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Keep Cash Flowing

By Chris Braunlich

The government actions taken to flatten the coronavirus pandemic will most effect the smallest of businesses, as well as part-time and lower income workers such as restaurant wait staff, and ‘gig’ economy workers without benefits

For small businesses, an SBA loan (even at discounted interest) is no substitute for customers and cash flow. For workers, \$1,200 checks from the feds (and unemployment checks) will be no substitute for a job.

When the St. Louis Federal Reserve Board president predicts unemployment will hit 30% and GDP will be cut 50%, its appropriate to assume that many of those small businesses may be gone when this is over. And if the businesses are gone, the workers they hire will be out of work even longer.

Steve Haner, the Thomas Jefferson Institute’s Senior Fellow for State and Local Tax correctly notes the best way to moderate the economic drop is to keep cash flowing through the economy. That is a role many of us can play.

Because the reality is that many people still do have a regular income coming in: full-time federal, state, local and school workers; tele-workers who are able to keep working full-time from home; full-time employees in “essential businesses;” even older Virginians who may be extremely disconcerted by the losses in their IRA but who still have a steady revenue flow from Social Security and/or a defined benefit pension (admittedly a declining number).

Combining their purchases and aiming them at local businesses could have a demonstrable effect on the survival rate of local establishments. Look at it as a free market form of “crowdfunding” ... no single purchase will make a difference; hundreds of them combined may.

Order Take-out or Pick-up: Restaurants that never used GrubHub, DoorDash, Uber Eats and other restaurant delivery services now are. So if you’re confined to home, why stop eating at the restaurant you always enjoyed in the past? Or check out a new establishment – fancy or plain – that you never used before. Admittedly, it won’t help the servers. But it may help ensure there’s a restaurant for the servers to return to when it’s over. And when the delivery driver arrives, or your food comes to the window? Tip like a bigshot. For that moment in time you are.

Buy Gift Cards: You can also buy a gift card to your favorite “eat place” and plan your first meal back in a sunny, cleaner world. Sure, you can’t use it immediately, but the cash flow to the restaurant helps now and evens out the trough they are in. Or buy one to a bookstore, boutique fashion store, or any number of local businesses you’ve used in the past. It’s immediate cash to the business, its suppliers and its owners.

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Buy Online: And no, it doesn't necessarily mean Amazon. A family chocolate store I know resisted online sales for years; with the owner's daughter home from college, they finally set up an order page so customers can order and either have it shipped or picked up at the store. Independent bookstores have expanded online as well, some offering free local delivery. A farmer at my local Farmer's Market takes orders online, bags them and they can be picked up at a local shopping center parking lot. Whatever item you're thinking of purchasing, ask yourself if you can buy it from a local store and then check to see if that store now has an online presence. There's a good chance it may. And if they don't? See if they take the order by phone or email!

Do the Project You've Been Putting Off: Been putting off a car repair? Landscaping job? Home repair? Those are all "essential businesses" and are still open, but may have seen a decline in that business. Keeping them going will keep cashing moving in your local economy. Even just putting in the order for a service later can help give those owners and employees a sense of certainty that maybe not all is lost.

Build Confidence: At a time like this, the hardest thing for small, local businessowners and their employees is to remain confident. So help provide it: Remember that great meal you had, or the fantastic service when you bought that dress? And how you always meant to go on Yelp, Facebook, or Google and announce it to the world but never found the time? You've got it now. Do it. It sends a message that you value them ... and that others should too, when the world returns to normal.

Support Your Faith: No, it's not a business ... but your church, synagogue, mosque or temple won't have anyone coming inside for a while. And with a lot of tithing based on personal participation in religious services, faith-based institutions are going to see a big drop in their revenue. They still have bills to pay ... many of them involving local staff or contractors. They also help community members in need. Keep them in your prayers and make your regular donation.

Because I have an idea that, whatever happens, Easter, Passover and Ramadan – all coming in the month of April – may take on a special meaning this year.

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