

Covid-19: Short-term pessimism, long-term optimism

 By [Rowan Leibbrandt](#)

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This too shall pass. And once it has, we will need small-, micro- and medium-sized enterprises (SMMEs) more than ever to boost our flailing economy, drive innovation and create jobs.



Rowan Leibbrandt, Truman & Orange

Fortunately, we're a nation of natural-born entrepreneurs – just look at the recycling industry in South Africa with over 80% of recyclables collected by informal waste pickers. These people are literally creating work from waste, and we can learn a thing or two from them. Call me an optimist, but I firmly believe that we can overcome this and create opportunity on the other side.

That said, as businesses we clearly need to navigate the current coronavirus-infested waters first, and this isn't something any of us have experience in. We're in what looks more like a wartime economy than any of the recessions and credit crises we've seen before, and most of us are learning on the job. It's at unique times like these that we compete against unfolding events rather than other businesses.

It's in that context, and in the spirit of collaboration, that we've been asked to share some of what we're trying. I need to add an important disclaimer though: while we're doing our best to figure this out, and these are the things we're trying, they're by no means the holy scripture on business management. We're not experts, just entrepreneurs trying to survive.



Level 4: Hardware, food delivery and winter clothing allowed, but no cigarettes

30 Apr 2020



Some of what we're doing was suggested to us by more experienced people whose opinions we value, and some just seemed sensible to us when considering our particular set of problems. In any event, here's what a drinks startup is trying to do to make it through lockdown, when everyone seems to really want a drink but it's illegal to buy any!

1. We're trying to manage how we feel about this emotionally

Trying to separate the short-term from the long-term seemed to give us some clarity of thought. And we consciously change gears between the two depending on what we're debating – we call it being pessimistic for the short-term and optimistic for the long-term.

So, we've scenario planned for the worst, but we are also planning an aggressive bounceback when things somewhat begin to normalise (whatever that will look like).

2. We've identified which parts of our business are the most critical to our survival

In our type of business, we essentially have three types of assets – our receivables (which are basically out of our control now), our brands (which are in hibernation) and our people (who are our organisational muscle). We quickly drew the conclusion that our people had to be our focus.

We're doing everything that we can to allow us to continue to pay salaries in our worst-case scenarios. And we've treated agencies, consultants, and small suppliers in the same way – essentially as extensions of our team. We think this makes business sense, and it makes us feel good about ourselves which isn't something to take lightly in these stressful times!



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3. We're spending a lot of time on the phone

A lot of people who owed us money were simply not paying. We received a handful of calls from people who took the time to explain to us their particular situation and tried to give us some confidence as to when they thought they would be able to resume payments.

We were so impressed by these customers that we decided to do the same, and to use this opportunity to relationship-build by demonstrating that we are a different type of business.

Our aim became to outperform other creditors in terms of clarity and communication about how we were planning to resolve the situation. My business partner and I called all our creditors personally, shared as much information as we could, and committed to coming back to them with a payment plan to normalise our account once we know we may resume trading.

What we've learnt is that most suppliers understand the crisis we're all in, and what they really want is a debtor that is transparent, has some sort of plan, and doesn't just disappear.

We also talk to our bank every two to three days. Within the first week of lockdown, we took them through our scenario planning and how we will be addressing the various pinch points. Then we explained how we intend bouncing back. In this case, we felt that it would be best to be available and to over-communicate. It was a huge amount of work, but we're glad we did it.

I think this has been one of the most important things I've learnt in this crisis: pick up the phone and keep talking to everyone who is important to your survival. Let's hope it helps us get through it all!



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4. We're being optimistic about the long-term

All drinks companies will lose 6 weeks of sales (maybe more) so we are anticipating that everyone will be super defensive on the other side. SA will be unexciting for the multinational companies, and there is unlikely to be the same level of brand investment as there was before.

We're trying to think of ways that allow us to emerge from this and be on the front foot while everyone else is on the back foot. We're considering ways for us to recover quicker and move faster when we bounce back, enabling us to gain more ground in the categories we're in, than we would've been able to under normal circumstances. It's hard, but we think we have some good ideas...

We're trying to stay convinced that if you can survive something like this, you definitely come out stronger – almost by definition. If you can get through an erratic currency, intermittent electricity supply, very nearly running out of water, and now corona, you can't tell me you won't have a pretty impressive business at the end!

Having to grow in this challenging environment forces businesses like ours to build the kind of muscle we wouldn't have to build if we were operating elsewhere. Compare doctors who have trained in South Africa with those who trained in Sweden, for example. The same is true of startups we think.

I think that may be enough opining for one day. I know many companies our size (and maybe us too) won't survive this crisis we're going through, and we aren't downplaying the sadness of so many people losing their jobs and their livelihoods. While we're trying to be thoughtful and positive in our response to what are undeniably some pretty big challenges, there is no certainty in any of this, and we know we don't have all the right answers.

That said, we decided to start a business here because of the enormous opportunities SA offers, and as far as we're concerned those haven't gone anywhere. We plan still to be around in a few months to go after them!

ABOUT ROWAN LEIBBRANDT

Rowan Leibbrandt is a founding partner of Truman & Orange, a premium drinks company. Returning to South Africa to apply 20 years' experience in various management positions at blue chip liquor companies, Rowan has lived in Swaziland (where he was born), the UK, Russia, Germany and worked extensively in France, Germany, Portugal and Greece. He is passionate about Africa, and the opportunity to introduce African drinkers to the premium, discovery brands Truman & Orange curates.

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