

We are in an unprecedented time in terms of what is going on in the food industry and there are enormous ramifications for all of us. Within this there is still opportunity for those able to bring products to brick and mortar or online markets.

- **This is a marathon, not a sprint.** This degree of disruption is precipitous. In the previous recession business went from 100% to 70% or 50% of sales, we did not have businesses that went to zero. Today we have businesses who have gone to 25% or 0% of sales.
- **This is still about cash.** This is not the time to talk about raising equity or loans. The main focus should be keeping the business alive. How do you do this? Through managing cash.
  - **Create a 13-week rolling cash forecast.** If you are business, put aside your big long proforma – this cash forecast is what you need most immediately. If you are a consultant, get in touch with your clients and make sure they do this.  
[FFI Weekly Cash Flow template](#)
  - **Manage your Income Statement.** Businesses need to hoard cash and pay as few people as possible. Let's take a journey down your P & L:
    - **COGS** – Are a big chunk of your expenses. If you are not making or selling product, COGS will take care of itself, however you might have bought stuff and put it in inventory. You will then need to have a plan to pay for it.
    - **Rent** – Get relief from landlord ASAP and request deferred payments.
    - **Debt Service** – Talk to banks and lenders and say you can't make debt service payments, defer all, or reduce to interest only.
    - **Labor** – there is a big adjustment in the food industry right now... Share of Stomach is 54% of food consumed before corona virus hit was consumed in food service, so 54% of food purchases have to go somewhere else. The only place they can go to is brick and mortar or online. Every food business is on either side of that – no business or too much business. Can you share employees? Retail stores hiring restaurant workers temporarily would be an example.
    - **Insurance** – pull out insurance policies and talk to your agents. [Read about invoking force majeure in this crazy time.](#)
    - **Credit Lines for Working Capital** – if you have access to one, draw on it now and put the cash in your checking account. Banks might remove the access if those lines are not being used.
- **Relief: Government and Government Programs**
  - **SBA – [Disaster Relief Loan Program](#)** –
    - Low interest loans at 3.75% with 30-year terms and payment deferral for 12 months. Nationally available and being rolled out fast.
    - Applications are available online. Normal turnaround time is 3 weeks but the SBA is expecting high volumes so it could end up taking longer.

- State SBDC centers are a great resource to help you submit your application.
- SBA Webinar Links: [10AM](#) | [2PM](#) (offered daily through March 27<sup>th</sup>)
- *Note: All SBA loans are up for 6-month deferrals (including 7a loans). Talk to your banks/lenders!*
- **Know Your States Programs and Who is Eligible:**
  - Example: In Wisconsin, WEDC – Wisconsin Economic Development Corps – is offering \$20,000 in grants for small businesses. However, you have to be working with a CDFI in the state to access this funding. Eligibility is more limited than expected, as a consultant you can save time by knowing who is eligible and advising clients appropriately. As a business, knowing what is available allows you to confirm or exclude options that could help your business.
- **Knowing When a Business Should Hit the Pause Button**
  - A “pause” is different than shutting down your business. Pause does not mean you won’t come back. *Your rolling cash flow* will help you see what “pause” means. If the choice is pause or need money in two weeks you need to be realistic about when you get the money. It matters a lot if the expense is this week or next week.
  - Some businesses were fragile going into this and might need a big rethink on the business model as a whole. When you hit the restart button, what is your business going to look like? It could be that it has to start up as something different.

### Trends

- **Hiring Mode:** Kroger, Walgreens, Pepsi Co, etc. hiring lots of people without interview to accommodate not only increases in sales but also future staff reduction due to sickness.
- **Sales Opportunity:** 54% of food consumed before the coronavirus was consumed in food service, so 54% of food purchases have to elsewhere. The only place they can go is online or to brick and mortar sales. We are seeing businesses increase sales due to this shift in demand. WI Grocers Association feels this is a real opportunity for 'local' to get a foothold and encourages producers to reach out to grocers. Make sure you have sell sheets and price lists and approach buyers now if you have inventory and/or figure out an online solution.  
*Resources: [Retail Ready Course](#) | [Sari Kimbell Consulting](#)*
- **Amazon Fulfillment:** closed to everything but food and necessities (medical, health and wellness and food). A lot of people outside of the food industry that are getting kicked out of Amazon fulfillment need someone else to fulfill for them. They may need you to help them. Note: 3<sup>rd</sup> party fulfillment is not impacted.

- **Direct Purchasing From Farmers:** early signs from clients are that farms that are already in the world of direct marketing are seeing big sales increases right now.
- **Farmers Markets** – Are classified as "critical healthy food access points. Some are closing many are looking to go online or provide pick up and/or delivery options. If open, using "point don't touch" operations and social distancing procedures. Dane County Farmers Market will use drive-thru model and all customers must pre-order. *Farmer's Market Coalition has done a great job of keeping news about them around the country up to date:*  
<https://farmersmarketcoalition.org/farmers-markets-covid19/>

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