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SOUTHEAST ALASKA REGIONAL DEVELOPMENT ORGANIZATION

## **Spruce Root Master Class**

**11/16/2020**

*Meilani Schijvens, Mark Mesdag, Ian Grant, and Caprice Pratt*

### **Meilani Schijvens**

There are some concerning trends in the economy right now, both related and unrelated to the pandemic. Recently in Southeast Alaska we have seen a loss of 20% of the state jobs in the region, the loss of ferry services, and a very poor fishing season. All of this was unrelated to the pandemic but has contributed to the economic stress we are currently facing. Because of the pandemic, between April and December in Southeast Alaska, 17% of the jobs here were lost. The tourism and arts sectors were hit the hardest, with the entire summer season completely wiped out. Survey results have shown that about 25% of businesses in Southeast Alaska are at risk of closing.

The tourism sector is of particular note because it makes up a significant part of the economy here. A significant portion of getting the economy back on track will be getting the healthcare system back on track, and while the progress of the vaccine is promising, the tourism sector is still planning on being at “half scale” for this summer’s season.

For small businesses, Meilani recommended planning for only 30% of their typical revenue stream, or even 0% of their revenue stream. It is important to be ready in case things take a turn for the worst.

Once the economy does recover, it’s going to come back really strong with a lot of opportunities for businesses. Though these are some frightening numbers and facts, Meilani wanted to make it clear that the fundamentals of Southeast Alaska have not changed. It’s an amazing, resilient part of the world that she is confident will bounce back from this pandemic.

### **Mark Mesdag**

Funding for small businesses is split into groups right now. Mark urged small businesses to go ahead and apply for forgiveness, and that for the PPP funding forgiveness is very likely.

He also cautioned against moving forward without professional help or advice. He has seen many situations where businesses do not take his advice or do not consult professionals and end up wasting a lot of money because of this. Businesses should find an accounting system that works well for them and professionals can help them do that.

### **Ian Grant**

Ian discussed the major concerns when selling a business. He said the two biggest things on someone’s mind are how to expedite the process, and how to get the most money. Interestingly, these two concerns seemed to play into each other if a business was careful with their planning.

When thinking about selling their business, Ian recommended that the sellers should shift their viewpoint to think about the buyer. It is important to understand all the phases the buyer must go through, especially the “due diligence” phase. He even recommended creating a “due diligence plan” for the potential buyer to bring to banks in order to make the process go by



faster. This would cut down months of work for the buyers, and ultimately save everyone money. It's also important to upkeep the integrity of the business practices up until the business is sold. Again, this will save time and money.

### **Caprice Pratt**

Caprice was very insistent that the small business owners needed to plan. Especially in the times of COVID, business owners may not have time to react, so planning for the worst is essential—especially for the finances—so she recommended planning your finances from the worst-case scenario. Finding ways to save money where you can is important right now.

She recommended also developing a good relationship with their finance team and treating them like family, and same with insurance and their attorney. She emphasized that Southeast Alaska is a great place for developing relationships among businesses because small businesses across the region can't compete with each other.

