

# 12 STRATEGIES TO HELP BUSINESS OWNERS IN THE CURRENT CLIMATE

A lot of businesses have experienced an impact on the spread of the Coronavirus. Most people haven't been impacted greatly at the moment but a few have been significantly or severely impacted which is understandable. It does depend obviously on the industry and the sort of work that you do.

Revenue is being impacted because people are cancelling orders as they are being apprehensive about going ahead with the service that they normally would. On the flip side, people are also being impacted by either supply issues and products that they would normally use as part of their service like manufacturing or import distribution businesses.

Quite a few people are concerned as well about what happens if their staff become sick, need a quarantine or are exposed to someone who has been diagnosed with Covid-19.

We'll be covering off these topics and more things in this report. It's good that people have started to take action and I want to encourage more people to take action and not just sit on the side-lines.

## 1. LEAD

What do we mean by leading during this climate? You should not panic and you need to be positive and proactive. As a business owner, of course, there's a lot of risks that fall under our shoulders. It is after all our bank balance and we have to make the hard decisions that we need to make and so there's obviously going to be a lot more strain on a business owner than the staff and they may not all appreciate that but at the same time, it is up to us as leaders of our businesses and in our industries to stay positive.

Let's liken this situation to a party or a networking event. If you went to a party or if you met people at a party and you met people who are down, negative and always talking about the woes of their life, they're people you want to avoid generally. On the other hand, you automatically gravitate towards people who are positive and enthusiastic.

The same is going to happen in this situation. Your customers will gravitate towards businesses that are positive. Those that are proactive who want to try things and have a can-do attitude.

Your attitude and your mindset will flow down to the rest of your team and to your customers so just be very aware of that.

If we are focused on the area of concern that we can't really do anything about, it's just counterproductive. You should instead shift your focus on things that you have influence and can control.

If we focus too much on the circle of concern where we don't have any control or influence, it's just causing us stress for no reason. We need to be aware of what's out there but we need to focus on what we can control and what we can influence. Otherwise, it's just counterproductive and it's just a waste of energy.

It's also important to be decisive and make decisions around this issue, understand what the impacts may be, make those decisions sooner rather than later and lastly be fair and empathetic whether it's with your team or with others here in the community.

Be realistic too. Every business is going to be in a different situation. Some will have plenty of surplus funds that they can draw on others will be a lot tighter in terms of margins and cash surpluses so some businesses may be able to weather the storm a bit easier and maybe potentially hold on to staff or will not reduce hours but others may need to make decisions more quickly.

## **2. PROACTIVE COMMUNICATION**

You obviously need to communicate with your team regularly and keep them informed. Make sure they understand the situation and potentially how things may develop over the coming weeks. You should definitely communicate with your customers as well.

You can communicate proactively through social media. You can post on your Facebook page about how seriously you're taking hygiene, give some tips for people, refer back to your five-star food and safety certificate, and so on so.

It's definitely advisable that you be proactive with customers. Once they've made a decision not to come, it's hard to convince them otherwise. So get on the front foot and re-emphasize your hygiene practices and delay those fears that they may have.

With suppliers, it's important to keep them informed too. If you can't pay for whatever reason, people are generally quite accommodating if you're open and honest so it is all about being proactive with the communication with your networks. It could be your partners that you have, other people that you work with or people outside of your supply network.

People want some reassurance and communication these sort of uncertain times so just get out there and do that. Definitely get out there and put some sort of press release out or some sort of statement.

### **3. BE AWARE OF THE TRIGGER POINTS**

You can't just bury your head in the sand. You need to be aware of potential downturns in the business. You should be aware of things like reduced leads, cancelled orders, customers not rebooking, or debtors not paying.

Don't panic but obviously be aware of what's happening out there in your industry.

Understand what's happening in your business.

### **4. PLANNING TO WORK FROM HOME**

Planning to work from home is definitely something that we all need to do. We all need to look at it and it's mainly because of this risk of your team. If they're in contact with someone who has the coronavirus, then the whole team effectively needs to go into lockdown or into isolation.

That will ruin a lot of businesses even if you've got plenty of work coming through the door in terms of revenue and customers. If you don't have a team to do the work then you're in a lot of risk.

Every business is different but definitely understand the risks and be proactive about working from home and distancing your team from each other. Upgrade technology in the workplace minimizes the risk of group cross-contamination.

With remote access, you should be able to access your server in the office or use the cloud to access your information. You can also use virtual meeting software like Zoom or Office 365's built-in team meeting software called Microsoft Teams.

Microsoft Teams is a team collaboration tool that allows you to do anything from instant messaging chat to sharing file, voice and video conferences and all that sort of stuff. It's one of the best ways to keep everyone communicating and make it possible to hold meetings.

It's a part of any office 365 business subscription. It's available even to people that don't have the Office 365 subscription. You can go out and get a free version that has limited usage but it can do most of the things like video meetings and chat. It's a very good tool for these types of situations.

You should also look at internet capacity. You might need to upgrade to provide more access from people outside of the office and phones as well. Look for solutions or other ways that you can have a distributed phone, phone set up, a setup. Try talking to your IT provider and they can normally help you there as well.

## **5. REVIEW AND CUTTING COSTS**

Reviewing and cutting costs definitely is a number-one priority. It's probably good practice anyway to review your costs on a regular basis. So what you would do is get your profit and loss statement and just go through all of the lines and work out whether or not some of those have blown out or if you haven't addressed those recently. There may be mobile phones that are hanging around that you no longer need. You may need to go back to your insurance broker and get quotes, energy suppliers, all of those sorts of things so definitely do that.

Start with the big end of town. If you do need to cut things, try not to cut expenses that are helping you to grow or to be more efficient. If you do stop spending money on things that are helping you grow and generating leads it's going to be hard to come back later.

Review and redirect your marketing. There are definitely ways to relook how much you're spending on marketing whether it's effective or not. If you don't know what's working and what's not in marketing, know your numbers around that like what sort of return you're getting from different marketing channels or different marketing tactics and really understand which ones are paying for themselves and which ones aren't. Continue to monitor it over time.

If you're doing Google AdWords for example and you know it's been working in the past just monitor it going forward and see if there is a drop-off and whether you can refine the messaging. Relook at tapping into more about the concerns of people having out there.

Look at your personal expenses as well. It's not just about your business expenses you may need to trim back on but your personal expenses and lifestyle as well.

## **6. STAFF CUTS AND CHANGES**

Look at staff cuts and staff changes. This can be a very tough decision for a lot of people because obviously your staff and your team's livelihood is very important to you. Look at negotiating holidays and unpaid leave.

You can't force people to take their annual leave but you can discuss with them and encourage them to take the leave. Reduce hours, pay and sick leave obligations and also be aware of the stimulus support.

The situation is very much a bit of a moveable beast because there are certain things that are clear and there are some things that are not clear. It is clear that if somebody's diagnosed with covid-19 or if they're providing care or support to a family member then they have access to their personal and carers leave in the case of full-time and part-time staff.

The situation with isolation is a little bit more challenging and confusing. The information we've received from general HR sources (however not to be taken as strict advice and you should seek advice specific to you) is that at this stage people that were overseas at the time that the government made the recent announcement that people are required to go into isolation so that was from midnight on the 15th of March and has since arrived back, therefore, needs to go into isolation.

The understanding is that they can access available paid personal leave. However, if employees are traveling after that date or have left Australia from the 16th of March onwards, they won't be able to access paid personal leave on their return

They have to accept to take another two weeks' annual leave without pay upon their return. Another challenging case is with people who've been in contact with confirmed cases of the virus though they may not have it themselves they have been in contact with somebody that's had it. Whilst the government recommendation is that those people self isolate, their understanding at this stage that they would not be able to access paid personal leave because they're not actually unwell. So now there are heaps of lobby groups that the CTU plus also business groups are lobbying the government to sort of do something about that in terms of subsidies and whatnot but to date this but no decision on that.

What's the difference between paid personal leave and annual leave? Paid personal leave is effectively sick leave or carer's leave and you can use that part in the event of personal injury but also when they're providing care and support to a family member and annual leave is the old four weeks leave a year.

You can make any arrangement with your employees that's above and beyond the minimum obligations that are required upon you. However, it is generally not advisable that people pay leave in advance. It often doesn't end well. People might take their leave and then all of a sudden you know people are in debt in terms of their leave and then there's a whole issue of it. Can you recover it? So generally, they don't recommend it but could you come to some sort of personal arrangement with somebody? Yes, where it's in excess of the minimum entitlements that you need to provide

In the event they exhaust their personal carers leave and they should be given the option of drawing upon other forms of Leave like annual leave and whatnot that you shouldn't apply that automatically you need to actually ask the person if that's what they want you to do and if they don't want to do that or they don't have it then then it's there's no option.

In some cases, you can direct people to take leave however they're very specific circumstances such as where somebody's got access to annual leave available through them and you have to provide like four weeks notice in order to direct them to take that lead so that's a pretty challenging one.

The first step in my view should be to to just try and negotiate with people and just say "look guys, you know unfortunately these things here and it's affecting our business, I don't want to lose the members of the team and I want to keep you all engage beyond once we get over this hump. However we need to do something."

Other employers are starting to negotiate arrangements whereby people take one or two days of their leave per week just so that it's reducing the work rules and to help them cope with the less demand on services. You can negotiate things like that but as for directing people to take leave, the circumstances in which you can do that are pretty limited.

You really need to check the specifics of any agreements and contracts you can do in certain cases but generally speaking, you can certainly do it if you negotiate with the person and then have a bit of a conversation about “Well, sorry but you know this is sort of what we need to do. Would you agree to reducing hours for a period?”,

If you get the employees agreement then that's fine. Make sure you document it.

Different businesses will have different levels of cash reserves and different culture so at the end of the day it's after every business owner what they do and what they can do but definitely it's if about the survival of your business and the about survival of your family then you need to do the right thing to make sure your business stays viable for the long term and that you can re-employ when things change.

## **7. ONLINE SELLING AND DELIVERIES**

So we've talked about cost-cutting, let's now talk about some opportunities to grow revenue. I understand not every business is in this situation where they can shift their business model, but just a few things to consider:

One is online selling and deliveries. Definitely prepare for it now if you don't need to do it for this current crisis. I think it's good to have a business model that allows for a down the track so prepare for it. If people don't come to you then you need to be able to go to them.

Understand what sort of packaging may be needed for your particular service or product and start getting that in place. Definitely start communicating with your customers. We can see people doing that already whether it's online, over the phone, or contactless delivering, we can see it happening out there now.

## **8. REPEAT BUSINESS**

Another part of protecting your profits is instead of focusing on new business, look at your existing customers and get repeat business out of them. Focus on existing customers and use your database.

It's a vital tool and asset that you really need to use and build in your business so go back to that database and contact people to see if you can get existing customers to either come back and use your services or if they have a need for additional services.

It's easier to do that in a lot of cases than try to get new business in the door so definitely go back to your database and focus on those existing customers.

Create deals just for them and make them feel special. Increasing your customer service is the key. Hopefully everyone out there already has fantastic customer service but you can't afford to lose your existing customers and especially in the current circumstances. If you can provide exceptional customer service especially when people are concerned and potentially unhappy about other things that are happening around them, if they can see you as being a standout and being positive then they will tell others as well. It's a great

way to keep your current customers but also get the word out there about what you're doing.

Look at how you can be empathetic and just provide that extra customer service right now and definitely go back to your customers, go back to your database, and see what additional services you might be able to provide and what additional help they need.

## **9. MARKET AND SELL**

Definitely continue to market. Don't stop marketing but you need to review what isn't working and you really need to trim those expenses that aren't working and focus on the marketing that is working which means you really need to be able to track where your leads are coming from, which campaigns are working and really understand the numbers around that.

You may also need to modify your approach and your message at your marketplace to cater to people's concerns that they have at the moment now.

Create new offers and guarantees. If you don't have one, maybe put in place a guarantee to reduce the perceived risk of using your service and negotiate a better rate with your advertisers.

If you're doing newspaper advertising or other forms of advertising, go back to them and they may be open to renegotiating the rates that they charge you.

Lastly, improve your conversion rate. It's far easier to focus on what you're doing to have a conversation with leads and improving that sales process than it is to rely on new leads coming in the door.

## **10. EXTENDED CREDIT**

Look at your credit and try to extend the credit that's available to you. Communicate with suppliers if you are having problems paying upfront and communicate whether you can renegotiate terms.

Speak to your bank as well and potentially look for a mortgage holiday. The banks are open to this even outside of the current crisis so if you need to and you are thinking that it's going to help your cash flow if you can get a holiday from your mortgage or from other loan repayments then talk to your bank upfront and do it now. Be on the front foot rather than a month down the track when everyone's trying to do that with a bank.

Put in place additional credit facilities. Once again, it's going to be a lot easier to get those facilities in place whether it's an overdraft, the lines of credit—whatever it might be, it'll be easy to do that now while things are still fairly sound rather than down the track when the business may be hurting.

Continue to lodge your browsers but the ATO is going to be very lenient about whether or not they chase these payments so lodge the BAS but potentially don't pay it. It's a unique situation for each business so have a look at your situation whether or not that may be an option for you and definitely talk to your accountant about that as well. Just be aware that that's an option.

Potentially refinance, get better rates, and look at both personal and business. In terms of facilities and credit, potentially defer investments that you're going to make.

Some people who are in a good cash position may want to spend money to take advantage of the instant asset write-offs that have been announced as part of the stimulus package so once again it depends on your business.

## **11. TIGHTEN UP CREDIT LIMIT**

Finally, tighten up your credit processes. You really need to just review your credit processes and make sure that's happening. Put people on credit watch.

Definitely invoice quickly. Don't let some people get busy and invoice on time. Also, chase those invoices. Simply put, you really need to look at tightening up especially now and also don't extend credit. There may be some customers where you decide to offer it but don't automatically do that as a policy.

Discuss all the stimulus packages with your clients as this is where you potentially add the most value to the relationship as they will need you to assist them to lodge forms to get them their refunds.

## **12. KNOW YOUR NUMBERS**

Now more than ever it's vital that you know the relevant numbers that form the life blood of your business.

Read your financial reports, understand them, and do your cash flow forecasting as well so you can pre-empt what cash impacted maybe in the next month or two.

If you don't have the following already, request these from us and we'll prepare as soon as possible:

- 1. Actual P&L weekly and monthly and quarterly**
- 2. Actual P&L Year to Date**
- 3. Balance Sheet**
- 5. Cash flow projection/position**