

Learnings from the pandemic: How local SMEs can cushion the blow of the war

2022 was set to be a year of growth and recovery for South African small businesses, however, the war in Ukraine is beginning to thwart this projection. The World Trade Organisation has recently slashed its global growth forecast to 2.8% from 4.1% before the war. This, coupled with supply chain disruptions and rising fuel and food prices, is set to have a further negative impact. Businesses need to start finding ways to mitigate this.



Source: [Unsplash](#)

Zane van Rooyen, product marketing manager at field sales management CRM and mobile ordering app Skynamo, says that, according to the company's [Industry Thermometer](#), which benchmarks industry sales activity and sector health on a monthly basis, local small businesses were enjoying some reprieve in the first quarter of 2022.

He continues, "Sixteen of the 26 industry segments tracked produced a monthly total value in February which far exceeded the totals for the past 26 months. But unfortunately, as the pandemic started to become under control with sales order confidence returning, the war in Ukraine broke out towards the end of February."

As a result, van Rooyen points out that one challenge is the global food prices surging faster than ever before as the war in Ukraine rages on, leaving a quarter of the world's crop supplies locked in Ukraine and Russia. "The events in Ukraine are piling inflationary pressure on consumers, leaving some experts suggesting an 'almost guarantee' of a recession unfolding."



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The spike in food prices, however, began even before the war in Ukraine broke out, with world economies trying to restabilise from the pandemic. But now, with the closure of Ukrainian ports and most vessels avoiding that region in general,

crop and fertiliser supplies are depleting. “This scurry in food prices will be most notably felt in poor countries where basic groceries make up the largest share of a household’s budget.”

Closer to home, van Rooyen says that although gratefully somewhat delayed, these impacts are slowly beginning to show in South Africa. “The price of fuel has been continuously increasing and it is only a matter of time before it will need to go up again in the future. Customers here are feeling the growing escalation of prices at store level too.”

Three learnings for SMEs to consider:

Plan ahead: Business owners should keep their finger on the pulse regarding current affairs that can impact their businesses. This way, you can put contingency plans in place and ensure that the business is prepared for any unexpected hurdles.

Diversify supply chains: Examine your own supplier base for potential vulnerabilities and identify similar companies to those whose products you already rely on. A diversified supply base will help reduce the risk of disruptions to your own customers.

Save for a rainy day: Do a basic financial analysis on your business to find out where costs can be saved and put what you can into an emergency savings fund. This will assist with any decreases in sales and price increases that may impact the business.

“This is vital, as March data from the Industry Thermometer has shown a small, but noticeable return to caution where the number of smaller orders has begun creeping up again just as we saw during the pandemic,” explains van Rooyen. “This speaks to the uncertainty of markets and not wanting to overcapitalise risk.”

On the other hand, he says that non-perishable long-lasting goods, especially those under threat of a shortage right now are being eagerly sought in bulk before the prices go any higher. “This seesawing makes market sentiment very difficult to decipher. One thing is for sure, we are in for another bumpy ride.”

“Hopefully, the pandemic afforded us enough practice to weather this new storm as best we can,” van Rooyen concludes.