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In the grip of COVID-19: Survival tips for your business

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Shrouded in uncertainty and panic, COVID-19 is an ominous [“gray rhino event”](#) which, while not unanticipated, was ignored, and has significant social and economic impacts. With industries in crisis, markets plunging, and doomsayers predicting an economic catastrophe of apocalyptic proportions, what can a middle-market business do to survive?

Start by putting developments into perspective: We've survived other difficult situations and although we will not emerge unscathed, and it's hard to estimate how long the turmoil will last, this too shall pass. Gather your key advisors and begin assessing the situation. Strategic planning, and developing solutions before matters get worse, is essential to weathering this challenge. Get moving now. It's not too late, but time is not your friend.

Take a look at your financial situation, including your liquidity, cash availability, and accounts receivable. Stress test your financial model. Prepare a 13-week cash flow, forecasting anticipated cash income, your needs going forward and reviewing fixed and variable expenses, while looking at ways to bring in cash and stretch it out. For example, if you pay outstanding invoices within 10 days, you may want to pay after 30 or 45 days.

Consider extending discounts to customers who pay more quickly and negotiate better terms with vendors. Look at ways that you can access capital, such as expanding your existing credit, taking out a new business loan, or even a second mortgage on your house. The White House announced a new emergency SBA government loan program—see if you qualify as information becomes available.

If you have a loan with a commercial bank, talk to them about ways they might be able to help, like allowing a temporary moratorium on your principle, paying interest only, and possibly extending you additional credit. If you have one, reach out to your financial sponsor for monetary assistance, or to shareholders who also have an interest in seeing your business pull through.

Try to hold on to good customers who may also be having temporary liquidity issues. Give them better terms for payment or allow them to defer orders if possible. Together, develop creative solutions to help them overcome the challenges. This will not only ensure you keep valuable customers, but it will forge loyalty to you and your company.

Reduce overhead costs. It may be a matter of survival. You may have to furlough some workers, or initiate layoffs. Factor into the equation severance pay to determine whether laying off staff is really cost effective. You can also ask your higher paid employees to take a temporary reduction in compensation. To avoid issues, seek the advice of an employment attorney and an HR consultant.

Communicate with your employees. Be straightforward, yet positive and focused on solutions. If they get sick, consider helping them with medical deductibles, and require them to stay home. This will encourage them to seek treatment and also help avoid decimating your workforce through contagion.

As schools close, if your employees are continuing to work at your premises, **arrange for on-site daycare.** Efficiency may suffer, but at least team members with children will show up and keep your company going.

If employees start working from home, do you have the laptops and technology your staff will need? If so, test them to ensure they're in good operating condition, and that your team is properly trained on them.

Keep close tabs on the measures policymakers may be putting into place to help businesses. These can range from reimbursing workers who need to take sick leave to potential tax cuts and credits.

If things deteriorate for your business, reach out to attorneys, a restructuring professional, and an investment banker who works with distressed companies for assistance.

Things will probably get worse before they get better, but we are a resilient nation and we'll come out of this stronger. To stay afloat, prepare for the worst. And who knows, if a vaccine is developed in the next 12 months or so, that dreaded gray rhino could soon be turning tail.

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