Business Survival Series, part 1 of 4: Business Reassessment

Business Smarts 2020
In Partnership with…

Hudson County Economic Development Corporation

NJSBDC at New Jersey City University
Serving Hudson County

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Business Reassessment
A Non-Profit Economic Development Corporation

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Small business financing for start-up and growing businesses

TRAINING
Entrepreneurial seminars and free business skills workshops

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Free counseling, training and support to get you going and winning
INTRODUCTIONS
(Poll questions)
- New or existing business
- Type of business
- Primary job skill or function
- First HCEDC event?
Workshop Objectives

• Understand key economic trends and disruptions and how they’re impacting your business

• Identify ways to reassess and redefine your business to survive this crisis and better prepare for future ones
Key Economic Trends and Disruptions – Pre-COVID

Globalization

Manufacturing/retail to service
Level playing field

2008 Recession

(Acceleration of) cost cutting

Technology/Internet

Lower prices
New/disrupted distribution channels
Pre-COVID Trends and Disruptions - Impacts

Cost Cutting

- **Staffing:** From full-time to contract workers and outsourcing; lower wages, reduced benefits; automation replacing workers

- **Inventory:** Online and service businesses have low or no inventory costs

- **Rent:** Online and service businesses have low or no rent
Pre-COVID Trends and Disruptions - Impacts

Distribution Channels Disrupted

Internet has…
• enabled new methods of product delivery
• created a global marketplace
• created a new advertising channel
• squeezed supply chains
• squeezed margins
• squeezed out retailers
COVID Disruptions – U.S. Consumer Spending

Source: 1010Data (Exabel)
COVID: Accelerating the Changes and Impacts

Who’s Benefitting:

• Technology services
  • Online product and service providers
  • Remote communications
  • Delivery and drive-up services
  • Tech infrastructure services

• Necessities and Emergency Services
COVID Disruptions – Food Delivery

Source: 1010Data (Exabel)
COVID: Accelerating the Changes and Impacts

Who’s Suffering:
• Traditional Retail
• Entertainment (except stay-at-home)
• Traditional Restaurants
• Travel
• Non-essential Health and Beauty…
COVID Disruptions - Retail

Source: 1010Data (Exabel)
COVID Disruptions - Restaurant

Source: 1010Data (Exabel)
COVID Disruptions - Travel

Source: 1010Data (Exabel)
Response Strategies

Reassess your business to:

• survive this crisis
• be better prepared for future crises
• turn problems into opportunities
Your Entrepreneurial Assessment

Personal Readiness

Financial

Idea

Organization

Market

Assessment

Business Reassessment
Your Entrepreneurial Readiness

- Emotional readiness
- Personal work style
- Skills and resources
Your Personal Finances

- Household budget
- Personal financial statement
- Equity/collateral
- Credit
Balance Sheet

Assets - Liabilities = Net Worth

Assets:
- Home Equity
- Collateral
- Savings

Liabilities:
- Mortgage
- Education Loans
- Vehicle Loans
- Credit Cards
Income and Cash Flow

- How long can you survive on little to no income?
- Assessment of money coming in
- And money going out
Personal Credit

Know your credit report

[hyperlink to www.annualcreditreport.com]
Is there (still) an unmet need?

• Product
• Price
• Place
• Promotion
Your Entrepreneurial Assessment

Assessment

- Personal Readiness
- Idea
- Market
- Financial
- Organization

Business Reassessment
Reassessing Your Market

Market
A group of people or institutions that possess purchasing power, authority and willingness to purchase.

Target Market/Customer Profile
Group of people to whom a company markets its products and/or services to satisfy their specific needs.

Market Segmentation
Process of dividing the total market into relatively similar groups.
Reassessing Your Competition

- Remote
- Indirect
- Direct

Business Reassessment
Reassessing Your USP

Unique Selling Proposition (USP)
What sets you apart from the others
Your Organization

Assessment

Personal Readiness

Financial

Idea

Organization

Market
Identifying Skill Needs and Gaps

- Identify the key processes of your business
- What skills do you need to accomplish them?
- Identify the ones you don’t possess
- How will you “bridge the gaps”?
Evaluation of Skill Sets

Who will do the work?

- Owner
- Employee
- Advisor/Board Member
- Outside resources
Your Entrepreneurial Assessment

- Personal Readiness
- Idea
- Organization
- Market
- Financial

Assessment

Business Reassessment
Response Strategies – SWOT Analysis

- Strengths
- Weaknesses
- Opportunities
- Threats

Business Reassessment
SWOT Analysis
Example 1: Fitness Center

Pre-COVID situation:
- Hudson County personal fitness and training center
- In business 10 years, loyal customer base
- Target audience: BtoC age 40+ yrs, upscale area
- One-on-one in-person training sessions
- Rents 1st floor of large facility to conduct trainings
- 1 full-time trainer (owner), 1 p/t assistant
- Business discontinued during COVID shutdown
# SWOT Analysis: Fitness Center

## Strengths
- Experienced, subject matter expert
- Age “niche” (40+ year olds)

## Weaknesses
- Local, constrained by geography
- Delivery limited to in-person
- One-on-one model limits scale oppy’s
- High rent and overhead costs

## Opportunities
- Offer virtual training (overcomes COVID, expands geogr. reach)
- Offer group trainings (further scales customer base & revenue)
- Explore BtoB (corporate oppy’s)
- Share space for F2F to save cost

## Threats
- Increasingly crowded local competition
- Owner overextended – trying to do all marketing, admin and training himself
Business Reassessment
Q&A Panel Discussion

Questions? Comments? Feedback?

SBDC at New Jersey City University
Hudson County Community College Continuing
Education & Workforce Development
UCEDC - HCEDC
Keith Whelan
kwhelan@ucedc.com
Michelle Richardson
mrichardson@hudsonedc.org