



## The Real Storm May Be Looming Ahead

By Jeff Semple | FocusCFO

At this point, everyone should be able to take a breath from the onslaught of activity surrounding the PPP and EIDL application process, as well as trying to figure out what's next. No matter where you are in the food chain, I pose a question: What are you going to do differently to ensure success in what will be our new normal? As we head into the initial stages of recovery there is only one thing we do know for certain, and that is the fact that ***we do not know***.

I am beginning to look forward to what the next 6 to 12 months might look like. After working with several business owners, as well as speaking with many more, the risks I see and hear really concern me.

The question we all have to figure out is what are businesses going to do once the PPP or EIDL funds are gone? Especially as so many feel they will be able to continue to operate in the same fashion. That everything is just going to go back to normal.

I believe the real risk is 6 to 8 months from now:

- When fixed costs eat up any cash because of revenue shortfall or slow ramp up
- When sales ramp up faster than expected with higher cost associated with COVID19
- When businesses are assuming the risk of every customer being able to pay, potentially creating higher customer bad debt

- When suppliers are unable to deliver or there are longer lead times, requiring higher inventory levels
- When we are reshoring the supply chain at higher inventory cost
- When there are office cleaning costs
- When key personnel do not return

When small businesses run into a cash crisis with limited to no access to additional capital, then what?

It is not the end of the world, but it just might feel like it when you have everything on the line. We need to stress test our organizations and understand our cash requirements while mitigating new risks in the market....now not later.

**The future will be full of opportunities for those who planned appropriately, paved by the lost fortunes of those who didn't.**

We cannot stand by and do nothing when we have the ability to help. Let me know when we can chat about working together to find the solution.

Jeff Semple is a FocusCFO Area President based in Canton, OH.