



# Building Your Business' Financial Resilience

Let go of the past  
Cultivate a culture of resilience  
Discover a deeper purpose



**Here  
We  
Grow.**

# For many businesses, the coronavirus pandemic will be remembered as a time of disruptive change, untested workarounds, and difficult choices.

But moving forward, that experience also offers leaders valuable insight as they work to rebuild a stronger, more resilient business.

According to the Small Business Administration, companies with fewer than 500 employees make up 99.9% of the nation's businesses. Firms with fewer than 20 employees make up 89%. No wonder small businesses are considered the backbone and lifeblood of both the local and national economy.

But, in 2020, something unthinkable happened—COVID-19—and with it, unprecedented change: Millions of businesses were forced to shut down, unemployment numbers surged, supply chains were disrupted, and organizations from hospitals to grocery stores were stretched unlike ever before.

Right now, 22% of small business owners and CEOs feel very optimistic about the future and another 33% feel somewhat optimistic. What do they see that can help your business moving forward?





The impact of this disruption was highlighted in a survey conducted by SCORE and published in *Small Business Trends* in late 2020:

**Just 35% of small business owners said their operations are profitable, compared to 55% in 2019**

**55% either had to furlough employees or cut their hours to make ends meet**

**Black- and Hispanic-owned businesses were even more adversely affected by remote working, COVID-19 infection, and lack of childcare**

# Disruption is an opportunity for positive change.

Resilience is the ability to adapt and bounce back when things don't go as planned. Today, small businesses have no choice but to move quickly—whether to enable remote working, rewrite procedures and policies, mitigate new risks, develop new lines of communication, or find new ways to serve customers who are going through the same adjustments and emotions.

To effectively pivot, business owners and CEOs have been required to make decisions and take actions they never anticipated and for which they had little-to-no training. New safety protocols had to be established. Workspaces had to be redesigned. Inventory, supply chains, and distribution channels had to be reassessed and often reconfigured. And yet, as often happens, a pressurized environment has produced unexpected side benefits. As leaders pushed through uncertainty, they let go of old assumptions that hindered change, sought innovative ideas, accelerated problem-solving, and thus paved the way for a whole new approach to leading and managing their businesses.

Barriers that once inhibited change have been smashed, opening the door to improved productivity, greater agility, more meaningful collaboration, and a renewed sense of pride and purpose.



# Important lessons resilient leaders have learned along the way.

Whatever the future holds, effective leaders recognize that resilience, flexibility, and adaptation are critical to building a sustainable business. While they know they face new business challenges ahead, the lessons they've learned will help them manage through that uncertainty, including:

Barriers to boldness and speed are more about mindsets than about technical difficulties or talent.

It's possible to set and achieve bold aspirations.

Problem-solving is accelerated by inclusion and building on one another's ideas.

Businesses are both interconnected and interdependent on employees, customers, suppliers, the community, and society as a whole.

The more human leaders are with employees, the more trust and empathy they lend to you, giving you the ability to accomplish even more.

There's advantage in adversity if you accept and adjust to new realities.

“ At times, the pressure was intense. But it taught me the importance of putting my time and energy into things I could control, to keep my mind open to new ideas, and to look at mistakes as opportunities for growth. ”

**Diane Brown**  
Chief Administrative Officer  
Penn Community Bank



# Effective ways to build and sustain the financial resilience of your business.

*Harvard Business Review* has defined business resilience as a company's capacity to absorb stress, recover critical functionality, and thrive in altered circumstances. It's a multifaceted definition that includes the mental resilience of management and the financial resilience to bounce back after a loss of revenue and profitability.

How can leaders continue to absorb stress and recover critical functionality after prolonged periods of uncertainty? And, regardless of what causes a disruption, how will your business continue to “thrive in altered circumstances” in the future?

## **Continue to evaluate, reduce, or eliminate your financial risks.**

In periods of disruption, many businesses must take a deeper look at their balance sheets, contracts, loans, insurance policies, billing practices, and employee handbooks and make immediate adjustments to reduce risk. At the same time, leaders should review data security policies and practices, identify additional suppliers and distributors as potential back-up plans, and reach out to customers to identify new needs and expectations. These swift actions made it possible for businesses to manage through difficult times and establish a new path forward to address future challenges. Effective leaders will continue this practice as a standard operating procedure.

## **Continue to manage revenue, expenses, and cash flow.**

As revenue improves during periods of uncertainty, determining in advance how it should be allocated is very important. Should you pay down debt? Invest in people and technology to grow the business? Or set it aside in case a new need arises? Through this process, it often pays to consult with your financial and tax advisors. They can give you a wider perspective on the implications of your decisions, and help you create a thoughtful, well-balanced plan based on facts rather than fear or self-confidence.

## **Cultivate a culture of resilience with and for your employees.**

Periods of change – big or small – can leave people feeling overwhelmed, insecure, and isolated. Parents still struggle to help their children get the education they need, assist family and friends who need their care, celebrate special events at a distance, and stay productive and valuable in their home “workplace.” In this environment, leaders must be even more conscious of their employees' morale and sense of security, regularly and intentionally offering them more encouragement, support, and genuine appreciation for their contributions.

### **Does strategic planning still make sense?**

Yes, especially when you need to improve your financial resilience. Setting goals keeps everyone on the same page, especially if tactics need to change based on new circumstances.



This may require an intentional shift to a more human-centered leadership style focused on helping employees develop and perform to the highest standard. Leaders who also cultivate a culture of resilience and model resilient behavior help employees learn to embrace change, share new ideas, and collaborate more often. In such a dynamic marketplace, these behaviors are critical to sustaining the financial health and well-being of a business.

### **Review the attributes that make your business competitive in the marketplace and valuable to your customers.**

Whether freeing businesses from the burden of historical norms, attitudes, and behaviors, disruption can enable leaders to think more broadly about the purpose of their business, the promises they make to customers, and the performance they should deliver to earn trust and revenue in the future.

Effective leaders recognize how deeply their businesses are connected to and dependent on their customers, suppliers, and communities. This heightened awareness offers them an unprecedented opportunity to:



## Embrace the power of your peer-to-peer and community network.

During periods of disruption in a specific industry, a geographic region, or the economy as a whole, community is critical. During uncertain times, leaders should seek advice and guidance from their peers, community service organizations, trade groups, and government entities. While small and mid-size businesses have always been imbedded in the community, challenges really shine a spotlight on this relationship and its importance in rebuilding a community's spirit, health, and economy.

Fellow business owners and CEOs benefit by communicating and collaborating with their peers—to share what they've learned, confide their fears and concerns, encourage one another to be bold and innovative, and move forward together.

A good business owner or CEO watches for new market signals and trends and helps their organization deliver a fine-tuned response. A great business owner or CEO recognizes unique opportunities with profound implications for their organization and drives whatever changes are needed to achieve the desired outcome.

Even as a disruption settles, remember the lessons you and your team learned, the culture you've built, the community you helped, and the customers who believed in and counted on you. This will not only help your organization through any difficult times ahead, but also lay the foundation for a faster recovery and a more resilient business for years to come.



Capitalize on this unique moment in time to build a stronger, more resilient business.



# At Penn Community Bank, our commitment to helping families, businesses, and communities grow drives everything we do.

We know that a strong local economy depends on the creativity and strength of its entrepreneurs, business owners, and leaders. As the largest independent mutual bank in eastern PA, our mission is to help them adapt, grow, and prosper—not only through the products and services we offer, but also by sharing knowledge, fostering genuine conversations, and truly collaborating with one another.

We believe in the power of people and partnerships because they keep our community strong, connected, and inspired.



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