

*Good
Morning/Afternoon*

Recovery Planning

Warren Cooley - Bio

Warren Cooley is currently the Managing Principal of Warren Cooley, LLC, an economic planning and business development consultancy. He has undertaken 500 economic planning/development projects for a wide range of public and private clients throughout the U.S. and Canada. He has provided consulting services to 2,500 businesses; taught more than 200 business classes and workshops; and, facilitated planning workshops for public agencies and non-profit corporations.

Mr. Cooley is a Business Advisor for the Goldman Sachs 10,000 Small Businesses Program. Prior to forming Warren Cooley, LLC he was an executive team member of a national economic development organization, VEDC, where he served as COO and Vice President of Marketing. He has also owned a small chain of retail stores, and a construction management company.

Overview of Your Business

1. Name/when started/where located
2. Ownership
 - a) Business entity type.
 - b) Owners – who and what percent do they own
3. Products and/or services provided
4. How sold
 - a) Brick and mortar
 - b) On-line
 - c) Other

Overview of Business (cont.)

5. Financial performance (Not your official financial statements yet. We will get to those subsequently.)
 - a) Income statement – cash basis
 - b) Balance sheet
 - c) 2018, 2019 and 2020 (year to date)
 - d) Hold this thought, because we are going to combine with another point later in the presentation.
 - e) I will illustrate with an Excel spreadsheet package – also available to you upon request.
6. This will be the first section of your written plan – ***Overview of Business.***

Here's the Situation

1. We are closed/still open (whichever response applies)
2. Our revenue picture for March looks like this. (Add to Overview...income statement)
 - a) First 1-2 weeks of the month
 - b) Rest of the month
 - c) Compared with March in 2019 and 2018
3. We know that the road ahead looks pretty rocky. Here's our planning time frame.
 - a) Q2 2020 – in the tank
 - b) Q3 2020 – bottom occurs, and revenue trajectory starts to point upward. If closed (plan to re-open)
 - c) Q4 2020 – recovery continues to occur
 - d) Q1 2021 – back to a new normal, but revenue likely 10%-15% below what it would have been.

Here's the Situation (cont.)

4. Create pro forma income statement – 2020, monthly through December; 2021, Q1.
 - a) You could use Excel, Google, LivePlan, etc..
 - b) Monthly, March 2020 through March 2021.
5. Include,
 - a) Income
 - b) Cost of goods sold (if applicable)
 - c) Payroll – separate owners pay from rest of staff.
 - d) Rent
 - e) Debt service (interest only)
 - f) Rest of.....as appropriate
6. Do first cut with existing operating expenses shown (Remember you want to illustrate the problem).

Here's the Situation (cont.)

7. Now indicate the actions that you plan to take; i.e.,
 - a) Owners take pay cuts..
 - b) Reduce staff/convert some to part time/etc.
 - c) Reduce other operating expenses (indicate which ones).
8. New strategies (very important).
 - a. New target markets.
 - b. New marketing plans.
 - c. New distribution channels.
 - d. Change operating procedures; i.e., extend A/P terms.
 - e. Refinance debt.
 - f. Etc.

Here's the Situation (cont.)

9. Here is my forecast after implementing the afore stated plans
 - a) Don't show any anticipated new debt service. You want the lender to see how much free cash you may have to service their debt (if you are seeking financing).
 - b) KEY – make sure that your forecast proves that you need what you are requesting.
 - 1) New financing
 - 2) Rent relief
 - 3) Revised terms on A/P
 - 4) All of the above
10. Here's my plan to make you whole again. If that is your plan.
 - a) Re-pay deferred loan payments, rent, get current on A/P's.
 - b) Remember to use the terms “forgiven” and “deferred” properly.
11. Throughout, clearly state your assumptions.

Supporting Documentation

1. Pro forma operating (income) statements. (March 2020-March 2021).
2. Same information and look for 2019 and 2018. (For ease in comparison.)
3. Company financial statements – income statement and balance sheet – again, income statement on a cash basis.
 - a) 2018, 2019, and year-to-date 2020.
4. Personal financial statement – everybody who owns 20% or more of the business.
5. Tax returns – 2019 (if prepared) , 2018 and 2017
 - a) Business
 - b) Owners – again, 20% rule applies
6. Credit report – pull a free one; no need to get dinged.
 - a) Owners – again, 20% rule applies
 - b) Company – D&B (if available)

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