Small Business Strong

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SBDC Introduction

Advancing South Carolina’s economic development by helping entrepreneurs grow successful businesses.

• Nationwide network of 63 programs
• Professional, trained advisors, all with small business experience
• Operate under Small Business Administration (SBA) and national accreditation standards
• SC has 20 offices with over 50 consultants in SC, over 1,000 offices nationwide
SBDC – What we do…

- **No Cost**, private consulting
- Business plans
- Financing options
- Marketing strategies
- Financial management
- Employee management
- Government contracting
- Exporting assistance
- Veterans Business Program
- Low-cost business seminars
- Resources and referrals
Crisis Management

Solutions > Policy (Crisis Triggered)

Policy > Plan (Work In Progress)

The Plan becomes Operational (This is where we connect.)
Small Biz vs. COVID-19

- Immediate Business Disruption
- Cash Flow
- Your Team
- Those You Serve
- You & Yours
Moving Forward

❖ First, Be Safe & Be Responsible
❖ Plan for Worst-Case Scenario

❖ 4 Step Turnaround Strategy
  1. Mentally Prepare
  2. Control Cash Flow
  3. Provide Cash for Recovery
  4. Communicate Your Plan
4 Step Turnaround Strategy

- Step 1: Mentally Prepare
  - Strategic Decision Making
    - “Improvise, Adapt, and Overcome”…US Marine Corps
  - Attitudes Can ALSO Be Viral
  - Accept Reality – Plan to Overcome
  - Guard Against Extremes and Falsehoods
  - Gather Data – Analyze – Move Forward
4 Step Turnaround Strategy

❖ Step 2: Control Cash Flow

❑ **Short-term: Cash Over Profits**
❑ **Cash Flow = Cash In – Cash Out**
  ▪ Work both sides of the Equation

❑ **Cash In**
  ■ Manage AR closely
  ■ Reinvent Products/Services
  ■ Get Creative!

❑ **Cash Out**
  ■ Deferments on Leases & Loan Payments
  ■ Deferments on Operating Expenses, Suppliers
  ■ Defer Capital Expenditures
  ■ Make Temporary Cuts to Operational Costs
  ■ Be Aware of Possible Assistance Programs (Tax Relief)
4 Step Turnaround Strategy

❖ Step 3: Provide Cash for Recovery

❖ Assume Worst-Case Scenario
❖ Look at all the Options Available
  ▪ SBA Programs (EIDL, CARES/PPP, Express, Tax Credits)
  ▪ Your Banker (Bridge Loan Options)
  ▪ The 3 F’s - “Friends, Family & Fools”

❖ Be Realistic
  ▪ Business performance before COVID-19
  ▪ Estimate 30-45 Days for EIDL & PPP

❖ This is a Dynamic Situation
  ▪ Economic Conditions
  ▪ Assistance Programs
  ▪ Regulatory Requirements
4 Step Turnaround Strategy

❖ Step 4: Communicate Your Plan

- Family
- Banker
- Team
- Market
## What We Know Now

<table>
<thead>
<tr>
<th>Economic Injury Disaster Loan (EIDL)</th>
<th>Paycheck Protection Program (PPP)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eligibility</strong></td>
<td>Companies with the greater of no more than 500 employees, or their applicable employee size standard for their North American Industrial Classification System, 501 (c)(3) non-profits with fewer than 500 employees. Sole proprietors, the self-employed, and independent contractors Must have been in operation as of 2/15/20</td>
</tr>
<tr>
<td><strong>Use of Proceeds</strong></td>
<td>Payroll, group health benefits, salary and employee commissions, interest on mortgages, rent, utilities, and interest on debt incurred before February 15, 2020.</td>
</tr>
<tr>
<td><strong>Maximum Loan Amount</strong></td>
<td>The lesser of $10,000,000; OR</td>
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<td></td>
<td>For companies that have been in business for a year: The average monthly payroll for the preceding 12 months multiplied by 2.5; OR</td>
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<td></td>
<td>For seasonal businesses: Avg. total monthly payroll costs for a 12-week period from 3/1/19– 8/30/19 multiplied by 2.5; OR</td>
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<tr>
<td></td>
<td>For companies that were not in business before the period February 15, 2019 – June 30, 2019: The average monthly payroll for the period January 1, 2020 through February 29, 2020 multiplied by 2.5; And</td>
</tr>
<tr>
<td></td>
<td>The outstanding amount of any emergency loan made from 1/31/20 until 3/27/20.</td>
</tr>
<tr>
<td><strong>Limitations on Payroll</strong></td>
<td>Payroll costs excludes compensation paid to individuals including the self employed, above $100,000</td>
</tr>
<tr>
<td><strong>SBA Guaranty Fees</strong></td>
<td>None</td>
</tr>
<tr>
<td><strong>Rate</strong></td>
<td>3.75% for profit 2.75% non-profit</td>
</tr>
<tr>
<td></td>
<td>no more than 4%</td>
</tr>
</tbody>
</table>
## What We Know Now

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<tr>
<th>Term</th>
<th>Up to 30 years. Terms case-by-case</th>
<th>10 year term after forgiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payment</td>
<td>Deferred for one year</td>
<td>Deferment permitted for up to one year</td>
</tr>
<tr>
<td>Personal Guarantee</td>
<td>Loans over $200,000 will require a personal guarantee</td>
<td>None</td>
</tr>
<tr>
<td>Collateral</td>
<td>Collateral required on EIDL over $25,000; UCC on all business assets and possibly real estate</td>
<td>None</td>
</tr>
</tbody>
</table>
| Forgiveness     | An advance of $10,000 will be provided as a grant within three days of application and is not required to be repaid if loan denied | Equal to the amount spent by the borrower during an 8-week period after the origination date of the loan on payroll costs, interest payment on any mortgage, rent, utilities, or other interest. Forgiveness amount will be reduced by multiplying the loan amount by:  
  Current FTE’s divided by  
  FTE’s from 2/15/19 to 6/30/19;  
  or FTE’s from 1/1/20 to 2/29/20  
  Additionally, forgiveness amount is reduced by pay reductions in excess of 25%. |
What We Know Now

General Guidelines

• Applicants must meet eligibility (prove injury)

• Clean credit history with US Government (esp. SBA Loans)

• Prove ability to repay

• Have most recent payroll, records, taxes and financials ready (2019 & YTD)

• Be prepared to fill out additional forms
What We Know Now

General Guidelines

• Loans not for lost sales, profit, starting a business or expansion

• Be sure to state the exact amount of funding you are requesting.

• Applicants will be given 7 days to respond to requests for additional information from the SBA

• Declines given 6 months to resubmit

• EIDL Declines should re-apply now for $10K advance

www.SBA.gov/Disaster
Fraud is REAL!

- SBA *does not* initiate contact on either 7a or Disaster loans.
- SBA *does not* provide grants to small businesses.
- Promises of approval for an SBA loan especially requiring payment
- Look out for phishing attacks/scams utilizing the SBA logo
- Email correspondence asking for PII should match your application number
- SBA limits the fees a broker can charge a borrower
- Emails from SBA will come from accounts ending with *gov*.
- An SBA logo *does not* guaranty information is accurate or endorsed by SBA

Report any suspected fraud to OIG’s Hotline at 800-767-0385
What We Know Now

SBA Disaster Loan Assistance:

Website:  https://disasterloan.sba.gov/ela/Information/Index
Email:  disastercustomerservice@sba.gov
Phone:  1-800-659-2955

To speak to a local Small Business Development Center Representative, find your local office at SCSBDC.com.

For Upstate Resources:  SCSBDC.Wordpress.com
Parting Comments or Questions
Thank You!

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