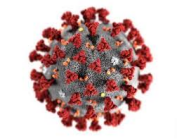
# Managing The Effect Of Coronavirus On Small Business



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# Importance of Small Business in the U.S. Economy

- Over 99 percent of America's 28.7 million firms are Small Business (under 500 employees and under $7 million in revenue)

- 27 million small businesses generate 50 percent of our GDP

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# Importance of Small Business in the U.S. Economy

- Vast majority (88 percent) employ fewer than 22 employees
- 40 percent have less than $100k in revenue
- Only 20 percent of Small Businesses have employees
- 80 percent are self-employed
- Out of the 126 million full time workers in the U.S., 33 percent are self-employees (42 million)

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# Most Common Reasons Why Small Businesses Fail?

- Lack of Capital
  - Start up business
  - Leveraged businesses
- Inadequate Management Team
  - Culture
  - Management bandwidth
- Faulty Business Model
  - Processes
  - Infrastructure
- Unsuccessful Marketing
  - Branding & positioning
  - Value for the customer
  - Too much friction

**Business is a marathon race and not a hundred-meter dash**

**Marathon race requires complex carbohydrates (pasta). Pasta for business is cash & reserves**

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# The Grim Reality

- Much greater short-term impact on the U.S. economy as compared to the 2008-2009 Great Recession
    - National lockdown & social distancing
    - All sectors of the economy (services, manufacturing, and agriculture)
- YPO Survey
    - 64% canceled major events
    - 53% nixed business travel
    - 39% cutting costs
    - 28% allow employees to telework

- Hardest hit are restaurants, retail, travel, and events

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# Surplus Here, Shortage There

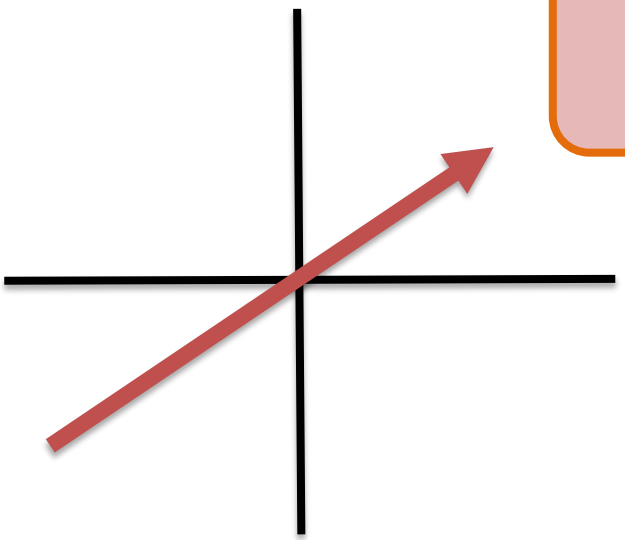
**Surplus Here, Shortage There**

**Matching supply and demand is key in the short run**

Digital Offerings

**Shortage There**
- ECommerce
- Education
- Home delivery
- Entertainment

Location Centric



Remote Centric

**Surplus Here**
- Airlines
- Grocery stores
- Shopping centers
- Concerts & events

Physical Offerings

**Customer will not come to you. You will have to go to the customer**

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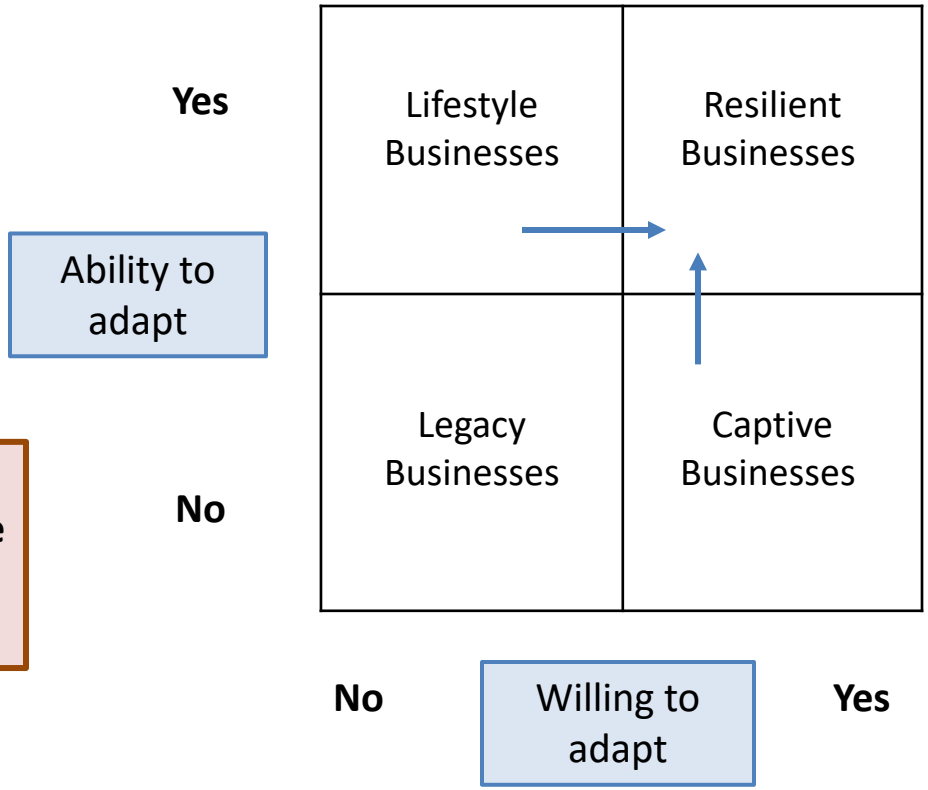
# Who Will Survive In The Short Run?

**Businesses that are both willing and able to change (adapt) will survive the coronavirus crisis**




**Like the Coronavirus, some businesses will be more susceptible than other businesses**

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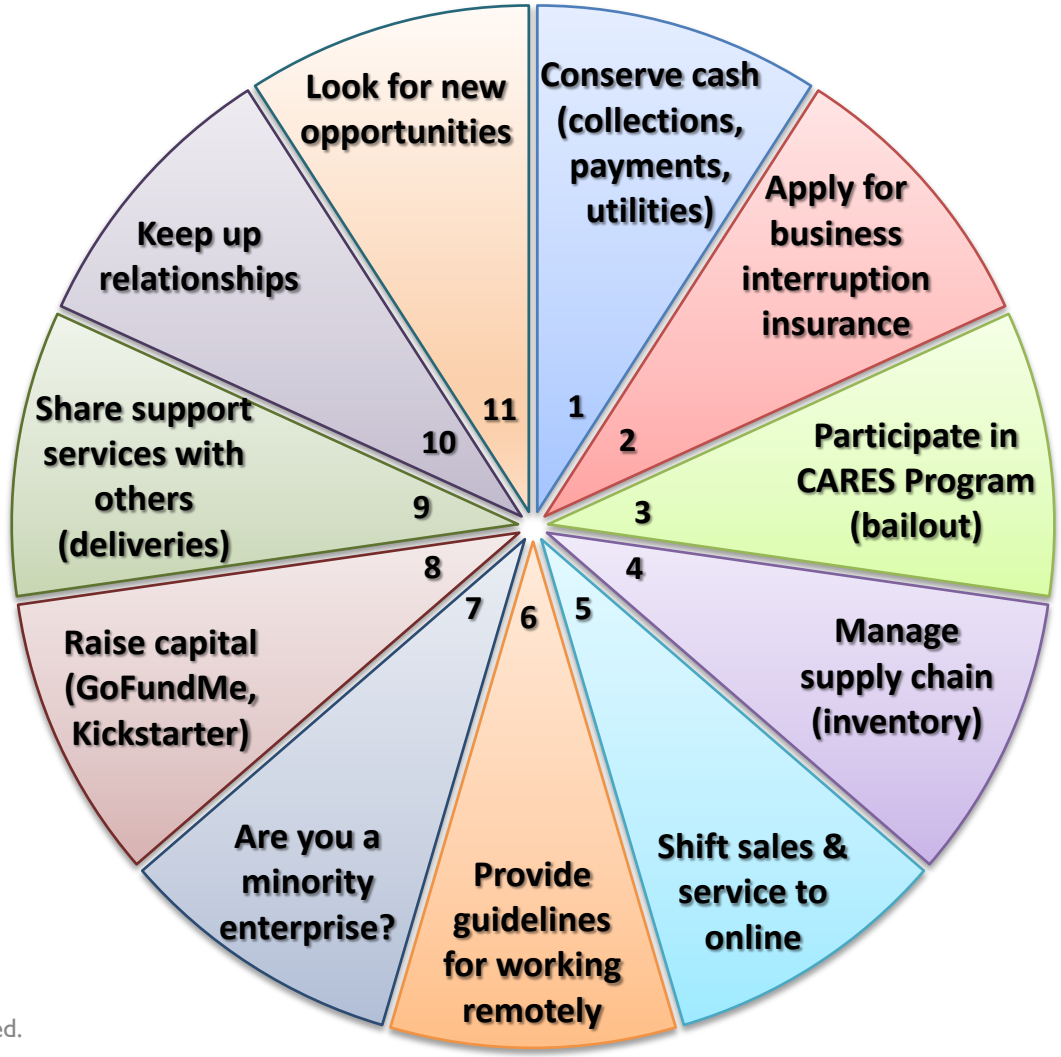
# Managing In The Short Run




**Entrepreneurship by necessity will be the new normal (1974 energy crisis)**

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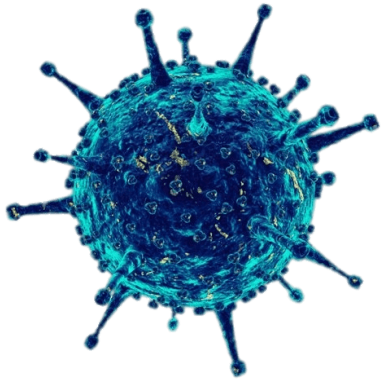
# The Future Of Small Business

- Small Business is here to stay
- It has survived:
  - 1918 pandemic (Spanish flu)
  - Great Depression (1929)
  - World War II
  - Energy crisis (1974-76)
  - Great Recession (2008-09)



- It will survive the COVID-19 pandemic, and even thrive
- Today, we have the technology and communication infrastructure to rebound more quickly

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