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## Strategies for small business: Surviving and thriving in the era of COVID-19

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### ABSTRACT

The upheaval caused by the spread of COVID-19 is having a devastating effect on small businesses. A review of the data on COVID-19's impact on micro-, small, and medium-sized enterprises suggests the economic fallout from this pandemic will get worse for small businesses and their employees before it gets better. To help combat the negative effects, this article offers practical and tactical strategies for navigating the uncertainty and risk especially prevalent in today's pandemic-filled business environment.

### KEYWORDS

COVID-19; MSME (micro, small, and medium-sized enterprises); entrepreneurship

The upheaval caused by the spread of COVID-19 is having a devastating effect on small businesses. A recent Goldman Sachs survey (2020) of 10,000 small business owners found that 96 percent have already been impacted by the coronavirus and 51 percent report their business cannot survive 3 months of an economic shutdown. Exacerbating the problem, 67 percent report difficulty accessing emergency funding and 53 percent acknowledge that their employees do not have the ability to telecommute. These statistics are alarming and suggest the economic fallout from COVID-19 will get worse for small businesses and their employees before it gets better.

While it is nearly impossible to plan for a disruptive event such as Covid-19, maintaining the spirit of determination and fortitude that propels entrepreneurs is now more important than ever. We certainly do not wish to minimize the financial and psychological effects of this upheaval; rather, we would encourage small business owners to enhance collaboration efforts and engage the innovative mindset that drove them into business in the first place. After all, “successful entrepreneurs and small business owners are ruthless pragmatists, effectuators, and exploiters of resources. They are nimble, quick to eliminate what does not add value, and are not afraid to make bold decisions or even cut corners” (Pittz & Liguori, 2020, p. vii).

Perhaps the greatest determinant of success for entrepreneurs and small business owners is maintaining a keen eye on the needs and desires of their

customers. In times of drastic change, this perspective is even more important, as existing business models will be destroyed and new opportunities will be created. Understandably, it is incredibly difficult to focus on identifying and exploring new opportunities while lamenting the loss of profits, customers, and possibly even key employees. However, with the very survival of their small businesses at stake, it is vital for owners to exercise their muscles of resilience and adopt a mindset of opportunity recognition.

If small business owners can take solace in anything, it is that the internet has democratized the marketplace and created numerous possibilities for engaging with customers. Virtual business channels provide a unique opportunity to reinvigorate the search for product-market fit and the hunt for new business models capable of surviving and thriving in a COVID-19-impacted world. While small business owners should certainly spend appropriate time assessing the viability of government rescue programs to maintain their operations, the optimal means of risk mitigation is the identification of new customers and new opportunities to pursue growth and infuse some positive momentum back into the business. This pandemic will eventually pass and small business owners who use this time to meaningfully connect with their customer base, develop stronger community ties, improve their own skillsets, and innovate their business models will emerge stronger than ever before.

As full-time entrepreneurship educators, we are fortunate to work with lots of entrepreneurs each year, ranging from new start-ups just hitting the market to more established ventures in growth mode. We both also run our own ventures that, like yours, have been impacted by this global pandemic. Thus, we not only see but also feel the uncertainty in the business world right now, and yet we remain optimistic. In reflecting back on our cumulative 40 + years of experience in-and-around small businesses it became clear that while this all feels new and different, many small business owners already have much of the experience needed to navigate this crisis. Many of you have navigated ups and downs before, have seen business models you thought were great fail, have experienced resource scarcity firsthand, and know what it is like to go out and create new ways to create value and find new customers. These things are the essence of entrepreneurship—value creation, resource leveraging, passion and perseverance for long-term goals—and they are things for small businesses to consider as they navigate an objectively grim environment right now.

To help small businesses navigate the current COVID-19-impacted environment, we wanted to share a few ways small business owners can work to successfully manage this pandemic. First, it is important for small business owners to virtually keep their fingers on the pulse of the changing market. Reviewing (or establishing) social media accounts and checking for drops or shifts in traffic (via clicks and impressions) will usually signal that something

is happening, which will manifest in changing online conversations. It is only natural that search trends will shift from topics that are no longer at the forefront of customers' minds (for example, floral arrangements or elective medical procedures), and opportunity can arise for small business owners who are able to determine where the conversation has shifted. Numerous online analytics tools let you see what search terms are trending, both on Google and Amazon, so take advantage of these tools.

Second, maintaining current customer relationships is critical, and communicating effectively with existing customers is key to building trust. Small business owners should leverage their websites and social media channels to communicate any changes in business operations (for example, changing store hours or major inventory shifts). For customers who are regulars, or account for significant revenue, consider reaching out to them personally to check in and maintain the relationship. While there is an economic reality needed to maintain sales and revenue, do not be shortsighted—the current pandemic is an opportunity to help deepen these customer connections, so be sure to help them address their human needs as much as their business needed whenever possible.

Third, similar to connecting with and meeting the needs of customers, considering the needs of your employees is also critical. The economic reality for many businesses right now is layoffs, furloughs, and equally awful outcomes. If your business is in a position where shedding workforce to preserve the venture is required, we empathize—it is a miserable position in which to be. However, in times like these it is more important than ever to be a strong leader—so be transparent, accountable, and overcommunicate. Transparency means letting employees know what is happening to the business from a revenue and business model perspective. While many owners tend to keep this kind of information confidential, sharing more than normal and letting employees understand the economic reality in the short term can help them understand your business model, builds trust, and can create value for you in the long term. Accountability means when layoffs need to be made, founders take responsibility for those decisions and shield intermediaries (managers) from the blame. Henry Ward, chief executive officer of Catra, discussed exactly how he took accountability in a recent post and it's absolutely worth a read (<https://medium.com/@henryward/cartas-covid-19-layoff-cbb80e3e8a5d>). Overcommunicating means exactly that—more communication to employees is better than less—and it is important to remember that, while you as owners and entrepreneurs are accustomed to dealing with uncertainty and ambiguity, most employees are not as comfortable or experienced under these kinds of conditions. We are all in this together, so the human connection is perhaps more critical than ever before to our cumulative success.

Last, it is important to stay connected to your entrepreneurial ecosystem. Research shows that maintaining a positive culture within the entrepreneurship

ecosystem stimulates higher levels of creativity and innovation (cf., Liguori, Bendickson, Solomon, & McDowell, 2019; Martins & Terblanche, 2003). Community and industry connections are vital and can be sources of opportunity recognition (for example, what strategies have others found to diversify, expand, or salvage revenue streams?), new ideas, critical financing, and reminders of inspiration and resilience (Pittz, White, & Zoller, 2019). Entrepreneurs everywhere are feeling the pressure of this pandemic and the more we can share best practices, empathize, and, to a limited healthy extent, commiserate, the stronger our ventures will be. Fortunately, many of the entrepreneurial support organizations in our communities are facilitating virtual connectivity opportunities. For example, the Kauffman Foundation's 1 Million Cups program, which operates in a few hundred cities, has been running virtual community events each week; TechStars' just facilitated a virtual COVID-19-themed StartupWeekend event; and many municipalities around the globe have continued their programming efforts in virtual environments.

In closing, at the outset of this pandemic, we published a book providing guidance for managing the risks associated with decisions faced by small businesses. In it, we note that “[b]ecoming a successful entrepreneur is impossible without accepting risk—the question has always been about which risk to take and at what time” (Pittz & Liguori, 2020, p. viii). This type of practical, no nonsense advice for making marketing and financing decisions, bringing on partners and employees, networking with key connectors, and managing disruption as inexpensively and aggressively as possible is highly apropos for these times. The book is designed to help entrepreneurs move quickly, rapidly iterate their business models based on marketplace feedback, and provide guideposts for managing the risks inherent in all start-up ventures. These ideas are even more important now as COVID-19 has dramatically changed the business landscape and left most businesses in a state of damage control. Entrepreneurship is always full of challenges and COVID-19 is already proving to be perhaps the greatest challenge that most small businesses will ever face. Undoubtedly, markets (and life) will be altered for the foreseeable future and the small businesses who best adapt to these changing conditions will be those that thrive.

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