

Conducting Business in Uncertain Times

7 TRENDS TO HELP PRIVATELY HELD BUSINESSES
MAXIMIZE CASH AND CAPITAL

THINKTANK



Introduction

Throughout the global pandemic, Enterprise Bank & Trust surveyed over 600 owners of privately held businesses about how the business world is changing. Here's an inside look at what they told us.

The business environment has never been more uncertain or more complex. Facing broken supply chains, continued difficulty finding and keeping talent, heightened customer demands and competitive threats, owners of privately held businesses are facing unprecedented chaos.

This upheaval has created a fervent interest in the power of cash and capital. Interest is now forcing a surge of attention toward financial management. Leaders are thinking differently about raising capital for long-term growth and cash on hand for short-term viability.

The concept that cash is the lifeblood supporting day-to-day business and capital is what grows it is not new. So why do so many businesses find themselves with liquidity problems and cash management issues? And why are so many CFOs and business leaders rapidly changing their focus in the situation we face today? The changing market dynamics certainly complicate any financial strategy; however, equipping your company with information around current and future liquidity will improve your ability to weather future storms.

To guide you on this journey toward uncovering solutions that are sustainable and scalable, we spoke with over 600 business leaders in the community. One thing is clear: cash and capital will continue to have an outsized impact on the success of your business. Let's explore the trends shared, along with insights on how cash and capital decisions are influencing each one.

This report summarizes key findings from our Think Tank survey, which began in February 2020 and continued through the summer. Questions were posed to over 600 business leaders in small and midsize businesses in the metropolitan St. Louis, Kansas City, Phoenix and Northern New Mexico areas. All respondents represent privately held businesses.



#1

Expense Reduction

More than 75% of those working at the best-run midsize businesses consider **expense and spend management** a priority.¹



“We’re looking closely at every expense and redeploying dollars for more efficient spend moving forward.”

— **STEVE LEIDHOLDT**
President and CEO
STL Communications

Business leaders are turning their attention back to cost management fundamentals. Whether you run a big company or a small business, expenses are something a business owner is always looking to minimize. Cutting expenses may sound simple, but according to our survey, it can have a huge impact on financial performance. While cutting expenses may not be easy, it requires creativity and trying out new things you may have never considered. And, if you can reduce your costs and either maintain or improve quality, it becomes a win-win situation.

Business owners we spoke with are making expense reduction a key exercise moving forward in our new business reality. This involves more than spending time every month analyzing the balance sheet for trends. Business owner Steve Leidholdt, President and CEO of STL Communications, explained how their cash flow is directly improved by their emphasis on expense reduction.

“We’re looking closely at every expense and redeploying dollars for more efficient spend moving forward,” he said. “We’re thinking differently and being more prudent with spend. That’s not just cutting costs — it’s targeting costs with the best return and asking ourselves what we *really* need to run the business and grow. This starts with strategy.”



#2



PRODUCT INNOVATION

Case Study

Steve Leidholdt, President and CEO
STL Communications

CHALLENGE

For STL Communications, a telecommunications company specializing in voice, networking, storage and managed service/cloud services, demand has increased throughout the pandemic. Like so many businesses, keeping up with demand, delivering and staying focused on new opportunities to keep the pipeline strong can prove challenging. In fact, Leidholdt said many of the company's new business opportunities came from trade shows.

SOLUTION

Leidholdt worked to ensure that the event dollars were redeployed and invested in other new business strategies. "To replace the event revenue, we're leaning into technology, the very thing we specialize in," said Leidholdt. "Normally, our buyers travel to multiple vendors and sit through several demonstrations in order to get a clear idea of how technologies perform. We developed a STL Mobile Learning Center that can travel to our customers so they can experience products and learn how they are used to create clear communication."



OUTCOME

Leidholdt said that providing customers with a controlled environment that travels to clients has been well-received. This is one of the many ways he and his team are creating opportunities in this new environment. They are also developing new offerings including fractional CIO capabilities. "We need to know that our investments will bring revenue after this crisis. Having a strong bank that knows you, by your side, is more important now than ever to help maximize investments, long term," he said.