



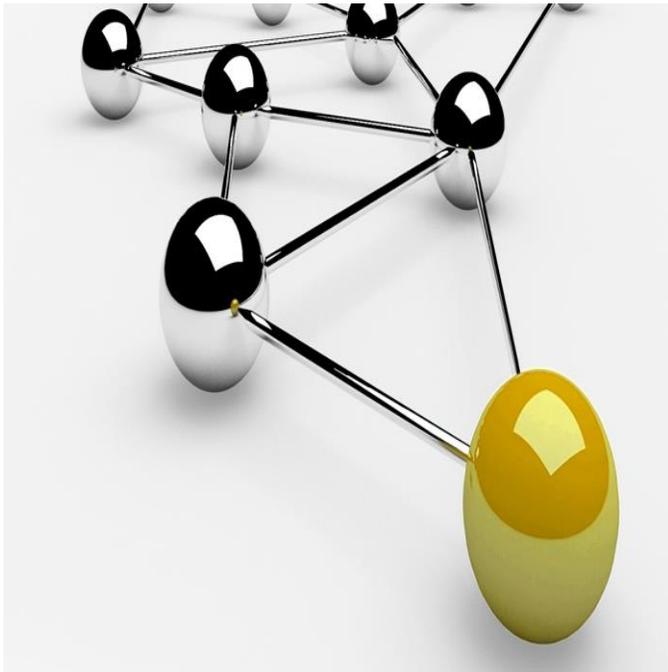
# "COVID-19": 5 Key Strategies For Managers To Guide SMES Through The Pandemic

## ABSTRACT

The ongoing pandemic Corona Virus-19 has brought a critical time, where all organisations, especially SMEs need all the guidance they can get, to navigate through the storm. With its challenges and inherent impacts on global economy, Managers of businesses, must be adequately equipped about necessary information and strategies that could help them glide through these difficult times.

# "COVID-19: 5 Key Steps For Managers to Guide SMES Through The Pandemic

Managers of business especially SMEs' will no doubt face a very daunting challenges during and after the pandemic. COVID -19 crisis is a critical time where SMEs, need all the guidance they can get to navigate through the storm.



We recommend the following actions for SME Managers and Entrepreneurs to rise up to the occasion and ensure this challenges do not hinder the continuity of their business. Many of these will also be relevant to some large corporations:

## 1. Inform yourself of all Aid Options

Business Managers should be aware of all financial and other forms of aid provided by the Federal and State governments of their location. It would be helpful for

the Managers to be aware of aid that other business are getting, so they can be a beneficiary of this same opportunity.

## 2. Apply the Available Aids to your Business

Clients in high risk and critical sectors such as Agricultural, Food Processing, Distribution, Manufacturing, Retail business and those that enjoy government patronage, due to fiscal policy, can benefit from public supports measures. It is important for business Managers to know the following:

- All the claims available to them
- Identifying options to diversify their business
- Accessing emergency financing provided by governments
- If possible, consider re-negotiating your fees and payment schedules with them

## 3. Help with immediate business survival

Be aware of immediate measures that might make the difference between survival and collapse. And help implement these, for example, to:

- Access the reliefs on offer as soon as possible to maximize the impact.
- Review and adjust cash flow forecasts to determine what impact cuts in sales will have on ability to pay suppliers and debt.
- Businesses should continue to pay their suppliers when they can to help avoid a wide-spread collapse of the financial system.
- Consider the business model to ascertain whether the SME can deliver goods or services in an alternative manner – such as by home delivery or online, and whether it can downsize or stop certain activities, such as travel, sales and marketing.

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- Understand supply chains and plan for the supply of products and services to get disrupted. This may involve scaling back production for some parts and stock and re-considering suppliers and clients from countries heavily impacted by the virus.
- Review your business insurance and confirm whether the business is eligible for a claim for any financial losses.
- Communicate with staff to discuss the possibility of short term pay cuts.
- Ensure your financials are up to date, so you can monitor profitability, stock, and debtor-creditor balances.
- FIRS and some LIRS have declared deferment of tax returns and financial information filing. Please, check and see how it is applicable to you. However, such deferments' long-term impacts are not clear. They could result in a later bottleneck in filing such returns and the possible loss of financial and tax data.
- Renegotiate payment terms with suppliers and help to communicate with banks, if there are loan commitments you cannot meet. Please note, Nigeria President has already declared three months repayment moratorium for all TraderMoni, MarketMoni and FarmerMoni loans. Ensure, you use this, to mitigate any pressure on your business, if applicable.
- Negotiate with debtors, for example to offer discounts in exchange for early payment.
- Continue to monitor the situation and implement any new initiatives, so that when lifting the restrictions becomes imminent, they are ready to recommence trading.

- If all else fails, consider the insolvency options as it may be possible to rescue viable businesses by debt reorganization, rather than be forced into full liquidation.

## 4. SMEs Should Plan for the Medium Term

Many SMEs are likely to be in a crisis mode. Entrepreneurs should avoid emergency measures that could endanger the business' medium-term viability. They can, for instance consider the following:

- Reconsider whether laying off employees is unavoidable. On top of having negative social and societal impacts, cutting down on workforce also constitutes a loss of key skills for the business. This should be a last resort option only, so, Business Managers should be aware of this and access all alternative options, aid and financing available first. It is possible that staff would prefer taking a temporary pay cut over redundancy. This could increase staff loyalty and allow the business to resume operations once the restrictions are lifted.



- Start building financial reserves as soon as possible, to prepare for a new peak in coronavirus cases even after the current restrictions are lifted.

5. Lastly, expertise of the whole SME ecosystem must be maximized. Getting relationship with Association such

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as SMEDAN, Chambers of Commerce and other related organisations should be employed to enjoy their benefits.

- Relevant experts could also be contacted to assist in the implementation of these steps.
- Be wise to get legal advice to examine force majeure clauses in business and insurance contracts.
- Your Management Consultant or Accountant is also important as they will help to guide and ensure you are able to withstand the COVID-19 Storms

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