

Four Guideposts for Post-Pandemic Success

Darkness has covered the Earth for more than a year. Now, finally, a healing light is dimly discernible. The landscape appears familiar but significantly altered. Entrepreneurs squint to adjust their vision in order to traverse the new terrain.

Entrepreneurs will need guideposts to successfully navigate this new terrain. I propose four:

Guidepost #1: Commit or get out

For most companies there will be no middle ground. Market misalignments will create both existential danger and fabulous opportunity.

Entrepreneurs must examine themselves and decide whether they have the desire and resources - financial, emotional and intellectual - to rebuild their business. If they do not, they must find an exit by selling in whole or in part.

If the entrepreneur continues, full commitment is necessary. A new niche must be sought and the business reimaged.

For the committed entrepreneur, the crisis has a psychological silver lining - an opportunity to implement changes that should have been made before the pandemic. Every leader can identify hard decisions that were delayed in normal times. Examples abound: An unproductive plant closed; an ineffectual executive replaced; a new product prioritized. Companies can also take advantage of the crisis by seizing opportunities not previously possible like acquiring weaker competitors or hiring newly available talent.

Guidepost #2: Undercapitalized companies will be swept away by stronger competition

Large investment grade companies will be advantaged by access to capital through the public debt markets and other avenues. Many middle market companies will find it hard to compete. Lenders will accelerate this process by placing additional demands on borrowers that lack liquidity.

Nevertheless, investors are desperate to find yield so there will always be a place for resourceful business owners. Entrepreneurs should consider alternatives such as:

1. Exchanging equity for additional capital.
2. Short term bridge loans for asset heavy borrowers
3. Joint ventures or alliances with vertical partners.
4. Mergers or acquisitions that will provide scale.
5. Private equity investment as PE firms move down-market.

Above all, companies dare not delay.

Guidepost #3: The consumer is sovereign in the market

All business activity ultimately caters to the consumer. Successful businesses will anticipate and seize upon the opportunities created by changes in consumer preferences.

Client engagement and acquisition is critical. Determined and creative companies will adopt some of the following strategies:

1. Contact customers – the hunger for personal connection is particularly strong in crisis situations and isolation. Call. Speak, listen and respond; make true contact.
2. Create tangible evidence of safety for customers. Think of the McDonalds white hat, which is meant to reassure customers of cleanliness, and find the appropriate symbol for the business.
3. Reassess the customer base. The health of the reimagined business will depend in part on the health of the customers and suppliers so monitor the credit and adjust the supply chain.
4. Recognize that the pandemic has altered customer expectations. In particular, customers have become accustomed to convenience and will be unwilling to give it up.

Guidepost #4: Re-focus on pre-Pandemic Imperatives

While they set out to navigate an altered landscape, entrepreneurs must renew their exploration of paths previously forged. The development of Artificial Intelligence and understanding data were, and will remain, among the overriding determinants of future business success.

The pandemic has accelerated trends such as connectivity. Businesses were forced, for example, to improve corporate messaging as employees were no longer concentrated in physical company locations. As with customer expectations (Guidepost #3), employees will be unwilling to give up these improvements. Client connectivity will be vital (Guidepost #3).

Commitment and capital (Guideposts ## 1&2) will be required to satisfy these pre-pandemic imperatives.

Final thoughts

I believe the post-crisis world will resemble the game of soccer. Soccer requires real-time adjustments to emerging patterns continuing without cessation. Like soccer, the market is a process, ever changing in its fluidity. In this new world, entrepreneurs have to examine themselves and decide whether they want to take the field. If they do, they must lace up their boots and embrace the upcoming game with all its uncertainty and constant change.

Yet even in the fluidity of the market, businesses - like soccer teams - achieve success by adhering to underlying principles, of which I have proposed four. Entrepreneurs who want to win must ready themselves for the kickoff to the post-crisis period. The whistle will blow soon.

About the Author

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