

# Transforming Your Business in Chaotic Times



Preface: Best to define the problem before seeking a problem solution

Overall Issue: US economy and specifically small businesses have been significantly impacted in a negative fashion by Corona Virus outbreak,

**Specific Issue: How can local small businesses be re-energized to attain previous levels of Revenue & Profitability and beyond?**

- 1) First: Define new environment
  - a) Economic impact
    - i) Over 22 million new applications for unemployment within 3 weeks (equals all job gains since Great Recession of 2007/08); US unemployment percentage equals that period
    - ii) **Many local small businesses shut down or significantly impacted by reduced revenue**
  - b) **Social Impact**
    - i) Anti-social environment due to:
      - (1) Extensive “stay at home order”
      - (2) Fear of social interfacing due to fear of becoming a Corona Virus positive case.
      - (3) Uncertainty of “when is it safe” to resume normal mode of interfacing
  - c) **Regaining confidence for customers to go out and buy at previous levels may be slow & long**
- 2) Next: **Determine appropriate Approach for Small Business Owner in view of new environment**

## **Conclusion:**

- 1) **Now is the time to Rethink your business about what to do in the future before going full bore into repeating the past.**

## **BUSINESS ASSESSMENT**

### 1) **Strategy)**

- a) Does the new environment provide new opportunities for your business? Are there new challenges for customers that you can satisfy (for existing or new set of customers)?
- b) Analyze what was working previously and what was not (drop what was not).
- c) Will what was working previously work in the new environment?
- d) Should you drop some less profitable offerings (to make room for more profitable offerings that fit the new environment)?
- e) Is there a new approach to what products/services you were offering?
  - i) New/improved product or service (for increased customer needs satisfaction) - think Better, Faster, Cheaper?
  - ii) New delivery approach? e.g. what are customers doing now that they did not do previously? Can you take advantage of any new customer habits?
  - iii) Any need for a new venue (how you deliver what customers value)?
- f) In view of new conditions, should you change sourcing/vendor options?
- g) Will your old inventory policies allow you to be customer responsive in new conditions?

- h) How could you be more efficient (more output for less input) without impacting expected quality by customer?
  - i) Can you automate any of your operations?
- i) Keep in mind that the process of regaining Revenue may be long & slow.

## 2) **Operations**

### a) Staffing

- i) Do you need to recall staff?
  - (1) Are they available?
    - (a) Is unemployment paying them more than you can afford to pay?
- ii) Can you recruit new staff?
  - (1) Approaches (differs for each industry)
  - (2) Include training cost/time

### b) Distribution

- i) Is existing system adequate in view of any changes in thinking in Strategy?
  - (1) What needs to change?

### c) Sales

- i) Are current sales efforts still appropriate?

### d) Product/Service Flow (from Customer order through delivery and payment)

- i) Examine flow to find the Bottleneck that prevents increased flow (with added Revenue & Profitability); eliminate & look for next Bottleneck.

## 3) **Marketing**

- a) How can you reengage all of your existing customers?
  - i) Mechanisms?

- (1) Welcome back notification/party?
- (2) Discounts?
- (3) Will you continue recent new approaches (e.g. “curb service”)?

b) How can you appeal to new customers?

i) What are their needs relating to your business?

(1) Are their needs modified in view of current environment?

#### 4) **Financial**

a) Create a Near-Term Cash Flow Spread Sheet (based on above thinking) - Showing estimated Revenue (cash in), Expenses (cash out) & resulting profits or losses for next few months (keep current as new information is available) Register for SBDC Cash Flow Analysis webinar

b) Analyze costs on spreadsheet.

i) Are all costs shown on spreadsheet still necessary in view of new environment?

ii) Can you negotiate better terms with suppliers (e.g. reduced pricing, delayed payment etc.)?

c) Do you need an injection of new funding?

i) Amount (see Spread Sheet for accumulated losses)

ii) Sources

(1) Have you used currently available Federal CARES Act funding (PPP or EIDL)?

(2) Are other SBA guaranteed loans appropriate (e.g. 7(a) etc.)?

(3) Non-Federal Alternatives

(a) State (EDD) and other organizational (e.g. US Chamber of Commerce, & various funds)

(4) Private

iii) Can your projected cash flow satisfy new debt payment requirements?

5) **Generate Plan** for Near Future (weeks or months)

a) Lean Canvas (One Page Business Plan)

i) Present/Review boxes/Discuss Usage

ii) Participants fill in (based on above Rethinking of Business) and modify as new information is available

b) Once satisfied with Canvas, generate implementation steps (in sequential fashion) of what it takes to accomplish expectations.

i) Include What, Who, When & Cost for each step.

ii) What steps must be done sequentially vs. what steps can be done in parallel fashion? Place emphasis on longest string of sequential steps (i.e. Critical path) to reduce overall time for full implementation

6) **Summary Comment:**

a) Above may seem overwhelming but is intended as a General Checklist, recognizing that all of it may not be applicable to every business but is intended to force a thinking process. Each business will likely use some but not all of these items and must individually prioritize those steps that are deemed that are most critical for survival and growth