

- COVID19 Crisis



# Navigating the Cash Flow Crunch

© 2020 MICHIGAN SMALL BUSINESS DEVELOPMENT CENTER

# The Michigan SBDC

Funded through a cooperative agreement with the

- U.S. Small Business Administration (SBA)
- Michigan Economic Development Corporation (MEDC)
- Matching funds from Local Network Partners in each region.



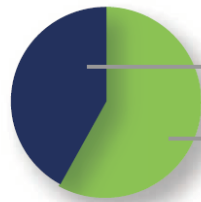
# Our Impact on the Michigan Economy

## 2018 STATEWIDE IMPACT\*

**5,633** BUSINESSES  
CONSULTED

**& 6,755** INDIVIDUALS  
ATTENDED TRAINING

WE PROVIDED CONSULTING TO:



**2,331** STARTUPS

**3,302**  
ESTABLISHED  
BUSINESSES

THROUGH SBDC CONSULTING:

**385** NEW BUSINESSES  
WERE OPENED

**4,475** JOBS WERE CREATED  
AND RETAINED

MICHIGAN SBDC  
CONSULTANTS  
HELPED  
GENERATE

**\$203,603,784**

IN  
STATEWIDE  
CAPITAL  
FORMATION

# Our Clients

- New Ventures
- Existing Businesses
- Growth Companies
- Advanced Technology Companies

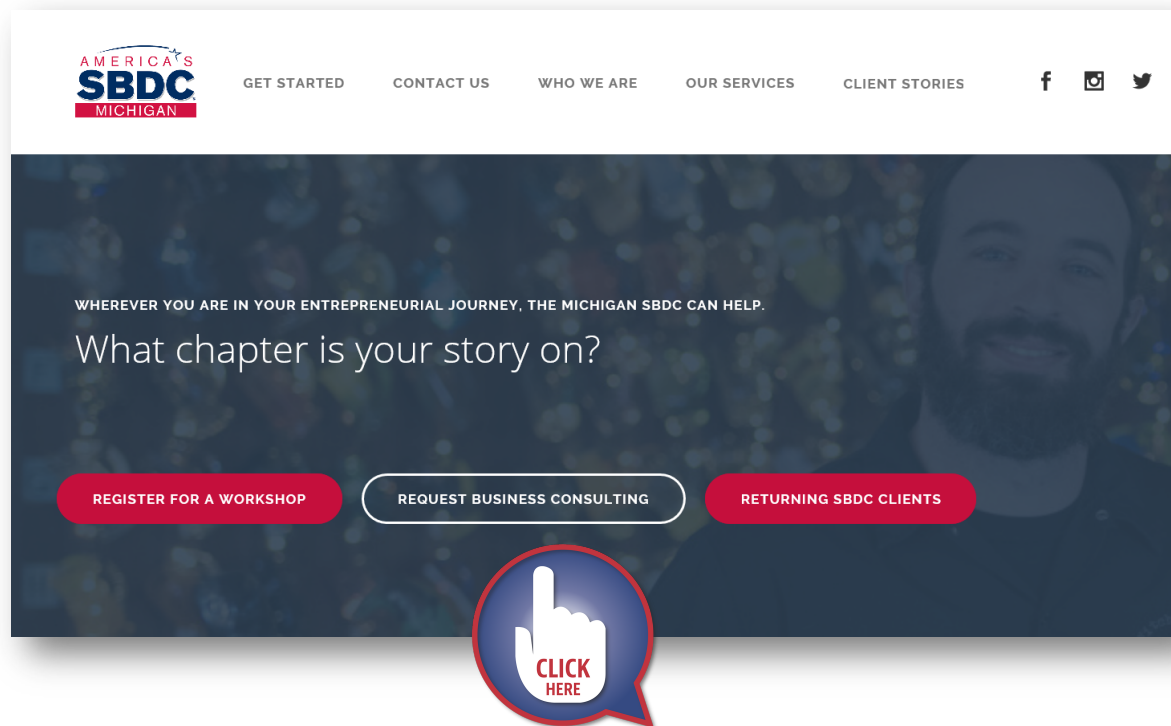


# Our Services

- 1:1 and Team Consulting
- Business Assessments & Analysis
- Export Assistance
- Financial Management & Planning
- Loan Package Development
- Marketing Strategy & Execution
- Operations Management & Planning
- Organizational Development
- Process Improvement
- SEO Analysis
- Transition Planning

# Easy, Online Registration

[www.sbdcmichigan.org](http://www.sbdcmichigan.org)



# SBA Disaster Relief Programs



SBA Express Bridge Loans  
Paycheck Protection Program  
Small Business Debt Relief Program  
Economic Injury Grants  
Economic Injury Disaster Loan

# Where to Go for Information



[SBDCMichigan.org/disaster-loan-help](https://SBDCMichigan.org/disaster-loan-help)



[SBA.gov/disaster](https://SBA.gov/disaster)



[michiganbusiness.org/covid19/](https://michiganbusiness.org/covid19/)



[Michigan.gov/coronavirus](https://Michigan.gov/coronavirus)



[sbam.org/Resources/COVID-19-Resources](https://sbam.org/Resources/COVID-19-Resources)



[irs.gov/coronavirus](https://irs.gov/coronavirus)



[who.int](https://who.int)



[cdc.gov/coronavirus](https://cdc.gov/coronavirus)



# Protect Cash Reserves

- Defer non mission-critical spending
- Collect receivables
- Watch inventories
- Manage payables

# Establish Payment Groups

- Separate vendors in A, B and C groups
- A = payroll, taxes, bank, insurance/benefits
- B = major raw material/product suppliers
- C = everyone else

# Accounting

- Process and reconcile transactions frequently
- Need up-to-date financials, personal financial statements and tax returns to negotiate with lenders or apply for Disaster Relief Loans.

# Communicate with Stakeholders

- Employees
- Vendors
- Customers
- Lenders



# Coronavirus Relief Funds & Payment Planner



Client Name \_\_\_\_\_  
 Client # \_\_\_\_\_  
 Coronavirus Relief Funds Payment Planner

Prepared by: \_\_\_\_\_

Source of Funds	Amount Awarded	Date Expected	Repayments Begin	Repayment Amount	Repayment Frequency
SBA Express Bridge Loan Pilot Program	\$ 100	3/31/20	7/31/20	10	Monthly
SBA Paycheck Protection Program	\$ 200	3/31/20	7/31/20	20	
SBA Small Business Debt Relief Program	\$ 300	3/31/20	7/31/20	30	Monthly
SBA Economic Injury Grant	\$ 400	3/31/20			
SBA Economic Injury Disaster Loan	\$ 500	3/31/20	2/28/21	50	Monthly
Michigan Small Business Relief Program - Loans	\$ 600	3/31/20	7/31/20	60	Monthly
Michigan Small Business Relief Program - Grants	\$ 700	3/31/20			
Other					
<b>TOTAL SOURCE OF FUNDS</b>	<b>\$ 2,800</b>				

ENTER THE AMOUNT OF CASH YOU WISH TO ALLOCATE > \$ 100

Use of Funds	Amount Owed	Vendor Group	Deferment Date	Allocation	Payment Amount
Payroll	\$ 10	A		100%	\$ 10
Payroll Taxes	\$ 20	A	7/15/20	100%	\$ 20
Employee Benefits	\$ 30	A		100%	\$ 30
Rent	\$ 40	C		0%	\$ -
Mortgage	\$ 50	B	4/30/20	20%	\$ 10
Bank	\$ 60	B	4/30/20	20%	\$ 12
Utility	\$ 70	B		15%	\$ 11
Vendor A	\$ 80	C		9%	\$ 7
Vendor B	\$ 90	C		10%	\$ 9
Vendor C	\$ 100	C		0%	\$ -
<b>TOTAL USE OF FUNDS</b>					<b>\$ 109</b>

OVER-ALLOCATED

# Daily Flash



Company Name  
Daily Flash Report  
As of 3/30/20

Prepared by: \_\_\_\_\_

Cash Available										
Bank Balance					Line of Credit Usage					
add:	Deposits in Transit					Borrowing Base*	\$ -			
less:	Outstanding Checks					Current Balance				
General Ledger Balance						Available	\$ -			
Unreconciled Difference					-					
Unused Line of Credit					-					
Total Cash Available					\$ -	*0.75 of under 90 day receivables				
Accounts Receivable					Accounts Payable					
0 - 30	31 - 60	61 - 90	90+	Total	0 - 30	31 - 60	61 - 90	90+	Total	
#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	
<u>Top Over 90 Day Accounts</u>					<u>Top Over 90 Day Accounts</u>					
				#DIV/0!					#DIV/0!	
				#DIV/0!					#DIV/0!	
				#DIV/0!					#DIV/0!	
				#DIV/0!					#DIV/0!	
				#DIV/0!					#DIV/0!	
				#DIV/0!					#DIV/0!	
				#DIV/0!					#DIV/0!	
All Others Combined					All Others Combined					
				Total \$ -					Total \$ -	
Cash Flow Forecast										
Week Ending:					3/30/20	4/6/20	4/13/20	4/20/20	4/27/20	
Beginning Cash Balance					\$ -	\$ -	\$ -	\$ -	\$ -	
add: Receipts										
LOC Advances										
Other										
Cash Available					-	-	-	-	-	
less: Payroll & Payroll Taxes										
Employee Expense Reports										
A Vendors										
B Vendors										
C Vendors										
LOC Payments										
Other										
Ending Cash Balance					\$ -	\$ -	\$ -	\$ -	\$ -	

A: Must pay vendors such as bank, taxes, utilities, insurance, benefits.  
B: Mission critical vendors such as contractors and professional service providers  
C: Everyone else

## A Few More Thoughts

- Economic relief is critical to survival in the short-run
- Sales are critical to survival in the long-run
- What can you do to engage with your customers NOW?
  - What new products or services can you offer?
  - How do you communicate?
- Great opportunity for employee training
  - Have Zoom meetings with staff to learn new software applications
  - Read business books to help you improve your leadership skills

# *What Questions Do You Have?*



Brooks Kindel  
Business Growth Consultant  
616-745-4477  
[kindelb@gvsu.edu](mailto:kindelb@gvsu.edu)



*In partnership with...*





# SBA Disaster Relief Programs



SBA Express Bridge Loans  
Paycheck Protection Program  
Small Business Debt Relief Program  
Economic Injury Grants  
Economic Injury Disaster Loan