

Business generation in a pandemic

26th November 2020

As news of a potential Covid-19 vaccine raises the world's hopes, it is important not to lose sight of the long-term impacts of the virus and the very real consequences of still living a socially-distanced, 'static' personal and professional life for many months to come. Understandably, businesses will be slim-lining and restructuring their operations in an attempt to survive the crisis, but downsizing in business intentions, as well as scale can have long-term implications.



Almost no area of business will be untouched by the pandemic and change has swept the corporate sectors, ranging from a change in the scope and quantity of deals to outright rejection of certain pipelines both active and potential. Now, every business and situation are different, and we do not seek to offer a blanket condemnation of firms who are adjusting to a very difficult set of circumstances. However, it should be clear that there is a danger in certain practices.

Firstly, the 'bunkering' mentality of cancelling as many projects as possible with a hibernation strategy in mind, to ride out this crisis and hope that business will still be there on the other side. This is dangerous as it makes the assumption that you will be able to pick up this work again post-pandemic, whereas a client looking for an active partner/supplier may be more likely to stick with whoever was able to help them on a more immediate basis. Moreover, cutting off all these business streams may ultimately hinder a company more than it will help them: with government support questionable, insurance payouts hotly contested and bounce back loans placing a pendulum of debt over a company from the start, the best course of action – as contrary as it may sound – is to push on and attempt to generate as many revenue streams as possible, even if they are smaller than would be expected.

Secondly, for companies that rely heavily on local agents and partners to do the lion's share of the work and act on their own initiative, this sort of action can be very counter-productive. The sudden defenestration of the 'local hand' could have a number of negative effects: they might immediately go and join a competitor, who has the same need for their services but can offer them immediate work, or it would cripple a company's local capabilities with no guarantee of being able to find a similarly suitable facilitator when it wants to go back into the market. Both scenarios would, either actively or passively, allow competitors to steal a march and put a business in even direr straits.

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Business generation should thus remain as a prime facet in the corporate sector: not only are infrastructural/industrial affairs largely still operable if suitable social distancing and protective measures are implemented, but legal and economic work (in the vein of arranging joint ventures, conducting asset traces, and so on) is still entirely possible without requiring an office presence. Streamlining arguably only works if one can be a hundred percent confident that the remaining streams will continue to provide the same level of return, considering your risk is a great deal higher. There are two main options: either attempt to maintain multiple different streams to 'hedge your bets' and make allowances that a few might collapse, or attempt to deepen a selected handful of relationships to 'future-proof' both parties against the ongoing crisis. Neither is without its dangers.

Notably, an Intertrust exercise of September 2020 indicated that 77% of businesses surveyed expected to adopt better continuity planning due to Covid-19, and 85% indicated that risk awareness would now be considered to a greater extent. Moreover, due diligence in all situations is even more necessary in situations where establishing/deepening a business remains possible, but without the face-to-face contact or presence that might otherwise happen, as firms will still require confidence that they are going into business in the right manner and with the right people.

So while the pandemic continues and uncertainty is still the predominant sentiment, there is a real need for business to project confidence, and move away from the 'wait-and-see' mentality which can leave the sword of Damocles hanging over a business at best, and completely derail a business at worst.

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