



SMALL BUSINESS SURVIVAL DURING EMERGENCIES

Build a Simple BRIDGE Plan to Recovery!

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The current Covid-19 response and its effects on the economy will no doubt be challenging to everyone. None more than small business and their employees, but we have been here before. Just as we weathered 9/11, hurricanes, and severe economic downturns we can work together to survive this.

The good news is that this will be temporary. Although it may be very trying, the economy should rebound rather quickly once activities normalize. Realizing this could take several weeks to several months, the best bet is to implement a strategy TODAY! Here is a simple plan to carry us through to better days. We have decided to call it the **BRIDGE** plan.

BREAK EVEN

Immediately chart out your monthly expenses and come up with a break-even analysis. List all your fixed and variable costs and understand how much revenue you need to break even. If you are not going to break even, then understand your cash position and calculate how long you can survive. **The goal here is to get your monthly burn rate down so you can last six or more months if need be.** We're not suggesting this will last that long, but the rate of return of normalized business may take a few months beyond the current crisis. If you must close your business and have no chance of generating any income, you must work very hard on the previous step and halt all possible expenses. Leverage credit lines if necessary and reasonably expect you will be able to recover beyond six months. Don't give up and just walk away. Programs like SBA disaster loans will be available to provide emergency cash to help you survive and reopen later. We will be promoting these programs, so follow our announcements on social media. There will be value to your business beyond this period that we can help sell later if you ultimately decide not to return.

REDUCE EXPENSES

Now is the time to work to lower your variable and even fixed expenses. Identify all non-essential expenses and remove them. Then look at some other items that you can effectively shave down. We are not fans of ending all marketing and advertising activities but pick out the ones that bring the most return and suspend or cut back on the others. Find flexibility in contracts like your lease, with valued suppliers, and other obligations to get a reduction over the next 90 days. The hardest decision will be employees. Try to

work with them. Offer temporarily furlough, reduce hours or wages before letting them go. Employees, vendors, landlords, and suppliers will all be in the same boat, but if we all tighten our belts together, we will get through this.

INCREASE INCOME

Analyze each revenue stream. Look at all your revenue sources and see if you can focus on what will bring in the most money over the next 90 days. For instance, a restaurant that can pivot to making 100% take out and deliveries. Be resourceful with what you have. If you must close your business temporarily, take the time to work ON your business so you are ready to go on day one of the recovery.

DISCLOSE

Communication and honesty is key. Develop a team approach and remain calm and positive. Communicate often and be honest with your employees, customers, creditors, vendors etc. Do not try to bear the brunt of all this yourself mentally or physically. As we all find ourselves in the same situation, it is only natural to fear the unknown. If you demonstrate that you have a plan and you are confident in your ability to recover, you will find that your partners in business (yes your employees, vendor, suppliers, etc are your partners) will stand by you for the long haul.

GET WORKING

...and be GREAT! Now is the time that makes great businesspeople and overall great citizens! Implement your plan immediately and in a positive and constructive manner. Continue to meet with your employees via online tools like Zoom, Google Hangouts, etc. Be a leader in your community and help those who are less fortunate. DO NOT PANIC! Be a part of what makes our country great! We often say it's easy to run a business in good times, but we are proudest of our company when we get through the tough ones as a team.

EXCEL!

Just as you implement the first five steps of this BRIDGE plan, the sixth step is to plan on how you are going to excel in the future. There is no doubt this will soon be the perfect time to buy business equipment, make improvements on facilities, open a new location or buy competitors that could not survive this crisis. How often do we say after a downturn or business interruption that we should have bought or invested in “fill in the blank?”

As a company, Transworld Business Advisors is here to talk to you and help you through this difficult time. We are huge fans of entrepreneurs and want to see everyone survive and thrive in the future. As our motto “Good Deals for Good People” indicates, we are here for you to make sure we provide “Good Information.”

We couldn't be prouder of our country, businesses, and its citizens for the steps and sacrifices we have taken to help keep our most vulnerable citizens safe. Stay calm everyone, we can work together and thrive! Call us—we are here to help you! Or just drop us an email with your questions. ■

