

FIGHTING BACK

The coronavirus situation has challenged small firms as never before, but has also provided an opportunity to plan for a recovery once the time is right. **Alex Wright** looks at how to pave the way for future success



COVID-19 HAS SHAKEN

the small business community to its core. And yet, some companies are turning this crisis

into an opportunity to evaluate their business model and strategy, and position themselves to come out stronger once things return to normality.

Businesses will need to consider the best ways to rebuild their workforce, much of which is likely to be anxious and demoralised, as they adapt to new ways of working. They will have to pick up contracts that were put on hold, and ensure they are best placed to win new business. Maintaining long-term supplier relationships will also be vital.

Most importantly, they need to build these measures into their plans and review them regularly. "Think about how you can restructure what you do so that it is slicker, more effective and more customer-facing," says DRI International's Chief Knowledge Officer Lyndon Bird. "Are you using technology to give you maximum benefits, do you have the correct balance of skills in your workforce, are your products competitive, and how do you improve them and enhance your proposition?"

The first step is to examine finances and work out a month-by-month forecast for cash flow, says Glyn Moore, partner at Advice4Business. Small businesses should also revisit the basics, such as pricing, while they have time. "Take it back to the numbers," he says. "Look at your key metrics and KPIs so you can understand what drives your business, your break-even point and your critical cash flow."

Market analysis

It's also fundamental for businesses to re-evaluate their core product or service, markets and competition, says Justin McGorman, director at Reveal Business. That way they will be able to better meet demand once the crisis is over, he says.

"Companies have to look at what is in their innovation funnel and pick their best ideas and solutions that are going

to make the most money immediately," says Mr McGorman. "They need to determine what is the market, how they can source products and how they're going to get them to market; now is the time to work on trialling new products and services and putting digital marketing campaigns in place."

Even when things have been put on hold, it's critical to maintain the dialogue with both customers and suppliers, keep them in the loop and see how you can support each other. You also need to continue marketing to your core audience to keep your brand at front of mind, but be prepared to be more flexible on terms and explore alternative solutions.

"You need to support people as much as possible," says Charlotte Sheridan, director at digital marketing agency The Small Biz Expert. "That may be giving advice on managing staff or websites or social media; those businesses that provided help at a time of need will be remembered most at the end of this."

Chris Lowe, EY partner and co-head of Debt Advisory, agrees. "Maintaining positive and ongoing engagement with supply chains is really important," he says. "These relationships could be vital for rebooting your business post-crisis."

Switch focus

Many businesses have diversified to meet consumers' immediate needs. Restaurants and pubs have converted into home delivery services, while fitness trainers have run virtual classes. Boogie Monsters, which usually performs at music events for families and children, has grown its online audience with live shows on Facebook, and ABS Wine Agencies in Stamford has started doing virtual wine tasting on Instagram TV.

"Many businesses have pivoted their offering after identifying a clear need in the market," says Kate Cooper, The Institute of Leadership and Management's head of research, policy and standards. "Think about what you are good at and how can you flex that



Pillars of the community

While many local pubs and shops have been hit hard by the coronavirus crisis, they also have a key role in the recovery process, according to the Plunkett Foundation's Head of Community Business Chris Cowcher.

Because many are invested in or owned by the community and provide an essential service to locals, he believes they are in a more sustainable position than some bigger businesses that have to rely on government support.

"People are going to be at the heart of rebuilding the rural community business sector," he says. "Going forward, it's about how businesses can harness this and maintain the momentum through initiatives such as shop local campaigns."

The biggest challenge facing community businesses, says Mr Cowcher, will be retaining enough reserves to keep going, while building up sufficient capital to restructure so that they can carry on trading after the crisis.

One business already doing this is the Crawford Arms in Maidenhead, which suffered an 82 per cent drop in income as a result of Covid-19. The business immediately switched to a takeaway model, providing its traditional sales for offsite consumption. Now it has evolved into an online ordering service and provides a host of social activities for locals, including virtual quizzes.

Brockweir and Hewelsfield Village Shop and Café in the Forest of Dean is also keeping its community going thanks to volunteers and maintaining supply lines with key wholesalers.

and deliver something that will be of immediate value to people.”

Workforce rebuilding

The biggest problem is knowing what will happen in the future. Small business owners need to be open with employees, involving them in decision-making processes.

The key to coming out of the crisis stronger, says Gordon Carmichael, chair and director of UK Business Advisors, is to adopt an ‘all in this together’ approach, incorporating full-time employees and contractors. “The businesses that are going to succeed are those that take people with them,” he says. “You need to keep them updated on what’s happening and get their buy-in.”

Employers need to take a more flexible approach now it has been proven that many jobs can be done from home. Then there is the issue of trying to maintain social distancing. “Talk openly about your plans for the business, focusing on how you are going to move forward, so employees have realistic expectations about job security,” says Tracey Hudson, Executive Director at HR Dept. “Honesty

and transparency go a long way to maintaining trust, even if it’s bad news.”

Businesses should adopt a phased return for furloughed employees, prioritising roles that bring most value. It’s also an opportunity to review activities and reduce unnecessary overheads. Again, communication is essential. “Provide employees with regular information about how and when the furlough will end, reassuring those that have concerns about returning to the office and demonstrating that you have put in place safeguards to ensure a safe working environment,” says Cathy Bryant, partner at Blake Morgan.

What will get businesses through in the future, says Paul Samrah, partner at Moore Kingston Smith, is having a robust contingency plan. That includes establishing an emergency committee and allocating specific roles in the event of a crisis. “We’ll get through this,” he says. “It might be different than it was before, but if we remain positive we’ll bounce back and learn to adapt.”

▶ ALEX WRIGHT is a freelance business journalist



An unexpected opportunity

For Claire Matthews, owner of Loveabell in Brighton, the Covid-19 crisis has helped her find time to focus on developing a whole new business.

After a bad camping experience 10 years ago, she decided to start her business hiring out bell tents. Since then, it has become a full-time operation, supplying tents for weddings, functions, parties and music festivals including Glastonbury and Boomtown.

“I went from having three tents to 50, and now I have 100,” says Ms Matthews. “I also supply a couple of larger tents and everything that goes inside, from rugs, cushions and bedding to lights and all the other home comforts.”

Ms Matthews had been planning to launch another business in September, supplying home-cooked food to go alongside her current enterprise. When Covid-19 struck, she realised it was a good opportunity to launch the new venture, Loveabowl.

“It pushed me to start earlier than expected,” she says. “So far, it has proved very popular; I have sold out every single week and I could sell even more, but I just don’t have the hands.”

Ms Matthews cooks a different world dish every week and delivers it in stainless steel tiffins to households throughout the Hanover area of Brighton, within a four-mile radius of her home. “One week I might do a Moroccan dish and the next Indian, Turkish or Mexican,” she says. “It’s all plant-based, nutritious and 100 per cent plastic-free.”

Time for something different?

Some business owners may want to diversify or switch focus. Simon Underwood, Business Recovery Partner at Menzies LLP, outlines what to consider ahead of any such move:

1 Does it make financial sense?

Consider the cost of doing nothing versus the cost of diversification

different way? A vehicle rental company could use its fleet to make home deliveries, for example

2 Know your core competencies

Play to your strengths. If you provide dance classes, for instance, could technology enable you to continue?

4 Consider resources

Do you have the expertise and resources for success? If you need additional skills or expertise, can this be achieved cost effectively?

3 Assess your assets

Do you have assets that could be deployed in a

5 R&D tax relief

It might be possible to claim if you are finding new ways of using existing equipment,

overcoming technical challenges or creating new processes. Even if you are using existing machinery to make products that already exist – such as hand sanitiser – it may qualify

6 De-risk the process

Sometimes a small step opens the door to a new market. If you run a training company, for instance, you could drill up or down by providing a broader range of courses