

5 tips for SMEs in times of a crisis

It's safe to say that many businesses are beginning to feel the effects of the Covid-19 pandemic.

The impact of the coronavirus on small businesses is likely to be substantial, especially for local businesses who are already feeling the pinch, as financial and market uncertainty can easily translate into an emotional crisis that can overwhelm our systems.

However, help is available as the Department of Small Business Development announced that a Debt Relief Fund has been set up to assist small, medium and micro enterprises impacted by Covid-19.



Relief for SMMEs amid Covid-19

24 Mar 2020



While this relief is welcomed, it is still vital for leaders to step up. The world has been through crises before, but during these significantly difficult times, the economic impact may be as severe or possibly worse. As such, those in leadership positions must use past crises as examples and apply what was learnt to keep the country on course and minimise the impact of the pandemic.

Karl Westvig, CEO at Retail Capital, pinpoints visible areas that are affected and outline a few pointers to help small business owners weather the storm.

Liquidity

The first victim of panic is liquidity – banks, asset managers and funders stop lending. When they cannot calculate the potential risk, they will not lend. Therefore, it is critical to shore up cash by drawing down on available facilities and suspending any unnecessary investments. Reduce expenses and manage cash flow daily.



Get your best team on it

When a business is growing, we tend to shift our best people into roles linked to growth and new initiatives. In a crisis, these people need to move into the highest priority roles. These roles would include collecting from customers, raising facilities or engaging key clients.

Karl Westvig, CEO at Retail Capital

Morale and communication

People need leadership. This would include authentic and regular communication about the situation, what the business requires and how this will be achieved. You can't control the circumstances, but you can control the response and actions. This will create more certainty.



Lessons from Covid-19 - Be crisis ready!

Victor Mberiane, APR 27 Mar 2020



Hands-on

Events evolve quickly and every day is critical. Leaders must be hands-on. They have to be in touch with customers, suppliers, funders and staff. They have to collect data on everything – the mood, the financial metrics, even customer stories. Some of the best information is anecdotal, not just big data.

Policies

It's tough to lead when you don't understand all the underlying levers. These can change in a crisis. What worked in a stable environment can go out of the window in an instant. The best approach is to start again, listen to customers and then adapt your policies within your framework.

“This is not a manual on how to handle the current crisis, but hopefully, the points mentioned above can add to what you are already doing. In simple terms, it is easy to be overwhelmed, so tackle a few things very quickly and with commitment. This will create certainty and lead to action. The alternative is paralysis,” concludes Westvig.

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