

BUSINESS INTELLIGENCE

Strategies and Trends for the Successful Business

e-REPORT

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ST. JOSEPH
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IDEAwatch

Tips for Growing Your Business

■ **Recent racial protests may be affecting your employees.** No matter your racial or political identity, these events are almost impossible to escape. Millions of Black people and their allies are hurting. Research shows that how organizations respond to large diversity-related events that receive media attention can either help employees feel safe or contribute to racial identity threat and mistrust of institutions of authority. Experts say this isn't the time to stay silent or become overly defensive when what employees really need is compassion and empathy. Acknowledge any harm that your Black and brown employees have endured in their lives. From there, employees are looking for leaders to affirm their right to safety and personhood. Finally, try to take some action that shows you take racial injustice seriously. Is there something you and your organization can do in the community? Is there an organization you could donate to? Words of understanding are good, but actions have a more lasting impact.

Source: www.harvardbusiness.com

■ **Do you suffer from "Zoom fatigue?"** One reason that video calls drain your energy is that they require you to physically hold yourself in one position. In an in-person meeting, you'd likely shift from side to side, tilt back in your chair, turn your head to look at a person speaking, etc. These small movements keep your energy flowing. Stay energized by intentionally moving your body more. Try alternating between standing and sitting during your video calls by using a standing desk or shelf. In between calls, walk around and do some gentle stretching of your back, neck, shoulders and arms. Also, reduce eye strain by practicing the "20-20-20" rule — every 20 minutes take 20 seconds to look at something 20 feet away.

Source: www.fastcompany.com

FINANCE

Improve Your Margins and Stretch Your Budget

by David Finkel

SMALL BUSINESS OWNERS across the country have sought out emergency loans or funding to help cover their expenses during the COVID-19 crisis. Many businesses have received their funds, and may be wondering how best to use their existing funds and credit lines to stretch them further. If you missed out on the Paycheck Protection Program funding, you

may be wondering where to go from here. How do you improve your margins and stretch your budget until additional funding or other options present themselves?

Here are some of the tips and tricks that I have been sharing with my business coaching clients over the past few weeks to help them improve their margins during this current crisis and keep their businesses in the green.

It's important to note that the goal with any financial improvement is to implement "structural changes" — that is, whatever changes you make must not be temporary, like negotiating with one of your vendors for a one-time deferral or a payment holiday, but permanent, which will help your business generate more money in the long run.

This could be either a reduction of an expense, an enhancement to your efficiency so that you can produce more with less or perhaps a way to improve your collections process. Whatever it may be, it is something that helps you sell with a magnified return. That's the goal.

1. Raise your prices. I can already hear you saying it: Are you crazy? Do you realize what's going on in the world? We can't raise our prices right now. The truth of the matter is, if you have limited capacity to produce and more demand for your product or service, you need to take that into consideration and adjust accordingly.

We've worked with different businesses from service firms to manufacturers that have been able to raise pricing from a few percentage points to in some cases 20% or 30%. Now, these price increases are done

intelligently. We helped our clients by analyzing their customers and putting them into three buckets — A, B or C.

The best customers — those who yield the best margins, pay the fastest with the least hassle and are most enjoyable to

Try these strategies to keep your business in the green during the economic crisis and in the long run.

work with — are in the A bucket. These are strategically the most important customers, so their prices aren't raised. The pricing is raised, however, for those in the C bucket — those who are only marginally profitable and are often susceptible to scope creep that cuts into margins.

Why would you want to use up your capacity on customers who don't make you money? That's not fair. That's not a good relationship, so these are people you can raise pricing on.

2. Improve your collections process. The second way to enhance your margins is to collect more of what you're owed faster. Especially in a situation like we have right now, your collections process is a big deal. One medical group that we work with serves hospitals and does staffing for hospitals. They had quite a bit of receivables built up when we first started working with them.

We changed their system so that they have weekly reviews on receivables. We frontloaded the collection effort so that if a client was behind, there was a phone call to the hospital administrator or, depending on the client, the CEO or CFO, which brought the problem to their attention sooner.

In many cases, if a hospital got too far behind, it was put on a payment plan that was no longer monthly, but weekly, so that the amounts to be collected were smaller, and if there was disruption with that payment collection stream, they would find out about it a month earlier. So take a look at your collections to

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■ **Direct mail can be an excellent marketing tactic during the pandemic.** According to the USPS Market Research and Insights Report, “COVID Mail Attitudes,” 65% of those surveyed stated that receiving mail lifts their spirits, with 54% of respondents stating that mail helped them feel more connected. With people looking forward to getting mail each day, you should strive to be in the mail box. People need emotional engagement for direct mail to work, so include both good emotional copy and imagery. That said, different genders respond to different emotional triggers, so be sure segment your lists. For example, if your audience is made up of women you need to tap into empathy. Women engage with faces and direct eye contact images. Women also respond to group/community activity images and, of course, babies. She will pay attention to messages that make life easier, celebrate her or allow her to do multiple things.

Source: www.brandunited.com

■ **Discover creative ways to save cash** with this tactic from Vlad Rusz of Centaur Digital Corp. Start by putting 1% of your sales in a separate account, and increase that percentage every one or two weeks until you start to feel the pinch. As your operating budget shrinks, necessity will breed creativity and you’ll come up with dozens of ways to save cash.

Source: www.forbes.com

■ **Develop your six-foot-separation introduction.** Despite fewer communal elevator rides and networking events in the near future, you still need a compelling couple of sentences that introduce you effectively to someone not familiar with your exact occupation. One tried-and-true self-introduction formula consists of problem/solution. What problem do you solve, and what’s useful and distinctive about the way you solve it? Another approach: Say who you serve and how they are better off after your help. Or explain why what you do matters and to whom, plus something interesting about what it involves. Avoid using hundred-dollar words and jargon. Be brief — less than 50 words ideally. Use your new sentences on your home page or at the beginning of your “About” page as well as in interactions.

Source: www.yudkin.com

Consumers ready to spend, feel unsafe in stores

New numbers suggest that consumers are feeling both better and worse about the state of shopping. A report from financial services firm Cowen, which polled 2,500 U.S. consumers in mid-May, found that 76% of respondents expect to spend either the same amount or more in the upcoming month. That’s up 10 points compared to mid-April, when 66% said the same.

While spending expectations are up, comfort levels around returning to public places are down. “People feel less safe about reentering pretty much every category that we track,” said John Blackledge, a managing director and senior research analyst at Cowen.

Restaurants and bars, for example, declined from 5.4 in mid-April to 4.6 in mid-May. Gyms dropped from 4.8 to 3.8. Retail stores, however, have remained relatively flat, inching down slightly from 5.8 to 5.2 — meaning shoppers are almost evenly split on whether they feel safe about returning to shops once they officially reopen.

The combination of more consumers

willing to open their wallets with fewer showing confidence in entering brick-and-mortar locations bodes well for companies that offer shoppers the ability to buy through digital channels.

Data from Salesforce indicates that a large number of consumers want stores to continue social distancing guidelines and measures as they begin reopening. Nearly half (48%) of Gen Z want businesses to continue social distancing guidelines, as do about nearly two-thirds of millennials (60%) and Gen Xers (61%) and about three-quarters (71%) of boomers. These shoppers are also looking for businesses to provide PPE for their workers and to require PPE wearing by shoppers.

The Salesforce data also shows that nearly one-quarter of shoppers are looking for contactless payments or delivery options, 36% of shoppers say they won’t return to brick-and-mortar stores until a vaccine is available and 68% say they’ll continue buying “essentials” online.

Sources: Adweek.com, May 26, 2020; Bizreport.com, June 1, 2020

Small businesses turning to zero-cash deals

How can a small business keep operating when not much cash is coming in? A growing number of business owners are trying to survive the COVID-19 pandemic by turning to good, old-fashioned bartering and trading.

While some businesses may trade directly with other businesses, a business may not necessarily need thousands of dollars’ worth of haircuts, house painting or donuts in exchange for what they offer. Alternatively, as a member of a barter exchange, you can trade your products and services for barter dollars, which can then be used to buy offerings from any of the other hundreds or thousands of

members on the exchange.

For example, Ted Dang, founder of Oakland, California-based property-management company Commonwealth Management is a member of BizExchange. He says that a sign company paid him \$2,000 a month in BizX dollars to rent a space in one of his properties. He’d then spend a portion of that on janitorial services from another business on the platform.

Business exchanges can give owners the opportunity to gain new customers they wouldn’t have otherwise had, as well as increase cash flow. There are more than 200 barter exchanges in the U.S.

Source: Inc.com, May 22, 2020

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see what adjustments you can make to the process.

3. Reduce nonstrategic expenses. Strategic expenses are the things that you spend money on that produce or protect revenue. They give you important efficiencies that let you run leaner.

Nonstrategic expenses are pretty much everything else. They would include things like salespeople who are not selling. Marketing activities that simply aren’t working. Extra staff you don’t really leverage very well. It would include the cost

to produce certain reports that no one’s using or even looking at. Things that you could do without, without missing a beat.

If your business is the same or better without an expense, then that’s a good expense to cut. If without the expense your business is less — has less capability, less result — then that’s a bad expense to cut.

David Finkel is a respected business thinker and CEO of Maui Mastermind, a business coaching company. He is the author of 12 business books, including his newest release *The Freedom Formula: How to Succeed in Business Without Sacrificing Your Family, Health, or Life*.

■ **Reverse some of your negative reviews** simply by posting a response. In fact, 30% of consumers admit to reversing negative reviews once their concern has been responded to, according to a ZenBusiness survey. However, only 12% of reviews get a company response. Almost 65% of participants said they stopped going to a business if their review was not addressed. Reacting to reviews is one of the easiest and most cost-effective ways to nurture customer loyalty and business growth.

Source: www.smallbiztrends.com

■ **Improve rapport with clients and employees** by slowing down your listening. Most people speak at about 120 words per minute, but can listen about four times faster. So your mind fills in the gaps by thinking of other things. Be aware of this and force yourself to stay focused, so that you can fully connect with the speaker.

Source: www.ithinkbigger.com

■ **Do you have employees that refuse to return to work?** Department of Labor (DOL) guidance clarifies that employees cannot refuse to return to work simply because they wish to continue collecting unemployment benefits. However, small business owners should proceed with caution. First, make the return-to-work offer in writing (even if it's teleworking). Ask any employee who refuses to return to explain their circumstances and rationale in writing. Before contesting an employee's continued eligibility for unemployment benefits, carefully review the employee's statement and compare the rationale to the list of permitted reasons contained in the CARES Act (see list of reasons at <http://dbhc.us/20>). A general, subjective fear of contracting the coronavirus is not a permitted reason. However, if an employer is not following state-mandated safe workplace guidelines, employees may have the right to refuse to work. It's recommended to speak with counsel before taking action to avoid any allegations of employer pressure or violation of employment laws.

Source: www.thinkadvisor.com

PPP loan forgiveness is now a little easier

The Small Business Administration (SBA) released a revised forgiveness application for the Paycheck Protection Program (PPP), including a new EZ application that many business owners may qualify for.

In addition, the Paycheck Protection Flexibility Act of 2020 became law on June 5. The biggest changes in that law are the extension of the eight weeks to a new 24-week covered period and a reduction of payroll costs from 75% to 60%.

The EZ application (SBA Form 3508EZ) requires less documentation, fewer

calculations and simplifies the process dramatically for a large number of business owners. The whole process for filling out the form is supposed to be only 20 minutes. That said, not all businesses qualify to use it.

To find out if your business qualifies, go to <http://dbhc.us/1x> and look at the "Checklist for Using SBA Form 3508EZ." If you can check at least one of the three boxes on the instruction sheet, you can use the simplified form at <http://dbhc.us/1y>

Source: Entrepreneur.com, June 19, 2020

Google rank will account for 'page experience'

Google announced its search ranking algorithm is changing and "page experience" will be a considered element. What is page experience? The fuzzy term goes beyond page load times. It starts with what Google calls Core Web Vitals that measure some of the most irritating features of a website.

Largest Contentful Paint (LCP): Measures loading performance. To provide a good user experience, sites should strive to have an LCP occur within the first 2.5 seconds of the page starting to load.

First Input Delay (FID): Measures interactivity. To provide a good user experience, sites should strive to have an FID of less than 100 milliseconds.

Cumulative Layout Shift (CLS): Measures visual stability. To provide a good

user experience, sites should strive to have a CLS score of less than 0.1.

To determine how well your web pages rate on these three factors, use Google's PageSpeed Insights tool at <http://dbhc.us/1z> or check out Google Search Console's new Core Web Vitals report to identify groups of pages that require attention.

In addition to Core Web Vitals, Google will also be checking to see if your website is mobile-friendly, safe to browse (no malicious or deceptive content), uses a secure connection (HTTPS), and if content on the page is easily accessible to the user (avoid pop-ups and intrusive interstitials).

Source: Google.com; Warc.com, June 1, 2020

SBA 7(a) loans have loan forgiveness, too

When the CARES Act was passed back in late March, hardly anyone noticed that the Small Business Administration's existing Section 7(a) had also been changed. Any Section 7(a) loan closed before Sept. 27, 2020, would include forgiveness of the first six months of both principal and interest payments, plus any related fees, for the borrower. In real terms, it means that a small business owner can save about \$33,000 on a \$500,000 loan.

Unlike the Paycheck Protection Program loan program, a Section 7(a) loan can be used for purchasing equipment and real estate, and even to acquire another company. Or it can be used just for work-

ing capital. You will have to substantiate how you're using the funds. Although the SBA guarantees these loans, the banks issuing them must still go through due diligence, and collateral will likely be needed.

To qualify for this loan — that lets you borrow as much as \$5 million — you must have fewer than 500 employees, or less than \$7.5 million in average annual receipts. You must operate as a for-profit business in the U.S. and not be delinquent on any debt (such as taxes) owed to the government. Interest rates are negotiated between you and your bank.

Source: Inquirer.com, June 22, 2020



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