



HOW DO I MAKE IT WORK NOW?

April 3, 2020

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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



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

Case Study – Good Earth Restaurant

- **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)



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