



Commercial Insights with Regions Bank

Episode 1: Preparing Your Business for a Post-COVID World

It's been a little over a year since COVID landed on our shores and buffeted our economy and business landscape. Companies have adapted and even innovated, but now it's past time to shift from a defensive stance to one that takes bold, substantive steps into the post-COVID era. On this launch episode of Commercial Insights with Regions Bank, we look at lessons learned and best practices from the past year, plus how smart businesses will apply them now and in the future.

Episode Transcript

Brian Willman:

If you're trying to play catch up while you're dealing with a pandemic, it's almost like trying to build an Indy 500 car as you're going 210 miles an hour down the racetrack. So I think people realized that there have to be specific strategies in place for these disruptions that are inevitably going to face us in the future.

Chris Blose:

This analogy comes to us from Brian Willman, executive vice president and head of commercial banking for Regions Bank. Willman and his team serve commercial clients across 15 states. Throughout 2020 and early 2021, he's seen a shifting mindset among business leaders. First came reaction. Then stabilization and adaptation. And finally, proactivity and preparation for the next big disruption.

As our first-ever guest on Commercial Insights with Regions Bank, Willman is here to help us hit reset roughly a year into the era of COVID-19.

So welcome to the podcast. I'm your host, Chris Blose, and today we'll take a look at what businesses learned while trying to fix the proverbial racecar as it sped down the track. More important, we'll find out what it takes to be in the driver's seat in a Post-COVID world.

Chris:

Brian, thank you so much for joining us today. We really appreciate your perspective.

Brian:

Oh, thanks for having me, Chris. Glad to be able to join.



Chris:

So I think it's interesting, you and your team obviously, you're talking with people deep in business, on a daily basis, so I'm curious from your perspective, we're a year into this, what does the commercial business landscape look like now?

Brian:

Well, I think it's transformationally changed, if you would've asked me a little over a year ago on the onset of the pandemic, it was widespread fear of the unknown. I think businesses were trying to be very reactive to the challenges that they were facing, not only from their own customer base and growing revenue, but also how do they keep their employees safe? Were they even, frankly, allowed to open, depending on what municipality or state restrictions might've been in play at that time?

Brian:

Now fast forward a year later certainly there's vaccines, there's, you know, various levels of economic recovery, depending on what the industry that you're in, and so what I would say is our customers are feeling cautiously optimistic. There's certainly continued uncertainty about the pace of the economic recovery and how long that will last.

Brian:

I'm very optimistic around the remainder of 2021 and certainly into the next few years that we're stronger for it as an economy.

Brian:

I think most businesses would tell you that the lessons learned are long lasting and they're actually gonna be better at managing their business and certainly they've had to prove that over the last year.

Chris:

So I think getting into lessons learned is interesting because you mentioned obviously, when this started, everybody had to be reactive, so ho- how have people shifted into more of a proactive mode?

Brian:

People realized that the old way of business was just not going to work. You know, from a banking perspective we have tried to be very proactive in terms of not only reaching out to our clients, trying to understand how the pandemic has impacted them. Is there opportunities for their business to potentially pick up share or grow? Or conversely, if there's a capital or liquidity need, how can Regions help them navigate the uncertainty and so, you know, if you are more than just a capital provider or services provider, then there's value in that.



Brian:

Frankly, those clients are realizing that they have to take those lessons learned from last year and not only apply them going forward, but then what are some additional unknown things that are out there that they could potentially prepare themselves much better?

Chris:

That's something that strikes me as a good lesson for a lot of businesses. Several people I know have told me that they felt like their business was prepared for maybe a minor incident or a minor setback, but they didn't have that real emergency sort of contingency plan in place, what are some of the aspects of a business that truly has a good emergency plan in place, that is prepared for a big shock like this?

Brian:

Yeah, well, for example, I think nobody could've prepared for the impact to their own workforce. You know, trying to balance serving their day-to-day needs of their business, coupled with keeping their employees safe, shifting to a primarily remote posture. You know, as humans, we're wired to connect and so when you start shifting that to a virtual connection, a virtual meeting space, that's a challenge.

Brian:

Not to mention that everybody's personal situation is different. So they could be balancing, kids at home that are oftentimes home from school, because of the same reason, maybe taking care of elderly parents, and so I think customers and employers have to be very sensitive to how do they best still maintain, you know, their culture effectively in a remote-environment but also realizing that they still have a business and strategy and goals that they have to execute on? So that clearly was probably the first, I'd say a-ha moment that most business owners realized, "I have to do something different."

Brian:

One thing that was also clear to us, especially on the manufacturing side was the supply chain disruption that we saw. You know, the shift of consumer behavior and sentiment to strictly online, which if anybody's followed Amazon and others, you've seen that building, but that accelerated the adoption of customer behavior to a digital space — even within the banking world probably by, you know, five to seven years.

Chris:

I would assume with something like the remote work, that's not only a sort of cultural shift, but you mentioned investment in technology. That's something that companies have to think about now in terms of how are their employees outfitted? What's the security risk involved in that, et cetera? So is that something you advise people a lot on in terms of how to shift investment in that kind of technology?



Brian:

Absolutely, I think you can't be static. I mean, I know for instance, even at Regions, you know, we had played a little bit in terms of some remote capabilities. We certainly have, you know, from an email and telephone, but you still wanna connect with people, you know, in a face to face posture as much as you can, and so when that was taken away, the next best thing is through video, and I think that was something that we had to train our employees on.

Brian:

There's also a reticence to embrace, sometimes, the unknown, and then when you go down the path of technology adoption, you're sharing information over the web, there's clearly sometimes bad actors out there that wanna capitalize, and so you have to make sure you have the appropriate security ~~in~~ in place.

Chris:

So that's one big shift. I'm curious, have there been other COVID-related challenges that you think businesses have been pretty successful in overcoming?

Brian:

You know, I think what we have seen is on the onset, I think everyone was very, and rightfully so, concerned about the uncertainty of the economic conditions that we were in. And immediately, most business owners will go to top-line revenue or sales growth. I think over time, as things became more apparent that not only one, they were gonna survive, but they realized that they can gain efficiencies and strip out costs, not necessarily by reducing employment, that's never a long-term solution, but I think by doing things a little bit more efficiently. Obviously when you're not traveling or doing things differently from a remote standpoint, there's cost savings there that you can redeploy.

Brian:

But what we've found is even if the top line revenue might have decreased for some of our commercial clients, their actual cashflow or bottom line in often cases increased. And so I think coming out of the pandemic, what they've found is, "Hey, let's take those lessons learned for the positive that I can run my business more efficiently and then when the top-line revenue growth does come back, I'm gonna be much more profitable for it."

Chris:

I think when people think about the last year, they think about the businesses maybe that were in trouble, but what kind of industries or what types of businesses actually may have found new opportunities?



Brian:

Well, if you're like my household, it seems like a new cardboard box shows up on my porch every day and so I think, you know, consumer behavior, adopting, you know, a remote, purchasing, obviously from not only just food, but consumer goods and so there obviously is logistics as a component of that and businesses that were involved with transportation, warehousing, logistics, moving of goods across our various platforms, whether it be highway, air, railroad and sea, we have seen on the onset I think there was some concern because of the huge drop in economic activity, but then that quickly pivoted to, you know, "Wow, this is actually gonna be a boom for us."

Brian:

Clearly anything that is related to hospitality has been a challenge and we'll continue to see that as consumers start to open up their wallets and feel safe to travel again.

Chris:

Well, I'm curious too, you know, if there's some sectors or even just individual businesses that are thriving? People don't think about hiring during a time like this, but some companies absolutely are hiring. Have there been any shortages in terms of qualified workforce?

Brian:

Absolutely. ~~Uh,~~ we heard loud and clear from a lot of our clients that were engaged in service-based businesses that were typically on the lower wage spectrum that they had trouble finding qualified workforce.

Brian:

Obviously minimum wages are going up. The more those wage pressure continues to go up, I think, there will be continued challenges for some of our service-based businesses. On the flip side of that, our customers that are employers of choice are absolutely capitalizing on getting talent to come to their business.

Brian:

At the same time, you need to think about things outside of just the cost of an employee but making sure that your talent is developed and that they have engagement in your business, because turnover is costly.

Brian:

And then if you shift to skill manufacturing, for instance, I think that's something that even prior to the pandemic was a challenge. I sat on the board of a local chamber and workforce development was our number one priority each and every year to try to make sure that we



were in partnership from the private and public sector to develop the workforce needed to grow those economies.

Chris:

Well, and manufacturing, you know, not only faces that workforce challenge which goes far back before the pandemic, but obviously, I think, they probably were hit the hardest by supply chain as well.

Brian:

Yes, yes, no question. And I think you'll see more and more businesses try to become more vertically integrated and control as much of that supply chain as they can. It's one thing to have a demand for your product to sell, but if you can't get it or if you're having delays, obviously that's not a good customer experience, and so that showed a huge deficiency, I would think, in a lot of businesses in terms of what control they had or lack of control, over their ability to deliver their product or service or good to their customers. And so you will see that as a long-lasting impact of the pandemic is really maintaining their supply chain.

Chris:

So we've talked about some of the challenges that businesses have been pretty successful in facing. What are the biggest challenges that you think businesses are still facing or that maybe they have not quite figured out yet?

Brian:

You know, for me and what we're hearing in the banking sector, as well as our clients, is this combination of work-life convergence. I believe that people have realized that, depending on what sector you're in or industry, there are benefits to a remote or balanced approach to work. But you also have challenges with, as I mentioned earlier, that balance. It's difficult to maintain your culture.

Brian:

Certainly if you bring on a new employee or it's a more junior employee, how do you effectively mentor, develop them in a remote posture? So it can be done, but I think there's not a lot of historical skill-set in most companies that have done that effectively. And so they're learning a little bit on the fly. I would also tell you too, I think more and more risk will be around contact tracing and biometric data, depending on what business you're in or industry, will you require vaccination or proof thereof?

Chris:

Is that something that businesses seem to be preparing for, regardless of industry, or is more in those face to face settings where you're talking retail or you're talking about food and beverage, et cetera?



Brian:

Yeah, I think right now it's certainly on the retail side. Human interaction, face to face, to your point. But I think over time any business is gonna be impacted somewhat and so you're gonna have to do SWOT analysis around each potential force that could disrupt your business. Then how are you going to have the appropriate strategy to counteract that?

Chris:

I'm curious too, as you're having these conversations, do you find that the mindset of business leaders is... Do they feel like we're still in this or do you find people talking about life after COVID now?

Brian:

I definitely feel it's the latter. I believe that, you know, we are a year plus from the onset of the pandemic. I think there's clearly some fatigue factor related to it, but I think people also understand that, it's very serious. I mean the number, not only just the number of deaths, but, you know, we will be counting up the toll not only from an economic, but an individual cost of the pandemic for years to come. At the same time, you know, I'm optimistic by nature, I think most of our clients and most of the people that we talk to feel like, you know, if they survived in 2020, they're trying to position to thrive in 2021 and so I think most individuals have felt like, "Hey, it's time to turn the page. Let's get back to work, let's get back to school, let's get back to doing the things that made our business and our state and our country great and let's control what we can control."

Brian:

Clearly, it's gonna be choppy. There'll be volatile times and things that are out of not only our control as- as a bank, but certainly our clients. But how you react and prepare for those things that are uncertain, clearly the pandemic has reminded all of us that those that prepare and can contribute to the recovery are gonna benefit certainly in the long run from it.

Chris:

And I think prepare is a big word there. So with that in mind, what aspects, tactically speaking, should any company have in its emergency plan?

Brian:

Well, I think first of all, you have to understand, you know, what the risk to your business disruption is. If it is customer disruption, for instance, obviously a restaurant that they saw in shutdowns, you know, how can you pivot to delivery or remote outside of your quote unquote "Dining space"? But at the same time there are things that will always be out there that we cannot predict and so, you know, certainly as a bank, we always try to preach to our clients and advise them to have a balanced approach. There's power in being able to grow your business prudently, at the same time, have liquidity and/or capital set aside for those things that you can't predict.



Brian:

Now clearly, huge impact from a pandemic for some businesses, it was just too much, no matter what kind of stimulus or assistance plans, if you shut down their ability to generate revenue for a sustainable period of time, that's not gonna end well. But at the same time, I do think most businesses can take a balanced approach and frankly, what we have seen is those better capitalized businesses, those that managed maybe little bit more conservatively, when the onset of the pandemic started, they started making targeted acquisitions or, "How can I take share from a competitor that's maybe not as well capitalized?" Or, "Does it make sense to potentially merge and strip out some costs?"

Brian:

And so clearly, as a business owner, you have to be thinking about all of those factors that, "If something happens that I have no control over, then what's not only my plan B, but what's my plan C and D?" And then, "Where can I look at partnering to help me not only get through this uncertain time, but potentially capitalize it over the long haul?"

Chris:

Okay, let's fast forward a little bit and pretend that it's 2022 and you're now having conversations with- with your clients. What are you hoping to hear from them a year from now?

Brian:

You know, I think the best thing that we could hear is, "It's so great to be back to normal." But at the same time, what is normal? You know, how do you define that in a post-COVID world? And I think for me, most of our clients would say, "We're stronger for it, we've come out the other end with a better appreciation of not only our clients, because without clients you don't have a business, but also our employees and the value that they bring to our business." I think also too, uh, you know, as human beings, we're wired to be connected, we're wired for that interaction, and so I think when we do fast forward to 2022, I think you're gonna see a really, really nice recovery in the economy that is gonna be predicated on the consumer.

Brian:

Most people are ready to get out, they're ready to get back to the ways things were back in early 2020, with being mindful of those lessons that are learned that will forever shape and potentially guide us in how we not only recover as an economy, but individually as well as collectively in our businesses. So I'm certainly optimistic. I'm very hopeful that 2022 and 2021 will continue to breed not only a strong recovery, but we'll be much better positioned from those lessons that we've learned.

Chris:

A big thank-you to Brian Willman for sharing some lessons learned — and a healthy dose of optimism — as we move into a post-COVID business era.



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