

EAGA Business Builder

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Finally, a light at the end of the tunnel...hopefully not just a distant 'out of business' sign. June 16, 2020

Today's presenter was John Mead—John Thomas Jewelers



Mr. Mead's presentation today was not about his extraordinary, spectacular and otherwise really great jewelry store. He instead used the time to provide us with some details from his virtual meeting with our US Legislators. John was selected to be a member of the prestigious 'Goldman Sachs 10,000 Small Businesses group, and every two years, that group arranges for members to meet with their respective congressional representatives. Though each state has their own specific set of challenges, the group's collective message to all congressmen was this: Small businesses are the engine of local economies throughout the country, and any legislative packages

designed to restart the economy must include the voice of small business. Obviously, this year's discussions concentrated, primarily, on the coronavirus pandemic, and the government's legislative response to that. The small business group was trying to get across the message that they were requesting changes to the initial PPP, and related programs. Four out of five legislators misunderstood what was being requested. The legislators thought that the business owners wanted more money. Although it is likely that more funds will be needed in the very near future, changes to the existing funding program were on the front burner right now. The group provided legislators with a list of their priorities: 1) Increase flexibility for the PPP spending. a) Increase the spending period from 8 to 16 weeks. b) Adjust the forgiveness application window past June 30th. c) Expand the allowable uses for the PPP loans. d) Lengthen the term of PPP loans from two years to five years. 2) Strengthen financial safeguards for small businesses by providing a temporary liability shield. 3) Allow small businesses to apply for another round of PPP funding. There appeared to be more than a couple of things that the congressional folks did not realize, or fully understand. Among them: 85% of all loans approved through the recent government programs have gone to small businesses that asked for \$150,000 or less. That accounts for only 26% of the distributed funds. Those small businesses are burdened with an amazing volume of paperwork in order to attempt receiving forgiveness of the funds. The current application is 11 pages long (another item that the congressmen had not realized). The small companies can't afford to hire someone to navigate the complicated filing, so they have to do it themselves. One local restaurateur has spent 2 to 3 hours a day for the past few weeks trying to figure out not only the application, but also, just what are the current rules. That time should have been spent trying to run a substantially reduced revenue business. The small business group is asking that the forgiveness application be reduced to 1 page for loans of \$150,000 or less. And that the single page be nothing more than a good-faith statement guaranteeing the funds were used as required; and then that the funds be reclassified as a grant that does not have to be paid back. Regarding increasing the flexibility for PPP fund's use: it would be very beneficial if the businesses could use it to pay some of their not adjustable overhead expenses, like insurance, leases and so on. Those items are an ongoing expense whether or not the entity is allowed to be open for business. Places like restaurants are having to spend a huge amount of money on personal protective equipment for their employees. Not only is that cost a very unusual expenditure, but it is at a time when the materials are at inflated prices, and the revenues have been drastically limited. Regarding the temporary liability shield: Most businesses are trying to provide safe working and shopping (when allowed) environments, however this current situation is incredibly unusual; the requirements are ever changing; 'the right thing' even changes from day to day, based on projections, updated analysis, and even regulations of just what to do. And in that operating atmosphere, there is always someone wanting to claim that they were somehow damaged. Shielding business owners from legal actions related to good-faith, right-intentioned, activity, is imperative for them to confidently proceed into the after-shutdown world. Regarding the probable need for an additional round of funding: It is also apparent, given the way things have played out so far, that additional financial help for small businesses will be necessary. Surveys indicate that nearly 37% of businesses will not be able to re-open at all. A majority of the other operations have not yet been allowed to open back to pre-pandemic levels, so revenues are no where near sufficient to allow the business to be profitable. John is aware of at least 28 jewelry stores that have closed their doors. A local day care center has been trying to retain staff with the help of funds from the initial PPP program, however those funds are running out. The governmental agencies have just now allowed the business to re-open...at no more than a 50% occupancy limit. The break even point for that industry is 68% occupancy, so they are still being required to operate at a loss. Without additional assistance, or totally relaxed operating requirements, that company, and many others like them, will have to lay off staff, and possibly close forever. When the initial PPP funds have been used, businesses that are still not allowed to operate at a reasonable revenue generating level, will have to reduce costs even further in order to survive. There are very few costs that can be quickly reduced, but one of the 'few is payroll. At this point, if additional financial assistance is not provided, another round of unemployment claims will come...and it will be huge. As Mr. Mead discovered during his recent participation in the legislative discussions, the politicians are interested in making sure that it is obvious that they are 'doing something'. Quite often they do attempt to listen to input from constituents, but having a seat at the table is not as important, or productive, as being the loudest voice. Along that vein, it would be quite helpful to reinforce the fact that the small business group's message comes from other business voices as well. John has a list of contact information for our congressional folks and it would help create that 'loudest voice' if we would all contact our representatives and senators to let them know we agree with the path laid out during the recent congressional virtual meeting. If you would like to contact Mr. Mead about anything discussed during his presentation, please give him a call at 505-342-9200. You can also use that phone number to contact John for jewelry related matters. He has had to put some restrictions on his service type work, but notes that those restrictions will not apply to EAGA members. However, please remember that you do need to make a reservation for any visit to the store (maybe not if you just intend to pass by the window and give John a 'thumbs up' for all the benefits and positive attitude that he is providing).

- ◆ Thank you to Phil Kinney for moving his payroll processing to my company.
- Nestor Romero—The Payroll Company
- ◆ Thank you to Robert Biernacki for great and speedy service. His sprinkler guy was great, spending a great deal of time explaining to my daughter how to program her system as well as replacing a leaky sprinkler valve.
Thank you to Andy Pomroy—Windsor Door Sales once again, for super fast (they were here 2 hours after I called) and efficient service (took the guy 1 minute to figure out the problem and 15 minutes to fix it). It is always great doing business with you.
- Jack Zipper
- ◆ Congratulations to the three new members of our Board of Directors that were elected at our meeting today:
Steve Grant—Downtown Historic Bed & Breakfast
Mike Blomker—Merry Maids
Steven Douglas—The Printing Guy
- ◆ A few announcements from our Executive Director, Mario:
 - EAGA will be holding a Members Only Happy Hour at Rio Bravo Brewing on July 9th at 5:30 PM
 - Planning for the Summer Bash has begun. Target date is August 1st. More details to follow.
 - The 2020 Membership Roster has been published. A pdf version is included with this bulletin email.
- ◆ Virtual meetings continue. The next one will be at 7:00am this coming Tuesday, June 23rd. The link is noted in the outlined box below.
- ◆ THERE WILL NOT BE A MEETING ON JUNE 30TH because of the Forth of July Holiday.
- ◆ Upcoming Presenters:
June 23rd: Roger Linn—i9 Sports
- ◆ We are in need of presenters. Slots are available for all the meetings in July. Please contact Mario if you can help out by presenting at one of our meetings.
- ◆ Lionel Specter has sent a note advising that, if you own a pair of Crocs, you should seriously consider throwing them out. A Sunday or two ago he was wearing a pair while taking their dumpster out to the street. A slip and a stumble and there he was getting an ant's eye view of the asphalt. Lionel's doctor asked if he was wearing Crocs, and noted that she had seen quite a few such incidents with people wearing that brand of shoe, particularly older folks. Lionel's Crocs were in the next dumpster...that someone else was taking out to the street. As of last Friday, Lionel was on the mend at home, nursing a damaged knee and sprained shoulder. He is still as tough as ever, but not interested in viewing the world from that angle anymore. Mrs. Specter is probably a little disgruntled that Lionel's stay-at-home mandate will be extended longer than required by the pandemic.

EAGA Tue, June 23rd, 2020 7:00 AM - 8:00 AM (MDT)
Join the meeting from your computer, tablet or smartphone

<https://global.gotomeeting.com/join/940475581>

You can also dial in using your phone.

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