

# Forging the new normal

Business owners lead the way to a changed world



- 04 **Chaos and entrepreneurship**  
*Barbara Roberts, Entrepreneur in Residence,  
Columbia Business School and Hofstra University*
- 06 **Where are we now?**  
*Brian Rose, PhD, UBS Senior Economist Americas,  
CIO Global Wealth Management*
- 12 **Business owner resilience in focus**  
*Manal Kahi, Co-founder and CEO, Eat Offbeat*
- 14 **Disruption in focus**  
*Amantia Muhedini, UBS Sustainable Investing Strategist  
Laura Kane, CFA, CPA, UBS Head of Thematic Research Americas  
David Lefkowitz, CFA, UBS Head of Equities Americas,  
all with CIO Global Wealth Management*
- 20 **Succession plans offer unexpected advantages**  
*James Jack, UBS Head of Business Owners Segment Americas,  
UBS Global Wealth Management*
- 24 **2020 is the best year ever ... to do estate planning**  
*Brad Dillon, J.D., LL.M, UBS Senior Wealth Strategist, Advanced Planning,  
UBS Global Wealth Management*
- 30 **What's next for mergers and acquisitions?**  
*Nicole Coyne, UBS Business Development Group, Private Markets,  
UBS Global Wealth Management*
- 38 **Preparing for a new reality**  
*Justin Waring, APMA, UBS Investment Strategist Americas,  
CIO Global Wealth Management*

# Journey into an adjusting world

## Watching resilience happen from dozens of stops along I-90

I recently left my home in New York City to drive across the country to the wide, open spaces and big skies of Montana. I filled my car with loads of cleaning sprays, wipes, bottles of hand sanitizer and masks for the journey. As I drove from town to town, I saw local business owners forging our “new normal.”

There is no question that building a business takes a special type of person—one with courage and grit. And the notion rings now with yet more depth, I found. Amidst the challenges of lockdowns and the specter of a continuing pandemic, business owners are trying to make it work. They’re keeping transactions flowing and helping the economy pump.

I came across countless examples: local shops on main street with welcoming smiles, jugs of hand sanitizer and masks for customers; new ways to use existing technology for contactless menus and payments at restaurants; elevated cleaning standards and adjusted shifts on shop-floors to promote social distancing and keep businesses open. We need only look at how business owners are adjusting to see glimmers of opportunity, optimism and resilience.

It is a privilege to bring together the resources of UBS, along with the wisdom of successful entrepreneurs, to support new ideas and conversations for business owners. We hope this collection will help replenish and support the drive business owners contribute to our communities’ advancement and well-being.

Be well. Remain vigilant.

James



James Jack

UBS Head of Business  
Owners Segment Americas,  
UBS Global Wealth  
Management

Find guidance for business owners at [ubs.com/business-resilience](https://ubs.com/business-resilience)

# Chaos and entrepreneurship

*Eighteen months before the start of pandemic shutdowns, we partnered with Barbara Roberts, Entrepreneur in Residence at Columbia Business School and Hofstra University to interview entrepreneurs for our report and video series “Flight paths: Selling a business is just the beginning.” We pose a new question to her now: In your opinion, how does what you learned apply to our post-pandemic world?*

We collaborated on “Flight paths” in a time of abundance and optimism. The goal was to inspire entrepreneurs who had created great companies and significant wealth to recognize that their skills as entrepreneurs would continue after a sale or other ownership transfer. In the report, we highlight the lifelong journeys of six entrepreneurs who were successful in creating significant wealth, and then brought their skills and perspective to a new domain. Their lessons and stories have much to tell us for thriving in this time.

One of the most powerful themes was the recognition that entrepreneurship is a state of being. That does not end with the sale or transfer or end of a business; it’s the end of one experiment. As we experience our current situation, one senses a growing appreciation of and call for entrepreneurship and innovation as the way out of this mess.

### Not your usual crisis

In talking to business owners about operating in this time, I’ve been recalling my experience running two companies through 9/11 and the 2009 economic crisis. However, I’m realizing that using the word “crisis” to describe the current situation is inadequate. This is different—it is chaos. Managing and leading now will require a new set of thinking and actions.

9/11 and the 2009 economic crisis caused sadness, disruption and economic difficulty, but most people then could hold and see family and friends, and we could at least envision a “bottom” (economy-wise). Recovery would be a matter of time. Today’s crisis impacts absolutely every aspect of every institution, business, family and individual. Nothing we have experienced before is relevant. This is chaos.



Barbara Roberts

Entrepreneur in Residence,  
Columbia Business School  
and Hofstra University

### Entrepreneurs thrive in chaos

Anything is possible in chaos, though, and people with an entrepreneurial mindset may be particularly well-positioned to thrive in it. In chaos, no one has the answers—previous responses are unreliable now. Prior assumptions and beliefs could be damaging, even. But in a time like this, lean into your intuition and sense of what should happen and you can help shape what comes next.

The essence of people pulled to entrepreneurship and innovation is a drive to solve problems and create opportunities. To be the first person to do something important—now, or anytime—give up on two things that can hold you back: a need to be perfect and fear of failure. Focus instead on what it takes to solve a problem, then take action in that direction.

### Return to “The Why”

Innovation requires imperfection at times—some experiments won’t work out. For those of us who are further along the start-up journey, leading sizable businesses with a proven model, this chaos brings a new frontier of challenge. The world changed in a matter of weeks. All business owners should, in effect, reimagine themselves as start-up entrepreneurs, and innovate along with a rapidly evolving society.

To thrive in this chaos, return to “The Why” of your business. Remind yourself why you started. Your original purpose can help you discover what’s now required in your business. Understand the new ways your customers are experiencing problems. Talk to your customers, collaborate with your stakeholders, “get out of your building,” as Steve Blank, one of the entrepreneurs featured in *Flight paths*, likes to say even as that may no longer mean physically. Who can you serve now? What do they need from you? How do you serve? Think about how you wish to be remembered on the other side.

Read and hear the stories of the entrepreneurs  
of *Flight paths* at [ubs.com/flightpaths](https://ubs.com/flightpaths)

Your original  
purpose can  
help you discover  
what you need  
to do next



# Where are we now?

*Most recent data has surprised to the upside, with record growth rates in many indicators. However, economic activity is still far below normal. The outlook remains highly uncertain as new COVID-19 cases have risen and this is already making it more difficult to reopen the economy. While the Fed is committed to using all of its tools to support the recovery, fiscal policy is more critical and is difficult to predict ahead of the November elections.*

Recent data have been generally better than expected, with record growth rates in many indicators. Both the manufacturing and non-manufacturing PMIs moved back above 50 in June (Fig. 1).

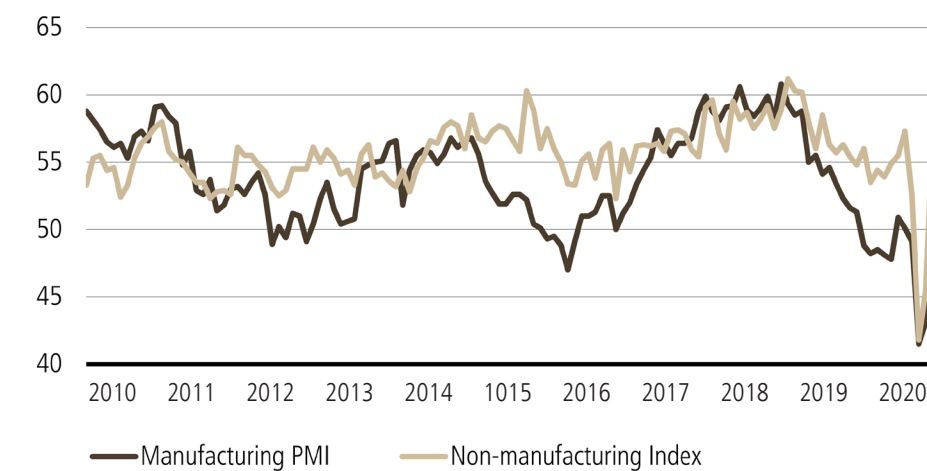


**Brian Rose**  
PhD

Brian Rose, UBS Senior  
Economist Americas,  
CIO Global Wealth  
Management

**Fig 1: PMIs were back above 50 in June**

Institute of Supply Management Purchasing Manager Indexes



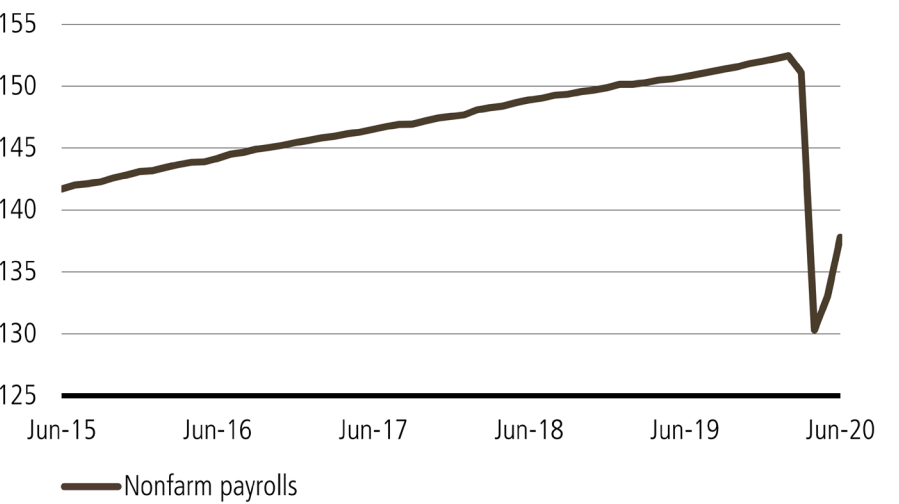
Source: Bloomberg, UBS as of 6 July 2020.



Nonfarm payrolls rose by a total of 7.5 million in May and June, reversing around one-third of previous job losses (Fig. 2). The number of new COVID-19 cases has risen to new highs, causing many states to delay plans to reopen their economies, and it appears that this is already impacting the recovery.

Fig 2: Labor market rebounded in May and June

Nonfarm payrolls, seasonally adjusted in millions



Source: St. Louis Fed, UBS, as of 6 July 2020.

Rising COVID-19 cases threaten the recovery

Our view has always been that the shape of the recovery would depend critically on the speed at which laid-off workers return to their previous jobs. Given the highly uncertain outlook, our expectation was that few businesses would be looking to create new jobs. However, since the beginning of the pandemic, surveys have shown that both employers and employees expected most of the layoffs to be temporary. The record-setting payroll growth in May and June verified that businesses were willing to rehire rapidly as the economy reopened. The Paycheck Protection Program (PPP) also played an important role in helping businesses survive and encouraging them to keep workers on their payrolls.

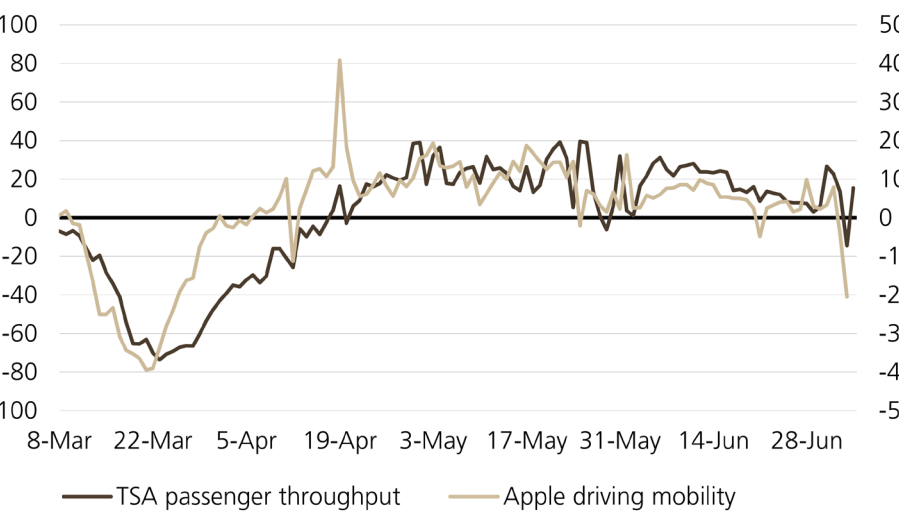
While the quick rebound in the labor market and other economic data is certainly encouraging, it has come at a cost. As restrictions on social distancing were eased and people started to move around more, the number of new COVID-19 cases started to rise, hitting record highs. Many states have already announced delays in their plans to open the economy further. Even more

damaging is the reimposition of previous restrictions, which has already caused some newly rehired workers to be laid off for a second time.

It is still too early to draw conclusions on the economic impact of higher COVID-19 case counts. Some high frequency data appear to be softening (Fig. 3 and Fig. 4) and it would be worrying if mobility indicators start to deteriorate.

Fig 3: Improvement in mobility appears to be slowing

% change from same day of the previous week; Air passengers going through TSA checkpoints (lhs); Apple driving mobility (rhs)



Source: St. Louis Fed, UBS, as of 6 July 2020.

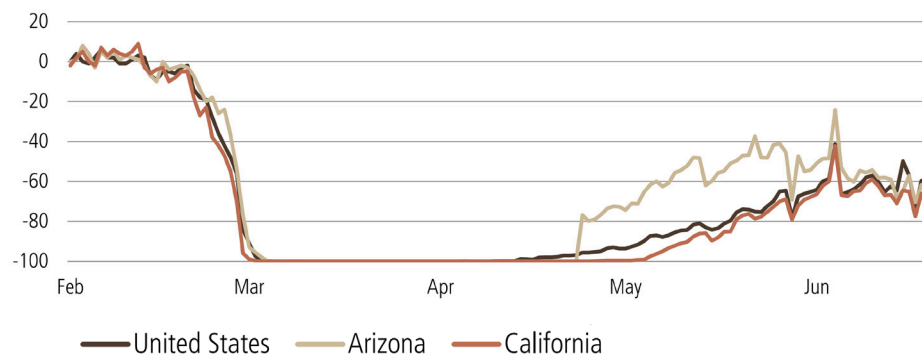
Keeping some social distancing restrictions in place for a while longer might not seem like a big obstacle to overcome. However, it's important to keep in mind how fragile the economy is at the moment. Just treading water for a while isn't good enough. Many businesses continue to see revenues far below normal, and will soon exhaust the money they borrowed under the PPP. Without further fiscal support and the continued easing of social distancing restrictions, a rise in business failures appears inevitable. This would cause permanent damage to the economy and could greatly prolong the time required to achieve a full recovery.

In our view, it is also essential that the government continue to support household income. Thanks to cash checks sent to most households and enhanced unemployment benefits, income was actually above its pre-pandemic level in April and May despite the huge drop in employment. One possible downside to the recent strong economic data is that, with the budget deficit for

this year already extremely high, politicians may feel less pressure to keep spending. Congress is now on recess and when it returns, will have only a few days to pass new legislation before the enhanced unemployment benefits expire on 31 July. Some reduction in benefits appears likely as many businesses have reported difficulty rehiring workers because the benefits are so generous. At this point it remains unclear if another round of checks will be sent out. Without continued government support, household income will start to reflect lost wages, and this would inevitably weigh on consumer spending. Under current circumstances, any sign of a slowdown in spending would make it very difficult for businesses to hire workers or move forward with investment projects.

Fig 4: Restaurants still face difficulties

OpenTable seated diners, year-over-year change in %



Source: OpenTable, UBS, as of 6 July 2020.

**A full recovery requires a vaccine**

In our view, activities that require close contact with strangers, especially indoors, will not go back to normal levels until a safe and effective vaccine becomes widely available. This pressure on certain industries will make a full economic recovery difficult. While there are some reasons to be optimistic, there is no guarantee that a vaccine can be quickly produced in the huge quantities needed, or that developing a vaccine is even possible.

Ongoing dialogue

# Business owners answer timely questions

*What has the lockdown taught you?*

I have learned that a strong committed team is essential to surviving and thriving in the lockdown. Our team has provided invaluable insight and endured numerous changes. We have shared the burden of the lockdown and that has made this experience bearable.



*How has the pandemic changed how you will run your business?*

We were already providing medical care utilizing telemedicine. The pandemic accelerated patient adoption of telemedicine. The pandemic highlighted to us the need to expand our reach beyond Houston. We will continue to grow this portion of our business throughout the state of Texas.

Zawadi Bryant

CEO, NightLight  
Pediatric Urgent Care

*What concerns you now? And what's exciting you?*

Cashflow is always a concern. Our patient visits have decreased, so managing payroll is extremely critical. There is little room for error. The pandemic has pushed us to be creative and think about all the possibilities. Opportunities we had on our road map for five years from now we're putting into action now. That's exciting!

# Business owner resilience in focus

*When I arrived in New York as a graduate student in 2013, I wanted to step up and do something to support the refugee community and solve the massive unemployment challenge. I needed to change the narrative in conjunction with the refugee crisis—to leverage incredible talents in cooking and to share different cultures through food.*

### The Eat Offbeat journey: A story of resiliency

With a love of the food she left behind in Lebanon, when Manal arrived in New York City as a Columbia University graduate student, she was excited to learn more about international affairs and to find a way to make a difference in a broader arena. Disappointed with the taste of food she found in her local supermarket, she took matters into her own hands: She started making her own hummus, using her Syrian grandmother’s recipe. She then expanded her thinking. What if she could bring special recipes from around the world to New Yorkers, all created by people with a talent and passion for cooking?

From this spark of an idea, Eat Offbeat was born. Launched in 2015 with her brother, Wissam, as co-founder, Eat Offbeat employs 25 refugees in their professional kitchen in Long Island City, Queens. With chefs (talented refugees who love to cook at home) from Venezuela, Iran, Sri Lanka, Afghanistan, Guinea, Syria and Iraq, they produce traditional dishes from their home countries. Manal’s idea for Eat Offbeat is based on three goals: Create quality jobs for talented refugees who want to be in the food industry, build bridges through the sharing of cultures and cuisines, and showcase a positive narrative for those forced to flee their home countries to escape war or oppression.



Manal Kahi

Co-founder and CEO,  
Eat Offbeat

### How all changed with the COVID-19 pandemic: Catering shifts to individual bowls and shifts again

It was in early March when Manal saw her business landscape start to change, as global start-ups asked their employees to work from home. She started getting event cancellations early on. With employees working from home, there was no need for catering services at offices.

When her catering business came to a halt, Manal needed to adapt quickly. She looked at her products and made her first shift. Because she was no longer catering to large groups in buffet-style dining, she pivoted to a new line of catering: individual bowls and prepackaged meals. But a week later, it all needed to change again.

When New York implemented its lockdown in response to the pandemic, Eat Offbeat took a hard hit, losing 100% of its revenue overnight. In less than one week, Manal had a new plan. With her second pivot, she launched a food delivery service, with safe, sealed packages of food delivered directly to homes. Called “Care Packages,” each box contains a week’s worth of meals and snacks for an individual or family.

And with the second pivot, Manal shifted her business model—instead of marketing exclusively to corporate clients, she now sells directly retail. This also demanded a change to her business logistics, from technology to website, ordering processes, delivery and packaging. The crisis has led Manal to redefine Eat Offbeat as something bigger and better than her original idea: a food company.

### Looking ahead: Embrace change and the power of a pivot

While Eat Offbeat’s business has changed in ways Manal could never have imagined before the pandemic, she believes that sharing culture through food is more important today than ever before. Regardless of what the future may bring, Manal’s passion for her mission remains: doing all that she can for the love of food and the people who create it.

UBS spoke with nine other businesses and their owners, to see how they are pivoting. Read their stories at [ubs.com/business-resilience](https://ubs.com/business-resilience)

### Manal’s thoughts

Manal believes a business plan is critical in ordinary times, but today, she can barely predict for the next week. “In such an uncertain environment, it is hard to strategize for the long term,” said Manal. “What I live by now is the need to be comfortable with uncertainty.”

Early on, Manal’s employees were worried, filled with fear and anxiety. In all-team meetings, the team talked honestly about what was happening: financial worries, concerns for health risks. Through these open conversations, Manal could better understand how the team felt and find compromises that could optimize the situation for everyone.

Manal’s chefs have experienced hard times firsthand, most fleeing violence and persecution in their home countries. They have found a way to rebuild their lives and start over again. “Their resiliency and adaptability have served as an inspiration to us all.”





# Disruption in focus

*Exploring major business sectors through the lens of COVID-19*

## **Employee health and safety: New measures now needed**

COVID-19 brought increased attention to employee health and safety. Businesses in essential industries like healthcare, food or logistics adopted policies to protect frontline employees, such as providing personal protective equipment (PPE), additional sick leave and insurance coverage, and implementing split-teams protocols to enable social distancing.

As more people return to work, and until a vaccine becomes available, these measures are here to stay. The physical workplace is likely to change significantly. We expect more companies to implement additional workplace cleaning protocols, as well as health screenings and contact tracing. To support social distancing, split-team protocols might continue to be necessary. Common areas like kitchens, meeting rooms and cafeterias are likely to limit access, and employees could be required to wear masks to work. Thus, digital collaboration is likely to continue in order to ensure a safe return.

Companies may need to provide assistance for alternative transport if their employees are among the nearly 8 million Americans who rely on public transportation to get to work. Additionally, policies will need to be in place for people who are in high-risk groups and cannot return in the near term or for those who become ill. That might require disclosure of personal health data, which will open up new risks on data security and privacy that will need to be managed. If schools do not reopen in the fall, parents of young children may require additional flexibility or childcare support.

The ability to effectively ensure employee health and safety will differentiate companies as America reopens. Companies that do not adequately prepare could expose themselves to operational risks due to employee turnover, increased shareholder action, legal liability and regulatory scrutiny as states, employees and investors increasingly recognize the importance of workforce health to business continuity. Although some of these measures will ultimately fade away together with the pandemic, we expect that the elevated concern for health, safety and employee welfare will persist.



Amantia  
Muhedini

UBS Sustainable Investing  
Strategist, CIO Global  
Wealth Management



**Digital: Spike in time spent online causing ripple effects**

Amid the COVID-19 outbreak and related social distancing measures, many aspects of daily life from working and learning to socializing and shopping have transitioned from the physical to the digital realm.

This rapid shift to digital lifestyles would not have been as seamless if the pandemic had occurred just a decade ago. Advances in connectivity, mobile technology and cloud computing have made it possible to interact and transact without leaving the house. Looking forward, we believe the trends toward telecommuting and e-commerce will accelerate in the post-pandemic economy.

In light of these changes, companies will need to reassess their IT infrastructure and real estate footprints. For example, we believe that the combined forces of servicing a virtual consumer, and a more distributed workforce, will lead to increased cloud adoption over the long term. This is clearly a positive for providers of cloud infrastructure and services, as well as for data centers. We believe that companies will increasingly look to third-party cloud applications at the expense of in-house solutions. The adoption of proven, available cloud-based solutions will power speedier digital transformation with less uncertainty compared to developing in-house capabilities.

Another important IT consideration in this context is cyber-security. The rise in telecommuting and online shopping, as well as the greater adoption of cloud computing, translates to more sensitive data traveling over the Internet and more endpoints for hackers to potentially infiltrate. As a result, we expect to see increased demand for cyber-security services and more scrutiny around data privacy procedures.

Finally, the shift to “digital everything” will require a rethink of real estate needs. Some companies may require less office space as telecommuting becomes business as usual, while others may decide to close or shrink brick and mortar stores in favor of online channels. In any case, physical office and retail locations will likely need to undergo some changes to accommodate enduring social distancing requirements in the near term.



Laura Kane  
CFA, CPA

UBS Head of Thematic  
Research, CIO Global  
Wealth Management

**Supply chains: Global footprints in production begin to shrink**

We believe that COVID-19 is causing a sea change in how companies will view supply chains going forward. In particular, we expect them to reduce exposure to the more volatile regions far from their home territories. Companies have recently commented on how the transition of supply chains out of China last year has helped them weather the current crisis.

In addition, the pandemic has heightened geopolitical tensions between the US and China. As a result, we expect companies to place a greater emphasis on diversity in supply chains. Some operations could move back to the US but cost considerations may favor other areas such as Latin America or Southeast Asia. This is especially true for companies involved in the production of goods deemed critical to public health and safety, such as manufacturers of medical protective equipment (PPE), pharmaceutical treatments and national security-related products. Localizing efforts could cause a boost in new factory construction, which could benefit companies exposed to automation and robotics technologies that help improve new plant productivity.

In addition to productivity gains, automation and robotics technologies can help to reduce the reliance on labor, which will come at a higher cost as manufacturing shifts to developed economies. Further, the desire to reduce employee density in a post-pandemic world should support this shift toward tech-enabled factories. While these changes may cause some disruption on the labor front, a potential benefit of these changes is reduced industrial waste and increased energy efficiency. Companies may also choose to hold more inventories to buffer against any potential future disruptions in supply chains, to the benefit of industrial warehouse owners. We would caution that shifting supply chains is a complex process, so the feasibility will vary by sector and the expected time frame for these changes is long term.



David  
Lefkowitz  
CFA

UBS Head of Equities  
Americas, CIO Global  
Wealth Management

# Business owners answer timely questions

*What has the lockdown taught you?*

Amidst all the profound uncertainties that I’ve been grappling with since the onset of this pandemic—from mind-numbing thoughts like “Will LOLI survive” to the mundane of “Can we guarantee orders are shipped in two days”—the most unsettling moments have been around “What does leadership and company culture look like in the future?” Even though we have so many virtual communication tools, there is undeniably a layer of distance, emotional and physical, that sets in over time that you just don’t have when you’re sitting elbow-to-elbow in an office environment.

On the other hand, physically, there are times when it’s hard to disengage and carve out self-care moments—because you’re working so much *from home*. Extra long hours on the computer or conference calls and not enough physical exercise all add up to less resiliency across mind, body and spirit.

I don’t have the answers yet, but know it’s something we have to be super-aware of and recalibrate quickly. How we inspire our team, continue to strive for excellence and keep a balanced approach is a priority, since every decision, every minute seems to have a heightened sense of urgency, which can easily throw us off.

*What concerns you now? And what’s exciting you?*

I’m truly hoping that the camaraderie and helpfulness that we’re seeing across the country continues as we all get back to business. It’s wonderful every night to pause at 7 p.m. to ring my Tibetan bell out of my NYC window in gratitude for healthcare workers.

I think about how can we bring this spirit of kindness to our lives post-COVID-19 and hope that I remember how important it is to continue to acknowledge one another once there’s a reset.



Tina Hedges

Founder & CEO,  
LOLI Beauty

*What has the lockdown taught you?*

The one thing the lockdown has taught me is that anything can go wrong at anytime. What this really means is that my business should have enough cash reserves to cover for unexpected business issues. In my opinion, no business should be highly leveraged since the consequences could be life-threatening.

*How has the pandemic changed how you will run your business?*

The pandemic has given us an opportunity to think of new products that we would not have considered selling earlier. The other important lesson we all learned is that we can conduct most of our business through video conferencing and this could be both a time- and money-saver.

*What concerns you now? And what’s exciting you?*

The concern that I have is that we as a country are so polarized that we cannot come together to deal with this pandemic or any other pandemic in the future. What excites me is that we will look at the whole supply chain and bring critical manufacturing back to our country.



Lalit Chordia

Founder & CEO,  
Thar Process





# Succession plans offer unexpected advantages

*Early on, when the COVID-19 pandemic seemed like a faraway problem on the other side of the world, supply chain issues caught many business owners off guard and contingency planning was a topic getting a lot of interest.*

The problem, however, was that the discussion regarding contingency planning quickly became a bit of a *shoulda, coulda, woulda*. Contingency planning for what could be was not really going to help in what was. Looking ahead, it's important that business owners think about putting other important preparations, such as a succession plan in place, before it's ever needed.

Succession plans needn't be grim—no one needs that after a global pandemic. Moreover, succession plans don't always require stodgy templates, but rather some introspection and taking in thoughts from your team—both from within your business and your advisors. Succession plans can and should be more than just “who's next.”

## 1 Succession plans can help unlock new opportunities and maintain strong talent

Spotting a new opportunity and seizing it quickly may be the reason your current business is so successful. But if you identify a new product, service or marketplace, how quickly could you pivot to a fresh venture? Robust succession planning, like a well-designed buy-sell agreement, can help you quickly pass on business control to others or even sell the business. A flexible company structure and diversified funding sources can assist in case of future lockdowns or crises, help expand into new markets or help adapt to changing regulatory conditions.

In a post-pandemic world, the competition for strong talent will increase as businesses will likely seek to invest in individuals with multifaceted



### James Jack

UBS Head of Business Owners  
Segment Americas,  
UBS Global Wealth  
Management

*With contributions by:*

Matthew Carter  
Strategist, UBS AG

Christopher Swann  
Strategist, UBS Switzerland AG

Maximilian Kunkel  
Strategist, UBS Switzerland AG

Themis Themistocleous  
Regional CIO Europe, UBS AG



talents who can take on a great deal of responsibilities. A key driver of success will likely be the ability to attract and retain top talent for the long term. Employee benefit programs, like deferred compensation or life insurance, may help retain key employees. Ultimately, succession plans can give you more control over how and when you exit your business by identifying suitable successors early and allowing for increased flexibility.



Succession plans  
can and should  
be more than  
just “who’s next”

## 2 Succession plans can help boost business

Privately held businesses are often illiquid and their true business value may not be clear. There may be similar uncertainty pertaining to who may be the best potential buyers. Succession plans should seek to answer those two questions.

By gathering independent valuations and recording financial, managerial and operation information in a buyer-friendly format, you’re effectively starting to prepare for an eventual due-diligence process. With these materials and a hypothetical buyer in mind, you’ll have an opportunity to review this process in a different light. You and your management team can seek to identify ways to make your business more appealing and build value. As an added benefit, external buyers may pay a premium for professional, well-run businesses that can fit better into their existing model.

## 3 Succession plans can help strengthen families

It’s difficult for family businesses to survive multiple generations. About 70%<sup>1</sup> typically don’t make it from the first generation to the second. Not everyone is suited to work in the business and competing interests from other owners could prevent a successor from managing the business in the way a founder feels is best. A good plan can help strengthen the next generation of leadership by allowing a phased-in approach with education, training and the gradual taking over of duties.

With family businesses, it’s not always the case that everyone shares the same idea of what may be “fair and equal.” Planning well in advance may give you a better chance to equalize gifts across various family members with different needs, and avoid creating intra-family strife.

<sup>1</sup> The Family Business Institute.

A robust succession plan can help reduce tensions and neutralize competing interests that may damage your business and your family harmony. Building different wealth holding structures (such as a holding company to pay dividends rather than your operating company) can also ensure that short-run decision-making doesn’t jeopardize the long-run health of your firm and family.



Build up an  
enduring  
corporate  
culture  
that reflects  
your values

## 4 Succession plans can help preserve your values and legacy

Certainly, a succession plan can help lay the foundation necessary to build and sustain your legacy in both the family and the business. But is it important to have a long-lasting business, or is it as much—if not maybe more—important that the business continues to live the values and mission you’ve built for it?

Once a business changes hands, it’s going to be difficult to force the new owner to adopt the same vision you had while running it, so it’s important to choose the right successor. When building a succession plan, it will be critical to set forth the principles and values that are important to you. It will help identify the questions you may want to ask a successor and how they would potentially continue and improve upon your mission. As a business owner, you can build up an enduring corporate culture that reflects your values. For example, create a corporate governance structure that helps to embed your values into day-to-day business, making it much harder for any future leader to unwind your legacy.

A succession plan can range from short and sweet to very detailed and cover a broad range of topics. A robust succession plan can help answer much more than who might literally be the next person to operate your business. If you think about your goals and what you want your business to achieve for you and your family as well as the business, employees, customers and community as a whole, you can begin fleshing your ideas out on paper.

Speak with the stakeholders that matter to you and work with your trusted advisors. Once that’s done, begin implementing the actions you feel necessary to help make those plans a reality. Whether it’s you specifically or those who will be next, no one wants a *shoulda, coulda, woulda*.

Learn more at [ubs.com/businessservices](https://ubs.com/businessservices)





# 2020 is the best year ever ... to do estate planning

*Whether it's been navigating the constantly-shifting rules for the paycheck protection program loans, waiting to see which phase of reopening applies to particular business sectors, or pivoting from one business model to another to survive, it has been a challenging year, to say the least, for many business owners.*

Because of the near constant challenges, it could be easy to skip over or miss altogether the historic year it is for estate planning. Indeed, 2020 is the best year in history to do estate planning and here are the top four reasons why:



Brad Dillon  
J.D., LL.M

UBS Senior Wealth Strategist,  
Advanced Planning, UBS  
Global Wealth Management

## 1 Mortality is on our minds

COVID-19 has brought mortality to the forefront of our collective consciences. Having your basic affairs in order has become a top priority for many. The increased risk of severe illness or death has many families wanting to get some basic estate planning documents in place to ensure their wishes are carried out, in the event of incapacity or death. The basics include a will, advanced medical directives and powers of attorney.

Having a basic will ensures that your assets are disposed of at your death in accordance with your wishes. The will is also often the governing document that names guardians for minor children in the event that both parents die. Without a will, the laws of your state of residency determine who should care for your children and how your assets will pass, which may or may not be aligned with your wishes. So codifying your wishes or revisiting your documents to ensure they still reflect your wishes is highly encouraged, especially during a global pandemic.

In addition, if you become incapacitated for any reason, you'll want your healthcare decisions to be codified in an advance medical directive, which enables you to make your wishes known and to have a say in your

treatment when you may not be able to speak for yourself. For example, a living will details the types of life-sustaining medical treatments you want or do not want to receive should you become incapacitated. Similarly, you may also wish to name a healthcare agent who may make healthcare decisions for you in the event you become incapacitated.

To further plan for potential incapacity, it's important to name a trusted individual who is authorized to make day-to-day financial decisions on your behalf (e.g., to pay bills, manage assets, change asset allocations, sell securities, make decisions for your business, etc.).

For business owners, this can be important to help keep your business operational and your employees paid. This can be done with a power of attorney, where you may name an agent to transact on your behalf while you are alive but unable to act on your own behalf. Getting at least these basic documents in order should help you rest a little more easily knowing that your wishes are appropriately codified.



With increasing political uncertainty, you may want to consider this sooner rather than later

---

## 2 The Gift and Estate Tax Exemption amounts are temporarily at all-time highs and may decline as soon as next year

The Tax Cuts and Jobs Act of 2017 increased the amount that an individual may give away to others during his or her lifetime or at death without being subject to the 40% gift or estate tax. This so-called exemption amount is currently \$11.58 million per individual (\$23.16 million for married couples).

While these amounts are set to continue to increase with inflation through 2025, at which point they'll decrease back to \$5 million, nothing would prevent a Democratic Congress—and president—in 2021 from cutting the exemption to a much lower amount. Most Democratic proposals, for example, recommend setting the exemption amount at \$3.5 million, the lowest amount in over a decade.

Of course, we do not know the outcome of the election, so we cannot predict the makeup of Congress or the White House next year, but that is precisely why 2020 is the best year to utilize the exemption, because the current exemption amount may significantly decline next year. So why not take the “wait and see” approach and hold off on making any planning decisions until the makeup of the Congress and White House is determined in November? After all, that would leave almost two months to get your

affairs in order and take advantage of more sophisticated planning strategies before the end of the tax year and before an impending decline in the exemption amount.

However, aside from engaging a lawyer and accountant, transferring closely-held business interests requires the use of a qualified appraiser to value the business interests or other assets being transferred, and the valuation process typically takes several weeks, not days.

In addition, many business owners may want to retain control of their business by transferring only the economic interests in the business. This requires a legal restructuring of the business that may require a significant time outlay. Lawyers, accountants and valuation firms are likely to be overwhelmed in November and December, if the election tilts the balance of power in favor of the Democrats. What's more, putting together a hastily concocted plan at the last minute is never recommended. The temporarily inflated exemption amount is a use-it-or-lose-it amount, so if it disappears next year, you'll want to have made the best use of it this year.



Making gifts during life is the most effective way to achieve tax minimization

---

## 3 Asset values across many asset classes are depressed (and that's a good thing for planning)

The pandemic has had a deleterious effect on the values of the vast majority of asset classes, including closely held or family-owned businesses. If the expectation is that the values are temporarily depressed and will rise again in the short- or medium-term, those depressed values create a ripe environment for successful wealth transfer planning.

The entirety of estate planning comes down to a simple strategy: transfer as much of your wealth outside of your estate before your death as possible, as soon as possible, in order to minimize the value of your estate for estate tax purposes. Making gifts during life is the most effective way to achieve this tax minimization, because it not only gets the gifted assets out of the donor's estate, it also allows any future appreciation on those gifted assets to occur outside of the donor's estate as well.

Because the current law allows individuals to make lifetime gifts of \$11.58 million before being subject to a 40% gift tax, donors must value those gifts on the date of transfer to determine how much of the exemption they must use for the gift. When asset values are depressed, the immediate effect is that the donor can use less of his or her exemption than if the value was inflated. What's more, once the assets are in the hands of the



donee, any subsequent appreciation occurs in the donee’s hands—i.e., outside of the donor’s estate—without any additional use of any of the donor’s exemption. In short, gifting interests in a business while the business is suffering a temporary loss is a great way to leverage a donor’s remaining gift tax exemption amount by using less of it to get the assets into the hands of the beneficiaries or organizations of your choosing.

#### 4 Interest rates are at all-time lows

Every month, the IRS publishes various prescribed interest rates for federal income tax purposes. These Applicable Federal Rates (“AFRs”) are calculated based on the yields of certain government debt obligations. As yields drop, the AFRs also decrease. The AFRs are used for various purposes, including setting the minimum market rate for loans. For planning purposes, AFRs are used in estate planning to determine the minimum rate of interest that must be charged for an intra-family (i.e., non-commercial) loan. In addition, they’re used to determine various “hurdle” rates for estate planning strategies, including grantor-retained annuity trusts, one of the most common estate planning techniques. The AFR and hurdle rates for June 2020 were the lowest they’ve ever been in history, making many estate planning techniques much more favorable.

For example, suppose a parent has agreed to loan money to her child to purchase a home or to fund a business venture. IRS rules require that the parent charge the child a minimum rate of interest that the IRS publishes monthly in order for the loan to be respected and treated as a gift and taxed accordingly. The minimum rates of interest depend on the length of the loan, but for a loan term of between three and nine years, for example, the interest charged needed to be only 0.43%, a significantly lower rate than a commercial lender would provide and lower than the rate has ever been in the IRS’s history. These historically low AFR rates also make sales to intentionally defective grantor trusts, another common estate planning strategy, and certain charitable trusts, particularly attractive.

Finally, these AFRs are the basis for determining the so-called hurdle rates for GRATs, an estate planning vehicle that is most successful at transferring wealth outside of the estate when the assets held by the GRAT appreciate at a rate greater than the hurdle rate. That hurdle rate for June 2020 was 0.6%, meaning that any appreciation above that meager amount is shifted outside of your estate to the beneficiaries of your choosing without the use of any exemption amount. In short, many estate planning strategies thrive in low interest rate environments, and with rates being the lowest they’ve ever been in history, there may never be a better time than now to consider some of these planning opportunities.

### Ongoing dialogue

# Business owners answer timely questions

*What has the lockdown taught you?*

That I can physically sit on a video call for hours and feel productive : )

*How has the pandemic changed how you will run your business?*

Over 85% of our portfolio was considered an essential service. We are well-positioned to grow our business.

*What concerns you now? And what’s exciting you?*

I’m mostly concerned about the safety of our team and the health of the environment. I am excited about how much our team accomplished remotely and am excited to get back into the office with everyone, when it’s safe to do so.



Ron Gonen

Co-founder & CEO  
of an environmentally  
focused investment firm





# What's next for mergers and acquisitions?

*Several months ago, we held a cautiously optimistic outlook for 2020 middle-market Mergers and Acquisitions (M&A) activity.*

Our view was bolstered by a number of factors, including:

- Overall stable macroeconomic backdrop**
- Positive business and consumer sentiment**
- C-suite focus on growth with capital to invest**
- Significant dry powder from private equity**
- High valuation levels**
- Strong credit markets with available financing for buyers**

However, the recent global COVID-19 outbreak has materially changed the near-term outlook for middle-market M&A—and instead paved the way for increased market volatility and weakening economic forecasts.

Still, there are steps that business owners can take to prepare for a future liquidity event once the market regains a stable footing.



Listen to an M&A roundtable featuring experts on investment banking, law and taxation

PART 1   PART 2



Nicole Coyne


UBS Business Development Group, Private Markets, UBS Global Wealth Management





How have recent events impacted the M&A process?


M&A activity has been slowed, and will likely remain low, until volatility subsides and there is more visibility into the impact of the pandemic on businesses and the near-term economic outlook. Most current deal activity is around counter-cyclical businesses or where flexible financing may be had.

Business owners contemplating a near-term M&A process may consider the following:

 **Impact on diligence:** Buyer diligence and management meetings have slowed or halted in many cases, as these functions often require face-to-face interactions. Many companies and investors have mandated that all meetings take place electronically.

 **Stress-testing downside cases:** Buyers will look to stress-test management forward projections and understand how COVID-19 will continue to impact earnings over the next several quarters.

 **Availability of credit to buyers:** Access to credit for many new issuers may be difficult until the market regains stable footing. The high cost of capital, or lack of available credit, will result in buyers not bidding for assets or lower purchase multiples from buyers.

 **Decline in valuations:** Overall risk appetite has contracted. Reference valuations for comparable public companies have declined, though public markets have rebounded from their March 2020 lows. Investors are also likely to re-evaluate business forecast assumptions and place more weight on downside scenarios.

How should business owners navigate current market conditions?

We suggest that business owners continue to focus on execution and planning. Your first priority should be to successfully operate the business over the next several months. You need to make plans to safeguard employees, customers, suppliers and other stakeholders—while working to ensure there is limited operational disruption. These are mettle-testing times, you might say.

Take a fresh look at your business’s short-term budget and long-term financial plan. Work to understand any liquidity constraints the business may encounter. Take the measures you can to shore up financing that can insulate the business in the event of a drawn-out potential economic downturn.

**Importantly, in times of crisis, cash is king. The below steps may be taken to stabilize cash flow and ensure the business is on sound footing.**

- Conduct robust short-term cash flow forecasts to understand funding requirements
- Access available sources of capital today and strengthen your balance sheet
- Implement tighter controls over cash to reduce leakage and adapt to shifting lender requirements
- Create short-term liquidity strategies
- Maintain open lines of communication with stakeholders including lenders, suppliers and landlords
- Explore alternative financing solutions

Once the business is stable and management capacity is available, we suggest beginning pre-M&A planning work. Going forward, we expect that investors will have renewed focus on due diligence efforts evaluating business resilience, supply chain risks and other operational aspects of the business.

Further, for years to come, potential investors will be evaluating both the operational and financial performance of businesses during this period in order to measure the cyclicalities and overall resilience / risk profile of a business. The “right” course of action for each business is unique, but the company’s management team will likely be measured on how they navigate this environment.

To the extent possible, track any COVID-19-related impacts on the business and expect that at some point the management team may need to explain in detail how and why the business performed the way it did during this period of disruption. We recommend tracking “exceptional” events such as contract delays, customer order cancellations, overtime costs, sick leave, supply disruptions and elevated transportation costs, among others.

---

Your first  
priority should  
be successfully  
operating your  
business over  
the next  
several months

---

## Looking forward and positioning for the future

It is unclear how long the market volatility will last. Some estimate an additional 3-6 months, while others estimate a longer path to recovery for some sectors.<sup>2</sup> Key factors for recovery include the rate of decline in COVID-19 cases, an easing of government mobility restrictions and the overall rebound of the global economy.

M&A activity typically lags a recovery in the public equity and credit markets. With the recent rebound we’ve seen in the public markets, we’ve gained a renewed sense of confidence that M&A activity will similarly rebound as credit markets continue to open up for buyers. Yet, we temper that optimism, seeing that the overall political and civil climate continues to create a volatile atmosphere as businesses begin their initial phases of reopening.

For business owners planning to sell their company in the near term, begin the preparation process now. That will give you more options and put you in a better position to enter the market—when volatility subsides and the M&A window reopens. Liquidity is still in the system and “dry powder” (funds raised by investors, such as private equity funds, but not yet invested) on the sidelines.

When investors’ risk appetite returns, there may be an imbalance between demand and available supply. High-quality companies that are primed and ready to capitalize on a market window reopening may be able to benefit when the market outlook improves.

Take a balanced view when looking at the current middle-market M&A landscape. With markets recovering, we are encouraged that some signals point in the direction of an M&A window, yet there’s an overhang of uncertainty, given the pandemic and broader political environment. Stay confident in your ability to reach strategic and monetization goals in the long term—and know that business owners who remain cautious and engaged now will be best-positioned for success.

---

Track any  
COVID-19-related  
impacts  
on the business

Be prepared to  
explain how and  
why the business  
performed the  
way it did during  
this period

---

<sup>2</sup> UBS surveyed 500 business owners with at least \$250k in annual revenue and at least one employee other than themselves, in the month of June. Read the report [here](#).

# Business owners answer timely questions

*What has the lockdown taught you?*

I learned that I really like my commute. As I transition between a personal space and workspace, I do the same for my headspace. It serves as a blocked time each morning that I’m underground and disconnected, just visualizing and preparing for the day.

*How has the pandemic changed how you will run your business?*

I think this pandemic has demonstrated the importance of being true partners for our customers, not just solution-providers. Most of our customers are restaurants or restaurant chains, and the food service industry has experienced one of the most dramatic shifts during this pandemic.

In recent months, we saw our customers struggling to keep up with rapidly changing regulations, and total overhauls of consumer behavior. We’ve kept up with the changes and generated free content to help our partners adapt quickly and operate safely.

*What concerns you now? And what’s exciting you?*

I am very concerned for both the sick and for the healthcare workers. The worst of the pandemic may seem to be over, but the pandemic itself is certainly not.

I am excited about the opportunity to keep working in preventative health. I believe that we can empower our partners and their team members to reopen safely, and continue to reduce the spread of COVID-19.



Christine Schindler

Co-Founder & CEO,  
PathSpot™ Technologies

*What has the lockdown taught you?*

The lockdown offered an opportunity to think about how to react to the pandemic and contribute to the recovery.

*How has the pandemic changed how you will run your business?*

I realized that virtual calls are an adequate replacement for introductory meetings, whether they are in business or customer discovery. But they can’t fully replace in-person meetings.

*What concerns you now? And what’s exciting you?*

The post-pandemic world will be a very different place. The Covid-19 virus has upended traditional ways of doing business—travel, education, entertainment, healthcare and more. How do these institutions of society reconfigure and reinvent themselves? What new businesses and services will emerge? I’ve started a series of classes.



Steve Blank

Co-founder, E.piphany,  
Educator & Author





# Preparing for a new reality

*Just a few months ago, we were breaking the record for the longest-lasting economic expansion in US history, with seemingly no end in sight. But all of this changed in mere weeks, as the shutdown of the global economy turned record-low unemployment into record-high unemployment and threatened the viability of previously flourishing businesses.*

As we begin the re-opening process, it is becoming clear that the disruption will leave a lasting impression, and that business owners and businesses alike will need to make changes to their pre-crisis plans if they are going to survive one of the most challenging environments in history and thrive in the new post-COVID reality.

## Adjusting the plan

When assessing which resources need to be redirected to adapt to the new environment, we recommend using the Liquidity. Longevity. Legacy. (3L) framework, which is designed to help investors earmark their resources to meet specific goals, and invest them appropriately.<sup>3</sup> Today, many business owners may find that they can no longer meet goals within the original time frame, and that some of their resources will need to be redirected to get the business back on track. For example, many business owners that had been nearing a sale may need to postpone it, and many business models may need another period of investment to adjust it to the new market realities.

By using the 3L framework, business owners can work with their partners, their families and their financial advisors to make sure that their goals are up to date and that they have the right strategy to still meet them. For example, the Liquidity strategy takes the resources that you need to meet your next three to five years of cash flow needs and isolates them from market risk, helping you stay focused on the long term. And the Longevity strategy helps you identify how much capital you will need to retire on time and on budget, and how those funds should be invested. This leaves the Legacy strategy assets, which can be invested for growth to meet the needs that go beyond your own, such as charity or future generations. For more information, please see *Uncommon success: Wealth strategy for entrepreneurs and business owners*, where we discuss the process of building and adjusting your exit strategy before, during and after the sale.

<sup>3</sup> Time frames may vary. Strategies are subject to individual client goals, objectives and suitability. This approach is not a promise or guarantee of wealth, or any financial results, can or will be achieved.



Justin Waring  
APMA

UBS Investment Strategist  
Americas, CIO Global Wealth  
Management



## A new reality

Businesses owners have already had to make drastic changes to their operations, and they will need to continue to adapt to a new reality in the still-uncertain post-COVID environment. The good news for entrepreneurs is that these moments of challenge often bring opportunity for the well-prepared. In this article, we will walk through four major post-COVID trends, and identify strategies that business owners can implement to take advantage of this window of opportunity. The expected time frame for these changes is long term.



Moments of challenge  
may bring opportunity  
for the well-prepared

### 1 More debt = higher taxes

Governments around the globe have implemented massive spending packages to “bridge the gap” during the economic shutdown. While some spending cuts are possible, there is little doubt that higher taxes are also on the menu.

In the US, former Vice President Joe Biden has proposed a more progressive personal income tax system, increasing the top income tax rate from 37% back to the pre-2017 level of 39.6% (43.4% including the 3.8% Net Investment Income Tax). For taxpayers with income above USD 1 million, capital gains and dividends would be also taxed at this higher rate. Among other proposed measures, Biden’s tax plan would add a 12.4% payroll tax on income above USD 400,000, cap the tax benefit of itemized deductions at 28% and tax unrealized capital gains at death. According to an analysis by the University of Pennsylvania, taxpayers in the top 0.1% of the income distribution would bear about 54% of the impact of these changes—with an average tax increase of USD 1.3 million per taxpayer in that bracket—and 80% of the impact would fall on the top 1% of the income distribution.

Corporate taxes are also likely to go higher in some jurisdictions. Biden has proposed raising the corporate tax rate from 21% to 28% in addition to a 15% “minimum book tax” on firms with \$100 million or more in net income. In addition, we are likely to see more momentum behind a global proposal that would seek to tax businesses based on where revenues are generated—a policy that would have a particularly large impact on the US tech giants, but could also affect smaller US firms that have tapped into global markets.

These proposed changes are not a foregone conclusion, and some provisions could be difficult to pass even under a Biden presidency unless Democrats are able to secure a majority in the House and in the Senate. It’s also worth noting that a re-elected President Trump would like to cut taxes further, if possible.

Last, but not least, it’s important to note that some of the 2017 personal income tax changes in the Tax Cuts and Jobs Act are due to “sunset” at the end of 2025. One provision is particularly important for business owners: the estate tax exemption—which was raised to USD 22.4 million for couples, indexed to inflation—is poised to be halved back to its original level (USD 11.2 million, indexed to inflation). Anything above this level will be federally taxed at a rate as high as 40% (in addition to state-level taxes that may apply at different wealth levels). It’s possible that Congress could extend the current exemption level, but given the state of the US deficit—and the politics of US wealth and income inequality—it seems more likely that the exemption could be lowered further, or sooner.

It often feels too soon to have an estate planning conversation, but taxes aren’t the only reason to begin the process. With revenues depressed in 2020, this may be an opportunity to gift shares of company stock at depressed valuations. There are also important family considerations. As we discuss in *Legacy Strategy: How to leave a meaningful inheritance*, the biggest impact on our families and our communities often comes through intentional lifetime gifting—where we can share in the benefit that comes from the monetization of our life’s work—rather than through an end-of-life bequest.

Be sure to discuss these considerations with your tax professional and your financial advisor to determine if there are any strategies you can use to reduce your tax burden.

It often feels too soon to have an estate planning conversation, but taxes aren’t the only reason to begin the process now

### 2 Lower interest rates

In addition to higher taxes, we also expect governments to rely on “financial repression” to manage their higher debt levels. By keeping interest rates low for a long time, central banks will implement a type of tax on conservative savers and investors, who become less able to safely earn an above-inflation investment return. Financial repression helps to support the value of riskier investment such as corporate bonds

and equities (some of which are being directly purchased by central banks), and allows banks to give lower-cost loans to businesses and individuals.

In a low interest rate environment, borrowing strategies become relatively more attractive as a complement to traditional cash management strategies. In addition, low interest rates can reduce the cost of intra-family loans, and increase the value of some estate-planning strategies such as Grantor-Retained Annuity Trusts (GRATs) – as discussed further in *Advanced Planning Insights: Planning in a low interest rate environment*.

### 3 Higher inflation, more localization

Another consequence of financial repression is that central banks are likely to tolerate a modestly higher rate of inflation, allowing the economy to run a little “hot” before they raise interest rates.

Inflation rates have been low and falling for decades, so many of today’s businesses have not had any experience with rising inflation. Business owners should proactively consider ways to more effectively pass rising costs on to customers, and investigate strategies for avoiding cost inflation on their inputs.

As a part of their strategy for controlling cost inflation, we expect many companies to redouble their efforts to diversify their supply chain globally, including some localization of some manufacturing processes. While these steps will often require an up-front investment, they will be seen as vital to protecting against the risk of higher tariffs and mitigating the risk of supply chain disruptions caused by protectionism, pandemics or other factors.

### 4 More digital

Another consequence of the COVID-19 crisis is the rise of remote work. Working from home has been a necessity due to the nature of the pandemic, but it has proven its value for many businesses that had been afraid to take a risk. In the post-COVID world, many companies will likely offer remote work as a benefit to attract and retain talent.

Not all businesses will be able to do so, but it’s worth considering the potential value that remote work can add. In addition to helping a business maintain resilience during natural disasters, a more digital workplace can also lead to a more diverse and dynamic workforce, since it effectively broadens the variety of applicants. When employees are able to move out of cities and into lower cost-of-living areas, their paychecks can go further. It’s a potential win-win: employees can spend time with their families instead of commuting, and the business can invest in growth rather than real estate.



Widespread working from home has proven its value for many businesses

### Conclusion

Business owners will face many new challenges in the more indebted, less global and more digital post-COVID world. But each potential disruption is also a business opportunity, and even the prospect of a financial “triple threat”—higher taxes, lower interest rates, for longer, and modestly higher inflation—presents a window of opportunity.

For more insight into how the global economy will change following this crisis, please see our full report, *Global financial markets: After COVID-19*.

For more information on how you can use the 3L framework<sup>4</sup> to prepare your business and yourself for an eventual exit, please see [ubs.com/sellingyourbusiness](https://ubs.com/sellingyourbusiness).

<sup>4</sup> Time frames may vary. Strategies are subject to individual client goals, objectives and suitability. This approach is not a promise or guarantee of wealth, or any financial results, can or will be achieved.

# Business owners answer timely questions

*How has the pandemic changed how you will run your business?*

We suddenly formed very close relationships with all of our competitors. We all realized we rise or fall together depending on how well Aspen competes as a world-class destination and place to live. We kept every single employee on payroll and gave them advanced training during the quarantine.

I also got closer to my customers. I invested in deep profiles of all the Here House members. They are movers and shakers who came here from all over the world, with fantastic stories. I want these stories to be the glue that holds our community together. I want to keep this closeness with competitors, customers, employees.

*What concerns you now? And what's exciting you?*

Right when we were losing money and people were wringing their hands, we invested and made Here House and Local more special and more beautiful. I have learned that faith in the future pays off.

Many decades ago, in the tech bubble crash, when I should have been eating beans and hot dogs and worrying myself sick as a single mother with no safety net, I invested in a gorgeous 1999 German convertible.

I met my now-husband a week after I bought that little car, had countless adventures with my two little girls, and I still have it to remind me to keep having faith even in bleak moments.



Candice  
Carpenter  
Olson  
Co-Founder, Local Coffee  
Houses and Roasting

*What has the lockdown taught you?*

I have learned patience and empathy are important to our success as an agency, innovation is everywhere (you just need to be open and ready for it) and finally, agility is key in unknown situations.

*How has the pandemic changed how you will run your business?*

UWG now runs the business through a 3 A's framework to acknowledge and assess the opportunity, create necessary action and ensure accountability at every step. This path ensures diversity and inclusion are key factors to our success.

*What concerns you now? And what's exciting you?*

I am concerned everyone has not recognized that this time has changed us forever. I am excited that this time has changed us forever.



Monique  
Nelson  
Chair and CEO,  
UniWorld Group

# Business owners answer timely questions

*What has the lockdown taught you?*

Being crystal clear about the mission of my work and my purpose on this planet has made it quite easy to navigate what to do and how to spend my time in this lockdown.

*How has the pandemic changed how you will run your business?*

Every day I ask myself what I can do today to help women get their fair share of the economic pie and help someone start or grow a business to create innovation, jobs and new wealth.

This pandemic has only deepened my commitment to that mission. The biggest permanent change about how I will teach in the future is a plan to use technology and video meetings for more efficient use of my time.

*What concerns you now? And what’s exciting you?*

Women traditionally are more negatively impacted by an economic downtown.<sup>5</sup> I am concerned about that, but also see signs bringing hope that maybe this time that will not happen.

There seems to be new appreciation for and recognition of some extraordinary women leaders—the “sheros” of this challenging time. I cannot wait to get back to travel for public speaking and live interaction with audiences.



Barbara Roberts

Entrepreneur in Residence,  
Columbia Business School  
and Hofstra University

**Acknowledgments**

We want to extend immense appreciation to everyone who worked on this report. To all of the experts who provided insight, to everyone on the team who brought the piece from concept to reality, thank you for your contribution.

We would also like to offer a hat tip to our illustrator, Willa Gebbie, for enhancing this paper with the personal touch of creating individual sketches of the authors and contributors.

Once again, we thank Barbara Roberts, an incredibly talented author and entrepreneur, for her eagerness to help business owners succeed in any environment.

James Jack

UBS Head of Business Owners Segment Americas,  
UBS Global Wealth Management

UBS Financial Services Inc. and its affiliates do not provide legal or tax advice. Clients should consult with their legal and tax advisors regarding their personal circumstances and before they invest or implement. This report is provided for informational and educational purposes only. Providing you with this information is not to be considered a solicitation on our part with respect to the purchase or sale of any securities, investments, strategies or products that may be mentioned, including estate planning strategies. In addition, the information is current as of the date indicated and is subject to change without notice.

As a firm providing wealth management services to clients, UBS Financial Services Inc. offers investment advisory services in its capacity as an SEC-registered investment adviser and brokerage services in its capacity as an SEC-registered broker-dealer. Investment advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate arrangements. It is important that clients understand the ways in which we conduct business and that they carefully read the agreements and disclosures that we provide to them about the products or services we offer. A small number of our financial advisors are not permitted to offer advisory services to you, and can only work with you directly as UBS broker-dealer representatives. Your financial advisor will let you know if this is the case and, if you desire advisory services, will be happy to refer you to another financial advisor who can help you. Our agreements and disclosures will inform you about whether we and our financial advisors are acting in our capacity as an investment adviser or broker-dealer. For more information, please review the PDF document at [ubs.com/relationshipssummary](https://ubs.com/relationshipssummary).

No affiliation, association, endorsement or sponsorship is suggested or implied by UBS to the companies or the persons mentioned in this report, or to their products and/or services. Certain of these companies are recipients of grant monies awarded through Project Entrepreneur, a philanthropic program sponsored by UBS AG through the UBS Elevating Entrepreneurs initiative and managed by Rent the Runway Foundation. AG.

© UBS 2020. All rights reserved. The key symbol and UBS are among the registered and unregistered trademarks of UBS. UBS Financial Services Inc. is a subsidiary of UBS AG. Member FINRA/SIPC. Approval Date: 7/10/20 Review Code: IS2004185 EXP 7/31/21

<sup>5</sup> [unaids.org/sites/default/files/media\\_asset/JC2368\\_impact-economic-crisis-women\\_en\\_0.pdf](https://unaids.org/sites/default/files/media_asset/JC2368_impact-economic-crisis-women_en_0.pdf).





# You didn't build a great business by being timid

Today's environment presents new challenges. You've always navigated stormy seas by depending on your instinct and your will to succeed. Getting back to business should be no different.

Your UBS Financial Advisor can help you move ahead with your business and your personal wealth.

**Proceed with passion.**

**For some of life's questions, you are not alone. Together we can find an answer.**

[ubs.com/fs](https://ubs.com/fs)



As a firm providing wealth management services to clients, UBS Financial Services Inc. offers investment advisory services in its capacity as an SEC-registered investment adviser and brokerage services in its capacity as an SEC-registered broker-dealer. Investment advisory services and brokerage services are separate and distinct, differ in material ways and are governed by different laws and separate arrangements. It is important that clients understand the ways in which we conduct business, that they carefully read the agreements and disclosures that we provide to them about the products or services we offer. For more information, please review the PDF document at [ubs.com/relationshipssummary](https://ubs.com/relationshipssummary). 2020-266359A IS2003642 Exp.: 06/30/2021