



# Tips for Independent Businesses

## How to Include your Landlord in a Game Plan for Success during COVID-19



### 1. Acknowledge the support and relationship you already have with your landlord

- Thank them for it. Ask them how they are doing during the pandemic. Let them know it is your intention to keep an open line of communication and request that they do the same. It's an important time to really convey care for others as well as ourselves.

### 2. Remember YOU and YOUR LANDLORD are BOTH experiencing the COVID-19 crisis.

- They have a mortgage, insurance, and real estate taxes to pay. Approach the conversation with a spirit of partnership! The ultimate goal is to continue doing business!

### 3. Be Transparent and honest about the current state of your business. Start with these simple facts you can share to demonstrate how your business is being currently impacted.

- Gross Revenue % LOSS since COVID-19 began. The CARES Act Plan uses the date of February 15, 2020. Provide data that shows month over month and year over year.

#### Example: Coffee Shop

##### Gross Revenue Comparison

Feb-2019	Mar-2019	Apr-2019	Total
\$26,000	\$26,000	\$26,000	\$78,000
Feb-2020	Mar-2020	Apr-2020	Total
\$15,000	\$12,000	\$9,000	\$36,000

**54% reduction in gross revenue over 3 months**

- # of employees furloughed or laid off during the same time period - what percentage of your workforce is this?

#### Example: Coffee Shop

##### Job Losses or Furloughed Comparison

Feb-2019	Mar-2019	Apr-2019	Total
10	10	10	30
Feb-2020	Mar-2020	Apr-2020	Total
7	5	5	17

**43% in workforce reduction over 3 months**



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### 4. Let them know what you are doing to stay in business

- Ask yourself -How have I changed my business model during this time to continue doing business? Curbside Pick Up? Delivery? Online ordering? Any thing else creative? Tell your landlord.This shows them you aren't taking the easy way out. **YOU** are doing what entrepreneurs do – being inventive, creative and persevering. Keep going.

### 5. Do your homework and learn what assistance is available to you before going to your Landlord. Use the links below to understand potential funding resources for your business. **MEET WITH YOUR LOCAL LENDER TO DETERMINE WHICH PROGRAM IS BEST FOR YOUR BUSINESS!** Let your landlord know you are working on a business loan and where you are in the process. Keep them posted on your progress. Communicate.

<https://home.treasury.gov/system/files/136/PPP--Fact-Sheet.pdf>

<https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program-ppp>

<https://www.sba.gov/disaster-assistance/coronavirus-covid-19>

### 6. If you are concerned about paying your rent before you obtain your loan – bring some solutions to the conversation.

- This is where the “ask” comes in:Your message:“I am applying for my business loans and waiting for approval. I would be grateful for an abatement of rent or reduction while I’m waiting to receive my loan. My goal is to keep my doors open, keep my employees working but I need your support and assistance to get me over this hump. My intention is to remain your tenant. Can we work together for a solution?”

### What are some possible solutions?

- Scenario 1:** Full abatement of the rent for a limited period of time with the offer of an extension at the end of the lease term for the landlord to recover the rent. Many landlords will assign a value of 1 month of abatement equals 1.5 months of extension.This example is based on a 24 month lease with an agreed upon 4 month extension to recover the rent.

#### Example: Coffee Shop

Rent Rate Per Month showing 3 months of rent abatement during the crisis with the 4 months added on at the end of the 2-yr lease term

Jan-2019	Feb-2019	Mar-2019	Apr-2019	May-2019	Jun-2019	Jul-2019	Aug-2019	Sep-2019	Oct-2019	Nov-2019	Dec-2019	Total				
\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,000				
Jan-2020	Feb-2020	Mar-2020	Apr-2020	May-2020	Jun-2020	Jul-2020	Aug-2020	Sep-2020	Oct-2020	Nov-2020	Dec-2020	Jan-2021	Feb-2021	Mar-2021	Apr-2021	Total
\$2,000	\$2,000	\$2,000	No Rent	No Rent	No Rent	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,250	\$2,250	\$2,250	\$2,250	\$27,000



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- Scenario 2:** Rent Reduction: Another possibility is a partial rent reduction. This is also a good option for those businesses that are still running but not necessarily at capacity and need to match the ability to pay rent to the current state of operations/cash flow of the business.

### Example: Coffee Shop

Rent Rate Per Month showing 3 months of reduced rent.

Based on a 3-year lease model with a total of rent paid each year of \$24,000. Reduced rent during the crisis and recapturing the rent in the third year after a 6-month recovery period.

Jan-2019	Feb-2019	Mar-2019	Apr-2019	May-2019	Jun-2019	Jul-2019	Aug-2019	Sep-2019	Oct-2019	Nov-2019	Dec-2019	Total
\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$24,000
Jan-2020	Feb-2020	Mar-2020	Apr-2020	May-2020	Jun-2020	Jul-2020	Aug-2020	Sep-2020	Oct-2020	Nov-2020	Dec-2020	Total
\$2,000	\$2,000	\$2,000	\$1,000	\$1,000	\$1,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$21,000
Jan-2021	Feb-2021	Mar-2021	Apr-2021	May-2021	Jun-2021	Jul-2021	Aug-2021	Sep-2021	Oct-2021	Nov-2021	Dec-2021	Total
\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$27,000

- Scenario 3:** Fairy God Mother Landlord – YES! They do exist and you might just have one of them. Ask and you shall receive. Maybe...maybe not. Ask for the full abatement of no more than 3 months (don't be greedy) and see if you have a magic wand. In this scenario, it becomes a gift to you from your landlord without repayment. If you are granted this wish, give them free coffee forever. Give them a permanent discount in your store/restaurant. Send them a sincere HAND WRITTEN THANK YOU NOTE! Ask if you can thank them publicly and notify the press. They are the anomaly and should be praised and thanked profusely.

### 7. Is now a good time to renegotiate your current lease?

- It might be. If you are nearing the end of your lease and you have confidence in your business post COVID-19, talk to your landlord about the possibility of renewing now. This is not meant to take advantage of the landlord but to present an opportunity for both of you to solidify a relationship going forward and “sure up” that commitment now. Most landlords will be very willing to have this conversation and possibly make concessions to keep a great tenant and secure their future too. Be proactive. Don't let today keep you from planning for the future.

### 8. I've temporarily closed. I'm not sure if I will reopen. I have no reserve to pay my rent. What do I say to my Landlord?.

- First, have you applied for the EIDL (COVID-19 Economic Injury Disaster Loan) from the Small Business Administration? Have you looked into the Paycheck Protection Program through the CARES Act? If you have done both, evaluated your business plan and based your decision on facts, not fear to not reopen, then go back to one of the first tips – Be Transparent. Be honest. Don't wait to have the conversation. Each situation is different. Ask for grace and also give it but don't expect it. Even the dissolution of an agreement needs to be agreeable to both parties.



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**The REAL DEAL:** A crisis can spark fear in all of us. It's okay to be fearful of the unknown as long as you don't let it paralyze you and your decision making. Stay calm. Evaluate. Plan. Make the best decision you can with the information at hand. Be transparent. Share with your landlord exactly the current state of your business. Ultimately, a landlord doesn't want to lose a tenant. They don't want to take you to court. It's expensive. It doesn't feel good either, particularly after this pandemic. Remember this: The best landlord/tenant relationships are fair to ALL involved. Make that your goal during negotiation.

*“A bend in the road is not the end of the road...Unless you fail to make the turn.”  
-Helen Keller*

**Keep Going. Be open with all communication. Turn the corner and look forward.  
Wishing you all peace, health and wellness in your lives and businesses.**

\*Tips in this document as just that...tips! These tips do NOT replace you meeting with your attorney, accountant or banker to assess your individual business situation.

Author: Jenny Crittenden is a seasoned 14-year veteran Executive Director of the Main Street Preservation Trust in Gloucester, VA where she manages an accredited Main Street program under Virginia Main Street and Main Street America. She has experience in working with property owners and tenants from independents to national retailers. To learn more about the Gloucester Village go to [www.gloucestervillage.com](http://www.gloucestervillage.com) or follow us on Facebook at Gloucester Main Street.