

Emergency Forum Offers ASAP Business Survival

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A heavily attended forum hosted by the [Minority Limousine Operators of America](#) brought out some ASAP tips and advice on how stranded transportation operations can sustain themselves during the pandemic economy.

Hosted by new MLOA President **Darrell Anderson** of A. National Limousine Service in Atlanta, the one overriding takeaway message for operators was: **CASH IS KING.**

Business owners must take every possible step to boost and preserve cash for the next few months, through a combination of SBA loans, deferred payments, minimal credit payments, expense cutting, cancelled purchases, vehicle liquidation, fleet insurance premium and worker's comp insurance reductions, and/or labor reductions and layoffs.

The message was blunt: If you want your company to survive a global and national crisis "10 times worse than 9/11," you must shore up your cash.

"Our world has been impacted, some businesses more than others," Anderson told the hundreds of operators and vendors participating in the Wednesday call. "My company has been around for 38 years. During 9/11, I saw how most companies in our industry went out of business. They could not survive. That was an important learning lesson for me."

Also, operators should stop automatic withdrawals on your accounts to make sure you have complete control of all payments.

“Defer as much as you can; you must preserve your cash if you are going to ride out this storm,” Anderson said. “None of us know how long this will go on or how bad it’s going to get. We are in the early stages of it. Take time to go through all your creditors. They are working with people. They are in same boat we are in. They’d rather keep a customer and work with a customer than get heavy handed by scaling equipment back or causing a default on loans.”

However, business owners should not “assume grace.” They should ask and get terms in writing to establish a clear financial situation to ride out the emergency, Anderson said.

To ensure as many luxury ground transportation companies survive the crisis as possible, the informal town hall type discussion produced the following strategies and calls to action:

SBA Loans

Apply for Small Business Administration disaster relief small business loans through the Economic Industry Disaster Relief Program -- now. Go to [SBA.gov/disaster](https://www.sba.gov/disaster). Operators should be ready to prove or show loss of revenue.

Anderson relayed a story about how one fellow operator made the mistake of not laying off drivers after 9/11. He made mistake of not laying people off in 9/11 and ended up almost losing his business. This time he laid off all his drivers when 27 charters canceled after the pandemic was declared.

One important point to note is that when the SBA states it takes 12-18 days to get loan approval, but in reality it often means 30 days. Business owners can borrow up to \$2 million and extend payments for over 30 years, like with a mortgage.

Anderson and MLOA leaders advised operators to gather accurate financial information that can prove the hardship level qualifying them for loans. It may be time consuming to go through the worksheets and forms, but your business survival depends on it.

The operators who survived 9/11 eventually made money again. “Don’t worry about making profits,” Anderson said. “Worry about whether your company can survive this economic crisis and disease going out through country.”

Former MLOA President Maurice Brewster, CEO of Mosaic Global Transportation in Sa Francisco, whose seven-county region is on total lockdown, said he filled out his forms and received a confirmation number within 45 minutes. Among the documents the SBA asked for were 2018, 2017, and 2016 federal tax returns and a recent P&L statement. The agency does not ask for collateral.

He also advised business owners that if they have good relationships with their banks, to go to them for any kind of help or relief on payments or a bridge loan. SBA decision making has been escalated from months to weeks, he added.

Operators should also take advantage of the federal income tax filing deadline extension to July 15. [However, that deadline does not apply to all state income taxes, so business owners should check with their state governments].

Deferred Vehicle Payments

Some operators are asking to suspend payments for 60-90 days. Operators should check with lenders and see if payments can be delayed or spread out longer.

“I’ve gone to every one of my finance companies and banks and asked for a 120-day deferment of payments,” Brewster said. “I haven’t heard from two or three, but everyone else said yes, and are working on arrangements to defer payments and move those payments or put them toward rear-end of loans. Get on the phone with your lenders and ask the questions.”

Employment/Labor/Insurance

Companies with W-2 employees can take advantage of streamlined procedures for unemployment filing, which are less rigorous than under normal circumstances. Operators should evaluate which portions of their operators and client bases can justify keeping employees, and which ones cannot. Look at every position. If you can’t justify keeping certain employees, they either have to take leaves or carry unemployment benefits. Do not carry along employees if it brings more hardship on your business. In some states, self-employed operators, such as those with one or few vehicles, can file for unemployment.

Brewster urged operators to reach out to worker’s comp insurance divisions to adjust their payments since those are tied to the number of employees and salaries on payroll.

The same goes for fleet vehicle insurance. Insurers are generally willing to cooperate with reducing premiums for fleet vehicles that are mothballed. Operators should talk to their individual brokers to work out solutions.

Lancer Insurance, a leading insurer of fleet vehicles in the luxury ground transportation industry, for example, will allow an operation to park a fleet for the next 60 days and then re-evaluate the situation. Insurers may be offering crisis

discounts on premiums. Operators should negotiate terms that allow for them to remain afloat.

Communications

Participants on the call stressed that insurance companies vary in their crisis procedures, premium flexibility, verification of fleet reductions, and other paperwork requirements.

Lastly, the MLOA leaders urged operators to do what many already have in communicating with clients through formal e-blasts, letters, or other messaging. “You need to have a written policy in place about disinfecting the inside of vehicles,” Anderson said. “That’s just being proactive with customers. You are putting their safety and that of their employees No. 1.”