

Economic Uncertainty is the time to 'Prepare for the Best'

By Pete Dontas

On April 5, 2025, the Federal Reserve Bank of St. Louis (FRED) Economic Policy Uncertainty Index, which provides a daily uncertainty index based on news, forecasting, and tax codes for the United States, reported its¹ highest score (992.75) in the past 12 months. In this context, uncertainty means a situation where the outcomes are increasingly hard to measure. Since that time, expectedly business leaders throughout New Jersey, have been eager to discuss what economic headwinds could be coming our way and how their businesses should respond.

Many companies are asking what steps they should take, what expenses should they cut, and how to make plans now, with the mindset they should be preparing for the worst. However, I take a different approach. I tell them now is a perfect time to **“prepare for the best.”**

As a Market Executive in New Jersey, I'd like to share my perspective on five things corporate leaders can do now to “prepare for the best,” while also keeping an eye out for possible economic changes that could impact them in the future.

1. Dust off the business plan

A change in any economic cycle always represents a great time to pull out your strategic business plan and make sure it is up to date and reflective of the current business conditions.

In the current business climate, it is important for companies to stay informed, flexible, and ready to execute a strategy to navigate the impact of proposed trade costs and avoid supply chain disruptions. It's also a good time for companies to consider traditional supply chain finance programs that can provide buyers a good source of working capital and liquidity during uncertain times.

Finally, it's important to survey the general internal and external environments of your business and consider what updates might be needed. Has your lease changed and no longer meets your needs? Would unexpected turnover significantly impact your operations? Change is part of the business lifecycle and having an adaptable business plan could reduce overall business vulnerabilities.

2. Reassess capital needs/requirements

During times of uncertainty, being acutely aware of your capital needs is crucial, not only regarding your balance sheet, but when it comes to successfully planning for the future. In fact, while it might seem counterintuitive to raise capital during unpredictable times, additional capital can provide the funds needed to leverage opportunities, including mergers and acquisitions that may come with economic uncertainty.

Without capital reserves, these strategic moves might be missed. Now could be the time to connect with a banker to discuss possible lines of credit as your business seeks to “prepare for the best.”

3. Ramp Up Marketing

¹ [Economic Policy Uncertainty Index for United States \(USEPUINDXD\) | FRED | St. Louis Fed](#)

Another common “logical” move during economic uncertainty is to decrease marketing expenses to help reduce costs and conserve capital. This, however, might be the wrong move. In fact, according to a *Forbes* article by Dennis Kirwan, “History has repeatedly proven that during a slowdown, businesses actually benefit more from advertising.”² Kirwan references a study that showed businesses who increased marketing spend during the recession of the early 1980’s realized higher sales than their competitors that did not.²

4. Understand the 80/20 Rule

The Pareto Principal³ theorizes that company leadership should prioritize key loyal customers and implement a retention strategy to keep them engaged. Business leaders would do well to focus on strengthening relationships with the 20 percent of their clients that account for 80 percent of the business. While growing your client base is always a business plan goal, retaining and enhancing those key relationships can be equally, if not more, important.

5. Optimize Operations

It’s smart to review operations and improve efficiency wherever possible. And while cutting some costs may look like a good idea, be sure to consider how these cuts may potentially stymie growth. In fact, it is wise to consider the balance of investing in tools to enhance efficiency alongside the cost of delaying those investments.

When faced with the unknown, often business leaders will delay decision making that could involve purchases, technology investments, or changes to labor. But it’s important to remember there is often a price for both action and inaction.

Conclusion

Building and operating a business can be difficult during the best of times, and amidst periods of economic uncertainty the challenges can feel overwhelming. However, by considering these five strategic steps now, business leaders can “prepare for the best,” regardless of whatever headwinds come their way.

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² Forbes “[Why Businesses Should Continue Marketing During A Recession](#)” August 16, 2022

³ Investopedia Team “[What Is the Pareto Principle—aka the Pareto Rule or 80/20 Rule?](#)” June 27, 2024