HANDLING A SLOW MONTH OR A CRISIS

Cash triage, talking to lenders and landlords, and practical steps to steady the business and recover.

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AT A GLANCE

- Every business faces slow months and surprises: a lost customer, a broken machine, a health issue, a disaster.
- In a crunch, **know your cash position, protect the essentials, and talk to people early**.
- Most lenders, landlords and suppliers would rather **work out a plan** than lose a customer.

Why it matters

How you respond in the first days of a problem often decides whether it becomes a bump or a closure. Acting early gives you more options.

Step 1: Know where you stand

1. **Check your cash today** and list what's due in the next 4 to 8 weeks.
2. **Update your cash forecast.** See **M-16 12-Month Cash Flow Forecast**.
3. **Find out how many weeks of cash you have** at current spending.

Step 2: Cash triage

Priority	What to pay first	Why
1	Payroll and payroll taxes	Legal duty; employees depend on it
2	Sales tax you've collected	It isn't your money; penalties can be personal
3	Rent, utilities, insurance	Needed to operate
4	Critical suppliers	Needed to keep selling
5	Loan payments	Call lenders before you miss one
6	Everything else	Delay, renegotiate or cut

Step 3: Bring in cash fast

- **Collect what you're owed.** Call customers with overdue bills.
- **Run a promotion** to loyal customers, such as pre-paid packages or gift cards.
- **Sell slow inventory** at a discount.
- **Pause spending** that doesn't bring in sales soon.
- **Draw on a line of credit**, if you have one. See **R-07 Equipment Financing and Lines of Credit**.
- **Look for emergency help**: disaster loans, local relief grants and community lenders.

Step 4: Talk to people early

- **Lenders**: ask about interest-only periods, payment pauses or extended terms.
- **Landlord**: ask about deferring part of the rent and paying it back over time.
- **Suppliers**: ask for longer payment terms.
- **Your team**: be honest about the situation and the plan.
- **Customers**: if service is affected, tell them what's happening and when it will be fixed.

> KEY POINT
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> **Call before you miss a payment.** A borrower who calls early with a plan is treated very differently from one who goes silent.

> EXAMPLE
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> When a road construction project blocked **Lina's** storefront for three months, sales dropped 40%. She updated her cash forecast and saw only 7 weeks of cash. She asked her landlord to defer half the rent for three months, repaid over the next year, and he agreed. Her lender approved two months of interest-only payments. She launched delivery and pre-ordered holiday boxes. She came through the construction without missing payroll.

Step 5: Learn and prepare

- Build a cash cushion of at least 1 to 3 months of costs.
- Set up a line of credit while things are good.
- Review insurance, including business interruption coverage. See **B-06 Business Insurance Basics**.
- Write a simple plan for your most likely emergencies.

If it's more than a slow month

If the business can't recover, talk to an accountant and a lawyer about your options **before** you run out of money. Closing in an orderly way protects you, your team and your relationships. And take care of yourself. See **S-09 Pacing Yourself: Building Without Burning Out**.

Your checklist

- ☐ Check cash and list everything due in the next 8 weeks
- ☐ Rank payments by priority
- ☐ List 3 ways to bring in cash this month
- ☐ Call lenders, landlord and key suppliers early
- ☐ Build a cushion and line of credit once things recover

Where to go next

- **M-06 Cash Flow: Why Profitable Businesses Still Run Out of Money**
- **M-16 12-Month Cash Flow Forecast**
- **R-07 Equipment Financing and Lines of Credit**

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