

Charting a Course to Work on Your Business, Not in It, in a Post-COVID World

By Mike Ferraro



Taking a road trip can be a complex endeavor no matter the distance. With any trip, there is a baseline of activities that need to be executed before you even set foot out the door. You need to develop your vision for the trip, develop a budget and itinerary, make lodging reservations, make lists for things to do, and, most importantly, figure out how to logistically make it from Point A to Points B through Z. Once all of this is worked through, you can then actually begin your trip. Come to think of it, it isn't much different than planning for your business.

You've loaded your family, the dog, and all of your overpacked belongings into the family hauler. You punch your first destination into your handy GPS navigation, and off you go. Several hours later while on a dark back road in the rain, your GPS unit loses connection. You panic. You reach into the back seat to grab your map book only to realize that you threw it away years ago when GPS navigation became mainstream. Now, motoring along on a dark back road in the rain with your family, you hope for a sign or a place to stop to ask for directions. Unfortunately, there is nothing but darkness and uncertainty. Am I traveling in the right direction? Will I have enough fuel? Will my family be OK? Will we find a place to sleep tonight? These are all questions that race through your mind.

Does this scenario sound familiar? Over the past 18 months, and counting, this same feeling has played out over and over again in the minds, hearts, and stomachs of millions of family-owned and -operated businesses. For many businesses, there was no roadmap to provide direction, and instead their owners did what they knew best and dove headfirst into their businesses, frantically working through the uncertainty while tackling the unexpected shutdowns, surge in demand and contraction of supply, changing customer preferences, and resourcing challenges brought on by the COVID-19 pandemic. Fight or flight instincts kicked in, resulting in a move to complete survival mode and any strategic planning being thrown out the window. For many of these business owners, they've defaulted back to being the "chief cook and bottle washer" and are stuck working in the business. For those business owners who invested the time and effort into developing strategic roadmaps, they quickly went to work to recalculate their strategy and reprioritize initiatives, allowing them

to focus on the forward momentum of their business.

Working on the business

In our previous articles, we discussed the importance of business owners working "on the business" versus "in the business." We highlighted the need for business owners to set aside time to focus on the big picture and the benefits of leveraging an advisory board to develop a business strategy roadmap that would allow them to achieve the goals and quality of life that they originally set out for when they decided to own a business. Given the significant impact of COVID-19, we've decided to revisit this concept as part of a three-part series to help business owners begin the journey and transition from working in their business to working on their business.

We previously discussed the role that business owners should be filling, primarily around building and maintaining networks, managing strategic relationships, developing business strategies, and, most importantly, defining individual exit and succession strategies. The pandemic has significantly impacted the ability of owners to execute on these activities, but in some cases has significantly accelerated them.

Impact of COVID-19 pandemic on working in/on the business

In order to better understand the impact of the pandemic, we interviewed several New England-based retail lumber organizations. We heard the following four key themes:

- Talent challenges dominate the concerns for retail lumber companies.
- The timeline for succession/exit planning has significantly accelerated.

- Technology and facility investments are critical to accommodate changing customer preferences and address talent shortages.

- Advisory boards can be invaluable when providing strategic guidance, but they require continuous evaluation and enhancement.

We explore these challenges further below and discuss how an advisory board can help:

● Talent challenges dominate the concerns for retail lumber companies

Prior to COVID-19, many organizations faced multiple labor talent challenges, including managing the succession of an aging skilled workforce and the development of the next generation of skilled labor to take their place. During the pandemic, these organizations experienced an unexpected acceleration in retirement of their skilled workforce, leaving large resource gaps. This, combined with generous government unemployment incentives, has left many business owners scrambling to fill these gaps through the offering of incentives such as signing bonuses, profit sharing plans, and other bonuses. For many owners, it meant jumping completely back into the business and working 12-plus-hour days to fill the gaps.

An advisory board can help your organization think through a resource management plan that includes evaluating succession planning at the individual department level and help your organization develop incentive and compensation plans to help recruit, develop, and retain employees.

● The timeline for succession/exit planning has significantly accelerated

As discussed in our previous article, in 2019 there were 12 million small-to-medium companies in the U.S., and

70% of them were expecting ownership changes in the next five to 10 years. We also discussed that formulating a succession plan for the business and its owners is best completed three to five years before the event occurs.

For many business owners, the uncertainty of the pandemic and potential future global crises accelerated the timeline for their own exit. Those without an existing succession plan in place now face the challenge of developing a plan that balances the ability to exit the business within a timeline that meets the personal and financial needs of the owner while maximizing value. For those looking to pass their business down to the next generation, the same holds true; however, these owners must also address the workforce complexities listed above to help select and train the upcoming generation of leaders.

An advisory board can help you develop a succession plan that addresses these challenges and provides you with a data-backed analysis to achieve the balance of timeline, value, and legacy success. Given the factors outlined above, it is imperative for business owners to develop and continuously update a succession plan. By doing so, you will have a better understanding of their financial future and be better positioned to execute when the time is right.

● **Technology and facility investments are critical to accommodate changing customer preferences and address talent shortages**

With the pandemic came a wave of increased demand and unexpected operational changes that required

business owners to rethink the physical and systemic foundations of their business. Changing customer preferences, including online ordering, availability and lead time visibility, and pricing transparency, have driven organizations to invest in e-commerce capabilities and improved operational systems to help manage costs, drive logistical efficiencies, and improve customer experiences. In addition to these investments, given the talent shortages discussed above, these organizations are also making technology and facility investments to drive process automation, reduce reliance on skilled workers, and increase customer self-service capabilities.

As is the case for many businesses, investment dollars are limited. An advisory board can help your organization evaluate where funds are best spent, including the prioritization of investments, evaluation of return on investment, and identification of issues and risks to be addressed.

● **An advisory board can be invaluable when providing strategic guidance, but they require continuous evaluation and enhancement**

We've discussed at length the broad value that an advisory board can bring to business owners. Using a board to assist evaluating complex business challenges, provide insight into technology trends, and refine your business strategy is invaluable.

However, like everything else, advisory boards have a shelf life and should be evaluated and enhanced periodically. Evaluation is essential to ensure that the capabilities of your advisory board align with the

requirements and complexity of your business and should be done at the individual and board level. Enhancement should strongly be considered in place of replacing an existing advisory board with deep experience in your business and in the industry. Business owners should seek to challenge the board to help the business owner evaluate complex business challenges versus seeking validation or approval on what the business owner wants to do.

Today, as the pandemic wanes and our world marches forward to a "new normal," now is the time for business owners to get back on track, working on their businesses and developing a roadmap for achieving the goals and success that originally drove them to own a business. Much like today's GPS navigation and yesterday's map books, a strategic roadmap will help business owners quickly recalculate the path forward and remain focused on working on the business when faced with challenging situations.

In our next installment, we'll dive deeper into the process for developing a strategic roadmap for business owners to make the transition from working in to working on the business. [LG](#)

About the author: Mike Ferraro is a director at Conifer Hill Advisors. He has more than 40 years of experience providing financial and tax compliance and management advisory services to companies in various industries. Ferraro works closely with the client's management team to deliver financial and tax compliance services. He also works closely with company shareholders to formulate short- and long-term strategies to ensure their success. He can be reached at mft.cha@gmail.com or 617-877-5800.



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