

 COVID-19 & YOUR BUSINESS



# **BUSINESS PREPAREDNESS GUIDE 2**

RUNNING A BUSINESS IN CHALLENGING TIMES | MAY 2020

**myob**

# CONTENTS

## PART 1

### YOUR MARKET

- 05 CUSTOMER STRATEGY
- 07 PRODUCT STRATEGY
- 10 BRAND STRATEGY
- 13 NEW BUSINESS MODELS
- 15 TRANSITIONING TO AN ONLINE BUSINESS

## PART 2

### YOUR BUSINESS

- 20 OPERATIONS
- 23 ORGANISATION
- 25 ASSESSING ONGOING VIABILITY
- 27 WELLBEING

# INTRODUCTION

**To say we live in uncertain times is an understatement.**

**Even for businesses that weathered economic events such as the Global Financial Crisis (GFC) or the recent bushfires, there isn't a clear blueprint for the impact the coronavirus pandemic will have on our globally interconnected economy and society.**

While countries deal with the immediate impacts of COVID-19, through border restrictions and social distancing designed to 'flatten the curve', governments and businesses are beginning to grapple with the next stage. They are nearly unanimous that post this emergency, the world will look very different and our 'new normal' will be a long way from the one we knew just weeks ago.

The very real impact of the current crisis is far reaching. According to the International Monetary Fund, the world has already entered a recession – one they predicted will be deeper than that seen over a decade ago after the GFC.

While Government intervention has assisted many immediately impacted by job losses, forecasts are that unemployment will balloon above levels reached after the GFC, with numbers expected to double to 10% in the June quarter, reaching double digits for the first time since 1994.

There is no guide to this crisis. But past events have provided us with examples of businesses that have evolved or established as a result of recession, and gone on to thrive.

Even now, many local businesses have carved a new niche, reaching their customers in new ways. There's never been a better time for businesses to embrace new digital ways of working.

We believe small businesses are a powerful force for positive change. It is vital for our economy that the small business sector is as protected and supported as possible in the weeks and months ahead. Which is why in this second edition of the MYOB Business Preparedness Guide, we look at areas for business to adapt and invest in, to support businesses in their objective to start, survive and grow.



**Greg Ellis, CEO**

## PART 1

# YOUR MARKET



Your customers have been stuck at home for weeks. Some of them have lost their jobs or are facing a significant hit to the family income. While you had a plan in place for the year ahead, suddenly everything you had hoped for has changed. It's time to rethink your approach to your market.

## CUSTOMER STRATEGY

**In the current environment, protecting and supporting your existing customer base is vital.**

**For many, the challenge is retaining customers when you can't sell to them the way you usually would. Segmenting your customers is more important than ever, considering which industries have been most impacted and who the core clients are that you need to protect.**

Social distancing has reinforced the importance of customer communication. Without regular in-store customer visits or meetings, finding ways to keep in touch and staying top of mind has become a unique challenge.

Businesses with a regular routine of client contact, through for example subscriptions or ongoing updates, have a good platform to build on. Others have shown they have a good understanding of their place in the market and adopted an appropriate tone for this unique situation. However, there are also plenty of examples of businesses using COVID-19 as a reason to contact anyone they have ever done business with – and their messages of reassurance have not always landed as planned.

The most important thing you can do to keep your customer, is communicate openly and honestly with them, with a service mindset.

### How can you help?

A strong approach starts with understanding customer needs. And in these unusual times, beginning with the fundamental question: 'how can we help?' can make a major difference. The answer may be: 'you can't right now' – but that listening mindset will help you maintain a connection and identify opportunities to provide your services in the future.

### Clarifying payment terms

With many businesses' cashflow impacted it's critical you get in touch with your clients and work out when they can pay. Being proactive and having flexibility on payment terms could create loyalty as everyone negotiates these challenges. It may be an opportunity for valuable clients to gain more commitment for greater flexibility.

### Understanding the value

This is the opportunity to re-evaluate your business and this should start with your relationship with the customer. Who is bringing you the most value and the best ROI? Who is the easiest to maintain? Who regularly pays on time? And which of your competitors has the customers you are after, and why? Which sectors have been and will be most impacted? This operational pause is a good opportunity to use customer data to take a good look at where the value lies in your customer base, and how you can maximise it in the future.

### Building service relationships

Strong brand loyalties are built during times of crisis. People remember who helped them when they needed it – and who didn't. That might mean going the extra mile – offering free delivery, doing follow up calls to check on product performance, expediting urgent orders, even offering something for nothing if that builds a lasting relationship. People are building entirely new purchasing habits – many of which will become hard-wired by the time the COVID-19 crisis has passed. Creating those memorable service moments is a great way to build lasting relationships in the future.



## PRODUCT STRATEGY

**One of the most important aspects of your business is understanding how demand for your products has changed in this crisis.**

### Re-evaluate your product offering

Understand your options by looking at the following:

- + Which of your products and services are most valuable in this current climate?
- + Which are going to remain essential to customers through the downturn, and which are going to become discretionary purchases?
- + Do you have any complementary products that could facilitate the sale of others (defend these products)?
- + Understand your inventory – if you are not sure what goods and stock you have, conduct a remote stocktake via video.
- + Try not to cutback on quality, as this will come back to haunt you over time.

If you're in a business-to-business (B2B) market, where your company sells products and services to other companies, ask your customers what initiatives they are pursuing in the face of the declining economic climate.

### Take stock of your customers

The next thing is to take stock of your customers.

- + High-value, relationship customers are more likely to sustain your business in this economic climate than low-value, transactional customers.
- + Your messaging to customers warrants review – with the focus on helping them through the bad times, not pushing product.
- + Focus selling on the essentials and the fundamentals, not the discretionary.
- + Accept that retaining a customer on a lower-priced product is a better outcome than losing them altogether.
- + In B2B markets, larger corporate customers will try to consolidate suppliers, so ask them what else they are buying and from whom (expansion sales to existing customers will become even more critical to your company's growth), but;
- + Customers are going to be less likely to upgrade or buy more from you if they aren't seeing the value. Is there a new customer segment you could provide your service to created out of the constraints of current environment?



### Pricing strategy

Setting pricing during a crisis can be fraught. While your business may be facing cost pressure and a cashflow squeeze, putting prices up as a reaction may not only push away customers, it may alienate them long-term.

Previous recessions have demonstrated that demand does not weaken at the same rate and at the same time. What is unique about this situation is that so many industries have been affected so rapidly. But we can expect the pattern of recovery to be uneven, as some businesses find themselves in immediate demand, while others, such as tourism, will face more issues long-term.

### MYOB Economist Jon Manning's guide to consumer behaviour

Businesses in industries where demand has evaporated lose the ability to set prices because consumer behaviour has changed dramatically. For example:

- + Consumers will do many things differently, including paying upfront to get the best price, compare you to your competition more often, and in the absence of price reductions, they will ask for extras and value-adds and buy (even stockpiling) jumbo packs of products.
- + They will make products (like toilet paper and tissues) last longer, trade down from favourite to cheaper brands (abandoning any brand loyalty), and shop late at night in supermarkets, in anticipation of end-of-day use-by mark-downs.
- + People will also get things repaired rather than replace with a new product. Or they'll abandon services altogether and do things themselves (such as dog grooming and even haircuts!).
- + People are more likely to resort to haggling more often, or even alternative payment systems like bartering.



## Pricing strategies

If businesses lose the ability to set prices because consumer behaviour has changed so dramatically, what can be done about pricing?



### 01

#### **Halt any price increases**

a move that demonstrates you have your customers at heart

### 02

**Revisit T&Cs** can you provide better payment terms or offer financing?

### 03

#### **Provide added-value**

can you offer attractive extras, such as advice or research, without adding to your costs?

### 04

#### **One size doesn't fit all**

assess each customer individually, especially in cases of hardship

### 05

**Base decisions on customer needs** don't be influenced by competitors' pricing strategies

### 06

#### **Add time to vouchers**

if you sell in advance, through a voucher or reservation, extend the valid time (e.g. two years rather than six months) to allow consumer confidence to rebound

### 07

#### **Run promotions and discounts**

but make them temporary, not permanent

### 08

**Focus on your primary brand** cut support to any secondary brands

### 09

#### **Regularly review**

keep a close watch on customer trends and competitors

### 10

#### **Reward loyal customers**

and ensure you communicate regularly with new ones

### 11

#### **De-risk large purchases**

using 'money-back' guarantees, warranties and finance support

### 12

#### **Understand the psychology of pricing**

make prices seem better or reinforce purchasing decisions by unbundling, repackaging, focusing on 'daily equivalent' pricing or providing social proof for your 'most popular products'

## BRAND STRATEGY

**While many businesses are rightly focused on the day-to-day running of their operation, it's important not to lose sight of the big picture. Who you are, the difference you make and what identifies you as a business – the essential elements of your brand – will take on greater importance as businesses compete in a constrained market.**

It is important to take the opportunity to reflect on what your business means to you, your staff and your customers now, and what role it might play in the economy in the future. And while business survival has to take precedence, business success is built on understanding and articulating a strong brand.

### Identifying your purpose

For most SMEs, starting out in business is a means of taking control over their destiny and pursuing a passion. Few see it as just a job. But with everything that is changing, ask yourself:

- + What is the purpose of my business?  
Why do people choose to buy from me?  
What am I doing that makes a real difference to my customers?
- + Given everything that has changed, will that same demand exist? Does your business still meet those needs and will your current positioning support where you need to go?

### Authentic, human response

Physical restrictions of have been acutely felt everywhere. And the human toll of the COVID-19 epidemic has been severe. In this climate, how well people respond to businesses – especially marketing – depends on a business's ability to connect on an authentic, human level.

This is make-or-break for many brands. If you can help your community or make a real difference to your customers, communicating this may help you build long term connections and loyalty. If you can't find a way to naturally take this approach, it may be best to stay out of the conversation until the environment has changed, or use this as an opportunity to consider how your brand might evolve to reflect a changing market.

### Consistent quality

Providing consistently high levels of service and maintaining product standards are vitally important – particularly now.

The way you deliver your services and products, how satisfied customers are with your performance, the value they get from you and your long-term reliability all underpin your brand. So, if the current situation is making it hard to deliver to your highest standards – if you can't get a part, ship a product on time, or meet a deadline – it might be necessary to re-evaluate that line, slim down your offerings or invest in other options.



### Timely communication

People understand times are tough. Every business is in an unusual situation and some just cannot provide the services and products they used to. What will protect your brand from long-term damage and build loyalty is how well you communicate these changes and find workarounds to suit everyone.

Can't provide that motel room any longer? Contact your guest to offer a flexible voucher for them to rebook later. Unable to supply their favourite food item? Redirect them to alternatives and provide cooking tips at the same time. Swamped with requests for deliveries? Develop an alert system that lets customers know when their orders will be delivered.

### Targeted marketing investment

The current COVID-19 crisis has already seen advertisers significantly reduce their spend. As a key cost to your business, this is an area to evaluate. But bear in mind the investment you have already made, and the potential cost of reintroducing your brand to the market.

There are also likely to be considerable marketing opportunities in this market, as media look to replace lost investment. With enormous numbers of people staying home, the audience for TV, digital and social channels have skyrocketed. And, with so many advertisers cutting their budgets, there is less clutter to compete with your message.

So rather than simply putting a line through your marketing budget, consider the value you can get with even a reduced budget, and any new – but appropriate – ways you can keep your brand in front of your customers. Consider where your audience is now and what they are doing to evaluate how you should target your marketing spend. For example, the opportunity to see a billboard is limited, while screen time is through the roof.

### Supporting your people

One of the strongest ways to support your brand at present is ensuring the people that represent you and interact with you can help tell your story – and amplify your qualities.

If your staff are on the front lines, it is up to you to ensure they are well resourced, supported and ready to deal positively, and safely, with your customers. If they are at home, they can still be engaging with your audience through social media or through direct customer contact.

Likewise, although your customers are cut off from their usual circle of influence, they are likely to be more active on social media. Provide them with opportunities to highlight positive interactions with your brand – and reward them where possible for doing so.

## NEW BUSINESS MODELS

**Finding a place for your organisation in the new business environment will be essential. But it is highly likely that you will have to change at least some of the ways you have traditionally done things. Demand will change, both in the short- and long-term. Consumer's behaviours will be different. And the new ways of working, shopping and interacting we have adopted will likely have a lasting impact.**

**So where does your business fit?**

### **Understanding your market**

To identify how to respond to a changing market you need to understand what is driving the market. In the current situation, market research can be limited. Research may be able to tell you how consumers are behaving now, but that won't necessarily be a good guide for when we are on the 'other side' of this crisis.

You can still understand your customers by getting them to talk to you – and communicating regularly so you can monitor changes in how they behave and respond. Market research you can do now can be low cost or no cost. Talk directly to customers, do regular, short online surveys, monitor social media conversations that mention your brand, and your competitors. Every bit of information you can glean will help you build a better picture of where your market might be going.



## Making the most of change

Events like this one cause massive disruption – and for many businesses, that’s an opportunity.

- + E-commerce is becoming entrenched. Already massive, for many businesses it is now a lifeline to reach their customers. Now we’re all relying on it, that online shopping habit probably won’t change after restrictions end.
- + New businesses are disrupting traditional markets. For example, online food vendors – from Mum and Dad growers to smaller food distributors – are jumping on opportunities to fill gaps in availability at the supermarkets.
- + Many service businesses are building closer relationships with their clients by providing essential information or advice more consistently through digital and/or virtual contact.
- + Many education businesses are mastering the art of digital delivery and we know education demand will increase as unemployment rates climb and people look to upskill.
- + Others are reaching out to their customers directly, using social channels or databases, to understand what they need, test new services or product options that can be provided, or start conversations about what they’ll want in the future. People have time on their hands, so it is easier to have those conversations.

For some businesses, the new normal will be far beyond business as usual. They’ll pivot or even reinvent their business. And to do that, they’ll consider:

- + Can you change the way you sell to make your product or service relevant? For example, is home delivery an option for popular food products your restaurant makes as people continue to work from home?
- + Can your online ‘essentials’ range sustain your business, rather than having to carry excess stock or having to trade from a physical store?
- + Will there be a new demand trend you can satisfy? We are likely to be facing different levels of restrictions for some time, so is there a way to deliver your product or service direct to a customer’s home? Examples include food providers offering essential care packages to over 70’s delivered to the door.

- + Will supply chain disruption open a new opportunity? We may not see the global economy recover for months or even years, with significant trade disruptions likely for a long time. So, if customers can’t buy something from overseas, could you make it here or provide an alternative?
- + Is it time to start something new? Will your business struggle to cope with the new normal, and is it better to change path altogether rather than carry on in this environment?
- + Where can you get help? There are a range of ways business owners can assess new ideas – starting with their financial advisor, local Chambers of Commerce or [ASBFEO](#). There are also a growing number of investors interested in supporting new start-ups, especially in the tech space.

## TRANSITIONING TO AN ONLINE BUSINESS

**If there is one lasting change for business that will come out of this experience, it is that the internet has been cemented as the platform for business. Working from home, online sales and delivery, virtual client meetings, streamed entertainment – much of what we have been relying on throughout the COVID-19 crisis has been internet-based.**

Many businesses – and their staff – have discovered that they can work effectively remotely. Most customers have built an online and home delivery shopping habit. And a broad range of service providers have operated well virtually – from financial advice to medical consultations. So, we are unlikely to see them step back from this way of working.

For businesses that aren't online now, or who struggled through the transition to working from home, they are unlikely to want to be caught out again. So, the investment in technology solutions for business after this event is likely to be significant.





### Evaluating your online opportunity

The COVID-19 restrictions have forced many businesses to consider how they can move to a virtual operation. Some key considerations for doing so are:

- + Your products – can you successfully deliver these through an online store? Are they simple to show and describe? Can they be installed and used easily or do they require additional support? Can they be shipped and what will freight cost? Is the price point at a level for individual items that your customers could buy online – for example, for a new tablet, probably yes, for a new car, probably not – yet.
- + Your services – can these be delivered virtually? Do you have the systems and support to create the same experience through a video conference? And will your customers feel the same about these kinds of services? Professional services, such as accounting advisory, can easily be conducted online more frequently and medical consultations are now happening virtually. But if you're a plumber or a builder, this is tricky. You could offer an online tutorial on simple DIY tips, like how to change a washer or locate a wall stud to hang a picture frame, as a way of building brand loyalty. You could also have the client Facetime you to help you triage issues.
- + Your customers – are your customers ready to take the journey online with you? Are they in a tech savvy demographic, or do they require extra support? Will they trust your online service and can you live up to your brand promise to ensure their satisfaction? Do they have any issues getting quality internet?
- + Your staff – while many people view online services as more streamlined, in reality they still require efficient, customer-focused staff behind the scenes to maintain your products and services and ensure they are delivered to your customers. What skills can you develop in your team, and what might you employ or contract in?
- + Your systems – effective online operations not only require good technology, they also require great systems throughout the business – from procurement and warehousing, to sales, service and delivery. Do you require an enterprise-wide solution to keep track of every step, and feedback that information to your team.



## Technical tips

Getting your online business up and running requires planning and know-how to ensure you can meet your customer's expectations. Here are some key things to think about:



### SSSL Certificate (https)

This ensures that all sensitive communications on your e-commerce site occur through a secure channel – and away from hackers who may try to intercept it. If your site is processing extremely sensitive data, such as credit cards, a higher-level SSL certificate is needed

### Trusted payment gateway

A payment gateway is responsible for all transactions for your e-commerce store. The payment gateway will often issue an authorisation request, and will encrypt data between you and your customer

### Clear business identity displayed

Your online store displays your logo, contact details, phone number, address and location to gain business credibility and trust from your customers

### E-store functionality

Core expected e-commerce functionality-like items can be displayed in a grid or list format. Your store will also require search filtering tools, shopping cart, checkout, member area (login/register), search box and automated emails. Make sure all forms use validation

### Payment systems icons

Provide customers easy visibility of what payment methods are accepted by your business

### Online help/support

Give your online store a section that outlines the support and online help that your business provides to customers. This may include a virtual chat for customers who have a unique question and want a rapid response

### Clearly define the important stuff

Make terms and conditions, privacy and return policies and shipping options a clear for your customer to understand the fundamentals of your business. Run your copy by a colleague or friend to ensure that it's easy to understand

### Social media links

Adding your social media links to your website will boost your business by improving your online presence, and your ranking in search results – leading more people to find your business online

### Trustmarks

Trustmarks are small images or logos that show a security guarantee by an external party indicating that it is safe to shop on your site. Perhaps start by looking into GeoTrust or Verisign to ensure the security of your site

### After-sales

Your work doesn't end when a transaction goes through. Ensure that you have after-sales support available, and customers can track and trace their delivery. Allowing track and trace delivery will minimise calls to customer support and ensure for accountability of the item you are sending

### Making the most of your virtual shopfront

Even if you can't readily set up an online store, your business can still make the most of having a virtual shopfront.

From MYOB's research, surprisingly large numbers of local businesses only have a limited online presence. But your business website – supported by integrated social media – can make a real difference to how your business is perceived, the customers you can reach, and the relationships you can build and reinforce. Consumers reported that the ease of the purchase experience was nearly as important as the price they were paying.

When thinking about how to make the best of your online resources, consider:

- + Does my website do a good job of talking to my customers? Is my messaging built around what they want to buy or is it just a catalogue of the things we do?
- + Is it easy to find the things you want to know? Can you go quickly to the information you seek and are vital things, like contacts details, and hours of operation, clearly displayed up front?
- + Is it easy to use? Is the navigation intuitive and is information presented in a logical order? Tip: rather than test this yourself, get your least tech savvy friend to find something on your site, and watch how they go about it.
- + Is it dynamic and interesting? Although they keep the 'secret sauce' of their algorithms under wraps, search engines reward you for doing a good job of presenting information in an interesting way, that is up-to-date, changes regularly and keeps visitors engaged.
- + Can you be found? How do you rank online? If you are not on the first page for your searches, talk to your developer about search engine optimisation (SEO) and consider investing in AdWords.
- + Are you social? Linking your social pages to your website will make a big difference in how dynamic your content is, how successful you are in converting social interest to sales, and how well you are ranked online.
- + Does it reflect your business? Outdated logos, staff profiles that haven't been updated, news pages and blogs that stopped being updated two years ago – these are all signs of neglect that customers pick up on in the same way as they would a broken shopfront window or a dirty kitchen. Put the same care and attention into keeping your website bright, fresh and up to date as you would your physical premises.



## PART 2

# YOUR BUSINESS



Now we are several weeks into the COVID-19 crisis, if you have been able to trade through the period, your business will have found a new rhythm. One of the things that characterises successful businesspeople is adaptability.

However, the difference between coping in a short-term emergency and adapting to a 'new normal' can be significant. To move your business through the months ahead, it is likely you will make some minor and major changes to the way you operate.

## OPERATIONS

**In the scramble to find a way to work from home, create social distancing programmes or establish remote distribution systems, many businesses threw together ad-hoc solutions designed to get their teams back up-and-running as soon as possible.**

**But as the weeks of restrictions stretch out, and we face the likelihood of long-term disruption in the way we work, it is important to ensure your operations can cope with prolonged periods of remote or socially-distanced work.**

### **New ways of working efficiently**

As many businesses have now discovered, business doesn't all have to be done face-to-face. Technology has enabled many sectors of our business community to successfully transition to work from home, relying on virtual meetings, chat tools and email to manage staff, coordinate operations and contact customers.

For some businesses, from construction to tourism to farming – sectors which make up significant parts of our economy – a full work from home programme is impossible. But even there, SME owners can adopt some of the remote work practices available to keep control of their operation.

### **Maximising technology**

One of the keys to operating efficiently in the current environment, is maximising your use of technology. And this doesn't have to be expensive. The point is to ensure you and your team are trained and equipped to use it. And that you can use technology to stay on top of your business – choosing the most efficient options for you, rather than adding more complexity in an already challenging time.

To run an efficient remote operation, consider:

- + Accounting software – a good cloud-based system such as MYOB Essentials will enable you to keep on top of cash flow (vital at present), understand your ongoing costs, track sales (and inventory with larger enterprise solutions). You can also collaborate remotely with your accountant or financial advisor to get a greater understanding of what the numbers are telling you, or to plan.
- + Video-conferencing – there are a wide range of apps available for you to keep in touch with your teams. Look for dependability, low use of bandwidth and, above all, security.
- + Chat apps – larger enterprises commonly used tools like Slack or Microsoft Teams to support inter-office communication, but even for smaller businesses, where a quick stand up meeting would do, the remote working environment has proved the worth of these handy applications.
- + Back-up – with so many people working offsite, storing and version-controlling information has gained an added layer of complexity. Secure back-ups, both in the cloud and with disc copies, are more essential than ever before.

- + Security – protecting your essential data has become even more vital, with the additional risks created by remote working teams. Ensure your system has adequate filtering, firewalls and anti-spam protection.

### Maintaining work routines

With your staff working remotely – or even for your own mental wellbeing – it is a good idea to reinforce good work routines. These will not only maintain productivity and allow you to establish performance expectations but are also good for staff morale and cohesion.

These include:

- + Morning meetings – start the day with an all-staff or all-team meeting – a great way to plan the day (and ensure everyone is at their desk, ready to work).
- + Regular informal catch-ups – schedule quick calls or chats with individual team members to check in on progress, any issues they might have and – importantly – how they are coping in this environment.

- + Breaks – make sure you are encouraging staff to keep up with scheduled breaks. Time away from the computer at a planned time will allow them take care of the many chores working from home generates, while also ensuring they remain productive.
- + End the day – lead the way by clocking off at a normal time, and avoid work-creep by keeping work emails and communication to office hours as much as possible.
- + Weekends – although the days are blending into each other, enforcing a regular weekend, for yourself and your team, to get away from work will protect physical and mental health.

Creating space at home – get dressed for work as you normally would and let your family know when you are starting work.

### Staff retention

People are under pressure. Times are tough, both socially and financially. And it is likely your team are feeling the strain. While the employment market isn't conducive to moving jobs, this won't be the situation forever. If you want to preserve key members of your team, it will pay to focus on a few simple strategies:

- + **Communicate** – keep your team across your plans, share – as appropriate – how the business is tracking and what your goals are for the short and medium term. People are feeling major uncertainty, so keep your team informed.
- + **Lead** – in a crisis, people look to a leader. Whatever your leadership style is, at present your staff will likely appreciate clear, decisive directions, good decision-making, a steady, unflustered approach and empathy.
- + **Review** – feedback is vital at any stage. But while staff are physically removed from work it is easy for feelings of disconnection to build. Providing regular opportunities for informal feedback, encouragement and direction will help prevent staff becoming isolated and disengaged.



## ORGANISATION

**As we begin to look ahead to see what opportunities there are in the new landscape, it is important to keep evaluating.**

**To steer your business through each stage of recovery, it will likely be a process of evolution, to adapt and respond as the crisis brings up new challenges and opportunities rather than a one-time change.**

### Evaluating locations

If your business is a multi-location operation, forming a view of where future demand may lie will be important:

- + Close underperforming locations. It's easier to do this incrementally earlier, than taking a broad-brush approach later.
- + Review your lease agreements to understand what your options are.
- + Where locations do get closed, provide alternatives (locations, products, transitional arrangements) for those adversely affected.
- + Re-prioritize geographic markets (some will slow down faster than others), and conversely.
- + Retain locations that will rebound strongly as they will be vital during the recovery.

### Physical vs online presence

One of the unique lessons of this experience is that many businesses have discovered they can do without a physical presence at all – at least in the short-term. Moving more of your products and services online could be an option to reduce overheads like rent and OPEX, while also allowing you to automate key functions.

However, costs of trading virtually are to be considered. To be a truly successful online business you will need to make significant investment in technology and systems, ensure good supply lines and distribution networks, and constantly review to ensure your service and product offerings meet and exceed customer expectations.

### Partial shutdown

As part of your evaluation of your business, examining which parts of your business are performing well, and which are not – particularly in the new business environment – will be vital. It may be, that there are parts of your business, products or lines of service you can close, while protecting the core value of the operation.

The same evaluation you would make for shutting down physical locations applies:

- + Remove underperforming lines or products early to allow your business time to adapt.
- + Provide alternatives for your customers, or redirect them to new options within your business.
- + Keep a close eye on trends and demand, and be ready to adjust further if core products fail to perform.
- + Redeploy people where possible, to keep their skills within the business and be prepared to ramp up when possible.

### Hitting pause

Entering a state of virtual hibernation is already the reality for many local businesses. For others, as the economic situation becomes clearer, choosing to mothball operations might be a sensible option for the short term. This might be a sensible option to avoid continuing to incur unmanageable costs in the face of significantly falling demand.

If this is a consideration for your business, consider:

- + Existing arrangements – contractual obligations like leases and employment agreements don't usually allow for temporary halts, so these may need to be renegotiated to reflect your new circumstances.
- + Staff – can your people be temporarily redeployed, or will you have to look at redundancies? The Government has targeted support for employers designed to allow them to pass-through wage subsidies to maintain that employment relationship, and let businesses retain essential skills.

- + Customers – can you hand-off customers temporarily to a supportive competitor or find them an alternative supplier for the products you provide? While this can be hard to achieve, it is more likely to allow you to protect some customer relationships, rather than simply cutting them off from your business.
- + Suppliers – protect the arrangements you have invested time and energy into through good communication.
- + Re-starting – to ensure your business can survive a temporary pause in trade and successfully reboot, you'll need a good plan from the beginning, outlining each stage of the process and a solid relaunch strategy that you can clearly communicate to staff, customers, suppliers and partners.



## ASSESSING ONGOING VIABILITY

**It's important to know when to call it quits.**

**Business owners feel a strong emotional attachment to their business. They especially feel a strong responsibility for their staff – knowing 'how many mortgages I'm paying' is a common worry for business owners. But even experienced business operators are saying they've never seen anything like this and hanging on past survival can cause greater pain in the long run.**

It is important for business owners to be level-headed about the decision to close and consider:

- + Can you pay what you owe? Even with the new 'safe harbour regulations' trading while insolvent can create major risks.
- + Can you meet the costs of borrowing? Many businesses are wary of taking on debt they can't service, even though the Government is providing new finance options to keep businesses afloat.
- + Has the market fundamentally changed? Will there still be demand for what you're selling and can you get the staff, products and channels to supply that demand?

Your personal costs are also a consideration. More than half of small business operators say running their business has led to feelings of anxiety or depression in normal circumstances. Businesses at risk of failure don't just create financial pressure but also put pressure on relationships, mental health and physical well-being.

### Getting help

For businesses facing the difficult decision of whether to carry on, there are plenty of resources available to help. Your best starting point is your accountant or financial adviser. They have good knowledge of your business, understand your key costs and pressures, and could offer alternatives you haven't thought of. It's wise to do this before you take drastic measures such as adding finance on the home mortgage to cover any shortfall.

### Financial support

If additional finance – either through a short-term overdraft facility or a long-term investment – could make a difference to your business' viability, the Government has made new provisions available for business investment. Talk to your bank about finance options or visit: [australia.gov.au](http://australia.gov.au). You could also think about bringing on a financial partner, finding an angel investor or partnering with another business. However, attracting new investment will depend on the financial position of your business.

## Valuation

Before you wrap the business up, it is important to see whether you could sell all or some of your operation, or at least derive value from the assets. Although trading conditions are tough at present, many businesses in a strong cash position use a downturn as an opportunity to expand their market. It may be possible to sell your business to a competitor or a new entrant to the market, especially if it is still able to operate. Again, get advice from your accountant or financial advisor, or a specialist business broker about arranging a possible sale.

At the very least, your business will have assets that may help pay off outstanding debts or provide some financial return to you as you close. The asset register you keep in your accounting software will be a good guide to the potentially saleable assets you own. People within your sector may be the best market for these and selling plant and equipment as a package may help you make the sale more attractive to someone in your industry.



## WELLBEING

**The coronavirus pandemic and associated restrictions have created anxiety across the country. People are not only dealing with the fear of the virus, the daily toll of new cases and terrible news from around the globe. They are also feeling the economic effects – loss of income, financial insecurity and the collapse of businesses, and the social impacts of an unprecedented confinement.**

For SME owners and operators, the toll on their mental health can be severe. As well as facing the challenges of keeping their own businesses running under extreme circumstances, and managing the needs of their staff and customers, they are also often doing so while working from home, meeting family needs, supporting partners and friends or coping with isolation, and dealing with relationship strain.

High workloads, poor work/life balance and pressure to perform can all add considerable stress to business owners, especially in times of crisis.

However, there are proven strategies that can help SME operators manage their mental health while also coping with the effects of the pandemic. Creating structure, establishing clear work/life boundaries and planning can help relieve work pressures. At the same time, a focus on diet, regular exercise, deliberate relaxation methods – from meditation to digital detox, can make a real difference in a business owner's ability to cope with the stresses they are under.

Those same methods can also be applied to help staff, ensuring they can be happy, engaged and productive, particularly while working from home.

Overall, with an event as potentially overwhelming as the coronavirus pandemic, it is important to focus on what is within your power to control. And for business owners, it is vital to recognise that – whatever happens – you are not your business, and if your business cannot survive this extreme event, it is not a personal failure. If it feels like one, allow some time and space to reflect.



### Looking after staff

For most organisations, this is the first time they've run a full work from home operation. But there are some ways to make it easier for staff during this unique period.

SME owners are finding new ways to look after the mental health of their staff, especially while working from home, including:

- + Buddy them up – share the load a little by encouraging staff to check in on one another regularly.
- + Create regular routines – set up daily work in progress meetings – quick check ins are best, and regular reporting routines. And encourage everyone to start their day and clock off as normal, where they can.
- + Try a virtual team walk or team drinks if these are things you do normally.
- + Ensure face to face contact continues – using teleworking (Zoom, MS Teams, Skype) to maintain personal contact. If your team is large, make these more workable in small groups.
- + Respect everyone's situations – baby crying in the background, partner walking through the video, kids dragging down the internet speed – everyone is doing their best to cope with a difficult situation.
- + Be kind.

### Looking after yourself

SME owners require good strategies to protect their own mental and physical health as well.

#### From a work perspective:

- + Focus on what you can control. Take time to understand the fundamentals – cash flow, P&L, creditors, debtors – these will help you form a true picture of your business and identify where you might change things to reduce costs and relieve pressure.
- + Take time for positive planning. Yes, the last month has been pretty bleak, and we know things are going to be hard for a while. But for many businesses there are options – a new product, new direction, online model etc – that could make it easier to cope.
- + Get professional advice. This is the time your accountant or financial advisor will really prove their worth. Share your concerns and let them help you chart a course forward, help you plan for some of the tough conversations with banks or staff, and provide alternatives that might change the way you approach things.
- + Recognise when enough might be enough. It is unfortunate that there will be business failures from this. But the business owners that make it hardest on themselves – both personally and professionally – are those that try to carry on well past the limit their business can survive.

#### From a personal perspective:

- + Seek help and understanding in your bubble. Have a conversation with your partner and family about the pressures you are under, the issues you face and how they can help. Agree some clear expectations of what you need from each other – when you each need time free from distractions, when it's time to be off the internet, when you'll be on the phone. Be responsive to their needs as well.
  - + Keep connected outside your bubble – use technology to keep up with family and friends outside of work to avoid feelings of isolation, especially if you are on your own.
  - + Find some downtime. It may not be realistic – and can even create more pressure – to set a standard workday. But make sure there is time 'away' from work.
  - + Switch off. Use a technique that works for you – a walk in your hood, meditation or yoga, a good book – to get your head out of work for a while. MYOB is partnering with [Smiling Mind](#) to develop a program of mindfulness activities and resources specifically for business owners.
  - + Get some sleep. Losing sleep is one of the key issues business owners face when worrying about their business – and that can have a host of knock-on effects for your mental and physical health. There's lots of good advice on getting sleep – seek out what works for you.
- + Get help. If over the following days and weeks you feel you are not coping, it's important to seek help and professional support. Your family doctor is a good starting point.
  - + For support with grief, anxiety, distress or mental wellbeing, you can also contact Beyond Blue on 1300 224 636 . This service is free, available 24 hours a day, 7 days a week.
  - + Remember, this is not personal. We are all in the grip of something a long way outside our control. If what's best for your mental health is to pause or hand over this business for now, then that is the best thing to do.



**MYOB is dedicated to helping Australian businesses get through the COVID-19 pandemic. While our team is working from home, we're making sure we're ready and available to help you.**

**For details on our services, help in special circumstances or any support, please visit [myob.com.au](https://myob.com.au).**