

BACK TO REALITY

HARD LANDING

Prior to COVID-19, and the declaration of a pandemic in February 2020, characteristics common to many small businesses were that they were under-capitalised, under-resourced, found it difficult to recruit and retain good staff-members and, because of limited budgets, were not well profiled online, in the mass media and the marketplace. In short: exposed, vulnerable and driven by cash-flow.

Federal government actions, policies and legislation collectively brought economic activity and mobility to a grinding halt. Welfare systems, in multiple guises and aggressive large fiscal outlays artificially propped up many sectors of the economy, commerce, society and differing infrastructures. This persisted through 2020 and the early months of 2021.

Figuratively and literally, seemingly Zombie companies – large and small – lived on (or persisted on handouts).

In the final days of March 2021, government-funded initiatives concluded, were wound back or selectively applied.

A widespread lack of strategic and contingency planning highlighted countless operational deficiencies and underscored time was needed to address and redress the prevailing immediate, evolving and, yes, returning marketplace realities.

Sadly, when you run out of time,
you run out of money, and
typically, you are run out of business

What happened to the multi-layered government workshops on social media, innovation, creativity and disruption? Such buzz-words and concepts have little currency in the face of tectonic structural marketplace shifts.

Numerous participants of such activity did progress from being *unconsciously incompetent*, to being *consciously incompetent*. That is, they are now aware and sensitive that they lack the capital, hardware, software, people, skills, resources and time to fulfil (or approach) “the potential”.

Such gaps are hard to close, expensive to redress, typically labour – if not resources – intensive.

It seems that ongoing record deficit-funded, government-funded fiscal recovery initiatives will be the exception for the ensuing generation. Somebody has to pay the piper.

New corporate values and visions will be embraced. Margins – profit and risks – will be narrowed. Internal efficiencies will be driven hard.

Capital investments will be strongly concentrated among better resourced and capitalised medium to larger entities.

WHAT ABOUT ME?

Owners of small businesses will be well advised to reconfigure collaborations, extend well beyond attendances at networking meetings and seek loosely-structured “strategic alliance partnerships”. This is sage advice for the tens, if not hundreds of thousands of small business owners who saw their superannuation funds, in the form of the worth of their small businesses, rapidly evaporate.

Value retention and optimisation will be best achieved through a measure of independence and control.

Individually and collectively, these are key issues that should have been addressed during the periods of the pandemic-inflicted lockdowns and social distancing.

Reality is back. The landing could be hard.

Regardless of size, certain fundamentals apply, including:

KEY PRINCIPLES:

- Establish, isolate and maintain sufficient *working capital* to fund operations for at least 6 to 12 months. It provides time, control and choice.
- Generate immediate, ongoing cash-flows to off-set operating and variable costs.
- Determine optimal size and growth rates, based on working capital and cash-flows. Do not fear contraction.
- Monitor and manage fixed and variable costs, sustaining a balanced ratio between the two.
- Seek, recruit, induct, train and develop select team-members, ensuring they are well paid, recognised, celebrated, trained and involved. Being singularly indispensable is expensive.
- Plan and plan to – conduct regular participatory strategic audits and, progression, revisions and refinement analyses. Plan long, manage short.
- Formulate, document and implement an integrated branding and positioning strategy, to profile and enhance the presence of the company, product, services, apps and people profiles.
- Ensure that multi-channel marketing facilitates and expedites effective and efficient supply chains, high interactivity with existing, prospective and past clients.
- At all times respect and value the importance and nature of communications: they create and foster opportunities.
- Dispel the label *small business* it is meaningless, limiting and irrelevant.
- When asked: How big (or small) is your business?
Answer: It's about the right size, for now. That is, don't be defined by the size of the business. Think big.

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