

Now and beyond COVID-19

A guide for SMEs

From a health crisis to an economic crisis

When we imagined 2020 about 20, 30 years back we talked about flying cars, civilization on other planets, time travel and so on. Here we are in March 2020 fighting a pandemic caused by a virus. The world has finally come to realize that apocalypse may not necessarily need an alien invasion.

Having said that we've been there before. Swine flu in 2009, Ebola in 2014 and Zika in 2015 are only some recent ones but when considered global spread, coronavirus seems to stand out. However with a global response and the advancements in technology available to us, we should be more than optimistic that we will get over it. It's really a matter of time but how long is the question.

While the saga of coronavirus unfolds, most countries have gone to a lockdown. This means most businesses will have limited to no operation. In some countries, the curve is flattening and they are looking to open up.

What is it like right now?

No doubt that the situation has put a lot of pressure on the SME entrepreneurs in so many different ways. Sometimes your consumers may have slowed down or stopped buying /consuming altogether, in which case you have a direct loss of revenue. Maybe your consumers are still willing to buy but your supply chain may be disrupted, forcing you to cutdown on your production. In any case, loss of revenue, reduction of margin and potentially loss of customers are inevitable consequences. If your business was running on debt then debt repayment becomes an immediate concern. The employees who are the biggest strength of most SMEs, can soon turn out to be a liability in a situation like this.

How to prepare?

Despite all negativity, it is a reality the businesses would need to deal with. Any business would face challenges throughout their lifetime and something like this should be treated the same way. The difference is that we are all in it together and that's not a bad thing either, cause we can use our collective wisdom to find solutions. Business is a game of twist and turns and the winners would be those who seek opportunities even during a set back. This is what we would be focusing on during the next part of the article. We will separately focus on what you can do during the crisis and after crisis.

What you should do now

Focus on your brand and customers

Difficult times are when the true colors start shining. How you fulfill your obligations towards your customers will speak for the character of your business and the leadership. In that regard following steps would go a long way.

- Assess the situation carefully and decide how you want to continue in the crisis period and clearly **communicate** this to your customers as soon as possible. If you have a digital presence then use these channels to inform about the closure, reduced working hours or changes to service standards. If you have no digital presence, try to use other communication methods such as phone calls, sms or even paper ads to reach out to your customers.
- If you have **unfulfilled commitments**, make sure you address those as the top priority. In some cases you may not be able to deliver at all in which case your customers will be expecting refunds which you will find difficult to arrange immediately. The best approach would be to act transparently as possible and hope that your customers would understand your situation and work with you to reach a favorable resolution. For example issuing credit notes or vouchers in place of cash refunds would be a win-win deal in this type of situation.
- Try to make **adjustments** to your processes to enable business continuity. For example if you were at a cafe or a restaurant that offered dine-in, maybe it's time to introduce a delivery service or pick-up. If you were a consultancy company or a training center that offered services in-person, then maybe you can utilize online methods to continue your services.
- Ensure customer's **safety** every step of the way. Avoid arrangements that make them leave home or be in physical contact with someone.

Next focus on your employees

There is a saying “good thing about bad times is that it passes away” so when that happens you still have a business to run. That's where you need your employees to give their 200% to recover the business. So how you look after them in this type of a crisis would determine how much they would give back when the normalcy returns. You need to carefully consider the following factors related to your employees.

- You need to determine very quickly **who needs to continue working**, who needs to stop and who needs to do reduced hours. This needs to be communicated clearly to the individuals. This is purely from an operational point of view to reduce the threat surface by only operating the essential units.
- If you have enough reserves to sustain the business, try to **avoid layoffs**. At a time like this, your employees will be really concerned about job security and if you can assure their continued contribution towards the business, that would be the biggest relief that they can ever imagine. It will go a long way towards building a very strong bond between them and you.
- However you can still **consider pay cuts** to reduce your salary budget. As long as you can clearly communicate why, your employees will take it positively. But it has to be done in a manner that more higher ranked employees get the bigger cut and the percentage decreases as you move down the hierarchy.
- Think about the **concessions** you can provide for the contract employees.

Be creative! reimagine your business

Yes it's a lockdown. Yes it's frustrating. But if you are creative and able to adjust quickly, you might find something that would keep the business alive. Here are a few things that you can do.

- Find ways to **generate some revenue** even if you are completely stranded. Maybe you can sell gift cards that people can use when the business gets back on track.
- You can **rethink what you produce** or the services you offer considering the demand. For example if you were into the garment industry, maybe this is a time to start producing facial masks or PPEs. If you had a delivery fleet it may be time to start delivering essential goods to consumers.
- You can think about **adjusting your mode of delivery**. For example if you own a dine in a restaurant, maybe it's time to offer takeaway and delivery. There are delivery platforms like Uber that you can partner with.

Help may be closer than you think

In situations like this, governments do step into help businesses. This may be in the form of **tax concessions, bailout packages or even by writing off debt**. But it is important that you keep an open eye on these types of relief options and reach-out without wasting time.

Opportunity to fulfill your social responsibility

If you are not hit so badly and still have a healthy income to sustain, maybe this is the time to extend your support to the wider community. With jobs lost and incomes drained, people need your help more than ever before. The **people you help today will remember you for a long time** and will help you recover the business when the situation gets better. It is an amazing opportunity to build your brand image.

What's after?

There is a saying “even the darkest nights will end and the sun will rise” and the same can be said about COVID-19. Lots of countries have somehow managed to flatten the curve and are now looking to reopen. But there are doubts in everybody’s mind about what the post COVID-19 world would offer. Let’s try to decipher this situation a little bit.

The “return to normalcy” is not something that would happen overnight. There are some businesses that can get back to normalcy fairly soon but for some, the wait will continue. For example if you were in the hospitality or tourism sector, you need to understand that it would take a while for people to feel safe for travel. Travel companies will have to consider that they have already lost a season. Same applies to the entertainment sector as mass gatherings will be out for sometime even after the lockdown is lifted. Even the food and beverages business will continue to suffer until consumer confidence is rebuilt. Businesses like real estate would suffer as people would be reluctant to invest due to the uncertainties.

Another aspect to consider is the **financial status of your customers**. Remember that some have lost jobs, many have faced pay cuts and those who are self employed didn’t earn anything for a few months. So we have to expect that consumer spending will remain at a low for a considerable period of time.

What can be said about the consumer behavior? We know that consumers **got used to online buying and home delivery models**, which some assume would continue as a trend. This is something I disagree because whatever habits that come through unpleasant experiences cannot be expected to continue when the situation improves. It is highly likely that people would be itching to go back to the old lifestyle soon. However there is an increase of confidence in using online methods to solve day to day problems. For example people will be **confident buying essentials online** if the need occurs, providing an opportunity for businesses to operate completely online with no physical storefront whatsoever. Also parents have seen the possibility of **learning online** which will open up a great opportunity for the individual tutors to deliver teaching online.

Another important trend that has come out of the pandemic is the **interest towards self sufficiency**. People in this period have resorted to buy local and turn towards home cultivation of vegetables, fruits etc. This would create a new market segment which the businesses in the field should seriously consider.

So in summary people would be conservative in spending and mostly be on a survival mode. What should SMEs do?

Asses & Reset your goals

It doesn't matter what goals you have set for your business at the beginning of the year. You **need to get back to the drawing board** because the post COVID-19 world is a new world. You need to take into account all the factors that can affect your business like consumer behavior, supplier chain status etc. and replan the next few months ahead. One way to look at it is as a recovery phase where you focus on retaining your consumers rather than worrying about margins. You need to forecast what products or services will be of the highest demand and adjust your delivery strategy accordingly.

Collaboration over competition

We need to remember that we are all in it together and if survival is the name of the game, then collaboration is the best way forward. It would be useful to build partnerships with similar business which should enable you to **resolve supply chain issues** or even **raise a strong voice** about the particular issues your industry is facing.

Focus more on digital presence

Probably the most important realization for most of the SMEs is the importance of digital presence. Those who already had digital presence could **quickly react to the situation** by continuously engaging with their customers and even getting into a point where they could buy and sell.

The importance of digital presence is not something that's just for a crisis. The market place is continuously moving into the digital space and you would find that more and more of your consumers are moving away from traditional channels like radio, television and tabloids to the internet and social media. It will soon come to a point where **if you are not there, you have no business**. Therefore it is very important to build a digital presence irrespective of which field of business you are in.

Build a contingency plan

Work from home is a new concept that some of the businesses and organizations have to adopt during the lockdown. Industries such as IT are comfortable with this approach due the nature of work and the availability of technology but for most others it was challenging simply because they were not ready.

Work from home is actually not something you can easily start at a time like this. It **requires a lot of effort** in understanding the roles, deciding on technology and training the staff. It is something that requires **careful planning and continuous trialling** somewhat like a fire drill.

“Fly the plane”

Modern aircrafts are so technically advanced but things can go wrong if something malfunctions. In a crisis situation there is one important advise they provide in pilot training and that is called “fly the plane”. The message there is not to be distracted by everything that's failing but focus on what you can do to keep the plane flying. This is so much true for the COVID-19 context, as your focus should be to keep the business going and **keep delivering value to your customers**. It's only that the methods you choose may be different.

Keep moving

We invite you to keep moving despite the hardships you may face. It is important to keep your spirits high and look at new ways to reinvent. For some of you, it might just be the best thing ever. We conclude this article with these words from Simon Sinek. He expressed these thoughts during an internal team meeting during the COVID-19 crisis.

These are not unprecedented times. There are many cases -- lists of cases -- where change, or something unexpected, has put many companies out of business, and made other companies come out stronger and reinvent themselves.

The invention of the internet put many, many companies out of business; the ones who could not reinvent themselves for the Internet Age but rather doubled down on the old way they did business. Every video store is out of business because of streaming. When Starbucks moved into neighborhoods, many coffee shops went out of business. Not because of Starbucks, but because they refused to change the way they did business. Uber is putting taxi companies out of business -- not because of Uber, but because the taxi companies refuse to change.

This is not unprecedented. More sudden? Absolutely. More shocking? Absolutely. But this is not unprecedented in the business world.

So for us to say, "How will we do what we're doing?" but rather, "How will we do what we're doing in a different world?"

About i2ent (www.i2ent.com)

We are a group of passionate individuals, excited by the possibilities offered by the advancement of technology. We have years and years of experience behind us and we understand what it takes for businesses to be successful with technology. We are investing in Research and Development to explore the new innovations and constantly searching ways to inject this knowledge into businesses, accelerating growth and improving efficiency.

Our biggest strength is our ability to deliver end to end solutions for your business. We provide many solutions and services across a range of domains that can truly transform your business. We believe in engaging in long term relationships, partnering with you on your journey and operating in the same "frequencies" as you do. This is the best form of business to business engagement and exactly what you would expect from Team i2ent.

**i2ent can help you in these difficult times to get your business back on track.
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