



BRIDGEWAY
CAPITAL

Connect Opportunity with Capital

Managing Business Finances During Crisis

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Agenda

DECREASING CASH OUTFLOWS

- I. Reducing common expenses that you can control
- II. Reviewing your finances to reduce or delay bills and fees
- III. Negotiating with vendors, landlords, and current lenders for new terms

INCREASING CASH INFLOWS

- I. Rethinking product offerings and price points
- II. Considering new marketing practices, sales channels, and acquiring free or low cost human capital to execute on new strategies
- III. Tax Efficient instruments business can utilize to keep more of your income
- IV. Finding Small Business grants & resources

Reducing common expenses that you can control

TO DO: REVIEW YOUR LAST 6 MONTHS OF BILLS & FIND UNUSED SERVICES
BUDGET FOR A 50% REVENUE REDUCTION.



INVENTORY

Let go of bulk pricing to improve cash flow in the short term.



MISCELLANEOUS

Shipping materials, postage, Go paperless,
Internet bundles
Cellphone - forego upgrades, switch to tech forward no-contract services like Google-Fi or Republic Wireless @25/mo. per line.



STORAGE & WAREHOUSING

The storage may be worth more than what you are storing.

Reducing or delaying bills & fees

THERE ARE BILLS THAT ARE ESSENTIAL. SOLE PROPRIETORS TYPICALLY USE THE SAME SERVICES FOR THEIR PERSONAL USE, BLURRING THE LINE BETWEEN PERSONAL & BUSINESS BILLS . REDUCE BOTH.

ESSENTIALS:

- Website domain & hosting
- Business accounting software i.e. Quickbooks
- Utilities
- Insurance (Car, health, business)
- Others

The overall approach is to contact your current service provider. If that fails, shop around.

WHAT YOU CAN DO

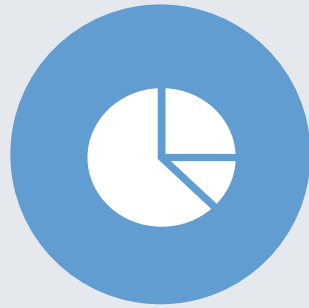
- Send an email via their contact form explaining your situation. Ask for reduced fee or suspend a month or two.
- Time to get on the phone. Contact customer service to reduce your monthly payments w/ no interest. Ask for fees to be waived if they want to add interest or any 'processing' fees.
- With warmer weather, utilities should go down. Contact your utility company to request a lower fixed monthly plan. If it's higher than your current bill, use a free service like [Arcadia](#) instead that scans for lower rates and automatically switches your energy provider.
- Car insurance companies are automatically reimbursing ~15%, make sure to contact them if you don't receive one as they likely inclined to grant your request.
- Medical bills typically offer 18-24 month terms w/ no interest. Take advantage of these.

Negotiating with landlords and stakeholders



LANDLORDS

States have suspended evictions. While it may be tempting delay paying, it is not advisable because you will need to pay it anyway, sometimes with interest, or your security deposit will be used



SUPPLIERS

This is where you have more room to negotiate on:

- Pricing
- Terms
- Rebates
- Extra product



LENDERS

- The low interest rate climate is very well suited to refinance your loans or switch to a lower interest lender. April 21, 2020 prime rate is at 3.25%; a year ago was 5.5%. Banks use prime + bank margin on top
- Take advantage of [URA's 0% loan](#) if eligible
- Take advantage of covid-19 forgivable loans
- Get creative with [credit card intro offers](#)



EMPLOYEES

- If business is still struggling, speak to your current employees about a 4-day week or less
- Furloughs are cheaper than firing & rehiring
- Freeze hiring
- Use interns funded by Fed & scholarships

Rethinking product offerings

GO FROM A TRANSACTIONAL RELATIONSHIP TO A FULL SERVICE RELATIONSHIP THROUGH YOUR PRODUCT OFFERINGS



How are you pricing?

THERE ARE SEVERAL THINGS TO CONSIDER BEFORE SETTING OR CHANGING YOUR PRODUCT'S PRICES

ECONOMIC CLIMATE

IS YOUR PRODUCT RECESSION PROOF?
HOW DOES YOUR CUSTOMER BASE RESPOND?

PRICE ELASTICITY

HOW RESPONSIVE IS YOUR PRODUCT TO A CHANGE IN PRICE?

CUSTOMER ACQUISITION COST

HOW MUCH DOES IT TAKE YOU TO ACQUIRE 1 NEW CUSTOMER?

CUSTOMER LIFETIME VALUE

PURCHASE AMOUNT X PURCHASE FREQUENCY X CUSTOMER LIFE

PRICE APPROPRIATELY

COST PLUS MARKUP, COMPETITIVE OR VALUE BASED?

- Every product has varying response to the economic situation. Know your product and customer response by analyzing results of previous situations, customer behavior or test the response by trying a variety of things. What happens when you dropped prices?
- It's a good idea to do a pricing deep dive to analyze now to set yourself up for long term success
- Keep individual product prices the same, however, offer discounts to existing customers and those signed up to your email lists. Limited time offers can work. You want customers to see original prices so they will not associate your product to the lower prices indefinitely.
- Offer discounts in exchange for a newsletter sign up, email marketing sign up, or bulk orders

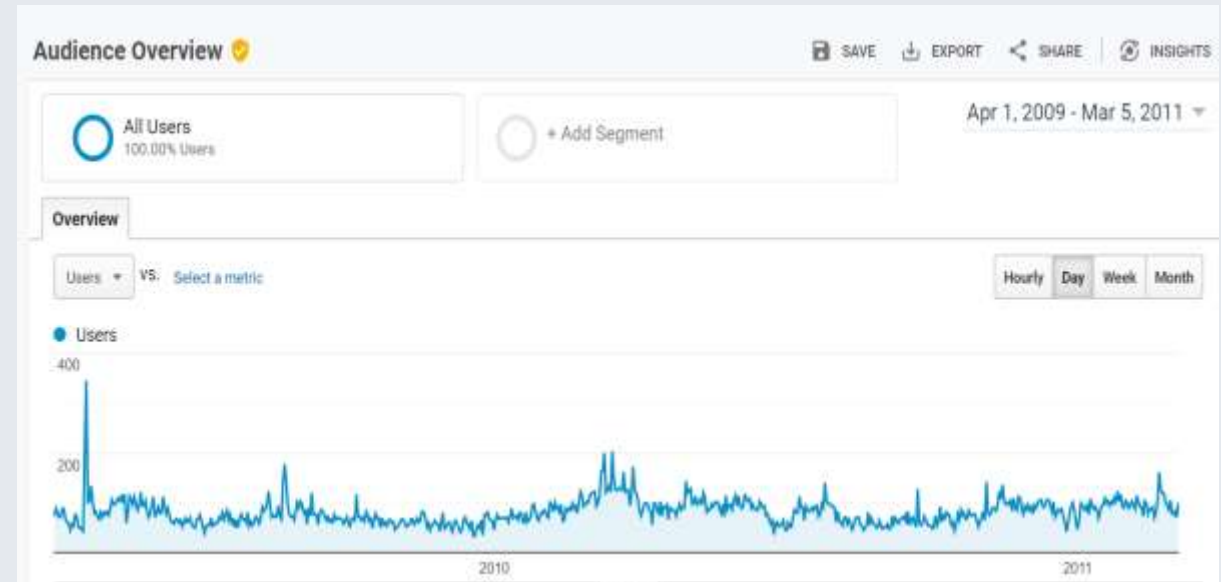
Modernize your marketing practices

NEW MARKETING METHODS

Digital Marketing can take many forms such as:

- Ads (Google, Facebook) - paid, must have on point customer targeting
- Organic (Search Engine Optimization, Social Media Engagement) - FREE. Use tools such as [SEMRush](#) to see your website performance against competitors, automate tasks, etc. Set up your Google Analytics and Keyword Planning Tool or other performance tracking tools to find out:
 - What words to use to attract leads interested in your products
 - How many unique visitors are you getting per month?
 - What portion are new visitors vs returning?
 - Where are your website visitors from?
 - What are their age ranges, gender, device, etc.?
- Online PR through media companies, blogging, guest posts, influencers
- The [SBDC at Pitt](#) can run an SEO report for you for free & discuss
- The goal is to increase web traffic to increase sales and conversion rate. Not only is using tools quicker, you can execute on plans yourself, and it is cost efficient

GOOGLE ANALYTICS



Modernize your marketing practices

GOOGLE KEYWORD TOOL

Locations: United States Language: English Search networks: Google Last 12 months Apr 2019 – Mar 2020

pottery, ceramic, pittsburgh, decorative arts Including brand names Saved 330 days ago [DOWNLOAD KEYWORD IDEAS](#)

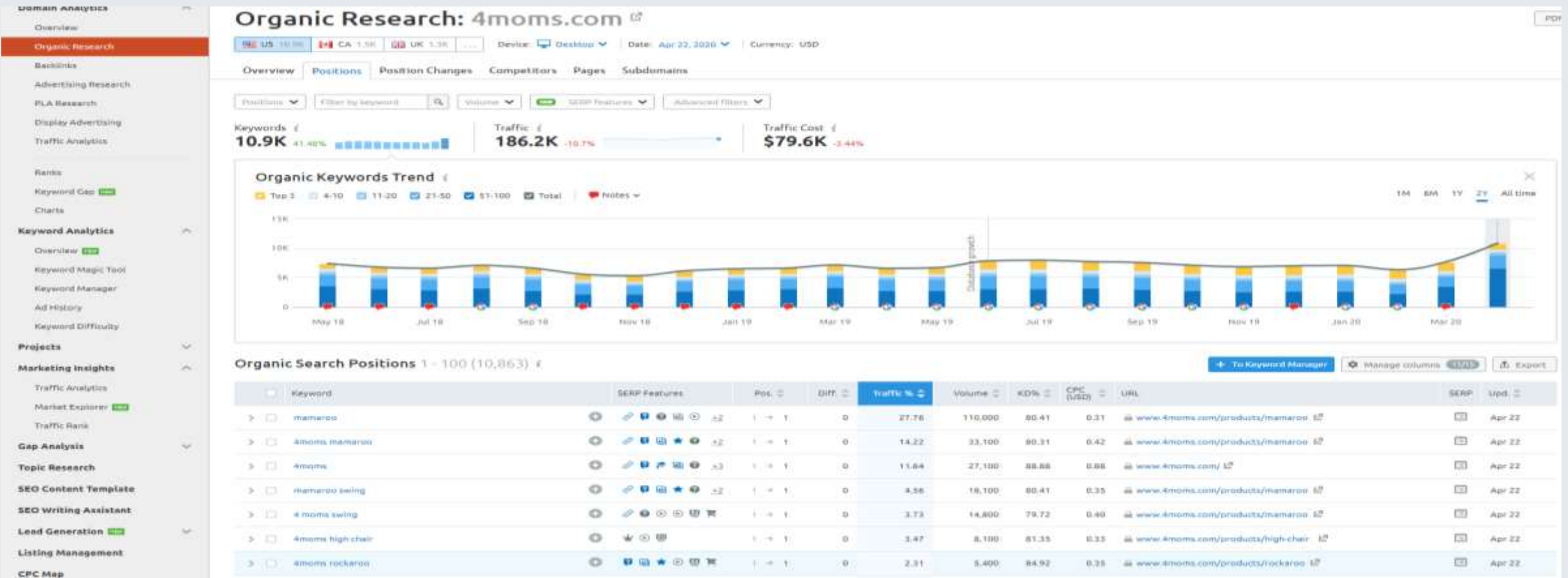
Broaden your search: [+ ceramic style](#) [+ traditional craft](#) [+ handicraft](#) [+ arts](#) [+ decorative](#) [+ antique pottery](#) [+ porcelain](#)

[Exclude adult ideas](#) [ADD FILTER](#) Showing 2,527 of 2,533 keyword ideas

<input type="checkbox"/> Keyword (by relevance) ↓	Avg. monthly searches	Competition	Ad impression share	Top of page bid (low range)	Top of page bid (high range)	Account status
Keywords you provided						
<input type="checkbox"/> pottery	10K – 100K	High	–	\$0.86	\$4.05	
<input type="checkbox"/> ceramic	10K – 100K	Medium	–	\$0.65	\$5.00	
<input type="checkbox"/> pittsburgh	100K – 1M	Low	–	\$0.23	\$2.37	
<input type="checkbox"/> decorative arts	1K – 10K	High	–	\$0.58	\$2.89	
Keyword Ideas						
<input type="checkbox"/> wall art	100K – 1M	High	–	\$0.55	\$1.88	
<input type="checkbox"/> pottery barn outlet	10K – 100K	High	–	\$2.00	\$2.00	
<input type="checkbox"/> wall decals	10K – 100K	High	–	\$0.35	\$2.08	

Modernize your marketing practices

SEMRUSH (COMBINES POWER OF ANALYTICS, RESEARCH, & AUTOMATION - FREE VERSION IS LIMITED)



Set up alternative sales channels & recruit help

SALES CHANNELS

With stay at home orders, many storefronts are closed. Make sure to build your alternative sales channels. However, know what your target customers prefer and spend time on those instead of boiling the ocean.

- Website shopping cart (ensure mobile compatibility)
- Website chat, contact form, email
- Observe how videoconferencing evolves
- Phone, Text
- Social Media
- Ebay, Amazon
- Groupon tends to attract bargain hunters

The most important thing you can do is set monthly SALES GOALS & stick to it!

RECRUIT FREE OR LOW COST HELP

Pittsburgh has a few avenues to recruit interns

- **If you are a non-profit**, you can hire interns whose wages are paid for by the federal government up to 70%. Wages range from \$10-\$15/hour and you pay 30% of it.
- **If you are a for-profit**, try the University of Pittsburgh has a program called the Tafel scholarship where the interns wages are 100% paid for by the scholarship.
- Use [Handshake](#) to post your job description.
- Instead of hiring a lawyer to draft things like client contract templates, consider participating in [RCI](#) to get pro-bono from Reed Smith or other organizations offering free legal help

Information & Contacts:

- [CMU Recruiting](#)
 - CMU Off Campus Recruiting: fcs-offcampus@andrew.cmu.edu
 - To make a request for a resume book, email erelate@andrew.cmu.edu
- [Pitt Tafel Internship Scholarship](#)

Questions?

TAMMY@ASCENDERPGH.COM

Tax efficient instruments

INVESTMENTS

For sole proprietorships or single member LLCs: Solo 401k

Highest contribution of up to \$56,000

- \$19,000 as employee
- 20% of net profits as employer

If your net profit was \$50,000/year and invested \$5,000 every year for 5 years you:

- Get a tax savings of \$3,825 after 5 years
- Get capital appreciation of \$63,144 after 5 years assuming a 7% annual return per year
- Get an additional \$10,263 if you reinvested your tax savings per year for 5 years

For those with employees: SEP & SIMPLE accounts

HSA

Whether you have employees or not, if you have a high deductible health plan, consider an hsa (health spending account). Features include:

- Your contributions will not be taxed
- If you spend on healthcare, your withdrawals are not taxed
- While the funds are in the account, you can invest it & it can grow tax free
- This is what financial planners call a triple tax benefit and can be more powerful than a solo 401k

Small business grants & resources

GRANTS TO CONSIDER APPLYING FOR:

<https://www.covid19businesscenter.com/>

<https://www.lisc.org/covid-19/verizon-small-business-recovery-fund/>

<https://www.facebook.com/business/boost/grants>

<https://www.savesmallbusiness.com/>

Exclusively for women entrepreneurs (will re-open May 4th):

<https://www.globalgiving.org/redbackpackfund/>

RESOURCES

https://hootsuite.com/pages/stay-connected_ (free for a limited time)

<https://www.notion.so/Deals-for-businesses-in-the-time-of-COVID-19-bed1c16caf6e4861a24a6e2c21ee1c9a> (a comprehensive list of deals and tools for businesses)