Small Business Survival Guide
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Introduction

This booklet is meant to be an informative resource for small businesses to thrive during adverse situations and manage risks, whether they are internal or external. If your business is starting up or struggling to overcome economic pitfalls, this booklet will provide valuable advice to consider in your journey.
Starting Up
Many small businesses express concern over choosing a target market and earning their loyalty in a highly competitive environment. Here are some components to consider that will help your business be successful:

1. The Issue Being Solved for your Target Market

Know the key problem you are solving for your customers. For example, an online delivery service for baked goods will eliminate the hassle of leaving home to find the perfect dessert at a grocery store or bakery. How?

The online delivery service gives consumers instant access to a wide range of sweets from home. Once the problem is identified, research the drivers causing your target customer to need your product or service. Is it a lack of time or energy? A desire to eat something delicious? For the online baked goods business, a working mom may need the service since she does not have time to bake a pie for her child’s monthly bake sale.

By outlining specific, real-life obstacles that your business would help overcome, you can narrow down the demographic of your target market.
2. The When and the Where

Conduct market research to determine when and where your product or service will be most popular. Based on these factors, choose peak business times and optimal locations. Your business could be meant for seasonal activities, milestone events, or a certain time of day. For the online baked goods service, milestone events and evenings could be the “when.” A busy suburb with many working families or online (without a brick and mortar) could be the “where.”
3. (Effective) Communication is Key

Connect to your local community to make an impact on consumers' lives and gain their support. Create a meaningful online presence through social media platforms such as Facebook, Twitter, and Instagram. Inform customers about important developments that may affect their access to your business such as switching to online services.

With the current pandemic, enforcing masks and social distancing in your store is part of effective communication too. If construction is blocking the route to your location, make sure you have sufficient signage and directions on your website.

When posting on social media, your hashtags should be specific and relevant to what your target customer is looking for, instead of generic and redundant. Avoid spamming your followers with excess content or junk mail.

It is much more conducive to post consumer satisfaction stories and develop strong relationships with a small group of consumers to start off. This focused approach will allow loyal customers to give you business and share their experiences with personal and professional networks.
Obstacle 2: Managing Business Operations

Emergency Preparedness

Before you start a business, you must have strategic plans in case of an emergency. Otherwise, all of your hard work could be lost in an instant (UTSA 2018).

- Create an emergency plan in case of a natural disaster that physically destroys your business facility. Include disaster insurance, important files backed up on your computer, and sufficient funds to restart your business in another location.
- Have backup plans in case your external stakeholders cannot deliver what you originally agreed on. Any business could suffer from lost vendors, employees, customers, or sponsorships at any point. To mitigate this loss, hire legal and accounting staff.
- Educate yourself and your employees about emergency planning through training provided by your local SBDC. This way you can create a checklist for each emergency plan you implement. There are also several resources from the Texas Division of Emergency Management and Texas Department of Insurance on how to prepare for a disaster.
Access to Capital and Financials

To receive capital, create a business plan first. According to the U.S. Small Business Administration, there are two types of business plans: traditional and lean startup (“Business Plans”). The traditional plan is lengthier, but its detailed structure is more likely to meet lenders’ expectations. Regardless of the type of plan you use, it must have a clear executive summary explaining the purpose of your business. Also, provide details about startup financials.

Before requesting a loan from the bank or anywhere else, connect with your local SBDC advisors. They will help you revise your business plan and create financial projections based off of your predicted startup expenses and profit centers. By using advisory service and sticking to your plan, your business can take off!
To finance your business, you must invest in it first with your own money. Most banks require at least a 20% down payment before agreeing to lend.

Furthermore, it is advisable to have close family and friends invest before turning to the bank. Research microlenders if you need a very small amount of money or do not have the strongest credit. While interest rates are higher due to greater risk, microloans often require zero collateral if a borrower defaults (Hayes 2020).
SWOT Essentials

Analyze your business's strengths, weaknesses, opportunities and threats. The SWOT for your business can translate into specific plans for your business to be successful while addressing obstacles.

Strengths and weaknesses are internal, while opportunities and threats are external. You may have solid sources of revenue which are a strength, but poor human resource management which is a weakness. Opportunities could include a new consumer base in the area, while threats could be a recession or too many competitors.
Obstacle 3: Negative Publicity and Company Morale

Poor Reviews

If an employee is accused of rude behavior, do not ignore the complaint. Whether it is in person or online, always respond with the proper language to apologize, such as “I’m sorry that happened.” Your apology is being noticed by others in the area and contributes to the reputation of your small business.

While it is important to empathize with an angry customer, do not betray your employee after the incident. Make sure you speak with them individually and listen to their perspective while making it clear not to repeat the behavior.
Employee Well-Being

Your business should possess a strong management structure that prioritizes employee well-being and professional development. If an employee is facing a hard time at home or needs help, they should know who to turn to through human resources. In addition, employee’s work should not only be motivated by external rewards such as benefits and pay, but a sense of personal growth and achievement.

Company Culture

First, determine what you want your company culture to be and make sure it is emotionally intelligent. You may want to build an environment where values of service and inclusion thrive. To uphold this culture, establish open communication about team-building activities, volunteerism, and affinity groups. Have employees vote on places they would like to volunteer or low-cost social activities the company can enjoy together. Employee-led affinity groups can promote inclusion for women, LGBTQ+, and other minorities in your company.
Responding to Economic Turbulence
Obstacle 1: Dealing with a Recession

Financing and Debt Relief

The key to preserving your business is decreasing cash outflow and using the funds you saved to sustain your most valuable assets – your employees and customers (Pacific). Through this strategy, more cash will flow into your business in the long run.

The following actions were commonly implemented after the Great Recession of 2007-2009 (Go 2009):

- Negotiate a lower rent and discounted utilities. It is a win-win situation since companies you are contracting with still keep your business, and you are more able to maintain yours.
- Pay bills that offer discounts for paying on time and negotiate for extended time on payables before receiving notices.
- Eliminate excess personal expenses such as buying lunches everyday as well as discretionary company expenses such as a fridge or excess office items.
- Lease or buy used equipment, machinery, and building space.
• Decrease the size of spaces you rent or sublet large spaces for extra income. Subletting is a win-win situation for your business since you are generating income, and the business you are subletting to will have a much cheaper rent (Pacific).

• Cut down further on inventories that do not generate revenue. By doing this, your cash will not be stuck inside of your products (Pacific).

• Monitor cash flow statements and project them for upcoming months to ensure expenses match up with receivables from customers (Pacific).
Support and Retain Strong Employees

● May have to conduct one large round of layoffs to ensure job loss does not continue sporadically (Go 2009).

● Communicate with employees about obstacles being faced by your business and create concrete revenue/expense goals to recover in the coming years. Encourage employees to think of creative ways to increase profits and cut down on expenses without letting go of employees. Ex) Shift full-time roles to part-time roles instead of decreasing salaries (Pacific).

● For owners: If overall pay must decrease, decrease your hours/salary by the same amount as other employees. This will preserve your business and your employees’ trust (Go 2009).

● Unemployment benefits may be conducive for strong employees, and it is important to respect their best interests. For example, when salons, barbershops, and other in-person services had to close during COVID-19, unemployment benefits were the only option for the time being.
Cater to Vendors and Customers

- Keep in touch with vendors and customers by meeting in person, calling them, or sending a postcard – this will increase your awareness of potential losses in your business and areas where you can grow depending on their financial situation (Go 2009).
- By interacting with vendors when other companies in your sector are not, you can land invaluable contracts that will carry benefits into the future (Pacific).

- Continue to spend on marketing when other businesses do not: clearly illustrate to consumers why your product will be valuable for them during the recession. Offer discounts for products/services of long-term value (Pacific).
- Don’t be afraid of being assertive with your customers about collection deadlines and offer discounts for receivables that are collected sooner than the deadline (Go 2009).
- Provide quick, high-quality service especially in the fast food, restaurant, and delivery businesses (Pacific).
Obstacle 2: Double Trouble - Recession & Disaster

Historically, small businesses have been faced with unprecedented challenges pertaining to a recession AND disaster. Be informed about the aid you can receive and actions to take to save your business.

Small Business Administration Loans

During a natural disaster such as a drought, fire, severe storm, civil unrest, or more recently the COVID-19 pandemic, the SBA offers the Economic Injury Disaster loan to help businesses recover (“Current Declared Disasters”). Disasters can pertain to those causing a loss of physical assets or events that negatively impact the operating expenses of your business.

- To apply for a physical disaster related loan (“The Three Step Process:”):
  1. Ensure the SBA has a disaster declaration issued in your location.
  2. Fill out a disaster loan application for up to $2 million.
  3. Continuously check your status through your account and email.
For economic injury loans, compile your company’s financials to reflect damage to your operation costs.

As of June 15th, the Small Business Administration began accepting new Economic Injury Disaster Loan (EIDL) applications for businesses in the agricultural sector and eligible small businesses. The advance will provide up to $10,000 to compensate for revenue losses during the pandemic and is automatically forgiven (“Disaster Loan Applications”).

If there is not a “disaster” but your business needs sufficient funding to ensure long-term success, research and apply for the following SBA loans you are eligible for:

- The following link includes the terms for 12 SBA loans such as the 7a, SBA Express, and 504 loans.

- The NDC Grow America Fund is one of the SBA’s Preferred Lenders and provides 7a loans to eligible small businesses in underserved areas. 50,000 jobs have been created as a result of their lending, and online applications are now available on their website. [https://ndconline.org/small-business-lending/](https://ndconline.org/small-business-lending/)
Case Study: Hurricane Harvey Economic Recovery

- During Hurricane Harvey, small businesses on the east coast of Texas lost their buildings, equipment, inventory, and even employees (South Texas 2019). Fortunately, federal government aid and disaster relief fixed economic damages about 6 months after the hurricane.

- The recovery of Aransas County conveys how small businesses were able to receive aid during the hurricane:
  - In August 2018, FEMA gave Aransas County $104 million in SBA loans and $179 million for flood damage.
  - The unemployment rate more than doubled after Harvey hit in September 2017 from under 5% to over 10%. By August 2018, unemployment was back to normal. Increases in sales from 85% of reopened businesses offset losses from the 15% of businesses that remained closed.

- Due to federal aid provided by FEMA to the 41 affected counties in Texas, jobs increased by an average of 19,500 per month.

- Local disaster relief programs also facilitated increases in employment and income for businesses, and the Rebuild Texas Fund disbursed over $50 million after Harvey.
Combating Restrictive Supply Chains

- During recession/disaster combinations, restrictive supply chains can become an issue. Veem reported that 54% of businesses were experiencing moderate or high disturbances to their supply chain due to COVID-19 (“2020 State of Small Business”). These disturbances occurred because of food and energy shortages, plants shutting down, company furloughs, and global and domestic trade restrictions.

- Successful strategies included divesting in technology, altering supply chains to ensure valuable products were manufactured, and training employees to work in different positions. These tactics were evident in education which is taking place almost entirely online during the pandemic.
Obstacle 3: Following the Guidelines

Self-Imposed Disaster: Hazardous Waste

- There are many EPA guidelines to follow regarding hazardous waste that will protect against oil spills, PCB emissions, and other manmade disasters. If your business will have any involvement with hazardous waste, it is important to follow all the applicable rules and regulations. The following link provides information about hazardous waste programs and specific regulations for different types of waste:
  - [https://www.epa.gov/oil-spills-prevention-and-preparedness-regulations](https://www.epa.gov/oil-spills-prevention-and-preparedness-regulations)
Hurricane Harvey Guidelines

- The South-West Texas Border SBDC Network gave specific steps for businesses and individuals to take to receive assistance after Hurricane Harvey ("Hurricane"):
  1. Apply for assistance with FEMA
  2. Apply for SBA Disaster Loan Assistance
  3. Apply for TX Workforce Disaster Unemployment Assistance for Employees and Self-Employed
  4. Check extra resources provided by the American Red Cross, TX Dept of Insurance, OSHA, etc.

- These resources combined contributed to the speedy recovery of Texas homes and businesses after the hurricane.
COVID-19 Health and Safety Guidelines

- During the pandemic with businesses reopening, it is very important to follow the CDC, OSHA, and local government guidelines as they are updated. For any business employee feeling stressed or concerned, there is a COVID-19 Mental Health Support Line offered 24/7 through Texas Health and Human Services: 833-986-1919.
- The Centers for Disease Control and Prevention provide guidelines for businesses and employers including employee health screenings, wearing face masks, and procedures to follow if someone tests positive.
- The Occupational Safety and Health Administration gives ten steps for businesses to take to reduce risk of exposure to COVID-19. The link below provides many SBDC resources to keep up with during the pandemic:
- [https://txsbdc.org/Safety/](https://txsbdc.org/Safety/)
Obstacle 4: Adjusting Business Model to New Norms

Creating a New Business Model

During the Great Recession, several businesses knew exactly how to pivot their product and approach to become attractive to consumers. For instance, Snuggie was extremely successful because of their product: a one-piece pajama suit that could be worn by anybody staying comfortable at home. This was ideal for consumers staying in during the recession to save money and resulted in massive sales during 2009 (Bradley 2020).

Similarly, Lego increased its profits by 63% during the recession by thinking outside the box. While they were not able to cater to customers in the United States, they expanded their business to Europe and Asia – something other businesses in the toy industry did not think of. When adjusting business models, small businesses must also think creatively about expanding their market (Bradley 2020).
Dixie Flag’s response is an amazing **local** example of adjusting to changing times. Normally, Dixie Flag and Banner Company makes banners and flags for community events; however, they began making masks for the frontline and San Antonio citizens during COVID-19. They are producing hundreds of masks a day (Rambaldi 2020)!

https://www.dixieflag.com/store/catalog
New Opportunities for Employees

In any turbulent time, there are hidden opportunities for employees that boost company morale and prove to be invaluable overtime. Before businesses could open up during COVID-19, employees worked from home in healthcare services, education, and business roles. While adjusting was initially difficult, business and cash inflow could continue, and consumers could receive important services virtually.

Furthermore, low-cost training to enhance skills in software development, finance, and marketing are often offered for free online. During a recession or slump, encourage employees to take advantage and learn a new skill that can help them better perform later. These trainings can be cost-effective for employers since they make job reassignment or job sharing possible during hard times (Pacific).
Social Media Marketing

● Having a strong presence on online platforms is more important now than ever. By making your store social media worthy and engaging with customers virtually, you can expect a wholesome business environment.

● According to the Retail Owners Institute (ROI), it is important to reopen your store in a way that’s “Instagram-able” (Johnson and Outcalt). By changing store layouts to attract attention to new products and paying attention to lighting and window displays, a fresh outlook will be associated with your store, generating positive social media attention. Also, advertise flexible and high-tech services being offered during the pandemic such as online shopping and curbside pickup!
● Virtual events have been a lifesaver for many during COVID-19. Businesses can keep in touch with their consumer base and attract new ones. Consumers can discover novel interests and products that allow them to express their creativity and passions.

● Connecting with community business incubators such as Geekdom and online publications such as Startups San Antonio in your city can also attract progressive ideas and consumers to your business. Local SBDCs are also a wonderful resource to learn about digital marketing practices!


Conclusion

We hope that this booklet serves as a beneficial resource in navigating the world of small business. The UTSA Small Business Development Center (SBDC) is dedicated to providing advising to small businesses for zero cost. Always feel free to come to the SBDC and utilize its online resources to increase your knowledge over the topics covered in this booklet!

KEEP CALM AND SMALL BUSINESS ON!

https://sasbdc.org/