THE CONVERSATION ON APRIL 23, 2020:

With PPP loans funding, all employers are deciding how best to use these funds.

What immediate business needs require staffing?
Whether to restart payroll? How to sustain culture and employee morale?
How to balance loan forgiveness vs taking on more debt?

OUR PANEL:

Edward Shultz
President & CEO

Ed Sultan
President & CEO

Bill Tobin
President & CEO

Ben Godsey
President & CEO

Listen to our CEO panel to learn two approaches on how to use PPP funds.

One approach: Bring as many employees back onto payroll as possible, and pay them using PPP funds. Use this period of no/low revenues to train staff and boost employee morale. Have them work on preparations to re-open, including maintaining and sanitizing physical facilities. Use the forgivable PPP funds to pay employees for this near-term work, using the 8-week PPP forgivable funds. Thereafter, if there is no remaining work, employees will be eligible for unemployment.

Another approach: Deploy employees only on the business operations necessary to support the current level of demand. This includes support for new revenue streams. Fund these activities for the coming 8 weeks using forgivable PPP funds. Manage the PPP funds in a separate account. As the end of the 8-week forgiveness period approaches, determine whether there are uses of those unforgivable funds worthy of taking on the debt. If not, even at the favorable rate, the balance will be returned.
Planning beyond the next 8-weeks. Following Demand, Creating new Demand once the Stay-at-Home orders are lifted, listen to insights from our CEO panel:

**Tiki’s** – In addition to delivery and take-out, Tiki’s is planning new ways to deliver their trademark customer experience while also practicing social distancing. These might include spreading tables further apart, to accommodate smaller party sizes. Possibly delivered via VIP experiences, combined with a limited menu offered via a self-serve order counter. And maximizing use of Tiki’s outdoor space.

**Hawaiian Host** – Is pursuing a 3-stage planning approach, where a predetermined “trigger event” will activate the strategy for each Stage.

- **Stage 1 “Current Lock-down.”** Serve Locals’ demand for daily treats and snacks. Smaller pack sizes, eg 2 candies in a pack.
- **Stage 2 “Stay at Home is relaxed.”** This stage anticipates tourism will not yet have rebounded, but Local demand will increase – as people socialize and celebrate their pent-up desire to gather in person with their loved ones and friends. This would feature Gifting Assortments. If tourism does not come back by the Fall, the company is exploring investing significantly in e-commerce to serve Hawaii-loving consumers in their home markets, and potentially even pivot their Fall launch product.
- **Stage 3 “Back to normal with a significant tourism business,”** however most likely a “new normal” (see below).

**Na Hoku** – Once retail stores are allowed to re-open, Na Hoku is planning ways to ensure the safety of customers and employees for a product experience that by definition requires close social proximity. How to try on jewelry when the customer is wearing a mask? How to constantly clean jewelry and merchandise their robust product assortment? Also, the company plans to re-open its main factory with a core team to produce its existing backlog of custom orders, and service repairs.

### KEY TAKEAWAYS

**Have a Plan.** Be ready to change and adjust it. Whether it’s building off the State’s master plan once it’s announced, and/or building each individual business owner’s unique plan independently, start now and start somewhere. And change your plan constantly.

**The Big Conclusion.** Be prepared for a Big Reset. When things “finally get back to normal,” our “new normal” will look very different from our normal from only two months ago. Our post-COVID recovery will require new business models and revenue streams, new relationships with our business partners, suppliers, landlords and customers. And new staff relations. It will take a long time to arrive at our post-COVID new normal. But it will include many of the innovations all businesses are developing to survive right now. And many of these innovations will drive new revenue streams.