In our huddles we discussed a recent McKinsey report (that provides a nice framework for thinking about managing a business during COVID-19), reviewed funding sources, and then had a period of open discussion. Below you will find the main talking points, trends, and tips that came out of our time together.

**Talking Points**


This situation is shifting from a short-term crisis. We are in this for longer than we thought which has a lot of ramifications for you and your businesses. The McKinsey report provides a framework to think about 5 stages to a business’s effective response to Covid-19 using the 5 Rs: Resolve, Resilience, Return, Reimagination, and Reform.

- **Resolve immediate challenges.**
  - **Immediate challenges:** These are the things we need to do immediately. We moved our employees’ home (do they have the right tech, HR, etc.); how do we reorganize physically so we can keep our employees and customers safe?
    - **Employees:** Some companies are using pods. They put workforce in pods and limit exposure to a smaller group of people. This involves breaking people apart and grouping them in how they are working to minimize the spread of corona if it were to happen in your space.
    - **Customers:** When customers are coming in what does that look like? Restaurants and shops are having curbside pick-up and delivery. Grocers are adding glass panels/sneeze guards to protect employees and customers.
  - **Supply chain:** make sure you are investigating your supply chain to make sure you understand availability of and avoid delays to ingredients, etc.
  - **Immediate Liquidity:** this is the cash component. Creating a 13-week rolling cash flow is the best way to help you develop a game plan for surviving this. EVERY business needs one of these right now, and you’ll need it to apply for the SBA emergency loan programs that are in place. FFI developed a short webinar and excel template to make this faster and easier to do and we’re sharing it at no cost during this emergency. See FFI’s 13-week cash flow and on-demand course.

- **Resilience** – McKinsey looked at predictors of success for businesses in the last recession and found two factors that led to success: **Speed** and **discipline**.
  - **Speed:** Those who lost business and could quickly pivot and get another kind of customer fared better in the last recession. *Focus on getting get new customers or finding new ways to sell to your existing customers.*
  - **Discipline:** Those who cut costs quickly fared better. Look at rent, labor, debt service, utilities, COGs and take action. *Adjust your cost structure fast.*

- **Return** – This stage entails creating a plan to return your business to scale quickly. This includes having a plan for how to restart/reset if the business was completely shut
down. The Chinese experience suggests that consumers will be slow to come back after this dislocation.

- **Reimagination** – This is the idea that when the economy starts back up it could look different than it did before - what will that look like? What are the changes that were born out of necessity that will become the new reality?

- **Reform** – This final stage refers to the macro environment. The regulatory environment may change. The massive government stimulus and involvement in the economy will have implications for the economy. What does this imply for your business?

### Updates On Sources of Money Available

- **CARES Act**: The Coronavirus Aid, Relief and Economic Security (CARES) Act was signed into law March 27. The $2.2 trillion stimulus plan covers a number of areas for small businesses. *The Small Business Owner’s Guide to the CARES Act – [Guide Link](#)*
  - SBA and FDIC have 30 days to issue the regulatory info around this act. Things we know:
    - **Talk to your SBA Lender or local SBDC office.** The Cares programs will be administered through banks – the SBA lenders who currently do 7A’s.
    - **How much money can you get?** Look at last year’s average monthly payroll and multiply it by 2.5 to determine how much many you can get from this. It can include payments to independent contractors. You can use the money for payroll, rent, or any working capital expenses.
    - **Are they forgivable?** Our understanding is that there is a date out there where if your payroll is up to where it was last year, any money that is owed will be forgiven. If you don't get there, then they will take the remaining balance of the loan and put it on 10-year amortization with a 4% interest: monthly payments are going to be a lot higher here than with disaster loans.

- **SBA Disaster Loans**
  - Daily webinars at 2pm from March 30th through Friday, April 10th.
  - 3.75% interest rates, 30-year amortization, up to $2 million dollars.
  - SBA will look at past numbers and a 13-week rolling cash flow.

- **SBA Express Lenders Program:** $25,000, 24-hour turnaround express bridge payment loan. They will look at the businesses credit history. The $25K is added to the balance of the Care or Disaster Loan

- **Kiva Zip** has increased loan amount to $15,000 with 0% interest. There is a period where that offering is private and then it goes up on the public platform

- **Local Programs**: Watch what is happening locally. For example, in Wisconsin WEDC is working with WEDA on a program that is specifically for companies who have already received loans from CDFI’s.

- **Note**: *If you already have a SBA7A loan, call your bank and they will automatically give you a 6-month deferral.*
Trends
- Consumer behavior seems to support buying foods that improve your immune system, staples (more cooking and baking at home), and shortening the supply chain (buying direct from farmers or a butcher so less people have touched their food). We heard that CSAs are oversubscribed on the Pacific Northwest and starting to deliver early.
- Tapping into online sales is working whether through subscription boxes, multi-vendor sites/community boxes for farm products or packaged foods, or a company’s direct-to-consumer site.
- Grain millers (and other producers) may be increasing their focus on their own branded products and decreasing private label /co-packing options, which can in turn affect grocery store availability. (i.e. Gold Medal vs Kroger brand.)

Tips
- Some food service businesses have come together to put together a portal that facilitates order/delivery without going to the 3rd party companies (UberEats, DoorDash, etc). https://www.catch22delivery.com/
- Shopify lets you break things into collections – so you can set up individual farmers as collections and then each farmer has a unique URL that they can share with their network/newsletter. You can use this for aggregated farmer online orders: consumers are writing one check and farmers are getting one check. In this instance, farmers are doing door-step delivery if the organization managing the platform were shipping it would be very different
- Grazecart: grazecart.com | is another ecommerce solution that farmers have had success with.

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