

These BAF II Covid-19 briefing notes are intended to help companies in Laos do three things:

- **Pivot** your existing business model to survive the current Covid-19 crisis;
- **Prepare** to withstand the challenges of a global economic downturn; and
- **Position** yourself for the economic recovery.

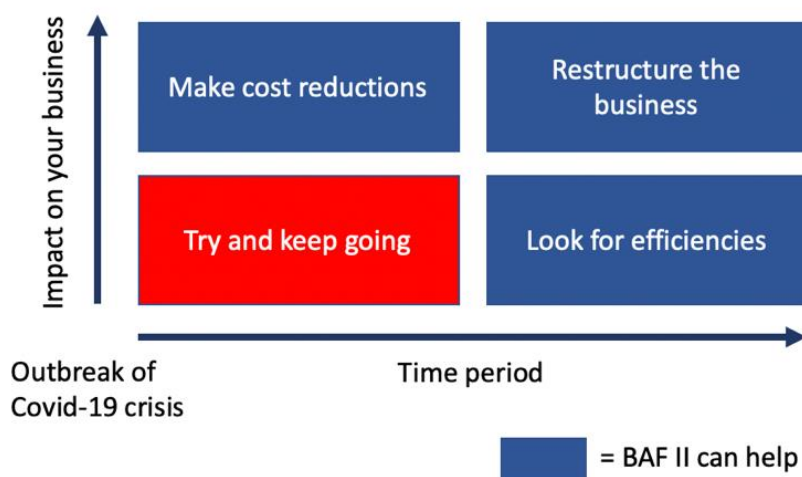
This second briefing note in the series provides suggestions and recommendations on how to steer your business through the current economic crisis brought on by Covid-19. It should also be read in conjunction with the other BAF II briefing notes in the series. In particular, please check out our Covid-19 briefing note on financial planning.

If you have any questions arising from the information below, please do not hesitate to contact one of our business advisors at the email, website or telephone number provided below. We look forward to hearing from you.

## Briefing note 2: Business survival and continuity

**Keep calm and show leadership.** This is a very stressful and anxious time for all your company’s stakeholders: employees, suppliers, customers, investors, etc. And as a business owner, it is a stressful time for you too. But it is also a time when business owners and managers need to outwardly show calm leadership, to try and reassure people that rely on your company for their livelihoods, and to communicate with them both clearly and honestly.

Communication is a two-way process that entails not only giving out messages, but also listening to your employees, suppliers and customers, to understand their concerns. And then thinking creatively about how these concerns can be addressed or lessened. The empathy, strength and calm that you display in the coming weeks, as a business leader, will transmit through to your employees, suppliers and customers. The way you conduct yourself can make a major difference to the wider society in which your business operates.



**Don’t rush, but do make plans.** Be careful about making rash or emotional decisions, particularly at a time when everyone is feeling nervous, and it is sometimes hard to separate fact from imagination in this uncertain and unclear environment. Wherever possible, try to take time to collect, collate and analyse data that is accurate, up-to-date and relevant, before making major decisions. Decision making needs to be data-driven.

The next step is to **prioritise tasks**; what is urgent, what is less urgent, and what can be put on hold until the situation stabilizes. By breaking your ‘to do’ list down into a series of incremental steps also makes things feel less overwhelming, and can allow you to feel more in control during this period of much uncertainty. As you gradually tick off things on your ‘to do’ list, you will feel that you are making progress.

If your company is a relatively large one, it is important to establish some kind Covid-19 coordination and emergency response team, made up of the key members of your management team and staff. It should meet regularly (at least once a week, if not more frequently) and be given the authority to not only develop a strategy for the company to survive the crisis, but also to execute that strategy, including making quick decisions when needed.

**Where to start?** You know your company better than anyone else. It is dangerous for outsiders, like us, to generalize about recommendations, as every company is different, with different strengths and different weaknesses. But if the priority is to try and keep your business in operation through the current crisis, then some good places to start would include the following:

- Think about how to keep your ‘top line’ (revenues / sales) as strong as possible, and how to maintain the trust and loyalty of your customers and clients. What is the greatest value or service you can bring to your customers or clients right now, and they will be willing to spend their own limited financial resources on? Like you, they will probably be focusing on essentials, and looking to economise on non-essential items and other discretionary spending.
- If some parts of your business activities are less severely impacted by the crisis, then you may want to focus more effort on keeping these areas going, while temporarily suspending those parts of the business that are much more badly impacted, if that is feasible. You do not want to be allocating resources to areas of your business that are at a complete stand-still, as this is a luxury you cannot afford. Think about whether you need to reallocate some of your business resources, including employees, to meet the current situation, if only temporarily. For example, are some jobs unnecessary right now, and if so, can those employees be used to perform other functions ?
- If it is not possible to offer the full range of products or services to your clients or customers during this period, for whatever reason, then think about which ones generate the most revenues, and/or are most valued by your clients and customers, and focus on keeping those going. For example, some retail stores are currently not able to keep their shelves stocked with the full range of products they normally offer, because of problems with supplies. So they are focusing on those items that your customers most need.
- Think about how to keep your supply chain working, and explore ways of strengthening or supplementing it, if necessary. Are there other suppliers you can contact to serve as back-up sources of inputs, including those who have been less badly impacted by the crisis, or are better at handling the impact of the crisis ?
- Keep a close eye on how your market is changing, and in particular how the competitive dynamics of your market might be evolving, often quite fast, and be ready to respond to that change. Consumer and client behavior is changing rapidly, and if you are to keep them, then you too will have to change with them.
- And start planning for the ‘new normal’. How can I turn this crisis into my advantage, or at least be positioned as well as possible for the market after Covid-19 ? Wishing that the Covid-19 crisis had not happened will not create any solutions to the challenges you are facing. But trying to make the best of the crisis can help your business survive, and ultimately thrive.

**Be flexible.** It is important to be willing to continually refine your business planning and priorities, as the situation develops and more information becomes available. Avoid getting locked into a static game plan that is no longer suitable for a situation that sometimes feels like it is changing on a weekly basis.

For example, a leading instant noodle and beverage producer in China reviewed its situation on a very regular basis and reprioritized its efforts accordingly. As a result, it anticipated panic buying and hoarding, and it tilted its focus away from large retail channels to O2O (online-to-offline), e-commerce and smaller stores. By continuously tracking retail outlets’ re-opening plans it was also able to adapt its supply chain in a flexible manner.

As a result, its supply chain recovered by more than 50% just a few weeks after the Covid-19 outbreak, and it was able to supply 60% of the stores that were re-opened during this period — three times as many as some of its competitors.

**Collaborate.** During normal times, business leaders rarely communicate with their direct market competitors. This is to be expected, as they are immediate rivals trying to attract the same customers. But in times like these there can be merit in reaching out to managers of other companies, to share experiences, pool ideas and problem solve. While two or more companies may be direct competitors, right now we all face the same common enemy: Covid-19 and its impact on the Lao and global economy. Look at useful ways of sharing resources, or reallocating them to mutual benefit, including efficiency gains and cutting costs. For example, in China some delivery companies ‘borrowed’ employees that had previously been working for traditional restaurants. In so doing, it was possible to



keep these people in paid employment, and passed on the cost of their salaries to firms that had the revenues to do so. A win-win-win situation.

**Reinforce your systems.** The Covid-19 crisis is already creating enough (first order and second order) problems to contend with. The last thing businesses need right now are additional emergencies to fire-fight. Unfortunately, additional problems can arise during times like this. For example, moving more of your business activities on-line means that your company faces greater risks in terms of data loss, hacking and cyber-attacks, phishing, malware and virus attacks, attempts at fraud and other illicit activities. It can also be more difficult to ensure that others comply with contracts you have signed in good faith. People and companies can become desperate in their attempt to survive during crises, and do things that they would not normally consider. It is therefore important that you try and protect your business as much as possible from unwelcome attacks and headaches. You may therefore want to strengthen your business and internet security systems, for example, back-up all files more regularly, as well as have contingency plans if things start to go wrong, such as failures in the supply chain or clients failing to pay on time.

**Be prepared for major supply chain disruptions.** Covid-19 is going to impact a lot of supply chains, and particularly those that span across national borders. Because of transport restrictions and other measures, Covid-19 will trigger a lot of disruption, and as a landlocked importer and exporter, Laos will not be immune. For example, interruptions in shipping, logistics and transport schedules, storage bottlenecks, excess supply in some products and supply deficiencies in other products. Businesses that rely on migrant labour – from agriculture to construction and manufacturing – are probably going to face labour shortages, as more people choose not to travel, or are prevented from doing so by border closures and a lack of public transport. For businesses that have employees working in close proximity, it will take time to get back to normal levels of productivity, due to safety concerns and the need to implement social distancing protocols. Panic buying by retail customers and wholesale clients alike will also create interruptions in supplies.

**Doing well by doing good.** If there are ways that you and other businesses can use your core skills to usefully contribute to the fight against the Covid-19 virus, then do so. For example, some garment and sports equipment manufacturers have converted their production lines to make protective clothing and face masks for health workers. And in France, the luxury perfume company LVMH has converted some of its production to make hand sanitizer liquid. Some whisky distilleries around the world are helping to make alcohol for medical and cleaning use. Logistics companies are using their resources to help ensure essential supplies are reaching shops after panic buying. Some hotels and booking platforms have organized to convert empty hotel rooms into quarantine facilities. And finally, AirBnB has worked with its hosts to provide emergency housing for first responders and other healthcare workers on the front line in the fight against Covid-19. Such activities are arguably much better than normal philanthropic work, as businesses are leveraging their core assets and professional strengths to provide products and services in high demand.

This kind of temporary business pivoting can also be good for your core business. One survey found that over 60% of consumers said they would be more likely to buy products from a company that was doing good for society, and just under 30% said they would be willing to pay more (a premium) for goods produced by a company that was contributing to the community. It can also be good for employee morale, as they can see that they are directly and usefully playing a part in the fight against Covid-19 crisis.

**Potential government assistance.** Finally, keep an eye out for any financial or other kinds of assistance that government agencies or other organisations announce to help businesses during this difficult period.<sup>1</sup> This may also be a good time to be a member of a relevant business association or chamber of commerce, if they are able to provide useful guidance and support to their members (and therefore justify the membership fees), such as webinars and other ways of sharing information and guidance.

**Start planning your return.** As the recent 'lockdown' measures are gradually lifted in countries around the world, businesses will have to think about how best to return to work, and in a way that is safe for employees and customers alike. Government agencies will be able to provide some guidance on the steps to take, and it will be important to comply with these instructions, but individual businesses have a responsibility to think carefully about how they should resume operations. We would recommend starting by having a return-to-work plan that provides clear guidance on an incremental return to work (eg. from the current state of operations to a partial resumption,

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<sup>1</sup> For an up-dated list of policy measures here in Laos, produced by the ILO, go to: <https://www.ilo.org/global/topics/coronavirus/country-responses/lang--en/index.htm#LA>

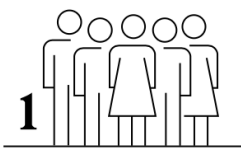

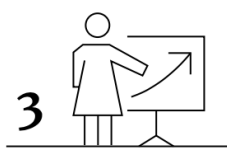
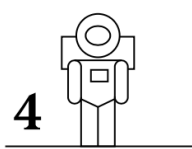
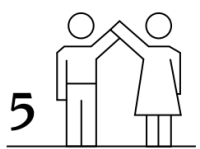
and then a full resumption, followed by continued monitoring of the situation), with various implementation checklists to follow).<sup>2</sup> If a second wave of Covid-19 infections arises, companies must be prepared to put this ‘return-to-work’ plan into reverse.

**Beyond the return.** The Covid-19 crisis will pass. But things will probably not entirely return to the way things were before 2020. Instead, a ‘new normal’ will evolve in 2020 and beyond. And it will be important that your business thinks about how to position itself for this ‘new normal’. Check out our sixth briefing note in this series that explores ways for companies to come back even stronger after the crisis.

The international consulting company, McKinsey & Co., provides the following visual guidance for companies trying to navigate the Covid-19 crisis:

## Companies need to think and act across five horizons.

### The five horizons

				
<p><b>1</b></p> <p><b>Resolve</b></p> <p>Address the immediate challenges that COVID-19 represents to institution’s workforce, customers, technology, and business partners</p>	<p><b>2</b></p> <p><b>Resilience</b></p> <p>Address near-term cash-management challenges and broader resiliency issues during virus-related shutdowns and economic knock-on effects</p>	<p><b>3</b></p> <p><b>Return</b></p> <p>Create detailed plan to return business to scale quickly as COVID-19 situation evolves and knock-on effects become clearer</p>	<p><b>4</b></p> <p><b>Reimagination</b></p> <p>Reimagine the next normal: what a discontinuous shift looks like and implications for how institutions should reinvent</p>	<p><b>5</b></p> <p><b>Reform</b></p> <p>Be clear about how regulatory and competitive environments in industry may shift</p>

### BDS resources to consider

BAF II provides free advice and mentoring to businesses, as well as matching grants to companies that need to hire third party ‘business development service’ (BDS) providers to help improve their business performance. In the context of business survival and continuity, if you think your business needs help, then contact BAF II to discuss this matter with our Business Advisors. The first step is to register on the BAF II website. We look forward to hearing from you.

**“We are all in this together.”** BAF II is here to help your business pivot, prepare and position. Come and talk to us, and see if we can help your business navigate this challenging time. Please contact us at: [info@baf Laos.com](mailto:info@baf Laos.com) or tel: 020-55542658. Or visit us website at: [www.baf Laos.com](http://www.baf Laos.com)

Also, check out the links to various useful Covid-19 materials provided on our website, on the ‘Resources’ page.



<sup>2</sup> For detailed suggestions on how to create a return to work plan, go to: <https://www.bdo.com/insights/business-financial-advisory/insurance-risk-recovery/a-return-to-work-in-the-new-normal>