

The Way Forward – Program Overview 09-29-20

How can bankers organize their conversations with small business clients who could be failing or thriving or somewhere in between? "The Way Forward" is designed to support bankers in those conversations with business owners during and after the COVID-19 pandemic or other significant disruptions like hurricanes, tornadoes, floods, severe economic downturns.




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We have designed The Way Forward as three virtual instructor-led sessions that introduce and provide practice on two conversations - "Vital Signs" and "Recovery and Growth" which includes discussion of liquidity (cash available for operations) and back office efficiency.

Learning Steps

1 (2.0 - 2.5 hours)	(next day) →	2 (~ 2 hours)	(next day) →	3 (~2 hours)
THE BIG PICTURE <ul style="list-style-type: none">▪ Issues businesses are facing now▪ Vital Signs Conversation▪ Recovery and Growth Conversation - Plans		CASH FLOW <ul style="list-style-type: none">▪ Recovery and Growth Conversation – Cash Flow (Liquidity) and Back-Office Efficiency▪ Connections to the bank’s digital products and payment solutions to improve efficiency and cash flow▪ Preparing for and Proposing Conversations		PRACTICE <ul style="list-style-type: none">▪ “My Own Business” conversation practice
Assignment: “My Own Business” portrait		Assignment: “My Own Business” cash flow		Assignment: Conversations with PPP or other clients

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Business owners whose businesses have been stressed are asking questions about survival.

The New York Times

'I Can't Keep Doing This:' Small-Business Owners Are Giving Up

More owners are permanently shutting their doors after new lockdown orders, realizing that there may be no end in sight to the crisis.

"What am I going to do now?"




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However, not all businesses are that stressed. We need to be aware of other possibilities.

Several Possible Business Owner "States of Mind"

Survive Adapt Thrive



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So, we need to listen with empathy and bring ideas and resources to our conversations.

A GREAT Banking Partner in a Crisis

- *Empathy* – “Do you get where I’m coming from?”
- *Authority* – “Can you help me?”
[competence, connections, resources, knowledge, tools, information]



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So, we've designed the course to focus on two conversations and the resources we can contribute to our clients, whatever their states of mind and financial circumstances.

Class Focus Points

- Two conversations – “Vital Signs”, “Recovery and Growth” including Cash Flow
 - Identify issues we can help with
 - Prompt business owner thinking about options they may not have considered
- Services and strategies that help business owners strengthen cash flow, save time and resources, and protect business and customer data



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The first conversation is "Vital Signs," a short conversation designed to help us understand, quickly, a business owner's circumstances, like an EMT arriving on an accident scene. A quick assessment.



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The Vital Signs conversation starts with three inquiries - people, the business, and concerns about money.


Conversation About "Vital Signs"

- Current situation
 - How are you and your family? How are your team members?
 - How is your business?
 - What are your concerns about money at this point?

LISTENING FOR:

- Are you open?
- Are customers buying?
- Are suppliers selling and delivering?
- Do you have staff?



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If the business is not immediately failing, we can continue, to ask about the near-term future and the business owners' sense of what they need now.

Conversation About “Vital Signs”

- Current situation
 - How are you and your family? How are your team members?
 - How is your business?
 - What are your concerns about money at this point?
- How do things look in the next 4 – 6 weeks?
- What do you need?

LISTENING FOR:


- Are you open?
- Are customers buying?
- Are suppliers selling and delivering?
- Do you have staff?

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Our point to the participants is: The needs could vary widely and many of them are not addressed with bank products. We need to listen with "Big Ears" to hear the needs and think about people and resources inside the bank and in our outside networks who could help.

What Do You Need?



Customers

Supplies

Rent relief

Advice

Employees

Ideas

Cash

Painters

Step 3

Step 2

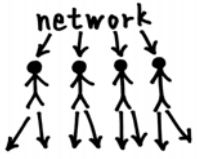
Step 1

A Plan: Step 1

Work

Life

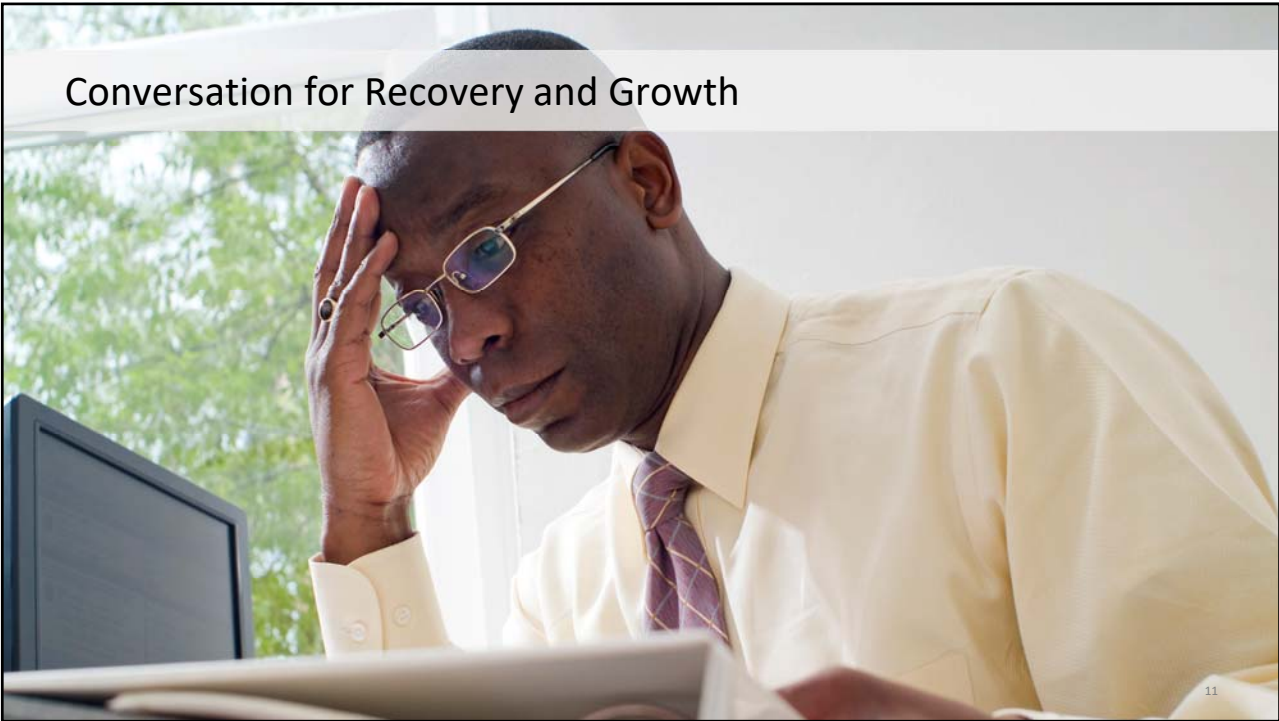
A partner who listens with “Big Ears”



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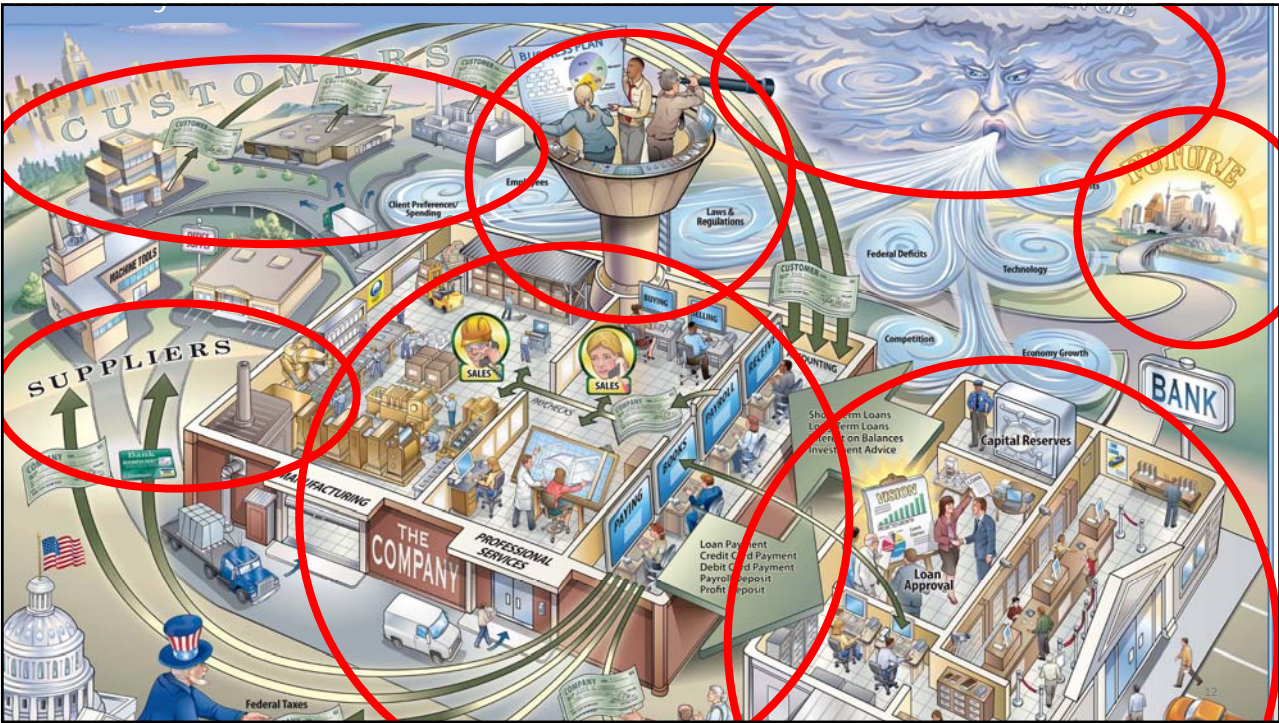
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If it seems like the business has a viable future, we can go on to the Conversation for Recovery and Growth.



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This conversation focuses on seven elements of a business owner's plans to move forward - their vision of the future, expected challenges, business plans, changes in customer relationships and supplier relationships, changes in daily operations, and resources and support needed from banks and other financial institutions.



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And, while we're listening, we're listening for clues to the business's viability, stability, and opportunities for the business as well as for the bank to support them.

Listening for...

- Viability
- Stability
- Opportunity



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We'll focus some discussion time on the specific clues to viability, stability, and opportunities.

What Would Indicate Viability and Stability?

Topic	Our Concerns – What Are We Listening For?
The Future	What does the future look like to you? 1. 2.
Challenges and Changes	What are the challenges you see at this point? 1 2
Plans	What are your plans to deal with this? 1 2
Customers	What changes are you seeing in your customer base? 1 2
Suppliers	What is the situation with your suppliers? 1 2
Internal Operations	How will your operating procedures have to change? 1 2
Bank Relationship	What do you need from us? 1 2



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An important part of the Conversation for Recovery and Growth is cash flow: Will they have enough cash to operate and can they make their back office more efficient so that transaction management in the back does not slow down cash flow?

Do They / Will They Have Enough Cash to Operate?



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We provide a framework for assessing a client's cash scenario.

Assessing A Client's Cash Scenario

- How much cash do you have in your accounts now?
- How do you expect your cash to change (rise or fall) between now and *future date*?
- Do you anticipate there may be times when you run short of cash?
- How much do you think you'll need and when?
- How do you think you'll address the shortfall?



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We suggest that the best way to confirm sufficient cash is to review or create and review a cash forecast.

To answer, “Do you anticipate times ... run short of cash?”

	June	July	August	September	October	November
Beginning Balance						
Plus: Receipts						
Less: Payments						
Rent						
Supplies/Inv.						
Employees						
Utilities						
Etc.						
Total Payments						
Ending Balance						

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We provide an example cash forecast, discuss the story it tells, and encourage participants to either do this with their clients or ask the clients' CPAs or bookkeepers to do this for them so we can review with the owners.

Cash forecast – do with them, suggest their CPA do for them

	June	July	August	September	October	November
Beginning Balance	15,000	(35,500)	(35,000)	(28,500)	(16,000)	(500)
Plus: Receipts	0	60,000	80,000	100,000	110,000	120,000
Less: Payments						
Rent	2,500	2,500	2,500	2,500	2,500	2,500
Supplies/Inv.	25,000	24,000	32,000	40,000	44,000	48,000
Employees	10,000	18,000	24,000	30,000	33,000	36,000
Utilities	3,000	3,000	3,000	3,000	3,000	3,000
Etc.	10,000	12,000	12,000	12,000	12,000	12,000
Total Payments	50,500	59,500	73,500	87,500	94,500	101,500
Ending Balance	(35,500)	(35,000)	(28,500)	(16,000)	(500)	18,000

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We introduce the idea of asking "what if..." questions to test the sensitivity of the cash scenario.

“What if...” Questions

What if...

- ...you could collect your receivables faster?
- ...you could pay your vendors faster and earn discounts?
- ...you could reduce your production costs a few percentage points?

How could you do that? [Or: “Here’s how we could help you do that.”]



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And show and discuss an example of a cash forecast revised to reflect a "what if".

Cash forecast – do with them, suggest their CPA do for them

	June	July	August	September	October	November
Beginning Balance	15,000	(20,500)	(15,000)	(3,500)	11,500	29,500
Plus: Receipts	15,000	65,000	85,000	102,500	112,500	122,500
Less: Payments						
Rent	2,500	2,500	2,500	2,500	2,500	2,500
Supplies/Inv.	25,000	24,000	32,000	40,000	44,000	48,000
Employees	10,000	18,000	24,000	30,000	33,000	36,000
Utilities	3,000	3,000	3,000	3,000	3,000	3,000
Etc.	10,000	12,000	12,000	12,000	12,000	12,000
Total Payments	50,500	59,500	73,500	87,500	94,500	101,500
Ending Balance	(20,500)	(15,000)	(3,500)	11,500	29,500	50,500

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Then we turn to the back office, pointing the participants toward manual work, long cycle times, errors, and costs.

Can they accelerate things in the back office?

Reduce manual work
Reduce cycle times
Reduce cost
Reduce errors

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We ask the participants to provide examples of manual or time-consuming methods they've seen their clients using.

Examples of Manual Office Work/Time Consuming Work

Sell, Collect, Invoice	Manage Cash Position	Pay

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Then, we lead discussion through multiple examples of time consuming or manual tasks and ask "which bank products or services could be helpful here and why?" How could we help a business reduce costs or increase cash flow by addressing these examples?

Time Consuming or Manual Tasks

Paying for incidental expenses with checks or petty cash.



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Another example:

Time Consuming or Manual Tasks

Receiving by U.S. Mail checks from customers, posting and processing those checks.



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Another example:

Time Consuming or Manual Tasks

Printing and signing checks for payroll or subcontractor services.



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Another example:

Time Consuming or Manual Tasks

Accumulating checks and driving them to nearest ATM or branch



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Another example:

Time Consuming or Manual Tasks

Printing and signing checks for vendor purchases.



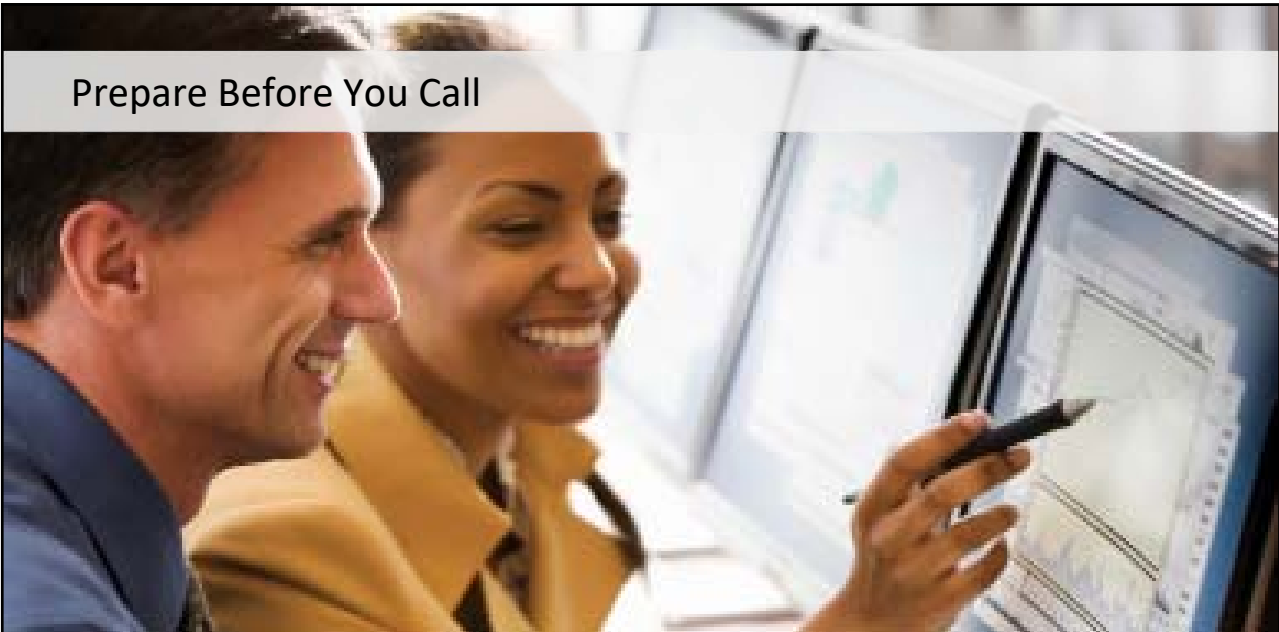
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Next, we shift gears and focus on preparing for the Vital Signs and Recovery and Growth conversations.

Prepare Before You Call



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Prepare Before You Call

- Research
 - Bank relationship
 - Changes in balances and product usage
 - Mentions in local press (e.g. “restaurants providing take-out”)
 - Impact of Covid-19 in different industries
(Google search, Vertical IQ free pages <https://verticaliq.com/covid-19/>)
- Call objectives (e.g. “find out how much cash they need, next four months”)
- Call plan (i.e. greeting, questions, potential resources)



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We talk about what to say (or text or email) to a business owner to propose a conversation. Examples include:

Share a strong reason to talk... or to talk again

“Let’s reserve time to talk by phone / meet in your parking lot / whatever” to...

- For a first “Vital Signs” conversation or to re-engage after some time has passed.
 - “...talk about your current situation and your way forward.”
- To set up a “Recovery and Growth” conversation after Vital Signs
 - “... discuss the needs you identified when I asked, ‘What do you need?’”
 - “...talk about the resources you’ll need to move toward the future you described when we met...”
- To set up a “Cash Flow” conversation about liquidity, efficiency, and security
 - “...talk about maintaining your cash flow and reducing time you and Pat spend on bookkeeping.”



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At the end of session 2, we review the learning points and prepare the participants for their practice activities in Session 3.

Recap

- Prepare – Vertical IQ, bank relationship, call objectives
- Reasons to talk – short, relevant, punchy
- Vital Signs – Are they ‘breathing’?
- Conversation for Recovery and Growth (including liquidity and back office efficiency)





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The last step in the process is "conversation rehearsal" which takes place in the third of the three sessions.

Learning Steps

1

(1.5 – 2.0 hours)

(next day) →

2

(~ 2 hours)

(next day) →

3

(~2 hours)

THE BIG PICTURE

- Issues businesses are facing now
- Vital Signs Conversation
- Recovery and Growth Conversation - Plans

Assignment:
“My Own Business” portrait

CASH FLOW


- Recovery and Growth Conversation – Cash Flow (Liquidity) and Back-Office Efficiency
- Connections to the bank’s digital products and payment solutions to improve efficiency and cash flow
- Preparing for and Proposing Conversations

Assignment:
“My Own Business” cash flow

PRACTICE

- “My Own Business” conversation practice

Assignment: Conversations with PPP or other clients



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For More Information

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