



# Recovery & Planning

with ACS Affiliate Services

As the domestic economy continues to grow and global trade reaches pre-pandemic levels, the return to relative normal business operations appears to be happening sooner than some would have predicted. Much of the industry has accepted the challenges of a restricted economy and has emerged with new possibilities for expanded service. With news of a continually stabilizing market, the U.S. is expected to have an unprecedented year of growth throughout 2021.

## Economy

At the beginning of the year, the threat of recession in the coming months was a noteworthy economic factor. In January it was predicted that the chance of a recession in 2021 was as high as 25 percent (S&P Global). But with news of the Fed holding off major interest rate increases until at least 2023, the risk of recession has slipped to 10 to 15 percent in the year ahead. This results in improved confidence in spending on consumer goods and business-to-business goods.

## Industry

This has already been an unusual year for the industry in that it is not nearly as linear as most years. Traditionally, with industry shows and yearly planning taking place in January, the industry witnessed a buying increase during the first quarter. But with virtual shows and lingering economic unknowns, that was not the case during Q1. But as the year has progressed, the industry is not only managing, it is growing.

## Finance

Consumers are primed to spend a great deal more in 2021 than in 2020. The trust in the financial balance that has emerged as well as the selective nature of spending over the past year has created unparalleled spending reserves. The business consumer market is equally available. Much of the industry downturn throughout 2020 was not necessarily a result of lack of spending availability from customers, but lack of trust in overall business economics. As this continued, businesses restricted their spending as a precaution.

But like consumers, businesses are ready to spend. Many are needing to find ways of recreating marketability and giving consumers the options in their consumption that have been lacking over the past year. Still, businesses are cautious about how they are spending as there remain some economic restraints consistent with the ongoing impact of a pandemic. This balance of availability and caution is optimal for industry distributors.

Two important considerations must be assessed when looking from a distributor perspective at a market that is at this level of optimization. The first is the financial impact. What is your present ability to fund orders of significant size and what is your comfort in funding these orders? Second, are you able to

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accept the challenge of financial sustainability? Each of these areas is sometimes too quick to be overlooked. Distributors find themselves accepting financial risks as a means of maintaining typical business operations. But the risk is an increasing consideration during our present time of recovery. This is not a time to accept any unnecessary risks or to overextend any offering as a means of stabilizing functionality.

## Borrowing

Banks have already begun to increase the cost of borrowing for businesses, and that trend is expected to continue in the coming months and even years. This has a direct and immediate impact on small businesses that continue to recover more slowly from the economic turmoil of the last year. This is a matter of basic economic cause and effect but one in which the impact could become significant for borrowers over the next few years. Traditional consumers are borrowing less based on their ability to fund even large purchases out of pocket. This puts banks in an unusual place of need. The low inflow of





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consumer spending creates greater restraint on business borrowing as a means of overcoming this financial loss.

So, what does this mean for you? 2021 is a year of recovery. It is going to be marked as a comeback for many, including many of your clients and prospects. But if your ability to borrow as a means of supporting this opportunity is at all a consideration, you must consider all potential limitations. Order financing

is one of the most core components of developing operational success in this time of economic recovery. Financing should be designed to allow businesses to protect their assets against market volatility while maximizing economic opportunity. The challenges of borrowing in a traditional sense are further than higher cost. Bank borrowing is removed from a business's operations. It's disconnected by nature. This means that while financial support might be available, it's limited. But what if you could finance with an industry partner who understands the inner workings of this industry because they only serve this industry?

This is the time to plan your roadmap of recovery and success. As economic equilibrium continues to develop throughout our market, those on

the individual and small business level can expect a more difficult recovery depending on their financial and operational plans. Your business should not just work to maintain, it should grow. A partnership with ACS Affiliate Services is designed to achieve just that. It is a collaborative, supportive, and most importantly, trusting union. Yes, it is financial and operational support. But moreover, it's a chance to connect with a team that looks out for your best interests and understands that each business has different needs and will face different challenges.

The ACS Affiliate Services team is here to support you in every way. Your success is paramount. To learn more, visit [www.acsaffiliateservices.com](http://www.acsaffiliateservices.com) or enquire with Jodi Meyer at [jodi.meyer@aimsmarterllc.com](mailto:jodi.meyer@aimsmarterllc.com).

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