



CRYSTAL BALL



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Pandemic cements move to remote work, automation; more stimulus needed

A Q&A with John Ruther, managing director of O'Keefe Consulting LLC

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John Ruther joined the Grand Rapids office of O'Keefe Consulting LLC in July as managing director. The company, based in Bloomfield Hills, offers a range of services including turnaround and restructuring consulting, corporate finance and litigation support. Ruther spoke with *MiBiz* about his view that some of the business practices that employers adopted in the pandemic — remote work and accelerating the use of automation — will remain in place in 2021 and beyond.

What do you see the economy doing in 2021?

We're going to see uncertainty running pretty much through the entire year and because of that, you're going to end up seeing capital expenditures happen in I.T. and back-office automation and CPM software, (corporate) performance management. Because they don't know exactly what's going to happen moving forward, (companies) are going to be looking to beyond 2021 for the rebound. You'll see where they'll start analyzing data better. It'll prep them for more permanent home office work too, I imagine.

Then I also see that you'll find a big push in 2021 even for the middle market to go with an ESG strategy, meaning environmental, social and corporate governance. That's going to address areas like diversity and inclusion. It's going to address areas like health and safety that obviously came up during COVID. In bigger companies, you see it fit in the area of sustainability, but we're all really going to have to start adopting some strategies that will help us understand where things are going as we move forward. ESG is a great framework for that.

How will the economic fallout from 2020 play out next year?

We aren't done with some of these things that have popped up. You'll end up seeing we'll have a little bit of a setback in automotive. Automotive is going to have a short-term setback, according to everything they say. You'll have to wait and see what happens in commercial real estate.

What does that mean for West Michigan?

Here in West Michigan, we're seeing the residential real estate stay strong. Commercial (real estate) is kind of interesting. We don't know what's going to happen with it, but I think you can see that it's going to be a pivotal year. From the industrial standpoint, and you've seen it all over the place, we're kind of short on industrial real estate, so I think that will stay strong. Everybody's going to be developing strategies and you're going to see the economy kind of moving along as is with people being very cautious.

If President-elect Biden were to call and ask for advice on what he could do to get the economy going again, what would you tell him?

I would end up telling him that there needs to be some sort of stimulus that needs to be put in



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place to help the businesses go. I also think that one of the things he's going to need to do is work with businesses — maybe it's tax breaks, maybe it's whatever — to help them get into a mode of more automation (and) getting that infrastructure in place so that they can get the remote work, get the collaboration and keep the innovation going. He's also going to have to take a look at some of the programs that are out there right now with some of the energy and climate issues and put some better framework around that so people know and get some certainty moving forward.

Businesses had to pivot fast in 2020 in response to COVID-19. What are some of those new practices that will become permanent?

You'll see office spaces/workplaces adopting longer term some of the health guidelines — a little more cleanliness and things of that sort. That's going to bode well for our local economy with folks who are involved in industrial cleaners.

You are going to see more people staying with the adoption of online buying and that's going to have an impact on local retail, and I do see that there's going to be a long-term play in working from home. Whether that ends up being a fad and five years from now there's some great book that comes out telling us about how it's fantastic for everybody to work together, or if it's from an I.T. standpoint that collaboration ends up almost being a virtual reality where we're right there with each other, we don't know.

What makes you hopeful for 2021?

Some of the things we did in 2020 to adapt, they can be carried forward. Automation ... allowed us to say, 'We don't necessarily need to focus on things that aren't value-added.' Being able to do that and have a dispersed work group, that gives some hope. In West Michigan, the fact that people really want to be here is hopeful, too. People are coming back, people are coming in from out of state that have never been here. ... That's good news for us.

Overall, business practices in West Michigan have been fiscally conservative. Even during the last downturn, we had quite a bit less distressed activity than the rest of the state. We pulled together as a community to help work on this. That's going to continue as we move forward. I think we'll pull through pretty nicely.

We've seen a lot of outside investors making acquisitions in West Michigan over the last few years. Does that keep going and pick up next year?

I definitely see that continuing in 2021. That will definitely be an area (because) there is so much dry power right now (in private equity). Buyout funds are \$853 billion nationwide. Even if we do go distressed, there's a target right now of \$122 billion in distressed funds out there nationally. With those going on and the attraction of (West Michigan), I have some folks that I work with that are more industry advisers, and they're telling some of their clients, 'If you've already made it through a couple of different things, rather than face the uncertainty and you're getting ready to retire, look to exit.' Last time around when we had problems, capital wasn't there. This time, capital is not going to be a problem. **MiBiz**

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- Deal of the Year: Retail Sector
- Deal of the Year: Real Estate/Development
- Deal of the Year: Economic Development
- Deal of the Year: Health Care
- Deal of the Year: Life Sciences
- Deal of the Year: Technology
- Deal of the Year: Nonprofit

- Dealmaker of the Year/Executive
- Dealmaker of the Year/Adviser
- Dealmaker of the Year/Investor

Winners will be featured in a special editorial section in the February 15, 2021 print issue of *MiBiz*. Plus, we'll highlight each of the winning companies and executives online and share their stories with industry professionals, executives, advisers, investors and other potential allies. It's an exceptional opportunity to source new deals, attract employees, access capital and create strategic growth opportunities.

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