4-Step Entrepreneur's Guide to Surviving COVID-19

In times of crisis, this simple four-step plan will help you stabilize and recover.

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No business will be able to outwork or outrun the impacts of COVID-19. So what should an entrepreneur do next? Take the time to GASP, an acronym for the terms: Ground, Assess, Stabilize and Plan. This approach worked well for businesses that survived and thrived during the Great Recession of 2007/8 and other major market challenges.

Ground

Ground yourself, your family and your team.

1) Slow down enough so you can reflect. This is not the time to take a vacation, but you do need to take a deep breath.

2) Resist your entrepreneurial instinct (to immediately work harder) for an hour or a day. You need time to clear your head before you can respond efficiently and effectively.

3) Work quickly to set up yourself and your family for the new normal. You will need their support and understanding while

you navigate through this next business challenge.

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Assess

Once you are in a more settled state of mind, assess your situation. The medical term for this phase is ‘triage’. Assess the vital signs of your patient—your business.

1) Determine how much and from where your business is hemorrhaging cash.

2) Determine the actions your team will need to execute in order to stabilize.

3) Remember, you must preserve cash at all costs. Cash is the lifeblood of your business.

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Stabilize

Work to stabilize your business quickly. On the cash collection side:

1) Create a list of everyone who owes you money. Make calls to those who owe you. Get in the front of their cash line before they run out.

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2) Develop payment plans with those that can’t pay you immediately and work those plans diligently. Know that squeaky wheels get paid faster.

3) Require more credit card payments or cash upfront from your customers. Don’t sell anything with less than a 50% down payment on new sales unless a customer can offer iron-clad payment assurances in this new environment.

On the payments side of the equation:

1) Make a list of all your expenses, vendors and your broader payables. Sort them into critical and non-critical. Immediately cancel every service, subscription or order that is nonessential.

2) Monitor your payables list daily, but only cut checks twice a month. Pay some amount (not the entire invoice) to the most critical first. Don’t pay out more than you have collected. No more payments to anyone unless absolutely necessary. Lease payments? Nope. Bank payments? Only interest. Non-critical vendors? Definitely not. Critical vendors? On a payment plan. Tax payments and employee benefits? Yes! It’s the law!

3) Slow paying will be difficult but expected. Make sure to notify your bank, landlord and vendors that will be impacted. Keep them informed at least monthly. And if you have to cut staff, cut quickly and decisively, but respectfully and humanely.

Plan

Once you have stabilized the business, take a moment to consider your circumstances within this new world order. Take a fresh look at your market, customers, suppliers, competitors, available technologies, and internal capabilities. Our challenge, as entrepreneurs, is to recognize and capitalize on opportunities.

A turbulent market offers a rare opportunity to gain significant market share. Old habits and loyalties are disrupted. Acquisition costs plummet. So plan your investments

and pounce when opportunities open up.

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Similarly, down markets are often the best time to shed underperforming assets and onerous liabilities inexpensively. Want out of a lease? Now would be a good time to negotiate with the landlord. Need better pricing from your vendors? You may have more leverage now than ever before. Build these actions into your plan, act rationally and with integrity.

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