



## How to Survive a Practice Shutdown

With the rapid spread of the novel Coronavirus, COVID-19, fear, uncertainty and closures are causing significant interruptions to IDOC's member practices. With the understanding that we don't know how long many of our member practices will be closed or only taking emergency cases and selling contact lens supplies, here are some thoughts on two urgent needs all practices have and how to get ahead and protect your practice in the current storm.

**Amass as much cash and credit as possible, without injecting personal funds into your practice.**

*DO NOT JUST WAIT FOR THE CARES ACT!* (Read on for more on federal relief for small businesses.)

If you haven't already, you should get access to as much liquidity (cash and credit) as you can and reduce expenses as much as you can. Ideally, you'll be able to carry four to eight weeks of expenses with reduced or no revenue coming in.

- Ask your bank NOW about opening a conventional line of credit or getting a working capital loan.
- Stop pre-paying any loans, and enquire about deferring payments on your loans
- Ask your landlord for a deferral on paying rent
- Defer any elective purchases
- Consider putting a freeze on re-ordering any but the most popular of your frame styles / collections
- Put off buying any banks or inventories of contact lenses.
- Talk with Amy Alvarez, IDOC's HR Consultant, about options for reducing staff hours or cutting staff in the short run.

If you need access to working capital (cash to pay bills!), IDOC has a referral relationship with Wells Fargo Practice Finance for conventional lending and United Community Bank for SBA loans.

On the conventional side, most owners can get access to \$50,000 on an unsecured line of credit or working capital loan. Larger options will be secured against the practice but may be appropriate. Talk to your banker or you can contact Joey Brown at Wells Fargo ([Joey.Brown@WellsFargo.com](mailto:Joey.Brown@WellsFargo.com), 470.366.3328). As of March 25, working capital loans through Wells Fargo Practice Solutions had rates in the low 4% range, and lines of credit had a 12-month special window with 4.99% interest. These loans do take 3-4 weeks for processing; act now if you anticipate a need for cash soon.

For businesses in designated disaster areas, talk with your SBA lending officer about the possibility of deferring payments, which has been authorized. We've heard of payments being deferred up to six months. SBA is also making available working capital loans of up to \$2M according to its [website](#). To restructure your existing SBA Loan, talk to your banker or you can contact Joe Hatchett at United Community Bank ([Joe\\_Hatchett@UCBI.com](mailto:Joe_Hatchett@UCBI.com), 614.981.6402).

## CARES Act



As of about 12:01 AM, March 25 (I was watching C-Span), the CARES Act has passed the Senate and will be taken up Friday by the House. The Senate text provides loans up to \$10MM (depending on payroll costs) to bridge expenses through the business disruption caused by COVID-19 closures and slowdowns. It expands SBA 7(a) loan uses to include both payroll expenses and occupancy costs (rent or mortgage payments), with a provision to forgive the portion of the loan used to float payroll, rents, utilities and mortgage interest (not principal) over the period from February 15 to June 30.

This is an important stop-gap measure for all small businesses and their employees, but I urge you not to count on it if you're already tight on cash flow. Get the liquidity you need to weather 6-8 weeks, should the funds from these programs be slow to be released, or the bill be substantially changed.

### **Honor your team**

When cash gets tight, payroll is usually the first expense owners worry about meeting. As worried as you are about your business and your family, most IDOC owners have a lot more cushion in their lives than their hourly staff. Be sensitive to that. Having talented people is important. Having talented people with tenure in your practice is invaluable.

Now's a chance to honor your team and build long-term loyalty. If you're in a significant crunch, our HR team can walk you through options for trimming your staff costs. But my encouragement is this: keep paying your team as long as you possibly can. They are major stakeholders in your practice and play a major role in your success. And we fully expect the CARES act to help employers keep their staff on in the face of this interruption.

If you're in a real bind, please talk to me and IDOC's HR team about your options, choose a course of action, and communicate the plan openly and quickly. (You can submit your questions to our HR team [here](#).)

I believe the biggest challenge for all of us is to figure out what we can control in these times and protect against what we either don't know or can't control. We don't know how wide Coronavirus will spread, how much it will tax our healthcare system, or how long the crisis endures; nor can we control those things.

We can do everything we can to protect our practices' viability during this interruption and make the most of the time freed up by not being able to see patients. And relief is coming – as of this morning (March 26), the CARES act passed the US Senate and was sent to the House of Representatives for a vote

Once we get through this, independent optometry will still be in the same strong position it held before this started: a limited number of providers serving a growing population of patients with an ever-increasing scope of practice and exciting new technologies and solutions to help our patients see better and live better lives. IDOC is here to help you endure this difficult stretch and we will be here to help you accelerate your success in the better days to come.