

Ten Strategies to Help Your Business Make it Through the Economic Storm





1. ASSESS THE DAMAGE

In any crisis, it is important to understand how the crisis has affected you and how it will continue to affect you as things progress. The impacts of the Coronavirus will undoubtedly evolve over the coming months. Understanding how your business has been impacted as of now and staying abreast of potential changes to come will allow you to determine how your business is going to be impacted moving forward. The best way to gauge the economic impacts within your business is to utilize your financial statements and the financial analysis tools within your accounting software. If you contract out your bookkeeping, reach out to your bookkeeper and ask them to provide you with the financial reports you require. Comparative income statements and sales reports will provide you with insight into how your revenues and bottom line have been impacted. When generating these reports, ensure that you choose a relevant time period to compare. For example, you may want to compare sales and income statements from the last thirty days to the same time period in 2019. If you are unsure of how to read the financial statements or analyze your financial results, reach out to a professional business consultant or accountant for support.



2. TALK TO YOUR CREDITORS AND REVISE PAYMENT ARRANGEMENTS

Keeping up with loan and other debt payments can prove to be an impossible task when you are faced with diminishing revenues. This is going to be especially true if your business has been forced to temporarily close as a result of COVID-19. It is essential to be proactive in helping SaskMetis Economic Development Corp. (SMEDCO) and your other creditors understand the challenges you are facing and provide them with an opportunity to help you restructure your payments. If you wait to contact them until you have missed payments, it could negatively impact your credit score and your relationship with your lender. Businesses around the world are facing the same challenges and creditors are aware of this. SMEDCO has already begun implementing debt repayment supports that includes cease interest and payment deferrals for up to 6 months. A number of other banks and lending institutions have also begun offering payment deferrals. Ensure that you take advantage of these deferrals. Every dollar that you can hang onto counts and will be essential to fund inventory and operations when you are ready to reopen or ramp up sales.



3. CHANGE YOUR SPENDING PATTERNS AND CUT OPERATING COSTS

There is a great deal of uncertainty regarding how long the COVID-19 crisis will carry on. The current period of social distancing and waves of forced closures may last for weeks and even months in some areas. To weather the economic storm, it is essential that businesses change spending patterns and cut operating costs. Delay that major purchase, put those capital upgrades off until next year, and stop making any non-essential purchases. If the item or service being purchased is not required to operate the business or will not generate revenue in the near term, it is non-essential. In the case of essential purchases such as inventory, try to ensure that your buying level matches your revised sales expectations. If your business has seen substantial revenue declines, you may want to adjust your purchase volumes to correspond to anticipated sales levels. This is especially true for perishable inventory items.



4. SECURE YOUR SUPPLY CHAIN (IF YOU PLAN TO REMAIN OPEN)

Travel restrictions, border closures, and business interruptions will impact supply chains for many businesses. For small businesses, limited cash flows and the threat of forced closures often make stockpiling large quantities of inventory unrealistic or impossible. Speak to suppliers in your existing supply chain to determine whether or not they are forecasting disruptions to the supply chain. If the majority of your inventory items come from international sources, stay tuned to news regarding border closures. Identifying local suppliers and North American suppliers is a great way to diversify your supply chain. It is likely that interprovincial borders will remain open throughout the crisis and any complete closure of the US-Canada border would only occur for a limited duration. Supporting local suppliers not only helps to limit supply chain interruptions caused by border closures and travel restrictions, but also helps to improve the health of your local economy.



5. REVISE YOUR REVENUE EXPECTATIONS

Annual revenues in 2020 are undoubtedly going to be much lower than any business had anticipated. Reductions in peoples' movements, higher unemployment rates, and lower levels of disposable income are bound to cause sales declines for most businesses in the first half of 2020. Even after the COVID-19 crisis ends, the impending recession will likely result in higher than average unemployment and below average levels of disposable income in the second half of 2020. It is important to revise your sales expectations given that of the operational decisions that you make on a daily basis are premised on sales levels. If you are using financial projections or budgets developed to guide the management of your business, those will need to be revised. Reductions in sales can affect the viability of your business model and it is important to understand how your business will be impacted in the longer term so that you can make well informed operational decisions.



6. TAP INTO RELIEF PROGRAMS

In addition to the payment deferral programs being offered by chartered banks and SMEDCO, there are a number of small business relief programs that have been popping up. It is likely that additional support programs will become available as the situation evolves. It is important to take advantage of as many of these programs as possible.

The Government of Canada has recently committed \$10 billion in funding to provide relief loans for businesses impacted by the COVID-19 crisis. The relief funding will be distributed through the Business Development Bank of Canada (www.bdc.ca) and Export Development Canada (www.edc.ca). While no formal programs have been announced as of yet, those entities will likely have more information regarding their relief lending programs in the coming days. Keep checking the BDC, EDC, Metis Nation - Saskatchewan, and SMEDCO websites for more information.

The Federal Government has committed funding to two programs aimed at providing small businesses with supports that can assist in keeping essential staff employed. The recently announced Canada COVID-19 Economic Response Plan includes a wage subsidy program that can provide small businesses with a 10% wage subsidy for

all employees that they keep on staff over the next three months. The program will provide a subsidy equal to 10% of remuneration paid to employees between March 18, 2020 and June 20, 2020, up to a maximum of \$1,375 per employee and \$25,000 per employer. This subsidy will be most beneficial to small businesses that continue to operate throughout the crisis. While the 10% subsidy may not be enough to keep non-essential staff employed, it will be beneficial for businesses that continue to operate throughout the crisis. Additional information regarding the subsidy will likely be made available on the Government of Canada website (www.canada.ca) in the coming weeks.

The Government of Canada has also committed additional funding to Canada's Work Sharing Program. The program is designed to provide funding support to help businesses avoid layoffs when there are unforeseen business interruptions or declines. Most small businesses will qualify for the program and support can be provided for most EI eligible employees. The program provides employees with wage loss benefits (similar to those provided by EI) in cases where businesses must decrease the length of the work week for employees to accommodate reductions in business volume. In response to COVID-19, the maximum duration of work sharing agreements has been extended from 38 weeks to 76 weeks. Additional information regarding the Work Sharing Program can be found at: <https://www.canada.ca/en/employment-social-development/services/work-sharing.html>

Facebook has recently announced a small business grant program that will provide cash grants and advertising credits to 30,000 small businesses. The program has been developed in response to the COVID-19 crisis and can provide small businesses with funding to support a range of activities. The full program details have not been released but Facebook anticipates that they will begin taking in applications in the coming weeks. There will likely be a number of entities that create small business relief programs, it is important to continue scanning for those opportunities so that your business can take advantage of any new relief opportunities that arise.

7. PROVIDE SUPPORTS FOR EMPLOYEES

Some of the most difficult decisions that small businesses will be faced with during the COVID-19 crisis are those related to employees. Decreased revenues, shortened store hours, and forced closures are going to put pressure on small businesses. Some businesses will be able to adapt their business model and find innovative ways to provide goods and services to generate sufficient revenue, but some won't. Being faced with the prospect of having to lay off good staff is one of most difficult parts of any economic challenge. The value that committed employees provide to a business and the costs associated with losing good employees are hard to bear. If you end up in a situation where cash flow shortages are too severe and shedding labour costs by reducing employee hours or cutting the number of employees on staff is the only way to go, help your employees access any available supports. In doing so, you can help lessen the impacts on your employees and their families and preserve your employee relationships.

It is inevitable that some of your employees are going to contract COVID-19 at some point during the crisis.

If your employees do contract COVID-19, it is important the necessary steps are taken to reduce the spread while also supporting these employees. The Government of Canada has recently introduced enhancements

to the Employment Insurance Program to help workers affected by the Coronavirus. In addition to waiving the waiting period for EI sick benefits for the those infected with the Coronavirus, workers are not required to provide a medical certificate to access the benefits. Additional information regarding the changes to EI sick benefits can be found at: <https://www.canada.ca/en/employment-social-development/corporate/notices/coronavirus.html>



8. ADAPT AND OVERCOME

Adaptation is key to overcoming change. Forced closures and reduced consumer mobility is going to fundamentally change how business is done in the near term and things may not be back to business as usual for quite some time. To combat reduced consumer mobility, consider focusing your sales efforts online. While it may not be realistic to build a functioning ecommerce website overnight, small businesses can leverage their social media pages and existing online marketplaces to sell their products. Facebook is the easiest social media platform to market products and sell online. You could simply showcase products or services on your Facebook page or utilize Facebook Marketplace to showcase your products and services to a wider audience. The latter option may extend your reach and allow you to reach consumers that do not follow your page.

There are a number of third-party ecommerce apps that are designed to integrate into Facebook. Shopify, Ecwid, and StoreYa are some of the popular options for retailers interested in selling their products through the Facebook App. OpenMenu and MyMenu are third party apps that restaurants can use to showcase their menus on their Facebook page. Apps such as Gloriafood and UpMenu take it a step further and provide online ordering capability through the Facebook App.

Providing customers with a delivery service is an excellent complement to online or phone-in ordering. By offering your customers a delivery option, you are able to support consumer self-isolation by bringing the goods to their doorstep and create a revenue opportunity that may not have otherwise been present. Delivery service may also present your business with the opportunity to continue to employ staff that would have typically been providing in-person service to customers.

Staying in tune to your customers changing needs throughout the COVID-19 crisis and offering new products and services to meet those needs is another way to adapt to change. As consumers patterns and habits change over the short-term, so do their goods and service needs. If possible, capitalize on those short-term changes by introducing products and services that you may not have typically offered in the past. There may also be short-term licensing changes that the government introduces to support businesses or ensure the flow of essential goods and services. Take advantage of these short-term opportunities whenever possible.

Keep in mind that even when the COVID-19 crisis subsides, our economy will be impacted by the longer-term effects of the impending recession. This has the potential to slow down our economic recovery and present new challenges. Sales may not return to the levels that they were at prior to the crisis due to declines in disposable income and increased unemployment. It is important to consider the longer term challenges your business will face when you reopen or scale your business back up. If you need assistance navigating the change, reach out to business professionals and consultants that can help you plan for success.



9. COMMUNICATE WITH CLIENTS

It's important to ensure that your existing and potential clients are aware of how COVID-19 is affecting your business. Leverage online communication tools such as group emails, your company website, and your social media pages to let your clients know the status of your business. If you are undergoing a temporary closure, let your clients know when you anticipate reopening. If you have reduced hours, post your new hours on your social media pages and update your webpage and Google business page.

If you have changed your business offerings in response to COVID-19, communicate that through your social media pages and website as well. Frequent updates not only help your customers stay well informed about how and when they can do business with you, but also keeps the lines of communication open during this period of social isolation and periodic closures.

If your business has product or service contracts, it is extremely important to ensure that your clients are aware of how COVID-19 is impacting your ability to fulfill those contracts. If there are going to be delivery delays, it is important to provide revised timelines. Most clients are facing similar challenges and will be understanding.

Communicating any impacts to service or product delivery simply act to preserve client relationships and ensure that your clients have sufficient time to adapt their operations.



10. STAY HEALTHY

As entrepreneurs, we often forget to take care of ourselves. The economic fallout from the COVID-19 crisis and the impacts on your business are going to take a toll on your physical and emotional health. Sleepless nights and days full of emotion are going to leave you feeling drained. That can wear you down physically and make getting through illness more difficult. The psychological and emotional impacts of the types of business challenges that you may face can be significant. The stress of declining sales, cash flow shortages, forced closures, and layoffs can be hard to bear. Working through that stress is important to your health and the health of your family relationships. It's important to take time for yourself and to do as much as possible to leave your worries at work for at least part of the day. By taking time for yourself and getting adequate rest, you can ensure that you are at the top of your game and ready to face the challenges that tomorrow will bring. If you feel that you need support, reach out to anyone that can help you navigate the stress whether it be a friend, family member, fellow entrepreneur, or business advisor.