BMO: Managing Your Business Finances through COVID-19

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Operator: Welcome, everyone. Today's webinar is Managing Your Business through COVID-19. I would like to invite Cathy Williamson to begin the session. Cathy, are you there?

Cathy Williamson: I'm here. Thanks, MC. Hello, everyone, and thank you for joining our webinar today. Before I introduce our presenters, I wanted to just inform you that you are welcome to submit questions throughout the session. We will have some time at the end to address many of the questions, and this screen just shows you how to do that. There is a question box on the right-hand side of your screen, and you can submit your questions throughout today's session.

So I'd like to start by introducing our four presenters for today, and we have Jennifer Cooke, Corporate Lead, Women in Trade, Export Development Canada; Laura Didyk, Vice President and National Lead, Women Entrepreneurs, BDC; Marg Hachey, Managing Director, GroYourBiz Limited; and Moriah Linton, Director, Business Banking and Wealth Integration, BMO Financial Group.

During the webinar today, we will be addressing planning the next normal, managing your cash flow, reviewing government programs for business owners, and we'll take a bit of time to look ahead. And as I mentioned, we will have some time at the end for Q&A.

So on that note, I would like to turn things over to Marg Hachey. Welcome, Marg.

Marg Hachey: Thank you, Cathy. It's my pleasure to be here today, and a special welcome to all of our attendees. I'm asking a lot of questions in the next few minutes because I want you to start thinking about how are you going to plan for the next new normal. I'm not even calling it the "new normal"; we're going to refer to it as the "next normal." Things are going to be very, very different.

I'm sure you will all agree that surviving COVID-19 has been a real challenge for business owners. And as the saying goes, a crisis is a terrible thing to waste. It forces us to be more innovative and creative than ever before. It's been critical for most business owners to carefully manage their cash during this time, and I have suggested to many owners to only plan 1 week cash flow at a time. It's really been too difficult to plan much further out, as everything seems to be changing almost on a daily basis. But now is the time you can start planning for longer periods.

And while you're planning, keep in mind that all entrepreneurs need to know their numbers, and having a close relationship with your banker and your accountant can certainly help in this area. But ask yourself, do you truly know what it costs you to open your doors every month? You need to know that number. In fact, I used to always like to have it in my head, because that was the minimum amount of gross profit I needed to generate every month just to break even.

This is also an excellent time to take out your profit-and-loss statement--preferably, the latest, most up-to-date copy--and examine every expense line item, looking for cost savings. Right now is the time to conserve cash.

I once went through this exercise and discovered some very interesting things. One of the first things I discovered was that we were spending $20,000 a year on coffee in our offices. Now, don't panic. I didn't start depriving all my staff of caffeine. But we looked at things very differently and planned a new approach to how we got our caffeine, and it actually cut the cost in half. That basically put $10,000 right to the bottom line. So really look closely where you channel the dollars. Allocating every dollar and where it's going will have a positive impact for you going forward.

Now while you have out that P&L statement, take a close look at the order of your charts of accounts. By categorizing your expenses--that is, grouping things together--take all of your marketing and advertising costs and group them together, all of your facilities costs, your wages and benefits costs, your travel expenses, grouping them together. Mind you, we may not be spending too much on travel expenses in the next little while, but we may be spending a lot more on technology, so make sure all of the technology expenses are grouped together. Look at vehicle expense, finance expense, human resources, and then, of course, the good old catch-all of general expense.

But when you have these grouped well and with totals under each grouping, when you get your financial statements at the end of the month, it makes it so much more convenient for you to really look at your results and see where you're standing. So just take a look at that while you've got it out.

At the same time, you're going to take a look at your numbers. Ask yourself, do you have an effective, timely accounts receivable process in place, and is it documented? Quite often in business, we have so many processes that are never documented because it changes so much. So I understand this is a living document. But when you have your processes documented, if you have someone new come on staff, it's so much easier to train them and get them up to speed. So think about that.

This is also an excellent time to confirm that your business model is sound. Now, a business model is made up typically of about eight elements. But don't panic; we're not going to go through all eight elements today. But I do want to highlight three for you. First of all, I want you to think about your key partners; next, your cost structures; and then your revenue streams.

So think about your key partners. Are your key partners the right ones? It's very important to ask yourself that question. Are your relationships with your suppliers open? Can you negotiate terms with them? And remember, it is always "no" until you ask. I remember once having a supplier come to me, and they wanted me to buy in very large quantities. And I was moving the inventory; it wasn't a problem. But I thought, "It needs to be a win-win." So I went back to them and said, "I'm willing to order larger quantities, but I'd like 90-day terms so I have time to move the inventory." They were very willing to do that for me. So that became a win-win for both of us. And when you have 90-day terms, it certainly helps your cash flow.

The next thing I want you to really look at are your cost structures. What is the cost of your key activities and your key resources? I once analyzed how much it cost me to send a sales rep to downtown Toronto to do a demonstration of a piece of equipment, and we discovered that it cost about $325 just to send a sales rep to downtown Toronto. So when we started looking at the potential for gross profit from that call, we got a lot more selective about where we sent our sales reps.

Think about it. What is the costliest aspect of your business model? For me it was payroll. We had a staff of 180, but I needed that intellectual property, I needed those people with those skills. So even though it was the costliest aspect of my business model, it was very much needed in order for us to be successful.

Now, for many of you who are currently buying products and services from out of country, I'm sure you are seeing a huge increase in your costs due to the Canadian dollar. So when calculating your costs, be sure to use landed costs to determine your gross profit. That needs to include not only the cost of the product or service, but duty, if there is any, foreign exchange, and of course, good old freight if you're shipping. You need to calculate all of those together to determine your true costs.

The next thing was to look at our revenue streams. And again, I highly encourage you to break out your revenue streams on your profit-and-loss statement. Don't just group things together under that sales ledger. Break it out, because this will help you analyze your profitability going forward and be able to see where you're making the most money, because that's where you're going to make the investment.

Also, examine your product portfolio. Take a close look. If you have a product line that's not doing well, maybe now is the time to kill it or at least gradually phase it out and take those resources and focus them on areas of more benefit. If you've been keeping in touch with your customers during this time, which is something I've highly recommended, then it's going to give you insights into what they're going to be needing when they reopen and continue business.

What steps are you taking to plan for the next normal, keeping in mind you're going to have taxes to file and pay, payroll to meet, make sure processes are in place so these are done in a timely fashion. What government assistance programs have you taken advantage of? You're going to be hearing shortly from Laura Didyk of BDC and Jennifer Cooke of Export Development Canada to make you aware of programs that you may benefit from if you are eligible. But have you already increased your debt load? Don't forget, when you're planning your cash flow, to forecast the including of repayment of the debt, and please make sure you understand the tax implications.

What are your cash flow concerns? Do you actually have any unused lines of credit? The good news right now is that interest rates are low. It's a great time to invest in your business so that you're ready. And on that note, I'd like to suggest you start planning your three-phase opening of your business, just like our government is planning a three-phase opening.

And the first thing we need to do is to be ready. We need to budget for that initial investment required to reopen. Possibly you'll have to disinfect your facility. You may have to start providing personal protection equipment for your staff and your customers. You may have to manage social distancing. You may have to get those vinyl feet that you have to place on the floor where people can stand. You may need to invest in Plexiglas barriers. And for some of us in offices, we may need to rearrange workstations to make sure they're far enough apart or possibly installing extra hand sanitizer dispensers throughout your whole office. All of this costs, so make sure you're fully up to speed on all the government requirements and protocols.

I saw on the news last night a young woman getting ready to open her dress shop, but unfortunately, her changing rooms had just drapery. Well, now she has to have actual doors, so that's an extra investment for her that she needs to plan on.

Next, I would suggest a staggered approach to reintroducing your staff and customers to the environment before the final, fully operational again.

Take a close look right now at your current strategic plan. It may not be what you need for reentry. Ask yourself, over time is it realistic, is it even feasible? You may need to throw out the playbook and start fresh.

Recently I had an entrepreneur say to me, "Marg, I feel like I'm flying the plane at the same time I'm trying to build it." That's a pretty scary thought, but where do you start to rebuild your strategic plan? Well, fortunately for all of you, BMO has developed a planning process, and I'm now going to pass over to Moriah Linton, who's going to guide you through that process.

So thank you, and I'll just move over to Moriah. And you have the floor, Moriah.

Moriah Linton: (inaudible) and sound decisions are essential to survive a financial crisis, but so is plain old perseverance. You've worked hard for years to build your business and won't back down from the challenge you face now. You'll find your way through this. Work with your team to solve problems, get cash flowing, learn from your trusted advisors, and stay current on the latest information. Protect and prepare your business for the next up cycle.

I'm very excited and proud to share that BMO has recently created a Crisis Planning Guide and the following workbooks and tools that you can use to apply what you've learned throughout the guide.

The Crisis Planning Workbook: use this to identify your business strategy, strength, and overcome weaknesses and threats so you can move your business forward. This is commonly known as a SWAT analysis. A cash flow forecast template into your monthly income and expenses to predict future cash flows. And as my colleague Marg suggested earlier, it's not just in the current state; it's through the three phases that we'll be going through, through the next few months.

A Burn Rate Calculator: follow the instructions to figure out your immediate cash needs and how long your business can survive with the cash that you have in reserve at the current moment.

And lastly, a Creative Marketing Workbook to help you find new ideas to reach customers so you can increase sales as things start to get back to the new normal.

Links to all of the above resources will be shared at the end of today's session.

So a business usually gets some advance notice that all is not well. Sales start to fall, customers drift away, and demand starts to slow. With the current pandemic, there has been almost immediate shutdown, where sales for many businesses have gone to zero almost overnight. This calculation gets you the number of months you have left before funds are completely depleted without considering any other possible variables that could impact your cash flow.

Before you inject your own money into the business, think very carefully about the decision to reinvest in your business now, or is it better to wait until the crisis is over? It might be best to simply keep the lights on to meet minimum operating commitments during this time until the economic conditions start to improve and invest your funds to rebuild the business at that time. Speak to your accountant or financial advisor about what's best for you and your business.

It's also important to consider how long your business can survive without and with government relief and having (inaudible). So let's look at the sample company and example on the screen.

So on the left side without access to government relief or savings, this company would survive just over 3 months. And with the $40,000 accessible through CEBA, this could extend up to 10 months. So once you know your timeframe to make change to your cash flow, you can prioritize what to do next.

So I'll now walk you through a recently developed sample from BMO, The COVID-19 Cash Flow--one second, I may actually, hold on, I think I skipped a slide. I'm sorry about that technology issue. My apology.

So assuming the current situation, if temporary and eventually businesses will return to normal, or the new normal, here's what you can do to keep your business running. There are many cash flow and forecasting tools available to business owners from a variety of different sources. I will walk you through a few tips to guide you through increasing cash available, reduce the cash burn, and delay payments. You may also want to consider forecasting weekly in the short term and take note of unique periods ahead, the current state, the period through recovery, and what we call the new normal.

So when you're looking at opportunities to increase your cash, I want to reflect on what Marg said earlier today, is to make sure that you know your numbers, so pull out your most recent profit-and-loss statement and look at doing some things to proactively manage different days that you have different line items. So as you're increasing cash as the markets sag, proactively manage your receivables. Oftentimes businesses allow the receivables to lag, sometimes up as far as 60 days before they reach out for collection.

Reaching out and having those conversations very early and knowing when you can expect that money to come in will be very helpful in the short term. And in some cases, you may not be able to collect the full receivable immediately, but you may be able to collect portions of it as you move along.

There may also be opportunities to sell assets that are currently not in use or perhaps from revenue streams that are no longer relevant. And of course, many businesses will have some inventory that they'll have to think of creative ways to reduce the inventory. Also exploring government relief programs to have access to cash during this time, because we're not really sure how long this is going to last, and having those funds available will certainly give you some peace of mind as we move through the next few months.

Next is reducing expenses. So a few tips that we go through in the Guide is to really look at cancelling unused subscriptions, negotiating discounted lease costs, trimming down expenses that won't impact you in the long term, and reducing employee hours--unfortunately, something that we do have to look at. But having access to wage subsidies and other things could help us make those decisions. Eliminate unprofitable activities. So there may be things in this market that your business is doing that are no longer valuable. Lastly, delaying payments. Talk to your suppliers. Kind of the opposite of managing your receivables, but make sure that your suppliers can make available the things that you need to make your product and/or service. Explore credit relief options at your bank. All of the banks are offering different relief in the form of increasing temporarily your operating lines and/or deferring payments on long-term loans. Lastly, explore CRA tax deferral options.

So I'll now walk you through a recently developed sample from BMO. It's referred to as the COVID-19 Cash Flow Assessment Form. This form will help you to assess the cash flow needs of your business through the COVID-19 shutdown. It will provide an indication of whether or not your business is in need of additional capital, and it will provide you an approximation of the bank and government support available to your business.

So Section 1 that we have on the screen encourages you to take stock of your current situation, so you'll need to make sure that you can note here the access to cash that you currently have, your outstanding credit, your debt and payroll obligations from the previous year. In this particular example, the sample company qualifies for CEBA because their prior year payroll was between $20,000 and $1.5 million, and the 75% rate subsidy because their sales decreased over 30% year over year in both April and May.

Section 2 begins with a side-by-side view of a typical month and a COVID-19 impacted month. It is very important to view these side by side and recognize expenses--and recognize what expenses have or could be reduced or delayed. Even amounts can be used to forecast those monthly. In the example above, the business expenses are almost half of what they were previously, and it's important to note that these amounts will change as your business trends into recovery and, again, into the new normal.

Section 3 brings forward your available cash and allows for a temporary increase in a bank line of credit and the CEBA loan access. In this particular example, the tool acknowledges that the business qualifies for CEBA based on cumulative expenses and suggests bringing the funds out at $2,250 monthly in the short term. Given the uncertainty that lies ahead, it may be wise to stretch out these funds as opposed to spending all at once. This section also allows you to forecast sales and associated costs over the next 4 months, and chances are these amounts are going to change as things start getting into recovery mode. So this particular business does not require access to the line of credit increase or the CEBA loan and will be well positioned to pay back the loan within 2 years and keep the $10,000.

So the sample on the left shows the business is a business whose sales have reduced to zero during the pandemic and they do not qualify for the CEBA loan. In cases where the estimate is negative, businesses may benefit from financing through your bank, Export Development Canada, and/or Business Development Canada. And a few of my colleagues will be walking through some examples of what those options are following my session.

The example on the right shows the same business that qualified for CEBA, allowing them to stay in survival mode well beyond July. Where estimates are positive, business owners are encouraged to review their cash flow frequently and contact their bank relationship manager for regular updates.

I will now pass this over to my colleague, Laura Didyk from BDC, to walk us through the government relief program available for business owners.

Laura Didyk: Thank you, Moriah. I'm going to go through the government programs that are available to everybody. And I'm just going to basically cover all of them, or most of them, I guess.

So the first one is the wage subsidy program. So what this is, is this is available through the Government of Canada. It's a subsidy of 75% of your employees' wages for up to 24 weeks, retroactive to March 15. So you can go back and apply for the previous weeks. So the intention of this program is not necessarily to help your operational cash flow. The intention of the program is so you can rehire or keep on the workers, the employees that you have that you previously laid off or you currently have as a result of COVID-19.

So the real benefit for this program is that you can keep your employees, so if you're pivoting your business or if you pivoted your business, that to offer your products or services in a different way, in a different manner through delivery or curbside pickup or things like that, or if you've actually even pivoted--lots of businesses have pivoted either temporarily or permanently into a new line of products of services. And you can keep your employees on to do this, and 75% of their wages will be covered by the government.

It also allows companies--the intention of it is if you have some great--you know, we all have great employees and we know that great employees are hard to find, or if you have very skilled employees and you've invested a lot of time and effort into training them, and you really don't want to have to lay them off with the risk of when you're ready to bring them back, whether they're still available. So it allows to kind of keep them employed, to keep those valuable people employed by you so you can keep them close to you. And not only that, but as we're talking about a return to business, those employees are very valuable. So if you still have them on your payroll, then you can round them up even quicker when you're resuming your operations.

So to qualify, businesses have to have seen a 30% decrease in revenue, and they can apply directly through--you'll see on the screen--directly to the Government of Canada, so they should apply through there.

The next one I'm going to talk about is CEBA, which Moriah mentioned a little bit. So this is for small businesses that need some working capital, not a large amount of working capital loans. And I believe all businesses that qualify for this program should absolutely apply for it, because it really is a great option for all business owners.

So through this program, businesses can access up to $40,000. It's interest-free, which is a huge bonus. It's delivered through the financial, the commercial, the financial institutions, through the commercial financial institutions like BMO, but it's guaranteed by the government. So it's a $25 billion program for small businesses. It's also available for not-for-profits. And it's intended to help cover operating costs during this period where revenues have been temporarily reduced or reduced to nothing due to the economic impacts of COVID-19.

So the idea is that it's going to better position you to pay your rent, pay your operational costs, those fixed costs that you can't necessarily get rid of. And it's also to, as Marg was talking about, some of those costs that you will need to, in most cases, need to incur to get back to business--as in offering additional hand sanitizer, shields and things like that, there's a cost to that. So this can be used for that. And so that's the idea of it.

So to qualify for the program, you need to demonstrate that you paid between $20,000 and $1.5 million in payroll in 2019. But actually, this morning--and I'm just going to read it because I don't even have all the details--but this morning it was just announced, for those of you that haven't seen the news yet, it was just announced that they've actually expanded the program. The program is now available to sole proprietors and businesses that rely on contractors and family-owned corporations that pay employees through dividends rather than payroll. And that was a big gap.

So it has now been expanded again, and this is why it's so important for all business owners to keep referring back to the Government of Canada's website for COVID-19, because the programs are always being tweaked and adjusted, and new programs are being announced. And so this was an example of one that has been tweaked to be more all-inclusive.

So it says here that to qualify into the expanded eligibility criteria, applicants with a payroll lower than $20,000 need to have a business operating account at a participating financial institution, a CRA business member, and you have to have filed a 2018 or 2019 tax return. And you have to have eligible non-deferrable expenses between $40,000 and $1.5 million. And when they say "eligible non-deferrable expenses," they mean things like rent, property taxes, utilities, insurance, so things like that.

So this is really great because there was a little bit of a gap that we were hearing that I was referring to that a lot of business owners weren't qualifying for CEBA because of this. So it's been expanded, so if you previously didn't think that you qualified, then you should definitely reconsider and re-look at your--and you can apply, and again, it's a $40,000 loan. What's really also interesting about this is that not only is it interest-free, but if you are able and you choose to repay the balance of the loan on or before

December 31, 2022, you get a forgiveness of 25%--so that's $10,000--forgiveness of the loan. So that's also a big bonus, too, especially when working capital and cash flow can be quite tight right now. But when we do get back to whatever normal looks like and you're starting to generate revenue and profitability again, they've given you quite a bit of time--to 2022, December, so more than a year--to be able to pay it back. Then you only have to pay back $30,000 of the $40,000. So really, really beneficial. So this program is available through your financial institution, so BMO is one of the financial institutions you can apply to for that. And if you haven't done so because you thought you didn't qualify, then you should definitely look at it again.

The next one I'm going to cover is actually a program that hasn't been announced through the Government of Canada, but it is available through us, available directly through us. And this is up to $2 million in working capital loans that's available directly to us. And this is to supplement your existing line of credit. So if you find that your existing line of credit and a CEBA loan and everything else that you've tapped into, and that wage subsidy program isn't quite enough and you're really tapped out, you can apply for an additional $2 million. It's a term loan. There are principal postponements for the first few months, but it does come at an interest rate, and it will cover and help you--have the idea that it will help you cover some of the operating cash flows so that you can continue and get back to business.

If you're not a BDC customer, it is accessible directly through us, but we do recommend that you do talk to your existing financial institution. And I think that's really important for all these programs. Most of them are--you need to apply through your financial institution. But even in this case, we do recommend that you talk to your financial institution about the programs because there are so many of them, and it can be a little confusing, and some of them may be great options for you and some of them may not. So the key there is to talk to your existing financial institution and talk to them about what is available to you and what would be the best. The financial institutions are well aware of this program. If they feel that some of the other ones you may not be eligible for, then this may be an option, and then they'll direct you to who to speak to. So I think that's really important.

The next one I'm going to talk about is the BCAP program, as it's known, the business continuation program. And what this is, you can get up to $12.5 million for working capital. And this is for a small and medium-sized enterprise. It's a program that's--it's actually two programs. There are two streams, as we call it, of the program that's available. You apply through your financial institution, and the streams are, the first stream is through ourselves, BDC, and the second stream is through EDC, but both you apply through your financial institution. And a business can tap into both of them. They can tap into one of them, or they can tap into both of them. And again, that's why it's so important that you work with your financial institution to decide together which, both, or which one is the best option for you.

But the first stream of the program is a co-lending stream. And this is the one that's available under the BDC stream. And then to this stream, BDC is working with the financial institutions to co-lend term loans to small and medium-sized businesses for their operational cash flow requirements. So this is a program, and we see co-lending, this is a program--what we mean by that is that we're sharing the risk with the financial institution. So the financial institution is then able to take a little more risk that they normally wouldn't be able--that they normally would not take, or they wouldn't be able to take. So we're taking 80% of the risk through the government, and the financial institution is taking 20%. But the loan needs to be applied for, and it is administered, and the decisions are made through your financial institution.

The second program is very similar, but it's through EDC, and it's also up to $6.25 million, and this program is a guarantee. So EDC is guaranteeing 80% of the funds. And again, the intention is that it allows the financial institution to take on a little more risk, so we're sharing. In both cases, the idea is that we are sharing the risk with the financial institution to increase the lending to small and medium-sized businesses. So this also can be an operating credit or as a cash flow term loan. It's up to $6.25 million through your financial institution, and it's underwritten, and the funds are directly disbursed and it's administered and everything, and repaid through the financial institution, so that's really important, too. So that's a really good--this is up $12.5 million, like I mentioned, in total financing for businesses.

And just recently announced, which I do not have a slide for, is--and it was recently announced. I'll just talk about it briefly. The details haven't even been worked out yet, but that's a new junior loan program that we've also come out with, with BDC and EDC again directly to the financial institution. And that's for businesses that are more of a medium size, I guess we'll call it, or medium to large size. And it's from $12.5 million to $60 million. So it's for businesses that need more than $12.5 million, we'll call it. It was just announced over the last week or so. And EDC and BDC are, again, working alongside each of the financial institutions to complement their existing debt facilities.

For some of the larger businesses, what they're saying is $12.5 million, which is not going to cut it if--and these are for business that probably have excess in revenues of $100 million. So I don't know if you want to call that medium or large, but the more larger businesses. So that's another program that I haven't got a slide on, but more details to come on that. If you feel that you need to tap into that, then there will be more details for that to come in adjacent weeks. But it's also through BDC and EDC, working with the financial institutions.

So I just want to take a few minutes, because those are the government programs, and there's lots more. There's the rent relief program that's available through the landlords. I could sit here all day and talk about all the programs. That's one thing--the government has come out with a lot of programs. But I didn't want to spend too much time talking about all of them. It was more on the ones that can help your immediate cash flow and were available directly to you. The rent reduction program for small businesses is to help tenants. It's a collaborative program through the landlords, as you probably know.

But what's really important is that if you do business, the Government of Canada website, you can access it--I know, probably, through all the financial institutions like ourselves, or just go directly to the Government of Canada. And they've done a really good job of listing, and they also have a virtual assistant, if you need that, if you have questions. And they've done a pretty good job of listing all the programs and what's available and what the qualifications are and that. It can get quite confusing as to what's available.

So I wanted to speak a few minutes just talking about--because we do get a lot of questions about, "How do I know? I do need the money. I'm a little leery, taking on additional debts," and I completely understand that. And some business owners are completely debt-averse. "I've gotten this far in life without having any debt with my business, and I really don't want to start now." And so I just want to take a few minutes to talk about debts, I guess. And I call it "fundraising options," because we talked about the first box, which is the ones that are immediately available through the Government of Canada for COVID. But there's also a number of other options that may be available, and each comes with pros and cons. And I know it can get very confusing for business owners, especially if financial literacy isn't number one on your list as far as where your knowledge is at. And it can be pretty confusing.

And the government programs are a great option right now. Many of them come with no interest rate in the CEBA case, or reduced interest rates and principal postponements and things like that. There are also other options available if you need the cash, and you probably will need the cash to either get through what we're currently going through. Even to get back to business, as Marg says, there are going to be some additional costs to getting back to business. And even when you do get back to business, I think in 99.9% of business cases, it's not going back to 100% of their revenues, the way they were at, because they have to open on a reduced basis.

But there's regular commercial bank loans; there's personal bank loans. Some are receiving what we call "love money," so either gifts or equity injections or debts or loans from family and friends. There's credit cards. A lot of business owners use credit cards to finance their business. There is--many companies end up bootstrapping it, and that's the picture of the boot there, and that means slowing their growth or their innovation by using just their own profit, which can be challenging right now. But for some businesses that don't have--debt's not available to them or it's not an option for them--in some cases, that's their only option, and we call that bootstrapping, which can really slow down a business's growth options.

But there's two things I'd like you to remember when you're looking at all these options and weighing them all, is that what's right--the right option for one company may not be the right option for another company. And you need to really look at all of them. And debt isn't necessarily a bad thing. And I think that's really important to remember. And some business owners are so debt-averse, they're so against debt. And I do agree that a company can take on too much debt, and then it's not a good thing. You definitely don't want to take on too much debt. But borrowing money and paying interest, it comes at a cost. It's not bad if it gets you into a place that you would not have gotten to otherwise. Or if you need it to survive and you're fairly confident that you're going to be able to survive this and then things will get back to profitability and you will be able to repay the debt, then it's not a bad thing, and especially if that debt gets you into a place where you wouldn't have been able to get to on your own, just by not borrowing it. So if you can make more money in using that debt, and at the end of the day, bottom line, put more money in your own pocket than you do in the bank's pocket, then that's not a bad thing.

So I'm just going to quickly go through, before I hand it over to Jen, some of the things that--just some food for thought, I guess--in what to consider when you are looking at all these options. So you have some of the options there that I just talked about, and some of the things that you need to think about when you decide that you need or that you want an injection of cash to help you either get through the current time, help you reopen your business, or help you grow your business. And so you figure it out with working through the BMO Cash Flow Analysis. You've now figured out how much you need and what you need it for, so that's really important. And now you're looking at all the options available to you, and you break them all out as to what are you eligible for? What's available to you? And you need to make sure you get the right loan to meet your needs.

So you've looked at all their options, and you need to consider what the cost of the money will be. And this does not mean just interest rate. It means the total cost of the financing. So inclusive of the fees, inclusive of security costs, the lawyer fees and things like that. So, for instance, some loans will have a processing or an application fee. Most will have some kind of ongoing monitoring or administration fee. Sometimes it's monthly, sometimes it's annually. And this is in addition to the interest rate. You need to consider that, because the idea is what the total cost of the money is going to cost you.

You also need to consider what's really, really important, especially right now, is the repayment terms and the other terms and conditions that come with it, including the collateral. So often, often, the more flexible the repayment terms are and the conditions are, the higher the interest rate's going to be. So, for instance, right now a lot of the banks with a lot of these loans are offering principal postponement, and right now that's really important, because the last thing you want to do, and this is why credit cards may not be a good option or some other kind of different debt may not be a good option that aren't offering principal postponements, because you need that injection of capital right now. You need to spend that money, and you don't really want to have to start paying it back right away. So you want an interest-only component to it, possibly. Now, that may mean that the interest rate with the terms and conditions is a little higher, but that additional cost to you may be really worth it so you can postpone your principal and start repaying it when times are better.

So also the collateral is really important. So normally, the less tangible collateral there is, then the higher the interest rate will be, because to the lender, it means that their risk is a little higher. And every lender is kind of pricing a loan for the risk that they're taking. Also, the longer the repayment is, then usually the higher--and I'm generalizing--but usually the higher the interest rate is. So a loan that's over 15 or 20 years, the interest rate is usually a little higher than if it's a very short-term loan. But this--so you shouldn't only focus on the cost. You should also focus on the terms and what's best for you.

And there's really no one right answer, because every single business is different, and it depends on your business, it depends on your cash flow forecast and what your turns are and things like that. It also depends on your comfort level, the collateral that you're willing to push and the flexibility that you need. And so every business owner is a little different on where their risk tolerance is for collateral, whether they're willing to mortgage their house to get additional debt to put it into their business or whether they're willing to give a personal guarantee or not.

So there's no one right answer, but based on all this, you have to decide if the cost of the money and the terms and conditions that go with it is really worth it to you. And you have to think of it more, I guess what I'm saying, is think of it more as an investment and determine what that return on investment is going to be. And as Marg said, interest rates are very low right now, so if you can make more money by getting this injection of capital than what you'll have to repay to the banks in interest costs and fees, then it's probably worth it to you. And if you need it to survive, it's your only option to survive and you're confident that you can get back to business and back to profitability in some time, then I'd say it's probably worth it if that's your only option to you.

And that's really important. You need to really understand. And at this time--financial management is always important, but at this time, it's really, really important to really understand. And that's why that cash flow analysis is so important to really understand what your bottom line is and what you make on each dollar and what you can make on each dollar going forward and then what the cost of the financing is going to be and what you're willing to pledge as a guarantee in that collateral for the financing.

So that's it for me. I'm going to now pass it over to Jen Cooke, who's going to talk about the EDC options. So thank you very much. Jen, over to you.

Jennifer Cooke: Excellent. Thanks so much, Laura, and good afternoon, everyone. So this is a really great segue into what I'd like to talk about next, which is really about business risk.

So it's certain, as all of you will know, that from an economic perspective, the health needs for physical distancing, travel restrictions, border closings, and factory and business shutdowns are all really negatively impacting both the supply chains and trade flows and really causing a sharp downward impact on the global economy as a whole. So this current economic crisis is worse than any we've seen in recent history, and we're all hoping that it will be short-lived and that the massive policy measures from the government will help lessen the blow to both businesses and consumers. But at the end of the day, the challenge to the global economy and to Canadian companies will ultimately depend on how severe COVID-19 will be and how long it will last which, really, no one can easily predict.

Forecasts on these two aspects continue to change weekly and even daily. And even as some of the business areas start to reopen and the economy gets started again, the results are still uncertain. So these two biggest unknowns are, of course, most frustrating to business owners right now in figuring out what your best response should be.

One thing that is certain is that absolutely no business is untouched by this coronavirus. Even the largest corporations and potentially some of your customers will likely experience cash flow tightening. So knowing this, how should Canadian companies best manage business risk during COVID-19 and prepare for the growth post-pandemic during recovery?

So what I'd like to talk about a little bit is risk management. And to protect yourselves, most importantly, is the need to have a solid risk management strategy to enable you to be proactive rather than reactive to what's happening. Think proactively about the strategies and the financial tools that are available to you and that you can leverage right now to weather the storm and be ready for growth during the recovery.

So when it comes to risk management, there are four major buckets to think about.

The first is risk avoidance. Do you have a Plan B? For example, if you outsource manufacturing, are you planning ahead so you can manufacture locally? If you're selling internationally, do you have a diverse set of buyers, or are you putting all your eggs in one basket with one customer? Given current fluctuations, do you have a good foreign exchange strategy in place? Marg did mention that, and I'm going to come back to that a little bit later in my presentation.

The second bucket is risk sharing. So again, are you outsourcing? Are you partnering? Are you only focusing on one product line, or do you have multiple product lines so that if one part of your business is impacted, it may not affect the others and reduce negative impact on your business. Finding ways to spread or share risk should really be evaluated at this time.

The third bucket is risk reduction, so look at and seek proper legal advice for your contracts, as one example. At Export Development Canada we often see that Canadian companies are working with purchase orders and not properly structuring their contracts with legal advice. In particular for orders outside of Canada, this is really, really important. You want to make sure that you have the proper clauses in your contracts to protect you in case you can't perform on a contract if situations like COVID-19 arise. Do you have a contingency plan for working capital funds as well? Even if you're in a decent cash flow position now, it's good to have something in place for when you may need it down the road. It's that idea of having the umbrella even if it's not raining, because it might start raining.

The fourth bucket is risk transfer. And when we talk about risk transfer, this really refers to insurance. So, for example, are you currently protecting your accounts receivable, which is likely one of the largest assets on your book? If you produce customizable goods or services, do you have contract cancellation insurance in case your contracts get canceled once you've already incurred costs? Do you have marine cargo insurance if your goods are being shipped by sea? What about your inventory? If it's building up during this period of slower sales, do you have the right amount of coverage in case of loss or damage? Depending on your industry, there may also be needs for bonding or performance guarantees required for your contracts. So you also want to think about protecting yourself against the potential wrongful call of these financial instruments.

So important, important, important is a regular review of your various business insurances, and I strongly recommend that that's something that you do on an ongoing and regular basis.

So before moving on, I want to spend a few minutes talking about the risk of non-payment, which is really particularly top of mind for many Canadian companies right now. Credit insurance to protect your standing accounts receivable against the risk of payment default is a critical tool that can protect your business. Many, many things can happen, such as your customer declares bankruptcy or simply not being able to pay due to their own cash crunch. Even if your customers are large, stable corporate, even they may experience liquidity challenges during this unprecedented time, which could impact payments to their vendors.

So a few things to think about with respect to credit insurance. Number 1, it can be structured to specific risks to ensure that you get the right coverage to mitigate that's tailored to your business needs. So when you're considering a policy, make sure that the risks that are covered are the ones that you specifically need protected for your business.

Credit insurance also helps you gain a deeper understanding of your customers' creditworthiness if you're able to insure them. So in that regard, your insurance provider gives you critical information about your customers and their creditworthiness right now. If you're dealing in higher-risk markets or with riskier buyers or sectors, you want to ensure that your insurance company has the right credit risk appetite to support you in those markets and sectors during this time.

Thirdly, you want to think about value for your dollar, so make sure you understand what value you're getting for the cost you're paying with your policy. There are many different providers out in the market and they offer different types of policies, so you want to make sure you understand what you're getting for it and what you're paying for.

And finally, it's really important to fully understand what your obligations and responsibilities are as an insured in terms of proper documentation and protection to maintain the validity of your policy.

EDC offers several different types of insurance solutions with many flexible options to meet your company's specific needs. So I'm going to just move to the next page, where we're going to talk a little more deeply about credit insurance.

Why is it such a valuable tool? Essentially, when I speak to companies about credit insurance, I try to describe it as a three-legged stool. We've already spoken about one of those legs, and it's the sleep-at-night factor, knowing that if your customer doesn't pay, you're still going to get 90% of what you're owed for your outstanding accounts receivable. So for many small and medium-sized businesses, a loss on a major account receivable can really have a devastating impact, and this risk is even much higher right now.

The second major benefit is in how it can help you access more working capital. Financial institutions and other lenders will provide more lending value--and again, more comfort to you--when your accounts receivable are insured. This is one of the largest assets on your books, as we talked about, and it's one of the assets that lenders really look at when they're making credit decisions.

You can also attain the comfort, as you're taking on more debt, to help you through the cash crunch right now. But if you're ensuring that your accounts receivable are protected, you'll still be able to collect on those, which will help you be able to repay that debt, which might just help you with your own risk tolerance for taking on some of these government loans or extra debt loans from financial institutions.

But the third leg of the stool that I always like to really emphasize is that credit insurance can also help you be more competitive to win new business. When you can go out and work with new customers and continue to offer better payment terms than you otherwise would if you weren't protected by credit insurance, especially as you might be considering selling to new customers for the first time that you don't know as well or in a new market that you're not as comfortable with, in this way you can still offer those more competitive payment terms, knowing that you're protected. You can even include the price of credit insurance into the price because customers are going to be willing to pay a little bit more to get those better payment terms. So it's a really, really important tool.

And I wanted to just point out how EDC has adjusted our insurance offerings for companies during COVID-19 in some really important ways. In the short term, we're trying to make some immediate changes to all of our credit insurance solutions, both whether you're insuring your entire portfolio of accounts receivable or you're looking at select credit insurance to insure one-off contracts or one-off customers so that we can help you manage the short-term cash flow challenges that you might be having right now.

So first of all, when assessing new buyer coverage requests, for viable buyers, EDC is looking at taking on greater risks than we have in the past as well as expanding our maximum coverage for select credit insurance. So our online systems have been updated to support changes in coverage requests. We're also increasing our flexibility to continue coverage where possible in situations where your particular buyer's credit might be deteriorating. Thirdly, we're looking to cover losses for goods shipped, even if the buyer hasn't accepted the goods--of course, subject to some terms--which was never part of our credit insurance coverage previously. And finally, we're waiving the 60-day waiting period for claims so that you can submit claims and receive the payment on unpaid accounts receivable even faster, although all claims are still being closely evaluated within our regular claims department.

So the one thing I wanted to mention about credit insurance before moving on to something else is that typically, Export Development Canada insures international accounts receivable for Canadian companies. We work with partners in the domestic market to help customers insure their Canadian sales. However, in order to allow EDC to help more companies during the current COVID-19 pandemic, the federal government actually changed the law to allow EDC to have domestic powers for a temporary time period. This happened before also, during the economic downturn of 2008 and 2009, where EDC could help as part of the federal family to increase liquidity in the marketplace. So what this means is that today we're also able to support the needs of Canadian companies who do not have any export sales.

That said, EDC's role is never to compete with the private market, but to actually complement capacity where coverage gaps exist, both on the lending side and on the insurance side. So for credit insurance when Canadian companies are not able to obtain coverage for certain buyers in the domestic market, EDC will come in to provide that extra coverage, working with your insurer or with your broker to help them support the credit limits that you will require.

Okay. Oops, sorry. I thought I had talked a bit--I had advanced that slide. I'm going to move on now and talk about advance payment insurance. So since COVID-19 started, we've noticed a new trend that has emerged where foreign suppliers, particularly in Asia, of raw materials or goods are increasingly now requesting 100% advance payments upfront before they are shipping these goods to their customers, and they're not offering any payment credit terms to buyers. So this has created the requirement, or actually created two major challenges for Canadian companies in particular.

Number 1 is the risk of losing your upfront advance payment, and number 2 it the need for extra cash to pay upfront for supplies. This then creates the need to insure the financial losses from the suppliers not returning the advance payment or the need to satisfy the banks or your financial institution, who will require insurance to protect your cash flow if they're planning to lend you additional working capital so that you can get the essential raw material and supply that you need.

So one solution that EDC has that can benefit here is called advance payment insurance. This is more of a niche financial insurance that EDC provides and which we've tailored recently during the pandemic. Typically, this insurance is reserved for companies that are purchasing capital goods such as equipment, where suppliers require a significant down payment. This has become a lot higher risk now, and so this insurance can insure against any financial losses associated with a supplier's failure to return that advance payment or doesn't ship you what you've ordered.

One area where we've opened up this insurance beyond a capital purchase is for companies in the business of medical equipment or supplying PPE, personal protective equipment for Government of Canada or provincial government contracts. We adjusted this insurance under BCAP to allow these companies procuring from overseas suppliers who won't give credit to be able to insure those upfront payments before shipping. I will point out, however, that it's important, again, with any insurance to understand the risks that are being insured, and for this advance payment insurance, we are not insuring the risks of poor quality or performance or shipping risks related to the products or unresolved commercial disputes. We're just insuring that advance payment in case of the supplier's bankruptcy or unlawful contract termination.

Moving to my next slide, finally, I just wanted to mention a couple of other financial tools that EDC can help you during this time to protect and unlock cash. We're going to come back and talk about foreign exchange. So for some businesses, exposure to foreign exchange fluctuations is very real and can have a significant impact on your profitability. If your business is sensitive to foreign exchange rates, whether that's the US-Canadian exchange rate, which is particularly volatile, or other currencies, it's a really great idea to consider a foreign exchange hedging strategy. Your financial institution is a great place to start with this. Discuss your foreign exchange exposure with your account manager, who can help you develop an appropriate hedging strategy to help you, number 1, make budgeting easier because you'll be able to lock in your exchange rate in advance, which gives you comfort when setting up your product price and increasing the predictability of your cash flow. Number 2, it helps increase predictability of your margins. Again, you're locking in the profit you expect based on the set exchange rate when you enter a contract, which ultimately helps you protect your cash.

However, sometimes when you look to secure your exchange rates with your FX contract providers, they're sometimes going to require you to put up some collateral to ensure that if there's large swings in FX currency, you're going to be able to settle those FX contracts. There are several ways to handle this, and one tool is an EDC FX facility guarantee. Essentially, EDC will guarantee your financial institution so that it replaces the collateral or cash that the bank would require to hold and frees up that working capital for you to use in your business instead.

Okay, so the foreign exchange facility guarantee will free up collateral tied to foreign exchange contracts. It helps you manage your currency volatility risks by helping you secure your exchange rate and increases cash from your financial institution.

Finally, the last thing I wanted to talk about before handing it back to Marg is that in some industries, companies are required to issue letters of credit or letters of guarantee for various reasons--for performance bonds, supplier bonds, or even advanced payment guarantees that you're requiring advanced payments from your customers. Again, you would turn to your financial institution to leverage a trade finance instrument--typically, a standby letter of credit--so that you can in turn provide those to your customers. However, again, the bank will require 100% cash collateral for that trade finance instrument because it's an unconditional callable letter of credit. Again, EDC can provide a performance guarantee to your financial institution, which replaces their need for any cash collateral. And in that way, you can pursue opportunities that require these guarantees and say yes to new contracts or help you negotiate more flexible payment terms with your suppliers than tying up your cash to issue them.

Okay, so there's a lot more information about these solutions on the EDC website, and we have trade advisors that can help answer any questions, and happy to answer any questions at the end. But at this time, I'm going to hand you back to Marg, who's going to carry on with a bit of a discussion about looking ahead. Back to you, Marg.

Marg Hachey: Thank you, Jen. Lots of great information. Thank you so much. I learned a few things that I didn't know, so thanks for sharing that.

I think it's really important now, with all the tools that you've heard about today, that we really start thinking about how we're going to look ahead. And I always joke about there's only two ways to grow a business: one is to get new customers, and the second is to sell more to the customers you've got. So as we start planning for post-pandemic, it's really going to be important about how you move forward to market and promote your businesses, because that's going to be essential to your future success.

Before you start looking at any marketing strategy, you really need to do a situation analysis. And by that, I mean doing an industry analysis, looking at sales, doing a customer analysis, like really, truly understanding your ideal client. And where possible, build an avatar. Understand the competitive areas that you will have and also do a SWAT analysis, and then you can start carefully planning your marketing activities.

When you (technical difficulty). Yes? Sorry, did you lose me?

Cathy Williamson: Yes, you had just muted yourself, so maybe just go back a couple sentences. Thank you.

Marg Hachey: Okay, no problem. Am I okay now?

Cathy Williamson: Yes, you're good.

Marg Hachey: Okay, thank you, Cathy. So let me back up. So before you start looking at how you're going to market and promote your business, which will be essential to your success, you need to make sure that every campaign does these four things for you.

So make sure that your marketing campaign generates leads. And that's great, but then you may also generate prospects. They're not quite ready to buy yet, but they will fill your sales funnel. And the best advice I can give you in that arena is to make sure you follow up. There is a fortune in follow-up. The third one is does it differentiate you from your competitors? So important. And also, does it enhance your brand? So important to have a strong brand at this time.

And I want to encourage all of you to not miss opportunities to market yourselves. I see so many email signatures that are just the names and titles. There's not a link to your website or even a promotional item that you may have or even a link to your loyalty programs--very important to use that space to help you market.

And also keep in mind--this is something that I very rarely see--that people miss an opportunity to promote themselves. You send out invoices on a regular basis to your clients, whether they're electronic or hard copy. But you can use the space on the bottom of your invoice to highlight monthly specials or promote other products and services that you offer. So one of the things, I want you to make sure, looking ahead and moving forward, that you're not missing opportunities to communicate with your customers.

So on that note, I'm going to turn it back over to Moriah, who's going to share some more with us on the Workbook. Over to you, Moriah.

Moriah Linton: Excellent, and thank you, Marg, What a fantastic segue into another toolset that BMO has very recently--actually, as of Friday--posted on bmo.com. It's called a Creative Marketing Workbook, and I'm going to offer you a bit of a sneak peek on some of the things that you'll find inside the book.

What I'm covering is information in the Guide. The book itself really walks you through, I think in about 2 pages, six very thoughtful exercises. Some of those exercises will encourage you to do things like write down potential new target clients in the current environment, to look at and really explore trends in your existing industry, and also to look at opportunities to build some strategic alliances.

So what I'll walk you through is three different sections that are specifically covered, just to give you a bit of--again, a sneak peek into what we have to offer.

So the first is really around communicate clearly and often. Let the customers know what's happening with your business. Don't assume that they know. Make sure that they know what's changed in terms of what they can expect from your service levels that you provide, any safety measures that you've implemented and as they change, and how to reach you. That's very, very, very important.

In this section as well, it talks about being helpful. So when you're looking for new clients who don't necessarily know that you exist right now, if you can offer things like online tutorials or classes to share your expertise to really reach that market that doesn't necessarily have familiarity with you, then helpful information in an email. Connect your customers to colleagues because they've asked you to. And do some free research online into an issue that might be important to your existing clients.

The next section talks about selling more items and finding new tactics, which I'm sure many of you have started to do already. So think about adding to your offering. Is there something else or a different way that you can sell to your customers that might be more relevant to the current environment? Think about what else you can offer that might pivot you from what you're currently doing. Sell a subscription-based service. Create a consistent monthly revenue by offering a low-priced service or product bundle. Bundle your offerings. Combine individual services or products with a discounted bundle. And consider offering a temporary discount to stimulate sales and offer limited-time-only discounts on what you already sell to get those new clients attracted.

The third and final is selling online. So update your website with an online store if you have the ability to do so. Set up payment solutions to make it convenient for your clients to access your products and services online. Sometimes we forget that if your clients really want to access your products and services but don't know how to pay you, that can be very challenging.

One of my favorites is look at forming a strategic alliance with non-competing businesses. Team up to sell larger bundles of products and services. I can't tell you how many business owners I have been talking to recently that are finding really interesting and different ways of looking at partnering with different businesses or even some of their suppliers to get more attention.

And ask existing clients for referrals. Who knows you better and can advocate for your products and services than your existing clients?

So during times of crisis, small business owners across the globe may find it difficult to operate on a business-as-usual basis. Cash flow reservation, employee support, and customer reengagement may be very much top of mind. As Canadian business owners, you can take action right now to help your business through COVID-19 and perhaps emerge positioned to build and grow.

After read the Crisis Planning Guide, you can download the Crisis Planning Companion Workbooks and Tools to help make your own plans. We've touched on many of the topics included in the Guide today, and there is so much more. The topics listed on the screen are covered in much greater detail, and I'll provide a very brief overview of each for you now. So as we walk through, please take note of anything that I mentioned that piques your interest, and make sure to visit that section in the Guide following our session today.

The nice thing about the Guide is it's not designed for you to have to go through the whole thing. There are 11 topics, and if you want to cover only one, two, or three, you are more than welcome to do that, and I think you'll find some tremendous value.

So the first topic is sourcing alternate suppliers. As I mentioned earlier, having a steady flow of inventory supplied through a service provider is crucial to your business's survival. As many smaller companies and large ones may be unable to function normally during the crisis, your supply chain may become interrupted.

The next is managing a remote workforce, something that many of you have already started to figure out. But if you'd still like some helpful kinds of tips, we talk about setting clear expectations with both your employees and your clients. Give your employees the right tools. Take time to connect with them frequently. Replicate the work environment as best as possible, and be very flexible with expectations.

The next is other business models to consider, and I think Marg touched on this a bit earlier today as well. But think about different target clients and methods of actually reaching those clients. So selling to the government online; consider subscription advertising or what we call the freemium model; a marketplace model; online storage or training; project, contract, or consulting work.

The next is future business strategies. Check that you have the right team. As you start bringing your employees back, it's a great opportunity to really assess what the right fit is for the new environment that you'll be working in. Make sure to remove bottlenecks as much as possible. Seek wider insight. Update a one-page SWAP plan every quarter. I think I heard Marg say that earlier--brilliant, brilliant idea.

Working from home successfully. Two things that really jumped out in that particular section were making sure to separate work and home life. Many of us are working at home with spouses, children, sometimes elderly parents. It's very important to make sure that you've got a work space that works for you that is separated from sometimes the chaos that we find at home. And also a section on how to work with your family at home.

Protecting your mental health and staying positive. This is probably one of the most important topics in the Guide. It talks about ways to overcome challenges; keeping physically fit; connecting with others from a safe distance--I think we've done a good job of that, most of us, by now; and I think it's really important to find ways to reward yourself. You're working very, very, very hard, and you're working in a very difficult environment. It's very important to take the time to pause and reward yourself.

And lastly, operating in a challenging environment. So number 1, make sure your sales are profitable. You're putting a lot of effort in. Kind of think about the 80/20 rule, if you will. Your sales strategy really needs to focus on the best products and your best customers. Identify your top 20% of customers, match to the 20% margin products. These are the ones that you want to prioritize in your sale efforts, particularly during this time.

Have others lend what you need. Think about what items you might be able to borrow over the short term or do without until business returns to top level. I was at a board meeting with some small business owners recently, and one of the ladies in the group had said she didn't have a printer because she had to leave her printer at the office, and now she's working from home, and she's not able to go back and access the building to get it. So one of the other ladies happened to have three printers at home, if you could imagine, and offered to drop it off at her home. So think of creative ways to get access to things that you might not have in your home working environment.

Thirdly, reduce your personal costs and overhead. So don't just think about the business side of the equation. Also think about it personally. There are many options to really help you on the retail side. If you have a mortgage, there are abilities to defer your payments for up to 6 months, as an example. And there are some interest relief options as well to consider. Look at the bare minimum that you'll need for your own living expenses, and consider if you have to consider cutting your salary during this time or even work for no pay, if that is something that you have to do.

Next is use some free resources. There are a lot of really good tools out there to help you through this current time and access different unique ways. A lot of folks are actually doing webinars and podcasts with great information that can be very valuable to you and your business.

And lastly, use low marketing techniques. So direct marketing--sorry, direct targeting; social media, which I think most of us are doing; email campaigns; videos; word-of-mouth referrals; and virtual meetings.

So if you're interested and would like to learn more about any of these topics, please visit the BMO Resource Hub at bmo.com, and the Workbooks and the Guides and a number of different resources will be available to you there. And thank you very much for joining our session today, and I'm going to pass it back over to Cathy.

Cathy Williamson: Thank you, Moriah, and thank you as well to Marg, Jen, and Laura. We do have a few questions that have come in, so I will start with a question for Laura. The question is, "If I don't currently have any debt or lending relationships with a financial institution, how can I access the government loan programs?"

Laura Didyk: Well, the wage subsidy program, you can apply directly through the Government of Canada, but the loan has to be through your financial institution. And actually, it's funny that question was asked, because also it was announced today by Minister Ing is that they are working--"they" being the Government of Canada--is working on an option for businesses to tap into programs, businesses that don't have a business account, that only have a personal account. So they are working on that, and apparently, there will be an announcement in days to come. But right now, it has to be through their commercial financial institution.

Cathy Williamson: Okay, thank you for that. This next question is for Jen. "I'm intrigued with all of the insurance options available. Do I access these through my financial institution or direct through EDC?"

Jennifer Cooke: That's a great question. So credit insurance, you would come directly to EDC to talk about the various options. Certainly you could speak to an EDC trade advisor or account manager to talk about options, and depending whether you have international receivables or only domestic, we could advise you where to go. I would say that there are also a number of private insurers that provide credit insurance, and sometimes your current insurance broker might be able to seek appropriate insurance coverage for you as well, and they could look at various insurer options to help you decide which is the best option for you to go with.

But if you're interested in the options through Export Development Canada, certainly you can reach out to us directly because we do underwrite that ourselves, especially for international accounts receivable.

Cathy Williamson: Excellent. Thank you, Jen. Next question is for Moriah. The question is, "Is it just"--it's kind of a couple of parts here--"Is it just my suppliers that I can extend when you talk about differing payments? How far can I extend them, and do they have any legal recourse to come after me?"

Moriah Linton: Yes, so normal terms usually go out either 30, 60, or 90 days, so it's kind of a mirror image of your accounts receivable. You don't want over 90 days, usually. That gets a little bit risky because of the timeframe. And generally speaking, when banks look at insuring accounts receivable as an example, we include terms up to that 90-day mark, and I think EDC pretty much does the same as well. So I would be very cautious about how long you want to extend in either way.

And I think the most important thing is to have that communication. And if you have a certain amount of money that needs to be paid or that you need to collect, I think one of the key methods that I'd ask you take away from today is you may not be able to pay 100% of that payable item, but if you reach out and have good quality conversations, you may be able to pay portions. A lot of folks are in very similar circumstances right now, and keeping the lines of communication open so that they know what to expect from you, and I think the same thing would apply when you are talking to your clients with respect to accounts receivable. I think you have to have give and take on both sides. Instead of just looking at it on paper, make sure to have those very thorough conversations.

Jennifer Cooke: Can I add to Moriah's answer on that one, because on both sides--on your accounts receivable side and supplier payment sides, EDC can maybe help because, as Moriah said, for accounts receivable, first of all, I want to make sure it's really, really clear. EDC can insure payment terms to your customers, even as long as a year. That's very, very rare. As Moriah mentioned, most payment terms that you will offer to customers will be in the lines of 30 days, 60 days, or 90 days.

But some businesses really do have a business model where they want to offer even longer payment terms to their customers. I used to have a client that would offer 180 days or 365 days. Again, that's an area where you can get a customized credit insurance policy to cover you for those longer payment terms. And again, we would help work with your bank to make sure that they would recognize that those insurables are insured. So even if you sell an account receivable on 90-day terms and your customer doesn't pay within that timeframe, that's the point of having the credit insurance, because that AR is still insured. So I just really wanted to emphasize that point.

On the payment side, as Moriah mentioned, you really want to try and have a good relationship with your suppliers and have that conversation with them. And Marg mentioned it as well. Try and negotiate longer payment terms. And there are tools that can help you negotiate those longer payment terms, such as trade finance instruments, like letters of credit. You can offer, if you go to your supplier to try and get more favorable payment terms and they say no, you could ask, "Well, what if I can give you a standby letter of credit as an insurance, so that if I don't pay you on time, then you have this bank instrument that you can call on?"

These are tools that you can use in your negotiations. So yes, it might cost you a little bit more, but that comes back to then Laura's discussion about the analysis. What do these tools cost in exchange for what they can offer you by getting a longer time to pay back your suppliers? So just a few things to consider and think about and you could talk to your financial institution about.

Cathy Williamson: Thank you, that's helpful. Thank you, Jen. And our last question is for Laura. "What are the credit approval restrictions or hurdles with the co-lending program that you mentioned, as well as the new one?" There's no name--it was the new program you mentioned earlier.

Jennifer Cooke: The new program is the 12--over $12 million, I guess, for (inaudible) debt, and I think we're calling it the Senior Loan Program for Mid-sized Companies. And the details are not out on that yet. EDC and BDC, along with the government and the financial institutions, are just working on those details. So that's why I didn't have a slide and talk about it as much, because there's really not a lot to say other than it's coming and that it will be offered, I think, through the financial institutions as well as the existing program, which is the co-lending program and the guaranteed program under BCAP, which is up to $12.5 million, $6.25 million each. And the qualifications are that--I think the only big qualification that I can talk about is that you need to have been--so your financial hardships have to be due to COVID-19. So you'd have to, then--be bankable, we'll call it, or financially sound before COVID-19. And the reason for decrease of sales and profitability and everything was because of COVID-19. Because the idea of this financing is to get you through and to get you back to business when the reopening does happen in full, and there's some financing there to help you get through that. So that's the biggest qualification.

And then each one is--it's applied to and it's administrated, as I mentioned, and it's approved through your financial institution. So every financial institution is looking at it and (technical difficulty) and so all businesses are eligible, and you need to talk to your financial institution as to what the qualifications are.

I'm not sure, Moriah, if you have something to add from BMO's standpoint.

Moriah Linton: So fantastic. I was actually going to jump in just with one other very important item. The other thing that we're looking at, so not only were we looking for your business to be in good shape prior to COVID-19, but we're also looking for you to have a detailed plan and be able to forecast how you're going to get out of this. It's very important, because this isn't a simple glitch. We're not going to go back to business as usual, that old normal. That new version of your business is likely going to look very different, and we don't know, and you may not really know, how long that recovery period is going to be as in not just the next few months. So we're looking for you to be able to demonstrate to us, through a bit of a business plan and through some thoughtful forecasting, what that's going to look like when you have that ramp-up period and that you can get back to a sustainable period and be able to pay back that debt over time. So that's very important, and that's one of the reasons why we decided to go through these tools with you today around forecasting and looking ahead in uncertain times. So hopefully, that helps.

Cathy Williamson: Great point, Moriah. Thank you. So the only other thing, we've had a couple of asks about the presentation and will the slides will be available. And yes, they will. This session has been recorded. So what we'll do is we will include a link to this recording in a note that we will be sending out within the next 24 hours, so you'll get that link shortly.

So given there are no further questions at this time, thank you so much to the presenters for sharing this great information today, and thank you for all those who joined us, and I will now close the session. Thank you.