

Pandemic Business and Exit Planning: Rethink, Rebuild, Rebound

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Business leaders do not have to look hard to find a silver lining during the COVID-19 pandemic, although sometimes it may feel that way. Adapting to the current economy has taught us what we previously thought was impossible, is suddenly possible. It forces us to rethink our plans and strategies, the services we deliver, how we deliver them and who receives them.

As a business owner, it is more important than ever to take a fresh look at your business model and envision how the changes you make today can continue to propel your business forward after COVID-19. It is an opportunity to achieve a competitive advantage, accelerate business value and emerge as leader in your industry when the economy rebounds. It is a time to be inspired!

How Business Planning Leads to Exit Planning During COVID-19

Now is not the time to sit and wait for 'business as usual' to return before making plans for the future. 'Business as usual' will never look the same. The economy will eventually rebound, but how we conduct business will be quite different.

As business models are forced to change, here are a few ways we can utilize those changes to yield permanent improvements in efficiency, cash flow and business value.

- With costly office spaces remaining vacant, savvy business owners can permanently reduce the office space previously deemed necessary by embracing a remote workforce. Reducing or eliminating lease commitments will improve cash flow and value while lowering risk, since a lease commitment is a form of debt.
- Investments in additional people may be replaced with investments in technology, to facilitate greater collaboration and efficiency. This allows for existing employees to be more productive without working longer hours, and enables increased production without hiring more people. Keep an eye on new opportunities for greater integration of software, increased opportunities to use artificial intelligence and ways to automate labor-intensive processes. The tools we use today will soon have more advanced and effective competition in the future, so it is important to evaluate technology options early and often. Look for it. Embrace it. Build on it.
- Robotics and automation are not just for factories and warehouse operations. Even the hospitality industry, including restaurants, are finding ways of using automation to reduce labor costs. Every business should seek out opportunities to automate aspects of their business operations in innovative ways. This is not the time to say "That would never work in our business." This is the time to say "Show me how that could work in my business, and show me how it will make my business more efficient."
- Rethink your products, rethink your customers. As restaurants and office buildings remain closed, restaurant and office supply delivery services have lost many customers, and their trucks are sitting idle. Which industries have experienced a demand in supplies? Emergency medical services, for one. We have seen numerous companies pivot from making their usual products to now producing and supplying emergency medical equipment, like protective gear and ventilators. Instead of saying "This is our product, this is what we deliver," think about product and customer diversification. Ask yourself what else can we deliver? What other industries can we serve?
- It is time to take a look at potential customers from a fresh perspective. What other products and services do your customers buy from another source that you could supply? What new ways could you bundle old and new products and services?
- Can you introduce your product to new industries? A business that sold measuring devices to laboratories found their product was also a hit in the bar business. Rethink the potential uses for your products and customers for your products. Change packaging to make products more appealing to different types of customers and different industries.
- Pay greater attention to the risks of customer concentration. Businesses that lose during an economic downturn often over-rely on a small number of large clients. When one of those very large customers cancels orders and terminates the service, it immediately causes a gigantic reduction in the top line revenue and bottom line income. Many businesses shut down shortly after letting the big fish get away. Building toward a larger number of small customers reduces that risk. Aggressively pursue smaller accounts now, and do not dismiss them when the economy rebounds and the big fish wants to renew that large contract with your business. That contract is excellent to pursue, but it needs to be permanently supplemented by smaller accounts, so the percentage of revenue from the big fish does not exceed 25% of your sales - and the smaller that percentage is, the better. Every time you reduce a risk in your business, you have also enhanced business value.

•Has your revenue decreased, because one of your suppliers cannot deliver products or supplies? Over reliance on a single supplier is a huge risk. By diversifying your supply sources, you allow sales to continue and cash inflow to be maintained, even with the loss of one supplier. Reduced supplier risk enhances business value and should be a part of your business plan.

When the economy is booming, business owners often say they have so many ideas to expand services, improve operations and revise their business model, but no time to implement them. If your business has slowed down during the pandemic, now is the time to revisit those business-building ideas that have been sitting on the back burner.

It is also time for the temporary, but effective, changes you made for survival to become permanent improvements to your business model. The pandemic economy is not the time to retreat and wait for 'business as usual' to return. It is time to reposition your business, so you will emerge as the organization your competitors aspire to be like, and the one larger businesses want to buy.

This is exit planning for the pandemic, and beyond. This is value acceleration for weak economies and strong economies. This is creating the business model that rebounds when the economy rebounds. Rethink. Rebuild. Rebound.

Contact Us:

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The Business Owners' Special Series (B.O.S.S.):

The Business Owners' Special Series (B.O.S.S.) is composed of several informational articles for business owners who are proactively seeking guidance from experts on how to implement value acceleration in their business. Be sure to keep reading, if you desire to develop your business to its maximum potential value and gain an understanding of how and why beginning the process sooner results in building greater value.