

What will 2019 hold? Here are 6 tips to position your business for success

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How can middle-market businesses best prepare for 2019 in economic times so nebulous that even leading economists are at odds? Will we see continued prosperity, a slowdown, a recession? Mixed signals are muddying the waters with on the one hand, low unemployment, relatively low inflation, and modest GDP growth; and on the other, increased stock market volatility, trade wars and tariffs, the closing of manufacturing plants, agricultural bankruptcies, and worrisome hikes in interest rates. Whatever 2019 holds, taking proactive steps now can poise your business for success.

First, research your industry and clients. Knowledge is king. Study successful companies in your space. What are they doing right? How could

some of their best practices be incorporated into your own business? Simultaneously, soliciting feedback from your clients and customers regarding how they view their prospects and challenges for 2019 can provide valuable insight, helping you plan accordingly.

Second, hone in on your company's key priorities and core competencies. Consider dropping less profitable products/services, but carefully weigh this against potential negative consequences. Remember, certain clients could be wooed away by competitors who provide those products/services you no longer carry, and you might lose the business you wish to retain.

While conducting this internal review, make sure everything is being done to nurture existing client/customer relationships, which are the lifeblood of a business. It is easier to retain a client/customer than obtain a new one. Trust, transparency, quality, and good customer service will generate both client loyalty and referrals, helping to keep you afloat even in turbulent economic times.

Third, turn your attention to pursuing new opportunities. As a middle-market business owner, you do well to expand by seeking new clients and markets and possibly additional product/service lines; in a weakening economy, an expanding base can make up for any loss of business from existing customers.

New opportunities can also take the form of acquisitions: if a competitor runs into financial difficulties, consider buying them. Alternately, consider hiring some of their talent or developing a plan to serve their customers should they be unable to do so.

Fourth, is cutting expenses and maximizing value. Start by evaluating R&D to ensure you're spending wisely; however, avoid cutting back as that's not in your best long-term interest. Also, work with your suppliers to see how you can get better pricing and thereby reduce your costs. Review your inventory management practices. Reducing your warehousing needs through, for example, drop-shipping, might result in substantial savings.

Outsourcing can also be a valuable means of lowering both your fixed costs and risks. Not all outsourcing firms are created equal, but well-established,

reputable companies can be treasured partners. They may assume the risks of changing regulations, technologies, capacities, and market conditions, while giving you access to their efficiency, expertise, flexible capacity, and economies of scale.

Fifth, evaluate your sales and marketing expenses to ensure you're getting the best bang for your buck. Marketing and advertising your business are essential, but zero in on the channels that most directly, and cost-effectively, reach your target audience. Sit down with your marketing and advertising teams and review their plan for the year. Are they hitting the right media at the right times with the right message? All other factors being equal, which are the most cost-efficient channels for your business? Are they participating in the right trade shows?

Finally, readying your company for economic twists and turns requires preparing a financial safety net. Arrange for your business to have available financing in place now: securing capital in a weakened economy can be close to impossible. Also, liquidity is important, particularly in difficult times, and cash reigns supreme.

Although it is difficult to predict what the economy will do, especially in these times, it is best to prepare for the worst and be pleasantly surprised. A few measures can help future-proof your company and there is no more auspicious time than now, at the start of 2019, to take action. It's far better to begin preparations earlier than too late. After all, with your middle-market business, as with most things in life, it's the early bird that catches the worm!

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