

# 20 Do's to Survive in 2020

## *A Vital Business Guide to beat the Viral Downturn*



*The author **Priju Dominic** is the CEO of Domtax Consultants in Dubai, UAE. He is a seasoned Entrepreneur, Tax practitioner, Business strategy Consultant and a banking and investment expert. You may reach the author on +971566040648 or write to [pd@domtaxuae.com](mailto:pd@domtaxuae.com)*

**W**hen survival or maintaining the status quo is a hard task, enhanced profit, growth and expansion is a surely a delight.

Today the whole world moves forward on two things – Hopes and Prayers. A hope that the world will come back to normal at the earliest and prayers to God, to make their hopes a reality.

It seems the hopes are hopeless as the old normal gives way to a new normal and it means to coexist and live the virus to outlive the corona pandemic.

It is a new experience for individuals and their personal lives and for a business, it is no different.

The new era demands the businesses to go through a painful reinvention and to take bold and futuristic decisions ahead. Not to forget change is the only constant and change management is an art as well an adventure.

This world is for the brave, bold and ambitious and I know nobody apart from an entrepreneur who combines all these qualities and I am sure an entrepreneur can get on to the survival mode with an enhanced passion and determination to survive, than to surrender.

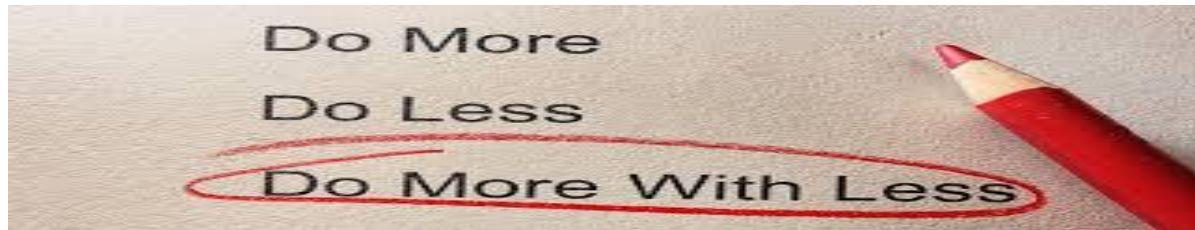
Any business should adhere and adopt a more disciplined and focused approach to ensure that the business is not a history and rather it creates history.

These 20 tips are generic in nature and can be applied in any business irrespective of their nature and geography, however it should be selectively adopted to suit any business model. They provide you an insight for creating own strategy within your business and all the ideas may not be suitable for a single business in isolation. There are many more ideas that can be applied in any business as per your creativity and in depth understanding of the business.

Whatever the case, the change is inevitable and one should design, implement and embrace new changes to adapt to the changing times.

Wear your management hat and read forward.

## **1. A Lean organization – getting the most by limiting the resources**



Tougher times leads to tougher decisions. These decisions will help make your business to be lighter on expenses to raise the profit balance higher.

An inevitable decision to be made and implemented is to make your company lean and strong. Making your company lean means to extract more value from the existing system by eliminating the process or people that are not creating the extra value. To identify these baggage's, you should start looking from the eyes of various stake holders and most importantly the customers. You should analyse whether a process or position of a personnel is creating the value and if so you should be able to make a value for the process either in percentages or value. Then decide what you can live with and what you cannot. But this can be a painful exercise as this will lead to eliminating a process or a person that you are very comfortable with.

As a word of caution, this exercise need to be done with extra care to ensure this is not creating additional costs and rather this should enable value creation. It should be done with a mix of business acumen, creativity and market knowledge.

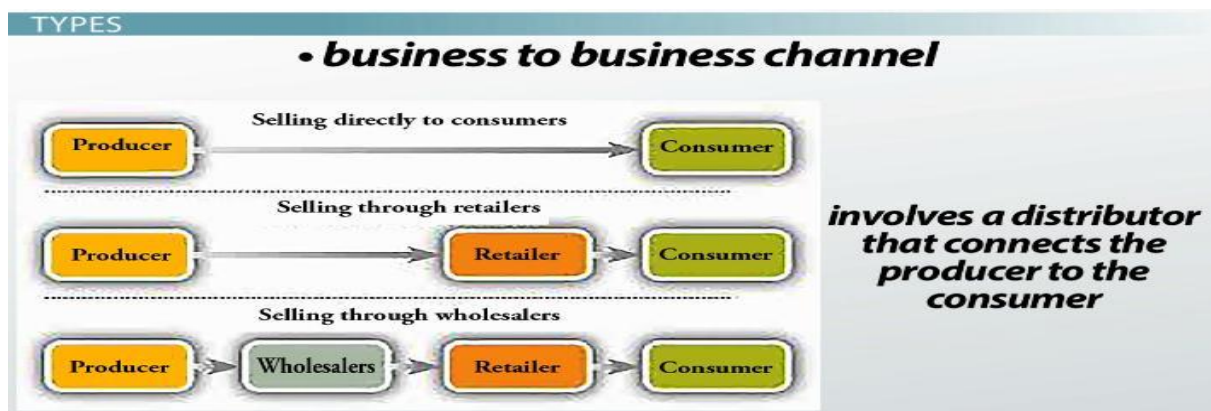
Some examples of making your business lean can be as below:

- Outsourcing all the back office work to a professional company in another country thereby reducing the cost of salary and rent in a high cost country. This could be like outsourcing from a high cost jurisdiction to other cost efficient countries.
- Outsourcing the production to reduce the cost.
- Another could be centralizing the operations to a single facility thereby reducing the rent and other expenses on multiple facilities.
- Reduce the number of offices and accommodate the staff in the most viable location. May be the adoption of hot seating systems or alternate day work from home methods can help.
- Use external distribution system rather than internal staff for the delivery of your products.
- Reduce fixed staff and rely on freelancers and consultants whereby you can pay them based on works or assignments if the nature of order book is scattered or seasonal.
- Redirecting the advertisement spend based on the situation. A billboard or hoarding on a main highway may not yield the expected result. May be the same can be redirected

to focused mediums that takes the attention of your target clients like advertisements on social media and other online mediums.

- Controlling the stock of goods at a time when the future demand of goods is unknown. Prefer small purchases over bulk even if they are little expensive as you will not be stuck with stock for long.
- Disposing the not so wanted assets like vehicles and rather hire a vehicle on need basis. The cost of a fixed driver, insurance, parking and other maintenances can be saved.

## 2. Optimizing the Distribution System



The businesses are varied and hence its style and mode of operation. However the businesses that depend on a certain distribution system should do a major recheck on the existing system and the efficiency and viability of the same during the changing pandemic times. This time necessitates certain changes in the way you operate your business.

A retailer should anticipate the reduced footfall into his shop and should scout out for an ecommerce partner like Amazon.com, Noon.com etc. who can sell his exotic goods through them. A restaurant should look for home delivery more and should get listed with all the online platforms like Zomato , Swiggy, Deliveroo etc. for enhanced visibility and order.

A bank should allow the online fund transfer limits so that the customers can do all the transfer online than visiting the branches. The necessary precautions and processes to prevent fraud should be implemented as well.

A professional firm can make use of video conferencing, conference calls etc. and use courier companies to deliver their products or documents.

## 3. Controlling the cost of Personnels - Salary cuts, Commission and Incentive structures



There is no doubt on the fact that the strength of an organization and its biggest asset is the human capital. However for certain companies the biggest expenses shall also be the remuneration to its staff.

Due to the importance of the employees and the cost associated with their association with the company, one should carefully analyse the cost versus productivity versus the long term value creation of a certain position. It is to be remembered that a ceremonial position may not always create the desired value. At times some positions can act as a bottleneck too. This is the time to streamline this issue. If you are not so sure about the elimination of the post, then remove the person as an employee and retain him as a consultant instead for a reasonable period to enable the transition.

Personnel cost control ideas can be as below.

- Make the unwanted positions redundant.
- The employees those are not required now can be offered unpaid breaks for education or sabbaticals or a short break to pursue their passion and can be paid on hourly consultation fee based on works allotted.
- The fixed salary can be reduced and can further be incentivized on productivity.
- Migrate to working with consultants rather than employing full time staff as appropriate.
- Look for less costly staff as appropriate.

#### **4. Survival is more important than profits, growth and expansion**



In the recent times, it is not a shame to say that we are surviving, rather this is the new normal. This is the time to survive in the market and a higher profitability may not be possible for everyone.

The businesses should try harder to retain the clients and manage the clientele. After all everyone knows the cost of attracting a new customer of far more than retaining an existing client.

Request for discounts has become a new normal as everyone is trying to cut the corners to reduce the expenses. A considerate consideration on these requests will help you retain them until the times are good and then a gradual increment of prices and fees shall become viable.

## 5. Enhance your revenue streams

### Revenue Streams



These unprecedented times would have reduced or erased your revenue sources. A revenue stream is not a business model but it influence how a business model works and delivers value.

The prime focus should be to revive those revenue and to creatively identify new sources that can help you offset your loss in the other revenue sources.

A trader who deals in a certain product can leverage on his network to source additional products based both from the supplier and customer ends. This shall open up a new revenue source.

A business which sells a product can also undertake the service and maintenance as a new revenue model.

## 6. Time to rework on your products and services



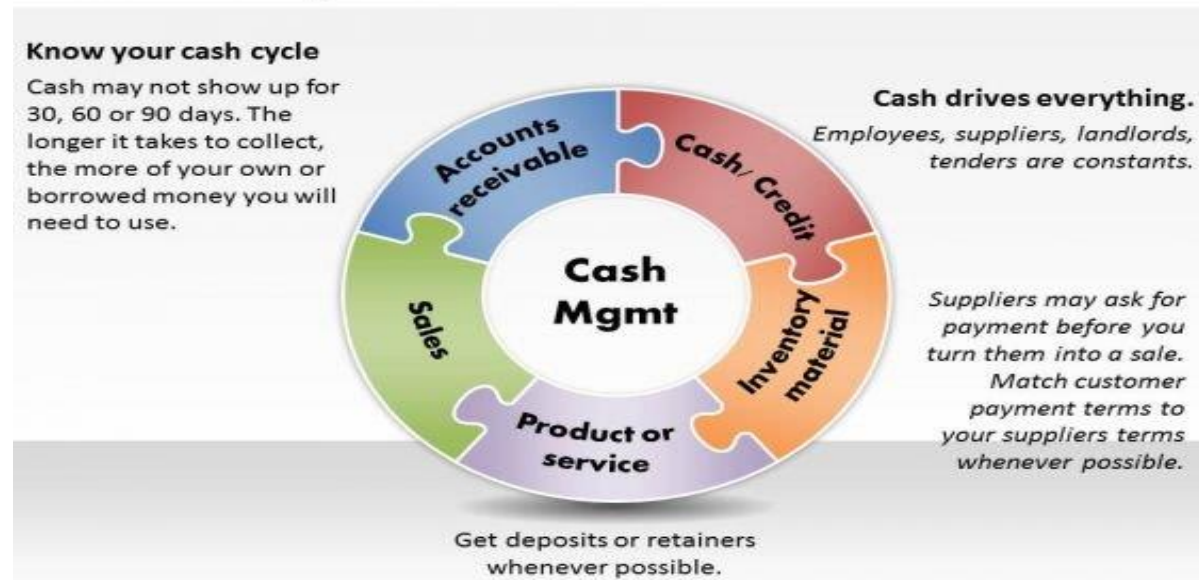
Everyone has more time at hand now than ever and so do the business owners. If you still don't have time, make time, because if you do not spare time now, you will to waste a lot of time later, thinking over the past mistakes.

Let this be the time to rework on your product and services.

You should wear multiple hats of a customer and that of the other business stakeholders with information ,creativity, and business acumen.

## 7. Efficient management of Receivable and Payables

### Cash Management



A constant phenomenon during the tough times is the delay in the payments. People tend to hold onto the payment as they are uncertain about the future. Another probable reason for this is that they are not receiving the payment from their customers and a genuine liquidity problem exists.

For a business, it is extremely important to have a regular cash inflow and any irregularity could directly affect their working capital requirements. Businesses should focus on the total receivables and a regular follow up is extremely important to collect the money back. A fruitful exercise will be to segregate the total receivable list according to the credit risk matrix. A threshold should be fixed based on the size, importance, comfort and the reliability of the client. A strict decision should be taken not to provide any credit above the threshold limit assigned to each client.

A provision need to be created for bad debts and appropriate actions should be taken including offering drastic discounts for upfront settlement, legal consultations etc. to recover the outstanding funds.

While you are diligent in managing receivables, it is also important to manage your payables the most efficient and ethical ways as well. Have a check on the bank cheques issued and should always ensure your cheques are honored always. This shall create credibility for your company and build cordial relationship with your suppliers.

In case of a dire situation where you cannot honor a cheque, it is a must to inform the holders of the cheque about the potential delay and ask him not represent the cheque until the time you

are able to fund the account. Also if possible make a part payment and issue a new cheque for the outstanding amount. This can help instill the confidence of the creditor on you and can reveal your best intentions.

When you have Business loans or other credit facilities from a bank and if you are unable to service them, the best way is to reach out to the credit team and discuss the situation and show them your intention to repay the loan irrespective of the current situation. You can request for a restructure of the loan like a reduction in the EMI for a certain tenure etc. You can also additionally offer any kind of collateral for their comfort and satisfaction. Always remember the name and reputation is a great thing in business and running away to safety and defaulting on your commitments is nothing but a willful fraud and business suicide.

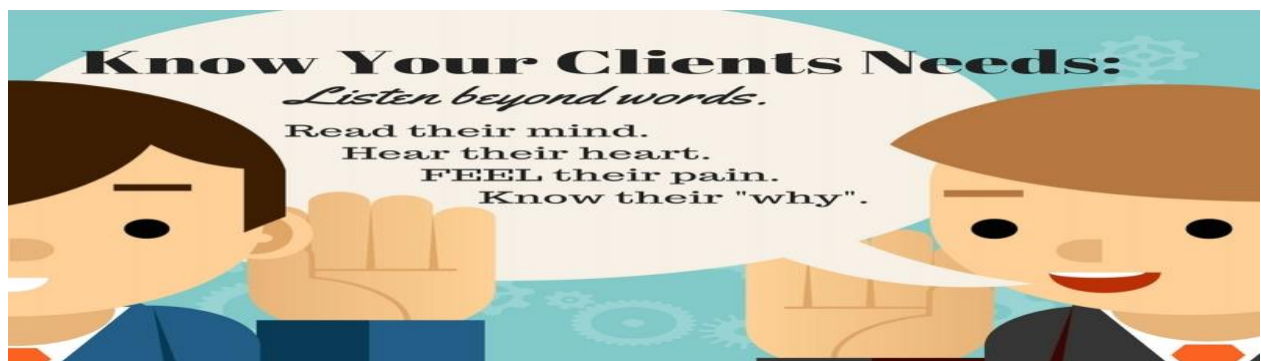
Never resort to such actions even in the worst of the situations. Nothing is better than a guilt free life.

It is highly recommended, that you should be making the payments to your debtors on time, as they are awaiting the receipt of the funds to further their business.

So always remember if you are not managing your payables well, it can create a chain reaction in the market and what goes around, comes around too.

The reputation built in a bad time will stay forever.

## 8. Reach out to your universe, Know your clients well



This time may not be your best time to sell to your products like before. But this is the best time to reach out to your clients. They should be able to remember you and your products and services. Your business name should be flashing in their subconscious mind so that you become the first choice when they need a product or service.

Personalized email wishes on birthdays or anniversaries or sending some flowers to the important clients or a courtesy extension of services or warranty or any special discount for the loyal clients etc. can make them think of you with a smile.

Far more important is to know and understand the financial strength and other situations of the clients. This knowledge will help you in deciding the credit policy towards that client.

## 9. Embrace the Technology - Shift to Online/Digital /Ecommerce



The digital transformation is possible for all types of businesses, but may not be viable as a single medium for all businesses. However, this transformation is inevitable at a time where one should reinvent the business model to operate during these unique times. All are forced to delve into the unconventional methods of service delivery for survival and sustenance.

Client meetings and consultations can be made through video conferencing, students can be taught through online classes, patients can be consulted online as much as possible, online grocery and supermarket shopping, more enhanced online entertainments.

Using Artificial Intelligence for virtual real time tours of places and cities seems not a distant reality.

## 10. Refrain from new capital expenditures unless it is critical for your survival



Unforeseen times need to be managed without losing any drop.

This doesn't mean that a fantastic opportunity should be turned back, rather an avoidable capital expenditure should be scrapped back even though it was decided in the past to do so.

The same can be redone when the good times are back. An inevitable reformation has to be invested into, however with a lot of caution and careful analysis and forecast.



Always remember to ensure that your ego and pride is not overtaking the rational business decisions.

## **11. Focus on your best business – A business where you are the best**



It is highly possible that you get to buy a new business or a new business idea comes to you where you see lot of opportunity. Again, I don't mean to demotivate the new entrepreneurial spirit in you. You may do so after an in-depth analysis and decision making using professional help.

A sudden jump on a new opportunity also comes with risk of meeting new unfamiliar pitfalls . "I did it right before" is no wall of protection in the uncertain times and it can deplete all your time and resources towards the new venture and the core businesses may suffer.

## **12. New associations, Partnerships, Consultants, Freelancers and other Networks**



When the going gets tough you need ways and means of reducing the cost and increasing the visibility and reach that leads to the increase in topline.

These shall be the great times to look out for new associations, may be with your competitors inside or outside your country of operation.

This can help you build the economy of scale and reach beyond your earlier borders at lower costs.

### 13. Streamlining your products, services and Pricing



It is extremely important to analyse your existing products and services. Some may require alterations and others a complete revamp to suit the current needs of the market.

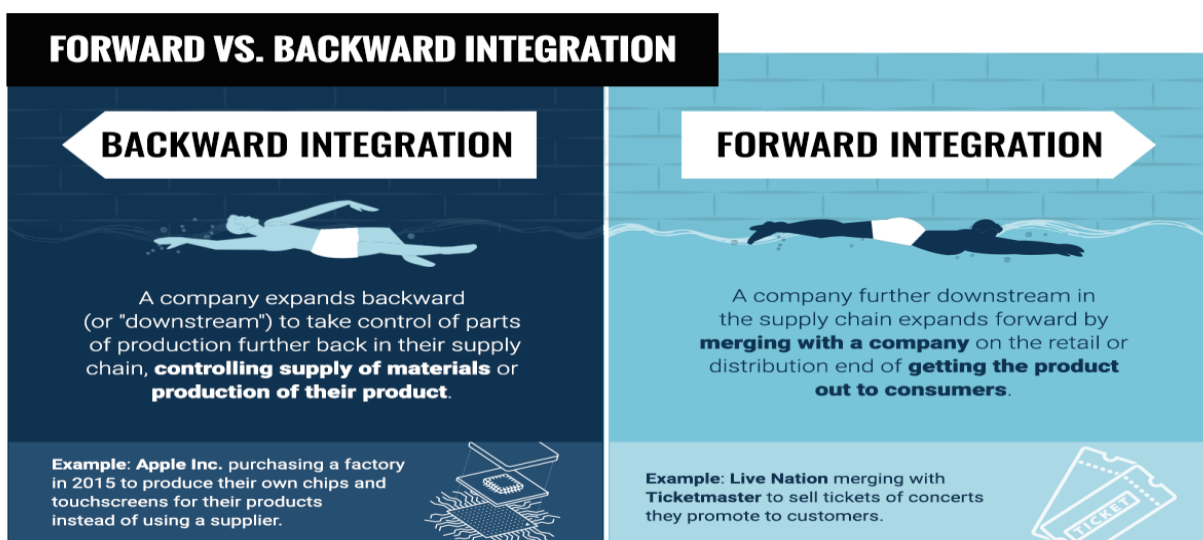
Analysing your pricing policy has to be a major strategic decision as it can make or break your business.

The pricing strategy should be carefully undertaken to increase your sales considering the consumer behavior during uncertain times.

One should not be adamant on insisting the same offering out of ego or attachment and rather should take meaningful decisions to strengthen your offering.

Remember, a business is not just a hobby, it is your bread and butter and should leave no stone unturned to save it and grow.

### 14. Forward and Backward Integration



There is no better time to look at the vertical integration. These strategies help you gain a better control over the value chain thereby reducing excessive dependence on the suppliers and enables business competitiveness. These moves shall help you control your costs and decide the pricing and gives you a better bargaining over the suppliers, command over the competition and the market and deciding the pricing of your product as per the consumer demands.

## 15. Market and Customer Analysis



Any business decision should be backed by reliable information and the lack of this information could lead to weak and poor actions.

Take your time out to gather more data on your industry, competition, change of consumer behavior and the newer trends developing within your target market.

I would always suggest to involve professionals in this process. All aspects including the past market trends, competition analysis, newer trends in progress, newly developed consumer psychology and any new potential legal developments need to analyzed in detail to make your next move.

## 16. Reach out for Professional Help



No doubt!, you are the best, but may not be the master of all trades. Even if you are a master of all, It is not worth wasting your time on everything. Reserve your time and energy for more important things that nobody else apart from you can perform.

Dream big for your business, communicate with important people, strategize diligently and implement effectively and set your best foot forward.

It is also extremely important to identify an able professional to do the job for you, so that you can be rest assured and do what you are best at peace – creating your business.

## 17. Disciplined Accounting and Financial Control



A disciplined accounting and financial management is always important for a business at all times. It is the first step to a healthy business but this functions always bears the ignominy of being forgotten and ignored.

At bad times, it is even more important to have the best controls in place as you can't take chances and leave a space to make a wrong moves or bad practices.

Ensuring a disciplined approach will help avoid any potential financial leakages and improve financial efficiency. Either you can have your own accountant or hire a professional accounting firm to do the job for you. It would be advisable to hire an external account at least to do the supervision of your accounting team. Always ensure the taxes are collected and paid by the book to avoid crossroads with the taxman.

## 18. External and Internal Audit



Once you adopt a disciplined accounting and financial control, you should further ensure the accuracy and trueness and fairness of the financial reports made by your accountant.

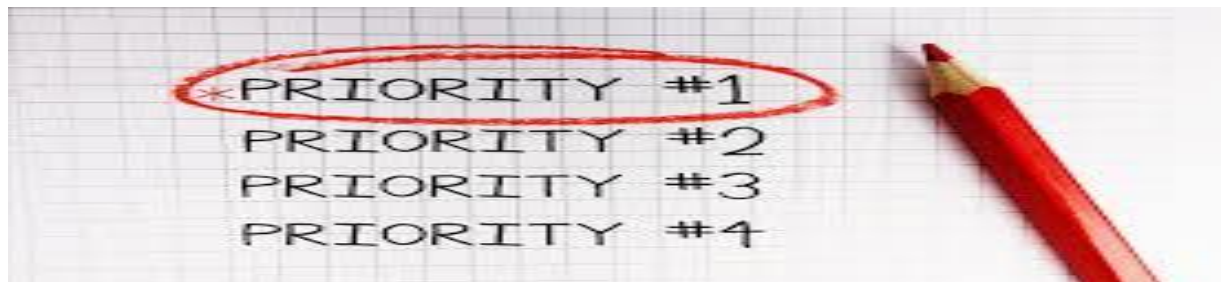
An external Audit of the financial statements can unearth any wrong practices or mistakes and you can confidently foot your business decisions based on these numbers.

Also a third party verification can create a fear and your accountants shall exercise more caution in what they do.

Internal audit is basically deep diving into the existing practices and comparing the deviations from the original policies.

Internal audit can reveal any malpractices or fraud or inefficient practices. More importantly an internal audit can provide recommendations and suggestions for improvement.

## **19. Do an In depth analysis of the business – Impact analysis, focus and prioritize or liquidate the business**



Once you have the Audited financial statements, you should do the number crunching. The ratio analysis will reveal the real performance of the business. If you have different businesses or different divisions, identify the ones with higher profitability, better return on equity and invest more into them to maximize the returns. However, decisions cannot always be based on numbers alone, as you should use your business acumen to analyse the market.

It is a must to make the analysis of the impact of the pandemic on the economy, Industry, and the usage of the products and services you offer.

After comparing the past performance with the impact analysis, a major decision is to be made.

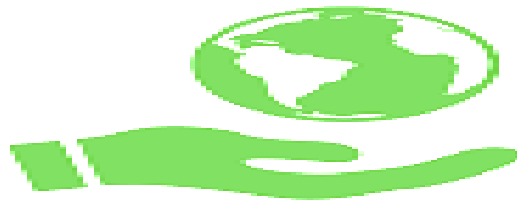
Close down the business that is not making you money and do not have any future potential.

Focus and prioritize the business that shall make money for your future.

Ego and passion should not be an excuse to run a loss making business unless you are sure on them to turn the tables around. If you aren't hopeful, book your losses and liquidate the business than to drain your savings.

Entering the market at the most opportune time is very crucial to a business and it is all the more important to exit at the right time too, with or without making the money.

## **20. Display your Social Responsibility – Reach out to the society and to your business circle.**



### **Social Responsibility**

It means a lot to be known as a responsible business at times of crisis. Extending a helping hand to the needy, be it you clients or associates, not only is an act of good , but shall help you retain the entire system in place for a better tomorrow.

A business or a brand comes in the minds of the various stakeholders both internal and stakeholders basis their perception on the same. The perception of the brand in the minds of your customer decides his association with you. The perception in the minds of the suppliers enable a special relationship. So manage the perception well at this critical juncture.

So always create a positive impact in the society and within your business circle when they need you the most. Identify the needy and do the needful do cast a lasting impression.

Be the agent of change that you wish to see around you.

Let us change ourselves for a better tomorrow.