REOPENING TOOLKIT

For Small Business

ALL YOU NEED TO REOPEN YOUR BUSINESS

SCORE®
FOR THE LIFE OF YOUR BUSINESS

Cape Cod & the Islands

Small Business Owners Brace For The Worst

77%

are "very worried" about the economic impact of the coronavirus outbreak

54%

expect the US economy to fall into recession during the next 12 months

49%

say customer demand is down

Source: National Small Business Association Impact Poll, March 2020

The impact of Covid-19 has been shocking and difficult for small businesses. We still face many, many uncertainties. However, as we shift our mindset from reaction to the pandemic to recovery from the pandemic, it is time to prepare our businesses to reopen in a new, and still evolving market environment.

That's the purpose of this Toolkit.

This is an effort by the Cape Cod & the Islands SCORE mentors to provide the best thinking we can on how you can take steps now to help your business survive and prosper. We don't know what that looks like for your business, but we're prepared to help you think it through.

REOPENING TOOLKIT FOR SMALL BUSINESSES

4 Steps:

1. **Assess**
2. **Account**
3. **Plan**
4. **Communicate**

One sure thing that's going to have to change is your method of doing business. You have to think of yourself as an essential or non-essential business, how you interact with the public and what new needs your customers will have.

- Are you a no, low, medium or high-human-contact business?
- Can you run all or a part of your business online NOW, or do you need to wait for permission to open from the state or town where you do business.?

As you plan your reopening, focus on what we call the BIG QUESTIONS that will lead you to your plan. These are the elements that you should look at more carefully with your SCORE mentor and other business advisors. In particular, focus as soon as possible on looking at your cash flow, with several scenarios based on different reopening dates. What do you need to do in order to make it to reopening, and what does your cash flow look like once you do?

START WITH 2 BIG QUESTIONS

What's the current status of your business?

1.Closed 5. Partially Open 10. Fully Open

How much physical interaction do you need to have with your customers?

1.Little 5. Moderate 10. Fully Engaged

ASSESS

Understanding that will drive your future business

SCORE Cash Flow Spreadsheet
capecod.score.org/resource/3-year-cash-flow-statement

Before you can plan you need to fully understand the state of your own business as well as the state of mind of your customers. Take the time to dig in.

1. What will be important to your customers as you reopen? Do they have fears? Will they be reluctant to engage with your business? List all the potential barriers that your customers may have.
2. How are you really doing financially? To fully understand how you can operate in the future, you need a cash flow forecast. Create different versions: an optimistic model, a likely model and a low income model. Play with the timing of reopening and customer returns. An easy way to do this is to use SCORE's Excel Cash Flow Spreadsheet (all the formulas are there--you just need to input the numbers and play with a range of variations). While a forecast is always your best guess, take steps to make it as accurate as possible.
   - Gather past financial records, including leases, 2017/18 business and personal tax returns, 2019 business returns. Not available? Use your 12/31/19 P&L and Balance Sheets (you'll need these if you plan to speak with lenders).
   - In your various versions, consider your expenses and group them into 3 groups: must have, nice to have, don't need
   - Include your payroll again thinking about must have, nice to have, don't really need

What Do You Need To Survive?

How much cash infusion do you need?
After reviewing your cash flow options, it will become apparent how much cash you'll need to reopen and to cover you for the first few months. You'll need to make some hard decisions.

RULE #1: Cut early!

RULE #2: Cut BIG!

RULE #3: Double your initial estimate! It's far better to assume a slower start and longer recovery and then adjust for a better situation than the reverse. Second or even third rounds of cuts are even more devastating to your company, your employees...and yourself.

What are your customers telling you?
We can all reopen our businesses but if our customers don't engage, we can't succeed.

- Do you need to rethink your retail layout to accommodate social distancing?
- Are there new cleaning/disinfecting policies that you need to enact?
- Should you be doing more of your business online?
- Where do you hold your client meetings?

PLAN

Form industry interest groups to define and police safe practices.

Build confidence by communicating plans to the public and authorities.

What Changes Will There Be In Your Business Model?

Can you (or should you) pivot to a new business model that transforms what you do and how you do it. Think of this as an opportunity to improve your business, to do away with some of those nagging issues that constrain you.

What will that new model look like?

- How might you recreate the customer experience to make it safer, more effective and more efficient?
- What needs does the pandemic create to put idled resources to work?
- Who can you partner with to create new events, services, opportunities?
- What are other revenue sources?
- What are other funding sources? Keep up-to-date with new funding sources/loans/grants.
- How can you protect existing revenue?
- What physical accommodations do you need to make customers feel more comfortable?

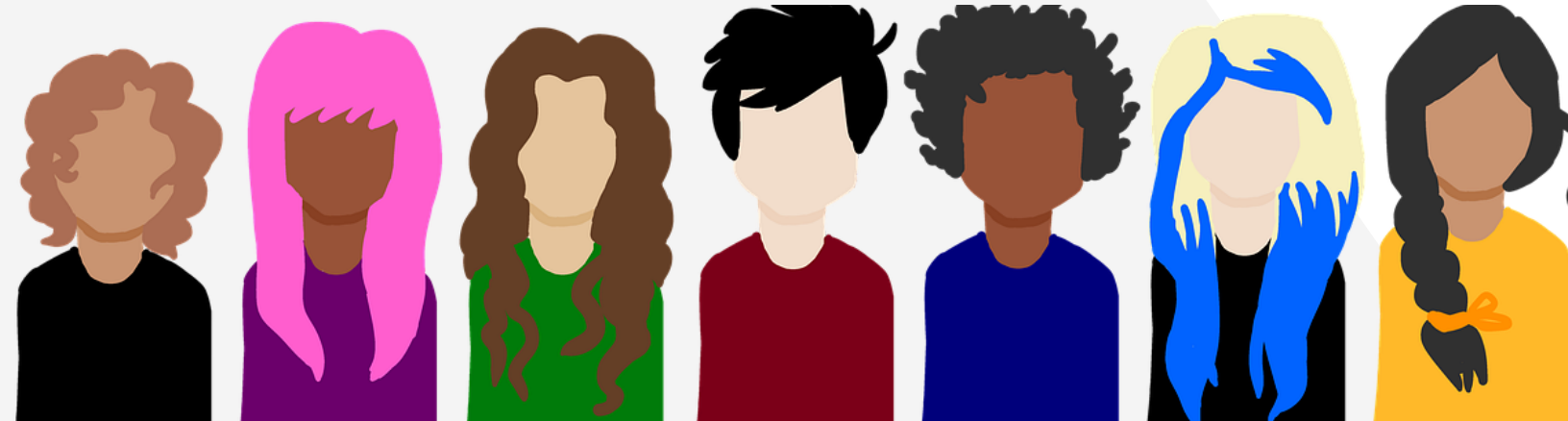
PLAN

STAFFING

- What level of staffing do you need to reopen?
  - Short-term? Intermediate-term? Long-term?
- Will your staff be available?
- What do your employees need right now?
  - Whole or partial reimbursement for lost wages?
  - Equipment, supplies or assistance to work from home at the level you want and need?
- Can you put staff to work in other capacities?
- Be HUMAN
  - Your loyalty and honesty now will impact your future
  - Ask them to brainstorm with you as to what the future may look like
  - Explain your decision process where you can

TRAINING/RETRAINING

- What kind of training will you need? And how much?
- Prepare you and your team for the "new normal"
- Train while you're still closed if possible



PLAN

Make sure all the parts fit together.

SUPPLY CHAIN DISRUPTION

- Contact all your suppliers to ensure that they are (or will be) open and are able to ship your orders
- Renegotiate terms as needed
- Source new suppliers when needed to meet financial and quantity/delivery timing goals
- Be a team player. You need these people as much as they need you.

INVENTORY MANANGEMENT

- How do you handle out of date/seasonal merchandise?
  - Return?
  - Markdown?
  - Hold until next season?
  - Sell to other suppliers?
  - Sell online via outlets like EBay
- What are the "right" levels of new inventory?
  - Is your inventory perishable/time specific or can you afford to buy larger quantities and store?
  - What turn rate do you need on specific items to ensure success?

COMMUNICATE

Communicate Your Plan

TO WHO?

- Creditors/lenders
- Landlors/utilities/insurance companies
- Current Customers
- Potential Customers
- Employees

WHAT?

- Create a relevant message for each
- Think about what's most important to them
- Reaffirm your Value Proposition

HOW?

What's the right way to connect with each of these groups?

- Social media (improve your SEO to ensure you're reaching the right people)
- Traditional media
- Person to Person written or digital communication

You Don't Have To Do This Alone

SCORE
FOR THE LIFE OF YOUR BUSINESS

Cape Cod & the Islands

We hope this Toolkit helps you get on the right track to reopening your business. It's a good start and we'll add more over time. None of us are so naive as to think that this is an easy job. It's not. It's probably the hardest thing you've ever had to do. And it's even harder if you try to do it alone.

SCORE Cape Cod & the Islands has over 50 experienced mentors who can help you put together the right reopening plan for your business. Every business will have different needs so we're prepared to honker down with you, dig into the numbers and work with you to develop the best possible reopening plan.

So contact us. We'll be there to help you, mentoring remotely via phone or video conference until such time as we can meet in person.

Stay well!