

Rebuilding Your Business in a Challenging Year

By **Steve Espino, Banner Bank**

To say 2020 has been a year of unprecedented challenge would be an understatement. Unlike a natural disaster where an event occurs and people start to rebuild, this year has brought ongoing uncertainty. Businesses have scrambled to stay afloat, seek emergency funding and follow shifting guidelines for operating. Many pivoted to keep workers employed and respond to opportunities created by the coronavirus pandemic.

If you own a business, you may be rebuilding and finding a new path for success. As a longtime San Diego banker, I tend to view this from a financial perspective and offer these ideas to help you succeed:

► **Surround yourself with experts you trust** – From your accountant to your attorney, your advisors should be knowledgeable and passionate about your company's success. An experienced banker can help evaluate your financials, offer tips to improve cash flow and recommend solutions to help shore up or jump-start your business.

► **Assess your situation** – Update your profit and loss statement and balance sheet, and compare the numbers to last year's. Review your debt, and partner with your banker to assess your need for financing. Debt is a normal part of business and can help your company grow, provided it's in balance.

► **Look beyond the numbers** – Evaluate your industry, your competition and the market you serve. Consider how your customers' needs have changed. Be honest in assessing your company's strengths, weaknesses and projected earnings.



Also connect with your staff, some of whom may have taken on risk to bring your products to market. In addition to fostering a safe workplace, look to engage employees and ease the stress of pandemic-related matters like social isolation and home schooling.

► **Revisit your business plan and goals** – You may have already adjusted your business model to survive some of the toughest times by expanding production space, shifting to delivery or pickup, or increasing online sales. As you update your goals, determine if you have the resources to implement them.

► **Rebuild your budget** – Your income may have declined, while many of your expenses remained fixed or grew. Now that you've analyzed your financials and decided on a course, you'll want a clear idea of the expenses you can cut and those you need to allow to pursue your vision.

► **Set a timeline** – Be realistic as you prioritize your goals. If you want to hire more employees, add inventory or expand locations you'll likely need to do it in phases. If you have to pay down debt, talk with your creditors and do it according to plan.

► **Always be planning** – Having a working guide helps you prepare for economic highs and lows, and easily change course. Given the

lessons of 2020, you may aim to cut expenses and build reserves. In fact, it would be wise to accumulate liquidity if you can, not only because "cash is king," but because it allows you to make the most of opportunities.

Your plan may involve expanding or fine-tuning your company's remote-work solutions. Or, depending on the life stage of your business, you may look at succession planning. Ideally, you'll include strategies for various scenarios, including pandemics.

► **Expect excellence** – As you rebuild, count on your advisors for guidance. In addition to being a source of financing, your banker should understand your needs and offer ideas to help streamline the financial aspects of your business.

That includes discussing strategies to support your goals regardless of the current interest rate environment. It also means collaborating with other members of your team and experts at the bank in areas such as treasury management and international trade.

A good financial partner will work hard every day to help you succeed.



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