Verizon

Small Business Webinar Series

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PRESENTATION

Rachel Rose

Hi, I'm Rachel Rose with the Verizon Business Team, and I'd like to personally welcome you to our very first business webinar series. Small businesses are the cornerstone of our local communities, and we created this series in an effort to find a way to help. Throughout these webinars, we'll be bringing experts together to provide advice during the crisis.

I'd like to start by introducing our very special and accomplished host for today. Our host [audio] Ramon Ray, who is the founder of Smart Hustle Media and SmallBizTechnology.com. Throughout his career, he's interviewed notable people like President Obama and has even testified to Congress.

For today's guest, I'd like to welcome Mike Michalowicz. He has been the recipient of New Jersey's SBA Young Entrepreneur of the Year, he's launched three multimillion-dollar companies, and he's a former small business columnist for The Wall Street Journal. Today, he's an active partner in multiple companies within the tech and business world.

Without further ado, I'd like to hand it over to Ramon Ray, and today's guest, Mike Michalowicz.

Ramon Ray

Rachel, thank you so much. Listen, these are challenging, challenging times. We're all adjusting, we're nervous or afraid, and we're going through a lot of changes. I know my own business, I'm an entrepreneur, a small business owner, has suffered, has been hurt, and I know Mike, the people he works with, I'm sure he'll share that same sentiment, and I think we're all adjusting. We're nervous.

Some people are afraid and we're going through these challenges, and so for me, it's really great to be here and talk to Mike, someone who I looked up to, a friend, an author and he'll dive into that briefly in a minute, just to go over the discussion, and as you know, my name is Ramon Ray, founder of SmartHustle.com, and listen, being here today presenting I'm hearing a lot of the stories of small business owners that are going through very, very, very challenging times. What we want to do in this Verizon Small Business Forum, this discussion today, is give you tips, practical insights, advice, and I know Mike's going to share that, not just to help us survive, and I think that's part of it to some degree, but I think more so is to thrive.

So, with that, so joining me today, Mike Michalowicz, who's a best-selling author, entrepreneur, global speaker, author of multiple, multiple books and Mike, I hope you never tire hearing of it. But one of the most favorite books I like is Profit First, and Mike's latest book is Fix This Next.

So, Mike, feel free to take 10 seconds and say hello or share anything I left out to the Verizon business community.

Mike Michalowicz
Yes, so Ramon, thanks for doing this and coordinating this, and just a big hello to all of the business owners out there. It's kind of funny that the world— it's funny in a draconian way, the world has punched us in the face, we've got a bloody nose, a black eye, and in the same move, the world's like, oh, and please save me, because the backbone of our economy is small business, so not only do we want to survive. We have a responsibility now. We are the backbone and if small business fails, so goes the economy, so we do have to step up, and I hope some of these tools that we talk about today will be a part of that toolkit in driving this economy.

**Ramon Ray**

Absolutely. No, for sure, and ladies and gentlemen, also just to stress that Mike and I are going to take your questions. We'll spend about five to 10 minutes, give or take, don't hold us to that, for questions after this. Please do put them in the chat, and I'm sure the team will tell you where to put that. But we do want to take your question, so feel free. The toughest questions go to Mike. Me, it's the easiest ones.

So, Mike, three broad things I want to talk about today in the time we have, and I'll break these down, but I'll leave this to you, is I think really one, what do we think about today? We're going through a deep crisis right now. There's people's business at risk. Two, what do we look forward to in the future? And I think three, if you do some of that already, what are some of the principles in Fix This Next? You know, I've read it, I know what's inside it. So, question one for you, Mike, let's spend few minutes on that. Right now, there's business owners that have closed, that are suffering, firing employees, etc. What are some things that you would advise today that we think about right now?

**Mike Michalowicz**

Yes, so let me give you just quick action tools. I want to give you bite and then you can move on, and then I want to show you the crisis trend and what we can do a little more. One thing to do right now is not to cancel credit card and debit cards, but to reissue. It's really simple, but powerful hack. What happens is we're in this shock stage or desperation stage, and there's so many people who don't know what to control and what not, and you may likely need to cut some expenses, and one simple way to do this is if you reissue your credit cards and debit cards, and calling your debit card or your credit card and say I'd like to reissue it, they'll give you a new credit card number. Tell them not to transfer over the subscriptions. What happens is all the vendors you're paying on automatic now start queuing and saying, hey, what happened to the payment? It's a way to bring to light what you're issuing. I did this for my own company right away. I had a subscription [audio] membership on there for a year. I didn't even know it and so it brought it to my attention, and I simply said... I called the gym and said I'd like to cancel that. They're like, oh, OK, you could have cancelled a year ago when you stopped coming. So, we may have these subscriptions and costs we're incurring, so that's the quick action plan.

I do have a little – not a slide, but a little piece of paper here, and I'll explain this for everybody, but I wanted to show you this is the crisis trend trajectory I've seen businesses go through, and this is from research, but also from practical experience. I'm a small business owner, I've gone through two recessions, 2001 and 2008, and now there's always a trigger event that destabilizes an already unstable economy. 2001 terrorist attack, 2008 with the housing decline, 2020 we have the COVID virus, but there was already an unstable economy, so what happens then is we get this sudden drop and that trigger and drop causes a shock effect. Shock is just like any kind of shock, personal or in this case societal shock, people freeze and they're like, what do I do? Well, that freeze causes inaction and businesses in inaction slip down into business collapse. We have to respond to the environment and, sadly, a lot of businesses haven't done it.

The next step is desperation. Desperation is an overreaction to a situation. You see it in the market right now with toilet paper. There is one guy... there's a thing came out, is a year's supply of toilet paper in his garage. Pallets! A year of toilet paper. He must
go through a lot if pallets are covering him. But a year of toilet paper is an overreaction. I see businesses doing the same thing, saying we need to take all the loans, max out the credit cards, do everything, which gives maybe temporary relief and confidence, but long-term agony and consequence, and that’s what we’re seeing happen.

**Ramon Ray**

But let’s be fair, Mike. If I see Mike Michalowicz run down the block, I’m going to start running down the block too. Continue on, but there’s a little bit of seeing what you’re doing, seeing what somebody else is doing, you know—

**Mike Michalowicz**

Yes, that’s where response becomes then herd affecting, and subsequent... when the first 10 people ran for toilet paper it was funny. When the first 10,000 ran for it, it became serious, and now when the first 100,000 ran for it, it’s out and it causes further collapse, so we’ll see that in all types of business. I see with loans and stuff, this maximization of loans is playing through the system right now, that’s going to have a long-term consequence, there’s no question about it, for short-term relief.

The next stage – and this is where we want to get to on this call with Verizon – is really about the evaluation stage. Our goal for this call is as this swift shift goes around, between every action we have a reaction, but we need to have consideration between that. Pause to evaluate what is in the best interest of my business to move it forward, not what’s the only action to take but what’s the right action to take. What happens now is when you start taking deliberate action forward, your business will sustain, and some businesses will grow during this economy, but a lot of businesses will go by the wayside, bringing more clients to the business economy and those clients may not take action now because they’re suffering too, but as the economy recovers – and historically every single time it recovers, so I suspect it will again – now we have excess demand, more clients, with removed or reduced supply because businesses went by the wayside. If you’re in the market, now you’re in the sweet spot called burst period where all these customers are waiting for you and you can gobble them up, and many businesses come out of recession stronger than ever before. In fact, historically, the strongest businesses that live the longest time start or survive recessions.

**Ramon Ray**

No, you’re right, and that’s powerful, but doesn’t it take, Mike, some mental discipline, some fortitude, you know, I guess, like they take on a fire – I guess that’s why they train policemen and policewomen and fire-fighters, when there’s an emergency happening, I know for myself, Mike, as we’ve talked, and I panicked; for the first few days I was just sitting in my chair like everything is cancelled, my world is over. I had to like slap myself and maybe watch some of your videos, but that’s hard, the mental—

**Mike Michalowicz**

It’s very hard. My brother-in-law’s a professional fire-fighter and he goes I can tell a rookie fire-fighter; when there’s a fire, they’re the ones running to the fire, because by the time they get there, they’re exhausted and they can’t be of service to putting out that fire. The professional fire-fighters do a light jog carrying their gear, so when they’re there, they’re ready to rock and roll. That’s when you do... is actually slow down the pace here and we slow down very deliberately on what will serve the business as opposed to what’s a desperate response or following the herd, so that’s what we need to do.

**Ramon Ray**

For sure, and I know that, Mike, we’re going to get into this in the third stage of our talk, as it were, but I know at fixthisnext.com you have quite a bit of tools and things that people can go through that we’ll get into in a second. So, let’s turn the page a bit if
you're ready. Again, I know we have a few minutes here and we're trying to help people, but can you give us some tips? And that was ninja. By the way, while you're listening ladies and gentlemen, I hope you guys are tweeting. I hope you're hitting up the Verizon Business Twitter handle saying thanks. Feel free to take a screenshot if you want to delete my half—

**Mike Michalowicz**

[If you compare] the strategies too, right?

**Ramon Ray**

Exactly, exactly. So, Mike, what should people now be thinking about as... at one point, this will be over; at one point, you and I will be giving each other a hug at some point, what do we do, Mike? What can we think about today for the future, and maybe a little early for some people who listened, but what are some tools, some mental things we should do as we're thinking of recovery? What's next?

**Mike Michalowicz**

Here's trick number two, and implement this today in your small business, set up a GL – it stands for general ledger – in your accounting system, and if you're a very small business and you don't have a sophisticated accounting system, [audio] GL, you can even do this in a journal. Set up a GL account that says COVID and the idea is track any expenses you incur related to the COVID response in your business to this account—cleaning supplies, specialized meetings, the purchase of equipment for your employees to work remotely. The thing is when we start the recovery, a couple of elements are going to happen. One is the government may come in with subsidies or some kind of relief for businesses that struggle. Now, you have an accounting for it, so you can say here's the expenses that we incurred and the reimbursement is more likely. Insurance claims may be serviced with this. The second element is if you ever look to get a loan in the future, if you show your historical financials, and you're getting hit by the COVID, you can point and say, look, we actually experienced the COVID virus impact to our business, here's the expenses we incurred. Here's what's called a recast, meaning that if it didn't happen, you can extract those numbers out, here's where our business would be, so a loan approval in the future will be easier. If you ever want to sell your business, you have them do a recast, and so you have to be able to articulate the expenses you incurred, so track it now in your accounting system.

**Ramon Ray**

And how do we talk to our accountants and others about this? I know in the Profit First community, Mike, you have a whole team of people that probably know a lot of this stuff, but can you give us also – because you're talking to a person, as you know, numbers is not my thing. I'm a marketek. I can do that pretty well. I can dress once in a while, I can put a mean tie on, but other than that, Mike, what do we tell our accountant, or should the accountants kind of know this? If we take some of these notes and say Mike mentioned this to me, can you help me, local accountant or local banker? Will they be able to take the ball and run, or how do we have that conversation?

**Mike Michalowicz**

So, sadly, a lot of the accountants and bookkeepers that I've been querying about this are not proactively implementing it, but they do understand the logic, so once you notify and say I want to track and COVID-related expenses, they will know what a GL account is, they may want to set up multiple accounts in what's called sub-accounts, but direct them to do it, then tell them how to categorize it. Meaning when you experience an expense related to COVID, you notify them and say this an expense I incurred, and you'll see a credit card charge or whatever the charge is on your new credit cards, you'll see the charge, relate that to COVID, and then they
can categorize it. You can do this post haste. The only problem is looking back in time is very difficult, so you can wait six months and try to go back and calculate. It's really difficult. It's like if you track your mileage for your car for tax benefits, you try doing it after the effect and you're trying to track, it is a nightmare, so actively do it now.

Ramon Ray

Well, this is powerful and I listen to a lot of webinars, Mike, on these kinds of things, I've been trying to learn over the last few days, and this is powerful. I would think it's unique and very special what you're sharing, so encourage you all, I hope you're writing notes, and I do hope you're tweeting out and thanking Verizon Business. I'm Ramon Ray on Twitter. You can find Mike Michalowicz on Twitter as well.

Mike, let's move the conversation to another thing, and again, keep in mind, ladies and gentlemen, ask questions, we want you to ask, ask how we can help. Feel free, maybe you have something specific about your business. No problem, we'll do our best, you know, if we can have the time to answer it.

Let's move to a third stage, Mike, and this probably fits into either looking at it now or in the future, but I want to turn to some of the principles in Fix This Next, and I think two things jumped out for me, but you take it where you want. I think one is the aspect of prioritizing what your problems are, and whether it's for corona or COVID, as we're talking now, but whether we're talking next year and somebody is watching this video later on, how do we go about – can you share with us, is my question, the overall thing of so much is going on in my business, how do I know where to start? What are some of those principles you've talked about?

Mike Michalowicz

Yes, so the core essence of this I call the business hierarchy of needs. I do talk about it in Fix This Next, but basically when you peel back the skin of a business, the DNA of all businesses – and I don't care what industry you're in – is very similar, if not identical. Foundationally, every organization needs sales. I try and inflate this to what's called Maslow's Hierarchy of Needs, but really simply put, sales is oxygen for your business. No sales, no oxygen, your business will suffocate and die. The next level is profit. Profit is the creation of stability, and these two levels are critical right now because people are getting confused. Some people, business owners, are trying to sell their way out of it, this concept of sales cures everything, and that is totally not true. Sales does not cure everything. Sales just brings in oxygen to your business, but you need to be able to get that in your bloodstream, you need the stability of profit. Profit is the retention of cash, so you have some protection. I know a company that does $250 million in revenue, is run by a dear friend of mind, and it is sad, they are out of business. It's not about the size of sales. They were not prepared or actively addressing the profitability or the stability of the organization. One mistake, and it was right before COVID broke out, but one mistake, the business is gone now. So, it's this relation. We need to focus on profit, and I'd argue, actually, most businesses need the stability more than they need sales right now. so, if you're seeing a sales drop, I get it, most of us are, but the question is, of the sales that were made, can we bring profitability? How do you do it? You cut costs. There's going to be some hard decisions. Some businesses have to lay off employees. I will tell you, I've done that, it's the most difficult part of life because it is a moral challenge, but the government has set up the best cushioning I've seen in my life for employees that are furloughed. So, if you let someone go right now, and the government will catch them, it's probably better to do it today than three or four months from now when your business is in dire straits. Save the corporate entity, don't try to save everyone's job and sink the corporate entity and everyone's out of a job, so–

[All talking]

Ramon Ray
—by the way, I've heard this from business leaders, I just want to underline that. Many people think let me keep Jimmy, let me keep Becky, and this is way beyond sales, but there's an issue in the company, what do they say, fire fast? A whole nother conversation. You have to do it peacefully and right, but I've learned that before, if you lose your company because you saved somebody, that's not responsible, but go ahead. You were talking about the—

Mike Michalowicz

Yes, I was just talking with a major janitorial company just minutes before this who are really trying to get a sense of what's going on. 600 employees, they had to let go 200 employees, but they've sustained the business. They also did a strategic move that I'm really impressed by, is they didn't change their core competency. Janitorial needs are dropping, people aren't using office space, you don't need clean buildings, but buildings are requiring what's called deep cleaning, it's almost at a hazmat level, to make sure that it's virus-free. They've actually rejected the business because it's not their core competency. They know in the best interests of their clients it's not to do a job that they can't do, but to refer them to a partner. As a result, they've retained clients, saying thank you for caring and protecting our business the most, you are guaranteed the business on ongoing basis, so they did a strategic move. We need to, as business owners, maintain our core competency, I call business as usual in unusual circumstances, what you're good, continue to deliver, but it's a new packaging now. We have to find a new way to deliver it, and I can give you a strategy around this.

I talk to a lot of restaurants, I'm interviewing all different types of business, restaurants are in real dire straits because they're forced to shut down. Well, you can use a technique I call one step back. Look at your core end deliverable historically, “I deliver food to someone’s table”. Well, then we go one step back and say what happens immediately before that? “Well, the process of bringing food to the table”. OK, that could be a new offering, bringing food to people, carry-out for delivery. In fact, one business down the street, a restaurant, teamed up with a food truck and the food truck is running neighborhood deliveries while the restaurant is now selling more food than they ever have before. What happens one step before carrying food to the table? The preparation of food. Well, why aren't restaurants preparing their 10 favorite dishes, why aren't they filming it, preparing the menu recipes and selling it? Why aren't they doing a cooking class online over a Zoom or something teaching people? What happens one step before that? The procurement of the raw materials, meats, vegetables. Why aren't they carving that up, so to speak, and delivering the raw materials so people can prepare the meals? What we have to realize for all our businesses, the end product is simply a culmination of small mini products. Those can become our mainstay products now.

Ramon Ray

That is powerful. And, Mike, while I want you to finish the steps, just so people know it, I know we have sale – we talked about sale, profits, and then the three more–

Mike Michalowicz

Yes, the next one above is called order. Order is the creation of efficiency in an organization. We need to have that. Now, you have to have adequate sales to support adequate profits. Once you have profits, you ask yourself is it adequate to support organizational efficiency? This is where there's no dependency on the owner. A lot of businesses are struggling right now because the owners are carrying the business on their back. I see owners amplifying their work hours to 12 or 15-hour days, burning out fast. That is not the goal here and is not sustainable for the long-haul. We've got to find a way to bring efficiency. You do it through technology. Use Verizon's tools, for an example, is very clear, but you also start transferring work out to a virtual hub, part-time employees or full-time employees, but you've got to get the load off your shoulders for your business to keep the churn going.
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The next level above that is called impact. Impact is the creation of transformation. This is where your business is no longer about the commodity of what you deliver, the transaction, it's about the impact your offering has; how are you of greater service beyond what you do, and the highest level of this hierarchy is called legacy where you ultimately realize you've actually never been a business owner. You've been a steward of a business; you brought something to life, but it is beyond you. It is all about what it can do and live on into permanence.

Now, how this hierarchy of needs works is we look at each level and say where is the most imminent base level need first. We need a strong foundation to build up, so for some businesses right now, we are reverting back to sales, but for many businesses, it's actually a profit or a stability need, and in some businesses it's an order and an efficiency needs that's most imminent right now.

Ramon Ray

I feel like I'm learning a small MBA, Mike. This is powerful. And I would say to people listening, I think some things I'm hearing, Mike, you tell me what you think. I think it's not too late. I know for me, for those businesses that have had to close, that have had tragedy, my heart – and I do mean this – that's sad and you've got to just talk to family and eat, and do what you can do. For those of us who've been blessed to be able to be in business, even though we are struggling – Mike, you can't see, but on the wall here, use this time, write this stuff down, sit on your couch and just think, you know, what should I be thinking, who can I call when I have my team calls? So, that's what I'm doing, Mike. I mean, things you're saying, you know... the things I didn't take the time to do or prioritize, I should say, I've been thinking how do we have sales, orders. I'm not at legacy yet, but I'm moving towards that.

Mike Michalowicz

Yes. One technique I've used too is a communication process. During stressful periods, realize you're not of course the only who's stressed, your clients are do. Amplifying communications works in your favor if you do it right, and here's what I mean. We need to communicate more frequently and in smaller bites. I see this onslaught of emails right now. I'm not going to name names, but there are some big corporations that – I own a car and this car company sent me this diatribe email of the 10,000 points they're doing to make sure I'm protected from COVID. Quite frankly, it's all irrelevant and it's a little bit annoying because they're trying to sell to me in a certain sense. What a better way is, is to communicate to your clients in small bite-sized pieces. The first communication, if you haven't done it yet, is saying we're still here and we're ready for you. The second communication is here's a little tidbit that may serve you, we're wishing you well. Here's another tidbit. Just be present in small tangible bites. Clients want to know you're there for them and they want any kind of help you can provide on a tidbit basis, so when they need you, they want to know that they can reach out to you without any impedance. Small bite-sized communication will support that.

Ramon Ray

Mike, listen, this has been powerful, powerful, powerful, and are you ready, Mike, for the questions that are going to be fired away? People are going to help their business, are you ready?

Mike Michalowicz

Yes, I'm ready. Let's do it.

Ramon Ray
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Alright then. I hope you all have been tweeting and sharing with your friends and family and other business owners, because these are hard times. Me and Mike are here to serve you, and I know on behalf of Mike, for sure, honored that Verizon Business has put this together and enabled us to help you all. So, with that, we're going to turn to questions, Rachel, and we'll take it on from there.

Wow, this is cool. Here we go, Mike. The time we've been waiting for. There's a number of Verizon-specific questions that people have been asking, and I think to the Verizon-specific questions, I will leave it to the Verizon team in the background and other places to get those. Thank you for asking them. I know it's important. This is a Verizon webinar, but just a respect for what Verizon's solutions are, we'll let the Verizon team answer those offline or other things. People asked about the series. Mike, you've got people fired up, so people have a lot of questions. And the other thing, I'm just looking at -- and bear with me, ladies and gentlemen, I'm going through so many of the good questions that have come here.

Oh, somebody asked Mike, these are a few fun questions at the top and then we're going to get into some really serious stuff, but somebody commented on your bookshelf. So, anybody can just email me or Mike and tweet at him, and figure out that -- but they complimented you on your bookshelf.

Mike Michalowicz

Yes, it's a tree, yes.

Ramon Ray

They asked how they can get it, but we'll save that for offline if Mike was to reveal it. There have been a lot of questions, Mike, about SBA funding and PPD loans. If that's OK with you, Mike, I'd like us not to get too much into this, because there's a number of other things, but to give you a chance, Mike, if you want to address that, but the one specific question people have asked, and this is I'm compiling so many questions, should people take the loan or not? So, what are your comments at a high level on this very serious issue?

Mike Michalowicz

Only take a loan once you've evaluated the reason why you're taking a loan. That's my advice. We see people on that -- we were talking about this stage earlier on, that shock and desperation stage. I see so many business owners leaping at any loans without understanding what the loan is, so a couple of basics to understand. If you need a loan -- a loan is a loan, is a loan. If you take money, you have to return the money. Now, I realize that the government is suggesting that there will be grants, meaning the loan will turn into something forgivable. We work with 450 accountants and bookkeepers. The nomenclature isn't in place for that to be guaranteed. Some of these loans may actually turn into 1% loans, so you're not guaranteed until you know for sure, so ask, work closely with your accountant or bookkeeper to verify if you're taking a loan if it's going to be forgivable realistically. But no matter what, if you're taking a loan that is an indicator there's a reason you need that money, there's something wrong with the business, declining sales, there's a problem with margin, but we've got to look at the trigger moment, because a loan -- there's two types of debt. There's what's called debt bridging and there's also debt leveraging. This is not a debt leverage situation. Debt leveraging when you take money to get money in a short period. Debt bridging is when you take money to cover a period of time when there's an expected return of that money through income. The problem is we don't know how long the bridge needs to be. Is it really over in two months? That's where your loans are. Or is it going to be two years? We don't know, so some businesses are continuing exactly as normal on a loan and then they'll drop off the cliff in two months, so we've got to look at the essence trigger cause why you need this loan, and get immediately to resolving it. The loan may be appropriate to afford you time. Without the resolution to the root cause, your business will still be in trouble from my experience.
**Ramon Ray**

Got it, love it, thank you, Mike, and so we’re going to dive into some of these questions here, and again, the ones that are specific to the loan, I may come back to them. Keep firing them, keep asking them, we’re seeing these questions, and I’ll work with the Verizon team to serve you all as best we can. I will say, Mike, because I know you have thick skin and you can handle it, somebody did say we were – I’ll say “we”, they said another word, are full of it and this is all wohoo stuff. It’s not, everybody, just for those one or two persons who thinks. It’s changed my business, I must say, and Mike doesn’t need me to say it, but it’s really charged and the stuff is useful.

**Mike Michalowicz**

Well, here’s what I think. There’s always naysayers out there. Here’s the thing. When someone says you can’t do something or it’s wrong, ask them their experience doing the process, and listen, I get naysayers all the time and I’ve naysaid, but when you hear that, qualify the context. If this person has gone through this process and they’ve had problems, listen closely. If they’re just saying something is wohoo, it doesn’t work, but they don’t have practical experience, I question that, so that’s the way to gauge that. I appreciate the critical feedback, but from someone with integral experience.

**Ramon Ray**

Got it, love it, so let’s dive into it. We’ve got so many questions, just keep them coming. I’m just watching this, Mike, like a Twitter feed. So, I’m going to summarize this question, and again, thank you for sharing this. This person, Mike, is in New York City. They’re in the cake business, weddings, corporate events, and all that kind of stuff. Mike, they’re closed and the question that this person is asking, “We’re concerned about the whole industry and the big question is, Mike, how do we look ahead? How do we plan for the future?”

**Mike Michalowicz**

Yes. So, I get it. First of all, I'm sorry. It’s scary, because there are certain businesses, restaurants, celebratory, anything where there's a gathering – there's a baseball team that called me from Georgia, they're in trouble, and we'll walk them through it. Well, if you're a unique case, the question we always need to ask ourselves on top of that one step back is what's the final deliverable of your offering? What's the experience? So, you're delivering joy, celebration, a communal experience. Of course, you can't do it in a gathering anymore, so the question is, how can you still deliver a communal experience? Let's talk about you've created recipes to making cakes. There are more people baking cakes at home than ever before, I presume, because I know we're making them in our house too, and you sell your recipes or designs. Can you start a cake set – like why not have your chef or your baker making cakes do a Zoom broadcast like we're doing now, or some kind of platform, and then sell access to your historical customers to do sessions with you over this, and now it becomes a communal event virtually and you can sell that as a subscription or a one-time service. Look at all the ways to continue to deliver on your core competency which is to add new flavor.

**Ramon Ray**

Absolutely, and I think, Mike, is it fair to say that revenue, most likely, is not going to be the same. It could be more actually. I have a friend of mine, Mike, her online business, not yet, but it's rocketing, but I think in fairness, it may not be the same, it could be less, but you'll get something and maybe you have a new revenue stream at some point. Is that fair?

**Mike Michalowicz**
Revenue is a vanity metric. It has real value to it, but the real essence, the sanity metric is profitability. I'm concerned about revenue. I'm really concerned about profitability. So, if I see a drop in revenue but increased margin, meaning now I don't have to buy any of the ingredients, I have to make one cake instead of 50 cakes, but I have 50 other people making cakes, maybe there's actually more margin, so revenue drops, profitability increases.

Also, maybe I'm exposing myself to a community outside my local delivery area and now I'm expanding to a global or international user base, so look at those perspectives too.

**Ramon Ray**

I own two stores, but guess what, Mike, they don't pay rent, meaning, I guess, this person is the landlord and they're not paying rent, he owns them. What should I do?

**Mike Michalowicz**

That stings, and it's sad. I rent space for my office where I am right now and I think some businesses are saying, well, a landlord, screw them. Well, a landlord is a small business owner too. Their inventory is physical property, so the first thing is to have a candid conversation with your tenants. I actually want to show you a little graphic here, I'm going to hold it up, it's called the Lender Borrower Matrix. This is how it works.

On this side, it's Sense of Obligation, this side is Time, and an interesting behavior phenomenon happens. The lender's sense of obligation increases over time and the borrower decreases. Here's how this works.

Ramon, you give me $100, you are the lender, I'm the borrower. In the immediate moment, I'm like, 'thank you, you gave me 100 bucks', I feel a high sense of obligation. You, on your hands, you're like, 'hey, I did you a favor, don't worry about it, just pay it back when you can'. Over time, it actually reverts. I'm like, 'ah, it's been a couple of months, he doesn't need $100', and you're like, 'what takes him so long?' so you have high obligation, I have low obligation. The key for this landlord or anyone that has this relationship where you have someone receiving a benefit and then paying you after the fact, is when this line crosses over, when the lender's obligation is higher than the borrower's, you're in trouble.

So, here's the technique, you need to keep them at heightened obligation. The traditional method is to keep on saying, 'you owe me money, you owe me money', that's not as effective as simply asking for, 'how much can you afford?' If they're not going to pay you anything, you call them and say, 'listen, I know you can't afford the current rent, but what can you reasonably afford, let's have a conversation about it, because it's hurting my business'. Instead of doing it monthly, lets break it down to weekly segments. They may say, 'I don't know what I can afford', and you simply say, 'can you afford a dollar?', and they say, 'yes'. Well, can it be $10? Yes. Maybe you get up to $1,000 or $300, you get to a reasonable number, but now they are issuing you payments on a weekly basis, you keep the sense of obligation heightened, even though you're receiving less money, you're keeping it in the forefront of your mind.

The challenge is if you say, 'don't worry about it or pay me next month', their sense of obligation decreases. They'll pay other people before they pay you.

**Ramon Ray**

Mike, you're a smart guy, I like that man. I like that. I'm going to try that on my kids maybe too. Mike, since my business has closed, I am not currently using the internet, phone lines, and for everybody else listening, it could be other services you're not using at this
time, so the question is, should I just cancel that, Mike, and just for the next three months just cancel all the services, wrap it up and then come back, or should I keep those for whatever reason.

**Mike Michalowicz**

Notify each one and each vendor and say, “here’s my situation, my business has shut down and I don’t know when I’m going to come back online”. If you’re the type of business that when you come back online it’s going to be within a day, you probably need some degree of... to turn that knob back on, so call them. In many cases, businesses are carbonating delays, meaning you are going to turn it off or they’re even going to forgive a month and keep their service going.

I saw someone comment, I said with your credit cards get credit cards reissued, and they said, “but your subscriptions transfer over”. No, they don’t. Notify your credit card company that this is a new issuance of a new card, so you get a new credit card number and not to transfer the subscriptions. That’s one method too for at least getting the dialogue going, because there’s a lot of subscriptions we have and we’re not aware of.

We have an obligation and circumstances have presented themselves. So, what we need to do is, first, who are we obligated to? It’s that credit card technique I shared, it’s a quick way to bring it to your attention and then have the dialogue about your circumstances. It’s very risky to shut things off, because turning them back on, you may not be able to up-speed fast enough, and there will be a point where we have to turn things back on, we just don’t know when.

**Ramon Ray**

That’s powerful. Somebody asks, Mike... yes, you have the GL tip, I’ll call it the GL tip for us non-accounting people, but they’re curious, if you have to refund your customers and things of that nature, does that factor into this when you’re doing the GL and things of that nature?

**Mike Michalowicz**

If you have to track your GL, it’s for expenses you incur, not lost revenue, expenses you incur specific to the COVID response, so cleaning materials, special setup for remote employees, but you’re going to have recurring expenses that you’re not benefitting from, the use of your rent and other expenses like you’re explaining, lost revenue–

**Ramon Ray**

Refunds just to be clear, so Mike paid me 10,000, I refunded him 10,000. That’s what they’re asking.

**Mike Michalowicz**

A refund is a refund and you wouldn’t track it as a COVID direct expense, but it is a consequence, so you wouldn’t categorize that separately. You can in your accounts just to make notes, so if I did refund money, it stays in this general ledger, because you have to issue it as a refund for proper accounting, but then you can do a note insert saying, “because of COVID, the customer backed out”, so that’s the way you track it but maintain integral accounting.

**Ramon Ray**

Got it. Three people are asking, how do we get in contact with everybody. Verizon is going to hit up everybody and contact you all. Verizon Business, definitely, obviously you know that. Mike Michalowicz, you can just put it in the search engine–
Mike Michalowicz

I actually... if it's OK, I setup a page called Recession Response. It's on my site, but it's all the stuff I wrote for this, so if you just Google Recession Response, the first thing you find there or you can go to www.recessionresponse.com and all the resources are just downloadable—

Ramon Ray

Recession Response, great, thank you, Mike. I'm at Ramon Ray, you can just check out Ramon Ray or Smart Hustle. Moving on, but I see a lot of people, how do we contact, how do we contact. Somebody asked Mike, and I have my opinion on this, I would like your opinion. Basically, they're saying, I'm good, I don't really need the money, but it's there, everybody is applying for it. The question, Mike, if I don't really need the money, should I apply for it? And they do say [combo] but I don't want to take it away from someone else. What is your thought?

Mike Michalowicz

Yes, that's really... so, it's a moral question and I can't [teach anybody] morals. From a logical only standpoint, and this is a little bit draconian, you take the money because the advantage is if that money is free money and qualify first as I explain. If it's a loan, it's a loan, there's a cost associated with it, but if you're getting money to sustain, take the money because your competition is taking it and it will give you a further extended period. You don't know what's coming. You're good today; you may not be good in the future.

But my sense is, again, if I don't need a loan and I can validate I don't need a loan, I'm actually going to avoid it all together. That's the kind of logical versus... and there's also a moral consideration, I don't want to take away from someone else right now. Our company has decided not to take the loan, because we're fiscally sound and we don't need it, so we're not doing it.

Ramon Ray

That's how I felt, but I feel like a moron. I feel like, no I should be applying getting this money, but I just don't need it right now, so I don't know, well, anyways.

Mike Michalowicz

That's the question. If it's truly free money and that's the question that's not defined yet, but if someone just gives you a thousand dollars or $10,000, it's foolish not to accept that when everyone else is getting, because everyone else is going up one-step and you're choosing to stay here so... yes, [inaudible] answer, but that's how I view it.

Ramon Ray

This question I don't fully understand, but I want to give you a chance to answer it if you choose, because it talks about the superhero effect.

Mike Michalowicz

I write about that in my book.

Ramon Ray
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A guy asked about it and said how do you do that in the work-from-home age, so just spend 30 seconds defining it and then helping us understand, because I think it was a good question.

Mike Michalowicz

So, the superhero effect is a phenomenon that happens in small businesses where the business owner acts like a superhero and you swoop in, you fix problems, you swoop out. But like superheroes, if you watch any movie, it causes this peculiar dependency from the humankind, if you will, to protect themselves. I used to watch Batman as a kid, and watching Batman, the commissioner had a bat phone. Truly, the police could not defend themselves and they had to pick a hotline to call Batman to save the day again, so it causes this artificial dependency.

The superhero syndrome is where our employees become artificially dependent upon us. We have to save the day yet again. The problem is if the day you're knocked out, you're not available, if you get sick from the COVID virus, now your business is in peril, so you want to bring about systematization. The best way to bring about systematization in a remote scenario is actually what we're doing, video-based training. So, any process you do, record it, use tools like Loom, I'm not too familiar with them, but I know it's a free system, we use it. So, if I had to do some invoicing or something that I've been doing myself, I'll film or video the process, give it to a colleague to repeat. Here's the hack and technique, once you give it someone else, virtual help or whatever to start doing the process, require them to create another video teaching it (their own video), because ultimately the teacher I the best student, so when they prove they can teach it, they've mastered it. Plus, now you have the intellectual property in a video to teach someone else.

It's very powerful with part-time or virtual help.

Ramon Ray

I love it, Mike, next question is talking about data and what we're paying attention to. As we look at the current economic shifts and etc, things that are happening, what data are you most paying attention to, to protect where the wins will be post-pandemic. My question, more so, Mike, I'm going to reword this, but answer it how you wish is, just what things should we be paying attention to. We have all this contract, loss, data, balance sheet, things that you know so well, so I guess that's how I'm seeing the question. What should we look at?

Mike Michalowicz

It's internal data. I'm looking at what products are selling, how my products are moving and so forth. There's this mix. Some products make a lot of money, some don't, so I'm looking at that. But I also -- kind of that forecasting -- I look at my clients' clients, or if you sell B2C, I look at my clients' source of income and I want to see how they're affected, so that's a big indicator.

As I told you, I have this one organization of accountants and bookkeepers, I'm watching how accountants and bookkeepers are winning or losing business. If they're losing business, I know that one month from now when they're collecting -- they're going to have money and one month from that they're not going to be able to pay me, so I have a two-month outlook by looking at your client's clients.

Ramon Ray

Good question, Alex Beal, since he put it here, from Frogworks, maybe you know him, maybe you don't, but in case you do, hey Alex from Frogworks, thanks for being here. He's concerned that changing his marketing message to relate to the current situation may look like he's taking advantage of the situation. "We are and always have been there for our clients, we've seen some leads
come in over the last two months, I'm thinking that leaving my marketing message alone is the best course of action”. But the question is should he change, should he not, shift or not for him and all of us.

**Mike Michalowicz**

Great question, and it starts off with defining, are we pursuing an opportunity or are we being opportunistic. Opportunistic is where you take advantage of someone’s disadvantage and that should be avoided. Opportunity is where you’re of service to a client and need, and there are shifting needs right now so there’s great opportunity. I would argue, in fact, this is the most important time to market sell, so that customers are aware of you, because if they don’t find you, they need a solution, they’re going to find an alternative, perhaps a bad alternative, so you have an obligation to sell.

But here’s how you do it, survey your customer base and say what’s the best way I can be of service to you now? Because we’re going to change our core competency, business as usual, into an unusual package, delivering in a new format perhaps if that serves them better, so define what they need, but gosh, you have an obligation to step forward, because clients need and customers need to be served, they just need to be served in a new way and if you don’t market yourself, you shirk from that responsibility. Others, perhaps less scrupulous people, will market to them and your customer will lose.

**Ramon Ray**

That’s powerful. This is a similar question, Mike. I’m seeing it asked in a different way, I’ll just read it as it says it. “Should we scale down businesses that are paused i.e. wedding industry?” I think, Mike, you’ve answered this very well as far as doing other things, innovating, which I think we all should do. But I guess I want to push a bit harder, Mike, and answer it how you wish. Are there businesses that you would say, ‘yes, you guys should close, you’re done, do something else of course and I wish you the best’—

**Mike Michalowicz**

I would definitely scale down. We have to respond to inflow. So, the business hierarchy we talked about earlier, there are sales, that’s the creation of cash. Above that is profitability, which brings about stability, and they work in direct relationship. If your sales have dropped, we first ask, how do I sustain profitability. I can cut costs, increase margin, increase volume of high margin items. That’s basically the three ways. If that doesn’t address it, then we’ve got to look at sales again, and say, “can we boost our sales?” if I can’t boost sales and I can’t do anything with profitability, then you’ve got to scale down as fast as you can to control costs.

I’ll tell you another tip, as business owners, your personal finances preempt business finances in most cases. In the future, if you seek a loan or you’re looking to do something, you’re going to be asked to write a personal guarantee. Creditors, historically, put more value in your personal payment and credit history than they do your business history, so if I have to pick between the two, you, the business owner, we need to ensure your credit over the business”. I don’t want to pick between the two, but if I have to, that’s the way I would go.

**Ramon Ray**

Ladies and gentlemen, we’ve got about 10 more minutes, give or take, me and Mike, we were going to end this a bit earlier, but I’m teasing when I say I had to pull Mike’s arm, I didn’t, he gladly did it and, again, we’re doing this for you, we’re serving you on behalf of Verizon Business, so this is why we’re doing this. About nine minutes, 10 more minutes to go, give or take. I think somebody asked about some of the material. All the material Mike is showing, we’re going to get it from him. We’re putting that in the – that’s at “Attachments”, I think, if anybody wants to look at it. The borrowers may not be in there right now, but we’ll get all this to you as
best we can, and thank you firing the questions, so those things, the Verizon team, they will take care of you, trust me. We’ll get all this to you.

Yes, furloughed employees, Mike, curious, how do we communicate to them? How often should we? Should we reassure them? But maybe we can’t hire them, who knows, I think you understand what I’m asking. How do we communicate to furloughed employees?

Mike Michalowicz

First of all, candor is the starting point and candor means truth as you see it, but with episthetic delivery. Realize that… I heard this once, is that you cannot get a sense of what someone else feels until you walk every step in their own like. If I had every single experience, Ramon, that you did, I could understand exactly how you feel or vice versa, but that doesn’t exist. I think the only way to do that is through empathy.

Empathy is different than sympathy. Empathy is understanding and empowerment, sympathy is pity. So, we want to avoid sympathy, we want to have empathy.

Candor is what you’re doing in the best interests to sustain the company. So, explain why you’re making these moves and that you’re furloughing an employee and that’s not your choice, but it is the best choice for the health of the company, because what you could do is keep all employees on for another month or two and then the entire business is out, or you can make the hard decision today to furlough an employee and then sustain the business, so two months from now or whenever it happens, the business turns around again, you can employ people again and perhaps that employee again. So, you’re making a strategic move for the long-term health of everyone. Also [audio], right now, the Government has setup a landing pad, if you will, for furloughed employees that has never existed before. It’s probably the best environment in a difficult situation they can experience.

The last thing is stay in regular contact. If you let go of an employee and you want to bring them back, just reach out, and the reach out is just saying, ‘hey, we’re still here, we’re still working forward’, you still have candor and empathy. How are you doing? How are you managing the situation? Keep that dialogue going after they leave. What you don’t want to do is ghost them where you say, “here’s why, and you’re out of here”, and then they don’t hear from you again. Six months later or a year later you’re like, “oh we’re back, any interest?” chances are you’ve lost them, so keep the dialogue going, even after they depart.

Ramon Ray

That’s powerful. Kind of a similar question, Mike, but I’m curious. One friend of mine, in fact you may know him, but a friend of mine, he’s cutting a lot of salaries, he’s made a commitment, as much as he can to his employees, he wants to keep them all even at much reduced salaries, and looking at his own line of credit, all these kinds of things that you know so well. But my question is, and somebody has asked it, what are some ways that we can retain employees? So, any ideas for that team of 10 or team of 50 that are like, “Mike, I want to try to keep everybody if I can”, thoughts on how to do that, or even if they should. What are your thoughts on that?

Mike Michalowicz

You can invite employees to work under a new arrangement, so if you can’t afford to keep them under your current situation, is there a part-time opportunity or perhaps a contractor opportunity. A contractor opportunity frees you from obligations of potentially retirement and vacation requirements. Even for part-time employees, there are some requirements around that. A contractor – and even taxes are now over to them, so you pay them as a contractor and they incur [maintenance] expenses, so you can consider that.
I'm always impressed by part-time employees, there's still a large community of people who are looking to do a part-time job, because they want the freedom to still have a life at home. What I found is part-time employees for our organization, very powerful, because you give them eight hours, but they only have a three-hour window to do it and they say, I've got to hustle and there's no joking around. Maybe repositioning in that way could help too.

But also understand what's in the best interest of your employees. It may be better to be furloughed, for some employees, financially. So, you want to retain them but look what's in the best interest of them too, and if it's financially more palatable for them to be furloughed, then see if you do that, a way to retain the conversation and dialogue so that they can come back when this process or period goes by.

**Ramon Ray**

Good point, I guess on who it is too. A younger person who may want to start a new career anyhow, they were going to leave in six months, versus this person that age or their place in life. You're right, I guess you shouldn't blanket it, especially if you can, talk to each one and see where they're at in life is what I'm hearing.

**Mike Michalowicz**

The interesting thing is we're going to experience a surge period, I don't know when, but out of every recession comes a growth period, and what happens is, as difficult as it is, is this cleans out the forest. It's like a forest fire. A lot of businesses will collapse, and it is very sad, but that frees up a lot of business opportunity. There's clients that are going to be in the future, perhaps, looking for the new vendor because their old vendor is now gone. Well, if you sustain through this and you start going through a surge, there is excess demand with inadequate which, on a vendor side, is beautiful, because now you can gobble up that opportunity, but the only way you can do it is if you have a structure ready to go. So, keeping that dialogue with employees, even though you don't have a job now, you should start recruiting, not hiring, but recruiting, keeping that dialogue going, so that when we hit a turn, you can bring on a team and start satisfying this unserved demand.

**Ramon Ray**

I love this. Again, thank you, wow, the comments keep coming in, we really appreciate it. Keep tweeting. Listen, Verizon Business, when I say this Mike, I know you know I mean it, thank them. I'm grateful that Verizon enabled me to be here but brought Mike here. Not everybody can talk to you like this, Mike, so thank you Verizon business, keep the tweets coming. Thanks. I'm Ramon Ray on Twitter, Mike Michalowicz on Twitter and we go on here. You can tell I like Twitter, Mike.

A question here, a great other question about discounting. Mike. Do you recommend small businesses adopt models that allow for discounts, and the person goes on with some options they heard? Don't offer discounts because of this or that reason. Offer discounts temporarily because of this or that reason. So, the question Mike is, during this time, is it OK to discount, should we not? What do you say?

**Mike Michalowicz**

The good answer, of course, is maybe because it depends on your strategy. If you're looking for customer retention and you can afford offering the exact same thing at a lower price point and it affords you retention of customers and it doesn't put you in a negative situation profitability-wise, then yes, that's a good strategy for discount. If you can repackage your offering, we talked about the cake offering, instead of baking cakes, you now offer a training on cakes, but cakes you would sell for $200 for this cake, now you can sell the opportunity to make a cake at a lower cost price point, that's an opportunity. That's not a traditional discount,
we’re taking the same item, but can you extract out some of the costs you would occur [audio] discount now to your clients. The mistake I do see people making, I need more sales, I'm going to cut prices in half to amplify sales, but they didn’t consider the cost side. It actually exacerbates and causes a faster collapse. Sales is an obligation. Every sale you have, you have a responsibility, so the more sales the more obligation in an organization, the more stress on the organization. The balance to it and sustainability is profit. So, be very calculated on discounts. They are a good strategy as long as it’s a win-win, win for your customer, and win for your objectives and sustaining your business.

Ramon Ray

We've taken about three more minutes or so, but I just want to underline it, just because Mike I've learned so much from you. I'm one of those people, oh a million-dollar company, $10 million company, a billion-dollar company, I know this is within your blood, Mike. I think if I cut you, you would bleed this word out. You've taught me and millions of us, Mike, it's about the profit, profit, profit, so I don't want to spend time on that so much now, but I'm just going to highlight that. Mike said it, many of us – we have to retrain our brain [audio] profit.

Mike Michalowicz

It's not about size, it's about health. Listen, I was that guy. I was that guy for a long time and I'm embarrassed about it. I was like, I have a million-dollar company, look how great I am, and I didn't understand the fundamentals. Now, I'm all about achieving profitability because it's sustainability, and if we want to be of service and the world... here's the irony, Ramon, the world needs small business in the worst way now. The only way to sustain is by being fiscally responsible for our business, by running a healthy business. That's the oxygen mask we're putting on ourselves, so you have to be profitable in order to have impact like we need to have now.

Ramon Ray

Absolutely, Mike, and my second point of that is to the marketer [inaudible] person, keep marketing, keep educating your customers, keep getting –

Mike Michalowicz

Sure.

Ramon Ray

– don't shrivel that up, I beg you. Please keep video, YouTube, Facebook, whatever you're doing. That's another day, you can look on Verizon, actually, webinars where I've talked on other things, so I just want to highlight that. A few more things and thank you all.

Mike, here is a small business, appliance business relying heavily on Google Search and other things for their customer base. In this time, nay thoughts on the digital aspect, should they keep spending, should they not? I know it's a complex question, but their business is on Google and I'm sure others may be saying Yelp, could be doing YouTube ads to drive that local revenue for his appliance business or her. What are your thoughts on that?

Mike Michalowicz

My understanding is there's been significant CPM drop, cost per thousand clicks, right, it has dropped exponentially. Now, I just talked with some Facebook and Google advertisers a week ago, I don't know how it is today, so maybe it's shifting back up. In the
fiscal sense, there's an opportunity to advertise more than ever right now. But I would also speak specifically to the concerns of people, so services like that where you're entering someone's home, their concern may not be the price anymore, it's their safety. So, we've got to make that preamble in saying, your safety is our number one concern, and how we do this is... have a protocol where it ensures the safety of your employees and your customers and market that. Now, the funny thing is that people Googling "safe appliance repair center" is probably a massive SEO opportunity, because most people are just "appliance center", yet the interest has shifted, so I would also look at opportunities, natural search like that.

Ramon Ray

We've got three more questions, I think we will do here, and I'm going to save the best for last, a really good one, Mike. I say that genuinely. The recommendations, Mike, for a homeowners' association, board members, HOAs, we have associations where you're in a development, in a complex, and what should they do, I think, really, to keep their residents safe. The bigger question, I think, or the question actually was the residents are out of work, they are unable to pay and they go here and say maintenance and landscaping services, should they continue. What is your thought for those who are in the HOA (homeowners' association) space? That's a confluence of problems. Any thoughts on that? You answered it a little bit already.

Mike Michalowicz

Yes, so in the situations where it's a community, so that's a very specific community, but I think churches, organizations, associations, I always look for the internal leaders. I'm not talking about the defined leaders, but the community leaders and ask how they're responding. There's the thing called the Social Web, and the social web is there's people inside the community that wield more influence and persuasion than the owners of the organization. You have to identify who they are, assemble them (virtually in this case) and ask them what can we do to be of service to our community and keep our community engaged. Those leaders will be more persuasive and also know what is actually going on.

The danger is because we don't have accurate data, necessarily, we think half the people are out of jobs now and can't afford rent, when the reality, we may find out, is 20% or maybe it's 70%, so we want to get the data from those influencers, we want them communicating the message and have them start a movement. You'll often see too community supports community.

Some people may say, "listen, we're going into a communal pool here and we're going to help three or four people with their rent", and the landlords are going to drop everyone's rent by 20%. There are strategies around empowering a community.

Ramon Ray

Two more things, Mike. Again, thank you all for hanging on, I know this information is good for you all. I'm seeing the comments there. Thank you for asking them. Quick answer or quick thoughts, Mike, for non-profits, a broad question. Many non-profits are hurting, hard for them to launch fundraising campaigns, is kind of the angle of this question. Thoughts, comments, I'm a non-profit. Before, we were launching fundraising campaigns about all kinds of great things.

Mike Michalowicz

Sure, I love to cite psychology, I'm not a psychologist, I don't have a formal education, I just love reading it. There's a thing called the Recency Effect. The recency effect is we put a disproportionate amount of significance in the immediate circumstances than the long ones. Sadly, important charitable activities like raising funds to prevent or stop cancer get shelved in situations like this over COVID, because there's so much media attention to it and so many people are sharing stories. So, can we repackage what your offering is to also address the recency effect? Can you say, "listen, we cure cancer, but we are reallocating some of our funds
to care for the COVID community, or cancer patients who have COVID, and the power here is you keep people engaged in your organization and you're redirecting the funds to its immediate recent effect, but you're keeping them engaged.

I refer to the lender/borrower matrix, when people repeatedly participate in an activity, they are more likely to stay with it, so we want to bring awareness, but use the recency effect to your favor. You've got to speak to what people are immediately concerned amount and keep that rapport going. It's just the way humanity works.

**Ramon Ray**

Ladies and gentlemen, Mike Michalowicz, author of Fix This Next and many of the books that I like and read are on my shelf. I'm Ramon Ray with Smart Hustle Media and this is Verizon Business.

Mike, thanks for joining us today.

**Mike Michalowicz**

It's been a joy and, again, if you want more details, go to [www.recessionresponse.com](http://www.recessionresponse.com). Most importantly, I just want you to know, the world needs small business more than ever. I thank Verizon so much for assembling this so quickly and putting it together and I'm wishing every small business owner tremendous success—

**Rachel Rose**

And that concludes today's webinar. Thank you so much Ramon and Mike for sharing your experiences and advice on how, together, we can all adapt during these tough times. There are a few attachments that I thought everyone would find useful. One is the chart Mike was holding up, as well as the Recession Response chart. I also shared in the “Attachments” tab the coronavirus emergency loan small business checklist from the SBA. Next Tuesday, 14th April, we'll have a representative from the SBA here to answer your questions live. We'll also have Melinda Emerson, the Small Biz Lady, on Thursday, so I hope you'll join us for those webinars.

Thanks again for coming and hope to see you all next week.