HOW DO I MAKE IT WORK NOW?

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ABOUT THE FUND

A public-private partnership that provides financing & business assistance to good food enterprises that benefit underserved communities across Michigan.
IMPLEMENTING PARTNERS

MICHIGAN GOOD FOOD FUND

NORTHERN INITIATIVES
Prosperity. That’s Our Business

grow

MICHIGAN STATE UNIVERSITY
Center for Regional Food Systems

CAPITAL IMPACT PARTNERS

W.K. KELLOGG FOUNDATION

FAIR FOOD NETWORK
GROW THEGOOD

DETROIT DEVELOPMENT FUND
Helping You Get There
MISSION-DRIVEN FUND

We evaluate projects based on these goals:

- Healthy Food Access
- Economic Development & Job Creation
- Racial & Social Equity
- Local Sourcing
- Environmental Stewardship
BUSINESS ASSISTANCE

Bolstering Lending with Assistance

- One-on-One Coaching
  - In-person
  - Online
- Workshops & Boot Camps
- Networking
Introductions

Chris Wendel
Northern Initiatives
Assessing Your Situation

• Work with the available conditions to continue business
• Estimate revenues and expenses for the next 3-12 months
• Consider if the business will be closed temporarily, have limited sales, or no sales
Assessing Your Situation

1. Look at your 2019 and 2020 year to date financials
2. Prioritize expenses from largest to smallest
   - Owner’s Salary
   - Employees – Temporary layoff
   - Rent – Negotiate with landlord
   - Existing Loan Payment(s)
   - Utilities – Many Michigan utilities are deferring payments and waiving late fees
   - Sales Tax – One-month deferments (as of 3/19/20)
   - Withholding Tax - One-month deferments (as of 3/19/20)
   - Other Expenses
3. Work with each category to see if any will or can be deferred.
4. Enter expected sales and expenses into a Cash Flow template
Case Study – Good Earth Restaurant

• Background: The Good Earth restaurant is a small sit down and take out restaurant. The business sells nutritional entrée items.

• The owner, Jordan, has operated the restaurant for 3 years, attracting local year-round residents as well as seasonal tourists.

• Jordan makes a modest salary and has two full-time employees. During the summer months, he takes on a part-time employee.
Case Study – Good Earth Restaurant

• What is Happening? The business was slowly growing its sales until recently when traffic dropped off due to the State stay-at-home COVID-19 virus mandate.

• The restaurant was reduced to take out and delivery orders on March 23rd. Now Jordan is navigating uncertain sales and cash flow.

• Lingering questions:
  ✦ Should the restaurant remain open?
  ✦ Should he lay off employees?
  ✦ How will he survive the uncertainty of the next 3, 6, 12 months?
  ✦ When and how will new capital be implemented?
Case Study – Good Earth Restaurant

• Good Earth Restaurant

• Here are some assumptions –
  ◆ 2019 sales averaged $40,000/month
  ◆ COGS = 39% of sales
  ◆ Employee costs = 23% of sales
  ◆ Bank (merchant service/credit card processing) fees = 3% of sales.
  ◆ Jordan’s employees worked 25% less than normal in March before being laid off.
  ◆ Beginning March 23rd sales were limited to take out and pick up food sales.
  ◆ Jordan decreased his owner’s draw in March.
Case Study – Good Earth Restaurant

• Good Earth Restaurant

• Show Cash Flow Spreadsheet
Here’s how Jordan took action:

◆ Step #1: Based on past performance and expected conditions, he formed a rough projection of revenue and expenses for the 3-12 months
◆ Step #2: Organized his expenses from largest to smallest (In this case, salaries > rent > loan payment > utilities > taxes > phone service > maintenance > supplies > other)
◆ Step #3: Deferred rent for 2 months, paid suppliers to insure quality inventory
◆ Step #4: Determined funding options to address immediate changes in cash flow
◆ Step #5: ($10,000 loan) Created a “recalibrated” 12 month cash flow budget
◆ Step #6: Looking now at appropriate medium to long term funding options
General Summary

• Determine current and potential cash flow positions.
• Be proactive. Speak with your landlord, lenders, and suppliers.
• Determine financial needs within reason.
• Get help if needed with technical assistance from:
  ◆ Michigan Good Food Fund
  ◆ MSU Product Center
  ◆ Michigan SBDC
  ◆ SCORE
Talk to Your Bank or Lender

Flexible and creative options

- 90 days deferment on many existing loans
- Many banks are offering quick turnarounds on unsecured loans
- Term loan or line of credit?
- SBA Express Loans
- SBA Microloans
- SBA 7A Loans
- SBA Disaster Loan Program
- Small Business Owner’s Guide to CARES Act
Other funding/resources

• Michigan Good Food Fund
• Lake Trust Credit Union
• Honeycomb Credit Relief Loan Program
• Cornerstone Alliance
• Chambers of Commerce
• City offices
Webinar resources

Find resources mentioned in today’s presentation.

• Presentation summary
• Michigan Good Food Fund | Cash flow template (Microsoft Excel)
• Michigan Good Food Fund | Good Earth Restaurant cash flow template (Microsoft Excel)