

Finding Success with the Paycheck Protection Program Loan

PAYCHEX
Business
Series

Coronavirus



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Full transcript

Gene Marks:

Welcome to the Paychex Business Series Podcast. My name is Gene Marks. I'm a certified public accountant and regular business columnist for a bunch of publications that you probably know, like *The Guardian*, *The Hill*, *Forbes*, and *Entrepreneur*. But more importantly, I am a small business owner. My 10-person company provides financial and technology management services, and I'm always in need of expert advice. That includes real-life advice from real-life business owners like myself on how they're handling the challenges of running their small businesses. And that's what this podcast is all about.

Today, I'm speaking to Bob Stone. Bob, are you the founder and the owner of Champion Technology. Do I have that right?

Bob Stone:

No. I'm the current owner. My father started the business in 1984.

Gene Marks:

Family-owned business. Yeah, me too. My business as well was originally my dad's business, and then kind of started it up with him. Is your dad still around, if I can ask?

Bob Stone:

Yes, he's still around. He still helps me from time to time.

Gene Marks:

Good. I'm glad to hear that. So, where are you guys based and what do you guys do?

Bob Stone:

Well, I'm a sole-member LLC, and it's Champion Technology out of Terre Haute, Indiana. We do cash registers, point-of-sale systems, credit card processing, integrated, and a lot of service, support, and supplies.

Gene Marks:

Got it. So, you sell point-of-sale systems and the supplies around them, I guess. So, you focus on retail. And your customers, I guess, all around the country?

Bob Stone:

Actually, our customers are within Indiana and Illinois, basically. I could sell around the country if I wanted to, but there are some territorial issues with the vendors.

Gene Marks:

Got it. All right. So you resell vendor hardware and software and then you implement them, correct?

Bob Stone:

Correct, yeah.

Gene Marks:

Right. Yeah, we do similar stuff. I mean, I do CRM systems, like Salesforce and Microsoft Dynamics. We have the same thing. We've got vendors that we represent and then we resell the software, then we provide the setup and the training and the support and all that. So I think you and I do very similar stuff.

Bob Stone:

I see, yeah.

Gene Marks:

How many people in your company?

Bob Stone:

It's just me and my wife. She works part-time with me and part-time with the bank.

Gene Marks:

Got it. And are you employees of your company or do you just take the cash out of the business?

Bob Stone:

I am an employee of the business. She is not.

Gene Marks:

Got it. All right, fair enough. So, you've been doing this, but your dad started this in '84, and then you took over from him how long ago?

Bob Stone:

I took it over in 2009.

Gene Marks:

And what did you do in a prior life?

Bob Stone:

Right out of high school, I worked at a print shop in the small town of Farmersburg with a thousand people. And I did that for 15 years, and then I went and bought a print shop of my own in West Terre Haute, ran it for five years and sold it. And then I went back into the family business and took it over.

Gene Marks:

And here you are.

Bob Stone:

And here I am. [crosstalk 00:02:49]

Gene Marks:

I had a similar thing as you in the sense that ... I mean, I worked at KPMG, which was a big accounting firm. And then I worked as a controller for a company. Then my dad had his business, which was selling software at the time, and it's not unlike you. Just, he's like, "Hey, this is a good business to go into and it's right there." And it just seemed like the natural thing to do, you know?

Bob Stone:

Right.

Gene Marks:

Okay. So we're talking now, it's the last week of April. You and I have talked before, we've communicated before. All this coronavirus stuff that's going on ... I mean, you sell products to retail customers, so I've got to imagine you have been significantly impacted by what's going on.

Bob Stone:

Correct. My main clientele is restaurants and bars. I would say 90 to 92% are restaurants and bars, the other are retail. So I got hit on both sides of it, so that the main thing of buying point-of-sale systems and all of that just dried up. I was down almost 60% in March. And then in April, I'm down about 70%. The only thing that has saved me is some of them are still open for carry-out. So I do get some supply business from them, but any service calls they're wanting to do over the phone. So yeah, my big-ticket items have just dried up.

Gene Marks:

I believe it. Yeah. So, what have you been doing, Bob? I mean, you know, when you have that kind of a drop in revenue, how have you been navigating your way around that?

Bob Stone:

I'm just relying on what I had put away for a rainy day like this. My dad always told me, have at least two months, maybe three months in reserve. I've been trying to get by with my bills, my business bills, that way. The Paycheck Protection Program, that turned out really good for me. It takes care of my personal bills, because it does afford me to be able to pay myself. But it doesn't do much on the end of the business bills, the cars, the maintenance on things like that.

Gene Marks:

So tell me about the Paycheck Protection Program. How long ago did you apply for it? What was that like? And how long did it take for you to finally get money?

Bob Stone:

Well, I applied on April 6th, thanks to you and my brother and my local community bank here.

Gene Marks:

Good.

Bob Stone:

Then on April 8th, I got an FDA confirmation, which I didn't even understand what that was to begin with. Then my brother was giving me the information on that. And then April 17th, I finally got the cash, which is much deserved, and I appreciate it. Because a lot of times when the government comes out with something like this, it doesn't mean a small guy like me gets any of it. It doesn't mean that the sole proprietors or the gig workers or any of those people get any of it. It usually means a big business gets most of it. So I was pretty happy that it did include us this time.

Gene Marks:

It's funny. So one of the big things that you did is you got an early jump on this. I mean, the CARES Act passed on March 27th, and you're applying really a week later, about April 6th. So that must have gotten you ahead of the game compared to a lot of other people that are playing catch-up.

Bob Stone:

Yes. I tried as soon as it was open. April 3rd, I think, is when it became available. I tried to do it that day, and they ended up needing some different documents from my bank. So, my hat's off to Terre Haute Savings Bank. They worked with me. They're working with all their customers, and they did an outstanding job of keeping in touch with me, letting me know where things were. And I appreciate that very much.

Gene Marks:

Yeah. It's good to hear that. So, it's Terre Haute Savings Bank. That's their name?

Bob Stone:

Correct.

Gene Marks:

Yeah, I mean, I've been hearing that. You've been seeing this on Twitter as well. So many community lenders and community banks, independent banks, have done such a better job than the larger banks. But then the other thing that you also did is you surrounded yourself, it seems like, with some advisors as well, right?

Bob Stone:

Correct. My brother, he's a vice president of a small bank in Northern Indiana.

Gene Marks:

That helps.

Bob Stone:

So, he helped me a lot through there. You know, I've seen you on Fox and Friends, and I was like, I've got to talk to this guy. So I emailed you. And then my wife works at Terre Haute Savings Bank part-time, so she had a couple people that I could talk to up there.

Gene Marks:

That's great. It's good to see you working the system and doing it. So you got the money in, and I guess that the Paycheck Protection Program, the loan itself has been covering your cost of payroll and I guess if you've got some utilities. Do you mostly work out of your house or do you have an office?

Bob Stone:

I work out of my house, and I don't have an office anymore. We closed the office in 2009 when I bought it. Our walk-in business was not as much as it was when my dad owned it because of the internet. And so we didn't feel like we needed the added expense. [crosstalk 00:07:45]

Gene Marks:

Yeah. No, I had the same thing. We had an office as well up until about 10 years ago and I shut it down for that reason. People were just not coming in anymore. All the work was done online or on-site at clients, you know? But you've got a little bit of rent or mortgage interest you'll be able to allocate to this for forgiveness as well as a portion of utilities, whatever you're using for work in your house.

Bob Stone:

Correct.

Gene Marks:

So that's good news. And so that was early April. So you've got another full month of doing this. What are you doing to keep track of these expenses as well? And how do you think the whole forgiveness part of this is going to go?

Bob Stone:

Well, I'm hoping it goes fairly smoothly, better than the rollout, but I notified my accountant the day that I got the PPP money, let her know I had the money, let her know that I was going to start keeping track and that anything she could do or hear down the line that I needed to do to verify to them that that's what I used it for, I would appreciate it.

Gene Marks:

Yeah. That makes sense. Bob, you mentioned at the beginning of this conversation that your dad had told you to have a couple of months of cash on hand. Tell me a little bit more about that and how important that was when something like this happened.

Bob Stone:

When I first took it over, he kind of took me aside and told me the ins and outs of it and helped me get going. And it's very, very important to have that money. It's really hard to accumulate that money when you're working with such small margins, but when you do get the bigger orders and you do get some nice margins in there, you need to start tucking some of that away, because something like this that was totally unexpected ...

You know, I had my best February ever. I was rolling. Usually in November, December business slows. You know, you get about an average month out of them. And then in February, it starts to turn around. Well, late January, early February, I was having one of my biggest Februaries. I mean, it was a nice month, and I thought, well, here we go. We're going to turn the corner here. And then this happened.

So it's very important. And I appreciate him helping me with that and trying to figure out how we can sustain through something like this. I don't honestly feel that my business is out of the woods yet. I figure it's going to be six months to twelve months—and that's pretty optimistic—before I can get back to level ground.

Gene Marks:

Yeah. I have a similar feeling as well, particularly for your business, which sells to retail. And so what are your thoughts for making it through the next six to twelve months? Do you think you'll have enough cash to do it? And are you planning on anything else to make sure that you stay afloat?

Bob Stone:

I think I can do it. I think I can manage to do it. I'm pretty resilient. I had a couple of deals going before this all happened, and I have since made contact with these clients of mine, and they're still going to follow through with them as soon as we get back open. So, those things are going to help me.

Gene Marks:

Yeah, it's good news. I mean, hopefully, it won't be six to twelve months. Hopefully we can be a little bit more optimistic than that, but I do understand how you feel that way.

So, listen, Bob. The takeaways from this—you had cash in the bank, two to three months' worth, which is a vital thing for businesses to have to navigate through any type of economic downturn. You told me when the federal relief became available, you jumped right on it, and you were persistent about it. You worked your network, and you also had some advisors helping you. Your accountant, your banker, you know, your outside resource to make sure that you're able to apply and get those federal relief funds. You're staying in touch with your customers. You've got some projects there that were put on hold, but hopefully they'll start back up again.

Well, I really appreciated this. It's great information. It's a great story that you have. I'm sure you'll be fine. You've been fine before, and I'm sure you'll make it through it. So we will stay in touch on this, okay?

Bob Stone:

Hey, thanks, Gene.

Gene Marks:

Thank you. Everyone, for more information on what we discussed today and other coronavirus questions and topics, please visit the Paychex COVID-19 help center. The address is paychex.com/coronavirus-resources.

I've been talking to Bob Stone, who is the CEO and owner of Champion Technology in Indiana. Bob, again, thank you very much for your time. Thank you all for listening, and we will talk to you and to see you again next time. Take care.