

How entrepreneurs can stay afloat during the coronavirus pandemic

It is often said that the elderly and those with impaired immune systems are most at risk due to Covid-19, but small businesses are just as vulnerable, with many who are not going to survive a global economic shutdown.



Seraj Toefy, custodian of entrepreneurship at the University of Stellenbosch Business School (USB)

Seraj Toefy, custodian of entrepreneurship at the University of Stellenbosch Business School (USB) says that according to The Small Business Association, the average cash safety net for small businesses is estimated to last only 27 days.

“The South African Government has communicated clearly and regularly around their safety plans, and they are taking decisive action to flatten the curve, but in so doing, the impact on businesses across the country is monumental. This is not unlike what is happening in other countries, but with one very substantial difference, our Government does not have the resources to offer the scale of economic stimulus packages as other countries can.”

Toefy says that although fear and panic is rampant entrepreneurs now need to rely on one of their strongest traits: perseverance.

“As a small business owner, you often don’t have a larger shareholder to rely on during a time like this, so we must button down the hatches and make sure we’re still standing when the shutdown is inevitably lifted.”

Toefy suggests the following key things that small business owners can do during this time:

- **Reduce costs**

“The one advantage that small businesses do have, is that we have most likely built our business up from the bootstraps, and we know how to make do with less. As our businesses have grown, we start adding “luxuries” like offices, business travel, staff, entertainment, insurance, a bigger car, and countless smaller things to make our lives more comfortable. It is time to cut all discretionary spend.”

He says that small business has a civil duty to try and cut as few jobs as possible during this time, so cutting everything else needs to take priority before staff are affected.

Negotiating with banks and suppliers for payment holidays, rebates, interest cuts and any help they can give should be top priority. “This economic shutdown is not regional, it is global, so everyone is affected. Your banks and suppliers need you to survive this, as they too will be struggling, but they will struggle more if they lose you as a client. Now is the time to negotiate.”

- **Continue to operate**

Toefy stresses that “this is not a holiday, and this is not a time for a pity party. It is time to do what entrepreneurs do, and that is hustle. Be creative and find a way to continue operating.”

These are some of these tools that can assist with remote working:

- Zoom, Google HangOuts or Skype to have staff and client meetings
- Slack or Basecamp for instant messaging
- Monday, Asana or Clickup for productivity and project management
- Dropbox and GoogleDrive for file sharing
- Remo and GoToWebinar for online events
- Facebook, LinkedIn and Instagram for Online networking

“If your business is more production-based, find a way of maintaining some level of service, even if it is far reduced, and adheres to social distancing. If you have a factory that normally employees, say, 150 people, then rather reduce your output by putting two shifts of 75 people, and space them out. This way you are at least still delivering something and keeping your staff employed.”

- **Co-opetition**

Co-opetition is when you cooperate with your competition. He says that now is not the time to try and beat one’s competition, but to reach out and see if one could share workloads, share knowledge and work together to try and survive this. “Rising tides lift all ships, and never before have we needed ships to be lifted as much as now.”

- **Communication**

As with all crises, increased communication reduces anxiety. Toefy suggests that increasing communication with

staff, suppliers and clients is paramount.

“Remind your clients that you are still operational, offer help and support. Your staff will be anxious, so help them through this time by being as open and honest with them as you can. It is ok to be vulnerable; you may be surprised how much support you receive. There have been several cases of companies where staff are choosing reduced hours and pay instead of laying people off at this time.”

- **Strategise**

Small businesses often don't have the time to strategise due to workload however the slow-down of the economy does not mean that one must slow down. Toefy says that business owners should use this time to think of ways of how they will do things better when the shutdown is lifted.

“Being agile is not a strategy, it is an ability. It is an ability that is best used within the framework of a strategy. The Business Model Canvas is a good framework to ensure that all elements of your business are being looked at during this time. There will most likely be a distinctive difference between before Covid-19 and after Covid-19. Be prepared to be better, after.”

- **Read and study**

As an entrepreneur, your single biggest asset is you. Use this time to work on yourself. Read books or study online. There are several short courses that one could do while in isolation.

- **Strive don't just survive**

Quoting Rahm Emanuel who said, “Don't waste a good crisis”, Toefy says that we are all thinking about ways to survive this crisis, but what if we implemented some of these tips and came out of isolation even stronger.

“Perseverance, tenacity, creativity, determination and passion are traits synonymous with entrepreneurs. Now is the time to call on all of them and not just survive, but strive.”

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