

Positioning your business for success in a post-pandemic world

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Now that Australian businesses are starting to emerge from their hibernation period, it is an opportune time to ask yourself this very important question, is my business in the right position to operate in this changed environment?

The simple answer to the question might be “I have no idea” and you won’t be alone with that opinion but to help you try to answer the question, here are a few things to consider.

1. What do your budget scenarios and cash flow forecasts tell you?

Budgeting in uncertain times can be difficult so it is more important than ever to look at best-case and worst-case scenarios to determine what your future cash position will be, or could be, given changes to trading conditions. How can you build in protections and what levers can you pull in your budget to provide cash-flow headroom?

In reviewing this budget, you need to ensure that you have stress-tested the assumptions that support your calculations, as errors here will have a cascading effect. You should also take a moment to think about what unstated assumptions might be hidden in your budget, as these especially might prove to be false in more turbulent trading conditions. To do this simply list out those assumptions you have stated and consider what other external forces are being applied that will impact your budget.

In completing your critical analysis of the assumptions, look at those that have the highest impact combined with the highest potential for failure as a priority. If you can build support around these critical assumptions, you will be in a strong position to succeed.

2. Do you have your overheads in control?

Now that the government stimulus packages, landlord rent relief and bank loan repayment holidays are ending it is critically important to analyse the impact of these increased costs on your business.

If you are looking at the impending mountain of costs that are about to land in your business, it might well be worth considering a tactical administration process to enable the business to “cut the fat” of onerous contracts and emerge out the other side a lean and efficient beast ready for the next challenge. While this might seem like a process that no business owner wants to go through, it might be the best option available to you so that you can continue to operate. Recent media articles have already identified that some of the larger businesses in retail are moving through this process, so perhaps it could be worth considering sooner rather than later to get the early start. Leaving this decision too late could be the difference between getting your business back off the administrators and being forced into liquidation.

3. What are your competitors doing?

It might seem like a simple question to ask but are you aware of what your competitors are doing and how they’re going about it? If you aren’t aware of how your competitors are going about their business, how do you propose to outperform them and win in the market?

Another thing to consider when completing your competitor analysis is if you can remove them from the equation by buying them out, particularly if you have the balance sheet strength

available to fund any acquisitions. This can have a two-fold impact to your business in that you've removed your competition and also increased your own market share. If it is complementary enough you can simply roll the business into yours without absorbing any additional overheads for instant profit improvement!

4. Do you have the right people around you?

In answering this question think about who you are receiving advice from, are they rowing in the same direction as you? Are they invested in your success or simply along for the ride? To make this assessment you should separate the people around into two silos, personal and professional. Your personal group is more than likely highly invested in your success as the business is their livelihood, but are all your employees on board? If not, you should consider if they are the kind of people you need on the bus and make some difficult decisions.

These are just some of the things that we discuss with our clients on an ongoing basis and we have found that now, more than ever, they are the difference between winning and losing in the market.

For further assistance please don't hesitate to contact your [Fordham Partner](#).

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