

Small Business Survival in the U.S. After the Coronavirus Pandemic – 8 Great Tips

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The United States is battling a world-wide disease known as the Coronavirus or Covid-19. Just 3 months ago, this new wretched disease was not really on anyone's radar screen in the U.S. or the world outside of China. We were all enjoying the wonderful holiday season with family and friends looking forward to a great and joyous 2020 New Year. Our economy was running on full throttle as the stock market was sky high and Retirement 401K growth rates were stellar. Record low monthly unemployment numbers were being reported on all the news outlets by the "talking news heads". Let the good times roll, America! But that all changed instantly and today this killer virus dominates our personal lives and work environments 100% of our days and (sleepless) nights.

Each month since October 2019, about 3.5% of the U.S. workforce was listed as unemployed in the U.S. statistics charts, which is a record low number. But just in the last 4 weeks, massive layoffs started and at least 22,000,000 formerly employed workers (about 12% of the U.S. workforce) in February 2020 were laid off and added "on the unemployment rolls" nationwide as a result of Covid-19. In the next 3 months, that number is going to go up like a rocket ship to possibly 35,000,000 workers nationwide. While most large corporations will probably survive this major pandemic in 2020 in some form, a growing number of small businesses will not. Panic reigns and small business entities are doomed unless they change right now. You must get ahead of the depressed economic curve that is going to make or break your business. You cannot wait until the virus pandemic ends to get started.

And here is why!

America's Small Business Model Has Just Changed Forever

Our "pre-virus" business economy (2019 and earlier) has been cracked from end-to-end and, for specific small businesses, has been shattered completely in a matter of weeks. Small business owners must change their mindset quickly and the way they sell goods and services, or at least come up with a new game plan. If not, they are never coming back. The reason is that the business owners and their partners are going to be unwilling to change fast enough or at all. They will become extinct waiting for the "good old days of 2019".

Gone are the days of tons of customers going store-to-store on America's Main Street or in our shopping malls, buying items or services like there is no tomorrow. Those days are already gone for many businesses, but they just don't realize or believe it. It is too painful to think about it right now. They feel helpless.

The consumer will hold the power in the future of whether our new “post virus” economy from 2020 and beyond will ultimately be filled with opportunity and make a comeback long-term. For those business owners who are proactive and willing to change, planning to stick it out no matter what and succeed in this business survival fight---- they will be rewarded. They will most likely still be around in 2024. Well before 2024, some great local businesses will not make it. Some business owners who were struggling financially before this crisis will simply give up. Stick a fork in them, they are done. I am not talking about a small business owner just making a few simple changes to their products or menu prices, dressing up their building space, or waiting to see what their competition down the street is doing to try to save their business. Business owners and their company management teams must embrace change to survive and make radical moves in some cases. You will have to get creative to save your business in these hard times; however, this is something some business owners are not presently qualified to do alone to ensure business transitional success. They are going to need some expert professional guidance. Whether you engage with our company, Tacit Solutions LCC, based in Temecula, California or management consultants in other cities, hire someone to help you from the outside. Your external business advisor will give you that extra pair of eyes and ears to help create your comeback and an impartial sounding board for your new ideas. Don't seek free advice from friends and customers, as it is a waste of time. Throw your old business game plan out the window. As Mike Tyson once said, *“Everyone has a plan 'till they get punched in the mouth”*. Small business in America just got punched in the mouth.

It Is All About Your Numbers

There are currently 30,000,000 small businesses in the U.S. that have 499 employees or less. These small business establishments employ slightly less than 60 million workers in this country. Those are the big numbers. Small business employees are highly important in keeping this country running every day for our necessary services and goods. Economically, they are vital to our economy. Small business establishments are KEY to our local business lifeblood. Sadly, in the U.S. during times of normalcy, they have a failure rate of 82% in their 1st five years of operation. These are not normal times. Cash flow was cited as the *#1 reason* for small business failure, followed by an initial underfunding at the time of launch.

But the numbers that are most important to the small business owner during this pandemic situation are:

- ✓ *How much cash does my business have in the bank today?*
- ✓ *How much are my actual monthly “cash-draining” expenses?*
- ✓ *How much new cash do I need to bring in daily or weekly for my business to survive?*

As you can see, it all revolves around cash flow. Without access to cash you are extremely vulnerable to business failure. Yes, there are going to be what I call, new “Federal Rescue Money” (FRM) rounds, such as the Payroll Protection Program (PPP) or Emergency Injury Disaster Loans (EIDL) bailout funds going out to assist small business owners eventually. But this brings up another set of key questions about the timing for the business owner to review:

- ✓ *Will my company qualify for grant money via the FRM for my own small-business recovery?*
- ✓ *What amount of money will my business ultimately get, if any?*
- ✓ *When will I receive this aid or grant money into my company bank account?*
- ✓ *Will the rescue money provided be enough to help me save my business?*

Suddenly, small businesses throughout the U.S. have been ordered to shut down their business either partially or fully by local, state, or federal directives by the stroke of a pen. Everyday, business owners wonder when they will be able to reopen their businesses and if there are going to be new regulations to which they must adhere. For instance, what if you own a small restaurant and your city inspectors reset set your maximum occupancy at any given time? Perhaps there is a wall occupancy sign currently posted which indicates an 82-person capacity in your business (including employees) for fire safety. It has been that number for years and from the day you opened. What happens to your cashflow or overall business recovery plan when your business reopens for inside dining, BUT the city decreases your occupancy allowed by 50% or 41 people maximum, effective immediately? Their rationale for the capacity cut is that there are new city code rules for social distancing guidelines, not for fire danger. And by the way, you must physically remove from the dining and bar area half of your chairs, tables, and bar stools to reopen. Once that has been done, the city inspector will pay you a visit and recertify you to reopen for inside dining. Scary, but it could happen. Most restaurants need to average 60%-70% of their maximum occupancy rate of customers to at least break even or make a profit. If not, they are going to operate at a loss. You can do the math if your new occupancy number is cut by 50%.

But there is hope!

You must start the preparation for recovery now and address this monumental economic challenge that is headed toward small business owners like a speeding train. You must begin to figure out how to fix your personal business disaster before the pandemic ends and the means by which to do so. Each week you are going to have more information on the virus crisis to analyze. That will change things. The new business model revamp plan you start with today will not be the one you finish with, most likely. It will be analogous to driving at 80 miles per hour with your passenger hanging out the window trying to pump air into the left rear tire. Indeed, it will be enormously challenging.

Out-of-the-Box Thinking

To save your business this year you must think outside the box, no matter what is thrown at you. There is quite a bit coming your way that you have never experienced in your lifetime, personally and professionally. We are in uncharted white waters here around every bend in the river.

When a business owner starts a new small business on the local Main Street, they do not always start it for money. Most have a passion for a cause---their family's future in mind or wanting to have a legacy before they leave this world, to name a few. In normal times, it may be a good time to start a business. Today, however, if you want to start a new business you may want to gear the business launch around a product or service that helps us defeat the pandemic in some way. It will help all mankind for many years to come. It could be anything from making medical face masks or shields to new ways of delivery or your customer service model. It could be tracking software for a litany of things in real time. Think 'Gas Buddy' with daily price tracking or similar apps for cellphones. If you ever start a business, one way to think is *"I have something new here"*, but an even better cheaper cost approach is to *"solve an existing problem that no one has solved yet"*. A better mousetrap!

Before the pandemic, 50% of all meals in California were consumed outside the home, but that percentage is going to decrease, at least for a while. America is learning how to cook at home again! I recall that the first time I heard of pre-prepped, ready-to-cook food delivery services for the home on TV such as Blue Apron or Hello Fresh was only 4 years ago. Since then, there have been many

other companies advertising on TV continually regarding their home delivery concept and unique subscription models to choose from. The big win for these new innovators came when they solved the distribution problem regionally and nationwide of shipping fresh food to their online members home via weekly overnight delivery without spoiling. They now dominate the ready-to-cook food delivery space. When I was much younger, the only thing close to what we had available for a pre-packaged meal was the all-in-one Chef Boyardee Spaghetti Dinner. In the box was the tall can of meat sauce, uncooked spaghetti noodles, and a small can of smelly grated cheese for feeding a family of four. Then there were the famous Swanson's TV dinners that were baked in the oven and consumed in the living room on a flimsy metal tray stand watching TV.

On my neighborhood trash pick-up day, at the top of many overflowing recycle bins there is a specific cardboard box that indicates there is a pet in the home. Specifically, there is a Chewy.com box displayed clearly on top of many piles of recycling materials. Chewy has not been around that long, yet they dominate the pet food home delivery market. And they do it all online. They don't need store fronts and fixed building locations across the nation. They do it a different way for their online customers convenience. Winner!

A Free Tip for You

Say you own a dry cleaners, small boutique, or restaurant that that was "impaired" by the new rules for serving customers. Many of these business entities could do something now to bring cash in the door daily. Offer online at your company website and, when goods are delivered to a customer's home, an insert message to buy a Gold Gift Certificate from your business is enclosed. The certificates are good for 9 months at your store from date of purchase and are sold in \$25 and \$50 dominations at "bargain prices". A 10% Off Coupon is not going to garner any attention, so don't even think about it. Gold Certificates are actually a subliminal message to purchasers that you are not going anywhere, and you will survive this big bump in the road 9 months from now. For example, your customers' purchase price is \$18 for the \$25 Certificate and is \$35 for the \$50 Certificate. When things get better and regulations on social distancing are eased, most of these certs will be redeemed. Some will not. However, the great thing is that you get your cash today when you need it to survive! The few certs that never get cashed in, are lost, accidently tossed, or expired, give you a profit advantage on your cert program. A word of caution: please Do Not develop this cert program hoping that people will not cash them in once purchased. Firstly, it is flat out wrong to do that as a business owner and secondly, the more certs that you sell and honor, the greater your opportunity to survive in 2020. Such certificate programs may yield more in-the-door foot traffic in the future. Set up your cert purchasing program to have the purchaser pay by credit card or PayPal and let them buy in person and in cash if they are allowed into your store at this time.

If you own a local dry cleaning business, you could start a "No Contact" home pickup and delivery service on Mondays and Thursdays in your area. Saving your customers time and money by not coming to your store is the idea. If your driver picks up clothing items on Monday at a customer's home, the freshly cleaned items are delivered on Thursday. Upon delivery of the freshly cleaned items, the driver picks up any additional articles for cleaning outside the customer's front door. The driver delivers that 2nd batch back to the customer the following Monday. A continuous cycle of business. You will need to provide each home delivery client with 2 nylon or cloth laundry bags with a draw string on one end. The bags will cost the business owner about \$3-\$5 each in volume with your logo and website information imprinted. Bill the customer one time each month for their previous month's cleaning service via a credit card you have on file. No cash accepted and no tipping required here. There are 5 more things you will have to do to make this delivery option a total

business success. If you need to know more about those additional 5 items or have questions on how to setup successfully a dry cleaner home delivery program or the discounted Gold Gift Certificate Program, please reach out to us.

It is free advice and absolutely no cost to you no matter what state you live in!

You can reach us by phone or text at 909-731-1298 anytime or email at rguy@tacit-sol.com.

You Have to Specialize to Survive

Small business owners who survive the pandemic over the next year will need to look at specializing their operations as never before. I am not talking about necessarily adding a new product sector for a different market you have never served before 2020. As we make our planned recovery and come-back you want to be the “Best on the Block” and fill a niche in your space. And you should go back to the drawing board for your entire business operation processes. The final output will be that once you have objectively determined your company’s strengths and the new opportunities that are in front of you post-pandemic, it should be clearer as to the area in which you could specialize.

Many business operations, such as fabrication companies, have temporarily converted to manufacturing products such as safety face shields for medical staff as a result of Covid-19. Our government procurement agents are placing orders for 500,000 of these shields at a time. In the future, this small manufacturing facility could continue building these masks for the medical industry as a new revenue source. There may be a big demand for bolt-on 2’ X 5’ clear plexiglass separators at all grocery or retail checkout counters in America to separate the customer from the check-out clerk as a new form of social distancing. There are millions of checkout counters in the U.S. and pre-virus, no one was thinking such a product would be needed, mandated, or accepted as the new normal. It was not on our radar screen. Today, it probably makes sense.

If you are in the high-end dining out business, the way you layout or revamp your seating for social distancing could put you ahead of your competition quickly. You may have to change your customer traffic flow in your building space interior. Or add new plants or features in the dead spaces due to your new table spread layout. Don’t let your business look half-empty. Most likely your returning customers will demand some changes including zero tolerance, so get ready to deal with it.

I believe in the future we will want to gather and shop in places where we feel safe and comfortable. As a small business owner, this could be a cornerstone of a new mantra for your own company recovery right now. Advertise as social-distancing friendly.

There Are Many Things You Cannot Control, but There Is One You Can Control Daily

There are 2 things Americans have always cherished: being in control and staying in our comfort zone. When things don’t go our way, we become frustrated, get angry, and want someone to blame. We worry, stress out, and sometimes have meltdowns. This is true in both our business and personal lives. Many people are unhappy, irritated, and disappointed because they are unwilling to accept the reality that we face changes continually.

I recommend you accept what this pandemic is going to do to change all of us and focus on your business recovery with the one thing you can change, not the things you cannot.

Here is a short list of things you cannot control or change:

- *What the pandemic will ultimately do to our economy and your business. It is too early to tell.*
- *What regulations our local, state, or federal agencies will impose on businesses groups.*
- *How new consumer attitudes post-virus will be different. What will be acceptable.*
- *What your competitor is going to do in their own comeback recovery plan.*
- *The past (the good old days), so don't dwell on it. Get over it.*
- *Our age. This reminds us daily that time is a precious thing. Don't waste it waiting to recover.*
- *People who have done us wrong in the past. You may need to simply forgive and forget.*

And here is the one thing you can change today: YOU! Getting through this difficult time will require one to work on oneself in order to create a new mindset. Only you can do that, not others. Create a written To Do Checklist of everything you must address to save your business. You may not have the answers today for each of the items, but at least they are on the list. It will take some time. Remember that it is not the 10% of what happens to you in life, but rather the 90% of how you handle it that makes the real difference in your success or your failure. If you feel it is just too much to think about now, then get some temporary help from the business experts to get you moving. Every day you waste not seriously and objectively addressing your come back, is a day you will never see again. So, just get moving forward with a new leadership attitude! And start now.

Why Small Business Owners Need to Seek Outside Management and Marketing Expertise

As a business consultant to management for small businesses for the last 15 years, I have received many requests for help in different industries. And I have seen many business owners flat out reject any offer of help, for a variety of reasons.

If you decide to consider an outside consultant to get you back on track or launch a new product, hire someone you trust, but that you have not necessarily known before. Don't look for the lowest price firm you can find in your local area to hire or a friend-of-a-friend. Often when I hear someone say to me *"I don't need a consultant for my business, my brother-in law takes care of that"*, I just usually smile as I walk away. They don't know what is in store for them, but I do.

Hire a business expert who will be flexible on their hourly, daily or monthly rate fees and who offers discounts for higher hourly or time-period commitments on your part. Today, with technology teleconferencing tools such as GoToMeeting, Zoom, and Skype, your company consultant can live in Texas or California and fully support your needs for your business in Raleigh, NC. You may never meet each other face-to-face physically during your business contract with them, yet you could build a great and successful relationship with them over many projects and years.

Other things to consider when engaging with an outside consultant for your small business include *does this consultant do consulting work as a fulltime job or is it just a hobby? Are they incorporated? Do they have satisfied clients they can refer you to for verification to decide if the prospective consultant walks what they talk? Do they have some understanding of your business segment?* If you feel that the advisor can meet these type requirements, it would be safe to say you could at least start a conversation with them to possibly engage. No long questionnaire to complete at this point.

While you may not know exactly what you may be looking for at the beginning of the discussion, you will surely know what is best for your business when you find it. You will feel it.

At this juncture, it is going to be all up to you as a small business owner to save your company!



Tacit Solutions LLC was founded in 2004 by Richard Guy in Kansas. Previously, he was VP of Sales/Marketing at Amkor Technology, AT&T Bell Labs, Goodyear, Lucent Technologies, NCR Corporation, QP Semi and was CEO of SharpVine Marketing. He was also a founder, partner and owner of Integra Technologies LLC in 2000-2004. Richard has extensive experience in directing sales teams remotely, marketing innovations, small business operational expansion and project management. He has worked with a variety of industries such as testing labs, restaurants, manufacturing companies, service industries and new software start-up companies. The Tacit Solutions office is now located in Temecula, CA. Richard may be reached directly or by text at 909-731-1298 or rguy@tacit-sol.com anytime.