

Reclaim the future


How your business can address the financial challenges of COVID-19

Jessica Spaulding,
Chase for Business customer and
Owner of Harlem Chocolate Factory

Business owner was compensated
for their participation.



Advancing Black Entrepreneurs™

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About Advancing Black EntrepreneursSM

Advancing Black Entrepreneurs by Chase for Business is partnering with Black Enterprise, the National Urban League, the U.S. Black Chambers and the National Minority Supplier Development Council to help Black-owned small businesses recover and move forward in the wake of the current global pandemic.

Together, we've created an educational program specifically for Black business owners on topics that are vital to business growth and sustainability. This first session focuses on how business owners can address immediate financial needs and build resiliency in the age of the coronavirus.

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Advancing Black EntrepreneursSM

Building resiliency

Americans are ready to get back to work, school and a sense of normalcy. That's good news for many businesses across the country. But it doesn't mean business as usual.



40% of Black businesses have shuttered for good since February 2020.

Source: National Bureau of Economic Research.

How businesses adapt, innovate and plan for the future will likely determine their success. Those positioned to thrive after COVID-19 will have effectively managed their cash flow, taken proactive steps to protect customers and workers, strengthened ties to their communities, created new opportunities for revenue and developed plans that make their businesses better prepared for the next crisis.

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Getting back to work

Businesses and nonprofits all over the country have shown creativity and perseverance in the face of a global pandemic. Here are a few of their stories.



Harlem School of the Arts

More than 800 kids were taking classes at the Harlem School of the Arts when New York issued stay-at-home orders in March. The school is not only an artistic center – it’s a community. Executive Director Eric Pryor and his staff worked quickly to find a new way to keep students engaged in art and connected to each other. Within weeks, the school had set up about 250 online classes in music, dance, theater and visual arts.



Melba's

Melba Wilson started her business 16 years ago with money that she saved under her mattress. Today, she's one the most successful Black women in the restaurant and catering businesses. But when COVID-19 struck, Melba's was forced to make a difficult decision. In mid-March, the company laid off 24 employees. But Melba's is determined to bounce back. In the last few months, it set up a fund to help support hourly employees, and has recently been working with famed designer David Rockwell to design a new outdoor dining space to comply with new regulations and welcome customers back.



Harlem Candle Company

Teri Johnson’s Harlem Candle Company is infused with more than a century of Harlem’s rich history and sense of community. When COVID-19 shut down the city, she stayed connected through her “Tuesdays with Teri” livestreams on Instagram, where she spoke about her business journey and often featured guests to discuss jazz, interior design and more. The videos have helped increase ecommerce and have been a fun way to bring out the cultural history of her neighborhood.



Sudsy Water Laundry & Dry Cleaners

In New York, many buildings don’t have laundry facilities. Sudsy Water Laundry & Dry Cleaners responded quickly to the statewide shutdown by offering contactless laundry and dry cleaning services. Now customers who don’t feel safe leaving their homes can arrange for laundry pickup and delivery. The pandemic has also inspired Sudsy Water to focus more on community. At the height of the pandemic, the company offered complimentary service to elderly people who were shut in. And, through a partnership with Doctors Without Borders, it provides laundry vouchers to people experiencing homelessness.



Brownsville Multi-Service Family Health Center

For nearly 40 years, BMS in the Brownsville neighborhood of Brooklyn, New York, has taken a holistic approach to health care and social services. When COVID-19 reached New York, it hit Brooklyn neighborhoods hard, but BMS was there to answer the need. The nonprofit increased access to food and delivery resources to elderly residents who are homebound and continues to provide health care services and serve as a testing site for COVID-19.

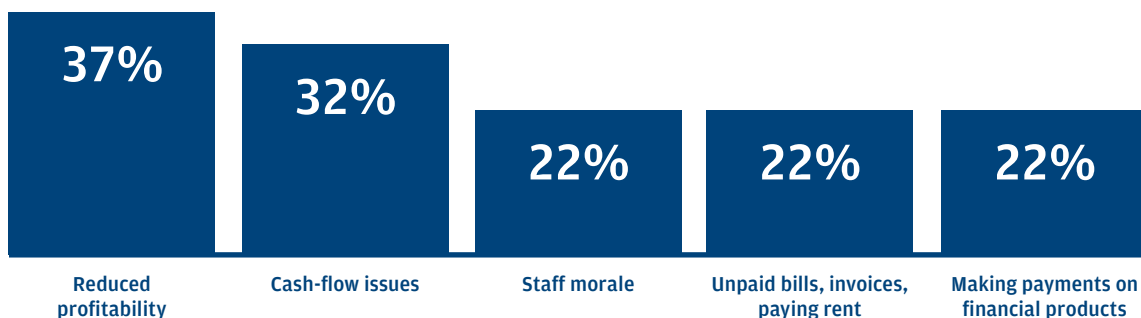
How do I shore up my business?

Keep moving forward during COVID-19.

Protect cash flow

Even in good times, poor cash-flow management is cause for concern. Right now, financial management is crucial.

Top 5 challenges after COVID-19



Source: Small Business Sentiment Tracker, Wave 3: June 1-5, 2020. Chase Bank Insights.

Reduce expenses

No doubt you've already made some difficult decisions. Stay diligent. Are there other overhead or expense cuts that make sense? Are you still carrying variable costs such as discretionary spending (stipends, travel expenses, etc.) or contract labor? Are you paying for services you can live without?



Jot down 3-5 potential ideas for cutting overhead costs:

Talk to vendors

It's vital to maintain strong vendor relationships right now. If you're unsure whether you'll be able to pay pending invoices, pick up the phone and talk to your vendors. They may be willing to work with you or take a partial payment (before changing any payment arrangements, make sure to speak with your accountant/attorney to understand the implications). At a minimum, your relationships will be stronger if you explain your situation and offer a plan.



Name a few vendors that you can commit to reaching out to this month:

Collect revenue

Do you have outstanding invoices to collect on? Reach out to your customers to find out their situation. If the customer has an overdue invoice, offer to work out a payment plan. Also consider making it easier for customers to make payments. Digital payment methods such as ACH or credit cards can help the money get to your account faster.



Note at least 1 potential way you could collect revenue faster or more effectively:

Manage inventory and assets

Do you have excess inventory? Assets you don't use or need? Consider deep discounts on inventory and liquidating any assets not essential to the future of your business. It might be disappointing to sell them, but the cash injection might be what saves your business.



Note at least 1 potential idea for using extra assets to your advantage:



Practice ‘clean’ accounting for new funds

You may have received grants or loans recently. If so, consider opening a new account for each new source of capital (keep in mind that doing so may result in additional fees), especially if the grants or loans came with specific requirements. Clean accounting will help you better track how you’re spending the money and whether you’re staying within necessary guidelines. If your business has applied for a Paycheck Protection Program loan and you want to learn more about loan forgiveness, visit chase.com/loan-forgiveness.

Revisit your staffing model

Consider writing a new organizational chart that better reflects your business today and where you expect it to go over the next year. Some roles may no longer require full-time staff or could be filled by independent contractors. It’s never easy to reduce staff – for you or your employees. However, honest conversations about the state of your business and an empathetic approach will make it easier to accept new realities.



Do you plan to look at potential changes to your staffing model? If so, briefly describe:

Forecast the coming months

Are the top 30% of your customers at risk of reducing their business with you? Build projections for the next three to six months. Look at different scenarios, including if COVID-19 infections increase and communities begin closing again. Will your business burn through its cash, or can it weather another storm?



Estimate a baseline monthly revenue and your baseline monthly expenses. Note them below:



Build your banking relationship

Bankers typically work with a lot of different kinds of businesses and understand the challenges you’re facing. If you don’t have a dedicated banker, reach out and begin building a relationship. With a banker at your side who understands your business, you can get information more quickly, avoid common mistakes and manage your cash more strategically.

Update your business plan

Your business plan should be a living document that changes as your business changes. Right now, you're likely trying out new strategies and considering new ways of operating as a company. By updating your business plan, you can document the changes and see more clearly the opportunities in front of you.

Executive summary

Your introduction and summary needs to describe your business, the problem that it solves, your target market and financial highlights. But remember, the true goal is to grab the reader's attention and give them a reason to read the rest of your plan.



What about your summary excites others? If your business were a story, what would its title be? What would make them want to read more?

Company description

The company description is not only an outline of vital company details. It's a chance to talk about your company culture and what you want to accomplish in the coming months and years. Right now, it's also an opportunity to highlight how your business is ready and able to adapt to unforeseen challenges such as COVID-19.



What do you do, and why do you do it? Why does it matter now?

Market analysis

Think about how your industry has changed and what might change in the coming months. Consider how buying habits have shifted, how your market segments have been affected by COVID-19, what your suppliers are experiencing, whether competitors are in a strong or weak position relative to your company and more. It may take some research, but an insightful market analysis will show off your business skills and help you showcase opportunities and advantages.



What does the future look like in the market you serve, and how are you positioned to thrive?

Product or service description

Have your products or services changed? Is there a new product or service you can offer that will meet emerging needs? Outline the job you help customers accomplish.



What real needs are you meeting? Force yourself to think about why it matters now.



TIP

Talk to your customers or clients. The more you know about how life has changed for them, the more quickly you can pivot your business to meet new and emerging needs.

Sales and marketing strategy

How will you reach new customers? How are you forging deeper relationships with your best customers? What new strategies are in the works to communicate with people in a physically distanced world?



List the best ways you have found to work with customers. Why do they work?

Organizational and management structure

Has your business made staffing changes in the past few months? Which changes will be permanent? What roles and functions are essential now and in the future?



What's the best way to fill these roles: hiring, outsourcing or technology?

Financial projections

It's important to know where your company has been financially and where it's going. Realistic financial projections – including estimated revenue, operating expenses and cash flow – will help you make hard decisions in the future and will help lenders see your true potential.



What assumptions are you making in your financial projections? What if they change?

How do I reimagine my business?

Start looking ahead at what your business can become.

Redefine who you are

Industries are changing dramatically. Customers and clients are changing, too. What's at the heart of what you do? Can you define it? More importantly, can you redefine how you deliver on it?



Review your value proposition

What role does your business play in your customers' lives now? What jobs are you helping them do? Have their expectations of you changed? If so, you need to write a new value proposition that describes who you are now and how you're solving today's challenges for your customers.



Assess what's worked

Since the COVID-19 outbreak, many businesses have shifted how they do business: moving to online commerce or services, offering contactless payment and delivery, prioritizing specific lines of business and building supportive communities. If your business has changed, evaluate whether the changes should be lasting and what new opportunities they might present.



Build a more flexible supply chain

COVID-19 affects everyone – including your vendors. Are there newly exposed vulnerabilities in your supply chain? Look for ways to create more flexibility and efficiency. That might mean cultivating relationships with multiple vendors or those closer to home. You might reshuffle warehouses or stock up on valuable materials.



Put yourself in your customers' shoes. Try writing down your customers' top three worries and top three hopes. How can your business help address them?

TIP

Is there pivot potential?

Not every company will have a breakthrough COVID-19 moment, but for many, the current crisis has opened up untapped opportunities. Ask yourself:

- **What does service mean now?** At a time when many people are anxious and feel vulnerable, what can you do to meet a need or make life a little more bearable?
- **Are you prioritizing health and safety guidelines?** If you're not, customers may lose confidence in you and go elsewhere. As we learn more about COVID-19, continue to check with your county health department and review Centers for Disease Control and Prevention guidelines at [cdc.gov](https://www.cdc.gov).
- **Are you connected to your community?** Right now people are looking for leaders who bring people together and spark meaningful change. Can you be that leader where you are? How can you serve both your community and your business?

69% Business owners who feel a responsibility to their community after COVID-19

Source: Small Business Sentiment Tracker, Wave 1: May 4-8, 2020. Chase Bank Insights.



Quincy Hart, Chase for Business customer and co-founder of Twisted Root Burger Co. Business owner was compensated for their participation.

Reconsider your online presence

So much business has shifted to online. Is your website doing the work you need it to? How user friendly is your website? Is it set up to make appointments, accept payments or deliver services? Are you maximizing your opportunities to communicate with customers via email, social media and other digital channels?

Four ways you can improve your digital customer experience right now:



Optimize your website for mobile. Google offers a free online speed test that can provide suggestions for improving your mobile experience. [Free online speed test.](#)



Update your Google My Business™ listing.* People use Google a lot right now to see which businesses are open and how hours have changed. Typically, business listings appear at the top of the search page, so make sure your information is accurate and helpful.



Be clear and obvious. Visitors need to know what to do once they arrive at your website. This is your chance to guide them to important information, services or merchandise.



Make it easy to buy. If your business offers products or merchandise online, make sure your payment system is fully integrated with your website. If users have to click too many times or navigate to another website to make a purchase, you're likely to lose their business.



Try writing down a list of the top three things a customer sees when they visit your website. Then ask: Are these the most important pieces of information?

TIP

*Google My Business is a trademark of Google LLC.

424% Increase in authentic and new cybersecurity breaches in 2018

Source: "Identities in the Wild: The Tsunami of Breached Identities Continues," 2018 4iQ Identity Breach Report, May 2018.

Protect your company online

The Department of Homeland Security recently warned that cybercriminals are using COVID-19 to take advantage of small businesses because they often lack basic protections against phishing, malware, payment fraud or data theft. If you're doing business online, take steps to protect your company. You can learn more at [chase.com/news/022817-smb-cybersecurity](https://www.chase.com/news/022817-smb-cybersecurity).

How can I help secure the future of my business?

Explore ways to help future-proof your business.

Make a contingency plan before the next disaster

A thorough contingency plan can protect your business and save lives during – and after – a disaster. Here are a few key aspects to consider.

Management and communications

During any emergency, it's important to establish roles and maintain lines of communication. A management and communications plan might include:

- **An emergency management team.** Strong leadership will be critical in a disaster. Your emergency management team will need to collaborate to make quick decisions that save lives, protect your business and keep operations running, if possible. Emergency management teams typically include senior staff from operations, IT, HR, communications and other divisions of the company. If your management team is small, consider bringing in other longtime employees.
- **A chain of command.** Emergencies are often chaotic and confusing. Think through your chain of command ahead of a disaster so that there's no confusion about who is making decisions for the company.
- **Delegation of responsibilities.** It's important that everyone knows who is responsible for which parts of the response.
- **Documentation of your plan.** Make sure your plan is in both paper and digital formats, that it's widely distributed and that at least one copy is somewhere safe and accessible regardless of the type of emergency.
- **Contact information.** Keep a list of phone numbers for people and companies you will need to contact immediately after a disaster occurs. Your list might include employees, building maintenance, service providers, your bank, important clients and other business contacts who are likely to be affected by the disruption to your business.



TIP

Check with service providers or government agencies in your area. They might have additional information to include in your plan.

Contingency procedures

Your plan needs to consider the immediate needs of your people and the survival of your business. A few procedures to consider include:

- **Securing the area.** Make sure no one is able to enter a dangerous environment without clearance. Workspaces where an employee recently tested positive for COVID-19 need to be clearly marked off and cleaned thoroughly. More broadly, make multiple plans for various potential scenarios, such as fire, flood, active shooter or disease outbreak (e.g., COVID-19).
- **Emergency supplies.** Potable water, flashlights, emergency food and other safety supplies are essential resources that can be useful in many different kinds of disasters. Keep them in an easy-access location.
- **IT backups.** Consider an alternative power supply for your servers, an alternative source for internet access and a plan for how to restore backed-up data if computers or servers are destroyed.
- **Off-site financial operations.** Can you process payments or make a payment if your office is closed? Outline how you'd get financial operations up and running away from the office.
- **Alternative locations.** Is there a secondary location you can use for management and operations if your primary office has to be closed due to an unforeseen situation?
- **Remote working.** What's the process for getting employees set up for remote working if your business location is not available?

57% of small businesses have completed or are in the process of completing a plan to address future disruptions.

Source: Small Business Sentiment Tracker, Wave 1: May 4-8, 2020.
Chase Bank Insights.

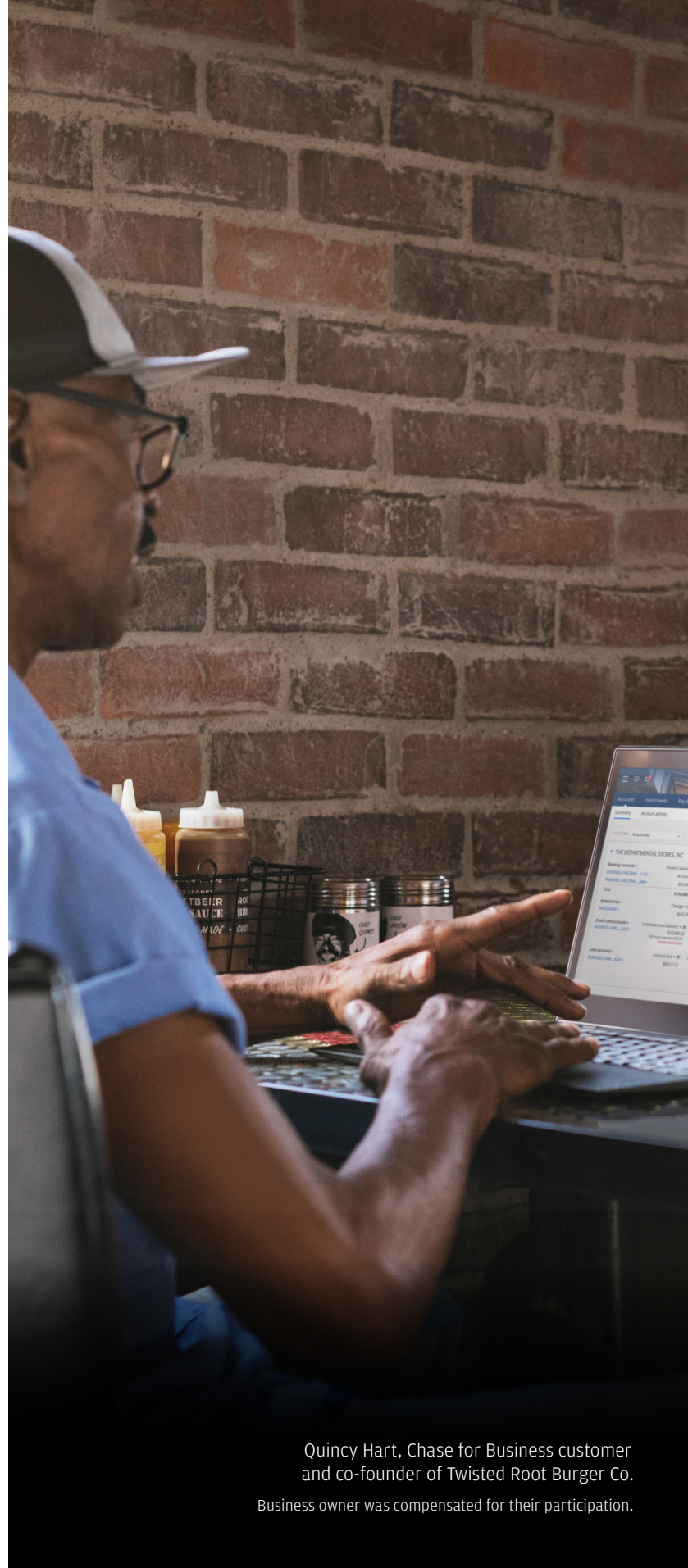
Tests and reviews

Your plan should cover how you will test your contingency procedures to make sure they work. A few testing ideas include:

- Attempting to use all backup systems or equipment once per month to make sure they still work
- Conducting end-to-end data recovery procedures to make sure the data from backups is usable
- Regularly reviewing account information, authorized signers, security administrators, user IDs and entitlements with each bank to ensure accuracy
- Reviewing connectivity between systems and departments
- Reviewing your insurance coverage to make sure it adequately addresses potential disasters
- Externally auditing all your testing procedures



Train staff members in how to access the plan, how to put it in motion and how to carry out their individual roles.



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Understand your bankability

Having a clear view of your financial position gives you the flexibility to make proactive, strategic choices.

Focus on cash flow

Cash flow is essential for the day-to-day operations of your business. It's also one of the most important factors when loan officers are evaluating your application. Why? A healthy business is not only about profitability. Smart cash-flow management shows that you're able to ride the normal ups and downs of business without putting your company in jeopardy.

Learn more about how to navigate your cash flow with our new interactive tool: cashflow.chase.com.

Know your balance sheet

A company's assets, liabilities and any equity that others own are critical factors in evaluating the financial health of a business. Using the data in your balance sheet, you can calculate your leverage ratio to compare how much you owe with the equity and capital in your business. You can also calculate your current ratio, which measures your company's ability to pay short-term obligations within the next year.

Review profit and loss

Your profit and loss statement summarizes revenues, costs and expenses related to your business during a specific period. Your P&L will help you calculate data points such as sales growth, gross profit margin, operating expense ratios and earnings before taxes and other financial expenses. By working to improve these and other figures, you can make your business more attractive to lenders, investors or buyers.

The next mile

How will you lead as COVID-19 continues to change our world?

Despite all the challenges facing us today, many business leaders are going the extra mile. By building business resiliency, listening to customers, innovating their business models, prioritizing the health and well-being of their communities and planning for the future, many businesses are finding ways to keep moving forward.

We are learning more about COVID-19 every day. Continue to check with your county health department and review [federal guidelines](#).

Work with a Chase banker

Chase for Business offers resources and services to help you manage your business. We are committed to delivering the expert guidance and support your business needs.

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