

**EXPERTS' FORUM** | **Bank/Financial**

## The New Normal In 2010: Getting Back to Basics

We've seen a lot of clients make hard decisions in 2009 – between layoffs and cutting costs, it wasn't an easy year to be a business owner. Over the years, we've seen many successful business moves, and some that weren't so successful. One thing remains the same through the economic ups and downs – it's the simple rules for business that drive success. As the economy picks up and we enter 2010, you may want to consider these four 'back to basics' rules in managing your business.

### 1. By being a Jack-of-all-trades, master of none, you become a commodity

The simple rule here is to focus your energy and capital on profitable business lines. An importing client of mine recently made the decision to discontinue carrying SKUs that were not producing the profit margin they were seeking. Start by gathering metrics and put together a matrix to determine where you're going to focus in 2010. Consider the overhead needed to support each business line, as well as margins and profitability. Then, align your resources accordingly.

### 2. Resist the temptation to make a quick buck. Size does not equal profitability.

Don't chase sales or blindly accept business just to get back to where you were a year or two ago. Let's say a prospective client comes to you with a product that somewhat falls in your wheelhouse, but requires you to make what you consider to be small investments. Consider that those small investments aren't

your only additional costs. You may need to make other hard costs, such as the cost to maintain that equipment, needing additional employees or having to train employees on the new equipment.

### 3. Cash is King. Cash is King. Cash is King.

There's a simple reason why this statement is ubiquitous today – preserving cash is more important than ever. In 2010, bank lending will likely remain tighter than it was before the recession. Preserving cash and setting up your balance sheet to support the operations without big leverage will be key. If you rely on yourself first, you'll be able to get a line of credit to fund smart growth.

### 4. A company is only as good as the leaders who lead it.

With so much focus on executive compensation in 2009, you've most certainly looked at how your top executives are compensated. But, have you looked at how all the pieces fit into place? One of the things we see in successful companies is a management team that compliments one another. Every team member should play devil's advocate at some point in setting the strategic direction of your company. It doesn't hurt if they also treat your money as they would their own. The same diversity of perspective could be gained through an outside network of peers and advisors as well.

I hope these 'back to basics' tips will help you in setting the right strategic direction for your company in 2010.



**TODD WILLIAMS**

Senior Vice  
President/Chief Credit  
Officer  
Fidelity Bank  
todd@fidelitybankmn.com  
<http://www.fidelitybankmn.com>