

NH SBDC Actionable Scenarios to Address Operational & Marketing Potentials During Pandemic

New Hampshire economy saw a downturn of businesses during the evolving pandemic Covid-19. While SBA and other related state agencies are providing resources, this will undoubtedly reshape the current use and understanding of the marketing mix and cash flow for most New Hampshire based and operated businesses.

As in any economic downturn, the recognition and the speed of adaptation is key to liquidity and to sustain businesses. While there is no one solution to fit all, there are working case scenarios that can come as a good example of that adoption process and measurable success. From the recent recession we learned that there were three crucial elements to success 1. cash flow, 2. customer service and 3. diversity offering. All small businesses are already working with a varied mix of 7 Ps, therefore adapting these strategies and shifting balance (pivot) in exploiting them, will be familiar to most.

This document covers:

1. Immediately available operational assistance for small businesses.
2. List of actionable scenarios centered around the 7 Ps of Marketing.
3. Expert tips and practices (*by Warren Daniel; NH SBDC*) to manage cash flow during a downturn.

1. Available Immediate Operational Help/Assistance for Small Businesses

Force Majeure in Contracts

A Force Majeure clause is a contract provision that allows a party to suspend or terminate the performance of its obligations when certain circumstances beyond their control arise, making performance inadvisable, commercially impracticable, illegal, or impossible. Since New Hampshire declared a state of emergency (03/16/2020), the Force Majeure clause could relieve businesses from financial or other obligations, depending on the contract. Always ask for legal help to determine the validity of the business before acting on the clause.

Loan Deferment (Small Business Loans)

Local small business lenders and Economic Development Centers are offering loan deferment programs from 60-90 days on existing small business loans. Proactively ask the lender about what needs to be provided for case by case decisions. This could help small business cash flow and talent retention. If a small business is NOT able to make payment for its loan, proactive communication with the lender is key!

Business Interruption Insurance or Other Insurance Benefits

Business interruption insurance is a type of insurance that covers the loss of income that a business suffers after a disaster. The income loss covered may be due to disaster-related closing of the business facility or due to the rebuilding process after a disaster. Ask the insurance agency to send out information about what is included in the insurance plan and what are the ways to file a claim if possible/needed.

SBA Disaster Assistance Loan

SBA provides low-interest, long-term loans for physical and economic damage caused by a declared disaster. The loans are typically packaged at a low-interest rate (3.75%) with up to 4-month deferment options. The Covid-19 SBA disaster loan is designed for existing New Hampshire based businesses (physical location) to provide cash flow and to sustain business operations, but not for

expansion, growth plans or new business purchases. Use the below link to find out eligibility and documentation needed. <https://disasterloan.sba.gov/ela/>

Workshare

In January 2010, Governor Lynch announced a program to assist employers and employees in New Hampshire. New Hampshire Working is the Governor's Three-Part Initiative to help workers Stay at Work, Return to Work, and Get Ready to Work. Stay at Work - is also known as New Hampshire WorkShare. WorkShare is a program available to employers who reduce employee hours and wages as an alternative to layoffs. This program allows the payment of a percentage of Unemployment Insurance benefits to employees whose hours and wages are reduced from 10% to 50%. More details available here: <https://www.nhes.nh.gov/nhworking/stay/>

Economic Development Partners

Local Economic Development Partners are working on customized loan packages available locally based on individual consideration. Local NH SBDC advisor will be able to help to provide detailed information on available resources. <https://www.nhsbdc.org/>

Emergency Orders for Unemployment Benefit Relief

According to Governor Sununu's March 17, 2020 Press Release, individuals who are unable to work or who have reduced hours due to the COVID-19 pandemic will have immediate access to unemployment benefits. This is including self-employed individuals that are temporarily unable to operate their business because of any of the above-listed situations will also be eligible. Individuals will need to file for each week of temporary unemployment. People can do all this online from your home internet connection or your phone without ever having to go into a state office. For more information and to file for unemployment benefits, visit the NHES website at www.nhes.nh.gov or call 603-271-7700.

2. Actionable Scenarios Centered around the 7 Ps of Marketing

Product/Service

As all companies offer a product or service, there is an opportunity to find a niche on the market and create a temporary portfolio of product offerings that is complementary to the company's mission and values but addressing the new market trend/pressure.

Examples:

- For restaurants, daily meal prep for pick up, moving into weekly menus, so people stuck home with kids don't have to cook.
- Spas/Hair salon can deliver specifically designed and personalized home spa product packages, temporarily shifting focus on the product sales aspect of the business, building on consumer insight of isolation and need for self-care.
- CPAs, creative/ communication agencies and other service utilities can offer a new product centered around education, such as low-cost virtual training on QuickBooks, excel, basic photo



editing, as people will have the time/need to learn and broaden their expertise. Once CPA even added home budgeting tutorial videos.

- Local flower shops hold virtual workshops on how to make spring wreaths or build a bouquet, on the insight that their target audience has time on hand and would like to spend it meaningfully and in fun ways.
- Private financial advisors are holding paid podcast series for people interested in money movements and investments. Very pressing question in times of crisis.
- Childcare professionals, who cannot physically be in a classroom, started to have virtual tutorial/tutoring and animated screen time as a paid service to parents, whose kids are home during isolation times.
- The business of trust... continuing to provide service with a longer net payment term, hoping to capitalize on clients in the future, if they cannot pay for services today. It will increase loyalty and appropriation, with modest risk.
- In the case of product sales, a small business can also rethink the product strategy considering people started purchasing in bulk. A bulk and discounted product offering can be relevant and helpful for a customer and secure cash flow for a business owner.
- Plymouth based real estate brokerage company added home staging to their services because it is a hard time to move real estate and they find that perfectly propping the property increased the chances and kept a higher offer value.
- Not all product needs to be completely shuffled but could be reimagined to be more appealing to the audience and current trends, therefore a local restaurant created a fun and positive “quarantine menu” for pickup with funny names for each dish.
- Selling gift cards with a small discount % is a popular trend to increase cash flow for a short time.
- Resources to create a website to adapt to changes on the go for restaurants are:
<https://www.lightspeedhq.com/>; <https://pos.toasttab.com/>; <https://www.amuze.it/restaurant>

Place

During crisis time access to locations dramatically shifted. There are multiple scenarios to consider: a) closing completely down to preserve overhead costs b) utilize space to offer a new product that does not need physical access, but requires the location’s functions c) If cash flow allows, renovate, update, deep clean, reorganize. d) lease property for other uses. Often the service is the same, but the place of delivery and offering has shifted.

Examples:

- Restaurant is closed to the public, but still able to provide curbside delivery, pick up options and home delivery via its own driver or GrubHub/UberEats.
- Other examples would be leasing out unutilized space that can be used for people who want to telecommute, but away from home.
- CPAs/ law firms...etc. can offer a Zoom Meeting to address clients in a continuous professional manner.
- Counselors, therapists, service agencies can offer virtual/online counseling to bridge gaps and offer consistency for patients instead of office visits.
- Yoga studios now started to offer online streamed yoga and meditation classes.
- Local coffee shop with savings started to renovate the current space to curate an elevated customer experience and re-envision the use, preparing to come back stronger than ever/ahead of local competition, when the market picks up again.
- Music school providing lessons through Skype.
- Taking orders via online and phone.

People

As a small business owner, the hardest decision is to let people go in a time of hardship. Before that decision, there are options to a) refocus and employee to adapt to new service offering b) offer them temporary reduced wages c) allow them to take sick or temporary leave. People's talents can be utilized in most surprising ways and a good, loyal, well-informed team can carry a company through the crisis. As well, there will be new talents freeing up in the job market to add to the team. Continue focusing on creating, supporting and transparent company culture will bring any company out on top after the crisis is over.

Examples:

- CEO of a local small business agreed to take a salary cut to preserve the staff on board, enabling business sustainability.
- A local SME company retrained its staff from doing customer service only to focus on sales proactively.
- One product sales company started to recruit and mobilize stay at home/quarantined moms for affiliate marketing, providing them a special code and a generous % of each sale they make on behalf of the brand. People are now looking to make more cash from the safety of their homes!
- A local NH company with strong social presence and social following started to utilize volunteers to do some job functions they could no longer afford to pay, in the hope that the business will stay afloat and they can return to paid employees.
- Example of employing veterans?

Promotion

It is hard to think of promotions in time of crisis as one of the most important factors for staying in business. Unfortunately, in most cases promotional and advertising budgets are the first ones to get cut. If there was a change in pricing, product offering or accessing the product or service, the customers need to know about it. Paid promotion is not the only option, there are organic efforts that will also get some part of the job done, but it takes a lot more time to reach a bigger or more relevant audience. If the competition cuts promotion out, it is also an opportunity to gain future market share, trust, and recognition among the targeted audience. A good promotion that is focusing on solving the pain of the audience will likely lead to growth in subscriptions and loyalty that will spin out any business on top after a crisis or recession. There are also multiple types of promotions available, from online, CRM, digital to flyers, radio ads to asking your followers to share the news on your behalf, or even teaming or partnering with another company to optimize promotional costs. Here is a resource: <https://www.facebook.com/business/boost/resource?ref=alias> In all cases having a promotional plan in crisis needs to be a coherent and thought out plan.

Examples:

- Local furniture upcycle store started boosting Facebook post about small furniture delivery for \$15/week targeted to radius and specific audience that resulted in higher followership and higher sell-through.
- Yoga studio tapped into the teacher's social followership (Instagram/ Facebook) to advertise the new online classes.
- Small local shop asked volunteers to hand out flyers to announce that there will be a new service coming (grocery delivery) and they can get a discount for their first order.
- A fortunate service company has been collecting client's emails successfully to leverage their CRM with offer emails and service offers.

- Seacoast restaurant initiated a new Google AdWords campaign with a modest radius-based spending with new keywords related to the current crisis and new offering, so his site comes up top when people look for a solution.
- A local product wholesale company utilized influencer marketing, looking for influencers who want to make some money while at home or out of work, tapping into the influencer's network, building trust behind the brand and product via 'social approval'.
- Hardware store realized the influx in small home renovations and repair while people are quarantined and started to run half-page ads in local newspapers with the targeted message, recognizing that there can be some bargain made negotiation advertising cost right now.

Price

If customers are not going out and not frequenting your brick and mortar store, no price point will get them in. The uncertainty in the length of time of this pandemic is not a friend to small businesses, who function based on budgeting, seasonality and managing their cash flow. If you have a product that can sell in this current market, price increases are not your friend. There is life on the other side of this pandemic and customers will know who treated the public fair and with respect.

Try to price out ancillary products and services that can be done online or with minimal physical contact. Now is the time to price out online options, communicate with shipping companies and develop products and services that are priced fairly in the marketplace that people might need at home while the public is housebound.

Examples:

- A children's learning center offered free local delivery for products that will keep their kids learning and engaged in activities while at home. These offerings are priced the same as is available in the store. The business has tapped into an available market while schools are closed.
- As part of a membership, a gym is offering online exercise classes that are a part of membership fees. This minimal investment in technology will help them since their memberships are dropping.
- A small cleaning company offers 'pandemic' cleaning services for people at no extra costs. They know that they are solving a huge problem/worry for the customers and gaining new and loyal customers after the recession is over because they stayed sensitive with their pricing and were not taking 'advantage' of the situation.

Physical Evidence

During the time of social distancing, it is increasingly harder to focus on a physical evidence component, by collecting customer reviews, user stories, advocacy, and buzz, but it is not impossible. Rethinking the service, pricing, and promotional offers during this time will bring some organic signifiers, however, there are good examples to take signaling to proactive levels.

Examples:

- Local brick and mortars now doing 'fun' signaling that their location is still open, as well they do digital signaling by telling everyone to shop local and help the local economy.
- To increase social signifiers a local Laconia car mechanic offers free oil change for Google Reviews. New car sales will likely drop as people preserve resources and more likely to fix their existing cars, this is a good way to build evidence of good service after the turnaround.
- Restaurant who adapted services to curbside delivery uses a large orange standing flag outside, signaling that you can pick your favorite food up.

Process

With the quick shift of business landscapes and changes in product and price offerings, processors are inevitably going to/forced to change and being able to quickly adapt and reorganize processes can mean sustainability. During pressure response time and handling an influx of complaints is key.

Examples:

- Small travel agency had to cancel a refund pre-booked trips all for the next 5-6 months, depending on the discomfort and skittishness of the customers. To mitigate those challenges the company restructured its sales team to handle service of cancellations and complaints, provided them with a quick customer service training module to keep company reputation and returning travelers.
- A new marketing planning and implementation process was accelerated for a small local product company, that recognized that doing effective marketing will grow market shares over local competition, who withheld marketing during a crisis.
- Local product sales business transferred shipping responsibilities to a shipping company for a \$1 per product item to cost optimize on processes, reduce shipping time and save on overhead costs.

3. Cash Flow

Cash Flow

Simply said, cash is the lifeblood of business. Cash flow is the movement of money in and out of a business. The importance of cash flow cannot be overstated - without a proper supply of cash, a business is running the risk of liquidation. In a difficult time, special attention must be paid to cash flow. Fortunately, there are tools to help alleviate parts of a cash flow problem during the COVID-19 pandemic as well as good business practices during downturns.

Examples:

- All businesses need to review and adjust cash flow budgets. Now is the time to review or create an understanding of your cash flow moving forward. There are tools to create cash flow projections that an NH SBDC business advisor or other financial professionals can assist you with. If your business is impacted by the pandemic, multiple scenarios might have to be run. Remember, information is your best friend!
- Given the uncertainty over COVID-19, business owners should carefully consider any investments in capital equipment until the current situation improves.
- Ensure that your financials are kept up to date so that you monitor profitability, overheads, stock levels, and debtors and creditors balances on a timely basis.
- Review the company's existing expenses by going through each line item on the income statement. Cut back on items you might not need during this downturn.
- Review owner's and manager's salaries to see if they can be reduced until the business returns to normal.
- Talk to vendors about delaying payments as well as converting receivables to cash, when possible.
- With many businesses experiencing supply chain disruptions due to shortages in raw material and component parts, explore alternative supply chains with a view to increasing strategic stock levels as a buffer against the potential impact of a prolonged or much broader supply chain disruption. Take steps to increase sales of slow-moving or perishable stock to generate more cash.
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- Cut back on personnel that is not needed. The unemployment compensation program has been expanded to be inclusive of different situations. This includes the expansion of the benefits to those that are self-employed.
- If you are affected by the pandemic, apply for the SBA Economic Injury Disaster Loan program (EIDL). The terms are very reasonable; 3.75% fixed, 4 months of no payment, no cost to apply, no down payment, amortized up to 30 years. You should start with <https://disasterloan.sba.gov/ela>
- Discuss your situation with your lending institution. Honesty in this situation is your friend. Banks have been deferring loan payments until business is back to “normal”.
- Discuss the downturn in sales with your insurance company in an effort to decrease insurance expenses. The areas you can reduce expenses are business liability insurance, especially if it is tied into sales, worker’s compensation and liquor liability insurance.
- If you are in a leased location, discuss relief on rent with the landlord. Try to get some rent abatement over the next few months until the pandemic is abated. Another option is to get rent payments delayed toward the back end of the lease. The same holds true for an equipment lease agreement.
- It’s important that your tax obligations, including any special considerations for payroll and so on, are paid correctly and on time.

If you are a small business owner and you find time on your hand due to the crisis, or you need to expedite a new learning and self-development via quality content, NH SBDC offers multiple free online classes/ E-courses here: <https://www.nhsbdc.org/courses/all>

Interested in any of the above, from legislation, legal and setting up, call the local NH SBDC business advisor.