

Right Networks®

# Small Business Pandemic Playbook



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# FOREWORD

Like you, the Right Networks team is busy navigating tremendous change in the face of the Covid-19 pandemic. The virus has caused unimaginable disruption to businesses now faced with the challenge of operating in a time of social distancing, shelter in place orders, and a constant flow of information from countless sources, some more reliable than others.

That's why we've partnered with noted columnist and author Gene Marks to present this Playbook, an informative and actionable guide to steering your business through this uncertain time. Gene, a regular contributor to the [Right Networks blog](#), has written five books on business management geared towards small and medium-sized companies and authors columns for The Washington Post and Forbes magazine. He frequently appears on Bloomberg, CNBC, Fox Business and MSNBC to discuss matters affecting the small business community and he is also the owner of the Marks Group PC, a ten-person firm that provides technology and consulting services to small and medium-sized businesses.

We hope you find this Playbook helpful as you seek to manage these unprecedented times and position your business for future success. Please know that Right Networks is here for you, so please email or call us if we can assist you in any way.

We will get through this – together.

**Joel Hughes**

CEO, *Right Networks*

## This too Shall Pass

Yes, this will pass.

The Coronavirus is going to run its course. People will get sick. Businesses will be shut. There will very likely be a recession. The pain will be significant. But it's going to pass.

And you know what? If you're a business owner and you navigate your way through this, then you're going to be better than ever. You're going to be smarter and stronger and even better equipped to grow your business going forward. Why?

**For starters, you'll have learned the value of keeping enough cash on hand to see you through any economic**

**slowdown.** I've been telling my clients for years that they should be keeping at least six months' worth of cash - or available cash - around just in case. This may vary by industry, but not by much. The cash doesn't necessarily have to be in your business. It could be in personal accounts or it could be stashed under your mattress. But when the going get rough, you need access to it. The clients that I know who have been in business the longest



If you're a business owner and you navigate your way through this, **then you're going to be better than ever.**

are the ones who have learned this lesson. They watch their spending and they bank their profits. They never bet the house on something. They never over-extend themselves. They're prudent and they're careful. Because the Coronavirus pandemic won't be the last big thing that significantly disrupts your business. Keep cash.

**You'll have learned that there are new ways to get things done.** Working from home is a real option. All those years you were resisting...I bet now you'll be changing your attitude. And this is a good thing. Less people in the office - if done in a balanced way - can reduce overhead (think less coffee being consumed). Plus, a great many workers - particularly younger ones - are demanding more remote and mobile options for getting their work done so the more you can offer these options the better chance you'll have recruiting them.



**Diversification is critical.** You need to have backup suppliers and alternate vendors.

**You'll have learned to diversify.** Many of us learned that during the recent trade wars. Now that point has been hammered home as so many businesses who are reliant on products from different countries, specifically China, saw their supply lines disrupted because of the virus outbreak. This just

can't happen again. Diversification is critical. You need to have backup suppliers and alternate vendors. You

need to have a large community of customers and not be dependent on any single one. Having your business rely on a single region, company or individual for its livelihood can be very, very risky. We learned that here.

**Finally, we're all learning that taking time from our busy lives - forced as it is right now - is actually a**

**great thing.** I'm spending more time with my family. Thinking of big picture things for my business. Reading a little more. And yes, catching up on Netflix. We work to live, not the other way around. Sometimes we forget that. Being forced to stay away from work is reminding me of that and I'm hoping that I'll take that lesson with me long after this adventure is over.



**We work to live,  
not the other  
way around.**

Sometimes we  
forget that.

All these things are great. But we've got businesses to run. Employees to manage. Cash to conserve. Lots to do.

You've also got questions.  
So here are some answers.



# What Should I Be Communicating to My Employees?

As the owner of a business you must commit to communicating frequently with your employees. It's likely that everyone has been sent home or spread out, so you'll probably want to do this via email. Make sure your email is setup so that you can send out a group message. Do this at least 2-3 times per week. Your messages don't have to be overly long. But they should convey a few very important things.



1

## **The first is updates about the Coronavirus itself.**

Take some information from the Center for Disease Control website or at least remind your employees each time to check their state's updates on the pandemic. I'm getting an email every day from my doctor's office and it has great information in it which I'm sharing with my employees. But otherwise, it's easy to find links to helpful resources and a gentle, regular reminder will help nudge them to get the most recent information they need to know about the virus for both themselves and their families.

## **The second is to update them on their benefits.**

Make sure you pay close attention to any news coming out of Washington or your state about sick time, paid time off or other relief that's being offered. Consult with your accountants not only about your own company's taxes but new tax benefits that may impact your individual employees and convey this information to them. Your aim is to help them get all the benefits they legally deserve and to be an advocate for their financial well-being.

2

# 3

## **Next, you want to update them on things going at the company.**

You can make this gossipy - news about employees or customers and their families. You should also give quick updates on orders and projects. If you're a restaurant or a retail store or a "non-essential" business hopefully you're still doing other things during the downtime - cleaning, re-organizing, planning (I have a later chapter on this) - and if possible convey your progress on those things. The idea is to portray business as usual while keeping people in the loop.

## **Finally, be uplifting.**

Do not share your opinions. Do not get political. Do not complain or stoke fear. Instead, try and put things into perspective. Find a good quote, a funny joke or an inspirational story to include in each of your messages.

The goal here is to inform, educate and keep spirits up. It was only a few weeks ago that we worried about finding good people. Now the goal is keeping them close so that when the pandemic is over you've kept your team together enough so that you can get right back to work. Looking out for them and their families should be one of your top priorities. ■

# 4



# How Do I Stay in Business with A Skeleton Staff?

In many areas of the country, businesses that are deemed “non-essential” are being told to shut. But even in parts where the order hasn’t been made, many employers are proactively taking action and closing their doors so that groups don’t gather, and the infection doesn’t spread. Regardless of whether the government is telling you to shut your doors or you do it on your own, no one is telling you to stop doing business.

Sure, some businesses have no choice. They rely on foot traffic, diners or attendees. But for the rest of us, we're still allowed to carry on, as long as we can get our work done without requiring our employees to come into the office. And even if you run a retail store or restaurant there are still some things that can be done - planning, marketing, testing new dishes, etc. - that can be accomplished even when your doors are shut.

Your goal is to keep your business running, even if it's with a skeleton staff. To do this you should take these steps.



### **The first is making sure you've got a reliable form of communications in place.**

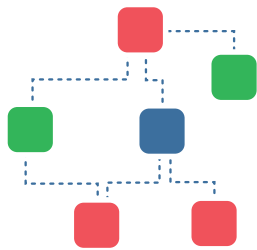
That means email but could also include group texts or a Facebook or WhatsApp group. It should be something where everyone can quickly message each other.



### **The next is making sure you've got a good, cloud-based system of collaboration in place.**

You might be sharing documents, data files, videos, quotes, contracts, marketing plans and other materials. You want your crew to still be able to work on these things, comment and update them and share their thoughts with others who are working. To do this you should

get setup with a good collaboration office system, like the ones offered by Microsoft, Google, Zoom or Slack. You should also have a good managed server environment to store and share all these materials - an environment that is frequently backed up and accessible to all.



## Your organizational structure will be tested.

You'll have a core set of people who you will be relying on to manage things. They should have teams reporting to them. Yes, with the reduced level of work those team members may not have things to keep them busy all day. But those managers should at the very least be checking in with those team members and reporting back to you. They should be responsible for coming up with tasks, not necessarily busy work, that can keep these team members productive and engaged.



## Be prepared to assign responsibilities that are out of your team's usual job description.

Your warehouse manager may be put in charge of customer service questions. Your office manager may have to look after your salespeople. Ask your people to be flexible and willing to take on other responsibilities.

When this is all over, the stuff they'll learn about other peoples' jobs may in fact help them to do their own.



**Finally, if you're allowed and it's safe for you - and maybe just one or two others - to go into the office then you may want to consider doing so.**

Social distance requires staying six feet apart and not gathering in groups, even as little as two people. So be careful and don't break any rules. Spread yourselves out. If you can accomplish this, your skeleton staff can hopefully get some stuff done, even if it's cleaning, re-organizing files or updating systems.

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Just remember this is a short term event, hopefully a few weeks or a couple of months at best. Your people will come back to work. You're running things with a skeleton staff now with the aim to be fully prepared for when the full staff inevitably returns. Keep everyone in the loop on your progress and communicate with your entire team frequently. ■

# What Should I Know About the New Federal Sick Leave Laws?

The Emergency Paid Sick Leave Act, passed on March 18th and effective April 2nd, until December 31, 2020 requires employers with less than 500 full or part time employees to provide paid sick leave off.



## Who's eligible? Employees who are...

- 1** **subject to a federal, state or local quarantine or isolation order related to COVID-19.**
- 2** **advised by a health care provider to self-quarantine due to COVID-19 concerns.**
- 3** **experiencing COVID-19 symptoms and seeking medical diagnosis.**
- 4** **caring for an individual subject to a federal, state or local quarantine or isolation order or advised by a health care provider to self-quarantine due to COVID-19 concerns.**
- 5** **caring for the employee's child if the child's school or place of care is closed or the child's care provider is unavailable due to public health emergency; or**
- 6** **experiencing any other substantially similar condition specified by the Secretary of Health and Human Services in consultation with the Secretary of the Treasury and the Secretary of Labor.**



Those employers are required to provide up to two weeks of paid sick leave for full-time and part-time employees (at the employee's regular rate and regardless of the employee's duration of employment prior to leave) who need time off for any of the coronavirus-related qualifying reasons listed in 1, 2 or 3 listed above or two-thirds the employee's regular rate to care for qualifying reasons 4, 5, or 6 listed above. Small businesses with less than 50 employees may apply for an exemption if they prove that the law would "jeopardize the viability of their business."

Employers will have to pay this, but the government is promising a refund via a tax credit, which can be taken against the quarterly portion of social security taxes in order to speed up the process. However, there are some caps to this. The refund for sick leave is capped at \$511/day for qualifying events 1-3 above and at \$200/day for qualifying events 4-6 above.

You can't require employees to take their accrued paid time off in lieu of this benefit. You are not allowed to terminate an employee who is taking this leave. You will be required to post notifications of this ruling as soon as the Department of Labor releases it. Failure to comply could result in fines, penalties and other damages. ■

# What Should I Know About the New Federal Family Leave Laws?

In addition to your sick leave obligations, there is now also a new law called the Emergency Family and Medical Leave Expansion Act. Like the paid sick leave law above, it will apply to employers with less than 500 full or part time employees who have been employed for more than 30 days. The first ten days may be unpaid, with any accrued paid time off used, but the employer doesn't have to require this. After that the employer must pay at least two-thirds of the employee's normal compensation up to **\$200 per day** or **\$10,000 aggregate**.

The law allows those employees to take up to **12 weeks** of job-protected paid leave because they need to care for a child due to a school closure or public health emergency. Employers have to keep their employees' jobs open, although employers with less than **25 employees** can be excluded from this requirement under certain circumstances.



Like the paid sick leave law, this goes into effect on April 2nd and lasts until December 31, 2020. ■

# How Can the Small Business Administration Help My Business?



## **The Small Business Administration is now offering different kinds of loans to small businesses.**

Usually, the SBA just guarantees the loans extended by authorized banks and the process can take a while. But now, under its Economic Injury Disaster Loan Program, most smaller companies can apply for a loan directly from the SBA. Borrowing can be as much as \$2 million and are at interest rates attractively ranging from 2.75 to 3.75 percent. Borrowers can pay these loans back for up to a 30-year period, or even sooner. I'm told that because the loans are direct, both the approval process and turnaround times are shortened so you can get the cash in your bank account quite quickly.



## **Congress has also passed an enormous bailout bill that will help you cover your payroll through June 30.**

It's an extension of the Small Business Administration's existing 7(A) loan program and will be handled through the agency's member banks. You can apply for low interest loans that will help you pay for operating expenses, including payroll. The

amount of the loan that you paid for payroll, assuming you didn't layoff any employees, will be subsequently forgiven. There are certain important rules so check with your banker.



### **Also, consider relying on some of the SBA's partners for free and valuable consulting.**

For example, many colleges and universities have federally funded [Small Business Development Centers](#) where you can get – at no charge – financial, operational, marketing and technology advice from teams of students, academics and other experts. In addition, the SBA has a partnership with [SCORE](#), a long time organization of mostly retired CEOs and business professionals that are offering their consulting services to small business for free. Both of these agencies have received additional funding through the most recent stimulus package. Free advice is good anytime, but nowadays you just can't get a better deal. ■



# What is the Paycheck Protection Program?

Recently Congress authorized a \$377 billion funding program targeted at small businesses. Although a portion of this goes to education and counselling, the lion's share goes to a very important fund called the Paycheck Protection Program. What's important about this is that not only is the program offering loans for small businesses, but a portion of those loans will be forgiven.

## In other words: it's free money for business owners.

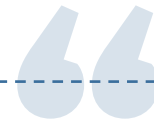
To qualify you must have less than 500 employees and have been in operation since February 15, 2020. If you're just an independent contractor, a freelancer or a sole proprietor you can qualify for this too. However, I suggest you take a look at your state's unemployment benefits. That's because the stimulus bill also expanded unemployment and now covers independent contractors and freelancers.

You may very be eligible so you should consider applying to your state. You need to be officially furloughed or laid off by your company to be eligible or provide proof that your business has been disabled by the pandemic. Be patient because most states haven't caught up with the new rules.

But back to the Paycheck Protection Program – or PPP.

Yes, it's a loan program. The loans are being made through the SBA's existing [Section 7\(a\)](#) program. The loan amounts can be used for many operating expenses, including compensation (salary, wage, commission or similar compensation, payment of cash tip or equivalent), costs related to the continuation of group health insurance, payment for parental, family, medical or sick leave, mortgage and other interest, rent, utilities and other expenses.

But here's the best part: a portion of those loans, maybe even a big portion, can be forgiven. That portion is what you use to cover payroll costs plus mortgage interest, rents and utilities

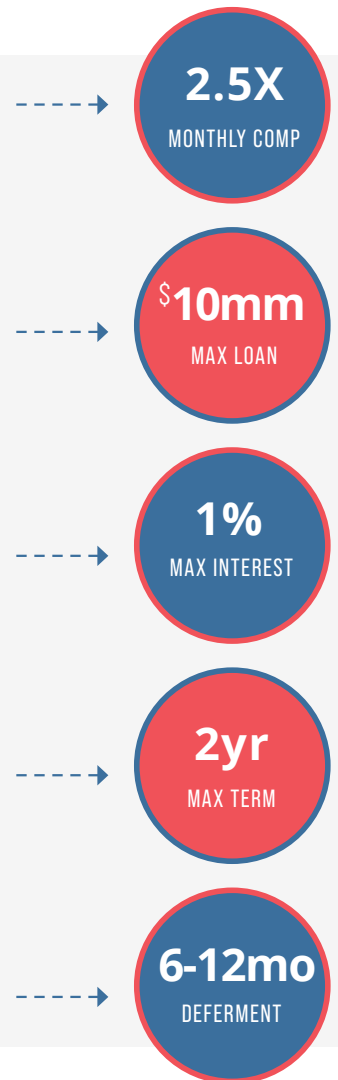


In the end it's a huge help because **the government is funding these expenses for you with no payback required.**

# What is the Paycheck Protection Program?

for an eight-week period between February 15 and June 30. In the end it's a huge help because the government is funding these expenses for you with no payback required. Keep in mind that you'll need to provide documentation - payroll register, invoices, receipts, etc.- to justify those expenses.

You can borrow up to 2.5 times the amount of your monthly compensation costs which include salary, wage, commissions, tips, vacation, parental, family, medical, sick leave, group health, retirement and state and local taxes related to payroll up to a newly established maximum of \$10 million. They may vary, but interest rates are maximized at 1 percent. Borrowers can defer payments from six months to a year. The maximum term of the loan is 2 years.



Some people are worried what happens if they have a bad credit history or have turned down for loans in the past. To them I say that they have a better chance this time – the rules have been relaxed. Even so, there are some restrictions. If, for

example, you lay people off loan eligible for forgiveness will be reduced proportionally by the number of employees laid off during this period relative to the borrower's prior employment levels. You also can't be reimbursed for employee (including your own) compensation that go above \$100,000 per year.

Unlike the [Economic Injury Disaster Loans](#), which were made available a few weeks ago and offer low interest loans to small businesses directly from the SBA, this program is being handled by its [network of member banks](#). You need to reach out to a SBA banker to get your loan. If your entire loan isn't forgiven the remainder will be outstanding and you'll be required to pay it back over the term of the loan. By the way, you can have other SBA loans as long as they're used for different purposes. In other words, no double dipping!

So sure, there are some rules. But's free money! If you haven't applied yet, then please do. It's a great program that I believe will help many small business owners in the coming months. ■



# Besides the Federal Government, What Other Relief Is Available for My Business?

Although I recommend turning to the Small Business Administration first, there are - and will be - other sources of local relief for small businesses. The list is growing and most is coming from two sources: states and corporations.



## State and Local

Check out your state's website to see what they're doing to help their small businesses. Just about every state is participating in the federal government's SBA programs. But some have programs of their own such as industrial development loans, manufacturing grants and other specialized indicatives geared toward startups and very small companies that - in many cases - are being re-worked to fit the needs of businesses challenged by the Coronavirus pandemic.

Many states are offering resources and a number of them have setup their own relief programs to help their small business. For example:

-----> Officials in [Iowa](#) are setting aside **\$4 million** for a "Small Business Relief Program" that will provide grants of up to **\$25,000** for small businesses affected by closures related to the COVID-19 outbreak.

-----> Small businesses in [Michigan](#) can get grants and low interest loans of up to **\$200,000** to help them through this crisis.

----->

[Florida](#) is offering loans of up to **\$100,000** to its small businesses interest free for the first year (but be careful Floridians, the rate rises to a whopping **12 percent** after that).

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**Bear in mind that many states are already cash-strapped and have more pressing public health concerns.**

There are more. The bottom line: check your state's website to see if there's a new or existing loan or grant program that can see you through the next few months.

Bear in mind that many states are already cash-strapped and have more pressing public health concerns. Few are coming up with new programs. Most - if anything - are either considering or in the process of adjusting existing programs to hopefully fill some gaps.

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If you're running a business in a big city, you also have sources of cash. [San Francisco](#), [Los Angeles](#), [New York](#), [Philadelphia](#) and other big cities are offering loans, grants and other form of financial help to their local small businesses.

## Corporate and Non-Profits

Corporations and non-profits are also stepping up to help. Companies like [Amazon](#), [Facebook](#), [JP Morgan](#), [Yelp](#) and [Kabbage](#) have introduced programs that are offering loans, grants and gifts to small businesses who are in need. Nonprofit organizations such as the [James Beard Foundation](#), [The Opportunity Fund](#) and The [Restaurant Workers' Community Foundation](#) have established funds to help both small businesses and their workers.

I prefer these programs over state and local offerings mainly because these corporations are offering grants with few strings attached and with less red tape. Be aware that some of these programs are limited to certain geographic areas (Amazon and Microsoft, for now, are only helping Seattle-area small businesses) and a few, although publicly announced, are still in the process of being organized. This is great PR for these companies and they're anxious to spread the good news about their philanthropic activities, so if you think your company is eligible I would aggressively pursue. ■



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# What Should I Know About My Taxes?

As mentioned earlier, the federal government is offering tax credits on payroll taxes for those companies offering sick leave benefits.

**JUL 15**

The Treasury Department has also extended the date of filing personal returns to July 15th, including the requirement to make your final 2019 payments. However, if you think you're due a refund from last year then I recommend you get your taxes filed as soon as possible so that you claim that money. No refunds can be paid until all the forms are in. Talk to your accountant. ■



# Why Is the Cloud More Important Than Ever?

Of course, you're familiar with the cloud. But not everyone is a believer. In fact, in my business - which offers software and technology consulting - I regularly come across business owners and managers who are still wary of allowing their data to be hosted by someone else.



But the Coronavirus has changed this. Now, those same business owners are having to take this medicine because they're being forced to shut their doors and have their employees work from home. And you know what? They'll be better off for it in the long term. Why? For three reasons.

**For starters,** they'll find that once they move their data and applications to the cloud they and their employees will be able to do work from anywhere, and on any device. Getting access to an internal network is cumbersome and oftentimes requires inside support, which means a person there on premise. That's not so easy during these Coronavirus times. With a cloud solutions provider, the staff there - who are deemed essential - are able to make sure applications and data can be accessed all the time. Cloud solution providers offer a combination of infrastructure, network services and/or business applications in the cloud. Some of these firms may even specialize in certain markets like accounting and related business applications, healthcare, legal etc. One example here is Right Networks who is focused on accounting, tax and other related business applications.



**Employees will be able to do work from anywhere, and on any device.**

**Next**, they'll get a pleasant security surprise: it's better in the cloud. People are always so worried about their data and rightly so. But securing it isn't easy. There are too many tools and too many things to know and affording both the technology and the personnel capable

of doing this stuff is oftentimes beyond our budgets. But a cloud solutions provider has those tools and the right people because they have the budgets, which is effectively pooled money that comes from all of their small business clients. That way they can attract and pay for the best and most secure environment. Sure, nothing's 100 percent guaranteed. But a typical cloud solutions provider will provide a much better and secure environment than a single IT person at a small business.



**A typical cloud solutions provider will provide a much better and secure environment than a single IT person at a small business.**





## **My clients are also taking advantage of support.**

They're seeing with a cloud solutions provider that their applications are always up and running and they don't have to track down their IT person whenever they have a question or problem. Not only that, but their data is frequently backed up, an easier-said-than-done proposition, considering the countless times we've encountered clients who had data loss and found that the backups that they thought were happening weren't happening at all. This just doesn't happen with a good cloud based provider because it's part of their service.

There will be many lessons learned from the Coronavirus experience. We will hopefully keep more cash in reserves, diversify our customer and supplier base and pay more attention to our overhead expenses. But I think the biggest lesson learned by my clients is that moving their applications, data and operations to the cloud is a required action that needs to be taken by any business that wants to stay in business, regardless of the challenges the world throws at it. ■



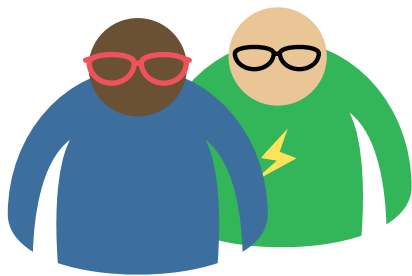
**Their applications are always up and running and they don't have to track down their IT person whenever they have a question or problem.**

# What Additional Data Security Measures Should I Be Considering?

Whenever something bad happens, you can always expect bad people to take advantage. Sadly, that's the case today with the Coronavirus pandemic. As countless companies are forced to send their employees home to work, a rising number of them are reporting malware attacks by that soulless group of hackers looking to take advantage. Why? Because the hackers know that IT departments are stressed, things are in flux and the home networks used by employees are oftentimes not as secure as the office.

Sadly, the hackers are also preying on the fears of people. They are setting up malicious websites which provide “information” about the Coronavirus pandemic that are no more than phishing sites that are designed to download malware or extract data from visitors.

Which means that you, as a business owner, must take action. Here are some suggestions.

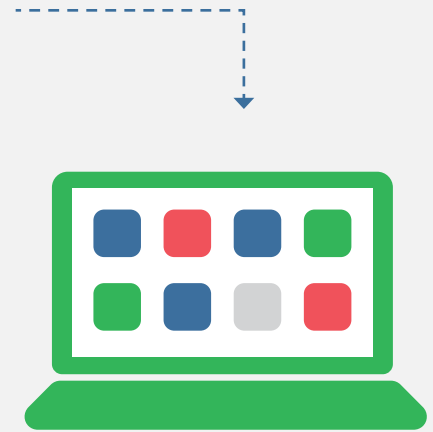


### **If you haven't done so already, you've got to establish an Information Technology (IT) team.**

Maybe this is someone internal or maybe you have to use an outside firm or your cloud solutions provider. But you need someone taking ownership of security and that person - or persons - must be in contact regularly with all of your employees working from home. Those same employees must know how to contact your IT team when they need help or if there's a problem. You've now got a remote workforce and you have to change your IT infrastructure if you want them to be working as productively as possible.

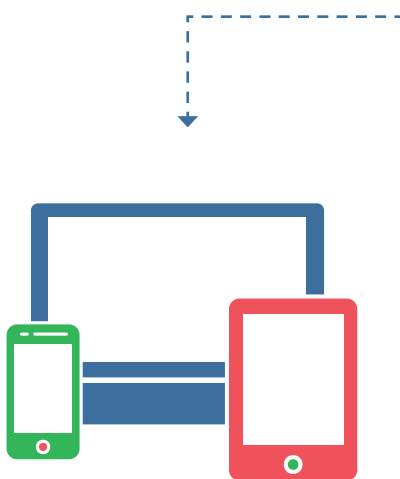
**Take an inventory of all applications used by your employees and document the specific ways to access and log in to those applications.**

If everyone follows and is familiar with the same procedure, then you're increasing the chance that a remote employee will notice something out of the ordinary and can then report it.



**Take an inventory of all the devices used by your employees - home computers, phones, tablets - and have your IT firm confirm that encryption software is in place and operational.**

Many devices already have this so all you need to do is make sure it's turned on. Educate your people on data encryption. Although not 100 percent impenetrable, you are significantly reducing your exposure to a data breach if the data being transported over your network is encrypted.



### **Install device management software on your employees' mobile devices.**

I realize this may be considered to be an invasion of privacy by some of your people, but these are different times and you can do this on a temporary basis. This way your IT people can monitor these devices for any unusual activity or potential malware and protect your main network against any potential breach. They can also use this software to backup data from the devices to another location online in case the device gets infected or is rendered inoperable.



Because more people will be working from home, it's likely that more damage - or even theft - may happen. Tell your people that hey...it's OK, it happens to the best of us. But make sure there's a way they can report any incident immediately to your IT team. ■



# Tech Moves you Should Be Making for Your Work from Home Employees?

Now that so many of your employees are working from home, it's critical that you give them the right tools to ensure that they're productive. If you're going to invest resources anywhere, this must be one of your top priorities. What kinds of technologies should you be implementing? Here are the most important actions you need to take:

# 1

## **Move everything to the cloud.**

If you've been clinging to your server in the office, it's time to let go. Why? Because you - and your employees - aren't allowed to go to the office! If there's a technical glitch, a security breach, a power outage.... well, you've got a problem. Not to mention that you can't be sure if backups are being done and if your remote connection tools are operating properly. You have to consider a cloud solutions provider. They can quickly help you move both your applications and data to their servers and provide the right amount of security, backups and - most importantly - accessibility for your work from home employees.

# 2

## **Secure everything.**

As I wrote before, establish an Information Technology (IT) team. Take an inventory of all applications used by your employees and document the specific ways to access and log in to those applications. Take an inventory of all the devices used by your employees - home computers, phones, tablets - and have your IT firm confirm that encryption software is in place and operational. Install device management software on your employees' mobile devices. Make sure that everyone's devices are nailed down for security because many hackers are taking advantage of the chaos created by the Coronavirus pandemic to look for vulnerabilities in networks, and home devices connected to your network are definitely not as secure.

## 3

### **Pay for faster internet.**

Offer to reimburse employees temporarily to change their plans in order to get faster internet from home. Trust me, it'll be worth it. The speedier the connection, the faster work will get done and the more productive your employees will be. Plus, they'll be conducting way more video calls, uploading documents, exchanging files and performing other tasks that will be putting an unusual load on their home networks. You don't want to be held back by one person's dial up connection. And yes, there is probably that one person who still has a dial up connection!

### **Get trained.**

You've probably already got an Office application. Or a collaboration system. You may have a customer relationship, human resources or project management system. But never has all this been put to the test. And let's face it: you've probably been using only 20 percent of your software's capabilities. Now, with people spread all over you need to get them trained. You need to implement processes that are more conducive to remote work. You need to make sure everyone is using the software that you own (and that you're paying for). So, fork over a few bucks and hire a consultant. Ask the software vendor. Look on

## 4



LinkedIn, Freelancer, even Craigslist. Find someone expert in your applications, pay them by the hour, and get them to get your employees expert as well.

---

You know what's going to happen? I'll tell you what. The Coronavirus pandemic will end. The economy will bounce back. People will go back to work. And you...finally.... will realize that all that work from home and remote technology tools that you've been hearing about over the years actually works! With the right technology (and attitude) in place you can actually offer this benefit (yes, benefit) to the right employees with the confidence of knowing that they will be productive and can get their jobs done even when they're not in the office. ■

# How Can I Get the Most from My Work-From-Home Employees?

Because of the Coronavirus pandemic, many employers have been forced to send their employees home to work. I think this is a great thing. For years, I've been trying to persuade a fair number of my clients to do the same. Why? Because for over a decade I've worked from home. My employees work from home (I run a virtual company). People – particularly younger workers – are demanding more work from home options. Smart employers are doing this.



I admit that some people can work better from home than others. I'm really good at it. In fact, I believe that I'm way more productive working from my home office than when I was back in the corporate world. What's my secret? Let me share four little secrets that will help your employees be more productive, happy and profitable for you.

1

## **Secret 1: Insist on Availability**

From the get-go make sure it's clear that you expect your work-from-home employee to be as available to you as if he or she's in the office. Tell her to follow the same routine as if they were coming in to work. Require – yes, require – that they outfit themselves as if they're coming into work too. Why? Because routine is good. Consistency is good. Carrying on like things were before is good. All of these things are therapeutic and will help to calm down an employee looking to ground him or herself to a new environment. Plus, it sets the tone straight away that this is a serious, professional arrangement.

2

## **Secret 2: Talk Short Term, Dangle Long Term**

The Coronavirus situation will be short term. But that doesn't mean that your work-from-home arrangement has to be. Even when the pandemic is over and things

get back to normal you should always consider your work-from-home arrangements as being *potentially* longer term. But don't commit. Some people will do better than others. Some are more suited to working from home. Make it clear at the beginning that a work-from-home arrangement is only temporary – say 90 days – and then both you and the employee will mutually agree if it can continue. That way both of you have a way out if things aren't going to plan.

## 3

### **Secret 3: Invest in Technology**

You can't expect people to be as productive at home as they are at work when you don't provide them with the technology at home like they have at work! If your systems aren't in the cloud now is the time to do that so that your employees can access their work from anywhere, anytime in a secure environment. Move your applications and data to a managed cloud environment. Leverage your cloud based applications. Get video conferencing and collaboration tools. Get your IT people to check in on your remote workers to make sure their security is up to date and their operating systems are current. Consider reimbursing them for faster broadband fees. Utilizing the best technology will be a critical part of your work-from-home employee's success.

## 4

### Secret 4: Surprise Your Employees

Try dropping this on your work-from-home people: play. Working from home should be seen as a benefit and one of the great benefits is that, because you're not in an office environment, you can do things that wouldn't be allowed. So, go ahead, tell your employees to...well...play. Walk the dog. Take a nap. Go to the gym. Watch an episode of *Schitt's Creek*. Yes, even during the day. The assumptions are that the employee will get work done – although maybe in different hours – and of course that they're still readily available when need be. But why not enjoy the overlap of home and work? I do these things during the day and yet I know I'm still working more hours at home than I did in an office. It's just that I'm leveraging my flexibility and that makes life (and my job) a little bit better.

---

Working from home isn't for everyone. The good news is that you're about to find out who it's best for in your company. You're going to be surprised. Some of your workers will flourish. Some won't do great. But the lessons you'll learn will encourage to expand this kind of policy and by offering this benefit you'll be able attract even more employees in the future. ■

# How Can I Keep as Much Cash Possible During These Turbulent Times?

The Coronavirus pandemic is putting a significant pressure on cash. As I've written earlier, there are available funding sources to help you navigate through the crisis. But, coupled with those sources, it's imperative to keep overhead low and cash flow coming as you continue your operations, slowed down as they may be.



Of course, this current situation doesn't change the fact that running a tight ship and managing your cash flow appropriately is always a challenge. Ask any business owner anytime and you'll always hear the same problem: cash. We're always chasing cash. Even businesses that are profitable are challenged with managing their cash correctly. A mistake could quickly become a huge problem. The smart business people I've met have done a good job at managing their cash over the years. And sometimes what they do is not very traditional. But it works. So, to improve your cash flow, here are a few things to do that you may not have considered before.

1

### **Read your general ledger.**

Your general ledger is the accounting records underlying all the transactions going on in your business. In effect, it's your company's diary. It's telling you everything that's happened, who it happened with and how much it happened for. You can easily print out your general ledger just by going into your accounting system (or asking your accountant). Do this monthly. Or at the very least, quarterly. For most small businesses your general ledger printed out should be less than 50 pages. But it will make good reading. Go through it and learn you'll see payments made and expenses incurred that may raise questions. You'll make notes and ask. You'll wonder what this was for and why that was done. Everyone knows that successful managers are driven by data and

that the devil's always in the details. The best data you have is in your general ledger. So, take an hour out and re-familiarize yourself with what's going on in your company. What you learn will impact your cash flow significantly.

## 2

### **Forecast.**

No one likes surprises and the most profitable business owners I know avoid them as much as possible. One way they do this is by forecasting. This is not hard. Every quarter create a spreadsheet and start with your year to date income statement which comes from your accounting system. Then: forecast for the next two quarters. You can easily estimate your fixed costs like rent, overhead, utilities, salaries, etc. And you hopefully have a good idea what your margins are for products (this doesn't have to be exact). Next, look at your backlog for the next 60 days, talk to your sales manager, consider your pipeline and then make an estimate of sales for this period. Finally, figure in any big-ticket unusual expenses (or receipts) that you may have during this period: tax payments, equipment purchases, a new loan, etc. Put this all together and you've got a crystal ball. Now you know what's coming over the next two months. You're not going to eliminate all surprises but you're reducing them and you're looking ahead. The best cash managers know where their cash is going so they can conserve, allocate and invest. A reliable 60-day forecast will have a great impact on the control you keep over your cash.



3

## **Pay your vendors early and twice a month.**

Yes, early. Don't listen to the pundits who tell you to use your vendors as financiers by extending your payment terms. Maybe during these tough times, it makes sense to do this for your larger suppliers. But just keep in mind that these people are critical partners. And you don't treat a partner this way. Pay them early and you'll be guaranteed the best service, the most attention and on-time delivery of products because they will consider you a good partner. If they offer discounts for early payments take them - it's more profitable to use these discounts than what any bank will pay you in interest during these days of very low rates. And finally, take control of your cash by limiting check runs and vendor payments to just twice a month. I recommend the 10th and 25th. Your vendors will adjust. And you will avoid seepage of money from an uncontrolled environment. Knowing what cash requirements you have for two monthly payments will make a difference in how you manage your cash.

4

## **Get invoices out faster.**

Sure, you're busy. You've got challenges. You're running around. You finished the job. You shipped the product. You're done with the service. But you're not invoicing right away, are you? You're sitting on the paperwork, waiting until the end of the week, holding it all off until your catch-up day. Wrong. Every hour that you're not invoicing for work done is costing you money. Money that's still sitting in your customer's bank account and not yours. You need to change this. Every day,

have a process for getting invoices created, printed, approved and sent for every bit of work that was completed. Try to email them because it's faster. Setup automatic invoicing in your accounting system for those customers that are on a recurring plan. When the invoice is sent, have someone in your office contact the customer just to confirm it made it to the right party and that it was scheduled for payment because, well...you never know, right? That will get the clock rolling and ensure that payment comes to you quicker.

### 5

#### **Embrace mobile and online payments.**

If your business relies on sending people out in the field to do work, then you should also equip them with mobile payment technology like Square or PayPal. That way when the work is performed you no longer have to send an invoice and sit around waiting for collection. Your crew chief or salesperson can swipe the customer's credit card and you get paid immediately. Yes, the transaction fees can be steep (2-3% in some cases). But when you compare with the time and expense required to collect from those certain difficult-to-find customers the net cost may be very well worth it. The same goes even if you're not at your customer's location. Create an online invoice using products from Intuit, Xero or others. That way you can email them a link to the invoice which has already been setup to receive a credit card online and hence significantly reducing your collection efforts.

6

## **Use alerts and other technologies.**

Good accounting systems today have automatic alerts built in that you can use to let you know about things in advance. You can set an alert so that you're getting an email when an invoice is coming due, when a quote has been outstanding for more than a few weeks or when inventory items are falling below safety levels. You want to operate your business by looking ahead, not reacting to surprises. The more you can jump on these problems before they become problems the less risk you have of bleeding cash while you're waiting to collect from that customer, getting that deposit for that new job or holding off work (and delaying your billing) while you're waiting for inventory to be re-ordered and received. Having an alert system will make a significant improvement to your cash flow. Going to the cloud will minimize your internal costs and provide a more budgetable monthly payment. A good Customer Relationship Management (CRM) system will also ensure that nothing falls through the cracks, particularly those customers who delay payment.

7

## **Have the right internal controls.**

When do bookkeepers get caught stealing money? When they go on vacation. You must require vacations of everyone. And control your check runs too - only do them twice a month (I recommend the 15th and 30th) and keep your checks in your safe. Get an outsider to do

your bank recs. And most importantly, do the basics when it comes to your inventory - count it regularly and lock it up. These types of controls, as well as not allowing you or your senior managers to override approval levels, are instrumental to a well-run company and strong cash flow.

## 8

### **Collect faster.**

I like a site called [fundinggates.com](https://www.fundinggates.com) to help with collection best practices. And use your CRM system. And make sure to employ those workflows. I wrote about these above. More importantly, get your money up front - take advanced payments, sell blocks of time, take a deposit. This is the norm nowadays for most service businesses and can at the very least help cover your costs. Outsourcing your collection to a bookkeeper or someone on the outside will save you, as it did for me, much emotional heartache. Finally, get comfortable responding to some of the most common excuses like "I mailed you your check yesterday." Growing a thick skin and knowing what to expect will help you collect money faster.

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These are all actions you can and should be taking not only now but forever. A situation like the Coronavirus reminds us how important it is to maximize our companies' cash flow. More importantly, it should be a wakeup call for us to being doing these things all the time. ■



# Should I Be Paying Attention to The Stock Market?

At the time of this writing the stock market has lost about 30 percent of its value during just the past few weeks. Many people think it will quickly return back its previous highs once the Coronavirus pandemic is behind us. I believe this too. But you know what? It really doesn't matter. Particularly for a small business owner like you and me.

My company sells business software to small and medium sized businesses. I see and speak to many dozens of business owners and managers each week. Here's what I hear when I ask about the stock market: "It Sucks." But oh well. Life continues on and right now we've got bigger things to worry about, like keeping the lights on while the governments have forced many of us to shut. Some people have gotten out of the market altogether. Others are hanging in there. Whatever. No one outside of Wall Street is jumping out of windows. People aren't screaming and running naked in the streets (thanks goodness). Panic - at least about the stock market - is not overtaking the small business populace.

And why? Most business owners I know are used to you-know-what falling from you-know-where. We take these things in stride. We're used to challenges. And we know that in bad times things are never as bad as they seem and in good times things are never as good as they seem. Business, and life, is cyclical. Our own companies see ups and downs that are sometimes completely unconnected to the economy at large.



**Our own companies see ups and downs that are sometimes completely unconnected to the economy at large.**



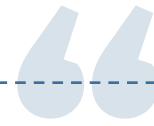
**They're putting their head down, squaring their shoulders, and steeling themselves to navigate through the next three to six months of challenges.**

And there are some encouraging things. Energy prices have dropped significantly, which means that the prices of all supplies related to energy (and that means just about everything) have also stabilized. Credit and capital is readily available. Consumers are being held back from buying. Interest rates and inflation are still historically low.

Of course, the market decline is bad. The biggest issue is simple confidence. A rapidly declining bank account de-motivates businesses and people from making purchases. And that reverberates throughout the world economy. But those of us who have been there know this: There are a lot of consumers in China, India, England and here at home that are itching to get back to buying that new electronic-high-definition-gravity-time-travel device being introduced by Apple next year.

Just because management at some big companies haven't done a very good job and are asking for bailouts doesn't mean we don't know what we're doing. Small business owners I know are shrugging off the market decline with a quick "It Sucks". They're putting their head down, squaring their shoulders, and steeling themselves to navigate through the next three to six months of challenges. And what are they doing? All of the things I've been writing about in this book.

They make sure that overhead is covered. That means first making sure that they know what their overhead is and cutting it as much as possible. Then it's hustling, jumping, singing and dancing to make sure deals are getting done to cover it. Sure, some of the stuff sold and some of the people buying aren't the ones we'd care to do business with when times are good. But times aren't good. So, we do what we need to do to at least make sure that our overhead is covered. It's not an option.



**Many of the business owners I'm talking to have bloody noses from the stock market.**



A few of my clients are considering the purchase of real estate. Because now may be a great time. Prices are attractive in many areas. The stock market's volatile. But the real estate market, depending on where you buy, is relatively safe. Interest rates are still historically low. And bankers are happy to loan money to (gasp) people that can actually afford to pay back the loan and with the (double-gasp) real assets to back the loan up.

They're investing in their customer databases. We're seeing a big demand for customer relationship management and sales software. Small companies, so busy over these past few years keeping up with orders, now have the time to take a deep breath and re-organize their customer databases. They're now using this time to update the data and make sure there are marketing processes in place to keep these customers updated and happy. Oh, and they're investing in sales and service people. Because now that we've seen the value in our customers we're going to do everything we can to show them how much we care.

They're considering investments in infrastructure. Many of the business owners I'm talking to have bloody noses from the stock market. They're thinking of pointing their investments internally. Buying equipment. Fixing up the offices. Installing new racking. Training their people. Improving processes. Cleaning out the toilets. You get the idea.

We watch as the stock market drops and we shake our heads. But we've seen it before. In 2000 it was techs. After 9/11 it was transportation. In 2009 it was high finance. We sympathize with those that are suffering financially. But we know it's not going to last. We know with every downturn comes the recovery. So, when asked about the stock market we just say "It Sucks." And we get back to work. Because the stock market doesn't matter as much as people think. ■

# What Can I Do While My Business Is Shut?

These are not easy times. Many of my clients have been forced to shut down and send their employees home to work. Others have seen such a slowdown in business that they've decided to do the same. But look - I don't expect this to be a long term thing. But it could be a few months before everything gets back to normal. So, while you've shut, or just facing a slowdown, this may be a great opportunity to take of a few things. Here are some suggestions.





## Do a “productivity” review.

I bet there are plenty of things you’ve been doing in your office that are inefficient and costly. Now’s the time to make some of those changes. Do you really need to be doing your copies in-house? Are you spending too much time shipping products? Have you devoted hours to fixing tech problems? Shouldn’t these services be outsourced and won’t it save you time, money and plenty of headaches? This may be a great time to make some of those moves.

---



## Evaluate your employees.

A slowdown is a great time to sit down with your employees, one-by-one - virtually of course - and discuss how things are going. Use evaluation forms. Update their personnel files, medical records and personal information. Makes sure all their paperwork is organized and complete. And together decide on a few goals for the remainder of the year.



## Feng Shui your office.

If you're able and only if you're allowed, then maybe you can make a sneak visit to your facilities. Because when was the last time you did an office re-design? Yeah, I thought so. When things are slower, now's the time to make some changes. New furniture. New signage. Updated cabinets, shelves, seating and lighting. How about some fitness equipment? Or a ping pong table? Yes! Move things around. Get your employees involved (virtually, of course). Make it fun. Sometimes change really can be fun.

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## Clean up your office.

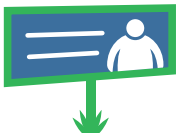
Did you miss your spring cleaning last year? Well, it's spring again. And besides, how can you feng shui your office if there's dirt everywhere? Get rid of those old files. Throw out those disgusting chairs. Wipe down those windows, clean out those closets, dispose of unused supplies and vacuum, mop and sweep. Make it a company project. You and your employees will enjoy coming to work when the office is cleaner and brighter. Who wouldn't?



## Revisit safety.

When was the last time those fire extinguishers were replaced? Are your first aid kits up to standard? Wait... do you even have a first aid kit? Are you hanging the right safety signs around your company? Has your employee manual been updated for the latest safety rules? This may be a good time get your insurance person in-house (if you're able), walk around and make a checklist of all the things you'll need to do to make your company as safe as it can be. Your employees will appreciate that. And so will your insurance company.

---



## Prep a new marketing campaign.

You're going to be back in action soon, so why not hit the ground running. This could be a great opportunity to prepare a new marketing or advertising campaign. You can design and send mailers. Consider gift cards. Custom apparel for your customers and employees. Or just a personalized, oversized card that says how much you appreciate them. Update your signage both inside and out. Create a contest and advertise. Revisit, update and even replace your company's logo.



## Go green.

You want to be more environmentally conscious, but you've always been too busy to do so. Now that you've got a (hopefully brief) respite, you may have a few extra minutes....and hopefully a few extra dollars. So make this the time you go green. Trade in your old technology. Start an ink and toner recycling program. Purchase environmentally friendly cleaning products only. Make a list of "green" products you'll be buying going forward. Replace lightbulbs. Maybe go solar. Take some steps to be greener. Oh, and tell the world what you're doing. It'll encourage others. And it's a good reflection on your business.

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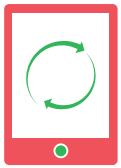


## Review your overhead.

If you're like most business owners, you've probably been just trying to keep up with demand the past few years. Now that things have temporarily (I hope) slowed, then take some time and read your general ledger. I wrote about this earlier but it's worth repeating. Pull out certain overhead items and ask yourself if there's a less expensive way of doing things. Are shipping costs too high? Are you paying excessive merchant services fees?

Is your interest on loans higher than you want? Can you reduce the costs of your IT? Are you paying too much for supplies and is it time to price compare? Is it really necessary to have that expensive copy paper and all of those binder clips? Is there a more efficient way for ordering supplies? And how much are you paying that coffee service? I'll bet that just by taking the time to review these overhead costs could cut expenses by 5% - and that's a big difference for anyone.

---



### **Upgrade your point of sale devices.**

In my city, most retailers and restaurateurs were forced to shut down. Now maybe time for a tech upgrade, particularly a point of sale system. There would be no disruption and just the gains from productivity and analytics alone will help you better grow and profit.

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This is not a great situation. But let's calm down, take a breath, and figure out how we can best spend our time over the next few weeks (or months). We'll be back. And the intention is to be back stronger than ever. ■





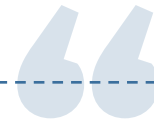
# What If I Have to File Bankruptcy?

Hopefully, you'll never have to read this chapter. Hopefully you're navigating the current Coronavirus pandemic and you'll see your way through this. But I guess there's a chance that may not happen. Some surveys are already saying that many small businesses can't survive past 90 days and if a government shutdown and a slow economy continues then unfortunately many small businesses may have to seriously consider bankruptcy.

But here's the thing: you don't have to go out of business. You can reorganize under Chapter 11 and, thanks to very new rules, you may be able to more easily emerge than ever before. In the past, the problem has been that getting a chance to re-organize under Chapter 11 of the bankruptcy code because it's been too onerous and expensive a task for most of these small business owners. But this situation has recently changed.

That's because last year Congress passed and the President into law the Small Business Reorganization Act of 2019. The law will take effect on Feb. 19, 2020 and it currently affects companies who have less than \$2,725,625 in debts. What's it do?

For starters, the new law gives small business owners 90 days to file a reorganization plan, with easier rules for extending.



**You can reorganize under Chapter 11 and, thanks to very new rules, you may be able to more easily emerge than ever before.**





**All of these rules are more debtor-friendly for the small business owner than in the past. It's the most extensive reform to the bankruptcy laws in years.**

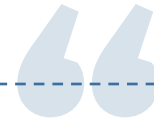
It no longer requires them to repay their debts in full in order to retain ownership of their companies, instead allowing those debts to be paid down using a new formula that projects disposable income over a period of three to five years. Business owners no longer have to assign “new values” to an equity interest, instead they only must ensure that they are not discriminating against their creditors and that their equity is “fair and equitable.”

The law now also requires the small business owner to appoint a “standing trustee” to oversee a bankruptcy case and no longer necessitates a “creditor committee” be formed that must vote on the plan or approve a disclosure document. This streamlines the process and saves costs. It also makes it harder for creditors to take away a business owner’s home and allows the courts to more quickly confirm a company’s reorganization plan. Payment of administration expenses are also allowed to be extended.

All of these rules are more debtor-friendly for the small business owner than in the past. It's the most extensive reform to the bankruptcy laws in years.

Sometimes things – like this pandemic – are just out of your control. Maybe you didn't have enough cash in reserve or can't get financing. Maybe this pandemic goes on for so long that you just can't pay your bills. Many successful business owners I know have made mistakes, and some of those mistakes have been significant. But that doesn't mean that it should cost them – or you - their companies.

Rather than go out of business, being given a chance to reorganize could go a long way towards the survival of many firms and the people they employ. It gives leaders the chance to take a breath, work out debts with their creditors and make a plan for moving forward. Unfortunately, the laws have favored larger companies. Up until now. ■



Many successful business owners I know have made mistakes, and some of those mistakes have been significant. **But that doesn't mean that it should cost them – or you – their companies.**

# CONCLUSION

If there's one thing I've been hearing from my clients, readers and others in the small business and accounting communities is: this will pass. And it will pass. It may take a few months before everything gets back to normal. But things will get back to normal. One day we'll be looking back on this experiencing and remembering all the things we did to keep our sanity, like social distancing, singing out the window and watching The Tiger King. But we'll take this experience in stride, because that's what successful people do. They learn and they move on.

**We will have learned a lot. Hopefully you will have employed some of the advice I've given in this playbook. If so, I'm sure you will emerge from this pandemic smarter and ready to jump back into things.**

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