

STRATEGIES FOR COPING WITH COVID-19

The spread of the novel coronavirus has disrupted the lives of billions and had an enormous impact on small businesses nationwide. Businesses have been forced to close their doors, lay off staff, transition to remote work, switch to online sales, and so much more.

In the last six months of the new normal of COVID-19, business owners have showcased agility, developing strategies to help their businesses survive in the new landscape. We discussed survival strategies with Small Business and Technology Development Center (SBTDC) clients in a recent meeting. Below are some of the strategies that have worked for them during the pandemic.

“Right Size” Your Business



Small businesses across the country are experiencing a new, lower level of revenue as a result of the COVID-19 pandemic. In order to stay afloat, many businesses have been forced to “right size” their profit and loss statement to stabilize the business. “Right sizing” can include laying off staff, eliminating currently unoccupied office space, employing a more cost-effective marketing plan, etc.

Companies big and small have “right sized” their business over the past six months as part of their COVID-19 survival strategy. For one of the SBTDC’s Charlotte-area clients, “right sizing” their business helped them to stabilize and return to profitability in June and July.

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Shift Sector Focus



Many sectors of the economy are facing severe financial difficulties in the midst of the COVID-19 pandemic, especially dining, hospitality, entertainment, retail, and airlines. If your business’s main customer base is concentrated in these industries, you should consider a sector shift. By not diversifying your customer base, you run the risk of not recovering sales.

A facilities management company had a lot of clients in the retail and restaurant space pre-pandemic. While the business hasn’t completely shifted sector, it has shifted its focus and added 30 percent in other sectors during the pandemic.

Develop New Offerings



Many products and services that businesses offered in a pre-pandemic world just do not fit in today’s COVID-19 business landscape. Restaurants have pivoted to takeout and delivery. Doctors have shifted away from in-person visits and embraced telemedicine. Gyms have offered socially distanced outdoor classes.

Can your business shift its portfolio to fit with today’s no-touch, socially distanced landscape? Or, if your business is primarily B2B, can you offer new products and services to clients that align with the new normal of COVID-19? What do your customers need and/or want?

One of the SBTDC's clients employed this strategy, helping to re-do the parking lots of restaurants to account for the increase in takeout traffic. The extra revenue from these projects has helped the business balance out lost revenue from other sources.

Offer New Payment Terms



All small businesses are hurting. The financial downturn resulting from the COVID-19 pandemic has affected each and every industry. Offering new, flexible payment terms may be a good option to retain your clients in the coming months. Switching your 30-day payment terms to 60 or even 90 days may be enough to convince your clients to keep purchasing your product or service. Extending your payments may help your cash flow.

During the past six months of the "new normal," a medical device client has put this strategy in place to stay in business. The company works individually with each of its clients to develop unique payment terms that match with the cash flow needs of their particular industry. While this may mean not getting paid for up to a year, it helps them to continue to make sales, rather than sitting around and waiting for economic conditions to improve.

Government Contracting



The federal government issues over \$500 billion in contracts with private companies annually. While most of the private sector is reigning in spending, agencies are spending as usual. If your business offers a product or service that may be of interest to the government, now is the perfect time to explore the possibility.

Despite the "business as usual" spending of the federal government, the same is not the case at the state and local level. Many municipalities across the state of North Carolina have either delayed or frozen their budgets to account for the lack of revenue. If you are interested in pursuing government contracting as a survival strategy, targeting federal contracts may be more effective.

A public infrastructure client's primary customer base is municipalities across North Carolina. With the drop-off in

spending from local governments, they have been thrust into survival mode. In order to stay afloat, the company is actively pursuing a contract with the U.S. State Department for a worldwide water tank remediation program.

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Use Your Imagination



Big problems require big solutions. Business owners will need to come up with creative solutions to help their business survive the next phase of the pandemic. It may seem like a daunting task, but you are not alone. The SBTDC has a talented team of counselors, market researchers, and specialists that can help you come up with imaginative strategies to help your business adapt to the changing landscape.

The SBTDC Can Help



The SBTDC's staff can help you identify loans, grants, and other financing, adapt your business model and marketing plan, cut your operating budget, and so much more! Visit www.sbtcd.org/offices to find the closest regional center and connect with a business counselor today!

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