



## **Coping with Covid-19 and New Directions of Business**

During this time of the pandemic known as COVID-19 or coronavirus, entrepreneurs need all the help they can find to stay in business and prosper. The health restrictions from local, state and national governments are directly impacting small and large businesses.

Rex Stevens of Cairn Accounting has provided these helpful articles to help you negotiate these stressful times. You may copy and share this information with friends and associates. If you would like to contact Rex directly, email him at [rex@cairnaccounting.com](mailto:rex@cairnaccounting.com).

“The reality is that the business owners that use and understand their financial statements do far better than those that don’t. Cairn Accounting provides all of your financial statements (i.e. Profit/Loss, Balance Sheet, etc.) to you on a regular basis and we help you to not only understand them but to use them to find problem areas in your business as well as to identify the areas where your business is doing well.”



**[cairnaccounting.com](http://cairnaccounting.com)**

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These articles were written between March 11<sup>th</sup> and April 27<sup>th</sup> of 2020.

# How to Pivot Your Small Business Strategy During the COVID-19 Crisis

By Susan Friesen

## Easy Ways to Create a Coronavirus Crisis Management Plan

As small business owners, we're prepared for a lot of things, whether it's a seasonal shift in sales or an unexpected employee absence we have to step in and cover.

But we've never seen anything like the COVID-19 pandemic, leaving us uncertain about how to cope in these strange times.

I know that this is a scary and isolating time both personally and professionally. I hope you're staying safe and healthy, and that this article can help you with planning for business challenges related to the coronavirus.

I've personally had to pivot many times as an entrepreneur, and while it can be stressful, it can also be a time of innovation and growth.

As you're creating your coronavirus crisis management plan for business, here are a few things to focus on:

## The Importance of Helping Over Selling

I get that you have a company to run, and I'm not suggesting you start giving things away for free or risk your health to open up shop. What I'm recommending is that you take a step back and think about your community while you're running your company.

Maybe there is a way that what you offer could help people in this difficult time. One of our clients, The Broken Whisk, has had to stop serving customers in their Agassiz, B.C. restaurant.

They instead created a select menu of gourmet meals for only \$5 each, which can be ordered in advance and picked up.

And not only is their Facebook post getting liked and shared because it's a delicious offer and a way of giving back to the community, it's also started a chain of charitable giving. More and more people are donating money to buy meals for those in need.

Is there a way you can adapt your current marketing model to better serve your customers and community?

### Online Events & Offerings

Obviously, hosting a conference or awards dinner is off-limits at the moment. A huge part of your planning for business challenges related to COVID-19 is going to include an online marketing strategy.

Think of some ways you can still connect people from the comfort of home, including webinars, Facebook Live videos and virtual conferences using tools like Zoom. And don't just focus on coronavirus-related content. Keep producing video that will benefit your small business marketing strategy long after the COVID-19 crisis is over.

Here's a good example of a pivot to online marketing. A Stroke of Genius is a client of ours located in North Vancouver, BC. As an interior decorator, Barbara Aylesworth has built her company working directly with clients and manufacturers. However, with the COVID-19 crisis, she's had to pivot her marketing strategy to include virtual consultations and project management.

Barb is also inviting people to send in their pics of decorating and design challenges via Instagram, offering to then send her ideas for possible solutions.

This is a fun and inspiring way to engage her community when people need it the most!

Should You Stop Marketing During COVID-19? Read more on our website.

Unless you sell toilet paper or hand sanitizer, you may be concerned about the impact of the coronavirus on your small business; your revenue, employees, and empty marketing funnel. So does that mean you should hunker down and stop your marketing efforts for the time being? No!

I'm a firm believer in focusing on what we can do and change while finding the opportunities amidst adversity. In this article, I'm sharing some ways you can address the challenge of marketing during a crisis and keep your company going.

Business Planning for Future Growth

Of course you have to respond to the COVID-19 pandemic with the right messaging, but don't get tunnel vision when it comes to your marketing strategy and ad dollars.

While consumers are spending more time online, they're not keen to make decisions about the future right now. If you have a service that requires your customers to plan far ahead or travel, your conversion rate will suffer during the outbreak. So don't expect that the same content and ads that brought in traffic before the pandemic will keep coming.

But all is not lost! This can be an opportunity to engage with your customers on social media and increase your brand awareness with content and even paid advertising. With paid ads, you may even find that you have less online competition during an economic downturn, meaning you'll pay less for more eyeballs and clicks.

From promoting spring-themed gift cards on your website to creating useful articles on financial planning during COVID-19, give your customers a reason to stick with you-even if the pandemic is bringing you more business.

For example, Your Yoga Flow is an online app that provides virtual yoga classes. If anything, they're seeing an increase in sales as people try to stay active and healthy while cooped up at home. By not just selling their services, but providing a free meditation during "these trying times," they boost brand awareness, give something back and stay top-of-mind.

If you're willing to look forward while creating your coronavirus crisis management plan, you'll be better positioned to stay relevant and remarket to your audience at a later time.

### Empowering Your Employees

According to recent statistics, over 500,000 Canadians, or approximately 2.5% of the workforce, have filed E.I. applications already. If you haven't had to make hard decisions about laying off staff, how can you keep your team busy and optimistic about the future?

Here are a few ideas:

Offer training opportunities to help your team and your company in the long-term-whether that's getting a new certification or reading relevant industry books.

Consider making vacation policies or work hours more flexible to accommodate employees whose kids may be out of school, for example.

Share jobs across departments to increase responsiveness to your customers.

Involve your team in "back burner" projects or things you've put off because you were too busy before.

If your team is working remotely, make sure to check in with them often. A virtual daily coffee or 15-minute meeting to see how everyone is doing can be vital to your team's mental health and well-being.

No matter what type of company you have, your customers are looking for help and assurance right now. As you're developing your coronavirus crisis management plan, keep in mind that everyone is being bombarded with messaging noise.

That means emails from every company they ever followed on social media, bought a product from or signed up to get an eNewsletter from! As you pivot your small business marketing strategy to survive the COVID-19 crisis, make sure all of your communications provide succinct, meaningful and relevant information.

The more value you can offer your customers right now, the more successful you'll be as we shift to a new way of marketing and emerge from a global crisis that made our world a lot smaller.

Susan Friesen, founder of the award-winning web development and digital marketing firm eVision Media, is a Web Specialist, Business & Marketing Consultant, and Social Media Advisor. She works with entrepreneurs who struggle with having the lack of knowledge, skill and support needed to create their online business presence.

As a result of working with Susan and her team, clients feel confident and relieved knowing their online marketing is in trustworthy and caring hands so they can focus on building their business with peace of mind at having a perfect support system in place to guide them every step of the way.

Visit <http://www.ultimatewebsiteguide.ca> and download your FREE "Ultimate Guide to Improving Your Website's Profitability - 10 Critical Questions You Must Ask to Get Maximum Results".

Article Source: [https://EzineArticles.com/expert/Susan\\_Friesen/260293](https://EzineArticles.com/expert/Susan_Friesen/260293)

## **17 Strategic Business Pivots to Make in the Time of COVID-19**

**By Susan Friesen**

Your Coronavirus Essentials Checklist

Just like that we woke up in a different world! The coronavirus epidemic has completely changed our lives and transformed the way we do business.

For many, this can be an incredibly frightening time to be a business owner.

You worry about the health of your employees and the business, the bills that keep coming, your income and family obligations.

But rather than let worries overwhelm them, smart small business owners can use this opportunity to plan and prepare for future growth and success.

That's why we've created a COVID-19 checklist to help you make the most of this uncertain time:

1) Announce changes in business hours.

Are you an essential business that is staying open? You may have shorter business hours to allow more time for cleaning, or senior hours where high-risk and elderly customers can come and safely shop with fewer customers.

Post any new business hours on the front of your physical location and share them on the home page of your website.



Don't forget to update your hours on your social media profiles too as well as your Google Business listing so everyone can stay up to date.

## 2) Pivot to meet the current needs of your customers

Find creative ways to do business with customers who are at home on quarantine. Are you offering pick up or delivery? Let customers know what you are doing to accommodate them during this new, and hopefully temporary, normal.

For example, amid shutdowns and shelter-in-place orders, most car dealerships will deliver your new car to you. Similarly, service-based businesses can pivot their offerings to meet the demands of customers who are staying home.

One example is the landing page we designed for Barbara Katnich, an interior designer with Fresh Approach Designs.

She acknowledges that with all this time on your hands you are probably ready for a design change. Then she walks you through the process of how she can work with you virtually while you are at home.

The advantage of a landing page is that it's quick, easy, and allows you to speak to the specific needs of customers at this time without having to redesign your whole website.

## 3) Provide ways customers can still support you

If you operate a service-based business like a restaurant or a salon and have been forced to close your doors, you may want to consider offering online sales of gift certificates.

Encourage your customers to buy a certificate now so they can treat themselves and redeem it when the virus outbreak has slowed, and their self-quarantine period is over.

This can help maintain sales for you, while giving your customers something fun and exciting to look forward to.

#### 4) Communicate with your customers.

People want to know if and how your business has changed in light of the pandemic. Assure them their health and safety are your #1 concern and tell them what you're doing to ensure a safe shopping experience.

Explain any extra precautions you're taking to disinfect and clean and let them know how you're promoting social distancing as a small business owner.

#### 5) Announce any new services you're offering.

Whether you sell food or fashion, are you offering pickup or delivery? The more ways you can accommodate your customers during this new normal, the better for them and fewer financial losses you'll experience.

Share the news on your website and on your social media accounts like what Lorie Brown did. She saw a huge need to support nurses and healthcare practitioners during this crisis and created the COVID-19 Survival Guide.

She asked us to help her create a multi-guest interview series that delivers daily videos to subscribers, all for free.

#### 6) Ditch out-of-date information and broken links.

It's the perfect time to step back and take a long hard look at your website.

Are there any typos? Did a team member featured on the About Us page quit? Are certain articles no longer relevant?

Maybe your site is too far outdated and needs a complete overhaul. Don't try to go it alone, it's best to hire a professional web development firm who can assist in ensuring your site is professionally done to give your business the best exposure once this crisis is over.

7) Lighten the (remote) workload.

Give your staff easy ways to track their hours like the free time-tracking tool Toggl that we use. Encourage team communication with tools like Zoom, Slack or Discord. Look into team collaboration tools like Monday and Asana to manage project workflows.

You can see more team tools in our article: [Tips on Managing Your Workforce Remotely](#).

8) Get lean and mean.

You're going to have to accept that things may be tight for a while. Are there some non-essentials you could cut from your small business budget?

Reevaluate the services you use to make sure you have the best value for your money, but don't tighten your belt so much that you miss out on marketing or business opportunities.

9) Plan your editorial calendar.

You want to provide your customers with informative, valuable content that inspires them and builds your expertise and credibility in their eyes.

If you have some downtime now, invest it in your future content. Look at what products and services you'll want to promote down the road and plan some engaging content and marketing materials to support your efforts.

10) Learn a new skill.

Do you want to learn to use Instagram more effectively? Maybe you want to master your video marketing skills or learn a new language to better communicate with your customers.

If you can slow down a bit, grab the chance to read, learn and grow! This might be a good time to check out our AMPLiFY! Business Academy where members get instant access to a large library of training videos from social media marketing to lead generation and content marketing.

11) Make your employees feel safe.

Always communicate your COVID-19 plans to workers around sick days and compensation. If your employees have to come into work, assure them how you're keeping their area clean and safe.

They are looking to you to feel taken care of during this scary time. That said, don't lie or withhold negative information; if you can't give bonuses or have to lay off staff, let them know as soon as possible and support them as best you can.

12) Attract more traffic to your site.

It's always a great idea to add fresh, useful content to your website. Your visitors will appreciate solution-focused content that honestly speaks to why they need your product or service.

Focus on writing some keyword-rich articles to boost your search engine rankings.

### 13) Grow your social media following.

You may be self-isolating, but you can connect online! Message people who liked or commented on your social media posts to start a conversation.

Be active in the Facebook Groups where your ideal clients hang out. Be visible and helpful (not salesy and annoying) while you are making new connections and offering people a human connection.

### 14) Segment your email list.

Over time, email lists can get messy. Small business owners may lack the resources to write targeted messages for each group of potential clients (e.g., hot prospects, warm leads, new prospects, business colleagues).

Focus on segmenting your email list to make people feel like you're speaking directly to them and offering them unique content.

### 15) Develop a new product or service.

Maybe you have a business idea that's been on the back burner these past few years. Or, maybe you've identified a product or service that would really help people during or after the COVID-19 pandemic.

Check out what Heather Wilson has done to meet today's demand of using Facebook Groups to a businesses advantage. She quickly created an online course called Create, Fill, and Engage Your Facebook Group.

16) Perform competitive research.

Staying on top of what your competitors are doing gives you an incredible advantage, whether you run an established small business or are developing a new product or service.

Invest some time now in better understanding your competitors. How is their messaging different from yours? What are their strengths and weaknesses? How do they engage with their social media followers?

17) Share the love.

Don't miss the chance to strengthen your most important relationships. Think about the people who are important to you (family, friends, customers, vendors, mentors, partners) and tell them what you most appreciate about them!

Stay Engaged with Customers and Keep Sales Alive During COVID-19.

While the COVID-19 pandemic is unprecedented and uncertain, let's try to see these slow times for small businesses as an opportunity to think, review and plan for future growth and success.

If you need assistance, we can help you design a landing page to help you transition through and support your customers effectively at this time. Together we'll find ways to boost dwindling sales due to this unforeseen economic crisis.

We wish everyone health and safety during this unusual time.

To your success,

Susan

Susan Friesen, founder of the award-winning web development and digital marketing firm eVision Media, is a Web Specialist, Business & Marketing Consultant, and Social Media Advisor. She works with entrepreneurs who struggle with having the lack of knowledge, skill and support needed to create their online business presence.

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## **After The Coronavirus Is Gone**

**By Scott Marcus**

COVID 19, the Coronavirus, is triggering global panic.

As I write this, the World Health Organization (WHO) just declared it a pandemic, citing "alarming levels of spread and... levels of inaction." Right now, there are over 120,000 documented cases worldwide and over 1,000 here in the United States. I'm positive that by the time you're reading this, those numbers will seem nostalgic. Things move blindingly fast. As illustration, three weeks ago, we hadn't even heard of "self-quarantine." Miriam Webster now catalogues it in the top one percent of lookups.

One might say that the media is over-hyping the crisis to get eyeballs and clicks. One might be right. Yet, there's also a legitimate cause for concern. Between the unreliable information stream; the natural fear we all have of the unknown; as well as feeling that we are leaves in the rapids, propelled without control; it's normal to have to hold at bay the nauseous sense of panic welling up in our throats.

As the serenity prayer says, "God, grant me the serenity to accept the things I cannot change, courage to change the things I can, and the wisdom to know the difference." This condition is so not in the "change the things I can change" column. The best advice is "remember to breathe." Clear a moment. Close your eyes. Take a long, deep breath. Let it out. Repeat. Color it "acceptance"

However, what will our society look like post-virus?

And yes, it will be gone. There will be a morning after. Most of us will be here when the sun rises on that day. If we use China as a template, the scourge - if handled well (and that's a topic for another column) - will take about eight weeks to run its course.



I'm sure there are greater predictive minds than mine looking to that time, although I think some consequences are already making themselves known.

Per Wikipedia, "Social distancing is... (a method to) control actions... to stop or slow down the spread of a highly contagious disease." As we all know, it is being implemented by curtailing and canceling large gatherings, such as concerts, sporting events, conventions - let alone schools, churches, and businesses. Cities have banned gatherings over 250 people. Italy has virtually locked the doors and thrown away the keys. New Rochelle, NY has a one-mile containment zone. All of these actions are being executed with the intent of flattening the "expansion curve," a lofty goal but with side effects.

We are traveling less - even within our own towns. We remain more in our homes, associating only with those we trust.

Sadly - out of a perceived necessity - we are even reconsidering hugs and handshakes, trading them for fist, foot, and elbow bumps, as well as bowing.

Culture has been defined as "that's how we do things around here." Our culture - for better or worse - will not "do things" like we did before this disease. It will not look nor feel the same, even after the Coronavirus is relegated to the same place in history as polio, SARS or the Black Plague. We will "do things" differently

As humans, we are hard-wired to be with others. That is why we form close relationships, build communities, construct cities. This epidemic is putting us at odds with our nature, causing sadness and internal conflict that will remain long into the future. It will show itself as us being more physically - and emotionally -- isolated; nesting more, using virtual links more frequently than we do now, seeking out that connection we no longer feel safe receiving in public. Fear and suspicion of the "other," already a major difficulty in society, is being amplified.

You might or might not agree with my calculations but, being a battle-scarred optimist, I want to believe that maybe, just maybe, this horrendous period will give bright-light brilliance to the fact that - no matter our color, gender, sexual preference, political leanings, even the country in

which we live - we are One. Each of us loves and fears and does the best he or she knows how to do. Yet, in a New York minute, it can all be change, through no fault of our own.

I do know that no matter what the future carries, we stand a better chance if we can find ways to help and hold each other through this period, whether that's via a video conference or as part of large conference.

This will end. What happens afterwards is being created now. Choose wisely your reaction.

Stay healthy. Be well.

Scott "Q" Marcus refers to himself as "recovering perfectionist" because after losing 70 pounds in 1994, he realized it's better to do something well than nothing perfectly. He now conducts playful, lively speeches, workshops, and presentations throughout the country on how to achieve goals, improve attitude, and enhance communication. His presentations are described as a "cross between business 101, group therapy, and a southern revival." You can contact him for speaking, coaching or consulting, or you can sign up for his free ezine, "This Time I Mean It" at <http://www.ThisTimeIMeanIt.com>

Article Source: [https://EzineArticles.com/expert/Scott\\_Marcus/214017](https://EzineArticles.com/expert/Scott_Marcus/214017)

# **Working From Home Efficiently**

**By Linda Hancock**

Okay, I admit it. I do not transition very well. For years I have built my business providing face-to-face sessions in my office. Now, due to the COVID-19 I have had to mentally and physically operated my practice from my condo. It took a few days until I was psychologically ready to do this. Now, however, I have a system and am quite comfortable with the new ways of serving clients.

Here are some of the things for you consider so that you can successfully work from home:

**Attitude** - Being at home does not mean that you are on holidays. You need to give your employer a day's work for a day's pay and, if you are self-employed, to honour your business goals.

**Schedule** - Book your week for the same times you would if you were at the office. Your start and end times shouldn't be altered. You can still have meetings, telephone contact with clients and complete tasks even though you might need to have alternate ways of doing them. A forty-hour work week meanings forty hours of working.

**Routine** - Get up and groom yourself for the day. Set and follow a pattern that you can use repeatedly to stay in the work mode. The other day, I heard a journalist talk about her friend who has worked at home for years. Each morning, he dresses, leaves his house, and walks to a deli where he picks up a cup of coffee. He immediately walks home and as soon as he enters the door of his house, he knows he is at work! The daily walk helps him to psychologically transition. I set the alarm on my phone to remind me of the start and end times for breaks and lunch throughout the day and honor these times.

**Setting** - You need to set up private a place that is designated only for work and equipped to do your tasks. Years ago, a real estate agent told me that her work and domestic lives were inappropriately enmeshed until she had a door installed on one room in her house. The door separated the two parts of her life for her!

**Distractions** - Turn off the television! Make sure that family members know the importance of respecting the fact that you are working. Teach children that a "Do Not Disturb Sign" means that you are busy. Save personal conversations with friends until after your workday is over.

Adjustments - Ensure that you have all the "tools" you need to do your job. I don't see clients at my condo. My staff helped me to choose a secure software program so that I can do confidential therapy sessions with clients instead. We can see each other while we talk but can be miles apart at the same time

Focus - Businesses succeed when they make or sell products and services. Your thoughts, time and efforts need to always keep this in mind. Sitting in a hen house doesn't make you a chicken and just stating that you are working doesn't make you a successful employee or business owner. You need to continually contribute to transactions and the bottom line.

Timelines- If you have another physical office it is protected, insured and clean. You might be able to save some money while you are temporarily working from home (transportation, supplies, or even reduction in telephone/internet packages) but always keep in the mind that the office you will be returning to needs to be ready for you.

Preparation - Think about the adjustments that you can and will make in order to improve the business in the future. Temporarily working from home does not mean that you are in a "time out" where you just sit and wait for things to change. Take new ideas and refine them. Consider changes that you can make for efficiency. Think about the needs of your clients and how you can better fill them. Be creative. For example, I have been using the time that I would normally use travelling back and forth to my office to write an "Anxiety" handout for clients.

Hope - Life and business have both good and hard times. We all want to live on the mountaintop experiences, but the fruit actually grows in the valley! Learn to be content and give thanks no matter what is happening in the world! Mountaintop and valley.

And now I would like to invite you to claim your Free Instant Access to a complimentary list of 10 Steps to Making Your Life an Adventure when you visit <http://lindahancock.com>

From Dr. Linda Hancock, Registered Psychologist and Registered Social Worker

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## **3 ECommerce Challenges & Solutions for Tough Times**

**By Susan Friesen**

How to Start Selling Online More Effectively

To call these "tough times" may be a bit of an understatement to you, or perhaps you've pivoted your marketing strategy nicely and aren't negatively affected by the COVID-19 crisis.

There's no arguing this pandemic has led to increased internet traffic as people work, socialize, and entertain themselves online.

Distributel, a company that buys wholesale access to Rogers Communications Inc.'s internet backbone, has seen a traffic increase of about 50%.

But an increase in internet usage doesn't necessarily translate into increased sales for your small business.

Many consumers are hesitant to buy, either because they aren't sure when they'll be able to use the service you sell, or because they've been laid off or have had their hours reduced.

That's why I'm sharing 3 eCommerce challenges and solutions to help you maintain and even grow as an entrepreneur during this crisis.

**The Challenge: Making Your (eCommerce) Business Essential**

Many entrepreneurs are panicking because they don't have a traditional eCommerce business model, or an eCommerce website.

And, many worry they don't have an "essential" enough product or service to offer online, like grocery stores do. (According to Apptopia, downloads of Instacart, the Walmart Grocery app and Shipt have increased 218%, 160%, and 124% compared with a year ago.)

Okay, so chances are you don't sell groceries. But you can still be essential to your customers.

Are there certain products or services you can focus on that will better serve your target audience? For example:

If you have a clothing store: fabric face masks, casual outfits for working from home

If you offer financial, life, or other counseling services: 30- or 60-minute mental health sessions; many people are feeling lonely and isolated because of COVID-19

If you sell entertainment-related items: create short videos highlighting games, crafts, or puzzles that will be fun for bored kids or adults

While it's not possible for every small business to pivot this way, the reality is that if you don't adjust to this "new normal" as much as possible, your small business will suffer.

Changing your marketing strategy can be tough, but it's amazing how a bit of creative thinking can transform your situation and increase your web presence.

**The Challenge: More Customer Questions & Complaints**

While having a phone number on your website and in your Google My Business results may have been enough pre-pandemic, your customers need your support now more than ever.

More people online means an increased number of questions, comments and complaints could be coming your way.

I'm sure you've been incredibly frustrated at one point after being put on hold for ages, or not getting an email back when you inquired about something. Don't let your customers have a similar experience on your website.

If you don't have the capacity to manage customer service, consider implementing a chatbot to increase your web presence. A chatbot allows business owners to provide responses and solutions-and even generate leads and sales-24/7 through automated customer service live chat.

According to IBM, up to 80% of routine customer service questions could be answered by a chatbot. While not every query can be tackled by a chatbot, it could take on the easier, yet still time-consuming, questions your customers might have.

#### The Challenge: Website Tech Issues

Let's say you already have an eCommerce site for your small business. If you have a broken link, 404 page or slow loading times, your visitors will go elsewhere. (This is true all the time, not just during COVID-19).

Even a clever 404 page can't save you from losing visitors (and potentially sales).

Also, you're not going to build trust among your audience with a poor user experience. Nobody is going to enter their contact or credit card info if they don't trust your website.

Not to mention, an unkempt website is a target for hackers.

Remember: You're not only responsible for protecting your own data, but also for your visitors'. Security requirements are always changing, and no small or large business is safe.

That's why it's essential to monitor for glitches, update your software and back up your site regularly for an optimal user experience.

Now, what if you have to start selling online in response to COVID-19? While there are sites out there that let you start an eCommerce website yourself, remember that your website is your number one marketing tool.

From calls to action to the font type and images on your pages, how you present your small business to the world makes a big difference to how you're perceived.

Also, you're not going to have the same customization options if you go the DIY route.

A professional webdevelopment company will understand not only the technical aspects of the build, but also the best ways to get your message across to your target audience.

READ: "17 Strategic Business Pivots to Make in the Time of COVID-19", on our website.

Just like that we woke up in a different world! The coronavirus epidemic has completely changed our lives and transformed the way we do business.

For many, this can be an incredibly frightening time to be a business owner. You worry about the health of your employees and the business, the bills that keep coming, your income and family obligations.

But rather than let worries overwhelm them, smart small business owners can use this opportunity to plan and prepare for future growth and success. We've created a COVID-19 checklist to help you make the most of this uncertain time.



Whether you have to start an eCommerce website from scratch or adjust your existing marketing strategy to increase your web presence, now is not the time to sit back and wait for the pandemic to blow over.

Right now, your target audience is "living" online, so you're going to have to tackle eCommerce business challenges as quickly and smoothly as possible. Be proactive, pivot your marketing strategy, and learn from this journey!

To Your Business Success

Susan

Susan Friesen, founder of the award-winning web development and digital marketing firm eVision Media, is a Web Specialist, Business & Marketing Consultant, and Social Media Advisor. She works with entrepreneurs who struggle with having the lack of knowledge, skill and support needed to create their online business presence.

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# **Recession Is Here... Six Costly Mistakes Home Sellers Make During Recessions And How To Avoid Them**

**By Robert W. Dudek**

Whether it is officially confirmed or not, it is safe to say that we are in a recession. What is recession? A recession is a business cycle contraction or general economic decline due to significant drop in spending and other commercial activities. Most pundits and politicians will blame Covid-19 crisis for the recession, but even pre-Covid-19 the proverbial writing was on the wall.

The U.S. had over 120 months of economic growth, which was the longest expansion in the modern history. Other indicators, such as negative yield spread on treasuries (long term bonds having lower interest rates than short term T-notes), were pointing to an imminent change of the economic cycle and an impending recession. The only real question was: when and how bad?

Then Covid-19 came... If the cycle was going to change anyway, Covid-19 acted as a huge and unexpected accelerant to make the recession much more immediate and severe. Inevitably during recessions all classes of real estate, including residential homes and condominiums, are negatively impacted as lower consumer spending and higher unemployment affect real estate prices and marketing times.

Here are the six costly mistakes home and other real property sellers make during recessions and how to avoid them:

Mistake #1: This will pass and real estate market will be hot again soon

First thing to remember is that real estate cycles are much longer than general economic cycles. Even if the general economy recovers, which eventually it always does, a typical real estate cycle takes as long as 12 to 15 years. The cycle has four key stages: Top, Decline, Bottom and Rise.

Let us consider the last real estate cycle, which lasted approximately 14 years:

2006 - Prices hit the Top

2006 to 2012 - Prices Decline

2012 - Prices hit the Bottom (Trough)

2012 to 2019 - Prices Rise\*

2020 - Prices hit the Top

2020 to? - Prices Decline

\*NOTE: In 2016 the national residential real estate price index reached its pre-recession 2006 peak levels. It took 10 years for the real estate market to recover.

The way to avoid this mistake is to recognize that real estate cycles take years to run and plan accordingly. Additionally, nobody knows for sure when the prices will hit the top or bottom until after the fact.

Mistake #2: Low interest rates will make the economy and real estate market rebound

Between 2006 and 2011 the interest rates (Fed Funds) were continuously cut by the Federal Reserve Board and went from low 5% to almost 0%. However, that did not stop the real estate recession and depreciation of property values.

Undoubtedly, low interest rates made the economic decline and real estate recession less severe and saved some properties from foreclosures, but it still took six painful years for the real estate market to hit the bottom and then four more years for the prices to go back to their pre-recession levels.

Some markets had never fully recovered. For example, residential home prices in some parts of California, Arizona and Nevada are still below their 2006 highs.

To avoid this mistake, one needs to realize that although low interest rates will help to stimulate the economy and real estate market, they do not cure them.

Mistake #3: I don't need to sell now, so I don't care

If you do not need to sell until the cycle plays out, which typically is over ten years, then you will not be as affected, especially if you have a strong equity position, limited mortgage debt, and solid liquid assets.

However, it is good to keep in mind that "life happens" and either professional or personal circumstances can change and we may need to sell property before the downturn runs its course.

Furthermore, if the property has a mortgages and its value declines to the point being "upside down," meaning the mortgage loan balance exceeds the value of the property, then the options of selling, refinancing or even obtaining an equity line of credit, will be significantly limited.

This does not mean that everybody should be rushing to selling their real estate if there is no need to do so, just keep in mind that circumstances may and often do change and property options will be affected, so plan in advance. As one wise proverb says: "Dig your well before your thirst."

Mistake #4: I'm selling, but I won't sell below my "bottom line" price

This is common and potentially very costly mistake. Generally speaking, every seller wants to sell for the highest price and every buyer wants to pay the lowest price. That's nothing new. When selling real estate, most sellers want to achieve a certain price point and/or have a "bottom line."

However, it is important to understand that the market does not care what the Seller, or his/her Agent, think the property value should be at. The market value is a price a willing and able buyer will pay, when a property is offered on an open market for a reasonable amount of time.

Overpricing property based on Seller's subjective value or what is sometimes called an "Aspirational Price," especially in a declining market, is a sure first step to losing money. When a property lingers on the market for an extended period of time, carrying costs will continue to accumulate and property value will depreciate in line with the market conditions.

Additionally, properties with prolonged marketing times tend to get "stale" and attract fewer buyers. The solution is to honestly assess your selling objectives, including the desired time-frame, evaluate your property's attributes and physical condition, analyze comparable sales and market condition and then decide on a market-based pricing and marketing strategies.

Mistake #5: I will list my property for sale only with Agent who promises the highest price

Real estate is a competitive business and real estate agents compete to list properties for sale which generate their sales commission incomes. It is not unusual that Seller will interview several agents before signing an exclusive listing agreement and go with the agent who agrees to list the property at the highest price, often regardless if such price is market-based.

Similarly to Mistake #4, this mistake can be very damaging to Sellers, as overpriced properties linger on the market for extended periods of time costing Sellers carrying costs such as mortgage payments, property taxes, insurance, utilities and maintenance.

Furthermore, there is the "opportunity cost" since the equity is "frozen," and it cannot be deployed elsewhere till the property is sold. However, the most expensive cost is the loss of property value while the real estate market deteriorates.

During the last recession, we have seen multiple cases where overpriced properties stayed on the market for years and ended up selling for 25% to 40% below their initial fair market values.

The solution is to make sure that your pricing strategy is based on the market, not empty promises or wishful thinking.

Mistake #6: I will list my property only with Agent who charges the lowest commission

Real estate commission rates are negotiable and not set by law. A commission usually represents the highest single item expense in selling real properties and is typically split between Brokers and Agents who work on the transaction

Some real estate agents offer discounted commissions, in order to induce Sellers to list their properties with them. But does paying a discounted commission ensure savings for the Seller? Not necessarily.

For example, if the final sales price is 5% to 10% below property's fair market value, which is not that unusual, due to poor marketing, wrong pricing strategy, and/or poor negotiation skills, it will easily wipe out any commission savings and actually cost the Seller tens of thousands of dollars in lost revenues.

The solution is to engage an agent who is a "Trusted Advisor," not just a "Salesperson." A Trusted Advisor will: 1) take time to listen and understand your needs and concerns (Needs Analysis); 2) thoroughly and honestly evaluate your property and market conditions (Property and Market Analysis); 3) prepare, present and execute effective plan of action (Sales and Marketing Plan); and 4) be your advocate throughout the process and obtain the best possible outcome (Optimal Results).

Finding such a real estate professional may not be always easy, but it certainly is worth the effort and will pay off at the end.

In conclusion, this article has outlined six costly mistakes real estate Sellers make during recessions and how to avoid them. The first mistake is not understanding that real estate cycles are long and take years. The second mistake is a misconception that low interest rates alone will create a recovery.

Another mistake is not realizing that circumstances may change and not planning in advance. Mistakes number four, five and six pertain to understanding the market value, proper pricing and selecting the right real estate professional.

By understanding and avoiding these mistakes, real estate Sellers have significantly better chances of minimizing the negative impact of a recession while selling their properties.

Robert W. Dudek, MSEL is President and Broker Associate of The Blu Summit Real Estate Group at Keller Williams Realty. An industry veteran with over 25 years experience in real estate sales, marketing and finance. Readers are welcome to contact the author with questions or comments. They can also request a FREE Real Estate Consultation and FREE Property Value Report at not cost or obligation.\* Contact information: Robert W. Dudek, info@tbsreg.com, 619-280-1400 x.8128, 1-888-994-4BLU or <http://www.BluSummit.com>. \*Limited time offer, subject to availability.

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# **SUMMARY OF SBA 7(a) LOAN GUARANTY PROGRAM (the PAYCHECK PROTECTION PROGRAM)**

**By Dallas Alford**

On March 27, 2020, the President signed into law the next phase of action being taken by the federal government aimed at providing financial relief to the American people and businesses in response to the economic fallout from the COVID-19 pandemic. This "thirdphase" piece of legislation is called the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act).

One of the core pieces of the CARES Act is the provision of \$349 billion for small businesses through federally backed loans under a modified and expanded Small Business Administration (SBA) 7(a) loan guaranty program called the Paycheck Protection Program. Congress has designed the program to make funds available to qualifying businesses quickly through approved banks and nonbank lenders.

## **KEY POINTS:**

- Under the CARES Act, qualifying businesses include businesses with up to 500 employees or which meet the applicable size standard for the industry as provided by the SBA's existing regulations. Most small businesses will qualify.
- Loans will be provided through SBA and Treasury approved banks, credit unions, and some nonbank lenders.
- Borrowers can borrow 2.5 times their monthly payroll expenses (during the 1-year period before the loan is made (see page 18) ), up to \$10 million.
- Applicable uses for the loan proceeds include: (1) qualified payroll costs; (2) rent; (3) utilities; (4) mortgage interest and other debt obligations; (5) group health care benefits including medical insurance premiums; (6) interest on any other debt obligations that were incurred before the



covered period (February 15, 2020 and ending on June 30, 2020). (see page 10 re. covered period)

- Loan forgiveness is available for funds used to pay 8 weeks of payroll and other qualified expenses.

What Businesses Qualify For The Paycheck Protection Program?

Generally, any business in operation on February 1, 2020 with less than 500 employees is eligible.

What is the Maximum Loan Amount That a Business Can Receive Through the Paycheck Program?

Each business can receive the lesser of \$10 million or the sum of 2.5 times the average total monthly payroll costs for the prior year.

What Can a Business Use Program Funds For?

Businesses can use funds from the Program loans to cover expenses including the following:

- Payroll costs, including compensation to employees that would include payments for severance, payments required for group healthcare benefits (including insurance premiums), retirement benefits, and state and local employment taxes.

- Interest payments on any mortgage or other debt obligations incurred before February 15, 2020 (but not any payment or prepayments of principal).

- Rent.

- Utilities.

However, the money cannot be used for compensation of individual employees, independent contractors, or sole proprietors in excess of an annual salary of \$100,000; compensation of employees with a principal place of residence outside the U.S.; or leave wages covered by the Families First Coronavirus Response Act (H.R. 6201) that has already been passed and will be effective as of April 1, 2020.

### How Are Loans Made Under This Program Different From Traditional 7(a) Loans?

Unlike traditional SBA 7(a) loans, no personal guarantee will be required to receive funds and no collateral needs to be pledged. Similarly, the CARES Act waives the requirement that a business show that it cannot obtain credit elsewhere. In lieu of these requirements, borrowers must certify that the loan is necessary due to the uncertainty of current economic conditions; that they will use the funds to retain workers, maintain payroll, or make lease, mortgage, and utility payments; and that they are not receiving duplicate funds from another lender for the same uses.

Payments of principal, interest, and fees will be deferred for at least 6 months, but not more than 1 year. Interest rates are capped at 4%. The SBA will not collect any yearly or guarantee fees for the loan, and all prepayment penalties are waived.

The SBA has no recourse against any borrower for non-payment of the loan, except where the borrower has used the loan proceeds for non-allowable purposes.

### What Are The Loan Forgiveness Requirements?

Borrowers are eligible for loan forgiveness for 8 weeks commencing from origination date of the loan for payroll costs equal to the cost of maintaining payroll continuity during the covered

period; (Note: Eligible payroll costs do not include annual compensation in excess of \$100,000 for individual employees); payment of mortgage interest; rent; and utilities.

The amount of loan forgiveness may be reduced if the employer reduces the number of employees as compared to the prior year, or if the employer reduces the pay of any employee by more than 25% as of the last calendar quarter. Employers who rehire workers previously laid off as a result of the COVID-19 crisis will not be penalized for having a reduced payroll beginning February 15, 2020 and ending on June 30, 2020).

Borrowers must apply for loan forgiveness to their lenders by submitting required documentation and will receive a decision within 15 days. If a balance remains after the borrower receives loan forgiveness, the outstanding loan will have a maximum maturity date of 10 years after the application for loan forgiveness.

How Does A Business Apply For A Loan Under The Paycheck Protection Program?

We expect additional guidance from the SBA regarding how to apply for Program loans, including additional resources on the SBA website about how to find a qualified lender. Borrowers who have existing relationships with banking institutions may wish to contact these individuals to inquire about applying for loans under the Program.

Does The CARE Act Affect Any Other Loans Available to Small Businesses?

Yes. The maximum loan amount for an Express Loan is increased from \$350,000 to \$1 million.

The CARE Act also expands eligibility for borrowers applying for an Emergency Economic Injury Disaster Loan (EIDL) grant. Emergency Economic Injury Disaster Loans are available for most small businesses, sole proprietors, or independent contractors. Additionally, the Act waives requirements that (1) the borrower provide a personal guarantee for loans up to \$200,000, (2) that the eligible business be in operation for one year prior to the disaster, and (3) that the borrower is unable to obtain credit elsewhere. The SBA is also empowered to approve applicants

for small-dollar loans solely on the basis of their credit score or "alternative appropriate methods to determine an applicant's ability to repay."

What Are the Terms of an EIDL?

Up to \$2 million

Interest Rates: Fixed at 3.75% for small business

Term: Term loans up to 30 years, structured with a 12-month principal and interest deferral

No prepayment penalty

Collateral: Required if the loan is over \$25,000. Real estate is preferred but a loan will not be declined for lack of collateral. However, all available collateral will be required.

How Do You Apply for an EIDL?

EIDL's are handled directly by the SBA. The business can submit either a paper or online application. The on-line application can be submitted at the following website:  
<https://disasterloan.sba.gov/ela>.

Additionally, the business can call the SBA Customer Service Center at 1-800-659-2955 or mail [disastercustomerservice@sba.gov](mailto:disastercustomerservice@sba.gov) for further information on the program or for details on submitting a paper application.

Most significantly, for borrowers seeking an immediate influx of funds, borrowers may receive a \$10,000 emergency advance within three days after applying for an EIDL grant. If the

application is denied, the applicant is not required to repay the \$10,000 advance. Emergency advance funds can be used for payroll costs, increased material costs, rent or mortgage payments, or for repaying obligations that cannot be met due to revenue losses.

Borrowers may apply for an EIDL grant in addition to a loan under the Paycheck Protection Program, provided the loans are not used for the same purpose.

Is Relief Available For Businesses With Pre-existing SBA Loan?

Yes. The SBA will pay the principal, interest, and associated fees on certain pre-existing SBA loans for 6 months.

Conclusion

There are a lot of moving parts to the CARES Act and its SBA disaster relief programs which will continue to evolve with more clarity over time. Talk has already begun on Phase IV of stimulus relief due to COVID-19.

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## **Coping with Covid-19 and New Directions of Business**

Rex Stevens of Cairn Accounting has provided these helpful articles to help you negotiate these stressful times. You may copy and share this information with friends and associates. If you would like to contact Rex directly, email him at [rex@cairnaccounting.com](mailto:rex@cairnaccounting.com).

“The reality is that the business owners that use and understand their financial statements do far better than those that don’t. Cairn Accounting provides all of your financial statements (i.e. Profit/Loss, Balance Sheet, etc.) to you on a regular basis and we help you to not only understand them but to use them to find problem areas in your business as well as to identify the areas where your business is doing well.”



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