

Small Business Brainstorming in Response to COVID-19

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- ▶ Consulting
- ▶ Training
- ▶ Resources



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Webinar Overview



SBA Disaster Assistance Loan terms and conditions



SBA loan criteria and application processes



HR responsibilities for employers



Communication best practices



Strategies for managing business operations



Additional resources

SBA Disaster Assistance Loans

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About SBA Disaster Assistance Loans

- ▶ Working Capital loan Available to small businesses and non-profits that have been directly or indirectly effected by the disaster.
- ▶ Cannot be used for replacing sales, anticipated profits, expansion, or to reconsolidate debt.
- ▶ Apply online or through the mail.
 - ▶ Online is faster.
- ▶ Application goes directly to the SBA.
- ▶ To apply go to: disasterloan.sba.gov/ela/

Terms of the Loan



Up to \$2 million



**3.75% for-profit
rate**



**2.75% non-profit
rate**



**Up to 30 years
to repay**

*Loan amounts based on an assessment of actual economic injury.

Application Criteria

- ▶ Credit history
 - ▶ *Credit will be more flexible than usual.
- ▶ Must have a physical place in a declared county.
- ▶ Must demonstrate the ability to repay.
 - ▶ These are loans, not grants. SBA will ask: can this loan be repaid?
- ▶ Collateral
 - ▶ Loans up to \$25k are uncollateralized.
 - ▶ If over \$25k, SBA is looking for collateral.
 - ▶ SBA is not declining because of lack of collateral, but they are looking for collateral if available.

Application Notes



No cost to apply for these loans.



Watch out for those who say they will apply for you for a cost. The SBA will look to make sure who is applying for you is reputable.



Ask the SBDC or SBA to help. We provide free consulting.

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What to Expect

- Decision time once a complete application is received is at least 21 days.
- SBA will prepare and send your Loan Closing Documents to you for your signature.
- Once they receive your signed Loan Closing Documents, an initial disbursement will be made to you within 5 days.
 - Economic injury (working capital): \$25,000
 - Disbursements will be made in phases
- A case manager will be assigned to work with you to help meet all loan conditions. They will also schedule subsequent disbursements until you receive the full loan amount.



For Additional Information

- ▶ SBA's Customer Service Call Center:
 - ▶ (800) 659-2955
 - ▶ The call center is open Monday – Sunday, 8a.m. – 8p.m. ET
- ▶ Or email: disastercustomerservice@sba.gov

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Human Resource Challenges

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Employer Responsibilities

- ▶ Sick employees or those with sick family members should stay home or be sent home
- ▶ Maintain social distancing in the workplace (6 feet apart)
- ▶ Follow CDC guidance
- ▶ Telecommute when possible
- ▶ Follow all state and local orders on sheltering in place and closing of nonessential business

Communicating With Employees

Communicate quickly, often,
and well



Topics to Communicate

Social
Distancing
Guidelines at
Work

Updates to Work
Changes in
Alignment with
Government
Closures

Temporary
Telecommuting
& Work From
Home
Arrangements

Workplace
Exposure to a
Communicable
Disease

Temporary
Layoff or
Furlough Due to
Coronavirus

Reduction in
Force (RIF) Due
to Coronavirus

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Managing Work From Home



Have Proper Technology



Establish a secure connection (VPN)



Implement a communication program



Set Clear Expectations



Trust your Employees



Paid Sick Leave

- ▶ Updates to FMLA (Emergency Paid Sick Leave)
 - ▶ Takes effect 4/2/20
 - ▶ Will continue through 12/31/2020
 - ▶ Applies to businesses with fewer than 500 employees, but there may be some exceptions available for small businesses AND companies that employ health care workers

Unemployment: Employee Eligibility

- ▶ Your employer temporarily closes or goes out of business because of COVID-19
- ▶ Your employer reduces your hours because of COVID-19
- ▶ You have been told not to work because your employer feels you might get or spread COVID-19
- ▶ You have been told to quarantine or self-isolate, or live/work in a county under government-recommended mitigation efforts

Unemployment: Employer Guidelines

- ▶ Use Paid Leave First
- ▶ UC Tax rate will not change
- ▶ Can be used in for reduction in hours
- ▶ Business owners cannot collect

Operational & Marketing Strategies

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Marketing Strategies



- ▶ Keep the communication with your fans on social media positive. Be proactive! Focus on revenue generation!
- ▶ Pick the right communication channels. Enable your customers to create dialogue with your business.
- ▶ Remind people of your digital options to drive sales.
- ▶ Inform the public about operational adjustments.
- ▶ Be positive. This too shall pass. Show your clients you support them on this situation as well as after.

Suppliers / Materials Strategies

- ▶ Review inbound streams of raw material and conduct an inventory audit.
- ▶ Communicate with key supply chain stakeholders on supply volume and changes to demand volume for the next few quarters.
- ▶ Secure capacity and delivery status for Tier-2 and Tier-3 suppliers and securing allocated supplies.
- ▶ Access critical supply chain data across all tiers to properly assess the potential possible damage.
- ▶ Delivery/Shipping: monitor your transportation areas, move away from quarantine zones, and where product can be accessed for shipping.



Operations Strategies

- ▶ Conducting scenario exercises to understand the operational implications — financial and non-financial.
- ▶ Review and have concerns about credit and finance issues.
- ▶ Offering a discount on obtainable inventory where supply may be short for late winter-early, spring fulfillment, and elevating near-term revenue
- ▶ Extend payables, intelligently (relationship)
- ▶ Manage and expedite receivables(relationship)
- ▶ Conduct daily tracking and weekly trending



Additional Resources

- ▶ Visit our website for additional information, resources, and events regarding COVID-19:

<https://sbdc.psu.edu/resources/covid-19-resources/>

- ▶ Set up a virtual meeting with an experienced business consultant for personalized, free, confidential recommendations:

<https://pasbdc.ecenterdirect.com/signup>

And follow us on social media



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