

## How can SMEs mitigate the impact of Covid-19?

President Cyril Ramaphosa on 15 March 2020 declared a national state of disaster considering the rising number of coronavirus cases reported in South Africa.

By [Erin Louw](#) 18 Mar 2020



Erin Louw, Chief Brand Officer at Retail Capital

He said that in addition to the impact that this pandemic will have on the health and wellbeing of the country people, and the impact it will have on the day-to-day life of our society, Covid-19 will also have a significant and potentially lasting impact on our economy.

As Small and Medium Enterprises (SMEs) are vital for keeping the lights on in South Africa, it is time for business owners to take note of the impact that Covid-19 can have on their operations and implement ways that they can weather the storm. During a time where there is no playbook, being able to retain forward motion can be the sole differentiator between the drivers and survivors and the objective remains to take control.

### **Keep calm and carry on**

In all high-risk situations, it is essential to remain soberly calm for fear leads to panic leaving chaos in its wake. Today, we are already experiencing the effect of a global crisis. It is important, however, to also remain realistic and to take note of the facts:

- in a matter of days, each business will feel the effects on their trade;
- in a matter of weeks our healthcare systems will be under strain;
- in a matter of months we'll be dealing with the aftermath, and what that will look like, entirely depends on

how well we plan.

## **Plan today for a better tomorrow**

It is key for business owners to have a detailed plan for each scenario, in order to optimise efforts and maximise results by taking a III – stage approach:

### **I-Investigate**

Firstly, consider what is fact vs fear. Facts backed up by numbers can enable any business owner to create projections and timelines based on the information that is available within the parameters of his own business.

It is important to understand how this will affect working capital and cash flow, employees and customers. Having the information available allows you to investigate best practice or case studies of how to handle similar situations allowing you to formulate a plan of action.

Also identify the triggers and thresholds which will initiate each contingency plan and the definitions or categories for knowing whether it is successful and when to initiate the next stage.

### **I-Initiate**

Having a plan shifts the balance of scale from reactive to proactive and instils a sense of security with all stakeholders involved. Any business continuity plan involves a policy which will include the principles for precaution and response and will include guidelines for resource and operational management.

Once the policies and procedures are defined it is critical to formulating the following plans: continuous communication; social distancing and remote work; and recovery. Every business should plan as if they are soon to join the StayingHomeClub.

### **I-Innovate**

Situations such as these provide an opportunity for innovation. Whether it is a new supply chain for those in the services, construction or manufacturing sectors, delivery options for businesses operating in restaurant or retail or virtual engagements for events and networking, being creative in your approach to running your business is key.

Make no mistake, Covid-19 has the world in a state of panic, but the data shows that the earlier precautionary measures are activated, the lower the impact on the health and economic system. We find ourselves in a black swan event and no one truly knows how this will play out and how long it will take.

Due to the unpredictable nature of the situation and the severity of the potential consequences, business leaders need to put themselves in the driver seat and with the benefit of hindsight, this will be the moment they went from a victim to victor. We have the opportunity and the responsibility to prevent this.

## **ABOUT THE AUTHOR**

Erin Louw, Chief Brand Officer at Retail Capital

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