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SPEAKERS

Matt Hunckler, Patrick Smith, Glenn Dunlap, Brandon Martin

G Glenn Dunlap 00:00

things that are happening right now you can you can have those hard conversations up front versus being laid on something you know, you could you could have those kinds of calls and, and, you know, treat your vendors like partners, not just your your employees.

Matt Hunckler 00:27

Welcome to the powder keg podcast, the show that plugs you into the massive opportunities in tech communities beyond Silicon Valley that are exploding with potential. This is Episode 138. And I'm your host, Matt Hunckler. On today's episode, we'll be sharing a recent live interview and live q&a that we hosted with special guests, Patrick Smith, and Brandon Martin at CLA. joining them is Glen Dunlap, who is the CEO and founder of pure view data. I'll get into that more here in just a minute. But I want to let you know that I'm recording this in May of 2020 during the pandemic, so we're a couple months in and we get into some variable important topics about how to handle finances during a crisis like this and just when things shift and plans change, very important for any startup or fast growing tech company, we get into some really good questions from the powder keg community on the very focused topic of better finances and forecasting. Now we have a bunch of great guests lined up for future virtual events like this one that you're about to listen to. So be sure to check out all of our upcoming live virtual event versions of the podcast, with open QA opportunities to connect with the community and just a great chance to get expert advice with all of our guests and you can do that at powder keg.com slash events. Our guests on today's show believe that there's no higher calling than helping those entrepreneurial folks plan for situations and times like these. Patrick Smith is a managing principal at CLA and he's based in Seattle, Washington. CLA is a professional services network and a top 10 accountancy firm based in the United States, and they're one of our most amazing sponsors and collaborators at Powder Keg. Patrick has over 20 years of experience working in various industry segments including manufacturing, distribution technology and software, the companies that he serves range from startups to multinational organizations. Brandon Martin is also joining us on the show today and he is a principal at CLA based out of the Charlotte, North Carolina office. You may recognize him from the show here a couple of weeks ago, maybe a couple months ago at this point. As a veteran of the United States Armed Forces, Brandon now serves as a principal within CLS technology industry group, and provides advisory and assurance services to software companies and other high growth businesses. Brandon has more than 13 years of public accounting experience, working with entrepreneurs and leadership teams to drive value and manage risks, really, with the end goal of helping build more successful businesses and we get into a lot of that in today's show. Finally joining the two of them from CLA is Glen Dunlap, who is the co founder and CEO of pure view data And peer review is a software company that specializes in benchmarking and comparative analytics, specifically for CPA firms. So we get into a ton of really cool data. And peer review works with firms from around the country from startups right up to top 100 firms in the country. And I really love a lot of the conversation that we get into, I think you're gonna learn a lot. I hope you enjoy the episode, and gain some thoughtful and valuable advice from our experts as they share the best ways to better prepare finance, and to forecast for when plans change. really relevant right now really relevant for any startup or your high growth technology company. So here's that conversation. I want to open up questions. Probably what's on a lot of people's minds right now is sort of the current SBA loan and financial support that is happening right now. And I know you might not have all the answers. That seems like no one seems to have all the answers. But I just wanted to open that up to you, Patrick. Just first and foremost. What you're seeing right now from the cares act and some of those programs like the paycheck protection program?

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Patrick Smith 04:08

Yeah, so actually your questions pretty timely, they just announced that they shut down any additional funding coming out of the PPP and E dl as being the fully subscribed. So that's, that's throwing things into a little more uncertainty, especially when you've got a lot of founders and businesses out there that have been attempting to apply and, and haven't, you know, made it through the queue yet. So the real question is, what's next?

What's the government going to do? What can they do to continue funding the PPP and, and, and those things so it's just, you know, just more uncertainty. I know a lot of folks have received or at least been approved. For their their loans. So it's really now pivoting to the especially on the PPP the forgiveness piece of that and tracking that and making sure that you're appropriately using the funds that you received.

Matt Hunckler 05:14

So talk to me a little bit about that if you were approved and fortunate enough to be expecting funds, and maybe you weren't approved, but hopefully there will be more funds for companies. If you are approved, how should you prepare for that in order to track the things necessary?

P

Patrick Smith 05:34

Yeah, that's that's a very interesting question. You know, I was having a discussion, we have a team within CLA or COVID response team. And so we get together every morning and talk about these things. And someone mentioned that one of their banks were requiring them to open a new account, separate account to put that money in so that they could easily track and trace where that money is being used. And then part of our effort Team, a lot of banks are actually suggesting not to do that, because they get charged, there's a fee for each account that's open that's backed by the government. So they're like, well, we don't want to have all of these new accounts open up in creating more, you know, cost and resource drain. So it's really sort of interesting. And a lot of this is being driven by the banks. I don't know that the banks have many better answers than anybody else. Because we're all trying to basically try to, you know, put the wheels on this particular bus while it's in motion.

Matt Hunckler 06:37

And Brandon, is there any way that you'd recommend accounting for this or maybe thinking about thinking ahead for the tax implication?

B

Brandon Martin 06:47

You know, whether or not you decide to set up a separate bank account, I think what people are going to find themselves having to do is be more prudent and dive into the details maybe more than they've had to do. In the past, whether or not that's the founder who's wearing multiple hats or, you know, or the day to day accounting is that you got to be able to segregate those things so that you can look at them, I think maybe before you get into that is just to take a step back. And it was some of the conversation that's being had, particularly around the loan forgiveness is saying, I recognize some boundaries, the conversation is being had that I recognize that I have the ability to potentially get this forgiven. If I deploy these, deploy this cash into payroll related matters right pursuant to the agreement there. But also recognize that if I don't do that I've got now that I've been approved, I have access to capital that's got pretty favorable terms that as a founder as a tech company, I would not have otherwise been able to get whether or not that was debt if you're one of those that are fortunate to even get it. Or if you're able to go get that from an equity financing arrangement. Regardless of what you do there. If you ultimately are going to go the route that you Want to have that forgiven, then you need to be able to segregate those in a manner that that you can support because chances are, at some point in time, there is going to be an accountability exercise that the government is going to take to say, listen, we gave you the funds, you said you were going to allocate them to payroll. Now you're applying for the forgiveness. Do I know how detailed or stringent that audit is going to be? No, but I'd be extremely surprised if that if this amount of money gets deployed with minimal checks and balances. I think that that's good that there is going to be a high level of scrutiny on this when when that time comes for forgiveness. So a beat and any founder any business owners best interest to make sure that they are implementing some kind of controls there to ensure that they have some accountability on it. Excuse me, assuming that they are going to go after that forgiveness piece.

Matt Hunckler 08:55

That's really great advice. And I know I could probably ask A million more questions about the paycheck Protection Program, or some of the other things in the cares act. But I want to give our guests who are tuning in live the opportunity to ask their specific questions. So if you're listening live, please do use the q&a function below if you have questions specific to this. We'll come back to that in just a minute. But go ahead and enter your questions. Now. I want to pivot the conversation to pivoting. Glenn, I know you're in the trenches right now, as a CEO of a sass company, right here in Indianapolis, Indiana, working with lots of other owners and CFOs of companies. What are you seeing right now in terms of how businesses are responding to this in terms of their services? Maybe some of their products, even how they're really pivoting their business in some ways,

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Glenn Dunlap 09:50

right? Well, I think it certainly depends on the industry. There are some industries that are going gangbusters right now that if you if you supply PPS or if you were in a district markets are, you know, a little niche or something like that, then you might have not seen a downturn. Whereas the rest of us, he'd have are in a situation where it's, you know, we've we've had, you know, some some industries have just been, you know, almost decimated here for what is hopefully, you know, a few weeks or months and not, you know, necessarily a long term situation. So, what we're seeing, so, so we're not doing an awful lot directly with individual companies, but we're supporting, you know, firms like CLA that are working with their clients to, you know, help them with that. And what we're seeing from that perspective is just that there's a lot of people that are really having to take, you know, make hard decisions about how far do we cut, how long is this going to last? You know, what resources will we need on the other side of this and so, you know, whether that's cash or whether that's people or in other industries Maybe it's inventory or, you know, access to lines of credit and you know, kind of so you're looking at HR management, AP management, you're looking at payroll and people and and other resources to try to make sure that you know, that you don't cut you know, to the bone necessarily, but where you where you have to cut that you make those cuts and that you then also put yourself in a position to you know, kind of weather that storm when it comes for this what however long this you know, we're all locked down and and then whatever the rollout plan looks like that you can kind of work through a few different scenarios. And that's candidly, the, the toughest part about this is that we're all dealing with a lot of unknowns. We don't we don't know. We don't know how long the impact of this is going to be out there. And so what what we definitely see is that, you know, people are getting advice and are looking for, you know, we fear an awful lot when we don't know things and so when you start to walk, you know, walk through the scenarios and the old Dale Carnegie piece, you know, You know, accept the worst and improve upon it. I think if you can kind of go through it with that mentality, let me start with that and and and then figure out kind of what other you know, what a mid case most likely case scenario would be or a best case scenario and let's see what how do we prepare for that? And you know, what if you don't like us, we applied for a PPP loan and and we weren't one of the companies that received information today. So we're kind of in an unknown situation where that would be, you know, will we will they issue more dollars, which they probably will, but will we be? Will we get those dollars. I mean, there's a lot that's just unknown right now. And so, it's, you know, dealing with uncertainty helps when you at least walk through some different scenarios and you're mapping those things out and getting advice. You know, you know, from your advisors like those CLA and help in getting them to, you know, help you walk through those different different series and be prepared for.

Matt Hunckler 12:55

I know a lot of what your business helps people with is really giving benchmarks and almost a dashboard to really operate their business? How are you seeing your business affected right now by what's going on with that pandemic?

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Glenn Dunlap 13:11

Yeah. You know, it's interesting, because a lot of what we've done is annual benchmarking data that, you know, right now, traditionally, firms would be loading their client data in and being able to show them how they're doing compared to the companies based on 2019 data, because we'd be collecting it and being able to provide it. And the challenges right now, you know, about a month ago, we went, you know, what, nobody's gonna care about 2019 benchmarking data when this 2020 is completely out the window. So, so one of the things we did was we had that we pivoted to where we were already in the process of pulling in monthly data from QuickBooks Online so that you could connect your QuickBooks file and pull in your historical data, and then see how that was comparing but the the other piece that we did is we had a forecast an annual Forecast Tool, but we Then pivoted that and, and, and fast forwarded so that we could pull in, give you the give firms and their clients the ability to see, you know, a monthly forecast and have some, you know, some quick and dirty abilities to generate those scenarios. And so that was a, that was a pivot for us that, you know, a little over a month ago was just kind of one of those where we said, you know, if we don't, if we don't do this, we're not going to be able to help our clients and their clients in a way that's really meaningful to them. Until next year, you know, at this time when everybody's trying to figure out what the 2020 benchmarks are going to look like, because the you know, when you're trying to complete an audit, and you're using, you know, older benchmarking data, that's, that's going to be this can be, you know, dramatically different for 2020. So, we just couldn't wait a year for that. For for relevance to come back and play, you know, for benchmarking. So we, we were working on, you know, that pivot ourselves, so,

Matt Hunckler 14:55

I appreciate you sharing that story. I know. We're all trying to figure out how to adapt To the new normal and hearing stories like that are super helpful, just to know what that is. And speaking of sort of the quote unquote, new normal, whatever exactly that means. I know one of the things that we were advised and any CFO would be advised advising to the CEO right now is, just make sure your customers are taken care of and make sure your clients are going to be staying with you, Patrick, I'm I'm wondering how this crisis has highlighted the importance of relationships with your service providers and clients and customers. And how CLA is responding to that.

Patrick Smith 15:41

Yeah, no, it's it's, uh, it's critical. You know, and I've seen a lot of some interesting things around relationships, especially with our clients and their bank. You know, a lot of bank said if you're not already a customer, you No, you're on your own.

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And

Patrick Smith 16:02

so that that really kind of in especially if like, I know, Wells Fargo had some interesting situations going on with their customers because I had a client who had had Wells Fargo. But they, they wouldn't, they've got to kind of shut down and they said if we'd known this was going to happen, we would have deferred or or distributed our relationships. But yeah, that was that was pretty, pretty well highlighted and, and I also think that, you know, staying in front of the of your clients and your customers and letting them know, you care. I mean, this is this is a very scary time. And one of the things that, that we've sort of thought about in terms of how we are working with our clients is, you know, they're going through the seven stages of grief, right? This is you know, you know, denial and then anger, fear, you know, bargaining and then you You know, ultimately acceptance and, you know, part of our, you know, we're are service providers, we're consultants, but part of our role is to kind of help get them through that, that those stages of grief as quickly as possible so we can get to the things that Glen was talking about, which is trying to remove that fear, give them some data points where they can kind of hang our hat on and say, Okay, I think I, I have some control over this and help them from that perspective.

Matt Hunckler 17:27

Why do you see it as being important to remove as much fear as possible when thinking about operating a business?

Patrick Smith 17:36

Well, fear can be paralyzing. Right? And, and there's also this, if you spend too much time doing it in the fear space, you're probably reacting to the wrong things, and you're probably missing the opportunities. That's great.

Matt Hunckler 17:53

I really appreciate that perspective. Brandon, I know many business owners may not have been in business During the last market turned down, I know I started my first business in the last market turned down. That was a lot of fun. I was I was wondering if you have any advice for companies and operators who are figuring this out for the first time? How do you operate and keep moving forward during a crisis like this?

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Brandon Martin 18:21

Well, you know, this, this dialogue has been going on really for the past month as we call for the knot that's in your own house, whether or not that's, you know, what to call with, with the client. But to echo what, what Patrick was saying, first and foremost, as a firm, you know, we're in the business of people, we are professional service firm, but we are in the people, business, our people and the people outside of the firm that we serve. And so, you know, as we as we talk about those relationships, it really starts with the recognizing at times like this, you gotta you got to be exceptional in how you treat and you operate with us. around you both inside inside of the firm, and those clients that we that we serve. And on top of that, you gotta, you got to have a bit of grace. And you got to have a lot of gratitude in that because I'm sitting here today working for a great firm and working with great people. And there's, you know, a third of the folks out there that aren't in it aren't in the position that I'm in. So for them, I'm grateful. And so again, to me, it puts me in a position when I'm talking to clients that aren't necessarily in that same spot for granted and or operating in that in that fear is to is to really just be a calming voice there and really just talk to them, first and foremost, about how they're doing personally. If I'm not talking to you, then it feels almost like I'm talking through you and trying to come from a different angle. So we try to have those conversations where we're really, you know, trying to get to how you're doing as a person, and then we can figure that out. And then you get to the business side of this and again, I think it starts with you know, making sure that as a business owner that you're you're trading both the customers, your people, because in so many ways, but the clients that we serve are the people business in some way shape or form themselves is to make sure that they're treating their people exceptional. Then as you start looking at the fiscal side of this from a financial standpoint and saying, Okay, how do we, how do we start forecasting? And and how do we start, you know, making sure that we're setting ourself up to get through what will be labeled as the dip, however long it may be. And I think one of the challenges for a lot of business owners is not to just start diving in GL fine line item and start saying, Okay, well, let's see how much we're paying the trash guy, you know, the train service, or how much are we paying? You know, for a janitorial service? Can we cut that, you know, you gotta, you got to start at the 30,000 foot level. You got to be able to understand your p&l. You got to be able to understand how to do a cash flow statement, because in order to start projecting, you have to be able to understand what's behind you. I mean, it's pretty simple. If at least in my world. I can't start saying anything from a projecting standpoint until I truly understand the business. And once you've done to get there to that point, then once you start looking at it a 30,000 foot level, you got to be able to have different models, you got to be able to pull the levers, right. And so there might be a scenario where we've got three separate revenue streams. And based on what's going on out here in the market, we know that revenue stream number one is going to get hit pretty hard. So what do we do to strengthen our profitability? Or revenue stream? Number one, can we do that? can we can we put more effort over to that so modeling that out and seeing what that looks like? And looking again, this is kind of, you know, working from the p&l standpoint, but you're not trying to get to grain you're trying to look at and say, okay, what's my workforce look like? You know, one of the biggest misnomers out there for a lot of business owners is this whole idea of, of what really is a variable cost versus a fixed costs, particularly when it comes to our people. And the reality is that if you really take a stand back and you look at your business, most of your people are fixed cost, you gotta you got to keep them on at a certain level, and you got to pay him a certain amount. Otherwise, and again, you might have a certain time that doesn't hold true, they're gonna find an opportunity somewhere else. So again, you got to treat your people exceptional, and realize, what can we do to treat them exceptionally well go understand they're going through the same thing that we're going through. And is there is there is there a way to, again, model that out and say, Okay, can we all chip in X percent? Can we all you know, reduce hours X percent? What does that look like? You know, so modeling out those different scenarios and seeing what you can you can do. And then someone what Clint was saying, you may have to pivot for a lot of our founders in the tech community. That means reverting back to a man or maybe what you were working years ago that you had two or three things that you were developing, and you had you maybe went through an incubator program or an accelerator program or some mentor started talking to you and say, wait a minute, man. You're brilliant, these are all great ideas. But you can't go in front of a bunch of VC or PE guys and pitch three different things at one time, you got to get focused on something. Now the story might be well, back up, and let's see if we can go back to those three things while we're in this, and maybe those other two can help us get some revenue generated to the top line on that, on that milestone. So all of this is really just saying, you got to be flexible. You can't get paralyzed by fear. It's not going to do you any good. You got to get get there. And if you're a person or a founder that's typically operated outside of the p&l and had a bookkeeper or CFO do all that for you, now's the time to get educated. Now's the time for you to roll up your sleeves, dive into that financial statement and get a better understanding of what that means. And if you don't have that understanding, well, that's where you got to have relationships with folks like to say like, like, and reach out to and start having those conversations that are evaluated, that are practical in nature. Again, there's a level of respect on both sides of both sides of that phone, or both sides that email there's been called or whatever it is that's treating each other except for that, because I think that to me is, is something that that's been continuously highlighted to me in this period of uncertainty is are you are you treated like a commodity? Or are you treated like somebody that's a human being in a relationship and those those relationships don't last the commodities in times like these. They just they don't. They don't last they fall apart.

Matt Hunckler 24:33

A lot of helpful nuggets there. Brandon, I appreciate you sharing. I think. I think people are maybe a little shy right now, which is totally okay. If you want to use the q&a function anonymously. I know we've got over 20 people here live on zoom. I know there's some people watching on YouTube and Facebook as well. But feel free to drop your question down below. Glenn, I know your software your peer review software is a really a helpful tool for modeling and planning in the future. How far out should people actually be planning right now? for their businesses, knowing that things will likely change?

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Glenn Dunlap 25:15

Yeah, there's probably a couple different ways to answer that. I think, you know, you know, typically forecasting cycles would be, you know, an annual basis or something like that. I mean, you can do multi years but right now, I think it's probably more people are looking towards like, what's the next three to six months looking like and in then even probably doing should be doing some things where they maybe have a six to eight week cash flow, you know, tool that they're managing things like, you know, that would be much more detailed around AR aging payable, aging, you know, just be able to assess a number of those things that can help manage this. I mean, that's the other thing you can do, as you know, by looking at actual, you know, things that are happening right now you can you can Have those hard conversations upfront versus being late on something, you know, you could you could have those kinds of calls and, and, you know, treat your vendors like partners, not just your your employees like random, we're saying I think it's important to do that with your vendors as well, if you're going to be late on some of those things, have those calls. But, you know, from a forecasting standpoint,

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Brandon Martin 26:21

you know, typically, no,

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Glenn Dunlap 26:24

I see, I see one of the participants on here, I'm stealing a phrase from him, my former partner, Doug, who says, you know, his phrase was that it's better to be roughly right than precisely wrong. And I think, you know, in the short term, right, we're going to be there roughly, where there's roughly right or precisely wrong, and, you know, trying to project out, you know, three to five year plan right now, I think would be, would be harder than usual. And, you know, trying to get out the next six to 12 months is probably, you know, more, more likely to be something that you can read your way through. not saying you should, I mean, if you're doing a model in a tool like ours, or an Excel or something like that you've got the ability to carry those things out for, you know, endless amount of months. But how right are you going to be? in that? I think the next few, you know, next few weeks and months, we'll, we'll start to see, you know, cry out of this will get a lot more certainty. As, as we understand the plans of what, you know, how would the lockdown is going to be released, and then hopefully, we'll have some sense of, you know, whether we're going to those things will roll back in again in the fall and I mean, all those kinds of I mean, there's a lot that's unknown, but, you know, Patrick and Brandon probably have opinions about that, too. But I, I would say be building six to 12 months, you know, forecasts but then looking at 60 week cash forecasting, you know, cash management tools.

Matt Hunckler 27:52

That's a play. Anything to add there, Patrick?

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Patrick Smith 27:54

Yeah, no. And I think, you know, Brandon kind of alluded to this as well, but he You'd have to look at all the different areas, especially if you've got a business that's across geographies. You know, things are going to come back quicker in other areas than they are in in some, right. So when you're looking at those forecasts, you got to make sure you're thinking about not only the different revenue streams, but where are your customers? And where are your revenue streams coming from? And what are the challenges that they're dealing with in their geography versus kind of where maybe you're located? So that's definitely something to think about. And it will be a variable within this, this modeling exercise. But yeah, I think right now, you know, with TPP, and Ei deal, and all of this stimulus, I think everybody has been looking at the world, you know, two feet and problem, right. We need to get this done. You need to figure this out. But, but I think the short answer is and what I'm hoping people realize Is that I mean, this isn't a silver bullet. This is, I mean, this is eight weeks of, of support. And it's really supposed to be used just for the payroll and so forth. You need to sort of step back and like Brandon mentioned, you know, kind of take a broader view and say, Okay, well, that's one piece. This is, you know, maybe one portion of what we need to be thinking about. But we want to make sure that, you know, we're really thinking about how long is the dip going to be? How much of the dip, can we get back? And you had sort of asked about the new normal, right? So is the new normal going to be so if I thought I was going to be at 100? pre COVID-19. If I get back, am I going to be an eight? Right? So is there is the new normal going to be some, you know, percentage of what I was expecting in the past. What's interesting to me about this particular downturn, because I've been through a couple But I started my career in 96 in Silicon Valley. So I wrote the.com bubble up and, you know, saw come down, I moved to Seattle in 2009. And in the middle of that particular downturn, so, you know, I've kind of seen these things. The interesting thing about this downturn and, you know, this is my opinion, so take it for what it's worth, um, this isn't a financial downturn. Right, this isn't, this wasn't a financial lapse. This wasn't the housing industry. This wasn't the overvaluing of businesses. You know, this is this is a sort of an artificial financial downturn due to, you know, a Act of, you know, whatever. And so, I'm optimistic that, that you know, when things get back to normal, the economy of that The fundamentals haven't changed. What has changed is that there's going to be a lot of businesses that couldn't survive this. But those businesses had had value and had a reason for existing prior. So, you know, I think that there's going to be, you know, I think it is going to come back, I think, probably, maybe not 100%. But I just don't feel like that the downturn is a financial one. It's it's, the economy is this way because of external forces. I appreciate

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Brandon Martin 31:35

what Patrick was saying there, because the, the optimistic case is something that I was thinking about, as you were, as you were having that conversation. And I just think, just knowing how strong the founder is just the people in general within the United States, but the business owners and the founders themselves, I just have this picture and envisioning in my mind that for the first time, maybe the long term Folks are being challenged to get in a room, hunker down. really look at the business from different from a different perspective, figuring out how they can get a little bit more financially strong again, that might just be to get through this. So obviously stronger may not be the right answer nail is just weathering the storm. But I firmly believe that out of this adversity is going to come a ton of opportunities for those that took this challenging time and really got themselves booger down looked at the business, whether or not geographically revenues revenue stream was profitability was figuring out maybe where they could be a little tighter in the Vale with expenses that maybe were sneaking through the cracks because they were doing so well out there. That Okay, now we've gotten ourselves really tight, really lean, and we come out of this And oh, by the way, now, um, maybe they will go a little stronger in this geographic area. Oh, now I've got second revenue stream. And oh, by the way, I've got a pretty strong financial engine behind me now that I didn't have if I'm honest with myself prior to this prior to COVID-19. So I'm encouraged by that. And I do find that to be something optimistic for business owners right now.

Matt Hunckler 33:16

Well, I as we are nearing the end of time here, of course, I'm seeing questions come in now. So I guess we'll lightning round this. The question is, should we be emboldened to ask property management firms to suspend office rent payments, due to shelter in place mandates to help preserve cash? Any opinions on that? I'm going to open that up to anybody who wants to answer it.

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Brandon Martin 33:41

I'll take first stab at that. And I'll just answer it the same way that my mother used to tell me all the time, but what's the worst thing that can happen out of that? You can ask the question. You got to be able to you got to be able to live with whatever side of that answer is going to be. I don't think whether or not it's being emboldened or feeling that you have the right That, to me is is a, you know an individual to decide how they feel about that. But it's never going to hurt to ask the answer and be honest with them to say, Listen, this is where we're at. Can you tell us a break? And if the answer is yes, and hey, it worked out for you. If it's if it's no, then you have to recognize, okay, well, they probably got somebody else that they've got to pay up the screen to, which I think is missing a lot of this stuff. When you start talking about, for example, residential property owners that are renting to to a family that has, you know, maybe bought this house back in Oh, eight, when, when the housing market did what it did what it did, they were upside down, bought the house, and now they've got a mortgage payment that they got me that's based on you pay your rent, so different, you know, different perspectives there. But again, I don't think there's anything wrong with ever asking the question to begin with.

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Patrick Smith 34:53

Yeah, and I think that goes back to the relationship comment, right. You know, it's, it's You know, your relationship with all of your vendors is going to be key. And I think there is there's definitely a feeling of coming together and we're in this together and, you know, how can we help each other because we know it's not gonna last. Right? So that's, I think that that to me isn't perfect, Glenn Dunlap 35:20

either. And I think you just you guys are mentioned in the race relationships and being an asking I, the thing that I would say if I, if you're going to reach out to your, your landlord or real estate, you know, the building owner, you know, be willing to give to get kind of thing. I mean, there's, you know, you might, if they give you two months here, you might extend your lease by three months on them on you know, or do some things that would be willing to, you know, let them know that you've got them in mind as well versus it just being something like, Hey, man, I don't want to pay you for two months, but instead, it's some way Hey, can you if you can help me out here. Can we attack you know, this thing on the back end and we'll stay here for three months or something? But I think it's if we when you approach it by with the other person in mind as well, I think there's, you know, you can you often work out a solution there, but I think that, at least that's how I would approach it.

Matt Hunckler 36:13

Last question here. How should operators be thinking about taxes right now? And what are the some of the things that they need to be taken advantage of? And I know that's a big question. So feel free to do your Quick Hits on this one.

Glenn Dunlap 36:29

Let me take this one guys. I'm kidding.

Matt Hunckler 36:33

Patrick, any thoughts on that?

Patrick Smith 36:35

Being the resident tax guy in the room? So yeah, so let's what we've got going on the tears act actually did some interesting things around the net operating loss. They they've allowed for it fine. So under the under the tax JOBS Act, they eliminated the carryback of net operating losses. They changed that for a number of next three years now you can carry back up to five years. So if you've had income in the past and you know ramped up development, you've got some net operating losses, you can carry them back into a profitable year and get your money, get some refunds. So that's that's definitely a nice nice one. They've also under the JOBS Act, they said okay, and I'll carry forwards are limited to 80% of your taxable income. They have a limited that rule. So now you can take taxable income all the way to zero. So that's a that's a nice benefit. Some, some companies have have a combination of debt and equity. So they've got an interest expense, charge that's on the on their tax return. And under certain circumstances, that if you're under 25 million revenue, that's not really applicable. But if you are over and you're subject to the there's a limitation Under a particular code section that says it's limited to basically 30% of your event. They bump that to 50. So, but one of the big things, and this wasn't really it was part of the cares act, it was part of the the stimulus, but it was really a correction of an error from the the JOBS Act. When when the JOBS Act came in it, there was a bonus depreciation. So if you go out and you spend a bunch of money on fixed assets, normally you'd have to take that expense over the life of the asset. But bonus depreciation says Hey, no, we're just going to expense it in the in the current period. They bump that to 100%. So hundred percent bonus, that's great. Well, they left out qualified improvement property. So leasehold improvements, right. So if you're a business, you've moved into a new building, you spent a bunch of money on leasehold well instead of getting an immediate deduction from That you are getting those deductions over 39 years. So under the cares act, they fix that. drafting here is essentially what what they called it. So retroactive. So in 2018, you didn't, you have a lot to it, you can go back. And when that returned, take that deduction, and if you're a taxpayer in that year, you can get that refund, and then turn and going forward. So those, you know, those are some of the big things that they did from a tax perspective for businesses.

Matt Hunckler 39:38

I really appreciate you sharing that Patrick, and we'll share some resources from CLA here in just a second. That'll be a great place great reference for people to get some free information. If they want to go in and find that specific piece of information that you may have just mentioned. I know that this stuff is like wired in your brain so fast. It's so well that you can pull it up really fast. So we will provide some follow up resources for people tuning in here in the show notes for those who are watching the recorded or listening to the recorded version. But I just want to say, before we start talking about some of the good news in the community here, I really want to thank you, Patrick, Brandon, and Glenn, for being here today sharing some of your expertise, and insight. I know there's a lot more that we could cover. And I want to encourage people to continue that conversation with you all on social media on your website at CLA connect and that peer review data. So I just want to say before we break into some good news, thank you so much. It's really been great to have all of you here from all over the country. Yeah.

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Patrick Smith 40:43

Yeah, our pleasure. Thank you so much for for hosting this and pulling this all together. It's really well done. production, and so really, really appreciate it.

Matt Hunckler 40:56

Well, I want to give a huge shout shout out to you all. Because not only Are you helping Powder Keg as a business right now, because you are acting as our CFO and giving us great advice, but you're doing an awesome job of supporting the community during this COVID-19 crisis. So go ahead and check out their page at CLA connect.com. slash COVID 19. Again, we'll link that up in the show notes. And we'll be sharing that here on social as well. So you can check that out. There's also a ton of information about Tech's economic and workforce impacts of COVID-19. there that will link up in the follow up to this event, this virtual event. And if you have questions on any of that stuff, definitely reach out because CLA is very quick to respond and they get you answers very quickly. A lot of us are also thinking about personal finance, wealth advisory, outsource audit, tax, even consulting services CLA does that too. And they've got offices all over the country serving the powder keg community all over the country. So I just want To say thanks again, to both of you, Patrick and Brandon and your whole team. It's been awesome. And Glenn, I know you work very closely with CLA and you're you've been a longtime Powder Keg member as well. I love that peer review is finding the right way to create relevant information and serve this community in such a crazy time. Thanks for being here. Also, thanks for the invitation. Appreciate it, of course. Well, that's it for today's show. Thank you so much for listening. And if you're currently in the market for finding a new role, Powder Keg can connect you with awesome tech companies between the coasts that are growing like crazy. Right now you can apply for our free matches platform at powder keg.com slash jobs. Matches has a specialized focus on tech hubs outside of Silicon Valley, so you can easily navigate this opportunity packed landscape for potential. Our job matching platform leverages thousands of participants, employers and teams within our ecosystem to get you connected directly to decision makers shortcutting the hiring process you can apply Today for matches again totally free at Powder Keg comm slash jobs. And to be among the first to hear the stories about entrepreneurs, investors and other tech leaders outside of Silicon Valley, subscribe to us on iTunes at Powder Keg comm slash iTunes. And if you left us a review, I would be forever grateful. Thank you again. We'll catch you next time on the powder keg podcast.