

# Nagel on Finances: Plan for future of business as the economy reopens

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BY ROGER NAGEL

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RIO RANCHO, N.M. — The economy is opening up, ever so slowly, with retail stores and restaurants returning to limited operations.

Vaccine development and therapies for treating COVID-19 are showing promising signs of success, at a pace that surpasses historical experience. Increased testing is yielding knowledge on spread of the disease.

Today, small-business owners are much more aware of what safety measures to take, and how to plan for worst-case scenarios. The uncertainty of the times has not entirely gone away, but this is good news.

So, is it time for a new dialogue? I think it is.

Most small-businesses are now 50 percent through their unique eight-week period to qualify for Paycheck Protection Program loan forgiveness. Each has been working hard to document how proceeds have been spent on eligible expenses to assure forgiveness.

Hoping the spread of the virus is being curtailed, many business owners and managers are looking forward to the future, with cash to invest. A new dialogue starts with answering the question: What shall I do with this potential windfall?

Unfortunately, it is true that many small-business owners may survive this unprecedented time with excess cash they will spend on themselves: a new car, new house or big vacation.

That's human nature. It happens that way every time we have an oil boom.



Roger Nagel

But today we can begin planning for a better way to invest that capital to ensure a strong economy will return sooner, not later. Consider these ideas:

- **Expanding your existing business:** Is this the right time for you to add a second location? Will that be across town or in another state? Does your business expansion include a new product line or new service at existing facilities with state-of-the-art equipment?

Is it time to consider refinancing old debt? Purchasing facilities that have been leased?

Will you pursue greater market penetration through aggressive marketing and sales?

Should you consider acquiring a competitor or someone seeking an exit for retirement? Will you diversify to add vertical integration, eliminating a costly middle man in your current operations?

- **Investing in your workforce:** Perhaps this capital can best be spent on new processes and procedures. New innovation in techniques and delivery may require retraining and retooling.

Likewise, employee-retention efforts may include new incentive compensation programs that reward superior performance. Similarly, there may be much to be gained in recruiting new talent that supports existing staffing to liberate skills that have created limitations and bottlenecks.

What benefits might be gained by visiting the sites of similar businesses that are not competitors (due to location) to learn what could be improved?

- **Better management information:** Do you have the technology and people to run it to gain a competitive edge?

Do you know the elements of costs and profits in critical aspects of your business and how they change on a monthly basis? Can you accurately forecast the results of these plans?

What better time than now, to begin a new dialogue for the future?

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