AMERICAS
SBDC
CALIFORNIA

COVID-19 RESPONSE
FOR SMALL BUSINESSES

Contact Us
1-800-616-SBDC (7232) | ociesmallbusiness.org
Welcome
from Orange County Inland Empire
Small Business Development Center (SBDC) Network

Helping Businesses Start, Grow and Succeed
About Me

I’m a small business owner too...

Huntington Beach & Long Beach

Long Beach
Eight Weeks Ago

The Sweet Life...

Long Beach
Now

In It Together...

Long Beach

The SBDC is Here to Help Your Business - No Cost, No Catch
1-800-616-SBDC (7232) | ociesmallbusiness.org
Safeguard Your Business
To-Do List

LEASE
EXISTING LOANS
INSURANCE
Business Options - Funding

- Stimulus and SBA Loans
  - EIDL, PPP,
  - and Debt Relief Program

- Crowdfunding and Equity

- Traditional and Local Government Loans

- Credit Cards
Business Options Now - Funding

- EIDL: Economic Injury Disaster Loan (EIDL)
- PPP: Paycheck Protection Program (PPP)
- SBA Small Business Debt Relief
EIDL – Quick Calculations

- **$116 p/mo**
  - Borrowing $25,000 for 30 years at 3.75% APR

- **$232 p/mo**
  - Borrowing $50,000 for 30 years at 3.75% APR

- **$463 p/mo**
  - Borrowing $100,000 for 30 years at 3.75% APR
Paycheck Protection Program

What can I use the funds for?
- Designed to help small businesses keep their workforce employed.
- ✓ Interest on mortgage payments (principal or prepayments excluded)
- ✓ Payroll, rent and utilities
- ✓ Interest on any debt incurred prior to Feb. 15, 2020

$10M 1% APR Up to 2 years
PPP – Payroll Calculations

If your annual payroll is $120,000
2019 Payroll for CY ÷ 12 x 2.5

If your annual payroll is $1,200,000
2019 Payroll for CY ÷ 12 x 2.5

$25,000 loan max

$250,000 loan max
SBA Small Business Debt Relief Program

WHO CAN APPLY?
Businesses with new and current 7(a), 504 loans and microloans issued before September 27, 2020.

WHAT DOES SBA COVER?
SBA automatically pays principal, interest and additional fees for 6 months.

HOW DO I APPLY?
Automatic deferral. You can still apply for PPP and EIDL.
Employee Information

An Overview of the Whys and the Whats

Disability Insurance
Approximately 60-70 percent of an employee’s wages (depending on income) ranges from $50-$1,300 a week for up to 52 weeks.

Paid Family Leave
Approximately 60-70 percent of an employee’s wages (depending on income), ranges from $50-$1,300 a week for up to 6 weeks.

Unemployment Insurance
Range from $40-$450 per week for up to 26 weeks. Plus $600

Paid Sick Leave
Paid to employees at their regular rate of pay or an average based on the past 90 days.

Workers’ Compensation
Temporary Disability (TD) generally pays two-thirds of the gross wages an employee loses while you are recovering from a work-related illness or injury, up to maximum weekly amount set by law. In addition, eligible employees are entitled to medical treatment and additional payments if a doctor determines you suffered a permanent disability because of the illness.
Preparing to Reopen

- Plan
- Cash
- People
- Customers
Four-Part Plan to Reopen California

**STAGE 1: SAFETY AND PREPAREDNESS**

This is the stage we are currently in

- Continue to build out testing, contract tracing, PPE, and hospital surge capacity
- Making essential workforce environments as safe as possible
- Prepare sector-by-sector safety guidelines for expanded workforce

**STAGE 2: LOWER RISK WORKPLACES**

Gradually opening lower risk workplaces with adaptations

- Retail (eg. curbside pickup)
- Manufacturing
- Offices (when telework is not possible)
- More Public Spaces

**STAGE 3: HIGHER RISK WORKPLACES**

Open higher risk environments with adaptations and limits on size of gatherings

- Personal care (hair and nail salons, gyms)
- Entertainment venues (movie theatres, sports without live audiences)
- In-person religious services (churches, weddings)

**STAGE 4: END OF STAY-AT-HOME ORDER**

Re-open highest risk environments and venues once therapeutics have been developed

- Concerts
- Convention Centers
- Live audience sports
Creating a Recovery Plan
Social Distancing
Capacity Restrictions

BEFORE

AFTER
Come in We're OPEN
People: What’s Changed
Preparing to Reopen

- Plan
- Cash
- People
- Customers
The Average Small Business Has 27 Days of Cash
Cash Flow: Review Revenue Streams

Source and use of funds are critical considerations for your business.

- Determine what costs your business will incur as it re-opens and/or increases sales revenue.
- Build an updated Cash Flow Forecast to support your assumptions
- Funding options - Do you need capital to navigate the covid pandemic?
  - EIDL
  - PPP
  - Cash
  - Assets
  - Vendors
  - Other
# Cash Flow: Cost Analysis

## Small Business Cash Flow Projection

### Cash on hand (beginning of month)

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Preparing to Reopen

Plan

Cash

People

Customers
People
Predicted Unemployment Higher Than Great Depression

Highest unemployment rates in U.S. history

- 1932: 23.6%
- 1933: 24.9%
- 1934: 21.7%
- 1935: 20.1%
- 1938: 19.0%
- 1939: 17.2%
- 2020*: 32.1%

* Projected unemployment rate as of March 2020
Sources: CNBC, The Balance
How are you thinking about staff today?

- Hiring
- Training
- Retention
Preparing to Reopen

- Plan
- Cash
- People
- Customers
Marketing to Your Customers
Marketing: Your Brand

- Your brand perception
- New ways of selling?
- Customer engagement

Are you monitoring how their behavior is shifting along with their needs?
Marketing: Customer Relationship

- Do you have a relationship with your customers?
  - E-mail marketing
  - Social media
  - Online directories

- Do you have a website?
  - E-Commerce / E-Service
  - Communicating your updates
Sales
**Sales: What are you Selling?**

**PROFITABILITY**
What do I make the most money on?

**TRAFFIC**
My current revenue streams?
What brings people to my store?

**INCREMENTAL GROWTH**
Are there additional revenue streams I can take advantage of?

**AVAILABILITY**
Should I seek out new suppliers?
Sales: Examples of Shopping Behavior Shifts

1- Scarcity and safety have caused consumers to switch stores and brands.

2- Big box retailers that stayed open experienced increased sales Vs. year ago

3- Expect increased value driven shopping.

Sales: How to Sell It?

1- Sell through Cross Channels:
   a) Online- Should we offer free shipping?
   b) Offline- Store, curb or home delivery?
   c) Phone/Text-Pre order or pre-pay, DM for appointment?
   d) Returns?

2- Cashless transactions- Payment alternatives- tap cards, smartphone payments, cash apps.

3- Be confident, you are helping customers out by selling. The spotlight is on small business and your customers miss you!
Sales: Examples

- NeckersToyland - Facetime shopping
**Marketing: Where Do you Stand?**

- How are you communicating with your customers?
- How often are you in touch?
- What message are you relaying?

**Think:**

- Let’s build back trust
- Focus on promoting and communicating safety
- Accommodate your customers needs
Preparing to Reopen

- Plan
- Cash
- People
- Customers
In Summary

• Focus on what you can control

• Project customer buying behavior based on what you know

• Think about the reality and changes of your customers and employees pain-points and needs

• Create shorter measurement periods (3 months) while keeping your eye on the horizon
We’re Here to Help

Apply for Funding
Check your Insurance and Lease
Prepare for your Reopening

Contact Us!
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