

Strategic Threat - Coronavirus & Recession

April 2020 UP Business Today

Author: Jeff Ketchum, Lordstone Business Advisors, Inc.

There is a lot of information circulating on the coronavirus. This article is not a replacement for that information. This article is meant for the community of small business owners and their top leaders. My hope is that we can share with you what we are learning from other clients and partners, how they are responding, and what they are experiencing. With that in mind, here are our suggestions as how you can help mitigate the risk to your business during these threatening times.

Triple Your Planning Efforts:

There are two strategic threats that have appeared on the radar screen of almost all businesses, namely the coronavirus and a pending recession. To proactively address this double whammy of an impact, planning is essential.

Planning begins with your leadership team. Your team should be adjusting key priorities for this quarter, Q2, Q3 and likely Q4 of this year. That means the execution will have to follow suit. And execution won't happen without coordinated communication and effort on your team. This is no time to abandon your monthly or weekly meetings to react and put out fires. You should be doing just the opposite by proactively planning. We hear that many strategic planning clients are adding a separate mid-week meeting specifically for addressing issues related to coronavirus and new information that has become available since the last meeting.

Over Communicate:

EVERYONE in your company needs to know what the leadership team is doing in response to the coronavirus and the general economic situation of the business. If you want them focused on the job at hand you need to reassure them that YOU are worrying about the details AND sweating the big picture. As long as they know you are on it, they will be more at peace.

Empathize With Customers And Suppliers:

Acknowledge any customer's anxieties and inform them of precautionary measures you have in place to ensure continuity and ask if there is anything else you can do to put them at ease. Telling them they shouldn't be worried is not an option. Meet them where they are.

Supply chains among 75% of U.S. businesses have or will be disrupted. As a result, production operations within our industrial clients may suffer declines. Specifically, we suggest the review of prior recession years 2001 and 2009 to estimate your drop in revenue and adjust your expense structure accordingly for 2020. Flexibility and scale will be key in 2020 given the two strategic threats.

Prepare For 2-3 Business Quarters And Hope For A Few Months:

The Continental European approach seems to be tending toward slowing the transmission rate to give the healthcare system as much time to work as possible. This probably won't impact the total number of people who get the virus, but it will spread them out over a longer period of time. The UK's approach seems to be more geared to weather a worse storm over a shorter period of time. It was unclear where the US was headed, but as of the articles writing, recent guidance from CDC recommends the cancellation of any event with 50 or more people for the next EIGHT WEEKS, the White House is recommending people avoid gatherings of ten or more people, and six San Francisco area counties have mandated shelter in place.

Those of you in the service sector may have remote work options. We work remotely with almost all of our client teams and we can help you with systems and tools if you need it. At a bare minimum your leadership team should be setup to work outside the office.

We Are Seeing Lots Of Great Opportunities For Businesses To Serve Employees During This Time Including:

- Kids watching kids with high schoolers of some employees watching middle school and elementary kids of other employees while school is out.
- Accepting donations from other employees who have excess staples (water, canned foods, toiletries) and stocking internal food banks to put employees minds at ease.
- Remote work arrangements for employees who need to be with their older parents providing care and peace of mind.
- Simply making the rounds and asking how employees are feeling and what we can do to relieve any anxiety they might be experiencing.

Let your local community of business owners and leaders know what you are experiencing. It helps us paint a better, more complete picture for all within the Upper Peninsula of Michigan. Together we can prevail!

Jeff Ketchum is a 20-year resident of the Upper Peninsula and the Founder and President of several U.P. based small businesses. One of them, Lordstone Business Advisors, Inc., helps guide small business owners (\$1M - \$50M) who are looking to grow their business through effective planning, hiring, leadership development and execution.