

EPISODE 2:

10 Ways to Make Your Business Better Than It Was Before COVID-19

Podcast Transcription

Host: David Bundy | President & CEO, Dean Dorton

Guest: Justin Hubbard | Director of Accounting & Financial Outsourcing

David Bundy: Welcome back to our podcast series, discussing how to maximize the restart of your business. I'm excited this week to be joined by Justin Hubbard. Justin has been with Dean Dorton for a number of years and before joining us, worked in industry for a while. He's held many different leadership positions with Dean Dorton throughout his career and is currently leading our accounting and financial outsourcing group, and we referred to that as AFO. A primary focus of the AFO group is leveraging technology to automate processing, which then allows us to gain greater insights to information that will help business leaders make decisions and achieve business goals. Justin's unique background helps provide a holistic vision into ways to make your business better than it was before COVID-19 or really, how to assess your business to be ready for a comeback. Justin, did I leave anything out?

Justin Hubbard: Thanks, David. I think that pretty much covers everything. I'm very excited to be here, although by here I'm referring to hiding from my kids in my house, while at the same time avoiding the lawn care crew who just showed up unexpectedly.

Nonetheless, this topic is really fascinating to me. I recognize that many businesses are being challenged by this crisis, but at the same time, this crisis provides a unique opportunity for them to strengthen their business, to look for new opportunities, to rely on internal resources and to sit back and think about what they want their business to look like in the future. I've been talking with a number of businesses over the past several weeks and there seems to be some recurring themes that I just want to share with the audience, that's can maybe serve as building blocks for ways to approach the post COVID-19 world. And one of the key things that we'll be talking about throughout this conversation is that, whatever normal we used to know and love may no longer be normal in the post pandemic world. So, that's not necessarily a bad thing, but everyone needs to keep in mind that the world is changing quite rapidly.

David: You know, I think it's a pretty unique perspective that you shared right there. And, as we think about how to restart the companies, let's not look for ways to come back. Let's look for ways to come back better than what we were before. So let's dive into the ways to make your business better.

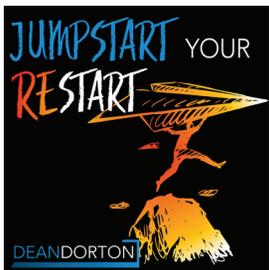
Justin: I'm going to start in a traditional, classic accounting manner, and with the classic accounting text by a guy named Sun Tzu, The

Art of War. I read this a long, long time ago and I keep coming back to this one line in that book that says, "If you know the enemy and know yourself, you need not fear the result of a hundred battles." So, in this context, I suggest businesses do an honest assessment of one, themselves, two, their environment and three, the opportunities before them.

David: I like the quote. I got to be honest, I don't think I've ever read that book, but maybe I'll add it to my list. There's a little more background on what you're thinking there.

Justin: So yeah, when I say an organization needs to know themselves, I'm referring to being honest about just basic strengths and weaknesses. Where do you thrive, where are you below average or just barely at average? Where are you just not performing well, but you don't want to admit it? Where the areas that you were starting to see a decline before the pandemic hit, and you were crossing your fingers hopeful for a rebound? What are the areas that were growing? For a lot of businesses, it's what areas are we focused on or just kind of doing, because that's what we've always done or it's a family business. What are you doing? Because, that's what mom and dad did. And I think there's significant opportunities for businesses to think about, what is their differentiator? What is their point of leverage against their competition, and emphasize that going in. And, I think about businesses also need to be honest. If they've had to idle operations, what operations maybe need to be retired or sunsetted, and don't need to be restarted, and think of ways to realign those resources.

My second point, know your environment, it's simply suggesting that leaders need to understand what has changed. The post-pandemic business environment is likely going to look very different from the pre-pandemic environment. We've had to make some rapid social adjustments over the past six weeks and you probably have some of your workers who are working remotely for the first time. They've been doing so for weeks now. Maybe they'd never done that before. Maybe they wanted to separate their business life and their home life, but they're working from home now, and many may be surprised that they like it. You know the one on one interaction that many businesses were accustomed to, may be replaced by telecommuting, online services. Businesses may find that they no longer need corporate office space. Once was idolized, that rush to be in the biggest, fanciest, newest building, and then retailers may realize that they don't need the robust showrooms to show off their merchandise and can accomplish the



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same end through online mechanisms.

Businesses also need to be cautious about the opportunities that are before them. Don't assume that the opportunities that you had pre-pandemic will be the same as those post-pandemic. Don't just rest on what you've always done, but look for new ways to reinvent yourself, or new alignments that could be made with your existing strengths and weaknesses. Think about, how are you going to reengage your customers as well as seek out new customers? Businesses that are seeking to enhance the value and market share need to match their attainable strengths. Who they want their business to be, to pair those with the opportunities that are in front of them.

David: As you listen to all the news coming around, it's all negative and I think that puts a lot of fear in business owners. If everything's so negative, how do we get started? So, I think it's an interesting point that you make that, not only do I consider restarting, but there are opportunities out there that I could grab. So I know you don't have a crystal ball, but give me a little bit more detail on what kind of opportunities there might be for a company.

Justin: Yeah, it's very specialized industry by industry. Let's say a company in the healthcare industry per se, and maybe they, all of a sudden they've realized that telehealth is a viable option and they build an infrastructure around providing those services. Maybe if you are in the retail world and have really prided yourself on having the best showroom in town, well maybe you need to explore how to reach a larger audience by emphasizing online activities, social media, things of that nature. Maybe if you're a nonprofit, maybe you're accustomed to raising money through events. We have a number of nonprofits here in central Kentucky that host concerts and such at some of the thoroughbred race tracks or the horse farms. Well, maybe you continue to host the events, but maybe you open them up to an online audience, that we're seeing with musicians having the online virtual concerts that thousands of people are enjoying right now.

If you're in a religious organization and never before had done the online service offering, maybe now is the time to branch out and really emphasize online services. Not so much just for the short term, but maybe that's a new way of pursuing your mission.

David: I think those are all great opportunities and probably just scratching the surface for what's out there. Now, I think as we restart, we're going to have this period of time, which is just kind of a period of uncertainty and we don't know how long it's going to last, but there will be this period where we're somewhere between complete social distancing, which is where we are now and a complete reopen. So things are at least closer to what they had been before. So what would you suggest to an organization as they prepare to restart, to kind of

cover that period of uncertainty, if you will?

Justin: And I believe there are several steps to take and help build upon these areas that we've discussed. They all relate to areas within an organization that may have been taken for granted, pre-pandemic. When someone restarts without looking at these areas, they face a couple of issues. First, if there were problems in those areas, they run the risk of bringing those issues into the restarted business, so essentially you're just perpetuating your problems. Secondly, without looking at these areas, they run the risk of not being prepared for any new challenges that they might need to face.

David: So I understand where you're going, but give us a little bit of detail on these areas that you're discussing.

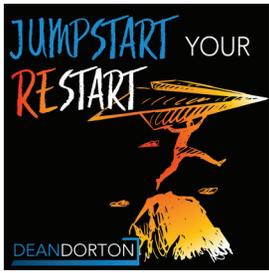
Justin: Four areas that I would suggest looking at it very, very closely. Your team members, who do you have in house working for you? Your supply chain, where are you getting your supplies and your goods that you're selling? Key business relationships, and ultimately your marketing plan. Each of these areas are vital to the success of any organization. They're also unique to each individual organization, but they were also often areas that were taken for granted.

You probably don't revisit your org chart annually. When I was in the audit world, we would ask for a new org chart every single year, and we got the same org chart we received when we first started doing the audit 10 years ago. But, these are all pivotal areas that a company can glean new value from because the people impacted in your team, in your key partnerships, they've all learned and grown as it's gone through this crisis, so they have new insights to add to your business. By being honest with yourselves and opening yourselves up for further analysis, perhaps you can learn where adjustments need to be made.

David: Really good insight, but let's look a little bit deeper. Can you give us a couple of examples of kind of what to look for and if I'm doing that, how do I adjust if I need to?

Justin: Let's start with an organization's team members. To me, that's the obvious place for a company to start looking at how to improve itself. So, I would suggest starting by just making a simple list of what are the key roles that you think the company needs to take the next step in reaching its potential. Be open minded, maybe consider the fact that those aren't roles that you currently have, and maybe you need to invest in an IT infrastructure, and currently are using a mix of HR, IT, and payroll to keep your servers running.

So start with your roles, then look at your existing team members. Who do you have on the payroll who are just dedicated employees, do a good job? I like to tell people to always be thinking about what your succession plan is. So, if you can't quite define what a key employee



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is, then look at your roster. Who do you want to pass your business along to? Who do you want to partner with? And you may make those people that are your core team members. You also have to pair that with their skill sets, and then identify any weaknesses. So, be considering that maybe they've been serving a role. Maybe they're just a great utility player. They'll do anything for the company and they have been doing something that is well outside of their skill set. They're good enough at it, but it isn't really where they thrive. And so that will be an opportunity to realign them to something that they can add more value to the company.

Then you have to consider, how do you fill the role that they were filling in that context, and maybe outsourcing becomes an option. Maybe a key sales guy who's also good at doing number crunching, but you really need him to drive up sales as business starts. Well maybe it's time to outsource accounting. Maybe you've got your IT and your HR combination bundled into one employee. It's funny, it seems like a lot of people do combine that role and it's with someone who has neither HR nor IT training, and maybe you look to outsource that or hire an HR person with training. Maybe even just as a part time capacity, but you freed up that key employee to do something else. And, at the same time you're bringing in external resources and all of the professional expertise that they offer.

And the other one was just understanding your market plan. Forbes released an article that's talking about restarting, and it made the very pointed comment that everyone's sales funnel has been erased. It's time to start at zero. Now that may be an extreme statement but it may not be a misguided attitude to take. You probably are going to have to put a question mark next to some customers or some prospective customers. Don't assume that your customers are where they were in the buying cycle, pre-pandemic. Don't assume that their needs are the same. For your existing lines of business, make no assumptions that you can just flip the switch and existing or prospective customers will be running to you. Businesses tend to flock towards what they're comfortable with, even if it's not what they like. If they're comfortable with it, they'll do it over and over.

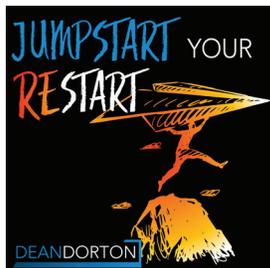
So as you're thinking about where you want your business to be, what your strengths and your weaknesses are, and what your opportunities are going forward, building a very specific marketing plan around those opportunities with short-term goals, mid-term goals and long-term goals to help. Want to give everyone a degree of comfort, as well as the target. Comfort that there is a plan but also a target because it provides some stability, but also something to reach for. Amidst all of this, you alluded to earlier the notion that the restart may happen in phases. Build your marketing plan around that understanding. Take advantage of low hanging fruit, but also come in alongside your customers and walk with them through this restart process.

David: What I really like about what you're suggesting is it's a two-fold purpose. You've got these ideas looking towards the future, trying to identify what new normal may be and prepping for that, but also building for it in this interim period. This period of uncertainty we have as things slowly start to reengage from an economic standpoint. And I'd also like to echo your point about taking these areas for granted. Throughout my career, I've seen a lot of companies that don't touch this as often as they should because they're successful enough, and I really like the point you're making that we can't take that for granted now. We've got to make sure these areas are strong and are ready to support us going forward. Otherwise, hey, we're taking on a risk we just don't need to take.

Justin: This whole pandemic has been an eye opener for the world. We've got to be realistic. This could be a new norm. I'm not a healthcare person. I know nothing about pandemics, viruses, but I think this has made businesses aware that maybe they were too comfortable in their prosperity, and they need to be thinking about ways to adapt if something else were to happen. I heard an infectious disease expert comment on a podcast fairly recently. He started doing infectious disease work back in the '80s, '81, he said, and so for the first 30 years of his career it was pretty easy. Now, since 2002 we've had a five pandemics, so the past 18 years have been pretty exciting. It was new pandemics coming in with unfortunate regularity, and that's just pandemics. There's always other things to consider.

But you know, I think this does create a need for companies to have a contingency plan for the unexpected. How do you keep your team members safe? How do you guarantee the continuity of your services and what are your communication protocols? Do your leaders within your organization know how to talk to their teams and know what instruction to give their teams? Do you have sufficient inventory and supply stockpiles to keep everything operating? You have the IT infrastructure, data integrity and security measures in place? And do you have the ability to get the necessary data that you would need to evaluate and analyze your business operations should something unfortunate happen again?

David: One thing I'd add to that is, a good contingency plan for access to capital and access to cash. When things are flowing smoothly and we just can assume that next month collections are going to cover operations, we tend to forget the fact that to be prudent, we probably need some access to cash, whether we hold onto it or we have a relationship with a bank that would allow us to react to a crisis in time, and not just have to rush. I saw a lot of companies, I felt like that had no choice but to rush through decisions because they didn't give themselves the opportunity to react well to this. So, I like your points and I think I'd add just making sure your balance sheet's strong and you have good access to capital, whether it's cash you're holding onto



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or a financing relationship.

Justin: And then I appreciate your addition there about the need to have capital and access to cash. My point number nine is similar to what you suggested in your podcast last week. Yeah, I think for any restart, an organization needs to establish or reestablish what the vision for the business will be, and that vision should serve as a guiding star, if you will. And for those short-term, mid-term challenges, just keep leadership focused on the long-term goal, so that leaderships can then help navigate the team through these short-term challenges.

The world is changing more rapidly than it ever has. It's full of distractions. It's full of bad news. If you watch the news, it's very easy to lose sight of what you want your business to be, what your goals are. So future growth and opportunities come from seeds that are planted today. Be very intentional in planting seeds and the dreaming of what you want your business to be.

David: That's a great point. And let's talk about that just a little bit more in a second. But you said you had two more. So what's your second one?

Justin: All right, so last one is just the all important need to communicate. As businesses build their plan and formalize their identity for the post-pandemic era, if you will. It sounds pretty dramatic, but they must communicate effectively. Your key team members, the people that you identified as those you want to partner with as well as your strategic partners, your attorneys, your bankers, your accountants, your key supply people, they must understand what the business is doing. This gives you some agility. This allows you to make decisions quickly. It allows you to trust that the people, maybe at the lower end of the totem pole are being guided in the direction that you think is best for the company. Short, mid and long-term plans need to be communicated. These provide guidance in the day to day, and provide stability for the workforce. You need to communicate how business is going to be different going forward.

People revert back to what they're accustomed to, even if they don't like it. So communicate what's going to be different going forward. New guard rails, new expectations. Add layers of accountability. You always have to empathize with team members. We've all been through a lot. A lot of your team members may have gone through more than others, so empathize with them as they adjust to a new normal, but at the same time you have to be rational about the facts of the situation and the opportunities ahead. Now, lastly, communication. Communicating with your key people instills confidence in them. It'll make them go the extra step to add true value to your business.

David: I think that's a great suggestion there. Justin. Let's go back to that point that you made on vision. Just give somebody some ideas

on how they should go about looking at that vision in the future.

Justin: Given the current crisis we're in, I think if you're in a place to be thinking about your long-term vision, I think it should be rooted in a sense of gratitude that you have a team and you have opportunities to think long term. So, that would be step number one. I think the vision is where you can dream big for what you want your company to be. Are you a retail furniture store, and maybe you're located in a small town now. Maybe you want to branch out into five different cities over 10 years, and you want to have a sprawling online functionality.

Maybe you're in a business that has struggles through supply chain and you need to figure out ways to secure your access to your goods, your supplies. And so, maybe part of your vision is a downward movement into the manufacturing world. From there you pivot and think, "Okay, so I'm in this manufacturing space and servicing my industry. But, what are some other industries that I can serve?" The beauty of a vision is that your direct line of sight, but you also have all the peripherals that you get to play with, and dream about as well. That's not very tangible guidance, other than if you are trying to cast your vision for your business and you feel restricted by anything, well it's probably not a vision. It's probably a reflection, not a vision. I would say dream and dream big.

David: I think it's good. And, what I like about it is again, it points to the opportunities that we have. It reminds us that like I said 10 weeks ago, our economy was as strong as it's ever been, and sometimes we forget that and we feel like the situation we're facing today is what it's going to be. So, looking at the vision and future I think is a good step to do, because it just reminds us. And I like the suggestion about the gratitude. It helps us reflect on what we've got and what we can build off of. So if my math is right, Justin, you have given us 10 great tips on how to restart your business and I think it's great. Some great ideas here, and I appreciate the time that you've given us today to discuss them.

To all of our listeners, Justin's article will be available online at deandorton.com and it'll be linked in the show notes so you can access these concepts and reference them throughout the coming weeks. So thanks again, Justin, for joining us this week.

Justin: My pleasure. Thank you.