

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.

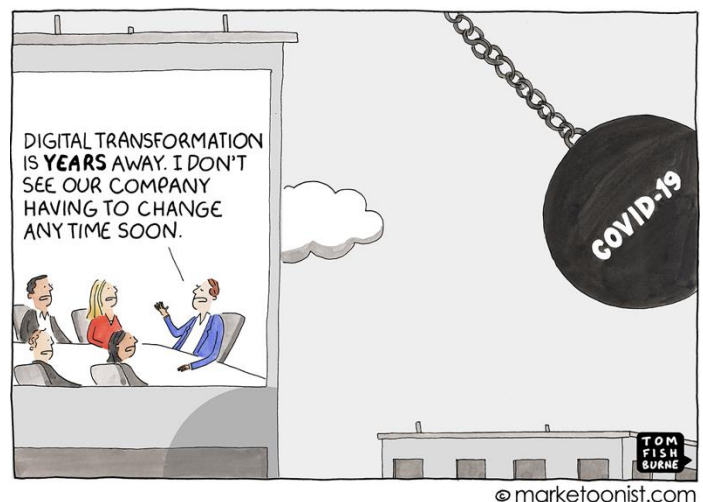
This sixth briefing note in the series offers some suggestions on how your business can position itself for the world beyond Covid-19 -- the 'new normal'. It is already clear that the recent crisis has brought about changes in the way people conduct their lives, and this will impact on the way business is done. Producers, traders, service providers, employees, customers – will all be impacted. So what can your business do to ensure that it is ready for the 'new normal', and even come out of the Covid-19 crisis in a stronger position than before ?

## Briefing note 6: Coming back stronger and better

Covid-19 has been described as a 'black swan event': something that comes as a major surprise to most people, as they have a small probability of happening. But when they do happen, they tend to exceed all normal expectations, and things change radically.<sup>1</sup>

**Planning for the 'new normal', not the 'old normal'.** Once the worst of the crisis has passed, it is likely that a lot of the emergency measures that we have adopted over recent weeks and months will stop, and some kind of normality will return. But it is not automatic that all of the practices that have been introduced since March 2020 will completely stop. On-going health concerns and some unexpected positive results from the emergency measures may become part of the 'new normal'. For example, service providers that have been forced to serve their customers using on-line platforms during the crisis period may aim to do more of this in the future. And companies that used to have staff working entirely in the office before the crisis, may move to a system that allows some employees to work from home for at least some of each week.

**Change can be your friend.** Such changes in the way work is done and business is conducted could be quite advantageous for some companies. More employees working from home may allow companies to reduce their office rental costs, and move to a rotating 'hot desk' system. More employees working from home may also create new business opportunities for companies able to provide support services in the home, such as ICT support, delivery and logistics. And employees that have come to prefer working from home, for at least some of the time, may look to join companies that offer this option, and leave companies that do not.



**Be prepared to innovate.** Economic and business crises like the one triggered by Covid-19 often bring about new innovations. For example, the origins of 'gig economy' working practices are to be found in the economic recession of 2007-8. While there is a strong temptation to become defensive during periods of instability, like now, it is actually a good time to try and innovate. During crises, large companies that often dominate particular markets may withdraw from some areas of business,

<sup>1</sup> Some scientists and health experts argue that a global pandemic like Covid-19 had been widely predicted, and was regarded as highly probable for some time. But most people were choosing to ignore the warning signs. If so, Covid-19 is technically a 'white swan', and not a 'black swan', event.

or focus attention on their main customers only, providing a unique opportunity for smaller rivals to enter the same market space and grow in ways that were previously impossible. Customers' spending habits and preferences also often change, creating new business opportunities, such as providing cheaper and more basic offerings. For some restaurants that have had to close in recent weeks, they are experimenting with becoming delicatessens, bakeries and fresh food grocery stores. They have leveraged their brands to sell prepared food to their existing customer base, and even sell their fresh ingredients to customers – rather like a high-end supermarket would – to meet the needs of customers who are doing much more cooking and dining at home.

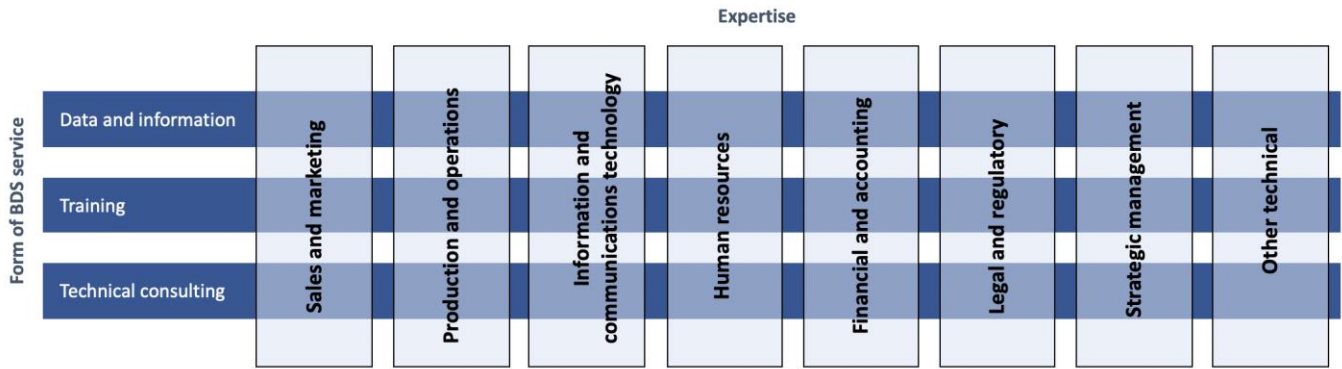
**Look out for 'silver linings'.** However unwelcome Covid-19 has been, it will also bring business opportunities for those able to see them and capitalise on them. For example, large companies may be forced to reduce their workforce, and talented staff will become available in the job market, and potentially willing to work for smaller firms and more modest remuneration packages. Machinery and other fixed assets that are normally too expensive to acquire may become available on the second-hand market at much cheaper prices, as other companies are forced to sell their 'distressed assets' to raise cash. Support service companies – including BDS (business development service) providers – may start offering their services at discounted rates in order to keep their business ticking over, pay staff salaries, and maintain market share.

**Covid-19 as a useful pause button to strategise.** With so many businesses currently at a virtual stand-still, it is actually a good time to pause and reflect on your own business and how it might be refined or reoriented. It can be quite hard to do this when your business is running at full speed, and trying to keep up with demand takes up most of your energy. But Covid-19 has drastically reduced demand for many companies, giving managers the luxury of time to review their business models.

If you feel this would be a useful exercise for your business, then we would recommend doing the following:

- Think about your long-term vision for the business, and where would you ideally like the company to be in 5 and then 10 years' time.
- Then set some medium-long term goals that can serve as indicators on the path towards that vision. They may relate to offering a better product or service, or be more competitive and capture a bigger share of the market, or entering entirely new markets or market niches, or pursuing completely new products or services.
- Then consider what business strategy is needed to achieve those long-term goals. This should include an honest 'SWOT' (strengths, weaknesses, opportunities and threats) analysis of your business. Your strengths and weaknesses are typically internal things that pertain to your business, both now and in the past. Your opportunities and threats are typically external things that pertain to your business, both now and in the future.
- The SWOT exercise will help you identify what changes need to be made to achieve them, and in what order of priority. (For example, I need to make productivity and efficiency gains, or I need to improve my supply chain, or my staff need better technical skills, or I need to change my distribution and sales system, or invest more in research and development, or I need to have a stronger brand and marketing scheme, etc.)
- And then go about designing a road map to execute that business strategy, probably in the form of a detailed business growth plan. (If you need help developing such a growth plan, then please do not hesitate to contact the Business Advisors at BAF II who can mentor you on this. We also have business growth plan templates and financial templates that we can share with you.)
- Some of that growth plan can probably be enacted using internal company resources alone, but some will probably require outside help, whether in the form of finance, human capital, technical assistance, or additional managerial and soft skills. This is where BDS (business development service) providers can play an important role. The diagram below depicts the various BDS options available.





**Keep alert.** It is important to keep an eye on what is happening in this fast-changing environment. Lots of useful lessons and business tricks are being developed by companies around the world. Stay alert for these, and look to see if you can adopt similar measures, and adapt them for the specific needs of your company and your market or sector. Markets are perpetually evolving and a lot of current trends in business were already underway before the Covid-19 health crisis came along. For example, the increasing use of e-commerce. Covid-19 is likely to accelerate some of these trends, and for companies that are able to react quickly, there is an opportunity to capture greater market share. But for those slow to react, they risk being left behind.

**The next black swan.** Finally, it will be important to learn from Covid-19, and try to be better prepared for the next epidemic (national or regional outbreak) or pandemic (global outbreak). Scientists and health professionals agree that Covid-19 will not be the last virus outbreak. H1N1, SARS, MERS-CoV and Ebola are just four examples of recent disease outbreaks, and there will be more in the future. Coronaviruses, viral hemorrhagic fevers (like Ebola and Marburg) and influenza strains will remain a potential threat. Sudden mutations of viruses and growing resistance to antibiotics mean that governments, citizens and businesses



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**BDS resources to consider**

BAF II provides matching grants to companies that need to hire a third party 'business development service' (BDS) providers to help improve their business performance in some way. In the context of post-Covid-19 business positioning, 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.

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

**"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)

