

How do SMEs recover post lockdown?

By [Bridget du Toit](#)

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Many small and medium enterprises (SMEs) have been hard hit by the lockdown imposed by the government over the past several months. The recent emergency budget speech by South Africa's finance minister, Tito Mboweni, further highlighted the impact of Covid-19 on the economy.



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Here are some strategies SMEs should consider when negotiating the current circumstances and preparing for the months ahead. These are aimed at assisting them in weathering the storm now, as well as preparing themselves for future success.

Reduce financial pressure

There are numerous funding schemes aimed at assisting small, micro and medium enterprises to alleviate the impact of the lockdown. Some of these include the Debt Relief Fund, the Business Growth/Resilience Facility, the Solidarity Fund and the UIF Subsidy, amongst many others. SMEs should do their homework to find funding that is most applicable to them.

Government has also called on SMEs to submit proposals in the following categories: hygiene, medical products manufactured and critical services. The request for proposals is to find SMEs that are able to participate in the manufacture and supply of goods that are needed towards the management of the impact of the Covid-19 pandemic.

Banks don't want SMEs to go out of business as a result of the pandemic. In this respect, they have noted their willingness to renegotiate payment terms during the lockdown. This information is easily accessible on their websites.

Businesses can offer customers settlement discounts in return for early payments, as well as the option of paying by credit card if payment is made by a certain date. Or they can ask their clients to advance fee payments if they have fixed fee engagements.

Negotiating reduced rentals with landlords is another option. It is not in landlords' best interest to lose their tenants, as they might not be able to find new tenants in the short-term. This means they may be prepared to compromise.

Clean house and pursue self-development

Now is a good time for SMEs to investigate opportunities to work on their businesses, as well as on themselves as entrepreneurs. While some business owners may not be able to work at their businesses, they can still work on their businesses.

This can include working on themselves by enrolling themselves or their teams on online courses or attending webinars to enhance their knowledge, refine their business processes, build their brands, update their websites or catch-up on neglected admin. It is also an excellent time to explore the numerous resources that have emerged to help businesses negotiate the Covid-19 crisis and its fallout.

Take care of employees

Employees are one of a business's most important resources and it is essential that business owners look after their needs during this uncertain and stressful time. For those who are still working during the lockdown, employers should do everything in their power to ensure that they are safe.

The Department of Employment and Labour has developed guidelines around workplace controls, safe work practices and personal protective equipment aimed at reducing the spread of Covid-19. A [workplace preparedness guide](#) is available.

Many people are fearful at the moment. If employees are worried that they may have contracted the virus, SMEs might consider paying for them to be tested. This will either ease their minds or allow you to address the issue quickly if they do have the virus. It is also a great opportunity to offer employees moral support and let them know that you care about them.

The unusual circumstances have also highlighted the need to address employee mental health. Being separated from loved ones, fears around the disease, the constant barrage by the media means many people are in a state of distress. Ensuring employees have some way to talk about their concerns is important to ensuring a healthy and productive workforce.

Register new businesses

Who would have anticipated that toilet paper, hand sanitiser and face masks would be the hottest new items around?

Downturns or challenging times are often regarded as good times to start a business. This is because firstly, there is less competition for resources, and secondly, positive or negative changes or challenges reveal new customer needs.

Right now, the pandemic and current depressed economy have meant low-interest rates for borrowing start-up capital, as well as more affordable equipment as businesses, sell off inventory, and lower lease rates as landlords scramble to fill empty spaces.

Determining what customers need right now is crucial. Rather see opportunity in offering solutions to the challenges that people now face: educating their children, working from home, managing supply chains, getting a haircut, organising to have their houses cleaned, seeing doctors and therapists and entertaining themselves. New restaurants might be more successful if they consider the future of customer service rather than recreate old systems.

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