



# ACQUIVEST FINANCIAL GROUP

151 Southhall Lane, Suite 101 | Maitland, FL 32751 | 407-350-8000

## Surviving Coronavirus

Coronavirus has disrupted typical habits and lifestyle of every American. This change, although necessary for public health, is one that can cripple small businesses and their employees; potentially shutting them down, temporarily or otherwise, and possibly changing the way they operate permanently. Florida businesses, with hospitality and tourism as the major industries, will most definitely feel the effects. In many industries, revenue or income will slow or simply stop. Most business owners are typically focused on operations, growth, or profits. However, the key to survival in these volatile times is Cashflow! For a business to survive, the most important thing owners can focus on is maintaining enough cash to make it through the pause. For some businesses, this may only be a few weeks, while others may feel a slow down for much longer. First, are five immediate tips to keep in mind that can improve cash flow:

- **Extend payables** – Extending your payables as long as possible will allow you to keep cash for other needs. In many businesses this process is automated to some extent, but it would be good to review all your payables, figure out which ones you can extend. Contact your suppliers and understand if you can extend the terms. Some of your Suppliers may be suffering as well but at the least, solidifying a relationship would not hurt.
- **Shorten Receivables** – Request your customers pay you sooner than the due date. Similar to the above, this process is typically not reviewed regularly by small business owners. Monitor which customers owe you money and when, or even which future customers may be able to pay a deposit. Business owners who find themselves in a cash crunch may even want to offer a discount to encourage early payment. In an economy where many businesses are in a tough position, customers who are not in as bad of a cash positions may be happy to pay earlier than normal for a discount or even to build strong relationships and goodwill along the supply chain.
- **Review Inventory/Supplies/Assets** – Many small businesses overstock inventory, often to the point of obsolescence. Take this time to review inventory and other supplies or assets you have available to sell off (likely at a discount) and generate cash you wouldn't normally have. In the future this could free up space in a warehouse that can be used for growth coming out of this temporary pause.
- **Review all Expenses** – Take this time to review all expenses and reevaluate each to determine which are truly essential. Essential expenses are justified by being critical to the operation and/or provide a measurable return on investment. Additionally, even if it is an essential expense, perhaps there is a cheaper or more efficient alternative to solve the same needs. Many small business owners are too busy to take the time to review internally expenses they simply pay out because they have been doing so for years.
- **Use existing Lines of Credit** – If you have a line of credit, do not be hesitant to use it to keep cash on hand. Being in a good cash position is a key to survival and a line of credit can be paid off, over time, once the economy is back on track. If you have an existing line, especially if it is mostly untapped, consider giving a call to your banker and increasing the limit to allow for additional flexibility in anticipation of tougher times ahead.

In addition to the five immediate tips above there are other ways of bridging gaps that are available. They may take a little longer but are potential options to keep your business afloat during hard times. Consider if each is an option for your business and your situation. Some of these may be short-term temporary fixes, however, consider some of these solutions can put your business in a position to come from this pause stronger, more resilient, and set up for opportunistic grow.

- **Lending** – Banks remain in a great position to offer debt at historically low interest rates, either in the form of short-term bridge loans or Lines of Credit. Although our focus at ACQUIVEST is sell-side advisory, we regularly support businesses with debt placement in an effort grow/expand. In this case we can assist business owners with debt placement to stay afloat. We maintain great relations with banks and understand how their underwriters will look at provided documents. We can assist to monitor a smooth process and know what information is needed to get a loan to close.
- **Cost Segregation** – Small business owners who own commercial real estate, can take advantage of the tax advantageous practice, and can likely still use a study for the previous year. Cost segregation allows you to depreciate different items within a building over shorter periods of time than the typical 39 years. ACQUIVEST has connected many companies previously unaware of this practice saving them in future years. Feel free to reach out to us to discuss.
- **Recapitalization** – Private Equity Groups (PEGs), in addition to some corporate players, have been hesitant in recent years to deploy capital. This is despite the fact that many PEGs have been sitting on capital eagerly looking for the right opportunity. Many PEGs are actively looking for places to deploy their capital, often willing to take a backseat on equity. Many PEGs will want to move quickly to take advantage of historically low interest rates. ACQUIVEST has great relations with many PEGs, big and small, each looking for different ways to deploy capital. We has access to thousands and the ability to work with many groups simultaneously, quickly able to identify and select the best fit based on the desire and needs of the business owners. This can be great timing for business owners who have been considering this option for a while; especially if they have identified opportunity to expand, but may lack the necessary capital to capture that opportunity and emerge from this crisis stronger, bigger, and more profitable.
- **Federal and State Relief** – Government programs are becoming available over the next couple weeks that could be offering some relief to all businesses, and even more to those hardest hit; we at ACQUIVEST are monitoring available programs and will be distributing information as it becomes available. There are two notable programs currently for Floridians, and the most up to date news on two potential programs:
  - **\$50,000 interest-free, one-year loan announced by the State** – It is not a lot of money for some of the larger businesses, but if business owners, their suppliers, and their customers are all able to obtain this assistance. More info: <https://floridadisasterloan.org/>
  - **Extension of Federal Taxes** – Tax time is just around the corner, but the IRS delayed the due date for individuals making under 1 Million and Corporations making under 10 Million. Many business owners will qualify for this and should take advantage of it.
  - **\$2 Million SBA Loan** – A 1 year low-interest loan is available to small businesses. Must have attempted to obtain lending elsewhere. Must be in a declared Disaster Zone, as of 3/19/2020 Florida was not, but expected to join the list soon.
  - **Suspended Payroll Tax** – A proposal has been put forward postponing payroll tax for the year, but at the time of this article, 3/19/2020, it looks unlikely to pass. For the time being, expect to continue to pay this.

Keep in mind your employees, suppliers, customers, and everyone surrounding your business is likely suffering very similar to you. We are all in it together and everyone has a stake in the survival of the small businesses they rely on. If you need assistance, don't hesitate to reach out to any of us at ACQUIVEST. Keep your hands washed and eyes open for opportunity!



## ACQUIVEST FINANCIAL GROUP

Garren Work, Associate  
[garren@acquinvest.net](mailto:garren@acquinvest.net)  
(412) 496-7390

Jon Moleyem, President  
[jon@acquinvest.net](mailto:jon@acquinvest.net)  
(321) 439-3275

Kevin Manley, CExP, VP  
[kevin@acquinvest.net](mailto:kevin@acquinvest.net)  
(386) 846-6177