



# Business Survival Strategies

This information is provided for consideration for actions small businesses may take in response to COVID-19, or any business interruption.

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## Expense Reduction Strategies:

1. Staffing reductions
  - a. Objectively assess your minimum staffing needs and make appropriate reductions in personnel and/or hours worked.
2. Cash controls
  - a. Eliminate any expenses not essential to business survival
  - b. Stop buying inventory unless you can sell it with quick turnaround
3. Leases
  - a. Contact your landlord immediately to discuss reduced rent or rent abatement, in which you suspend payments now that are added to the end of your lease. Any changes would need to be documented in a lease amendment.
4. Loans
  - a. Talk with anyone you are borrowing from about the possibility of a loan deferral or contract extension. A deferral will have a balloon payment at the end. An extension will extend the term of the loan.
  - b. Look at your debt load and see if it is possible to restructure your debt to decrease payments.
5. Vendor contracts/payments
  - a. Talk with suppliers immediately about whether you can delay payments or other ways you might be able to reduce costs.
6. Utility costs
  - a. Some utility companies are offering COVID-19-related fee reductions. Go to their website or call to find out what relief is available.
7. Taxes
  - a. Seek emergency relief from both state and federal government
  - b. [WA Department of Revenue](#)
  - c. [IRS](#)

**Note:** In reducing staff hours and/or furloughing employees, employers must take the lead with WA state Employment Security Division in assisting employees with benefits. There are several options available for unemployment. Click [here](#).

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## Cash Infusion Strategies:

1. Traditional or disaster loans - Realistically assess whether your business can take on additional debt. Check with your lenders to see if you need to obtain their permission to take on additional debt.
  - a. [SBA EIDL disaster assistance loans](#)
  - b. Traditional SBA loans, express loans, lines of credit, etc.
  - c. Alternative lenders, i.e. Craft3, Mercy Corp, Business Impact NW, Evergreen Business Capital, etc.
  - d. Personal loans (proceed with caution)
  - e. Same day loans (proceed with extreme caution!)
2. Business interruption/continuity insurance
  - a. Contact your insurance broker to see what your policy provides
3. Accounts receivable
  - a. Collect any/all outstanding accounts receivable, but try to preserve important customer/client relationships for future business
4. Inventory control
  - a. Take a full inventory and secure it as much as possible. Any perishable inventory that can't be sold could be donated and listed as a charitable contribution for taxes.
5. New markets
  - a. Determine if your business can move any product or services online, or if this current environment offers any opportunities for new revenue streams.

*Note: The goal is to improve the company's overall cash outflow to preserve cash in the bank and extend the company's ability to survive.*

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## Communication is key during this time:

1. Talk to your employees
  - a. Do they know and are they following new health and safety guidelines? Are any of them able/willing to reduce hours voluntarily? How can they use technology to increase productivity, especially in this new environment?
2. Talk to your customers
  - a. Their needs have changed, what can you do to meet those needs? Look for new opportunities, markets and solutions. How can you use technology, including social media and other digital platforms, to engage and attract customers.
3. Talk to your lenders and landlord
  - a. Be realistic about the current situation. Can you defer, extend or lower payments in exchange for a longer loan or lease term or balloon payment later?
4. Talk to industry colleagues
  - a. What are they doing that seems to be helping in the current situation? Crowd-sourcing solutions may be helpful.

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