



In Case You Missed It

Warren Coughlin, a Fifth Wave Initiative and IDEABOOST mentor, recovering lawyer, entrepreneur, professor, theatre director and business coach, recently hosted a webinar on what businesses need to know right now to minimize the effects of the economic downturn as a result of the COVID-19 pandemic.

Warren has a unique history helping business owners and entrepreneurs navigate through five different economic downturns, including SARS, both here in Canada and in the northeastern U.S. We found his insights valuable, humbling and reassuring, and we wanted to share some of his tips and advice with our CFC Media Lab community.

Business Strategies to Help Endure COVID-19

In our current reality, public health officials and scientists are saying that lives will be endangered if we, the general public, do not take appropriate steps to adjust our behaviours. Hospitals simply don't have the capacity or the resources to adequately care for everyone.

It's no surprise that businesses and industries around the world are being profoundly impacted by the effects of COVID-19, so they need to do everything to equip themselves to deal with the new business ecosystem. "It is absolutely possible to survive and thrive during tough times, but it requires discipline, thought and agility, along with the ability to make hard decisions," said Warren at the onset of the webinar. "Regardless of what we think, we all have to change [our behaviours] to meet what is being asked of us. It undoubtedly is going to impact your business in one way or another but you can take action."

But, before businesses/business owners take action, is it first and foremost important to understand the "weather pattern" of the economy. Warren explained that the economy is seasonal and we have just been through a very long, mild summer, followed by a very brief autumn. But, we are quickly sliding into a cold economic winter and we need to protect ourselves. "As entrepreneurs, we are going to be put to the test and there will be a lot of unknowns," shared Warren.

So how can entrepreneurs protect themselves? Warren reminds entrepreneurs to start by recognizing the unique position they are in. "There is 'the economy' and then there is '*your* economy'. Your [an entrepreneur's] economy consists of the small bucket of customers/clients that you *need* to survive – that could be 20 or 1,000 – but your focus needs to be *on them* in relation to the entire economic ecosystem. Your challenge is to track, retain and service as many of those people as possible."

One of the ways that you will ultimately be able to best service your customers and clients, is by focusing on **managing strategic risk**. Normally, strategy is nothing more than the answer to how we deploy our scarce resources (time, team and money) to achieve a particular objective. We would typically focus on building value or valuation; however, in our current reality, Warren explains that for now your objective needs to be to *hold value* or to *minimize loss in value*.

To do that, Warren outlined four key areas to think about strategically:

1. CASH FLOW MANAGEMENT

Cash flow is at the heart of what businesses are able to do and for how long. You need to know how much runway you have and what you can do to start influencing that. Warren advises to start by collecting your receivables now; invoice as quickly as possible and then follow-up, and set up e-transfer or credit card payment to secure payments. “Have a sightline on cash flow for the next three months and a rolling projection and reevaluate weekly - even daily. Take a hard look at customers and their payment patterns,” added Warren.

Additionally, he suggests it would be wise to increase your loans and line(s) of credit, and to consider injection cash options or taking on investment from VCs, funding angles, family, friends, etc. or to consider acquisitions, depending on the circumstance. Furthermore, he advises business owners to avoid what is not mission critical, for example, consider selling redundant equipment, tools, and the likes. Warren’s last point on cash flow management is to “possibly extend your payables, but be ethical, thoughtful, specific and considerate, especially to other small and vulnerable entrepreneurs or independent contractors.”

2. TEAM MANAGEMENT

Warren reminded us that team management is a core principle. “In the absence of information, people will make things up and it won’t be positive,” shared Warren. So his advice is to “Communicate, communicate and then communicate more!” Essentially, Warren emphasized how important it is to communicate early and often. “Share what you know, when you know it. Be transparent, empathize and identify with anxieties – even when you don’t have all the answers,” added Warren. Additionally, he suggests to have your Leadership Team meet regularly to discuss changes and address questions with honesty, integrity and consistency. Remember that mixed messaging creates fear.

Some of Warren’s tips for effective and transparent communication are to post information visibly where people have easy access to it; offer updates *no less than* once every other day; educate your employees – explain the *why* and *how* of a decision; and listen - give your employees the opportunity to voice their questions or concerns, and share their ideas.

Warren also provided some specific tips for managing a team during a pandemic:

- Support remote communications and working from home. Discuss and plan for how you facilitate remote engagement.
- Consider staffing; how will you keep the business going if someone gets sick? Explore different staffing options, like shifts, breakout rooms, rotational workforce, and subcontractors. Ensure your team is up-to-date so that someone else can step in at any time.

- Consider the costs of letting people go. Begin by analyzing your cash flow and see what else can be cut first. Explore alternatives to layoffs, including staff taking vacation time now, reducing employee hours, making salary cuts, or consider giving notice rather than layoffs for cash flow.
- If layoffs are necessary, consider offering bonuses to those who may wish to volunteer to go or identify those who may have been on their way out anyway. Be sure to cut deeper than you think is necessary so you only need to do it once.

3. SUPPLY CHAIN

Warren reminded us to order extra inventory now if needed, but do not order extra inventory if it is not necessary. Look for alternative suppliers; consider suppliers from new locations/regions of the world. Lastly, negotiate new terms.

4. CUSTOMER RELATIONS

The final area to think about strategically is customer relations. Communication is key in customer relations as is it in team management. “Communicate what’s important to your people to provide reassurance. If you’ve created new protocols to keep them safe – let them know. Define what has changed and/or what are you changing,” advises Warren.

GENERAL TIPS & ADVICE

Warren’s main piece of advice for enduring a crisis like COVID-19 is to be ready to change your approach to how you operate your business. “If the world has changed, you have to change with it,” added Warren. “You can’t just hunker down and think, ‘I’m going to do what I’ve always done.’ You have to get creative and see what you can do. You may need to change your product offering or service based on what is needed right now.” Warren recommends exploring creative and innovative ways to keep the business going versus shutting down. For example, pivoting to industries that are doing well, considering different models/products/services or new target markets, or exploring different or underserved geographies.

And lastly, market like mad! Warren suggests that *now* is when you need to reach out to your customers to build deeper connections. What do your customers value; where can you build in more value or support? Offer additional benefits or services to your customers, like free maintenance policies, additional consulting time, more value in membership offerings, etc.

If you’re having difficulty figuring out where to start making changes to adapt your business to the current economic ecosystem, plot out your current work using the below Activity Priorities Grid from Warren (keep in mind that anything on the lower tier should probably be ignored at this time):

	Effort	Low effort
High impact	Important Initiatives (actively work to reduce required effort)	Initiatives to be prioritized
Impact	Unattractive initiatives (do not pursue)	Low value initiative

“In closing, it’s important not to get overwhelmed,” shared Warren. “Sometimes the things that oppose us can also present us with the most opportunity. Keep calm and look after yourself.”