

How to reconstruct your small business in the wake of Covid-19

By Eugene Yiga

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While people often reference previous pandemics, from the 1918 flu to HIV/Aids, many of these crises had a clear separation between the health and financial implications. Covid-19 does not. It is something the world has never experienced before; not just the speed at which the virus spread across our increasingly interconnected world but also because its impact has been so broad. rebuild



Source: [Unsplash](#)

“Apart from the 0.1% sitting on the margins that have benefited from this, I don’t know any real business that had a real lease with a real landlord and employed real people selling real products in the real economy that’s not been affected,” says entrepreneur and venture capitalist Vusi Thembekwayo.

“We’re clearly going through something that’s difficult and interesting. Both of those terms, with their equal nuance, give a picture of the moment.”

1. Focus on your customers

Covid-19 is causing massive shifts in the global economy, so much so that it’s hard to know where it stands. What makes it even more complicated is the fact that the stock market seems to have a mind of its own, and has reached record highs even as the level of growth is expected to fall.

“It’s hard to understand where the economy is at a macro level,” Thembekwayo says.

“What we do know is that it isn’t the way it was before. So the most important thing for every single entrepreneur to be doing right now is getting as close to customers as possible. They’ll give you the information, the knowledge, and the insight about where we are.”

Read: *This is Marketing* by Seth Godin

2. Pivot to something new

As you spend time understanding customer needs, you’ll start to see how their behaviour has changed and where the short-term opportunities are for you to respond. Then you can think of how to use your existing skills to develop a new offering.

“There are so many examples of people in the textile industry – whether they were making tights for the fitness industry or making bespoke suits for black tie events – that are now making masks,” Thembekwayo says.

“That’s the kind of quick pivot you can do now.”

Read: *Growth IQ* by Tiffani Bova

3. Keep it essential but simple

Right now, many companies are focusing on the most important elements that will keep them going.

That’s why it’s important to pivot to the kind of offering your customers can’t live without.

“We have an industrial accelerator program that we’re running for some clients, particularly the mining space,” Thembekwayo says.

“They’ve seen a 200% to 300% uptick in business because their clients wanted to buy stock upfront and hold inventory so that they could ride out the lockdown period. But the inverse happened for ‘frill’ purchases – marketing, advertising, enterprise supplier development, and so on – that were frozen and will probably continue to be frozen for the remainder of the year.”



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When pivoting, it also helps to keep things as simple as possible. “I think one of the interesting things about living through time such as this, with this much level of complexity, is that the simpler answers are usually the best,” Thembekwayo says.

“For example, I think what you’re going to see is that more and more people who used to work in large organisations [but have since been fired] are going to go back to their homes, with a laptop and cell phone, and are going to create a product

or platform to get into the economy again. I think that's going to become a reality for the next few years at least."

Read: *Think Small* by Owain Service and Rory Gallagher

4. Make something that's 'good enough'

Indeed, Thembekwayo believes that in the medium to the long term, the real lasting business models are going to get back to the core. In other words, the road to becoming essential starts with removing what's not essential.

It's about creating a minimum viable product (MPV) that you can put into the market, possibly to monetise but most likely just to test.

"There's an old expression they use in Silicon Valley: don't let perfect be the enemy of good," Thembekwayo says.

"So, if you are in a start-up stage and you have a good enough product, this is the time to go to market. It might not have all the bells and whistles but, if it's going to do the job, you can let the market give you feedback."

Read: *Wired to Create* by Scott Barry Kaufman and Carolyn Gregoire

5. Move on from your mistakes

Of course, not every idea that people create during Covid-19 will be a winner.

Just like plumbers can't pivot to offering their services through digital platforms, not every SME will become the next giant online retailer or home-sharing king.

But that shouldn't stop entrepreneurs from putting their work out into the market, aware that they will make mistakes along the way.

"We don't understand the natural process of the evolution of a business so, when there are lapses in service or delivery, we flake out and we push them aside," Thembekwayo says.



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"But we need to rethink that mindset in terms of how we're engaging with small businesses. They're going to get things wrong. Zoom is a great example. They had massive security issues but we're still using them."

Read: *Grit to Great* by Linda Kaplan Thaler and Robin Koval

6. Show some compassion

Part of rethinking our relationship with SMEs during Covid-19 comes from understanding that everybody's under strain right now.

And just like entrepreneurs should expect forgiveness from their customers and clients for their mistakes, SMEs should also be prepared to forgive their suppliers and partners for their failings too.

This might be hard when it comes to money but that makes it even more crucial.

“We’ve been affected at several levels,” Thembekwayo says.

“We’ve had several debtors with whom we’ve had to have difficult conversations.

We’re a global firm so some of them are outside of South Africa – Covid-19 hit them long before it happened to the rest of us – so that began to eat into our cash flows.

So there are times when we’ve had to co-create a solution with the client, whether it’s deferring payments, taking a portion, or accepting payment in kind.”

Read: *Everyday Ubuntu* by Mungi Ngomane

7. Focus on the long term

Ultimately, this is a challenging time for everyone and one that’s likely to get worse before it gets better.

But even with the grim economic forecast starting to overshadow the rising death toll, these dark days won’t last forever.

“I think the single most important thing to know is this: it will pass,” Thembekwayo says.

“I know it doesn’t feel like it right now, especially if your phone has been ringing off the hook because the creditors are trying to get their money, and you’re dealing with a lot of stress because a lot of small businesses use their personal balance sheet to fund their companies. But this moment will pass.”

ABOUT EUGENE YIGA

Eugene graduated from the University of Cape Town with distinctions in financial accounting and classical piano. He then spent over two-and-half years working in branding and communications at two of South Africa's top market research companies. Eugene also spent over three-and-a-half years at an eLearning start-up, all while building his business as an award-winning writer. Visit www.eugeneyiga.com, follow @eugeneyiga on Twitter, or email hello@eugeneyiga.com to say, um, hello.
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