

How to survive as a business amidst an unexpected lockdown of the economy



We are in uncharted territory. We are in the midst of a health crisis that is creating an as yet unknown economic legacy that no one can predict with any accuracy. As business leaders we have lost control of how and when we operate, and it is impossible to know when we will get back to what is likely to be a new normal. While there are many things we can't control, we can work to deliver our business values now and plan for the time when business opens up again.

We are recommending a three-step plan:

1. Treat your team right

We are fortunate in the UK to have unprecedented access to grants to support employees while they are not able to drive value for the business. Organisations that are not supporting their teams are named and shamed on social media and may well suffer an ongoing backlash as economic activity restarts. Looking after your people makes good sense however you look at it, whether that's from an ethical or economic stance.

2. Determine your lockdown operating model

This might mean that you can't operate and therefore you must manage costs carefully in the interim. For those that can continue, assess the new and changed priorities of your customers and identify how the business can meet them. New customer priorities include the ability to get their hands on goods and services with as little human contact as possible. And while product availability remains an important factor, customers are more flexible in which brands they will buy. For now, choice and promotions are less important than safe supply.

Moving sales and services online is a lifeline for customers and businesses alike. Retailers that have centralised online fulfilment, rather than from stores, are finding it easier in practical terms to operate. Many are offering free delivery and some price incentives to maintain some cash flow and keep a relationship with their customer base.

Service providers are innovating in how they continue to serve their customer base by moving to a virtual service offer, with online exercise programmes and education being early adopters. Customer service teams operate more efficiently dealing with enquiries online rather than through phone calls and the majority of customer service teams are encouraging their customers to use their online service so they can offer the best service from teams that are impacted by sickness and family-induced isolation.

A significant retail challenge is how to manage current stock and order cycles within an unknown time frame. Cancelling orders is an obvious step, as taken by Primark, yet this can have significant impact on the supply chain, often with global reach. This is a particularly difficult decision for seasonal, fashion-based businesses. There is a need to consider Spring/Summer stock already in store, development and production of Autumn/Winter ranges and those for next Spring. It's never been more difficult to predict sales levels and price points.

3. Get ready for the new normal

While we don't know the timeline, we can look at the emerging trends that will help create the economic context we will be operating in, and review our strategy to survive and thrive in the new world. Emerging trends that are visible now include:

- Predictions of higher unemployment levels which may lead to reduced economic activity and lower turnover for some businesses.
- Accelerated shift to online shopping and virtual services that can be used as a springboard for a business move to a more efficient operating model.
- A pent-up demand for social experiences that may create an explosion of demand and a significant, yet relatively short-term, revenue opportunity.
- Consumer support for businesses that provide a valued service to them and their family in their local community during the lockdown.

How can businesses of all sizes build on the deep customer engagement they have created as we emerge from lockdown?

- Step change in the use of contactless, driven by the increased spend threshold and a move away from cash.

This is great benefit for businesses as benchmarking shows that contactless transactions typically take half the time of chip and pin and are quicker than cash too.

It is likely that all businesses will see significant change in their operation post Covid-19. Businesses that thrive after lockdown ends will have refined their strategy, redefined their operating model and linked it to an accurate and flexible workload model that helps them calculate the hours and costs required for all the sites they operate from. Workload models and the associated time and motion studies required have long been associated with manufacturing and production lines. Enlightened retailers and warehouse operations have used them for many years and with the rise of the service economy, we are seeing more service-based businesses applying the principles too. For example, in businesses that understand the importance of right-sizing their teams and closely matching resources deployed to demand such as call centres, account management and sales support operations for sales teams and service admin functions.

The benefits of this model are that it creates transparency around how much is spent on each activity the business undertakes. This enables productivity analysis, investment and cost saving decisions and identification of process stages requiring efficiency review. It helps businesses understand the resources required to ensure delivery of a consistent customer experience in each location, regardless of whether they are in growth or decline. Users of these models find that as well as identifying opportunities to shave off spending at an organisational level, they are also able to right-size their investment on a location by location basis so they can feed the growth or hold back in locations that are adversely affected.

The business basics of right-sizing your operating model and investing the right resources in the right place matter now like never before.



Notes:

- *This blog post expresses the views of its author(s), not the position of LSE Business Review or the London School of Economics.*
- Featured [image](#) by [Masaaki Komori](#) on [Unsplash](#)
- *When you leave a comment, you're agreeing to our [Comment Policy](#)*



Simon Hedaux is the founder and chief executive of [Rethink Productivity](#), a consultancy that helps businesses drive efficiency, boost productivity and optimise budgets.