

Thrive During Construction

Brought to you by:

MN SBDC and MN DOT

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Overview

- Introducing the SBDC: We're Here to help
- Coming to a Street Near You: Road Construction
- Construction Impacts on Your Business
- Tips and Takeaways from Past Road Construction Projects
- Strategies to Thrive During Construction
- Putting together a Strategic Business Plan

SBDC: A Resource for Small Business

- SBDC = Small Business Development Centers
- Established in 1980, Serving the USA (and beyond)
- No-cost & confidential
- 1-on-1 small business training & counseling
- Industry agnostic generalists
- Startups & existing businesses
- SBA resource partner (WBC, APEX, SCORE, VBOC)



COMING
SOON

ROAD CONSTRUCTION

Starring: Your City Streets

How Might Road Construction Affect Your Business?

For you, your employees, your customers, your business?

A lot could happen... Some knowable & controllable factors, some not so much

We know this is friction, and customers don't like friction

How Prepared is YOUR Business to Weather a Dip in Business?

- Don't Panic!
- Start with a strategic analysis
- Evaluate your financials
- Review how your marketing is working for you
- Putting it all together in a strategic business plan
- Rinse and repeat

Why Your Mindset Matters

Cultivating the Growth Mindset

- You're not limited to what you know now, you can learn and adapt
- You're aware of your circle of concern, but focus on your circle of influence
- You don't become the victim of the situation, you take ownership in what you can do
- You have the freedom of choice. You're not limited to thinking that "you have to"
- You're proactive and not just reacting
- You chose to THRIVE, after all the end goal is not just to survive
- You have an abundance mindset and don't get stuck in a scarcity mindset

Tips to Thrive During Construction

- Get informed ahead of time, stay involved!
- Leverage mitigation programs, resources
- Befriend construction contractors and crew
- Form alliances, collaborate, pool resources
- Build dedicated cash reserves
- Focus on marketing, reach, communication
- Utilize media strategically
- Celebrate the start, finish
- Create a Strategic Business Plan

Where to Start: Strategic Analysis

(handout available online)



THREATS

External [avoid/thwart]

- Parking & front door access
- Decline in sales, tight cash flow
- Workflow, workforce & inventory
- Competition & alternatives
- Consumer behavior and perceptions

OPPORTUNITIES

External [exploit/expand]

- Access to assistance (SBDC, others)
- Resources (DOT Business Liaison, Chamber, others)
- Time
- Reason to try new things

INTERNAL

Strengths [build/enhance]

- Loyal Customers
- Strong Cash Position
- Competition
- Growth Mindset
- Local relationships

Weaknesses [resolve/reduce]

- Marketing
- Pricing & Costs
- Accounts Receivable

Run a SWOT Analysis of your business

Strengths

- Loyal customers
- Strong cash position
- Little competition

Build/Enhance

Weaknesses

- Marketing
- Pricing/costs
- Accounts Receivable

Resolve/Reduce

Opportunities

- Engage a Consultant
- Re-evaluate pricing & buying process
- Reduce AR balance
- Re-engage with customers

Exploit/Expand

Threats

- Construction
- Access to your business
- Parking
- Weather

Avoid/Thwart

Next Step: Understanding Your Finances

Start With a Clean House – GIGO

What are your finances telling you? (accountant and SBDC can help)

Use historicals as a baseline to forecast



3 Financial Statements

1. **Profit & Loss (P&L)** also called Income Statement

- Income and expenses

2. **Cash Flow**

- Very similar to P&L, adjusted for non-cash transactions
- Most true to your bank account balance

3. **Balance Sheet**

- Snapshot of assets, liabilities, and equity
- Shows how leveraged your business is

Profit & Loss

Key Business Drivers

1. Sales Volume
2. COGS – Pricing, Buying
3. Labor
4. Seasonality
5. Fixed Costs

1. Sales Volume

2. Cost of Goods

4. Seasonality

3. Labor

| Revenue | January | February | March | April | May | June | July | August | September | October | November | December | TOTAL |
|---|--------------|--------------|--------------|--------------|--------------|---------------|---------------|---------------|--------------|--------------|--------------|--------------|----------------|
| Gross Sales | 16,269 | 11,620 | 13,557 | 13,557 | 15,494 | 19,367 | 19,367 | 19,367 | 15,047 | 15,494 | 13,557 | 11,620 | 184,317 |
| Less: Cost of Goods Sold @ 45% | 7,321 | 5,229 | 6,101 | 6,101 | 6,972 | 8,715 | 8,715 | 8,715 | 6,771 | 6,972 | 6,101 | 5,229 | 82,943 |
| Gross Profit (Gross Sales - Cost of Goods) | 8,948 | 6,391 | 7,456 | 7,456 | 8,522 | 10,652 | 10,652 | 10,652 | 8,276 | 8,522 | 7,456 | 6,391 | 101,374 |
| <i>Edit All Fields as needed below</i> | | | | | | | | | | | | | |
| Expenses | January | February | March | April | May | June | July | August | September | October | November | December | TOTAL |
| Officer's Salary | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 24,000 |
| Payroll | 2,440 | 1,743 | 2,034 | 2,034 | 2,324 | 2,905 | 2,905 | 2,905 | 2,257 | 2,324 | 2,034 | 1,743 | 27,648 |
| Payroll Taxes (12%) | 533 | 449 | 484 | 484 | 519 | 589 | 589 | 589 | 511 | 519 | 484 | 449 | 6,198 |
| Total Expenses | 7,811 | 6,891 | 7,274 | 7,774 | 7,658 | 8,425 | 8,425 | 8,425 | 7,569 | 7,658 | 7,274 | 6,891 | 91,575 |
| Operating Income | 1,137 | (500) | 182 | (318) | 864 | 2,227 | 2,227 | 2,227 | 707 | 864 | 182 | (500) | 9,300 |

Profit & Loss - Down 25%+ May - Sept

| Revenue | January | February | March | April | May | June | July | August | September | October | November | December | TOTAL |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| Gross Sales | 16,269 | 11,620 | 13,557 | 13,557 | 11,620 | 14,525 | 14,525 | 14,525 | 11,285 | 15,494 | 13,557 | 11,620 | 162,157 |
| Less: Cost of Goods Sold @ 45% | 7,321 | 5,229 | 6,101 | 6,101 | 5,229 | 6,536 | 6,536 | 6,536 | 5,078 | 6,972 | 6,101 | 5,229 | 72,970 |
| Gross Profit (Gross Sales - Cost of Goods) | 8,948 | 6,391 | 7,456 | 7,456 | 6,391 | 7,989 | 7,989 | 7,989 | 6,207 | 8,522 | 7,456 | 6,391 | 89,186 |
| <i>Edit All Fields as needed below</i> | | | | | | | | | | | | | |
| Expenses | January | February | March | April | May | June | July | August | September | October | November | December | TOTAL |
| Officer's Salary | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 24,000 |
| Payroll | 2,440 | 1,743 | 2,034 | 2,034 | 1,743 | 2,179 | 2,179 | 2,179 | 1,693 | 2,324 | 2,034 | 1,743 | 24,323 |
| Payroll Taxes (12%) | 533 | 449 | 484 | 484 | 449 | 501 | 501 | 501 | 443 | 519 | 484 | 449 | 5,799 |
| Total Expenses | 7,811 | 6,891 | 7,274 | 7,774 | 6,891 | 7,466 | 7,466 | 7,466 | 6,825 | 7,658 | 7,274 | 6,891 | 87,187 |
| Operating Income | 1,137 | (500) | 182 | (318) | (500) | 523 | 523 | 523 | (618) | 864 | 182 | (500) | 1,499 |

Cash Flow - Normal

Cash Flow Basics

Cash Balance
 + Cash Receipts
 + Other Cash Inflow
 (-) Cash Paid Out

| | Beginning | Jan-00 | Feb-00 | Mar-00 | Apr-00 | May-00 | Jun-00 | Jul-00 | Aug-00 | Sep-00 | Oct-00 | Nov-00 | Dec-00 | Total |
|------------------------------------|-----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| Cash on hand (beginning of month) | | 3,000 | 3,944 | 3,421 | 3,509 | 3,097 | 3,797 | 4,953 | 6,109 | 7,264 | 7,588 | 8,287 | 8,375 | |
| CASH RECEIPTS | | | | | | | | | | | | | | |
| Sales | | 16,269 | 11,620 | 13,557 | 13,557 | 15,494 | 19,367 | 19,367 | 19,367 | 15,047 | 15,494 | 13,557 | 11,620 | 184,317 |
| Returns and allowances | | | | | | | | | | | | | | 0 |
| Collections on accounts receivable | | 325 | 232 | 271 | 271 | 310 | 387 | 387 | 387 | 301 | 310 | 271 | 232 | 3,686 |
| Accounts Receivable Charged | | -488 | -349 | -407 | -407 | -465 | -581 | -581 | -581 | -451 | -465 | -407 | -349 | -5,530 |
| Loan proceeds | | | | | | | | | | | | | | 0 |
| Owner contributions | | | | | | | | | | | | | | 0 |
| TOTAL CASH RECEIPTS | | 16,106 | 11,504 | 13,422 | 13,422 | 15,339 | 19,174 | 19,174 | 19,174 | 14,897 | 15,339 | 13,422 | 11,504 | 182,474 |
| Total cash available | 0 | 19,106 | 15,448 | 16,842 | 16,931 | 18,436 | 22,970 | 24,126 | 25,282 | 22,161 | 22,927 | 21,709 | 19,880 | |
| CASH PAID OUT | | | | | | | | | | | | | | |
| Officer's Salary | | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 24,000 |
| Outside Services | | | | | | | | | | | | | | 0 |
| Payroll | | 2,440 | 1,743 | 2,034 | 2,034 | 2,324 | 2,905 | 2,905 | 2,905 | 2,257 | 2,324 | 2,034 | 1,743 | 27,648 |
| Payroll Taxes | | 809 | 647 | 714 | 714 | 782 | 1,410 | 1,410 | 1,410 | 918 | 782 | 714 | 647 | |
| Purchases (Cost of Goods) 45% | | 7,321 | 5,229 | 6,101 | 6,101 | 6,972 | 8,715 | 8,715 | 8,715 | 6,771 | 6,972 | 6,101 | 5,229 | 82,943 |
| SUBTOTAL | | 15,562 | 12,427 | 13,733 | 14,233 | 15,039 | 18,418 | 18,418 | 18,418 | 14,973 | 15,039 | 13,733 | 12,427 | 182,422 |
| Loan principal payment | | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 4,800 |
| Capital purchases | | | | | | | | | | | | | | 0 |
| Other startup costs | | | | | | | | | | | | | | 0 |
| To reserve and/or escrow | | | | | | | | | | | | | | 0 |
| Owners' withdrawal | | | | | | | | | | | | | | 0 |
| TOTAL CASH PAID OUT | | 15,162 | 12,027 | 13,333 | 13,833 | 14,639 | 18,018 | 18,018 | 18,018 | 14,573 | 14,639 | 13,333 | 12,027 | 187,222 |
| Cash on hand (end of month) | 0 | 3,944 | 3,421 | 3,509 | 3,097 | 3,797 | 4,953 | 6,109 | 7,264 | 7,588 | 8,287 | 8,375 | 7,853 | |

Cash Flow – Down 25%

Cash Flow Preparation

- Accounts Payable
- Accounts Receivable
- Line of Credit/Business Loan
- Personal Funds
- Investors

| | Beginning | Jan-00 | Feb-00 | Mar-00 | Apr-00 | May-00 | Jun-00 | Jul-00 | Aug-00 | Sep-00 | Oct-00 | Nov-00 | Dec-00 | Total |
|------------------------------------|-----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|
| Cash on hand (beginning of month) | | 2,000 | 2,944 | 2,421 | 2,509 | 2,097 | 1,364 | 728 | 92 | -543 | -1,612 | -912 | -824 | |
| CASH RECEIPTS | | | | | | | | | | | | | | |
| Sales | | 16,269 | 11,620 | 13,557 | 13,557 | 11,620 | 14,525 | 14,525 | 14,525 | 11,285 | 15,494 | 13,557 | 11,620 | 162,157 |
| Returns and allowances | | | | | | | | | | | | | | 0 |
| Collections on accounts receivable | | 325 | 232 | 271 | 271 | 232 | 291 | 291 | 291 | 226 | 310 | 271 | 232 | 3,243 |
| Accounts Receivable Charged | | -488 | -349 | -407 | -407 | -349 | -436 | -436 | -436 | -339 | -465 | -407 | -349 | -4,865 |
| Loan proceeds | | | | | | | | | | | | | | 0 |
| Owner contributions | | | | | | | | | | | | | | 0 |
| TOTAL CASH RECEIPTS | | 16,106 | 11,504 | 13,422 | 13,422 | 11,504 | 14,380 | 14,380 | 14,380 | 11,173 | 15,339 | 13,422 | 11,504 | 160,535 |
| Total cash available | 0 | 18,106 | 14,448 | 15,842 | 15,931 | 13,602 | 15,744 | 15,108 | 14,473 | 10,629 | 13,727 | 12,509 | 10,680 | |
| CASH PAID OUT | | | | | | | | | | | | | | |
| Officer's Salary | | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 24,000 |
| Payroll | | 2,440 | 1,743 | 2,034 | 2,034 | 1,743 | 2,179 | 2,179 | 2,179 | 1,693 | 2,324 | 2,034 | 1,743 | 24,323 |
| Payroll Taxes | | 809 | 647 | 714 | 714 | 782 | 1,410 | 1,410 | 1,410 | 918 | 782 | 714 | 647 | |
| Purchases (Cost of Goods) 45% | | 7,321 | 5,229 | 6,101 | 6,101 | 5,229 | 6,536 | 6,536 | 6,536 | 5,078 | 6,972 | 6,101 | 5,229 | 72,970 |
| SUBTOTAL | | 15,562 | 12,427 | 13,733 | 14,233 | 12,638 | 15,416 | 15,416 | 15,416 | 12,641 | 15,039 | 13,733 | 12,427 | 168,682 |
| Loan principal payment | | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 400 | 4,800 |
| Capital purchases | | | | | | | | | | | | | | 0 |
| Other startup costs | | | | | | | | | | | | | | 0 |
| To reserve and/or escrow | | | | | | | | | | | | | | 0 |
| Owners' withdrawal | | | | | | | | | | | | | | 0 |
| TOTAL CASH PAID OUT | | 15,162 | 12,027 | 13,333 | 13,833 | 12,238 | 15,016 | 15,016 | 15,016 | 12,241 | 14,639 | 13,333 | 12,027 | 173,482 |
| Cash on hand (end of month) | 0 | 2,944 | 2,421 | 2,509 | 2,097 | 1,364 | 728 | 92 | -543 | -1,612 | -912 | -824 | -1,347 | |

Breakeven Analysis

The point where cost = revenue (no profit, no loss)

Can be done for a project, a product, a day, a month...

3 things you need to know

1. Fixed Costs
2. Variable Costs
3. Revenue

Hacking Your Cash Flow

- Fixed Costs:
 - Reconsider your budget assumptions
- Variable Costs
 - Keep your staff lean
 - Inventory strategically
 - Terms
 - Bulk/Wholesale Discounts
 - Reorder Points
- Planning construction of your own?

Sources of Cash

1. Restructure your existing business debt
 - Optimize cash flow
 - Terms and repayment period
 - Skip a month, or interest only payments
2. Lines of credit
3. Savings, investments, HELOC, sock drawer
4. Be careful of predators (“sales advances” aren’t loans)

Schedule a Financial Review

(handout available online)

- We're here to help
- Don't overthink it
 - Nobody has a crystal ball
 - Not chiseled in stone
- Working ON versus working IN your business

Next Step: Communications & Marketing

Time to consider a refresh!

- This is not business as usual, so doing what you've always done might not get you what you've always got
- Start with the end in mind
- Be proactive, get a strategy in place
- Be flexible, things change
- Communicate early and often

Your Value Proposition

What **problem** do you solve?

- Put your solution in the center of your marketing!

What makes you **unique**, better?

- Tell your customers! Talk about your solution, not your competition.

Do you have a **guarantee**?

- You don't have to over-promise.

Define Your Customer(s)?

Geographic - Where are they?

- Where do they live, spend time, money?

Demographic - Who are they?

- What is their age, gender, income, occupation, etc?

Psychographic - What are their beliefs, values?

- What are their desires, goals, interests, lifestyle choices?

What is Your Message?

Business as usual

- Social content
- Content marketing
- Blogs, giveaways, contests
- New products
- Sales & specials
- Your solution or guarantee

Any change to business as usual

- Changes to hours
- Staffing changes
- How to get to your business
- Change of location
- Delivery or pickup options

Communication Channels

What Media do they Consume? When? Why?

Marketing rule of 7 – Design their experience!

Temporary or permanent

- **Digital Media**

- Website
- Social Media
- Google
- Email
- Podcasts

- **Print/Traditional Media**

- Wayfinding
- Signage and Banners
- Advertisements
- Newspapers
- Radio

Communication is Key!

- Don't wait until the last minute, but do plan the last minute
- Customers must hear the message 7 times before they act
- Communicate through multiple channels
 - Don't try to be on all channels, pick a few and get active
- Tell customers about the construction, teach them what to do
- How will you continue to serve them

All in this together

- Your community is going through this together, work together!
- Collaborate and develop new strategic partnerships
 - Co-op advertising (co-branding, re-sharing social content...)
 - Shared spaces (workspaces, retail spaces, pickup locations...)
 - Shared resources or staff
- Your community and customers want you to succeed, they just need a little extra coordination and instructions from you!



Make a Plan

BUSINESS PLAN describes your business (*it's a business biography, not what you need now*)

STRATEGIC BUSINESS PLAN describes your strategies to grow, stabilize, and change (*it's a business playbook*)

The process of determining what you want to accomplish, how you will get there, what resources will be needed, and when you'll accomplish the plan.

Putting it All Together

Goal(s) → Strategies → Action Steps

- Your plan should have some key components...
 - Financial strategies and considerations
 - Backup plan(s)
 - Communication and marketing tactics
 - Activities such as open houses, special offers, etc.

Write it down! Schedule the activities! (If it's not written down, is it really a plan?)

SBDC Can Help!

Contact us with any questions

<https://westcentralmnsbdc.com/> or Scan code →

Find more resources, workshops, and more

Register for assistance (free and confidential)

