matters to customers?

Use What You Have Differently
How can you use your existing equipment, employees, and resources to serve the market in a different way?

Create a New Product or Service
Create a limited time offering for the duration of the pandemic.

Manufacturing: Retool to Make Items in Demand
GM, Ford, and Tesla are now making ventilators and masks. What can you make?

Deliver
If the customers can't come to you, go to your customers.

Modify your Business Model
Dine-in Restaurant: Carhop restaurant.
Retail Store: Set up virtual shopping via video call.

Band Together with other Businesses
We are all in this together. Work together with complementary and competitor businesses.

Pre-Sell and Gift Cards
Give an opportunity for customers to support you and anticipate the recovery phase.
Case Study: One-Way Street Library

Problem

- Independent bookstores in Beijing were struggling
- Most couldn’t last more than 3 months of social distancing

Solution

- Book stores began selling together through livestreams
- Took individual efforts and combined them for more effect
- Presold materials, memberships, and packages to make ends meet

Takeaways

- Combine efforts with other businesses in your community
- Use technology to take an offline experience online
- Give-a-way for customers engage and help local businesses
- Pre-sell for when you open back up
Case Study: Pain Chaud French Bakery

Problem
- Small bakery in Shanghai, China was forced to be closed for 5 weeks during the COVID-19 Pandemic.

Solution
- To engage their customers, they posted a cute recipe of a popular pastry for people to make at home.
- Customers made it and shared pictures of their home-made dessert on social media.

Takeaways
- Give your customers something to do that is valuable to them.
- Support your customers and keep them engaged.
- Keep yourself at the customers top of mind when restrictions ease.
Doesn’t Apply to You?

If you are in an industry that is in forced closure or cannot function without physical contact....

Step 1: Have you challenged your assumptions?
Can you do it in a hazmat suit? Maybe you should get one. In the words of Oliver Cromwell, “I beseech you, think it possible that you may be mistaken.”

Step 2: Study the regulations. Is there a way you can still function, follow guidelines, and keep you and customers safe?

Step 3: Look to industry organizations for guidance. What are others in your industry doing to function?

If there is no possible way for you to function and there are no innovative opportunities you can think of, **cut your burn rate as much as possible, and look for bridge financing.**
Financing & Government Aid
## Federal Assistance Plans

<table>
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<tr>
<th>Economic Injury Disaster Loan</th>
<th>Express Bridge Loan</th>
<th>Small Business Interruption Loans</th>
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<tbody>
<tr>
<td><strong>Where do you apply for the loan?</strong></td>
<td>The SBA's website</td>
<td>SBA Express Lenders (Banks and Credit Unions)</td>
</tr>
<tr>
<td><strong>Who can apply?</strong></td>
<td>Any small business</td>
<td>Businesses that qualify for 7(A) loans</td>
</tr>
<tr>
<td><strong>Maximum Loan Amount</strong></td>
<td>$2 Million</td>
<td>$25,000</td>
</tr>
<tr>
<td><strong>What are the loan terms?</strong></td>
<td>For profit businesses: 3.75% for up to 30 years?</td>
<td>Depends</td>
</tr>
<tr>
<td><strong>What can the loans be used for during the Covid-19 outbreak?</strong></td>
<td>To cover accounts payable, debts, payroll, and other bills</td>
<td>Payroll</td>
</tr>
<tr>
<td><strong>What's required to apply?</strong></td>
<td>Standard financial statements</td>
<td>Check with your 7(a) approved lender</td>
</tr>
</tbody>
</table>

Other Financing

Bank Loans
If you are unable to qualify for the SBA Loans, you can apply for standard commercial loans.

Merge or Joint Venture
Will combining your business with another make both of you stronger?

Utah Dept of Workforce Services Offers Unemployment Insurance
For affected employees, they can receive benefits. The are processing claims as quickly as they can.

Lines of Credit
Can be used to supply working capital

Equity Investor
Bringing in an investor or partner may provide the financing and help you need to see your business through the crisis.

Private Loan
Turn to friends or family.
Stabilization & Post Crisis Recovery
Quick Recovering Sectors in China

In China, the service industry has a high Back-2-Work rate during Stabilization Phase.

- Car services - 96%
- Dining-out Services - 82%
- Hospitality Services - 82%
- Brick & Mortar Retail Channels - 80%

In China, people are talking about celebrations and commemorating a special day as the epidemic clears.

Source: Publicis Media China Weekly report 5, 12 March 2020
Post Pandemic Opportunities

Your Opportunity Starts Now

Grow the bond developed with the community
You did this together and have forged a bond with your customers through shared hardship.
Don't let this go.

Refine and Adapt Innovations
Keep developing and refining your business innovations!

Be ready to hire/recruit employees
Prior to the crisis, many businesses were experiencing great difficulty finding employees. Be ready to capitalize on people looking for work.

Celebrate!
This will be a formative experience for this generation. Celebrate the passing of a great hardship and build the hope for brighter days ahead!
The path towards recovery is a journey. We do not just resume where we left off before COVID-19. We’ve been through an emotional experience together. We have grown and changed; our perspectives are altered.
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Need business help? Contact your local SBDC Counselor in your area.
utahsbdc.org