



May 2020

Past Issues

April 2020

[**How Business Leaders Can Reduce Uncertainty With Scenario Thinking**](#)

March 2020

[**Earnings Don't Deserve a Bad Reputation**](#)

February 2020

[**Our Bank Said No. Now, What?**](#)

January 2020

[**Is Your Business Focused on Business?**](#)

Contact Us

www.robbinex.com

robbinex@robbinex.com

1-888-ROBBINEX (762-2463)

Post COVID-19 Business Planning You Need to Develop Now

By Doug Robbins

The Coronavirus has been a wake-up call for virtually every business. Once this pandemic is over, a new business order will begin. A lucky few companies will resume business as normal. For most companies, the changing habits initiated by social distancing and the looming recession will see significantly decreased revenues. This New Economy will require business owners and executives to quickly pivot and meticulously plan in order to survive and thrive.

The time has come for you to pause, and you must make this pause your highest priority possible, to give serious thought to your business model and how will it will change when the pandemic is over. Who will be your customers, what products/services will they buy from your business and how will you market, sell, and serve those customers? Can you reduce costs either fixed and variable of both? Is there a friendly competitor you could merge with or acquire? Even an unfriendly one? Do you have sufficient capital to carry on, both equity and debt?

Based on the business transition consulting I have done with over a thousand small and mid-sized companies, these are the five priorities we're advising clients to implement and fine-tune during this pause to prepare their businesses for success:

- **Assemble a Personal Advisory Board** - Establishing a Personal Advisory Board of highly competent and credible advisors expands your knowledge base exponentially, helping to create the tools for long term success. Virtually every successful company has some form of external advisors in place. With altruism running high, as businesses strive to help each other through these unprecedented times, and some executives having more time on their hands than usual, this is a perfect time to assemble your dream team advisory board. I recommend securing at least five forward thinking experienced businesspeople from a range of backgrounds to complement you and your team. Compensation for advisors varies, but generally you should be prepared to pay normal hourly rates for consulting plus expenses.
- **Revamp your 10/5/3 Business Plan** - There is an old saying: *if you don't know where you're going, then any road will take you there*. The first step is to determine what effect the new economy will have on your business, and to determine what changes you need to make to survive and thrive. Will your sales increase, remain the same, or drop? I appreciate this is difficult to forecast in this current state of unpredictability. Your Personal Advisory Board can provide valuable insight from a range of perspectives as well as provide objective ideas on potential new opportunities you may not have considered. Using a structure such as 10/5/3 Business Plan - 10 year vision/5 year goals/3 year business plan strategic planning - to ensure you are not taking the wrong road. Any business planning template you use should include contingency plans – plan B, plan C and even a plan D to help you develop strategies and action plans for a range of post-COVID-19 realities.

- **Balance your Equity and Debt** - Many small businesses think of their bank as their only source of capital. The banks work on ratios, working capital ratios, debt to equity ratios, operating line to accounts receivable/inventory ratios: to mention some of the most obvious ones. By taking some time to get to know your banker well, you may learn that a small increase in equity, will release a much larger amount of debt. The bank is also a great resource for knowledge, and if you are unable to pass their ratio requirements, the banker may be able to refer you other sources of capital, both equity and debt, that may be considered. Understanding the way a bank operates and manages their lending programs is an important first step to understanding how to apply and whether the bank will have interest and under what terms and conditions. Other financing alternatives could include a capital or operating lease, factoring your receivables (selling your receivable to a third party for cash) or a private loan or mortgage (often their ratios allow for larger loans). Today our governments are offering financial aid in the form of subsidies and interest free loans to bridge the current issues caused by COVID-19, but we must remember they are temporary and some of it will need to be repaid. This aid is a bridge only and will not address your long-term needs.
- **Develop a People Plan** - A business needs three things to be successful. Most people think of an idea for a product or service along with capital to run the business is all they really need. They often overlook that the most important asset a company needs is highly skilled/trained employees who are committed to the business and its success. Forecasting your company's personnel needs is the fourth step in creating a successful business. Utilizing a Human Resources Department (*either full time or part time*) along with appropriate training programs for your employees creates an environment for success. Post- COVID-19 when many companies will be overstaffed, this provides an opportunity to review and revise policies and procedures, develop new products or services, provide training or courses to staff, to revisit long term plans and invite participation from folks who in the past were too busy with day to day activities to be able to contribute significantly to the company's plan, and of provides an opportunity to reassess those in your staff who are ready to accept an increase in authorities and responsibilities. The 10/5/3 plan will indicate when and what kinds of employee skills will be necessary. The hardest thing to create is a positive attitude and you may come to realize some people with great attitude are already on staff, just needing a bit of training to meet the forecasted needs.
- **Investigate Acquisition & Alliance Opportunities** - With the first four steps working properly, Planning, Advisory Boards, Adequate Capital and a Superb Team, one can then consider growing their business exponentially through a series of acquisitions within your business segment. Difficult times creates both hardships and opportunities. A competitor falls on hard times and his bank is foreclosing; another is retiring; a third has just lost a major account/supplier/contract and will be unable to carry on. The opportunities to acquire their customers, suppliers, key employees, machinery and equipment all at bargain prices will only be available to those who are prepared and have a well-run business. Likewise, yesterday's competitor may be a strong alliance tomorrow if you combine forces to work together. It could be simply agreeing to purchase product together to obtain reduced prices through bulk buying or reduced shipping costs. You may be able to save by shipping products together or through a third party or may be able to expand your products into the competitors' customers and vice versa. You would be surprised at what you will come up with especially if you are both suffering during a recession sell in slightly different territories and can create an alliance to benefit you both. I don't believe in good luck per se.....Good luck is when opportunity meets the hard work of preparation.

The Robbinex Mission

To provide our clients with experience-based knowledge to maximize the value of their companies, to help them make:

...the **right** decision at
...the **right** time for
... the **right** reasons™

A member of



The Bottom Line

Disruption creates both challenges and opportunity. Take advantage of these challenging times to prepare for a successful future.

About the Author

Doug Robbins, President and Founder of Robbinex Inc.

Doug is an internationally renowned Canadian Business Intermediary and Business Broker. He is a seasoned businessman having completed more than 1,000 assignments relating to advising clients on Mergers and Acquisitions (M&A); valuations; transferring businesses to the next generation; partnership resolutions; refinancing; along with numerous other consulting activities.

He has completed more than 400 business sales; and invested in 32 businesses. As a licensed Real Estate & Business Broker in the Province of Ontario, Doug has always actively supported the M&A profession through investing significant time and energy by way of memberships, lecturing, and presenting workshops for numerous M&A organizations.

Our Execu-Brief® newsletter provides valuable insights for both Buyers and Sellers.

To sign up to have our Execu-Brief® delivered to your inbox 10 times a year visit our website:

www.robbinex.com/resources/execu-brief/



Robbinex Inc.

8 Christie Street, Grimsby, ON L3M 4H4

1-888-ROBBINEX (762-2463)

www.robbinex.com

