As we are all navigating these unusual times, we thought we’d pass along some of the research, best practices and other updates that our clients have provided. Sandbox is working with 30+ local and national startups from <$1 MM in revenue to >$50 MM in revenue and we thought we can all benefit from our collective knowledge. If you find these useful, please take a moment to complete this 30 second survey to tell us what else you want us to report out on. Read on for our COVID-19 Survival Kit to include: HR policies, expense cutting ideas, non dilutive financing resources and more.

I. Company Emails:

Template Work from Home and COVID-19 Updates - Six sample emails that you can use to update your employees on COVID-19 and set work-from-home expectations.

II. Industry Research:

Goldman Sachs and McKinsey Research and Updates - Our favorite articles on the disease and how it will impact the economy. Also, in case you missed it, read this excellent note from Sequoia Capital:

Sequoia Capital, one of the world’s top venture capital firms, sent a note to the founders and CEOs in its portfolio last week warning that coronavirus could usher in a prolonged global economic slowdown, fundamentally altering the business environment and urging them to brace for coming economic shocks. **Sequoia’s advice to their portfolio companies is as follows:**

- Get ready, cut expenses, preserve cash.
- Private money is going to dry up.
- Sales might just fall apart.
- Cut advertising and marketing expenses.
- Be prudent with capital spending.

III. Non Dilutive Financing Options:

Federal Grants:

State/Federal Disaster Relief Programs - These loans may be used to pay fixed debts, payroll, accounts payable and other bills that can’t be paid because of the disaster’s impact. The interest rate is 3.75% for small businesses without credit available elsewhere; businesses with credit available elsewhere are not eligible.
AR Financing:
If you have existing contracts that will pay at a later time in the year, consider exploring financing options. There are different ways to do this but generally you can explore factoring or bank financing. Factors buy your invoices at a discounted rate, while banks require you to pledge or assign the invoices as collateral for a loan. Terms vary but below are two real-life example terms:

- **AR Financing Line of Credit**: Bank provides an amount of money to lend to the company. Company can draw on the line of credit, up to the maximum amount paying annual interest of 5% on the borrowed amount.
- **Factoring**: Factor company pays 80% of AR upfront and 20% upon cash receipt. Company upfront fee of 0.4% and an annual interest of 8% on the financed base.

*Note that Lines of Credit are difficult to obtain for companies without a history of strong cash flow. As a result, many early stage companies will likely find more success with factoring.*

IV. Furlough/Layoff Information

Changes in funding prospects and/or reduced revenues may force companies to evaluate strategies to temporarily or permanently reduce headcount. A furlough means a company-initiated short-term temporary unpaid leave of absence. The main difference between a furlough and a layoff is that a furlough is made with the intention to allow workers to return to their jobs as soon as they are available.

Read [this compilation of Furlough FAQs](#) to help you decide whether a furlough might be a good option for your company.

V. Other Ideas

- Negotiate with existing vendors - ask them to put you on a payment plan or to accrue payments until economy recovers
- Contact credit card company - many are offering interest payment assistance for at least one month
- If you are actively fundraising, consider adjusting the terms of your offering to induce earlier investment (ex. if raising a convertible note consider a tiered discount 30% for the first money in, 20% for next money in etc.)

Stay healthy and hang in there. We're here to help!

Team Sandbox