

Create Your Business' Future

BY JIM HUTCHINSON

SOMETIMES, THE BEST ADVICE turns out to be that which we decide not to take. Often, we realize too late just how valuable that advice was. Regardless, the best advice rings true no matter the circumstances, and for business owners today, consider this wisdom from Abraham Lincoln: "The best way to predict your future is to create it."

The Most Surprising Thing

Of course, what makes the current economic situation so very different from any other business community—and the world around us—has managed through in the recent past, is the complete shutdown we have experienced. Businesses of all shapes and sizes routinely plan for how to protect themselves against a slowdown or recessionary period but, a complete shutdown? Unthinkable.

What we've seen at PNC is that the smallest to the largest of businesses in the First State have realized they might not have been as prepared as they thought they were or could have been. Some who thought they were in a strong position, bolstered by a healthy balance sheet were, like everyone else, caught by surprise.

The landscape has changed not just in the short term but for well into the future. The strategic thinking and planning that made sense 12 or even six months ago no longer applies. Clients have shared with us that they believe now is the time to re-think core aspects of their business. Companies that didn't realize their reliance on manual processes or on the expertise of a few key employees would have negative repercussions, experienced an early struggle. Whereas those businesses with a more holistic approach to their operations found it easier to manage through this environment.

Today, we are talking to our clients about how they can automate key business functions, especially paper-based processes. Undoubtedly, we'll see more demand for those types of solutions and likely Web-based access that offers flexibility to operate from anywhere, anytime as business continuity takes on even greater urgency.

What's Old is New Again: Best Practices

We always talked to companies about their needs from an efficiency or cost standpoint. What we find today is that business resiliency is equally important. Companies will have a period of time—and that time is now—when they can better prepare themselves for another potential COVID-19-like crisis event. There are, of course, a few best practices to consider:

Balance sheet focus. We're encouraging clients to rethink their

balance sheet and consider if what they thought might be a protectionary strategy is, in fact, enough. Being financially prepared for the unexpected is necessary, and the level of attention required, is greater than any of us might have imagined. Balance sheet strength and flexibility is critical.

Workforce management. We're often talking to our clients about how they are managing their workforce. There are some companies that might not have a demand issue right now, but they also may not have the resources in place to position employees to be productive in a situation like we've experienced. Close to home we saw poultry food processors navigating a challenging period in terms of a lack of demand. Businesses are going to continue to face challenges that force them to make difficult decisions due to low demand, including how they conduct business, employment levels and more.

Diversified revenue streams. The companies we've seen demonstrate an ability to weather this environment most effectively are those who are diversifying their revenue streams, and also viewing it from a geographical perspective. As an example, think of a food service provider who may be only serving school systems and now they may be largely closed in one region where they've focused.

Keep in Touch

Perhaps the one truth that remains as evident today as it was 12, 24 or even 48 months ago is that communication is essential. And this doesn't just apply for small and large-scale businesses.

Delaware has a proud tradition and strong base of nonprofits that support the community. We often hear from local nonprofit leaders that they lack access to credit solutions and there's no clear avenue to pursue. Talk to your banker, because the potential solutions could well be closer at hand than previously thought.

Communication has never been more critical. Proactively share how your business is emerging from the COVID-19 environment. That will help you make the most of the trusted relationship you've fostered. In the best and worst of times, and now more than ever, that trust—that relationship—has rarely been more important. ■



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