



Building a Resilient Business: Before, During, and After a Disaster

Spring Forward From COVID-19:

Readying Your Business for the Summer, Fall,
and Long-Term Economic Recovery



Puerto Rico
Science, Technology
& Research Trust



Resiliency and
Business Innovation



Center for Resilient and
Sustainable Communities

Organized by the Puerto Rico Science, Technology & Research Trust

Sponsored by: U.S. Economic Development Administration

May 21, 2020

*C-RASC consists of researchers from George Mason's Volgenau School of Engineering, the School of Business, the Schar School of Policy and Government, the Jimmy and Rosalyn Carter School of Peace and Conflict Resolution, the College of Science, and the College of Health and Human Services



Overview for Entrepreneurs Support Practitioners' Course: Helping Business Owners/Operators Get the Most from Their Course



Resiliency and
Business Innovation

Sponsored by: U.S. Economic Development Administration

Introductions



Lucy Crespo, CEO



Puerto Rico
Science, Technology
& Research Trust



Annie Mustafá Ramos



Resiliency and
Business Innovation

A program of the:



Puerto Rico
Science, Technology
& Research Trust



Gilberto Guevara



Puerto Rico
Science, Technology
& Research Trust



Gloria Viscasillas Aponte

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PA'LANTE**



Overview for Entrepreneurs Support Practitioners' Course: Helping Business Owners/Operators Get the Most from Their Course



Resiliency and
Business Innovation

Sponsored by: U.S. Economic Development Administration



J.P. Auffret, Ph.D.



Lin Wells, Ph.D.



Bob Rogers



Annie Mustafá Ramos



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Entrepreneurs Support Practitioners

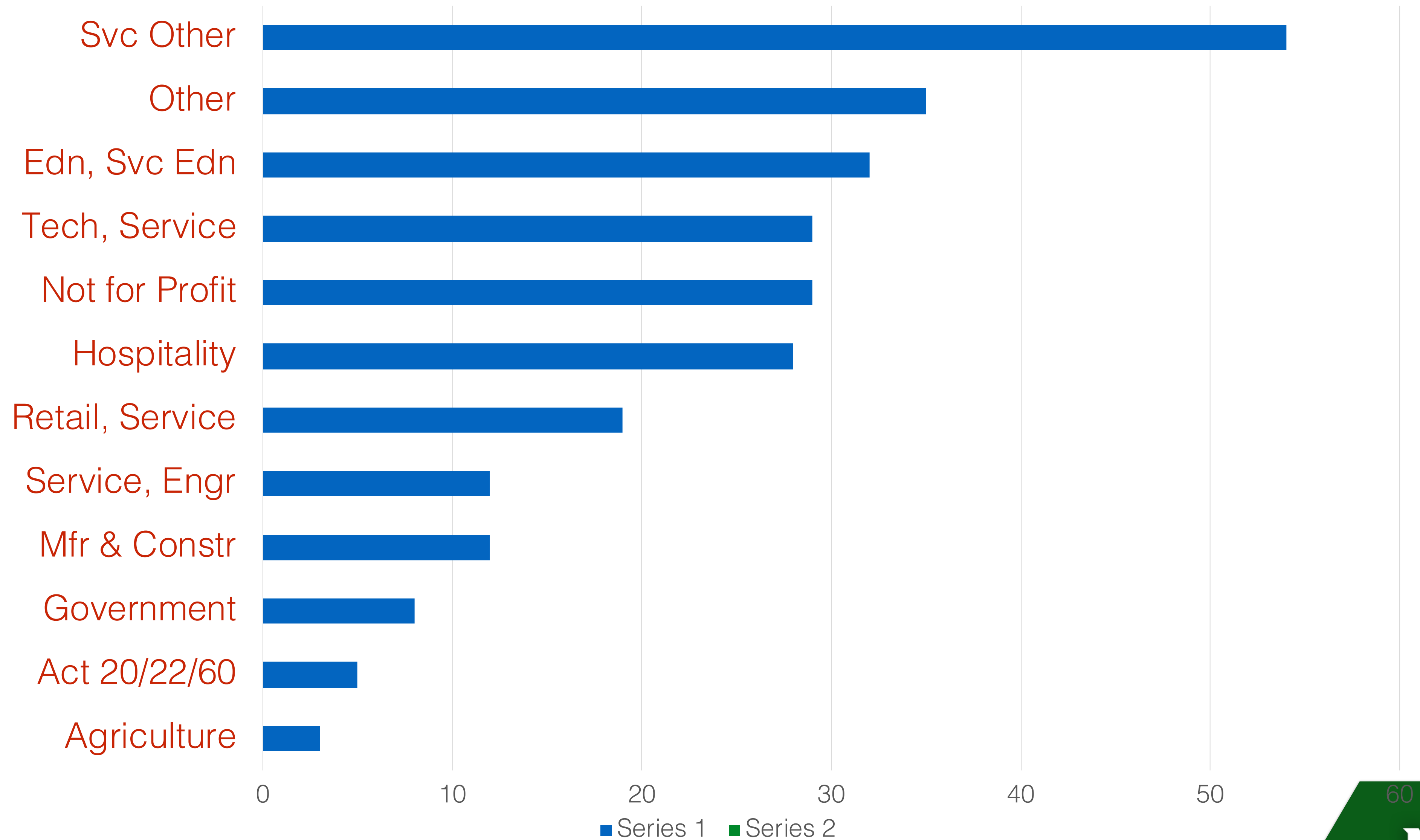
- **Organizations include:** Universities, NGOs, Professional Associations, Banks, Businesses and Government
- **Roles include:** presidents, executives, board directors, entrepreneurial consultants, program managers, professors, attorneys and administrators
- **Cities / regions include:** Aguadilla, Anasco, Arroyo, Barceloneta, Barranquitas, Caguas, Cayey, Coamo, Guaynabo, Gurabo, Hato Rey, Humacao, Isabela, Juana Diaz, Las Piedras, Manati, Maricao, Mayaguez, Ponce, San German, San Juan, Toa Baja, Trujillo Alto

Business Owners

- **Industries include:** Service; Retail; Hospitality, Tourism, Restaurants; Technology; Education; Non-Profit; Manufacturing and Construction; Agriculture and Government
- **Small business size distribution**
 - 1 - 3 employees 40.1%
 - 4 - 10 employees 23.3%
 - 11 - 20 employees 6.0%
 - 21 – 50 employees 7.9%
 - 51 – 99 employees 3.8%
 - > 100 employees 18.4%
- **Business Owner roles include:** presidents, executives for strategic growth, economic development; program and project managers; attorneys

Who Is Attending

Distribution of Businesses



Business Course Learning Outcomes (1)



By the end of the course, participants will have:

- Developed an effective business resilience plan that can adapt to changing business conditions
- Developed a COVID-19 recovery plan

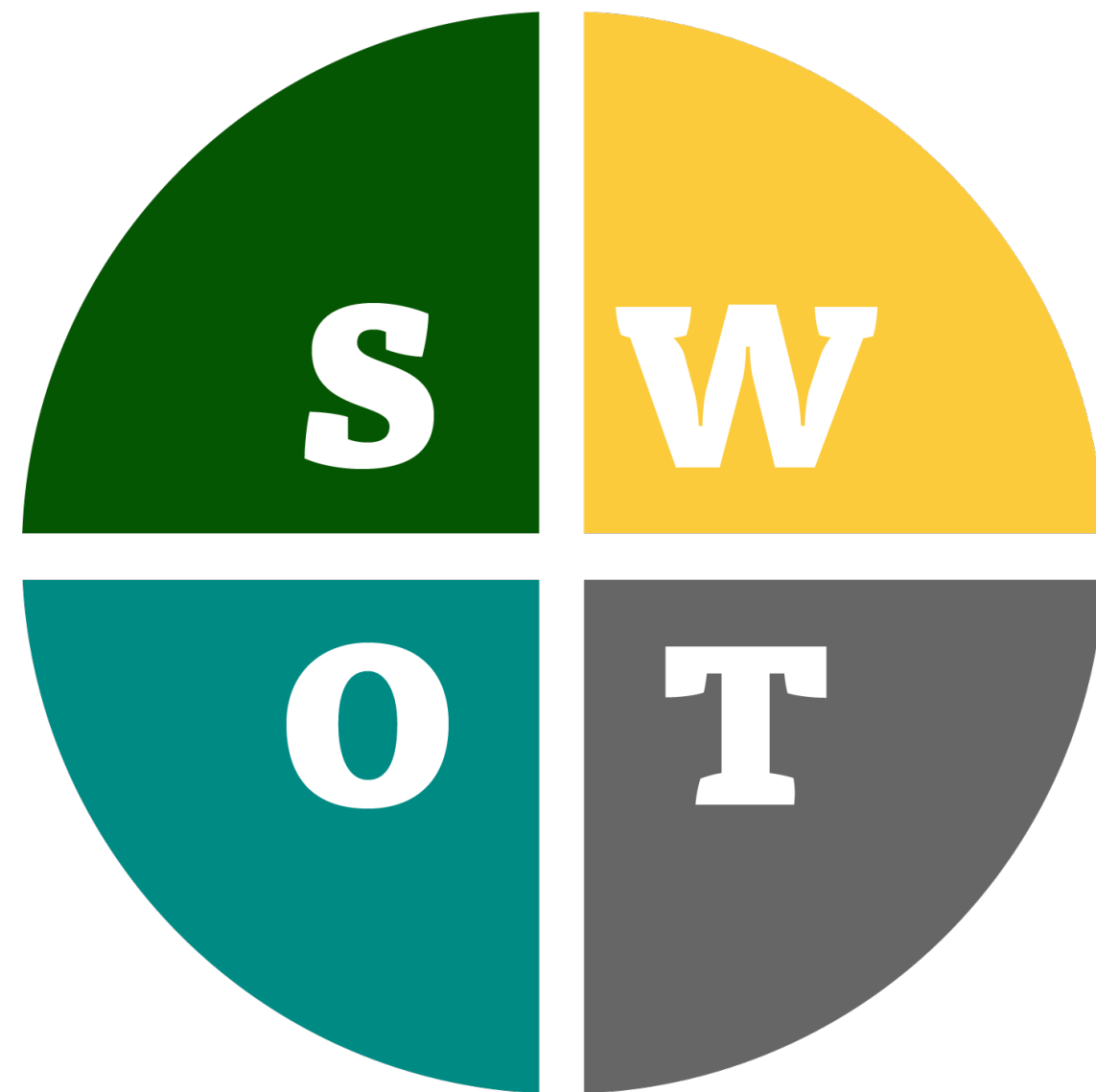
Business Course Learning Outcomes (2)



And will be able to:

- Exercise the business resilience plan and keep it up-to-date
- Prepare for the 4 Phases of Resilience (Anticipate, Withstand, Recover, Adapt/Reposition)
- Analyze hazards to businesses in Puerto Rico and their impacts
- Protect core business assets such as people, data, operations, etc.

Business Course Learning Outcomes (3)



And have learned:

- What resources are available to small and medium businesses to help build resilience in Puerto Rico, including special assets related to COVID-19
- The value of a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis

Course Outline - Business Owners/ Operators

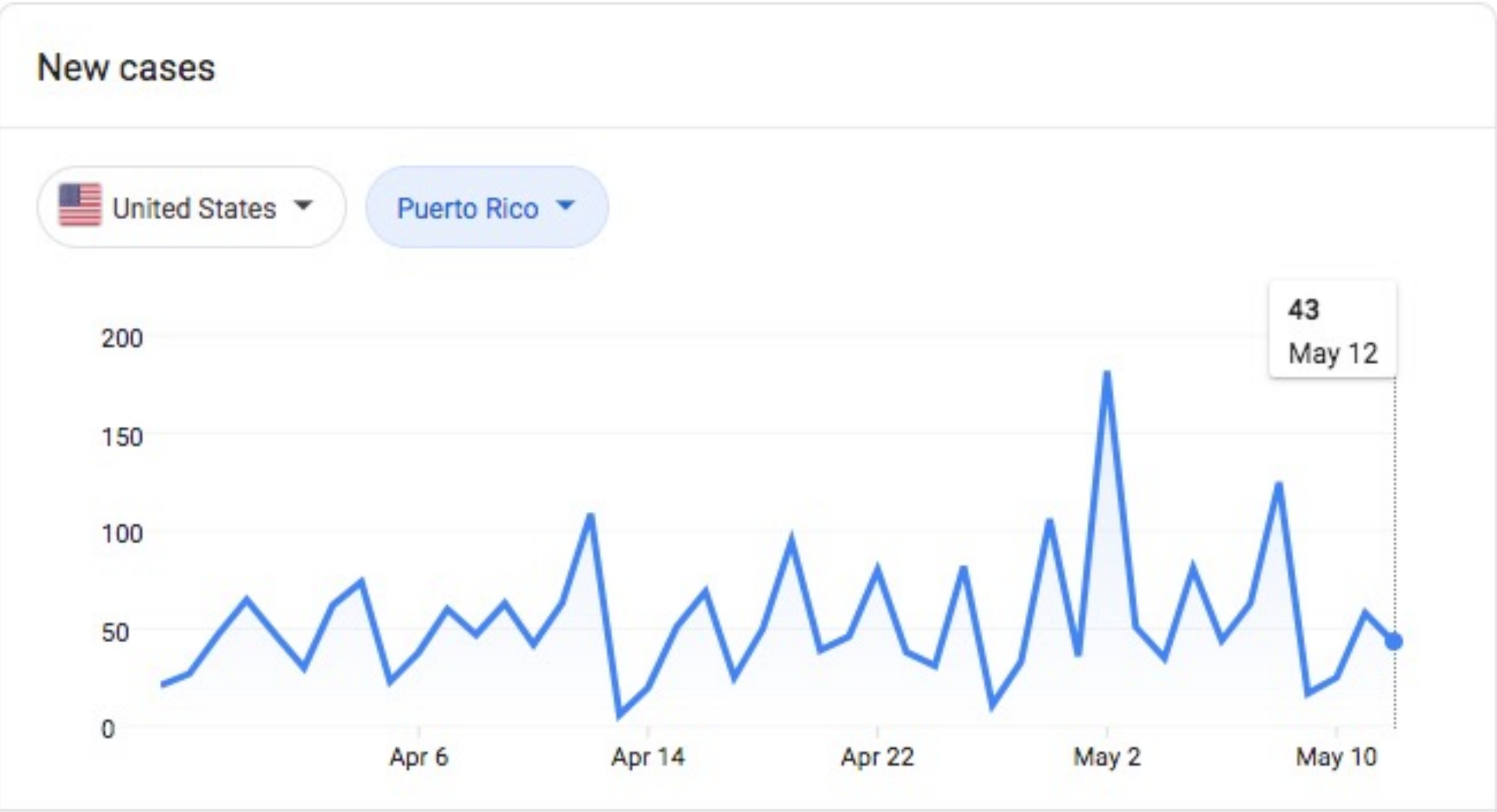
- **Lesson 1, May 21**
Spring Forward from COVID-19
- **Lesson 2, May 28**
Resilience Concepts; SWOT Analysis; Intro to Business Resilience Workbook; Hazard Analysis
- **Lesson 3, June 4**
Business Impact Analysis; Protection of People, Data, and Operations
- **Lesson 4, June 11**
Protection of Inventory, Equipment, and Buildings
- **Lesson 5, June 18**
Integrate Material from Lessons 3 & 4; Discuss “Adapt & Reposition;” Finalize Resilience Plan
- **Lesson 6, June 25**
Discuss Lessons Learned and Best Practices from Resilience Plans; Address way ahead; Present Certificates

Today's Agenda

- Puerto Rico and COVID-19
- Critical Needs of Businesses
 - Guest Speaker Nerma Albertorio, Founder and Executive Director of Centro de Emprendedores and leader of StartUps of Puerto Rico
- Scenario Planning for Your Business
- Building Resilience and Readyng for Pent Up Demand
- Your COVID-19 Recovery Plan
- Long-Term Opportunities and Risks

Puerto Rico and COVID-19

- Estimated peak date
- Possible Puerto Rico government opening plans



<https://www.google.com/search?q=how+many+people+in+puerto+rico+have+died+from+covid-19&og=how+many+people+in+puerto+rico+have+died+from+covid-19&aqs=chrome..69i57j0i7&sourceid=chrome&ie=UTF-8>

COVID-19 Deaths and Testing

Cases overview

Puerto Rico

Confirmed	Recovered	Deaths
2,299	-	114
+43		+1

(as of May 13)

The New York Times

Even the scant number of total tests, 11,848 as of Tuesday on an island with a population of nearly 3.2 million, is an overcount: A person who tested positive for coronavirus antibodies in a finger-prick blood test and then took a nasal-swab test for confirmation would have been counted twice.

<https://www.nytimes.com/2020/04/21/us/puerto-rico-coronavirus.html>

Colmena66 Puerto Rico Survey

Conducted March 20th – April 4th with 625 respondents
20+ industries, 77% of which had 1-5 employees, 13% 6-10, 6% 10-20,
and only .6% >100

- 59% were temporarily closed at the time of completing the survey
- 86% did not have a savings or contingency fund
- Only 17% could pay payroll or professional services for more than 4 weeks
- 12% had no ability to work remotely

<https://www.colmena66.com/es/levanta-tu-negocio-pr/covid-19>

The COVID-19 Recovery Challenge

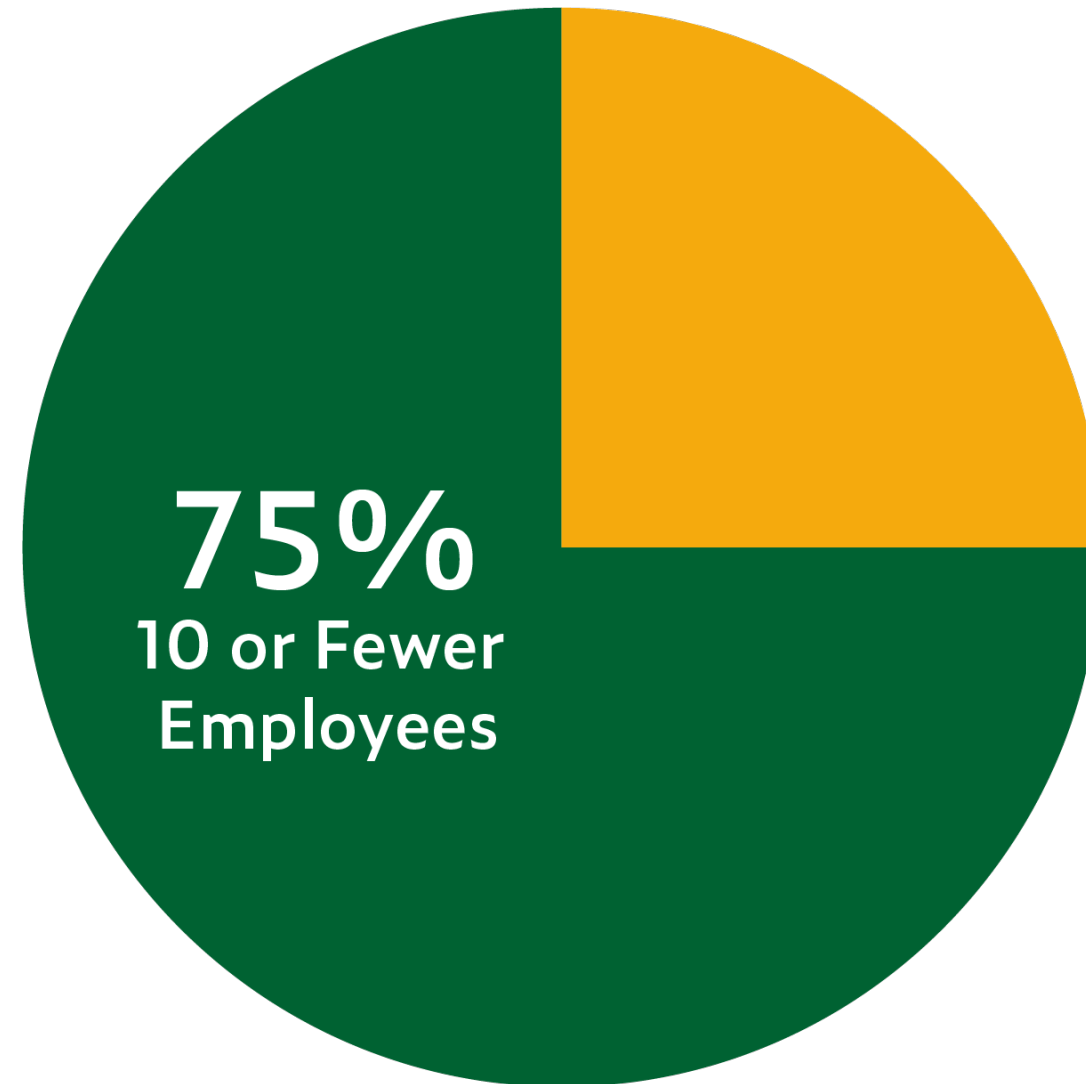
“Demand, supply and workforce availability affected globally at the same time.”

- Industry Week

Puerto Rico and Small Business and COVID-19



44,000 small businesses



545,000 employees

Puerto Rico has 44,000 small businesses with 75 % having ten or fewer employees, small firm employment 545,000 employees

(New York Federal Reserve)

Puerto Rico and Small Business and COVID-19



Annual Revenue
<\$250,000

Approximately 68% of Puerto Rico
small businesses have annual
revenues of less than \$250,000

(New York Federal Reserve)



As of Friday, May 8, the SBA had
approved 24,700 PPP loans in
Puerto Rico and the USVI for \$1.1
billion.

<https://newsismybusiness.com/paycheck-protection-program-funding-still-available-for-p-r-usvi-small-businesses/>



Puerto Rico Small Business Unique Recovery Challenges



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FEMA Recovery Efforts Continue on the Island with Funding Obligations for 97 Projects

Release date: April 7, 2020

Release Number: DR-4339-PR NR 426

GUAYNABO, Puerto Rico – FEMA and the Central Office for Recovery, Reconstruction and Resilience, or COR3, have obligated an additional **\$11.4 million** in funds for **97** projects related to the recovery and reconstruction of Puerto Rico due to Hurricane María. These funds were obligated between March 27 and April 2.

As the island continues to safeguard its residents with social distancing and self-quarantine measures, FEMA and COR3 remain focused on prioritizing obligations of funds to municipalities for eligible expenses to help communities recover. To date, nearly **\$6.6 billion** has been approved for Puerto Rico under FEMA's Public Assistance program.

The latest grants obligated are as follows:

- Over **\$4.1 million** for repairs to roads and bridges.
- Nearly **\$4 million** for repairs to public buildings and equipment.
- Over **\$1.6 million** for emergency protective measures.
- Over **\$1.3 million** for repairs to parks and recreational facilities.
- Over **\$632,600** for public utilities.
- Nearly **\$242,000** for debris removal.

Funding for permanent work includes projects like roads, bridges, water control, buildings and equipment, utilities and park and recreation facilities as authorized under Section 406 of the Robert T. Stafford Act. Emergency protective measures are actions taken to eliminate or lessen immediate threats either to lives, public health or safety, or significant additional damage to public or private property in a cost-effective manner.

- On going recovery from Hurricanes Irma and Maria and 2019 - 2020 Earthquakes
- Recovery and upgrade of the electric grid
- Limitations of wireless broadband
- Large percentage of small business and microbusinesses
- Economic recession and changing demographics
- Upcoming hurricane season

Adapt your strategic response

Covid-19 Strategy Matrix
boardofinnovation.com

Impact On Your Organisation

Direct impact of Covid-19 / Indirect impact of economic recession / Ability to adapt fast

Note: strategic response also depends on cash position, competitive position and industry attractiveness

Severity And Duration Of Economic Impact
GDP forecast / Pandemic evolution / Economic policy

	POSITIVE Revenue growth through demand surge e.g. E-commerce	MILDLY NEGATIVE Sustained revenue loss of 0-15% in Q2-4 2020 e.g. Consumer Goods	SEVERE Sustained revenue loss of 15-50% in Q2-4 2020 e.g. Oil and gas	CATASTROPHIC Sustained revenue loss of +50% in Q2-4 2020 e.g. Tourism
0.5 YEAR IMPACT V-curve rebound; Effective pandemic control and economic stimulus	Ride the wave: boost supply to keep up with demand surge	Push through and prepare for fast back-to-normal upswing	Survive and prepare for relatively slow back-to-normal recovery	Mothball large part of the business and prepare for re-start
1.5 YEAR IMPACT U-curve recovery; Social distance measurements prolonged, economic stimulus eases damage	Push for growth and market share	Defend, improve competitive position, and find new growth	Pivot through organic innovation and inorganic growth, or divest	Pivot through organic innovation and inorganic growth, or divest
3 YEAR IMPACT L-curve recovery; Failed pandemic control, and wide-spread bankruptcies and credit defaults	Aggressive push for growth and market share	Defend, improve competitive position, and find new growth	Prepare for aggressive new entrants. Reinvent and create totally new position, or abandon	Abandon market



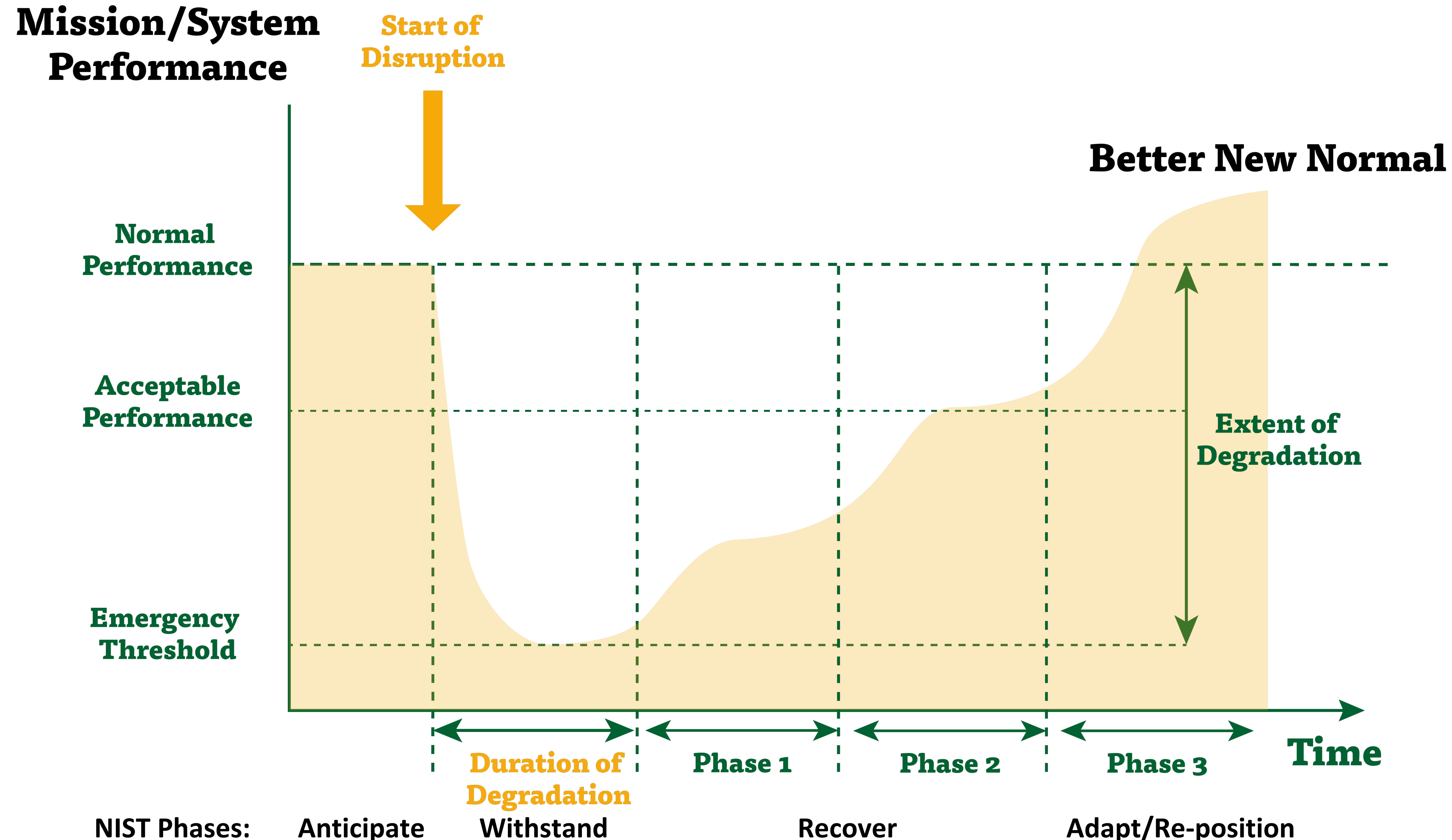
Critical Needs of Businesses



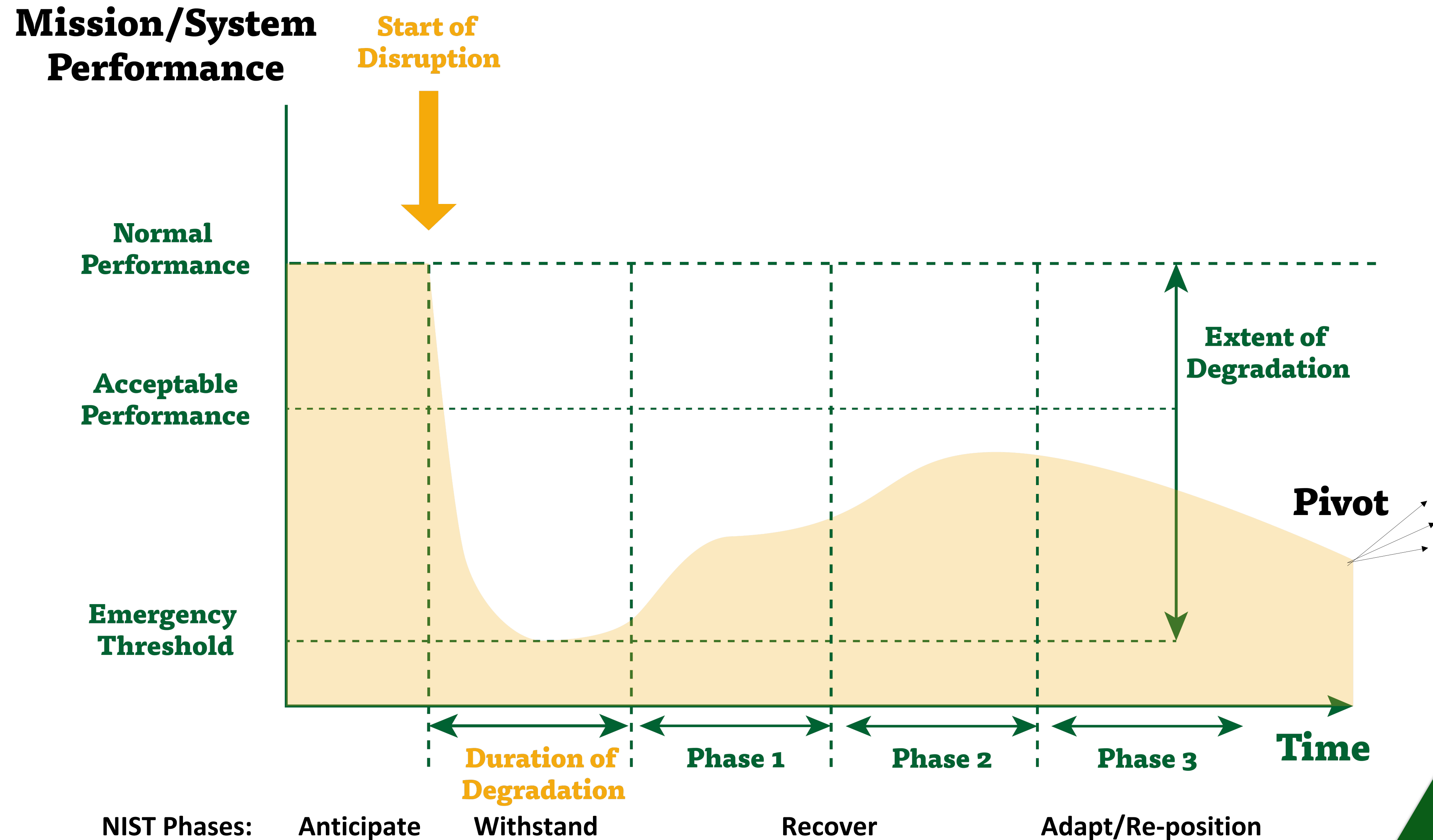
Nerma Albertorio,
Founder and Executive
Director of Centro de
Emprendedores and
leader of StartUps of
Puerto Rico

Source: <https://eljacaguero.com/lider-empresarial-boricua-dictara-conferencia-en-la-uasd-sobre-emprendimiento-y-exito/nerma-albertorio/>

Resilience is NOT Just Bouncing Back. It's Being Prepared to Bounce Forward Better



Sometimes You Can't Bounce Forward Better When to Pivot?





What Small Businesses in the U.S. Are Doing to Ready for and Begin Recovery



THE ESSEX MARKET

[Home](#) [Menu](#) [Call To Action!](#) [Who We Are](#) [Contact](#)
[Buy E Gift Cards](#)

Who We Are

We Are The Passionate, Dedicated And Displaced Owners And Workers Of The Essex Restaurant, The Coco Club & Los Charros Cantina. In This Time Of Need We Are Creating Magic From Mayhem. You Can Find Us Located Through The Rear Entry Of The Same Building As The Essex, Coco Club And Los Charros.

If You Have Any Struggles At All As An Elderly Person In Need
Or With Children's Lunches During School Closures We Are Here To Help.
We Are In A Time Of Intense Understanding And Must Learn To Support Locally
And That Is A Two Way Street. We As Restaurants Need You Now More Than Ever,
But We Are Also Here For You Every Step Of The Way!
Call And Ask To Speak With Colt Directly And We Will Help However We Can!

The Essex, Centerbrook Connecticut

www.theessexmarket.com



What Small Businesses in the U.S. Are Doing to Ready for and Begin Recovery



Source: CBS Austin



What Small Businesses in the U.S. Are Doing to Ready for and Begin Recovery



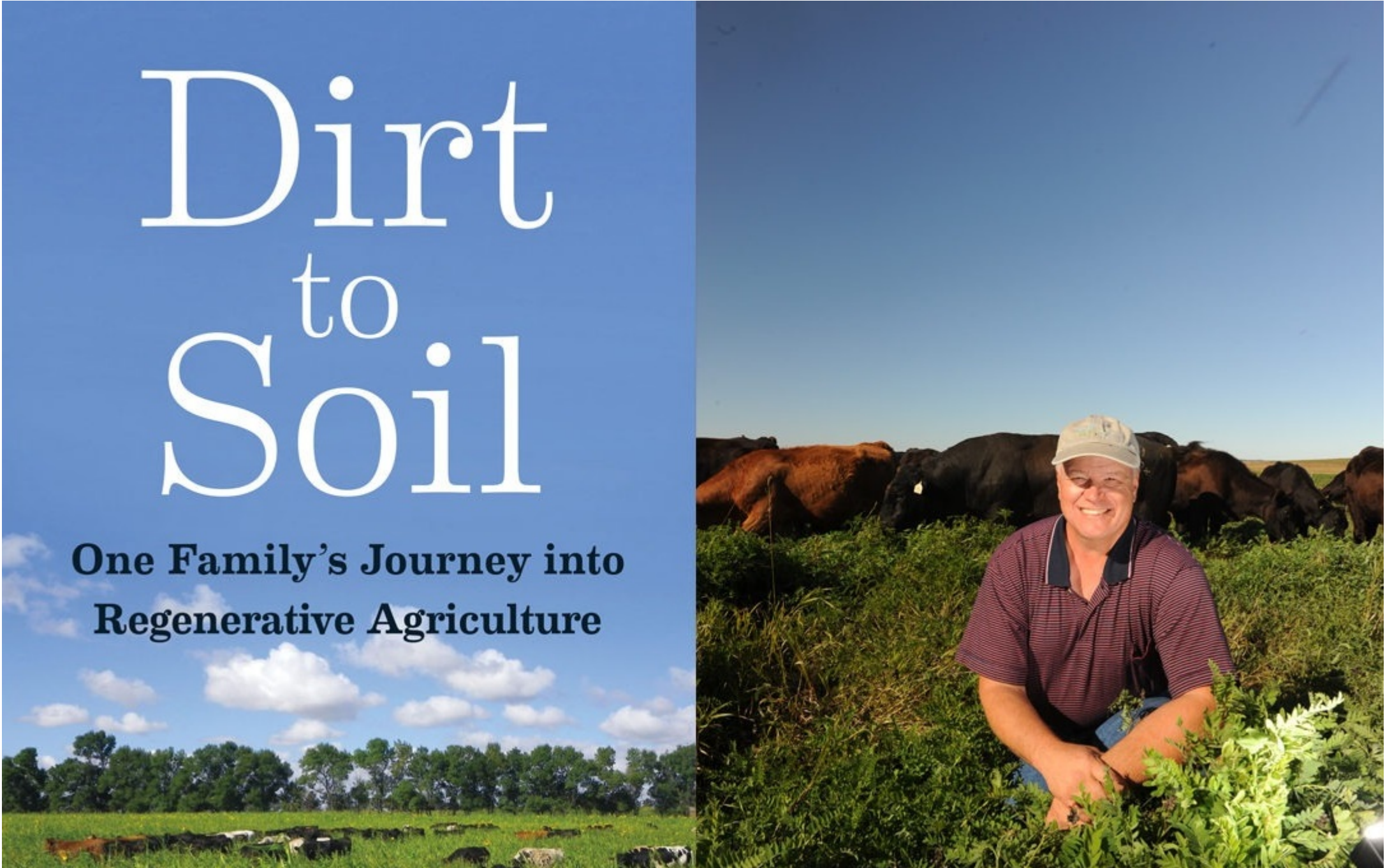
**Landini Brothers, Alexandria,
Virginia**



**Founders Park, Alexandria,
Virginia**



What Small Businesses in the U.S. Are Doing to Ready for and Begin Recovery



Gabe Brown, North Dakota



What Small Businesses in the U.S. Are Doing to Ready for and Begin Recovery

Home About Us Menu Events Pictures Catering and Delivery SKRace Contact

Coogan's
4015 Broadway (& 169 ST)
New York, NY 10032
212-928-1234

► **Opentable**

Reserve Now

• **OpenTable**

► **Drink Specials**

- **Monday:**
Sunny Wahi \$6.00
- **Tuesday:**
Sex on the Beach \$6.00
- **Wednesday:**
Calypso Sunrise \$6.00
- **Thursday:**
Watermelon Martini \$6.00 | Karaoke
- **Friday & Saturday:**
Coogan's \$6.00

To our Coogan's family and friends...

April 21, 2020
To our Coogan's family and friends,

We need your help in saying farewell in a message that is so very difficult to write. What's missing are your stories and wishes and even pics that will make whole the heart of our saying goodbye.

Ironically, this past March 17th would be the last time Coogan's closed its doors. We had hoped to open them again but sadly that it is not possible.

To all our Coogan's family that extends from a corner in New York's Washington Heights to so many in near and distant places, we offer love and best wishes that you remain safe, strong and healthy for now and ever.

Our first priority will be the security and future of our staff. We encourage our friends to contact us to help this quality group of the best possible people in talent, hard work and integrity to obtain jobs and employment. For over thirty five years we have given and received more than is usual in a working experience.

What was made at Coogan's were warm relationships, easy smiles and hearty laughter. If you came in a stranger, you immediately became a friend and left as an 'old timer'. We were able to share a full glass of love with a large plate of honesty in a neighborhood full of the most wonderful people you could ever hope to meet.





Scenario Planning for Your COVID-19 Small Business Recovery

- **Exercise 1** – Impact Assessment on Customers, Suppliers and Staff
- **Exercise 2** – Cash Flow Scenario Planning
- **Exercise 3** – Your COVID-19 Small Business Recovery Plan



Exercise 1 – Impact Assessment on Customers, Suppliers and Staff

	Short Term Impacts	Medium Term Impacts	Long Term Impacts
Customers			
Suppliers			
Staff			

Note: For short, medium and long term, please identify impacts on your customers, suppliers and staff.



Your Current Financial Considerations

- Time horizons – short, medium, long-term
- Cash flow
- Key factors
 - Decreased revenues
 - Delayed receivables
 - Mortgages and rent payments
 - Salaries
 - Vendor Payments
 - Increased operational costs
- Ability to defer payments, reduce expenses
- Potential capital access
- Insurance
- Payroll Protection Program, Economic Injury Disaster Loans and Puerto Rico specific programs



Exercise 2 – Cash Flow Scenario Planning

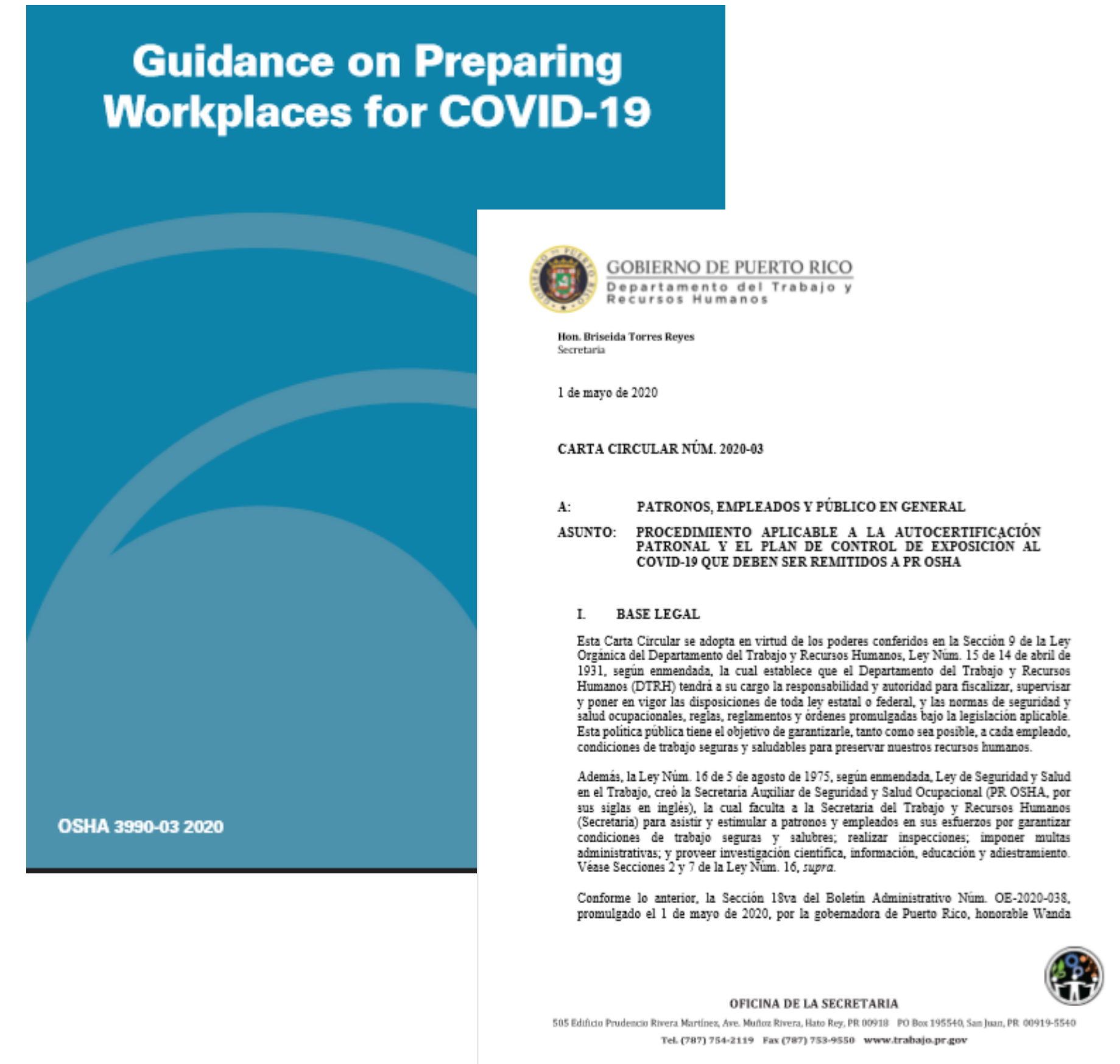
	YTD (\$)	Scenario 1 - Optimistic (\$)	Notes		YTD (\$)	Scenario 2 - Realistic (\$)	Notes		YTD (\$)	Scenario 3 - Pessimistic (\$)	Notes
Revenue											
Products and Services											
COVID Government Funding											
Total Revenue											
Expenses											
Salaries											
Facilities											
Utilities											
Cost of Goods											
Insurance											
New COVID Expenses											
Interest											
Taxes											
Total Expenses											
Operating Profit / Loss											
Cash Flow Adjustments											
Adjustment in Payables											
Adjustment in Receivables											
Total Cash Flow Adjustments											
Total Cash Flow (Operating Profit / Loss + Cash Flow Adjustments)											

Adapted from
Your Part-Time
Controller



Your Facilities Considerations

- Executive Order 2020-38
- Develop and submit an Exposure Control Plan and a self-certification to the Puerto Rico Department of Labor
- Based on OSHA guidance
- And following Puerto Rico Department of Labor Circular Letter 2020-03



Strategies / Initiatives for COVID-19 Recovery and Building Resilience

“Demand, supply and workforce availability”

- Customers
- Products and Services
- Distribution and Channels

- Staff

- Suppliers

Compliance and Regulation
IT and Technology
Governance and Insurance
Scenario Planning and Risk Assessment
Financial Management

Revenue, profitability and long term success



Readying for Pent Up Demand



- “Shanghai Disneyland tickets sellout for opening day, signaling pent up demand for theme parks” – CNBC, May 8th, 2020



COVID-19 Recovery and Adapting Hurricane Season Preparations and Plans

Differences in Preparations and Plans

- Earlier evacuations
- More shelters and increased sheltering in place
- Increased transportation and resources needs
- Increased staffing needs
- New social distancing, temperature checks and masks
- Increased communications

Hurricane season is expected to be worse than normal

The season officially begins June 1, but some meteorologists who have been tracking ocean and atmospheric dynamics over the past few months say conditions are ripe for storms.



Hurricane Florence churns over the Atlantic Ocean in this view from the International Space Station on Sept. 12, 2018.
Alexander Gerst / ESA / NASA via Getty Images



Warren Easton Evacuspote, New Orleans

Exercise 3 – Your COVID-19 Small Business Recovery Plan Initiatives

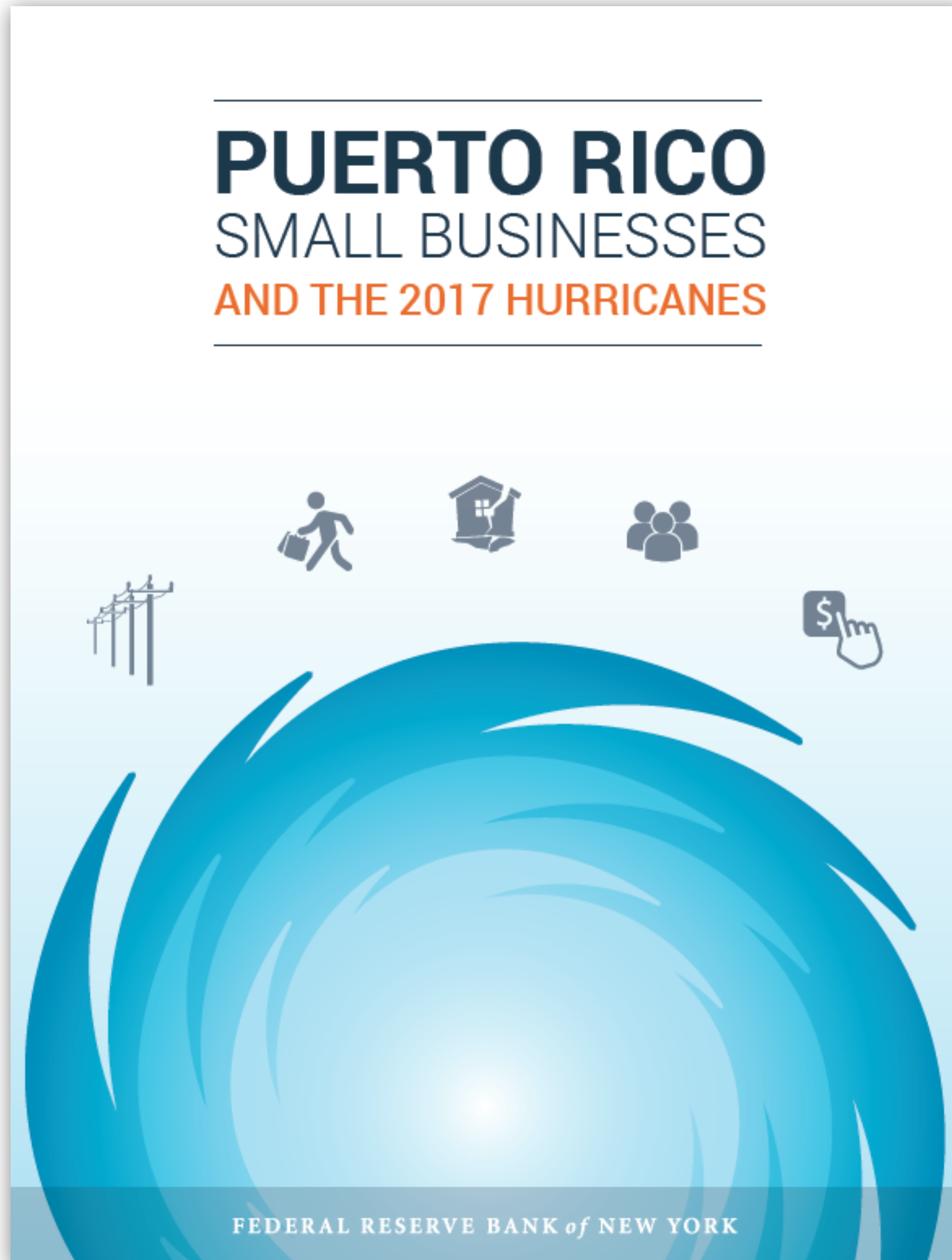


Note: For short, medium and long term and for each of the business areas, identify possible initiatives in line with your Exercise 2 Cash Flow scenarios.

	Short Term Initiatives	Medium Term Initiatives	Long Term Initiatives
Customers			
Products and Services			
Distribution			
Staff			
Suppliers			
Facilities			
Finances			
Governance and Compliance			



Long Term Opportunities and Risks



Increased Opportunities

- New products and services
- New supply chains
- Broadened distribution

Increased Risks

- Uncertain demand
- Increased costs and competition

Readying for the Next Event



**Baseline
Assessment**



Anticipate



Withstand



Recover



**Adapt/Reposi
tion**



**Measuring
Outcomes**



Recap and Q&A



For the Next Session for Business Owners

- Please complete the **Scenario Planning Exercises**:
 - COVID-19 Impact Assessment on Your Customers, Suppliers and Staff
 - Cash Flow Scenario Planning
 - Your Small Business COVID-19 Recovery Plan.
- We'll discuss an example of a Puerto Rican small business at the beginning of the next session

Upcoming Schedule – Business Owners/ Operators

- **Lesson 2, May 28**
Resilience Concepts; SWOT Analysis; Intro to Business Resilience Workbook; Hazard Analysis
- **Lesson 3, June 4**
Business Impact Analysis; Protection of People, Data, and Operations
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