As we write this publication, COVID-19 has already reached 210 countries across the continents, touched 2,094,839 people and caused 135,564 deaths. We are certainly living one of the darkest days of the century, facing a crisis of unprecedented scale and magnitude which has virtually *'shut-down'* all aspects of our societies like no one could have ever imagined before. Nobody can predict with absolute certainty today for how long the pandemic will persist but the economic and financial consequences are visibly clear. Stock markets have crashed, businesses are closing down and massive job losses are to be expected around the world; the International Labour Organisation estimates 195 million job losses globally. According to the ***United Nation's World Economic Situation and Prospects Briefing of April 2020***, the world economy could contract by 0.9 percent in 2020 and in the best case scenario global growth would fall to 1.2 per cent.

Small, Medium and Micro Enterprises (SMMEs) remain the most vulnerable as in all preceding crises – significant reduction in revenues and credit defaults will lead many to a situation of *'no-cash'* within weeks, possibly forcing some out of business; businesses operating in tourism and hospitality are likely to take the hardest hit. Business confidence is at an all-time low which more than ever is justified given the uncertainty we face.

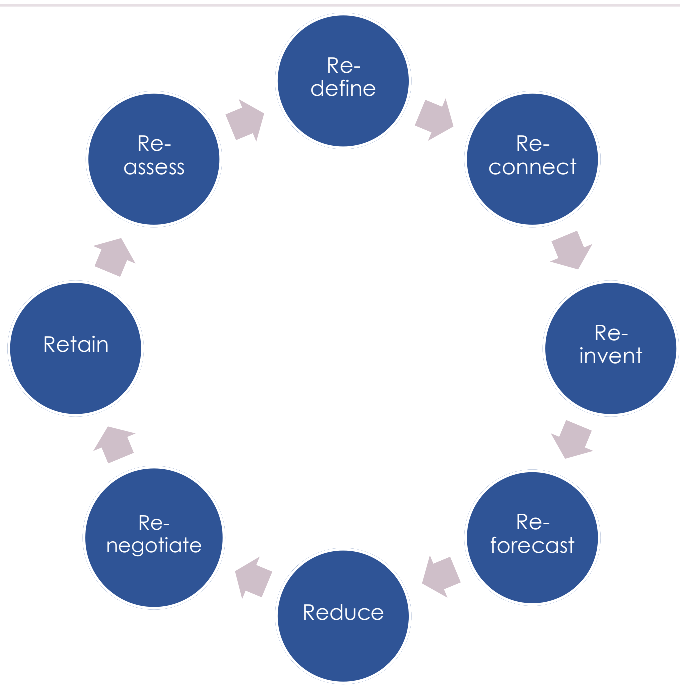
Nevertheless, before the entrepreneurial spirit gives in to panic and fear, let us have a glimpse on the world's economy before and after the last crisis which most of us have been through together – the 2008 financial crisis.

| | 2008 | 2019 |
|---|---|---|
| Combined Global GDP *(World Bank)* | USD 63,6 trillion | USD 86,6 trillion |
| Global Labour Force *(World Bank)* | 3.09 billion | 3.46 billion |
| No of Billionaires in USD *(Forbes)* | 1,125 | 2,101 |
| International Tourism Receipts *(World Bank)* | USD 1.1 trillion | USD 1.6 trillion *(2018)* |
| International Tourism Departures *(World Bank)* | 1 billion | 1.6 billion |

Despite the challenges caused by the crisis of 2018, the economy has continued to grow. Humanity, like always in history, has learnt how to rise from setbacks, to grow and to outperform itself. One thing is certain – the tide rises only for enterprises which manage to survive; resilience is therefore the key during these testing times.

The 8-Rs Model shown below is a structured approach to devise a survival plan. If you would like to discuss on your enterprise's strategies, just drop us an email on onirusy@orandcconsultants.com

Wish you good reading and stay safe.




**THE 8-R's MODEL**

1. Re-define objectives
2. Re-connect with clients
3. Re-invent the business
4. Re-forecast the financials
5. Reduce costs
6. Re-negotiate with partners
7. Retain people
8. Re-assess risks

**Re-define objectives**

Re-define your enterprise's immediate and medium-term objectives in light of the situation caused by the pandemic. The priority should be first to '*stay alive*' in business and then to prepare for recovery. Re-defining the objectives will ensure that resources are deployed efficiently and also avoid the frustration of not achieving certain objectives which might not be realistic in the current context.

**Re-connect with clients**

Re-connect with your market and clients. This is a no-brainer as major disruptions are happening and COVID-19 continues to change our habits and all social patterns. Listening to and understanding your client's needs and the issues which they face will not only give you valuable insights on the market and new business opportunities, but also lay the foundation for long-term and sustainable business relationship.

**Re-invent the business**

Re-invent any aspect of your business according to market needs – resiliency is key to survival. As we get over the pandemic, there will be a *'new normal'* of which we have started to see glimpses; social distancing is causing cafés and restaurants to offer home delivery service, retail outlets are adapting their product mix, the benefits of *'work-from-home'* is more likely to encourage organisations to continue in this mode and so on. Innovation is crucial for survival.

**Re-forecast the financials**

Re-forecast the financials based on current context. Cash is the life blood of any organization – no cash, no life. It is absolutely necessary that you have visibility of what your monthly financial situation will look like, at least over the next one year. This should then lead you confidently through any decision-making process involving cash, whether its cost reduction, re-negotiating payment terms or securing external finances.

Should you foresee a cash flow strain despite all internal measures, you might need to have recourse to external funding under the COVID-10 special relief scheme – the impact of capital repayments on your cash flow should be well considered.

**Reduce costs**

Reduce unnecessary expenditures, keep structures lean and mean, spend wisely and prioritise expenditures; therefore you should aim to optimize on all resources, including cash. As a general rule, you should be able to see how every penny is contributing to the top line and bottom line as well – let every penny be justified. This should also give you headroom to pass on part of the efficiency to your clients and improve on client retention.

**Re-negotiate with partners**

Re-negotiate contracts, payment terms and repayment plans with suppliers, lenders and other business partners to reduce costs and reduce strain on cash flow. All businesses will be impacted by the economic slow-down which is well under way – enterprises which will take a long-term view of the situation and position themselves to benefit from the recovery will find it more beneficial to accept a short-term drop in their own margins in order to ensure survival of their business partners and retain them for long-term benefits.

**Retain people**

Retain your most valuable assets – your people. A common mistake which enterprises commit during an economic slowdown is to let-go of people in attempt to reduce costs, which later proves to be a fatality. The expertise, experience and knowledge of your business, irrespective of the sector you operate in, if translated in monetary terms would probably represent your most valuable investment on the balance sheet – letting go of your key people is synonymous to writing off that investment. Retaining your employees will keep morale high in your organization, ensure that you have ready manpower to make the most of an economic recovery and also the experience of your employees can be valuable information to manage the crisis better.

**Re-assess risks**

Hope for the best; plan for the worst. As you go through your survival plan, never lose sight of your wider risk environment and devise risk mitigation strategies. COVID-19 has shown us the importance of Business Continuity Plans which unfortunately many SMMEs do not have in place; for example, retail businesses which already had their e-commerce platforms were amongst the first to offer 'home-delivery' services. Therefore, enterprise should make the most of the lessons learnt, be risk-conscious and ensure that they have risk mitigation strategies in place. As together we flatten the COVID-19 curve, healthcare experts have also warned us of a second wave of the pandemic.

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