

Turning crisis into opportunity

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During the lockdown, you may not be able to work in your business, but investor and entrepreneur York Zucchi shares expert tips on how you can work on your business.



York Zucchi

If there's anyone who knows how tough running your own business is, it's entrepreneur and investor, York Zucchi. He's not only supported SMEs in over 83 countries through his initiative The SME Movement but also started numerous businesses of his own over the years, of which not all of them, he is quick to admit, have been successful.

"Entrepreneurship is one of the harshest journeys anyone can take," says Zucchi. "If you decide to run your own business, I can guarantee you will hit lows that are hard by anyone's standards."

Lately, the world has been thrown headfirst into a low no one anticipated. This is why, as part of their new webinar series, Leadership in a time of crisis, Saica thought it an opportune moment to call on Zucchi and ask him to share his advice on how SMEs can navigate their way through this unprecedented time.

Cash is king

The most urgent threat facing business owners right now is cash flow. But for Zucchi, running out of cash and being faced with the imminent foreclosure of your business can be an incredible opportunity to reinvent how you run your business.

"Just because you've always done things in a certain way, doesn't mean that's the right way," he says. Have you realised over the past few weeks that you don't need huge headquarters? Could you save money by buying into the co-working trend? Use this time to look at your overheads and figure out where you can slim down.

"Once you have reduced your overheads, the strongest piece of advice is for all entrepreneurs to put a sign on their wall reminding them to put aside a portion of their income for a rainy day," says Zucchi. "Companies around the world operate

with no cash as they are driven by models of constant growth, but this is a huge mistake. Cash is king and we all need reserves of it.”

Navigating cash flow problems

Zucchi advises that honesty is the best tool for dealing with cash flow issues.

“Update your staff and suppliers constantly,” he says. If need be, tell your employees that the only way to keep the business going is via salary cuts. When it comes to suppliers, think of inventive solutions that can benefit you both – perhaps you can offer them a partnership on the next order, where they charge you cost-price in exchange for a split of the profits.

“The important thing is to be open,” says Zucchi. You will be surprised at how much goodwill and leverage this can buy you.

Find your niche

For Zucchi, finding your niche is business 101. “The world is moving away from multi-service providers towards niche services, and this is the perfect time to figure out what yours is.”

When a potential client looks at your profile or your website, they should be able to tell straight away exactly what you do. Your offering should be focused and specific, rather than generic and high level.

“People need to know exactly what problem you solve,” says Zucchi. “There are hundreds of thousands of website developers out there. On your business card, don’t say you’re a website developer. How about rather saying you help small shop owners go online to generate more revenue?”

Use this time to reassess your marketing strategy and make sure it is showing your customers exactly what you do and how you can help them.

Generate leads

While we are suspended in time, you have the perfect opportunity to start generating leads for potential clients, so that when the engine starts again, you have a handful of contacts ready to do business with you.

There is a lot you can do that doesn’t cost money, suggests Zucchi. “Did you know that 87% of entrepreneurs or managers are on LinkedIn? If you are serious about your business, use this time to change your LinkedIn profile so that people really understand what you sell,” he explains.

“Once you have found your niche, and start sharing practical knowledge around that, people will know how you add value to other organisations and people.”

Ask for help, not money

Zucchi has noticed that in South Africa there is a mistaken perception that funding is everything. “If you want to grow your business, the biggest challenge is access to networks, not funding,” he says. “Approaching funders with the proposition that you have 250 customers who want to buy from you, and are looking for a partner to help take your product to market, is a much stronger proposition than simply asking for money.”

For this reason, Zucchi suggests asking people for introductions, rather than money. “Give others the opportunity to help you, and you’ll find there’s plenty of support out there. You just need to make it easy for people.”

Adapting to the future

"I would be a fool if I told you with absolute certainty what the future holds, but I can tell you about a big trend we are noticing," says Zucchi.

He explains that there are now more professionals and SMEs than ever before and that all businesses should be making their offering suitable to this growing sector.

"We often want large corporations or governments to buy big contracts, and commit to long-term contracts and large consulting deals, but with the rise of SMEs, the biggest opportunity I see for businesses is to break down what we sell into much smaller components," he explains.

No entrepreneur who is worth their salt hasn't gone through failure

Zucchi is a firm believer that it is virtually impossible for a business owner to be successful without having gone through failure. "It's not the end of the world if you need to close," he assures. "The economy will pick up again and you will have other opportunities."

At Saica, we agree that crises inadvertently create opportunity. Challenges and crises have the potential to ignite our greatest ideas, creative thoughts and leadership decisions, as they force us outside the norm. The best things lie just beyond our comfort zones.

"Remember that this is not the end, it is a reset button, an economic pause," says Zucchi. "Certain elements of your business will need to change. And if you insist on seeing that as a failure, remember this – failure is the best fertiliser for your next business idea.

York Zucchi presented this information at the South African Institute of Chartered Accountants' (Saica) complimentary Leadership in a time of crisis webinar series, which is focused on supporting individuals, businesses and those in the accountancy profession during the pandemic. Find out more by visiting Saica's events page at <https://saicaevents.co.za/>

About Saica

The South African Institute of Chartered Accountants (Saica), South Africa's pre-eminent accountancy body, is widely recognised as one of the world's leading accounting institutes. The institute provides a wide range of support services to more than 50,000 members and associates who are chartered accountants [CAs(SA)], as well as associate general accountants (AGAs(SA)) and accounting technicians (ATs(SA)), who hold positions as CEOs, MDs, board directors, business owners, chief financial officers, auditors and leaders in every sphere of commerce and industry, and who play a significant role in the nation's highly dynamic business sector and economic development.

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