“Luck is what happens when preparation meets opportunity.”

-Seneca  Roman philosopher (5 BC-65 AD)
Education
• 1997 – University of Montana – BA Journalism/Pol. Sci.
• 2002 – Hawaii Pacific University – MA Communications

Certifications
• 2017 – Certified Export Counselor
• 2017 – Certified Profit Mastery Facilitator
• 2015 – Economic Development Finance Prof. (EDFP)
• 2015 – Accredited Small Business Consultant (ASBC)
• 2015 – Certified Business Advisor (GrowthWheel)

Entrepreneurship
• 2000-2002 -- JNitschke Photography; Denver, CO
• 2011-2012 -- Carondelet Estate Services, LLC; St. Louis, MO

Bureaucracy
• 2013-2014 – Analyst, State of Illinois
Goals for Today

Deconstruct Your Business

Create a Framework for Analysis

Conduct Internal and External Research

Why?
There are no magic bullets
All businesses are different
All industries are different
But each business and each industry has similarities
Agenda

- Two Ways to Grow a Business
- Acquisition Types
- Position for Growth
- Final Thoughts

And remember, every decision a business owner makes has a financial impact.
For Context

What is the #1 Concern of Any Business?
- At Least One Paying Customer
- Are you planning to grow to solve customer problems?
- Define Growth: Is your strategy to attract new customers or retain existing customers?

When and How?
- Is there short-term opportunity?
- Or growth planning part of a longer-term strategy?

Are you aware of Macro and Micro Economic Factors affecting your industry?
- Macro (aka: market conditions):
- Micro (aka: your business and competitors):
  - How are consumer behaviors changing?
### Macro Economic Factors Based on COVID’s impact?

- “The Journal only analyzed the big borrowers…only about 13.5% of total participants…” in the PPP program.
- “About 300 companies that received …pandemic-related government loans have filed for bankruptcy, according to a Wall Street Journal analysis of government data and court filings.”
- Roughly 140 “…have filed for bankruptcy since August…”
- “…a total of 23,400 workers…"

Two Ways to Grow Financially

- **Grow the income statement**
  - How?
    - Customers, Revenue, Profit
    - Let’s refer to human capital by where wages show up on the financials

- **Grow the balance sheet**
  - How?
    - Assets, Liabilities, Net worth
Grow the Income Statement

**Four Ways**

Grow the Top Line (Revenues)

Grow the Bottom Line (Profits – Gross and/or Net)

Grow Variable Costs (Direct Expenses or COGS)

Grow Fixed Costs (Indirect Expenses or SGA)

*This is where sales and marketing overlap with managerial ability.*
Grow the Balance Sheet

Three Ways

Assets (Current and/or Fixed)

Liabilities (Current or Long-term)

Net Worth (Stock, RE’s, Owner Comp)

- Cash is King – now is not a time to become cash poor.
- Inventory/assets enable a business to deliver products/services
  - Diversify access to capital
Acquisition Types

- **Market acquisition**
  - Closure/Distress of competition – Acquire market share; advertising space; industry pivots
    - *Customers = Revenue = Income Statement*

- **Talent acquisition**
  - Closure/Distress of competition – Acquire laid off, discharged, under-compensated, or under-employed staff
    - *Salaries = Expense = Income Statement*

- **Asset acquisition**
  - Purchase of Distressed/liquidated assets – auctions; foreclosed bank assets; at risk or watch listed borrowers
    - *Assets are stuff = stuff must be paid for (liabilities, equity, or other assets) = Balance Sheet*
Market Acquisition – Example:

Great Falls Gymnastics Academy

- Distress of competition & market conditions
- Asset Analysis:
  - Space = Social Distancing
- Customer Analysis: *Attraction & Retention*
  - Existing: Children
  - Potential: Child Care
- Industry pivot:
  - Added licensed day care center
  - Added remote learning offering
- Acquisition Results:
  - Add. customers, more $ from existing cust.
  - Earned media
Talent Acquisition

• Closure/Distress of competition
  • Acquire laid off, discharged, under-compensated, or under-employed staff
  • How?
    • Contact the owner
    • Department of Labor – Job Service

• Purchase of an existing, operational business
  • Owners of retirement age are looking to move on
  • How?
    • Online sources
    • Commercial real estate brokers
Asset Acquisition

• Purchase of Distressed Assets
  • Auctions
  • Foreclosed bank assets
  • At risk or watch listed borrowers

How?
• Talk with your banker
  • Ask about distressed assets, bankruptcies, asset liquidation
• Online sources

“...most of these will start hitting the fan around December ...”
- According to one auctioneer in September 2020
Talent & Asset Acquisition – Example:

Flawless Auto Body

- In-market competitor looking to sell

- Competitive Analysis:
  - 3 acres; buildings; strong reputation (intangible asset); strong historic performance; different location

- Talent Acquisition:
  - 8 employees

- Market Acquisition:
  - Existing customer base with the current business

- Acquisition Results:
  - Purchased the competitor in the spring
  - Transitioned employees over seamlessly
  - Staff remained employed during pandemic at existing pay rates
  - Acquired market share; acreage; buildings; equipment; and talent
Position for Growth

- Access to Capital
  - Equity and Debt
- Monitor Cash Position
  - If you think you have enough, look at your pipeline and trends in consumer behavior to determine how long that will last
- Keep Eye on Competition
- Know Sources of Information
- Mitigate Risk by Making Well-Informed Decisions
Final Thoughts

• Focus on Opportunities
  • Innovation Equation: Problem + Solution=Opportunity

• Review your strengths, weaknesses, threats, and fixed & human assets
  • Have a strategic plan
Contact Trusted Advisors

Banker
Accountant
Insurance
Lawyers
Business Advisors

https://sbdc.mt.gov/

Funded in part through a Cooperative Agreement with the U.S. Small Business Administration.
Please Share Ideas With Us

Email me at JNitschke@GrowGreatFalls.org

#2020SilverLinings