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REPORT FROM THE ICSB PRESIDENT A New Dawn for MSMEs & Startups

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The struggle you're in today is developing the strength you need for tomorrow. Don't give up.

Things can change quickly in life. The security of one moment can quickly become impermanent before we have a chance to realize it. This is certainly the case with the crisis that has resulted from the global outbreak of the coronavirus (COVID-19). Millions of people globally have been infected, and thousands have already died from the outbreak. The general public is advised to remain socially distant from one another and to regularly wash their hands. The global economy has gone into freefall, a recession, if not a depression, now seems likely. Panic buying in the shops is common practice. No one knows what tomorrow holds.

What seemed certain only a couple of weeks ago, no longer does. People are worried about the most basic things in life; putting food on the table, keeping a roof over their heads, being able to see friends and family members. People are fearful about losing their jobs, adverse effects on businesses, not to mention becoming sick due to the virus. They want to know that they and their loved ones will be safe. This is before we mention the looming emergency facing healthcare providers globally. It is imperative that we salute the brave and heroic acts of doctors, nurses, ambulance drivers, hospital cleaners, and many others who are putting themselves in the frontline to serve the public and the common good.

Things cannot go back to the way they were prior to the coronavirus outbreak. Change must occur. This needs to start with the nature of our economy and our society. It should not take a new deadly pandemic virus for people to be kind, humane, and compassionate towards one another. It should not take a major crisis for governments to think about protecting those in low-paid employment. It should not take a global virus for us to drastically reduce our carbon emissions internationally. Governments today need to put aside petty nationalism and work together to defeat the coronavirus. The same energy needs to be channeled into tackling the looming climate crisis. Climate change and the destruction of our environment put everyone at risk of seeing a higher increase in global pandemic viruses in the future. The world must act to challenge climate change with the same resolve that it now has in confronting the coronavirus.

How can we imagine a new dawn for micro, small, and medium enterprises (MSMEs) globally? How can we reimagine purposeful and meaningful startups?

How will we work in the future? What can MSMEs learn from this pandemic? What is the new Normal for MSMEs? Here are 5 key factors every MSME or startups needs to keep in mind post-COVID-19:

1. Financial Assessment and Security:

This is the first concern for every business, be it small or big. In the case of SMEs and MSMEs, it is important to first make a final assessment of the current financial situation of the company. One may sit down with the Chartered Accountant or Financial Advisor to understand deficits, future inflow of funds, potential expense, and liabilities, etc., and draw up a fresh three to a six-month action plan. At this point, getting reliable and accurate information about government relief packages, financial support initiatives, and support extended and getting a clear picture from investors is vital before planning and executing a financial strategy. Once this financial risk assessment and support ecosystem are in place, one can execute the plan. This may involve deciding on a potential pay cut, pull back on investments related to infrastructure or expansion, halting new recruitments, etc., which then need to be effectively communicated and put into action.

2. Re-evaluate Business Plan: Based on the financial assessment, risks, and revival strategy, it is important to re-evaluate the business plan from the pre-COVID times. Assessing the current situation, one needs to redefine business goals and plan a more realistic and well-rounded growth plan that can be immediately executed. At this point, it is vital to have all stakeholders –employees as well as external investors, to be involved and come to a mutually agreed set of new targets. This may be a three to six-month or an annual growth plan, depending on the company's current financial situation and may include deferring funding rounds or accelerating private equity funding or even forming new collaborations/ business partnerships, which can help achieve the renewed business goals.

3. Create a Strong Digital Ecosystem: If one thing that the COVID-19 has taught businesses, it is the power of digital engagement. Even as an MSME, it helps to be present and active on digital media, through websites, blogs, and social media. Not only does it help create a positive brand recall, but also

it helps generate business through channels, especially for brands that are into retail, who have benefited impressively through online sales. Apart from online sales, a consistent and positive social media presence can prove a magnet for consumer and stakeholder engagement, not only in times of social distancing and lockdown but long after that as well. Additionally, a digitally enabled internal ecosystem also needs to be in a place that can accommodate remote working or work from home scenarios, without compromising data security or productivity of employees.

4. Adopt the Fourth Revolution for Business: Apart from being present and accessible on the digital platform, this is also the time to leverage the new age technology innovations and adopt the 4th Revolution for your business. While most SMEs and MSMEs look at this as an ‘out of league’ investment, it is actually very simple and can be incorporated for a higher ROI in the long run. Be it automation, CRM, ERP, IoT, a well-planned strategy to scale to a technology-enabled, highly productive, next-generation business can be worked out with a 2-3-year plan. This is vital to be implemented on an urgent basis post-COVID as it will help gain an advantage above completion –which would be looking at short term growth goals and also help effectively mitigate a future business crisis.

5. Business Can Rely on Less Physical Space and Assets: What companies have learned is that remote working can be efficient and productive. Working from home can be an acceptable form of employment, with team meetings taking place online, and physical meetups can happen less frequently, maybe once a week. This can lead to a dramatic reduction in office space, meeting room size and space, as well as few overhead costs associated with security, utility bills, insurance as well as many others. Recently, a huge movement to online shopping during COVID-19 means the future of shopping malls and high street shopping is going to go towards more decline. The pandemic already pushed millions to work and buy from home. Many of them will likely go back to a very different office. As the public health crisis continues, however, office space will probably have to be altered in order for people to feel safe being there. That could mean a reversal of the open office trend. For years, the amount of privacy allotted to each person working in an office had been steadily decreasing as companies of all stripes adopted the ubiquitous — if often loathed — open office plan. In effect, that meant a very cool-looking office space where you could see many of your coworkers but where there was little separation between you and your colleagues’ germs. Prior to the open office, offices used to have, well, offices, or at least cubicles that divided up the larger space and gave employees a semblance of privacy. That means people will want more space. Following the last recession, companies had been trying to do more with less space. That meant packing more and more people into open office spaces, a practice known as “densification.” That could mean more private spaces or personal offices for individuals, and more distance between desks. Rather than desk setups that face each other or are right next to each other, we might now be positioned to our colleague’s backs with more space between us. A conference room that normally fits 10 people might now only hold chairs for five.

6. Put a Crisis Management Strategy in Place: Taking lessons from the recent crisis, it is vital to chalk up an effective crisis management plan that will take into consideration both immediate and long-term impact. Hence, from creating a financial back-up and reservoir of funding, to have a robust digital and technology-enabled ecosystem that can ensure minimum damage to productivity needs to be in place. While most businesses are prepared for an internal crisis like fire, theft, etc., albeit at a



preliminary level with insurance policies, one also needs to have a solid bounce-back/ business revival plan in place, keeping in mind average days of work lost, impact on revenue, liabilities and outstanding, etc.

My final thoughts and recommendations for MSMEs or startups post COVID-19 are:

- 1- Have a Good Answer to “How Did You Help During the Great Pandemic?”
 - a. Quantify what you did for your employees, customers, community & country.
 - b. Identify stakeholders who will help tell your story in the months ahead.

- 2- Leverage the Opportunity to Build a Better Business
 - a. Become more disruption-resilient via cloud, mobile and telework tools
 - b. Harden systems against hacking, ransomware, supply chain disruptions

- 3- Have Credible Solutions to the New Major Challenge
 - a. What will grow employment, increase resilience, or save money?
 - b. Diversify revenue streams where possible; risk management is no longer a luxury.

- 4- Prepare to Engage Reformers on the Systemic Failures Exposed
 - a. What do 21st-century safety nets need to look like, and how do we pay for them?
 - b. How to enable inclusive growth that leverages & helps focus market forces?

- 5- Think Globally, Act Locally
 - a. Diversify supply chain optionality while defending trade & global engagement
 - b. Lead by example in supporting global institutions aimed at shared challenges

Some of above measures might be viewed as additional costs/expenses at a time of an already tight financial situation, especially for SMEs and MSMEs who are cash strapped, the measures mentioned above are vital points for survival and an effective bounce back for businesses, keeping long term growth and planning in mind. Always remember the famous quote, “The struggle you’re in today is developing the strength you need for tomorrow. Don’t give up.”

About the Author



Ahmed Osman is the President of the International Council for Small Business (ICSB), the world's oldest and largest nonprofit organization devoted to small businesses internationally. ICSB is the platform that distributes new knowledge and information on small business management and entrepreneurial development. ICSB is the originator of the United Nations' Resolution to create an International Name Day dedicated to Micro, Small, and Medium-sized Enterprises on June 27 (MSMEs Day). He is also the editor of the Global MSME Report for 2019. He is also the Founder and CEO of a

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This article was featured in the 2020 ICSB Global MSMEs Report.

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