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The Small Business Guide to Surviving (and Thriving) in the Covid Era

The pandemic has altered the economic landscape irrevocably. Here are the steps small business leaders must take to overcome the challenges they face.

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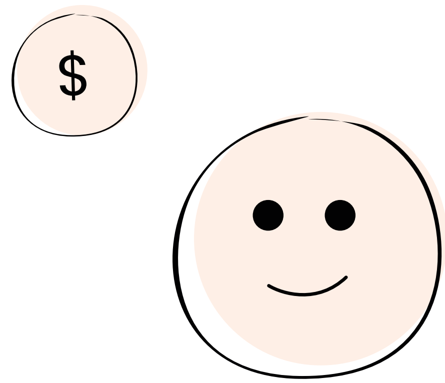


Introduction

Regardless of your opinion of Covid-19, or the evolving scientific advice around its health risks, its effects on the economy and businesses have been unmistakable. In just a few short months, the Covid-19 pandemic has exacted years of change to consumers, businesses, and the way we live our daily lives. While some of these changes are likely temporary, many are going to be with us either for the long-term or permanently.

The pandemic has not only been like rocket fuel for some existing trends, it has also generated completely new trends that are unlikely to disappear once the crisis ends.

One turbo-charged trend is the increasing desire of consumers to seek their goods and services online.

Customers are not only going online for a wide variety of their needs, they are also interested in deeper and more robust engagement with the brands they patronise. Many companies have recognized this and have responded accordingly. A recent survey says that companies have accelerated the digitization of their customer and supply chain interactions along with their internal operations by an astounding three to four years. In short, companies are implementing in 2021 changes that they planned for 2024 or 2025!

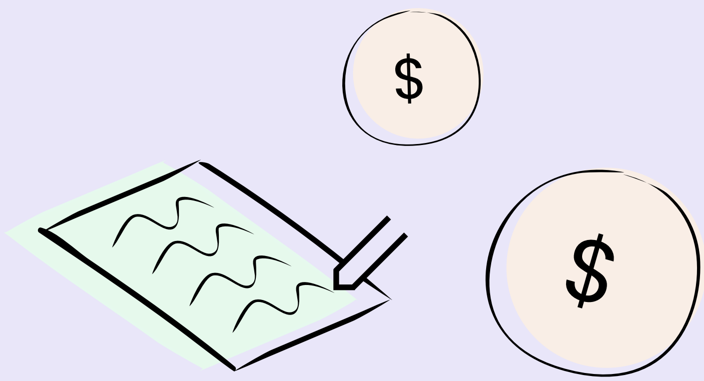
Additionally, the pandemic has actually motivated business leaders to increase spending on technology and advanced tools for the future. In normal circumstances, economic disruption and related uncertainty usually put the brakes on this kind of spending. The Covid-19 pandemic, however, has had the opposite effect not just in tech companies but across a broad array of industries as outlined in the survey mentioned above. What seems to have happened is that many companies and their investors felt that they were caught flat-footed in the face of the sudden and substantial disruptions caused by the pandemic and scrambled to mitigate its effects with the help of technology.

Many companies have already created plans and budgets for spending in emerging technological spaces such as cloud-delivery models, digital collaboration technologies, and contactless operation tools. All this is set to reflect on global IT spending, which has been projected to total $3.8 trillion in 2021, a more than 4% increase over 2020, according to technology and research firm Gartner Inc. Even more significant, cloud-based IT spending, which has been key to keeping businesses running during the pandemic, is forecast to balloon by some 28% to more than $64 billion in 2021.

The businesses that have the best chance of surviving and thriving in this unique and precarious environment are those that adapt to reality both in the short and long-term. While this is easier said than done, it is certainly possible. The process, however, requires business owners to make a thorough inventory of their business, creating a well-thought-out and documented plan, and executing it – all of which requires them to make some very tough decisions.

The bright side is that if you do so, you will not only function well within the pandemic, you will emerge from it as a much stronger leader with a thriving, healthy business. Even more importantly, the lessons learned from this immense disruption will guide you through future disruptions. And future disruptions there will be, as there have been in the past, each bringing with them their own sets of challenges and opportunities. Your ability to react to the challenges and take advantage of the opportunities will not only help set you apart from your competition, but enable you to succeed.

In this e-book, we will outline in detail the steps small and medium businesses can take to do exactly that.



It Takes More than just Money

The Covid-19 pandemic is a good case study for those who want to prove that you cannot address a disruption by simply throwing money at the problem. Indeed, businesses need to take stock of the changed macro and micro economic circumstances, carefully study their entire business, and plan and make adjustments. The health of the business, even its survival, during and after the pandemic depends on these actions.

Government Aid for Covid Was not Enough

Faced with a disruption that was both sudden and potentially devastating for large swaths of the economy, the US government acted quickly, passing the Paycheck Protection Program (PPP). The PPP, which originated as part of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, was originally a $350 billion loan program intended to provide small businesses with an eight week runway to help them weather and adjust to the effects of the novel Coronavirus pandemic[1]. Significantly, the programs allowed businesses to have the loans forgiven entirely if they used the funds for certain specific purposes within the eight-week period.

Further revisions resulted in the Paycheck Protection Program Flexibility Act, making it easier for businesses to obtain loan forgiveness by providing more flexibility and a longer timeline for use of the funds.

By September 2020, some 88% of small business owners who had obtained PPP loans had exhausted the funding, according to a survey conducted by Goldman Sachs 10,000 Small Businesses. Additionally, a full 32% of loan recipients had already laid off employees or cut wages in response to the pandemic. Thirty percent of those surveyed said that in addition to depleting their PPP funds, they would go through their cash reserves by the end of 2020.

In fact, 300 companies that had collectively received $500 million of PPP funds and that employed over 23,000 employees filed for bankruptcy within months of receiving the funds. This does not include all of the small businesses that liquidated rather than file for bankruptcy protection.

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1 The program was expanded in April, 2020 by the Paycheck Protection Program and Healthcare Enhancement Act adding an additional $310 billion in funding.

Significantly, some two-thirds of respondents of the Goldman Sachs survey have either found new revenue sources or adapted their business models in response to the pandemic. Simply put, government aid, by itself, was not enough to get most small businesses through this difficult time. In order to survive, and in some cases thrive, small business owners needed to also quickly pivot in response to the pandemic-generated new economic landscape.

In late December 2020, Congress acted again, passing legislation with an additional $900 billion in aid. This included nearly $300 billion set aside for small businesses as an additional tranche for first- and second-time applicants to the PPP. At the same time, Congress repurposed over $400 billion in leftover funds from its original PPP legislation for emergency lending programs run by the Federal Reserve.

Businesses Need to Act in Order to Survive and Thrive

While businesses certainly were in need of the aid, it is clear both by the results and by the fact that some government aid remained unused, that just throwing money at the problem was not enough. The world had changed, both in the short and the long-term, and merely taking in money to stay afloat without doing anything more was not simply enough to save businesses.

To be sure, many businesses that swiftly adapted in response to the Covid crisis did so because of a survival mechanism. However, the ones that are thriving are generally those that looked for opportunity where others saw economic ruin. That, perhaps, is one of the most important lessons from the pandemic. It is also one that should be applied to any disruption, bad or good. In order to prosper, it is important to look at any situation as an opportunity and discover how best to take advantage of it. No matter how bad the economic news, there are always people who identify opportunities within the situation and exploit them to great success.

Specific to the Covid crisis, aside from what the early data shows, glaring realities make it apparent that businesses must do more than rely on government action in order to survive and thrive. Many of the pandemic's effects on consumer behavior and other aspects of the economy are either long-term or permanent. As such, the landscape has substantially been altered. Businesses must adapt, operate, and innovate keeping these realities front and center, and they must do so quickly.

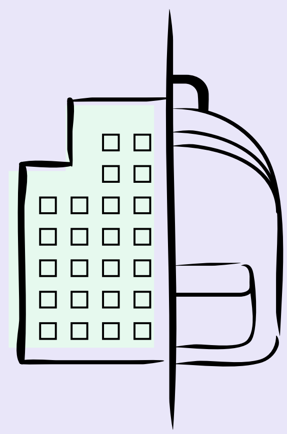
What about consumers?

Consumer expectations of the digital capabilities of companies, particularly those that they choose to do business with, have been elevated because of the pandemic. While there was always a trend toward going online, the manner in which consumers obtain goods and services has changed as has the way that they engage with companies. Specifically, Covid has caused more than just a shift to online shopping and transacting. It has changed the way in which both consumers and businesses do business online.

Additionally, the way that consumers conduct themselves offline – how they live day-to-day, how they interact with each other, how they work – has also changed. These offline changes also translate into changes in needs and, in turn, a change in shopping behavior.

Simply put, digitization is no longer just an option for businesses, but a necessity. Not only that, any digitization must be more sophisticated and robust than ever. Customers want to manage their online experience; they want to customize and be self-sufficient. Businesses must therefore focus on the customer's journey and success more than ever before.

To sum up, the Covid-19 pandemic has not only led to short- and long-term changes to the economy and consumer behavior and preferences, it has also led to a renewed mandate for businesses to focus on the basics. Before business owners look outward, it is crucial that they look inward within their organizations.



Your Company is Your Product

At the outset, be very mindful that your company is your core product. Everything about what you do, how you do it, who does it, where you do it and why you do it, is your cornerstone product. This is true whether you provide a service or sell a physical product. Every decision you make therefore becomes either a feature or a defect in your company.

You need to design your company with the same care and attention as your revenue-generating offerings. After all, no one sets out to build an inferior product, and no investor wants to back an inferior product (as you should not as the founder or owner of a business) when there is a better, faster, stronger one on a shelf nearby.

So, understanding that your company is also your most important product, you need to ask yourself:

What features do I want to add to it? What defects would I like to remove from it? Do I want a high-performing team that can help me remove and prevent issues, or a low-cost team to whom I have to spell everything out every single day? Do I want an expensive office in the New York Financial District or is it ok if I take over the garage at my house?

While some decisions may be readily apparent, other less obvious ones heavily shape the features of your most important product: your company. These include your hiring, firing and training processes, your workplace culture, how you talk to customers, and even how you handle adverse situations like a pandemic. There are also several other hidden processes that define your brand to customers, investors, and the outside world. As a general rule, it is important to always remember that every problem has a solution. Many things that we take for granted today were viewed as all but impossible just a decade ago.

Start with Your Culture

The first area of focus should be your workplace culture. It is important to be as purposeful about this as you are about your brand. It is said that if you do not create your own brand others will do it for you. Similarly, a company without a defined workplace culture will certainly define one as it goes along. But that means that you may end up with a culture that you do not want, or which is not the best for your business.

If your company has been around for a few years it may have already defined a culture. It is likely, however, that there are stronger subcultures within various departments that conflict with one another and perhaps even with your company's overall vision. As a quick test to check, ask five people in your company to tell you about its core values or mission.

If you get five dissimilar or, worse, inconsistent answers, you have a culture problem.

You cannot expect everyone to be driving full speed towards one goal if everyone is on a different page. It is not fair to them, and it is not fair to you. If we think of the company as a product, these become core defects that need to be removed. You do this by defining a culture, then making sure everyone in the organization understands it and wants to be a part of it.

Yes, you will have some attrition because of the new culture. But you need the right people in the right roles, and self-selection is actually one of the most painless ways of ensuring that. Having a formal, culture-focused hiring and firing process (so it is not a waiting game) is even better.

You can work with the leadership team to define the culture, you can hire experts, or you can do both. The best approach is to work with the leadership as it encourages buy-in and allows you to hear ideas and values that are derived from the diversity of experience found within your team. Having said that, the right consultants can work well with the leadership and the entire company too. So it really comes down to how much time you have and how much you are willing to spend on the exercise.

Here are the steps you need to take to begin defining the culture you want to be a part of:

Generate a list of your core values.

Stress test those core values.

Refine your core values.

Publish your core values internally.

Incorporate them in everything you do.

This sounds simple, right? Yet, most organizations actually get stuck at the first step. It is important to be persistent, purposeful, and understand the pitfalls of this process in order to effectively maneuver through it.

Vision

If your team does not know where it is headed, there is virtually no way to tell if organizational goals are being met. In fact, it will be difficult to even set goals properly. This is why it is absolutely critical that you write down your vision for the organization in a way that is clear, concise so that anyone in the organization can easily repeat it back to you. Do remember though that if you are extremely clear about your business's vision but do not communicate it clearly to your team, they will not be able to see it the same way you do.

Your "vision" can include your "mission" or "mantra" or be a separate statement on its own.

Let us take a look at what some of the best authors and business minds have to say on the subject:

Mantra: The meaning behind your company. Guy Kawasaki recommends three words or less in his book, *Art of the Start 2.0.*

Mission: What your company will relentlessly focus on. Jim Collins refers to this as 'The Hedgehog Concept' in his book, *Good to Great.*

Core Focus: The who, what, where and how it takes to get there. Gino Wickman refers to this as 'Core Focus' in his book, *Traction.*

Now let us see some examples:

Mantra: "Authentic athletic performance" for Nike.

Mission: "Most convenient drugstores" for Walgreens.

Core Focus: "Popcorn" for Orville Redenbacher.

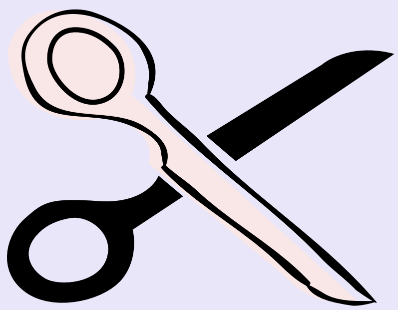
There are plenty of examples online and you will see a common thread among most of them: These statements prevent distraction internally. When the leadership team at Orville Redenbacher sits together, for instance, they talk about all things popcorn. Their "core focus" prevents shiny new ideas from entering their world because they know lack of clarity creates waste.

Find Your Safety Net

Once you have refined your culture and vision, you should take stock of what is and what is not working. During this phase, quickly make a list of all the areas of your business that are continuing to provide revenue – as well as the areas that are not. The areas that are continuing to create revenue comprise your safety net… for the time being.

You must take steps to preserve that revenue, including maintaining customer satisfaction, writing personal thank you letters, retaining key talent that is responsible for this revenue, and diving into the business processes required to make sure you are not going to have a challenge fulfilling your goods and/or services commitments related to this revenue. You must take these steps for the basic survival of your business.

Later in the process, there will be tests, automations and accelerations that you can put in place. But before getting into that, you must hone in on this “safe” revenue stream that is repeatable with little effort. As much as there may be an urge to venture out in an attempt to attract new revenue streams, it is important to focus on, and preserve, this safety net first.



Get a Haircut (Cost-Cutting)

You may believe that you have been running a lean and mean machine so far. But that was before the Covid-19 pandemic. You now need to review your costs to eliminate waste for two reasons. First, you are never running as lean and mean as you think you are. There are always extras that can be eliminated when times get tough. Second, the Covid-19 disruption has caused both temporary and long-term changes to commerce, some of which qualify as tectonic changes. Therefore, what may have been a good use of money, even a necessary one prior to the pandemic, may be a complete waste now.

It is important to obtain everyone's input on areas the organization can save costs – and implement these measures – before any headcount reductions. By engaging all levels of the organization in the exercise you are likely to hear of new cost-cutting ideas and may also find hidden costs to which managers and senior executives may be blind.

Some key cost areas to review include consultants, recurring/annual services and other contracts that are up for renewal, and auto-ordered supplies, equipment and inventory. It is important to also look at your vendors and long-term contracts, even leases, especially of office space. For most businesses, the fastest way to save costs comes from people, including consultants.

You can start by creating a spreadsheet of all these costs that the leadership team, perhaps your head of finance, can evaluate further.

Once you have the spreadsheet in hand, review it with the leadership. Ask for their comments and for any concerns they may have about removing the cost entirely. You may want to reduce a cost instead of eliminating it entirely. If you used to auto-order office supplies each month for your entire staff, for instance, but there is nobody working out of the office now, you can put that expense on hold for the time being.

Based on experience, this exercise can be a rabbit hole that you may find difficult to extricate yourself from. You must remember that time is against you and if you are not careful, you can spend months looking for cost reductions using your single most expensive resource: people. So, set a goal and timebox it. This means you could fix on a certain percentage that is a target for reductions, or a time period within which you will pull the trigger on a plan.

Contracts

Agreements with third-parties can become a quick source of cost reduction. Just calling all your major vendors and asking for a loyalty discount can reduce your operating expenses by 5% to 20%. Many of them will ask for a longer commitment, but in our opinion, given the current economic environment, you are likely doing them a favor by sticking with them and not cancelling your orders, which is what a lot of their other customers are probably doing.

Having said that, be mindful that your vendors are going through the same new world challenges as you are. Depending on their industry, they are possibly facing even bigger challenges. Being mindful of their circumstances will not only give you an advantage while negotiating, it can also help you to forge long-term relationships with them.

Create a spreadsheet of your monthly expenses, and the annual contracts that require near-term renewal. You will then need to bring in your leadership team and ask what can be reduced or eliminated entirely. You may be surprised to find that many third-party services and tools often remain unused. Equally surprising is how many tools have a larger number of licenses than you would use. These are hidden costs in your business.

Make sure you give your leadership team a timeline for this exercise to avoid the risk of it becoming another jaunt down the rabbit hole. Set deadlines for completing this list and for contacting the affected vendors. Once you have a process in place, make it a regular exercise, and review these costs perhaps every other quarter or annually. Once you have your templates and procedures for how to contact vendors and make such requests, write it down and put it in the same folder as your third-party cost spreadsheets.

You do not need to be a master negotiator to get this done. All it takes is a call and perhaps an email to a vendor's customer support. If you find yourself speaking to someone stubborn or hard-headed, bring in your legal team or skip this vendor and come back the next time you review these costs. Essentially, do not get hung up on one tough cookie when you have an entire box of cookies waiting.

Delivery

If you produce a good or service that requires people, you have likely been impacted and continue to be impacted by guidelines, regulations, safety protocols and illness related to Covid-19. Restaurants, consulting firms, salons, hotels, and even software companies are all feeling the pain in different ways. Regardless of your industry and niche, you have had to overcome some significant obstacles but there may be a few you are yet to figure out how to move past permanently.

The good news is that the demand for your business is likely still there, but may have morphed into a new format for delivery. For example, if you own a restaurant and were used to filling every seat each night, the majority of your business orders may have now shifted to takeout and curbside orders. If you operate a salon, your business may have shifted to outdoor seating, or reduced capacity. Gyms that are doing well, not great, may have decided to bring their operations outdoors or engage in heavy sanitization and isolation protocols. If you have not already, you will need to find a path forward. Waiting is not an option.

Divergence and convergence lists are a great way to ideate delivery solutions with your leadership team. The steps are simple:

Invite your team to a virtual meeting (Zoom, Hangout, Skype, or whatever you prefer).

Share a virtual whiteboard or virtual document (Google, Microsoft, or whatever you choose).

Present your team with the challenge. Spend 20 minutes, and no more, letting every team member write a possible delivery alternative to your challenge. Nobody stops writing until the 20 minutes is up.

Spend 20 minutes going through the list. You read this aloud back to the team. Ask for clarifications if something needs more detail.

Have everyone choose their top 5 favorite ideas, and jot them on a private list, which they send to you privately. Timebox this portion to a maximum of 10 minutes.

Spend 10 minutes removing items without any votes, and shuffle the items in order of highest votes to lowest. The best 5-10 ideas naturally come out.

Assign 1-3 items to a leadership team member for a feasibility check. They should come back the next day with blocking issues, cost and required effort.

The next day, have each leadership team member present their feasibility findings. Timebox each presentation to 5 minutes.

Share or screenshare the full list of top ideas back to the team, and have the leadership team pick their single favorite idea. They should send this to you privately. Timebox this to 5 minutes. If there is still debate happening, someone did not present their feasibility findings thoroughly. If there is an idea that seems to get too many questions, eliminate it for now, since you do not have buy-in and there needs to be a deeper feasibility assessment done.

At this point, you should have less than 5 workable ideas that need to be tested. Present those back to the team. Ask for volunteers to take one of the ideas, test it with customers and vendors. For example, if you operate a gym and the idea is to “have your trainers create at-home exercise routines” this test can be as simple as asking a customer if they would pay their full-price subscription if they were provided with new, trainer-led exercise routines each week.

This process really works. In just 24 hours, you will generate, test and understand how to make modifications to your delivery to stay in business. Some of the best ideas come from this accelerated format, and it only takes one well executed idea to save the business. Add the benefit of team buy-in, and you will see morale increase for your leadership team since everyone is working together to save the business.

Delays

There are a few different types of considerations in this arena. Your business might have manufacturing delays, shipping delays, or personnel-related delays due to medical or family situations. While these are the most common, your business might experience other delays too. If your business requires manufacturing and has been impacted, it will take some creative problem solving to get operations back on track, especially if your business and the vendors that you rely on are not considered essential businesses.

Once you find all the areas of your business that are impacted by delays, you will need to write them all down in a spreadsheet or list. Make sure you write the reason for the delay, as well as how long the delay can last. This data will be crucial in helping your leadership team and organization prevent such problems in the future.

People

People are your most important resource particularly when you are operating an ecommerce company or expanding your operations online.

As a business founder and owner, you may have the tendency to micromanage, to assume that you can do every job better than anyone else in your organization, or operate as if everyone is replaceable. While it is important that you know all of the parts of your business and are prepared to fill in for any position that becomes vacant at short notice, it is also crucial to have respect for the expertise of your team.

Having said that, major disruptions such as the Covid-19 pandemic will require you to do some kind of restructuring. That generally comes down to two things: (1) People; and (2) Capital. While it may be attractive to approach your capital sources, lenders and investors immediately, you will be in a much stronger position if you first take stock, identify a safety net, reduce costs, restructure internally, and then approach them with a plan.

So, now comes another tough set of decisions, for some the toughest: personnel. This is something no one enjoys.

You may feel that it is better to reduce salaries to avoid laying off anyone. While this may have some success within the C-suite of the organization or where you have a family business and family members are the ones affected, it is generally not advisable as an overall plan. It will only cause morale to tank in the organization and also lead to attrition – but one that you do not control.

Instead, you should engage in a very purposeful process to lay off people, understanding that there is no good time and no easy way to do this. Ultimately, your employees are looking for safety and that safety comes in the form of a pay check from your business. You are removing that safety for all your employees in exchange for the safety of your business and the safety of those you will be able to continue to employ.

Start by crafting your message. Take the elements from your company culture, and make sure your messaging incorporates those key elements. If you are a transparent organization, talk about how you have less than a million in the bank, and you will run out of capital in months at the current burn rate. If your culture is built on ethics, explain how you cannot ethically kill a company that everyone has worked so hard to build up when you know you can solve this with a tough decision today.

Next, and this is the hardest part, you need to select who stays. While it may seem logical to focus on creating a list of those who will be laid off, don't. Instead, focus on who you want to retain at all costs. Ask yourself who are the employees who make the business.

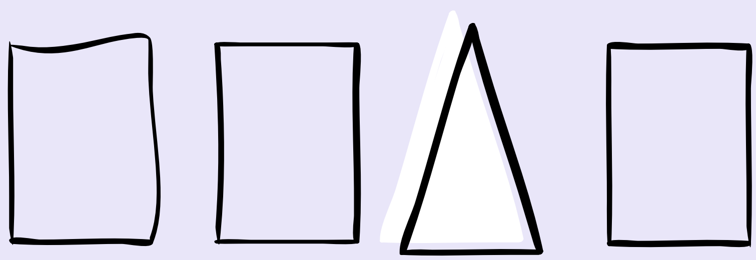
Focus on the employees who you might have taken years to find, months to train and those that you have seen grow into stellar team members. Next, make sure that those employees are part of departments that you are keeping. If not, ask whether they can be transferred to another position. Also, ask other leaders in your organization to assemble their own list that you can use as a cross-reference.

There is a tendency to have the retention list include mostly highly compensated employees, in part because those are the people with whom you have the most contact. Unfortunately, this is not the best way to approach a restructuring. First, these are the higher cost employees, not just in salaries, but in benefits and perks. Second, while they may all be great managers, they are rarely the ones who do the actual work in the organization. One or two layers below, you have lower-paid employees who are doing jobs that their bosses do not know how to do, or never want to do. You need to make sure your list is a meaningful reduction of operating expenses, and not just pure headcounts.

Once you have compiled the list, you will need to plan the process and do it as quickly as possible. It is preferable to do it over one day. However, if you need to lay off a large percentage of employees and your human resources department does not have the bandwidth to do it in a day, the exercise can extend to two days. If you do not have the internal resources to execute the plan within this timeframe, you should consider consultants who specialize in this.

Whether you provide severance is dependent on legal obligations, employment contracts, geographic restrictions, cash in the bank and your internal processes.

If you have a large amount of terminations due to performance, you should ask the hiring manager for the reasons they waited for such a time to come before they took action against non-performers. Performance issues should always be handled during the course of normal business operations, and employees must be given a chance to remediate. Waiting for a time such as this to terminate employment of non-performers is not fair both to the company or the employees.



Create New Products and Repetitive Frameworks

Now that you have recognized the reality of the times and made some very tough decisions, it is important to create repetitive frameworks and processes to make sure you set your organization up for long-term resilience. The first step is always the hardest, especially since much of this might be uncharted, but it gets easier with experience and time.

Many of the adjustments you are making to your business during this crisis are only as good as your upkeep and updating rituals. Just because you do something today does not mean you will do it forever. Likewise, a solution that is temporary should not be the sticks and glue that hold your business together for the long-term.

Technology

While there is a universe of items that fall under the category of technology, every single business without exception depends on software. It is therefore important that you focus on software that can automate your processes or amplify your communication between teams and customers.

Your customer support is directly tied to your team's ability to communicate internally. So, the first step to improving customer satisfaction is to make sure every single member of your own team is communicating quickly and effectively, with only a few hiccups.

If you are still sending word documents and spreadsheets to each other in emails, your business is moving too slow for this century let alone an economic crisis. Two technologies you should implement immediately are Google Workspace (formerly G Suite) or something similar, and Slack or Microsoft Teams. If you do not have sufficient internal IT resources, many third party agencies are available to efficiently set these up for you.

Parallel to your internal communication, you have a big problem if you are still using a homebrew CRM, lack customer self-service, or are handling all customer requests via email and phone calls. You need to stop and take a hard look at how you can improve each customer interaction with the help of technology.

Customers want speed at first contact and speed in resolution. The technologies we recommend are Facebook Messenger for Business, Intercom, and ZenDesk. If you are a larger organization with complex case flows, tons of help articles, and a dedicated customer support team larger than 10, we recommend Salesforce Service Cloud.

Replacing an organisation's communications technologies can be an overwhelming exercise. But the best results come when the organization commits, picks a date to switch, and moves full speed ahead knowing there will be kinks to figure out along the way. On the other hand, if you just try these technologies for months alongside the technologies you are currently using, buy-in will decline, and your team will likely come up with too many objections, all of which will cost you time and money. If you are rigorous about both the selection process and the entire implementation timeline, you can solve problems or growing pains as they happen.

You may have already created a process to evaluate, price and negotiate a technology solution. If you do not have a process, you may want to consider Six Sigma HOQ (House of Quality). Many trainers and educators have written about its usage and application, and you do not need to be certified in Six Sigma to use it. Some of the tools presented in Six Sigma, like HOQ, actually work well in isolation from other frameworks you are using.

Here is a tip to choose new technology successfully: Organize demos from each of the organizations mentioned above and ensure your leadership team is present for them. Immediately after each demo, ask your head of IT or the best net promoter of that technology to continue the evaluation. Choose a date to reconvene to make a decision based on that evaluation. Make sure the leader assigned to the evaluation comes up with alternative recommendations if there are too many gaps, hurdles or implementation risks with the technology they have evaluated.

Leads/Funnels

It is possible that you have been historically dependent on leads that came in from a source that is no longer producing results because of recent events. Perhaps you are a restaurant and have counted on OpenTable or other reservation systems to drive traffic to your business. Or you have a digital business that started experiencing an ebb instead of a flow because one of your partners stopped referring leads to you. Regardless of the reason for fewer leads, it is time to take matters into your own hands.

Direct customer acquisition is the best way to own the entire customer journey from start to finish though it can be costly if done incorrectly. To find a repeatable process to acquire your own customers, you will need to understand marketing funnels as well as marketing messaging. If you do not have that expertise in-house, find someone who does. These people typically are referred to as growth consultants, growth marketing firms, or online funnel marketing experts.

Never forget the hidden value within existing customers. Repeat purchase and re-engagement funnels are one of the best ways to start. These are often referred to as bottom-of-funnel customers. It is often much easier to learn from a Facebook or email marketing campaign to target your existing customers than it is to target a new cohort you have never engaged before. You can consider bundling your services, providing discounts on repeat purchases or even sending an email with existing testimonials to remind your customers why they chose you in the first place – aka your unique selling proposition. Here is a good read on improving your sales funnel tactics and strategies.

Webinars and virtual events are a great way to get the word out too. Once you have gotten a customer's attention, free trials and free services help build trust. A special promotion can close the deal but be mindful of steep discounts as they are not sustainable and may attract a lower quality customer than you had intended to target.

Content Engine

This is without a doubt one of your most important forms of automation for inbound leads and customer retention. Content is not just a means to increase organic traffic, aka SEO. It is also an organization's digital footprint to guide a customer through the journey. Remember, your company is a product, and your content strategy is a way to inform, educate, guide and win customers for life and it works even while you sleep.

Content comes in many forms, shapes and sizes. Anything from a Tweet to an hour-long video is considered content. If you are a restaurant, your menu and recipes are primary forms of content. Customers can feel your brand and culture through your content. That is why there is an art and science behind the way content is created.

As a service company, your content provides a foundation of past successes, typically in the form of customer case studies and testimonials. While one piece of content might not influence a potential customer to buy right away, it becomes a critical touchpoint that reduces friction, eliminates objections and creates a desire within them to contact you.

If you are an ecommerce company, everything you do relies on your content strategy. When you post a new product, the way you craft the product description and your social media posts, the kind of photographs you publish, as well as product reviews, are all incredibly powerful ways to get a customer to purchase.

There are some great reads on content strategy. Among them we recommend *Content Strategy for the Web* by Kristina Halvorson and *Content that Converts* by Laura Hanly. If you would like to start off with free resources, check out Neil Patel's blog.

Tracking

As the saying goes, what gets measured gets done. In the context of business, this means that systematically monitoring measurements will keep you on track with your goals because that knowledge will help you tweak your plans to get better results. Before you start any new marketing or customer acquisition strategy you should therefore know what you are going to measure: the key performance indicators. If you are about to try Facebook marketing for the first time, for instance, you need to select the ultimate success metric as well as the feeder metrics that will send you signals along the way. Oftentimes, marketers choose metrics that are easily available or visible on the marketing platform, such as ROAS (return on advertising spend). Be careful as these metrics typically are missing something critical, such as returns, repeat purchase value by cohort or even profit margin.

As a leader, you need to figure out what is important to the health of the entire company. There is no KPI-by-committee approach here. At the same time, you should be confident that each department leader is familiar with their own areas and knows what to measure. These metrics should be tracked in a separate scorecard. Certain tools help you to keep a record of your KPIs, but a spreadsheet will work fine to start with.

Ask your leadership team to each select one metric, just one, that reflects the health of a division, department or business line. This metric should convey growth or decline for a short period of time (week or month), success or challenges, and must be understood by all. It might take them weeks, even months to figure out their metric. This exercise is phenomenal in that it really provides permission for a leader to go learn more about their department in a way they may have previously been uncomfortable doing. They may pick a vanity metric that stays constant, in which case you will know they picked the wrong metric. Ask them to select a new metric that fluctuates weekly, even daily. Once they provide that, ask them why it moved. Initially, be prepared for them to tell you that they need to check with the team. Over time, that leader will learn there are metrics too volatile or too constant for executive reporting. Through this learning, they will ultimately find the right one.

Reduction of Offerings

It may seem counterintuitive at first to reduce your total offerings. But as the saying goes, less is more. In this case, do more with less. Many businesses, including Fortune 500 companies, have spent a lot of effort and money over the past few years trying to be all things to all people. But the pandemic and related economic disruption has caused a crush on resources and supply chains. It has changed customer behavior, putting it in a state of flux and unpredictability, and is likely to cause future uncertainty.

In response, many companies have started rethinking their old strategy of being all things to all people, deciding to reduce their offerings instead. They are questioning the concept of providing customers with vast choices, which are associated with crushing costs and overburdened facilities for the organization. Indeed, by summer 2020, the average number of different items sold at supermarkets was down by 7.3% according to market research firm Nielsen. The amount of variety in certain segments of products, such as baby care, dropped by as much as 30%.

You can reduce the total burden on your staff and yourself by making an informed decision to eliminate or reduce products, services, offerings or even the markets to which you cater.

To achieve this, you need to take a look at your data. If you do not have the luxury of slicing and dicing comprehensive performance data real-time in a reporting tool, you are not alone. Many small to medium sized organizations lack the data warehousing and data analytics strategies that they read (and dream) about.

The starting solution is simple: ask your finance, data or marketing teams to export data related to the past 6-12 months of revenue in line-item form. Make sure it includes customer segments such as geography, industry and number of employees, as well as revenue details such as product/service, revenue and profitability. Do not worry about duplicates. You want to see every purchase, whether it was new or a repeat. This gives you a detailed spreadsheet that you can manipulate to tell you what is really going on.

Start by asking a few questions:

Which orders are your largest? Smallest?

How many customers make a repeat purchase?

Is there a pattern to your highest profit orders? Geography? Industry? Customer size?

You can overlay other data on top of this, such as implementation/delivery time and refunds. If you notice that your largest orders have a higher refund rate, ask your team why. If you find your smallest orders to take the most time to deliver, ask your team why. If you see a particular month with higher revenue, perhaps for a certain customer segment or offering, ask your team what promotions or advertisements were run during this time. If you have offerings that are not core to your business model, ask your sales team why these are being sold. This will begin a process that you should perform at least twice a year to analyze your revenue streams.

You will want to take a look at the lowest revenue and lowest profit items and start cutting those out. Your leadership team might have some ideas on why you should preserve those items, but there is a right time to do that. And that time is not during a pandemic when cost control measures are required. If there are brand new offerings that are just starting to ramp up, you can consider them to be market tests, but do remember that they could be huge distractions to your core business. If there is an entire revenue stream that costs more to maintain than the actual net profit it generates, you should understand why along with the team that enables and services that revenue stream.

Now that your spreadsheet is generating the right questions, consider automating the data collection and reporting so that it is no longer a manual process. Many great tools do this, including Google Data Studio, Domo, Baremetrics, Tableau, and KissMetrics to name just a few. The best solutions allow you to export the data to an Excel/Spreadsheet for further analysis.

Supply Chain

The supply chain requires special attention because it can make or break many small businesses, especially in the United States. It is of particular concern now because nothing has had an impact on global supply chains more exhaustively than the Covid-19 pandemic.

If you produce your own products in-house, you are following local and federal guidelines for the health and safety of your employees. If you were importing products from other countries, not only are you following local and federal guidelines, you are also at the mercy of customs regulations, temporary trade restrictions, and the scrutiny of the source or origin of your products by your customers.

You can make micro-adjustments now. Alternatively, you can also jump straight onto the path of complete transformation. Its impact on your revenue will ultimately drive your decision. Continuing to depend on lean manufacturing processes will create shortages and delays in production, and riding price increases for raw goods and third party enablement can prove to be catastrophic within months. The good news is that preparing now will help you become resilient to future challenges. This is your wake up call.

The first step is direct supplier risk mapping and identification. You will want to create a list, more so a spreadsheet, of all your direct suppliers. Make sure you include annual dollars spent with each supplier, as well as the expected delays you are experiencing. If you only have a single supplier for a major component or product offering, a diversification strategy is the most common way to create a resilient process for the future. Ask yourself, are there other suppliers that aren't experiencing delays? Are there local suppliers? Can I produce this component myself? Reducing dependency on a single supplier, however, is easier said than done. While it may require a lot of time communicating with potential suppliers, you may end up finding a better supplier along the way.

Second, and this is likely a parallel path, find a way to produce without that component. This may involve a redesign, reengineering or selecting a completely different alternative. For example, if you need a special battery that you used to buy in bulk from China, you may consider redesigning to a standard battery size so you can source more quickly. While that is a simple example, the key takeaway is reducing your dependence on a part, supplier, or offshore vendor whose consignment to you might be constricted by regulations and trade restrictions.

Third, many companies are exploring a regional strategy for production. You may have had contact in the past with suppliers who were geographically close but you rejected them because they had a slightly longer production cycle. Now is the time to bring out your "rolodex" and get in touch with them.

Longer term, you do not want to cut out suppliers who are under temporary restrictions. In other words, do not close the door on a supplier in China that you have worked with successfully for years. In fact, you may be able to find a way for them to deliver in the interim, using lower capacity ports and shipping strategies. One US business relied completely on a manufacturer in China. When the US-China trade war broke out in 2018, their interim solution was to re-route shipments to the US via Singapore.

Fourth, ask your suppliers if they have other locations they have spun up, or are planning to spin up. These manufacturers may have secondary locations in other countries, and some are even willing to work with you to create a location closer to your headquarters. As an example, many automakers are migrating production to Mexico or South Carolina to reduce the delivery time and overall reliance on a single manufacturing geography, which can create potential bottlenecks and supply failures.

Finally, make sure you are informed of federal and local government regulations weekly, if not daily, along with potential avenues for speeding up your access to components and raw materials. The World Health Organization (WHO), for example, has a process to request critical supply chain items if your business qualifies.

Formalize and Document Processes

Tough times and major economic disruptions mean uncertainty. As we have discussed, uncertainty equals a lack of safety. And that, in conjunction with all of the steps you have to take to secure your business (such as restructuring), may well mean departures, which include those of highly valuable employees.

This is one of a number of reasons that process documentation and paired learning have become even more important now. If you have proper, updated practices and protocols manuals, and a document repository of critical job functions for key areas alongside knowledge transfer touchpoints, you will eliminate most of the pain that comes with being reliant on individuals at a time of employee departures.

One way to accomplish this is through job elevation. When speaking with a high performer, you should let them know they need to offload their critical or time-consuming work in order to elevate their position beyond what it is today. Create a short-term goal for them to document and train at least one other person in your organization to do that work. Give that new person time to perform the actions on their own, to be reviewed by the star performer. Success is measured by the new employee's abilities to autonomously carry out those processes without help. Rinse and repeat in other areas, with other duties, or even ask the new trainee to train another employee as a backup.

Another way to decrease your dependence on people is through software. Once you start paying attention to this, you will be surprised to find how many roles in your organization involve highly-repetitive tasks that have a software solution. After conducting an inventory of such tasks through your leadership team, you can price out options, set a timeline and budget, and begin implementation. It is crucial that you study the effects of software solutions on processes, departments, and even the entire organization to ensure that you have a handle on any unintended consequences.

Finally, you should start talking with consulting firms as a contingency plan for your key operations. If you have a team of 20 people performing customer support, start looking at an outsourced model to handle just 5%-10% of your customer contacts. Measure their performance against that of your internal team, and use that to continuously make them improve their performance. If the opportunity arises, you now have a backup for your internal support team, likely at a lower cost.

Make sure you maintain good contact with the outsourced provider, and understand their ramp up and training time for increasing the number of contacts they take. Also, if possible, do not switch completely to a single outsourced provider. If you have the time, creating competition between a couple of different providers will give you leverage for negotiations down the road. You will also be able to compare performance against your internal baseline as well as between the two external providers.

Leadership

The people you count on every day are also counting on you for their pay check. Jeopardize this one thing and loyalty, dedication, performance and commitment will all take a back seat to the individual's priorities.

So how do you incentivize, motivate and lead through this challenging time while retaining your key executive team?

There are books, videos and entire curriculums focused around this topic. But the truth is that all of those efforts take a year or more to bear fruit. The real question is how to adjust immediately. It is possible. But do remember that these adjustments are only a way for you to buy time for the longer-term strategies that we will cover later in this document.

Adjustment 1: Remind your leadership of your organization's meaning

As Guy Kawasaki, author of Art of the Start says: Make meaning. Your business started and is still in existence because it has a purpose. Beyond the prestige, money and notoriety, there sits a larger-than-life meaning behind what you are doing. Your leadership team needs to be reminded of this meaning every week during this tough time. It should be engrained in your culture and in all that you do.

While there are solid examples of meaning for some of the largest companies, there is little in terms of small business meaning. So here are a few examples to provide inspiration:

Restaurant

Feeding the world during a time of need.

Donating thousands of bread loaves each month to end hunger.

Free family meals for the recently unemployed.

Salon

Helping people feel good during a challenging time.

Free haircuts for kids and senior citizens.

Ending Covid hair for good.

eCommerce

Buy a pair of shoes, we give a pair to someone in need.

Earth's most customer-centric company.

Help people save money so they can live better.

Software

A computer on every desk and in every home.

Organize the world's information and make it universally accessible.

Bring the world closer together.

You may notice some of these are philanthropic, some cultural, and some read as mission statements. Just saying it is not enough. Once you come up with yours, you need to live it and tie it back to your business every single day.

Adjustment 2: Autonomy to help solve problems

Just running around barking orders is a recipe for stifling creativity and job satisfaction. You are paying your leadership big bucks, and you need to trust them to help solve problems. If you lack confidence in your team, get a new team. At the end of the day, you will not realize the true potential of every leader unless you create an environment open to autonomy and accepting of failure. After all, these two go hand-in-hand.

Autonomy does not mean that everyone has the freedom to do what they want. You need controls and measurements to tie everything back to the business. The controls and measurements are also there to prevent micromanaging.

There will always be a few bad apples who substitute their unilateral ideas over the goals that the leadership team created. On top of that, typically they will not tell you until they miss the goals. How do you know who they are? Simple. If you have a leader who does not promote autonomy the way you intended, you will have a dissatisfied team, non-performing leader and missed organization goals.

Adjustment 3: Communicate, communicate, communicate

Leaving employees to their own devices – even the leadership – to make sense of what is happening during an economic crisis will only lead to false conclusions and rumors. As a senior leader, owner or CEO of the organization, you now need more touchpoints to communicate than ever before.

If you had a quarterly all-hands meeting, move it to monthly. If you do bi-weekly one-on-ones, consider holding them weekly. If you have a monthly employee or customer newsletter, consider making it weekly. Share the good, bad and key projects. This allows you to frame the issues and provide explanations from your point of view before rumors run rampant. Your job profile now includes motivator, cheerleader and life coach who inspires everyone in your company to be and do better.

Customers

An organization's ability to attract and retain customers during this extraordinary time is key to its survival. Sitting back and waiting for times to improve will only result in your business suffering and even shutting down. There are a few areas to take into consideration: Retention, Acquisition and Expansion.

Retention

Simply put, customer retention is one of the key differentiators between businesses that continue to grow and flourish and those that do not. Being able to retain and continue selling to your existing customers is the best way to ensure that you achieve your business goals. Yet, many businesses are uniquely focused on – and base their definition of growth on – their ability to obtain new customers. This, even though selling to an existing customer is many times cheaper than obtaining a new one. Studies have shown that while selling to a new customer has a success rate of only 5% to 20%, the success rate of selling to an existing customer is 60% to 70%.

Retention is quite simply the sum of all activities that enable you to keep much of the revenue that you have created. In SaaS companies, this is oftentimes called MRR (monthly recurring revenue) or ARR (annual recurring revenue). For an ecommerce company, this is oftentimes referred to as GMV (gross merchandising volume). Most companies just call this recurring revenue or revenue.

Do not make the mistake of thinking that your customers will stick with you just because you have a great product. That is rarely the case. Customer retention is something that you need to strategize and plan around. Additionally, you need to capitalize on your existing customers by continuously creating upsell opportunities that bring significant value to your customers.

Focusing on your existing customers also takes fewer marketing dollars while increasing your profit margin, as selling to new customers is much more price-focused than selling to existing ones. It will also provide you with the opportunity to hear feedback on your product line so that you can identify areas where there is a need for improvement.

At the same time, your retention strategy should be focused on dollars, not units or customers. It is a common mistake to count orders or total number of customers, but not every customer is created equal and there are different values for each cohort of customers. Previously, we discussed how to report and analyze this information. Now, you will put it to use.

Make sure that you not only have a customer relationship management (CRM) tool, but that you get everything you can out of it. CRM is the process of knowing your customers, who they are, where they are, how they shop, what is important to them, who is marketing to them, etc. You need to accumulate as much relevant information about your customers as possible in order to be able to properly serve them and market to them.

Proper use of your CRM tool will allow you to target your customers with offers that are attractive to them, increasing both your conversion rate and customer satisfaction at the same time. Also, you can not only personalize your follow-up contacts, but also ensure that you deliver on any promises made.

You may have noticed one thing about the companies you shop from: The more personalised the service and the more timely the delivery of promises, the happier you are as a customer and the more likely you are to not only stay with them, but to buy other products from them. The same goes for your customers.

Developing an anti-churn strategy is another key initiative for dealing with the pandemic or any disruption. Use your CRM to pick up signs of churn and to implement tools to head it off, thereby reducing actual churn. For example, you should set up an automated alarm system that alerts you and your teams to factors that signal churn. This may include picking up a reduction in activity or engagement by certain customers, allowing you the chance to get involved before customers are completely disengaged.

The pandemic and other major disruptions produce entirely new motives for customer churn and, in turn, bring with them entirely new opportunities. This is also a perfect moment to show your empathy. You want to rise to the occasion and address your customers' needs by providing timely products or features to help them with the issues they are facing. This may be as simple as recognizing that everyone is living through tough financial times and creating more flexible payment terms.

Reward Loyalty

You do not want to just have a "squeaky wheel" strategy by just focusing on your churning customers. While your customer retention strategy, by definition, needs to focus on customers who are at risk of churning, it also should be geared to reward customers who are faithfully staying with you. A customer loyalty program can reward these customers. Such programs provide them with an incentive to increase shopping with you – the more they shop, the more they are rewarded.

Customer loyalty is basically the willingness of your customer to engage with you, usually in the context of repeated purchases. It can manifest in a number of ways. Among them:

1. Supporting your entire product line, including being willing to try out new offerings that are relatively or entirely untested;
2. Allowing you a second chance even when they have had a disappointing experience with your product;
3. Making you their starting point when they are shopping for something that that you offer;
4. Becoming advocates for your offerings either directly with family and friends by providing positive reviews, or otherwise engaging in social media.

These are all incredibly important factors both in terms of repeat sales and for new client acquisition, and they come at hugely lower cost than other forms of customer acquisition. New prospects, for instance, are a lot more likely to listen to their family and friends than they are to trust your marketing efforts. Additionally, customer retention leads to higher revenue and profit margins, meaning that each percent increase in retention yields much more correspondingly in revenues. This is why it is crucial that you have a robust program for rewarding and nurturing loyal relationships. There is no better time than now to start if you do not already have a loyalty program. And if you do, it is the perfect time to beef it up.

If you are looking for more in-depth analysis of customer loyalty and how to develop programs, you might want to check out Fredrick F Reichfeld's *The Loyalty Effect*.

Cost-Effective Customer Retention

We have discussed using your newsletter for transparency and communication and even increasing the frequency at which you send it. Keep in mind that your company newsletter is one of the simplest and most cost-effective ways of retaining your customers. At the very least, it reminds your customers of your brand whenever they open their mail.

Another trend that has received a boost by the pandemic is customers' desire for convenience and customization. You have probably noticed businesses – from those you shop to your competitors – making changes to respond to this. Some easy examples are many tools that have been implemented to allow customers the complete ability to customize, order, and pay for food items in app, whether it's coffee, a meal, or ice cream. These are both convenient and address safety concerns at the same time.

As part of your customer loyalty program, you should consider adding a referral program. Encourage customers to make referrals by offering them discounts on future purchases or other incentives that best fit your business. If properly constructed, this will increase customer acquisition as well as sales from your current customers. Concurrently, it will increase your customer satisfaction. The key is to concentrate on powerful and fun incentives in order to get your customers invested in your brand and to become advocates for it.

Second to your customer service programs, you must always focus on what you can do for each customer to make them feel like they are your only customer. It is surprising how many companies do not have a Covid relief program, or think that there is nothing they can do to help struggling customers. While these programs could be specific to your customers, they could also work hand in hand with any social responsibility programs that you implement.

Your customers are very sensitive to everything your business does – what it buys, sells, or advertises to its entire audience. You need to make sure that your business does as it says and that there are no inconsistencies between the two. It is important that your relationship with your customers goes beyond just products and services. Make sure you think of your customers' core values and create programs that allow you to get involved with them in their communities or with their personal goals. All this will help you cement deeper relationships with them.

Not only will you need to think through your own aid and assistance programs, but you also must create a regular communication cadence and strategy to ensure that every customer is aware of what you are offering them during this tough time. The act of simply providing a discount or putting a customer on-hold provides them with the confidence and loyalty to come back as a stronger customer when the time is right.

Acquisition

Customer acquisition is the process of bringing new customers to your business. Being able to systematically keep adding new customers to your customer base (where they will go into your customer retention strategy and plan) is one of the main ways of growing your business.

At the same time, acquisition is not necessarily what you think it means. Keep in mind that net new customer acquisition is a risky maneuver during a crisis. However, you should look at your marketing and sales performance data and isolate a few cohorts that have always delivered great results – and revenue – for further testing. For example, if you historically have relied on Google Ads to attract customers, you are missing out big on other sources of acquisition such as social media, performance marketing and grassroots outreach.

You should also focus on selling new services and offerings to existing customers, which, depending on your offering and positioning, could be considered expansion. Expansion is one of the most overlooked, and oftentimes the scariest of all revenue retention and increase strategies. Organizations are generally fearful of increasing prices and upselling to existing customers.

First, identify customers who are not on contract or have zero commitment. By locking them into a contract or recurring service (aka subscription), you will effectively retain that revenue for the duration of the contract. While you are looking at contracts and subscriptions, take a look at your pricing as compared to the market's. One great resource to help you with the exercise is Price Intelligently. They discuss price sensitivity, elasticity and the market forces that will drive how customers will respond to your price change.

Second, take a look at your marketing and sales team structures along with incentives and commission packages. It is important to ensure that your teams are incentivized for expansion in excess of your baseline revenue. The models that work the most effectively are the ones that everyone understands and that do not dig into your targeted profit margin significantly. If you are paying 10% of revenue to the sales team, for instance, and only have a 15% profit margin, the math simply will not allow you to stay in business.

Third, and this is critical, your support team is the starting point to customer retention. They are not the only team that helps here. Customers will want to escalate issues and talk to someone about pricing in more detail. Trying to train each of your customer support representatives to help each customer with technical, operational and billing issues will lead to long training cycles. Carving out a small team that sits between your customer support and billing teams will result in the best performance. Call it Customer Retention, Customer Happiness or Customer Guru. Whatever works for you. The name does not matter as much as the goals for this team, which is to expand revenue through retention activities.

Customer Focus Is Key

Regardless of how you approach it, customer focus is without question one of the most important traits of small businesses that have historically demonstrated consistent growth. As much as the pandemic has caused sudden and vast changes in the business landscape, this one principle has held true. The businesses that have shown growth during the pandemic are those that have taken actions to improve interactions and their overall relationships with their customers. As part of these steps are programs that help customers, offering them more flexibility such as easier return policies and payment options.

There are customer-centric programs you can put together, most of which have been written about in books such as *The Effortless Experience* by Matthew Dixon, or the *Simple Truths of Service* by Ken Blanchard, and *The Thank You Economy* by Gary Vaynerchuk. An oversimplified key takeaway from all of these resources is to treat each customer like they are family and you will build customers for life.

Partnerships

The manner in which you engage new and existing partners is a key to unlocking automated growth for your business. A partner can be a vendor, contractor, distributor, retailer or supplier. You should always be looking for complementary partners as well as for ways to leverage existing partners for co-marketing. Once you establish this ecosystem of reciprocity, you will never look at marketing in the same linear light. When you work with partners to market to the same target customers, you reduce your total acquisition cost by leveraging existing marketing funnels that both sides have established.

Quite simply, creating a partner ecosystem with a partner program will boost revenue in ways that the typical SMB marketing strategy cannot touch. Once you have found a way to leverage partnerships to scale your acquisition, you will wonder why you never did this before. Sharing marketing funnels and leveraging each other's existing customer network is one of the fastest ways to grow business.

Briefly, a partner program can be defined as: "a *strategy* to motivate and engage channel partners to create more value for *customers*".

Partner programs are so successful that thousands of companies use them including some really big names such as Microsoft, VMWare, Oracle, eBay, Mailchimp, Shopify and Citrix.

But despite the potential for huge success, creating successful partner programs isn't a piece of cake. It takes time, effort, and most importantly, strategic planning. Before you consider creating your own, you must remember that:

- Channel partner programs are an extremely rewarding way to expand into new markets…. but only if you have a mature product or solution.
- Creating a channel partner program is a big investment of time, effort, and resources and the results will not show till at least a year later. This is why your partner program must be aligned with the company strategy and business goals and you must have executive support before you kick-off the process.

A well-designed channel partner program will *always* deliver value to the end customer. In fact, the best channel partners and the most successful are those who look at your customers as their customers too.

The success of a partnership and channel sales lies in the value each party gets out of it. So who you partner with largely depends on what value you are building for your customers. Once you know that, you will need to identify and define the type of partners that may be relevant to your business and choose the best among them.

Do remember that a partner is any company or organization that can help you deliver more value to your customers. Here are a few examples of partners:

- **Tech integration partners:** You give these partners a platform to create new features and functions for your end customers. The incentive for them is your existing customer base. The App stores run by Apple and Google are a good example of this. Both tech giants have an operating system and allow developers to create new apps for their platforms. These apps deliver a lot of value (and joy) to Apple's and Google's end customers.

- **Channel resellers:** The ideal reseller helps you roll out your product or service in a location you are not familiar with, such as another country. These partners understand local laws, regulations and culture and help you ensure that your product or solution makes a smooth entry into the market and gradually establishes itself. The advantage of having local partners is that they are seen as trustworthy by your end customers. You cannot evoke that level of trust because you do not have a presence in that market yet.
- **System integrators:** These partners build more value by combining your product or service with other solutions. This could be complex solutions such as those designed for the Internet of Things, where different companies combine different technologies and operating networks to build better products and solutions for their common customers.

Sometimes businesses have hundreds of channel partners. A well-structured strategy ensures that everyone is on the same page and is working in exactly the same way to create value for the end customer.

Typically, businesses create several resources and put in place incentives to attract and motivate their channel partners. These include the obvious ones such as a revenue-sharing arrangements as well as the following:

- **Amazing sales and marketing tools:** Your partners are given top-notch professional sales tools to take to your end customer. Ensure that these tools are as good as the tools you give your internal sales team. Read more about channel sales processes and sales tools in this detailed guide: *How to Design a Sales Process for B2B Sales.*
- **Education and training programs:** Education programs where your partners can learn valuable practical skills are extremely rewarding in the long run. But they require considerable effort to create. So if you are taking the trouble to design them, ensure you do it well.
- **Certifications:** Software and hardware solutions that require the partner to get involved with implementation and maintenance can be a risk for your business if they do not work well, and can also create problems for future sales. To prevent this from happening, ensure that your channel partners completely understand your product or solution and are well equipped to troubleshoot. You could motivate your channel partners in this regard by creating hardware and software certification programs that they can participate in. The partner views certification programs as an investment in their growth. This motivates them to

work more on your specific solutions.

- **Excellent sales support:** When your internal sales team has problems of any kind, they easily get in touch with developers, engineers or other colleagues in your organization to help them solve these problems. Any good channel partner program will ensure your channel partners have the same easy access to your qualified staff.
- **Lead platform:** In some channel partner programs, you distribute leads to partners to keep them engaged and interested. This can be done in many different ways depending on the set up. You could have excel sheets, emails or an internal messaging service to send leads out. No matter what system you use, make sure you follow up on these leads with your partners.
- **Events:** Getting all your partners together at an event is a good way to educate and motivate them. At such platforms, partners can exchange ideas and have insightful discussions, which are valuable for the sales process.

Your partner program will have some or all of these elements or even more. It all depends on your resources and goals.

Whatever you do, to build a successful partner program, get these four core elements right:

1. **Motivation of channel partners:** Many companies overlook this very important point. Their reasoning is that partners should be motivated enough by the revenue-sharing arrangements they have with them. But this is a short-sighted view that ignores the fact that channel partners are essentially your extended sales team and that you should invest the same amount of energy into motivating them as you do your own internal team. Besides revenue, motivators include those mentioned above such as education programs, top notch sales tools, leads, certifications, strong sales support, and collaboration to build new and improved solutions for the end customer.

2. **Clear and direct communication:** This element determines whether your partner program will succeed or fail. Clear and consistent communication enables your channel partners to understand your solution and your end customer's requirements completely even if you do not meet or speak to your partners every day. One of the most important things you can do on this front is to ensure that all the information about your company and your solution in sales training tools, brochures, and presentations is extremely clear with no room for interpretation. The message in all of these resources must be consistent.

3. **Tools to close sales deals:** A good sales experience leads to better customer

loyalty and more sales. Make sure that you create spectacular sales tools such as presentations, articles, documents and videos that your channel partners can use to close deals and deliver more value to your end customers. Some examples of sales tools for partners include pre-written emails or email templates, sales presentations, product demos, customer profile and buyer persona guide, competitor information and customer references. All this takes a massive amount of effort to create, but it always pays off in the long run.

4. **Remove blockers:** To ensure that your partner program is successful you must remove any roadblocks that complicate the relationship between you and your partner. Examples of blockers include long or egocentric agreements, low quality sales material, slow communication, low-quality education programs that make it difficult for your partners to understand the ins and outs of your product/solution, which subsequently makes it difficult for them to sell it.

Workforce

The Covid-19 pandemic has introduced an additional wrinkle in human resources. Businesses from virtually all industries have had to make changes to their workplaces and working arrangements altogether. Some of those changes are temporary, and things have either already reverted to normal or will in the near term. However, the pandemic has brought with it significant changes that are going to be with us either long-term or permanently. One of them is remote working.

Over the past quarter century, there has been a great deal of advancement toward remote working. In many organizations, however, remote working has always been viewed as a supplement to the work done in the office. For instance, office workers have been allowed to telecommute during times they have been unable to come into the office for whatever reason. Smartphones have contributed to this trend, increasingly acting as digital leashes for workers who are now connected to work even outside office hours. All this has arguably been to the benefit of both employer and employee.

Many companies have also used remote technology to hire the best talent from across the globe or to set up offices in various global locations.

The Covid-19 pandemic has not only greatly accelerated these trends, it has changed the dynamic entirely. Specifically, due to government and health restrictions, companies have had to allow entire units – and in many cases their entire workforce – to work remotely. In a significant number of cases, all contact between employees has become virtual.

Regardless of how the pandemic proceeds, it will have a longstanding impact on the workplace. Working from home will continue to be an option for employees in many industries. As we go forward, some businesses and industries may choose to make parts or all of their workforce work from home permanently.

Companies and their leadership will therefore need to take certain steps to ensure productivity and increase morale in the remote work environment.

Remote working also brings with it increased and different data security and privacy concerns, which businesses will need to address too.

All these factors will necessitate the acceleration of cloud and remote working infrastructure along with other business continuity software.

Safety and Efficiency

One of the main topics of conversation amid the concern for the safety of the workforce during the pandemic has been the requirement for in-person meetings, conferences, and associated travel. Needless to say, businesses have significantly dialled back on in-person meetings over the past year. Initially, large scale events and conferences were either postponed or cancelled as a short-term measure. However, as time has gone by, there is a growing realisation that cancelations and postponements need to be replaced by adjustments.

If your business has continued to hope for a return to the old normal, the time has come to divest yourself of those thoughts. Regardless of which direction the pandemic goes, or how effective the various vaccines are, or how widely they end up being administered, the world has changed in many respects, among them, how people meet.

Many will of you will concede that conducting meetings, events, and conferences remotely brings with it efficiencies. For instance, it reduces the time it takes from your employees and also costs that come with business travel, even if that travel is done locally. Having said that, there are important benefits to in-person meetings and events.

Whatever it is, the time has to come to balance all of these needs and to adjust for the changing times with regard to safety, efficiency and business needs. Regardless of where you and your business are placed at the moment, you must invest in plans and available technology to allow your workforce to function and grow during and as a result of this disruption.

Create a Business Continuity Plan

If you have not already done so, this is a perfect opportunity to create a business continuity plan.

For this, you need to take four immediate steps:

1. Create a team that is representative of your entire workforce to ensure that any practices and protocols you plan to implement are viewed from all angles;
2. Build the business continuity plan incorporating the input of your cross-functional team;
3. Ensure that your employees and customers are protected;
4. Implement a communication plan demonstrating your leadership.

Create a Team to Assess Risk

Your team should be made up of leaders from various departments and business units to ensure that (1) All of the associated risks are identified; and (2) All risks are assessed from every angle.

After you have created your team, you should obtain their inputs on a variety of topics. The team should assess the effect on sales if business travel decreases or ceases, or if the shifting priorities of customers or other economic factors lead to a slowdown in demand. What about the changing landscape of markets and supply chains? How do sales delays impact your working capital? What about contractual penalties or lost rebates due to a change in demand? All these scenarios must be discussed.

The team should provide inputs on the impact on productivity if employees are sick, or if there is concern over the spread of the virus within your employee groups in situations where remote work cannot be implemented or is not feasible. Conversely, what are the expenses associated with healthcare outlays, and remote collaboration tools and protocols?

Additionally, there should be an assessment of whether there are potential delays in implementing strategic initiatives and plans. Are there new products that are slated to be launched? How will those be affected? Do the same with partnerships.

Build a Plan

Most businesses have some business continuity plan to address natural disasters, power interruptions, or cyber-attacks. These plans provide the company with a protocol to protect its data and essentials, and to get systems back online and functional. A business continuity plan to address any other disruption should follow the same playbook. The business must identify the risks, prioritize and order mitigation, and assign different portions of responsibility to appropriate leaders.

In terms of hiring and retention, you should concentrate on any measures to address employee protection and containment. These measures will usually differ significantly from department to department and job to job. Also reconsider the pace of your hiring and recruiting both in terms of the effect on your safety measures and the rapidly changing economic landscape.

Another crucial area relates to cultural interaction norms and changes engendered by the pandemic. Keep in mind that norms exist across a spectrum. They are not exactly the same across all your employees. Therefore, be prepared to adopt a plan that addresses the spectrum rather than any specific norm that you personally believe is appropriate.

On the operational side, begin with planned tech investments in collaboration tools. If these plans were made without sufficient consideration of the realities of Covid, carefully assess them again. Additionally, take a look at your business units and departments. Create a cross-training plan in order to weather absenteeism and changes in remote work practices. You should also take a careful look at your office space and decide what is needed both in the short- and long-term. The issues relevant to capital, such as negotiating with your landlord, are covered separately under the “Capital” section of this e-book.

Next, you need to move on to your top and bottom lines. What expansion plans did you have in place for the upcoming 6, 12, or 18 months? What about your strategic initiatives? Those need to be analyzed in light of the current climate. You should take a careful look at the capital expenditures that you were planning that have not been incurred yet. Also, are there adjustments you need to make to your working capital?

Ensure Safety

In any crisis, particularly a health one, individuals react across a spectrum. This spectrum also drives their social interaction norms. At the extremes, there is overreaction and underreaction. This is a bit of a Goldilocks situation for you as a leader because your challenge is to react "just right". And when you are dealing with a health concern, particularly a virus as in the case of Covid, "just right" is not as easy as it may initially sound.

When it comes to health concerns, it is likely best to err on the side of caution. Additionally, it is crucial that you are transparent with employees and customers. Identify and implement personal and professional safety measures.

The personal safety measures are ones that are implemented both at work and suggested for implementation otherwise as well. These are things like wearing a facemask, refraining from touching your face with your bare hands to the extent possible, carrying and using hand sanitizers and so on.

Professional safety measures should be adopted and implemented at work. These include limiting the size of gatherings and meetings at the office, providing and requiring the use of sanitizers and facemasks at gathering spaces, replacing handshakes with other forms of greeting, and protocols to identify symptoms so that employees can be asked to refrain from coming to the office if they show any of them, etc.

In addition to ensuring that your employees and customers are safe, these measures have added business benefits. Employees are much more likely to show up for work if they know that (1) Their employer is concerned and has implemented measures to protect them; (2) Their employer is being transparent and realistic about the situation; and (3) their work does not present unreasonable risk to the health and safety of their families.

Communicate, Communicate, Communicate

Communication is always important. It is especially important when it comes to major disruptions, particularly health ones such as the Covid-19 pandemic. Your employees will look to you for information and transparency. They will also expect you to have a plan that can guide them and their behavior. Therefore, you have to get ahead of the crisis, make decisions, and implement them in order to help move your employees and your business forward.

Your decisions and actions must be effectively communicated. This requires a proper and comprehensive communication plan that identifies the challenges you face and outlines the actions you and your business are taking as well as those that your team needs to take. You need to continually be empathetic to the plight of your employees, especially those affected by the pandemic.

The communication must come from the top of the organization and be transmitted to ensure that it reaches the intended audience effectively. It must resonate with them. The communication may be in the form of an email, a live teleconference, or other effective forms of communication. Keep in mind that the communication must be updated, repeated, and transmitted regularly.

It is also crucial that the leadership, particularly the president or CEO, be visible and available. Employees must be able to ask questions and to have their concerns addressed. This may require you to do more than just allowing questions at a meeting. You may have to set up a process where employees can air issues while staying anonymous. You could even create a hotline for such issues.

Creating and Managing a Remote Workforce

Before the pandemic, businesses had largely stuck to the concept of having employees report to offices while recognising that technology had made it possible for them to also have a remote workforce comprised of those who needed to work remotely for a variety of reasons, or those whose work did not really need them to come into office every day.

Covid has completely changed this. Employee expectations and government-mandated requirements to ensure that employees can work in safe conditions have incentivized businesses to substantially increase their remote working capabilities. Among other things, this involves implementation of technological measures that we have discussed here earlier, as well as the creation of related practices and protocols for employees such as a reduction of in-person meetings and business travel.

Building a remote workforce beyond teams whose functions lent themselves to working remotely (such as sales representatives, software engineers, and consultants) is a substantial challenge and one that has not been tackled by most businesses. But it can be implemented with proper planning.

Technology

Preparing for a remote workforce starts with ensuring that you have the appropriate technology to facilitate it. Remote capability technologies need to be rolled out to all employees as fast as possible and you must make sure that all of them are trained and comfortable with using both the hardware and software. That is not all. Remote working brings with it a variety of security challenges, which you must also address.

At a basic level, the remote work environment can be divided into four categories.

First, you need to provide all employees with laptops. While employees may have their own laptops or personal computers, allowing them to use those devices may not be optimal for your business for two reasons. One, because of security issues. Two, because employees should ordinarily not be required to use their personal equipment for work. However, if budgetary constraints do not allow your business to provide work laptops to your employees, you can take measures to compensate employees who use their personal machines while making sure that your business-related security concerns are addressed too. But again, this should be the last resort.

Next, you need to provide for a video conferencing and chat software. One of the biggest advantages of coming into the office is the face time employees tend to get with each other. This is why as your employees start working remotely, providing them with the best communication software you can afford will be essential to productivity. Among those is a good video conferencing platform and a good collaboration platform. For some organizations, these may be one and the same. For most, however, that will not be the case.

Regardless, it is important to streamline your solutions to the extent practicable. Certain departments and teams may already be using a few applications and tools independently. But you must ensure that you create company-wide solutions as that will reduce the chances that employees will have issues with connectivity later. After all, when employees are invited into conversations with other departments or teams, they need to be able to communicate and collaborate seamlessly with each other. Additionally, ensuring that you have a company-wide solution instead of several different ones distributed across departments and teams will reduce the burden on your IT team.

Third, you need to ensure that your remote working employees can access files and data as securely and easily as they did while working out of the office. If you are using a VPN network, you must ensure that it is set up to allow all of your employees access from their own internet connections without your security protocols blocking them. Additionally, if you have highly confidential data or information, you must select security solutions that meet your specific needs. These may include electronic signatures, secured messaging, or locked documents.

Finally, you need to implement proper project management tools. Among the biggest concerns for both managers and employees who work remotely is their ability to organize their tasks and stay on track with their work. They also want to be able to work as efficiently as possible and in sync with their team members or departments. Project management tools are essential to increasing visibility of each team member's assignments and workload. They provide for setting of milestones and tracking, and also allow managers to prioritize projects, obtain real-time analytics, and assess work performance.

Death and Taxes

An old saying goes, "nothing can be certain except death and taxes". The rise of the remote workforce has introduced new tax-related issues for small businesses. This matter is so significant that it has reached the US Supreme Court. More than a dozen states have weighed in on a dispute between New Hampshire and Massachusetts as to which state is entitled to tax the incomes of remote workers. In the petition, New Hampshire is taking the position that Massachusetts cannot tax the income of employees who were commuting to work in Massachusetts previously but are now working remotely from their homes in New Hampshire. This is an issue that has stumped the US Congress for years. Small business owners need to keep a close eye on how this pans out as it can have repercussions on their businesses.

Create and Communicate Clear Guidelines

Perhaps the most critical aspect of implementing a remote workplace is ensuring (1) That you have clear guidelines, protocols, and policies; and, (2) That they are clearly and explicitly communicated to your employees.

Your management team must be held accountable for monitoring compliance to the guidelines and rules. This includes, as it did in the office environment, setting clear expectations for work performance, work hours and deadlines.

Employees who have traditionally worked from home have a tendency to set their own hours. When entire teams and departments are working remotely, however, there will need to be more order particularly with regard to work hours. It is crucial to lead by example, and managers must ensure that they are themselves visibly sticking to official work hours.

While there should be stringent and regular reporting from team members to ensure efficiency and productivity in a remote work scenario, managers must also be mindful of how the substantial changes mandated by the pandemic affects their teams. For example, sales teams, particularly those who have quotas, may be quite anxious when travel restrictions or meeting cancelations are suddenly foisted upon them. Managers should be equipped to address these challenges. For example, they can remind sales teams that Covid-19 disruptions have likely had a similar impact on their prospects and customers too, and that these people will relate to the challenges your sales team is facing, particularly with regard to postponements or cancelations.

Your team should be empowered and encouraged to be creative about getting around the blockers that Covid-19 places before them. This includes substituting other forms of contact in place of meetings. For example, there is no reason why most meetings cannot occur by video conferencing. The team should also remember that their prospects are facing similar Covid-related constraints such as having to stay home or split time between the office and home. This is a great opportunity for them to be more creative with their sales tactics.

Sales quotas and targets that are already challenging can become quite daunting at this time. Managers should therefore provide their teams with additional resources and become creative with quotas in ways that benefit both the company and its employees.

Finally, company culture becomes even more important in the remote working environment. The company leadership must ensure that they incorporate regular office events such as all-hands meetings, companywide get-togethers and stand-ups into the remote work environment to the best extent possible.

Keeping Your Team Motivated, Engaged, and Connected in the Remote Office

The Covid-19 pandemic has had a dramatic impact on work, particularly in the way that it has moved the workforce out of the physical office and forced companies to create virtual work environments. While at first blush this may appear to be simple enough, it is quite challenging not only logistically, but also in terms of maintaining productivity and morale.

Working from home comes with many benefits, but also brings with it physical isolation – from co-workers, from bosses, from team members. As we have discussed above, aside from meetings and conferences, remote workers are also deprived of the casual interactions all of us took for granted earlier, such as passing each other in the hallway and starting a conversation, or seeing each other in the break room or the office kitchen. Also gone are the times when we broke bread together – even the times when we would share a ride to get takeout to bring back to our desks.

For managers, there are additional challenges. Bringing on a new team member is one of them. If not handled correctly, it can hurt morale and team cohesion. Similarly, the need to make business adjustments to adapt to the changes in the business landscape caused by the pandemic can present team members with additional stresses.

As a manager in a largely virtual work environment, there are some steps you can take to help boost both your team's and your own morale and keep your team motivated and engaged.

Break Isolation by Increasing Personal Interaction

Isolation and fragmentation of the workforce lowers engagement, productivity, and morale. It is incumbent on leaders and managers to meet this head on, and it all starts with communication.

Communicate

With the usual face-to-face interactions cut out of our daily work routines, it becomes even more important for employees to communicate with each other. This applies especially to leaders and managers who must make purposeful attempts to ensure that team members are clear about their roles, assignments and goals. In light of the continuous stream of challenges that the pandemic is throwing at businesses, all of these roles, assignments and goals must be repeated and reinforced in order to ensure that there is no miscommunication.

Be Inclusive

All of us have team members that we favor over others. We either find them to be easier to work with, easier to get along with, or just more competent. We tend to keep in contact with and communicate more with those we favor. Conversely, we tend to refrain from or even dread communicating with other team members. When operating out of a virtual workplace, it is important for leaders and managers to avoid this bias. Use professional software or even just a simple chart to keep a record of when you last corresponded with your team members in a group or individual setting. Also, keep a record of when you last gave them an assignment and ensure that you are dividing up responsibilities as equitably as possible.

Have Regular Meetings

It is important to keep in regular contact. This means holding standing meetings at predetermined times one or several times a week. This will get your team used to meetings and reporting on a regular basis. The advantage of holding standing meetings at predetermined times is that you do not need to coordinate everyone's schedules whenever you want to meet. Also, these meetings are always easy to cancel if circumstances mandate it, or if it is not required. In contrast, ad hoc meetings are more likely to result in poor attendance or irregular attendance by some.

Create More Humanized Communication

The variety of communication modes we have at our disposal allows us to indulge in both more personal and less personal communication. While written communication methods such as email, text, Slack, etc., are easy to use and have their place and utility, leaders should encourage the use of richer communication forms. For example, ensure that everyone holds regular face-to-face meetings using video conferencing softwares such as FaceTime, Zoom and the like. This will allow for more effective communication because when people can see each other they are able to better understand emotions, body language, and non-verbal cues, minimizing any chances of misunderstandings and miscommunications.

Create a Virtual Break Room

When everyone is working remotely, we no longer pass each other in hallways or have impromptu meetings in the break room or office kitchen. But these informal contacts are important for team building, and to create a sense of belonging. They are also important opportunities for moving projects forward without the pressure and formalities of scheduled meetings. Recreate these by having more one-on-one meetings peppered with more small talk. Also, encourage team members to call each other as needed rather than just during scheduled times.

Embrace The New Work Environment

As we have discussed earlier, the pandemic has accelerated the trend of working remotely and regardless of how it resolves, the remote workplace is with us to stay. It is therefore important for the business leadership to take steps to ensure that teams are motivated, engaged, and connected in this virtual workplace.

It will be good to remember that working remotely brings with it a number of issues that can affect participation and lead to misunderstandings and miscommunications. The new work environment, for instance, is vastly different for each of your team members as compared to the relatively homogenous environment of the office. Each team member faces different challenges and distractions at home. Some may be sharing their workspace at home with another person, others may have chronic problems with their internet connection. It is important to let them know that you appreciate the challenges they face and the effort they are making.

One way you can do this is to normalize the new work environment. The more your co-workers know about each other's new work situations, the better they will communicate and the more connected they will feel to each other. So, without putting people on the spot, encourage virtual tours of each individual's remote work stations. Also, do your best to avoid singling people out in meetings for things such as background noise. Instead, implement procedures, such as muting when participants are not speaking.

Step on the Accelerator

It's time to make another list. This time, it's a list of all the revenue streams that are doing well as well as those that are showing green shoots. If your list is small, perhaps even one item, that is still a start. Depending on your goals, you can define what success looks like. For some organizations it might be EBITDA, for others it might be revenue growth, while for others it may just be a single product that is taking off at an exponential growth rate.

Next, identify all the activities that go into that well-performing area, particularly in terms of human capital and processes. You might identify a stellar team in your organization, or a performance marketing partner who has been producing extraordinary results, or a new partner who is doing really, really well in terms of increasing awareness of your brand and providing you with fresh customers.

Regardless of what it is, the point is to really dig deep and identify the actual activities leading to this growth. If you dig into that stellar team, for instance, you may find out that they are producing their own email campaigns to target existing customers, and that they have created a pricing tool to handle billing conversations with ease.

Once you have identified the activities for each of the areas that are working well, you are going to accelerate them. Meet with the teams involved and ask what they will need to double or triple their growth. Is it more people? More tools? More capital? More support? More training? Other resources?

When you actually analyze the needs, it is almost never about more money. In fact, increasing salaries and compensation will only produce very short-term results and often lead to quick departures, especially for high-performers since you have now given them the confidence to boost their personal brand. Instead, go through the activity list that you created, review the steps with your team and ask them to focus on them. Ask them to also focus on the problems they have encountered in each activity. When you listen to the team, you may often hear of hidden problems or challenges that can actually be fixed quickly.

Then, ask the team to present their findings to the leadership. Have them talk about the programs, tools and processes they have created. Have them discuss the challenges, including the new ones you are helping them resolve. This cross-sharing will promote similar ideas in other areas of the organization. You may be surprised to discover other teams who have good ideas on how to grow the business but feel that they need permission to do so, or to even express their ideas.

Oftentimes you will find that stepping on the accelerator is not as simple as increasing marketing dollars for acquisition or increasing the frequency of promotions and offers. Those are all temporary gains, and what your organization needs right now is repeatable and consistent growth. One prominent example of temporary gains is during Groupon's early days, when certain campaigns led to retailers seeing an increase in revenue but low profitability and almost zero repeat business. The campaigns that brought these retailers hundreds or thousands of new customers almost cost them their entire business because they had to fulfil on the goods at a lower cost but subsequently only saw limited organic growth.

During the pandemic, restaurants are seeing a similar pattern emerge from third-party delivery companies such as UberEats, Doordash and Postmates. Combined with the higher cost of restaurant supplies and the money spent to rent a space that is 25%-50% full at any time, it is no wonder that restaurants are struggling so much during the pandemic.

Identify Your Market

Traditionally, small businesses have spent the majority of their online budgets on getting eyeballs to their sites and products using various methods including search engine optimization, pay-per-click and social media advertising. It was a race to get in front of the consumer.

But today's consumer is no longer satisfied with the top ads or search results. Consumers expect that once they select a link, the site loads instantly, and allows them to quickly navigate to what they need. Anything short of that will result in the consumer leaving and going to a competitor. Consumers are also sophisticated about upsell attempts. This means that companies must be very cautious and purposeful about upselling.

In short, small businesses must be sophisticated and purposeful about their marketing and sales efforts in order to survive in the Covid economy. This requires them to adjust their budgets to bring on experts in business management, marketing, and sales to avoid failure.

One of the first things any business must do while putting together its marketing strategy and plan is to draw up a value proposition.

Before Anything Else Create a Value Proposition

A value proposition is something that automatically brings your customer into focus and allows you to propose solutions to their problem from their own perspective. The focus of a value proposition is on the most important person in the world for every business: the Customer. A great value proposition has the potential to propel your business into the stratosphere.

To start with, it is crucial to understand what a value proposition is and what it is not. A value proposition is not a slogan, e.g., L'Oreal's "Because You're Worth It". It is not a glowing description or an opportunity to brag, e.g., "We've got the best pizzas in the world". And finally, it is not merely information about products or services, e.g., "We sell televisions."

Here is a proper definition: *A value proposition is a clear statement about the outcomes that an individual or an organization can realize from using your product, service or solution.*

Notice that the definition sets the customer at the center. It is not about you or your company. It is *about your customer and the value you can deliver to them (the outcome).* Therefore, the key to developing a value proposition is to focus first on the customer and then on the outcome.

Anatomy of a Value Proposition

The value proposition is an important initial step from which marketing and sales strategies and plans flow. It is a statement about the outcomes a customer can realize from your product. In order to create your value proposition, it is important to understand what it consists of.

Super Headline

David Ogilvy, considered the Father of Advertising, once said, "Write great headlines and you'll have successfully invested 80% of your money."

That also applies to the headlines in your value proposition. It has to be a single short sentence. The purpose of the headline is to grab the attention of your readers. It is about making your customer say, "Hey! You got my attention. [Please] tell me more!"

The secret to writing a brilliant headline is to write many. Imagine we need to write a headline for a company selling shoes. Start by creating a list of many headlines. After you have done 5 to 10 different ones, go through your list and pick the best one. Or combine elements from two to make a great one.

Sub-headline

The sub-headline is similar to the super headline in the sense that its purpose is to make the reader want to read the next few lines. Your sub-headline can be longer but should still be concise. The sub-headline is a good way to add some extra value to what you want to say.

Text

Depending on whether you are creating a presentation or a website you may choose to add text to explain your value proposition in more detail.

Bullet points

Bullet points are a good way to list values, benefits and/or features of your products or services. The best practice is to always focus on the value and benefits rather than the features. Remember to not confuse one for the other.

Visuals

They say a picture is worth a thousand words. This is why visuals are as important as your headline, sub-headline and text. Visuals can communicate the message way faster to the viewer, and if planned well, can convey difficult messages very simply.

You can show your product, the hero shot, or even an image reinforcing the overall idea of the value proposition. You can also use an infographic that makes it easier for people to read the text.

Tools

There are several tools you can use to create value propositions. Here are four powerful ones.

Tool #1: The Value Proposition Canvas from Strategyzer

This extremely valuable tool gets you to focus on what the customer really, really wants. When you know what the customer really wants, you can design products or solutions that they are willing to buy.

Strategyzer's Value Proposition Canvas consists of two parts, the customer profile and your offering. The customer profile maps customer jobs(s), the gains the customer is looking for and the pain points. Your offering displays the products and services you have for the customer and how you offer them pain relievers and gain creators.

When these two parts are in sync, you have a product-market fit.

Using Strategyzer's Value Proposition Canvas, you can:

Create customer profiles: You can create one unique canvas per customer profile.

Collaborate easily: The canvas is used at a workshop where representatives of all functions – sales, marketing and support – are present. All these representatives must agree on what the customer profile should look like.

Easy visualisation: The tool allows its users to clearly visualise the jobs the customer wants done, the gains they want and pains they have for which they are seeking a solution.

Product-Market fit: It allows you to adjust the value proposition based on research and insights so that you can work towards a better product-market fit.

Tool #2: Value proposition comparison with competitors

Once you know what your value proposition is, you must see how it compares with that of your competitors. After all, when you know what your competitors are offering, you can sharpen your own value proposition, helping you to better differentiate your offering from theirs.

You can download a template by clicking here.

Tool #3: Value Proposition Builder™ from Futurecurve

This six-step iterative process developed through research and data analysis helps you create a customer-centric value proposition.

Step 1: Identify the market segment you are targeting. You will deliver value to only these people.

Step 2: Define value experience that your target audience stands to gain from your organization. Categorize them into good, bad, and ugly experiences and try to discover the experiential outcome that will make your audience go “Wow!”

Step 3: Define a mix of offerings that will satisfy the needs of your target market.

Step 4: Assess the benefits of your offerings. Once you know the benefits, you can cut the cost from it to derive the complete value. Value = Benefits – Cost. But do remember that benefits are not features (a common mistake).

Step 5: Work out how the value provides differentiation and alternatives for your organization.

Step 6: Back it all up with testing and measurable proof.

Tool #4: The Value Promise Story from Content Bridge

This 10-step process is divided into two parts: “The Hook” and “The How”. The specialty of this tool is that it helps you create a message flow based on your value proposition. It helps you think of how you can move from understanding your customer needs to fulfilling those needs through your products or services.

Qualify

One of the areas in which many SMBs are lacking is qualifying or identifying their target customer. Of course every business would love to say that every single human being in the entire world is its target customer, but that is never the case in reality. And even if every human being in the entire world had use for a product, there would be varying degrees of need and want. The bottom line is that the more specific you are about targeting customers and creating tiers, the more successful your marketing campaigns will be.

This requires you to take a hard look at your customers today. We previously talked about identifying your highest performing cohorts and customers. Now that you have your list, you will note the characteristics that make them your top customers. Perhaps they generate a certain annual revenue, maybe they are all located in a certain geographical location like a metropolitan area, or even have a certain employee footprint.

It will take some data ingenuity for you to spot the patterns. This exercise will not be easy at first for most small businesses. You will likely struggle, make up a few facts without verifying them, and may even jump to conclusions based on Google search results. Effectively, what you are doing is market research, and good marketing and consulting companies typically charge a half million dollars or more to do this for you. Keep in mind, however, that nobody knows your customers better than you do. And nobody can tell you where to find gold, though sometimes they can point you in a direction for exploration. The good news is that you only have to do this for 100 of your best customers. If you have far less than that, then you have no excuse not to conduct this market research for every single one of them.

If your existing customers are not your focus because you are pivoting or transforming your sales and marketing programs, it is the same market research journey. However, it will be a little harder because you have to identify each customer you want to have, identify the characteristics of that customer, then rinse and repeat until you have a list of 100 targets with the details necessary to move to the next step.

This process feeds your account-based sales and direct sales programs. You can identify partners in the same way. In fact, this is one of the best ways to do so.

A great way to start a new quarter is to have a target list of customers and partners to be the focus of your sales and marketing teams.

Ask your team if they feel comfortable hitting sales targets given in this list. Be sure to hear all the feedback. If the sales team does not have confidence in the list, and was not part of creating it, you are not going to have the buy-in needed to hit your goal.

Once you have your list, you need to be focused and relentless on staying committed to that list. This means saying no to possible opportunities that do not align with your targets. Keep in mind that this list and this plan is not going to be static. This is for a set period of time, probably a quarter.

You can easily tell a potential customer or partner who is not a match that your next quarter's pipeline has already been established and that you will follow up with them toward the end of the quarter. If it is a larger partner who is willing to throw money your way to focus on them, you will have to make a tough decision. Usually, however, this will be a distraction because you have just had your team create a focused list with buy-in.

While it may seem like a drastic measure, you will want to consider reducing or shutting down inbound marketing campaigns that do not yield your targeted customer. This idea may not be popular with the marketing team, which may be concerned that you are closing the door on potential revenue and possibly some target customers, but this is a time of critical focus not for wasteful spend.

To the extent that you are entertaining doubts about any marketing campaign that you are thinking about shutting down, do the math. Take a look at the campaign's spend, and what it is yielding, keeping a close eye on the lifetime value of those customers. This will allow you to decide whether those campaigns are actually profitable.

Testing

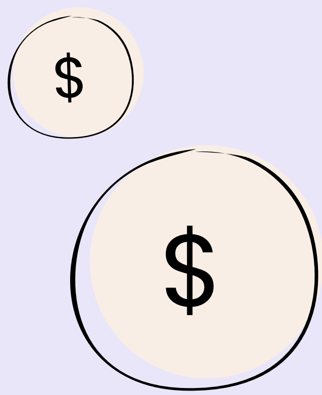
Ultimately, you should be treating everything like a test. While most are familiar with A/B testing, it turns out that organizations rarely truly run these sorts of tests at scale. What should be A/B tested, all the time? Your homepage, emails, landing pages, ads, social media posts, features in your product, and anything else where you have the ability to split part of your funnel to one experience and part of it to another.

At first blush, this may seem overwhelming, but like everything else, you need to take one step at a time. You can start by simply creating a copy of your website homepage, making some tweaks, and splitting traffic 50/50 to each experience. You might change the color of your primary call-to-action, add a phone number, remove a phone number and just use a form. Sometimes just changing the title of the page can get you great results.

There are also plenty of tools that can help your marketing teams run these tests. Some of the best include: Optimizely, Google Optimize, and Instapage. If you are going to conduct these experiments using email, consider Mailchimp, HubSpot, or Klaviyo.

In-product A/B testing can be done using LaunchDarkly or FeatureFlags. Platforms, tools, and providers you already use may already have A/B testing capabilities. So start by reading their help documents or contacting them to avoid reinventing the wheel or migrating.

More advanced small businesses have adopted the strategy of medium-sized enterprises and are using segmentation to drive these tests. For example, they may funnel all males to one experience, and females to another. If you are curious about the science and mechanics that go into A/B testing, or want to learn more, some good books to read are: *Trustworthy Online Controlled Experiments* by Ron Kohavi or *A/B Testing: The Most Powerful Way to Turn Clicks Into Customers* by Dan Siroker.



Capital

Most small business owners think of capital as either loans or investments that can be part of the solution when times get tough. The problem with that way of thinking is that (1) Those are not the only forms of capital available to you; and (2) Capital may be part of the problem, and if you are not careful, it can very quickly become your biggest problem.

Capital exists in many different forms, including hidden capital that already exists within your organization. So, it is important to cover all the major sources here. We have already discussed reducing your operating expenses through staff, contract and contractual reductions. We also discussed how marketing is another major area that is easily tuned down, especially when times are tight. But here are some less obvious areas to find hidden capital:

- Account Receivables: By finding a way to expedite payments, or accept payments for future services (aka prepaid contracts), you can secure additional capital now and deliver on the product or service over time.
- Supplier Credits: If you have Net 30/60/90 payment terms with your suppliers but are paying invoices within a few days of receipt, consider increasing your accounts payable cycle for these suppliers closer to the terms of the contract. Likewise, if you do not have Net 30 or higher with your suppliers, ask them to convert from "due on receipt" terms to Net 30 or longer terms. You may also have suppliers willing to provide a discount for prepayment or faster payment.
- Lease: This is a significant consideration during the pandemic, and organizations have responded in widely different ways. Depending on the type of business you have, you will need to put quite a bit of thought into your office space. This subject needs special attention and we will address it a little later.
- Working Capital: If you are used to purchasing a certain amount of inventory, consider reducing your total inventory. We have already discussed reducing product lines or offerings. By cutting down on the number of offerings and your inventory, you can reduce your working capital needs.
- Asset Liquidation: Do you have unused assets (equipment, inventory, supplies) that you can sell now? While this may reduce the strength of your balance sheet, exchanging those items for cash in the bank may be one of the smartest things you can do before times get tough.

There are more deferred, interest-free and forgiven forms of capital available each month. As discussed above, you may have participated in the PPP and you may be in various stages of attempting to get all or part of that loan forgiven. If you did not participate in PPP, there are other sources of funding from SBA. Many of the issues related to capital probably have as much to do with legal issues as financial ones. You will want your counsel and financial teams to work together to understand your options and how you can move forward.

If you are set on raising more capital, your existing investors are the first sources to contact. Consider equity or debt capital second to that. It is important, however, that you clearly understand the pros and cons of each. Also, for many capital sources, it is important to have some proof points. That is likely going to take more than just plans, PowerPoints, and spreadsheets.

First, equity capital is typically available for companies that are just getting off the ground. If you have been in business for a long time, most venture capital firms will look the other way. This is quite simply because their model requires taking the highest risk at the early stages of your business for the biggest returns later.

If you have venture or private equity contacts who are prepared to go down this path with you, you should be willing and able to exchange a large percentage of your equity for the runway you need to turn things around. And you will need to make sure your turnaround story is clear and believable. Under no circumstances should you ever make stuff up.

Then there is debt capital, typically provided by banks or smaller outfits. Bankers have an established risk tolerance and expected rate of return (some as high as 15%-20% or even more). Also, their goal is to ensure that they recover their principal and interest. While that may be consistent with your success and growth, it may not always be the case.

Debt capital will also come with covenants and other restrictions on the company. Violations of these covenants and restrictions can result in dire consequences such as the loan being called. This can include situations such as missing a payment, missing performance objectives and so on. Also, lenders almost always require collateral, which usually comes in the form of a business's assets, the business itself, or even the personal assets of its shareholders. In event of a default, lenders can execute against all or some of that collateral, meaning that shareholders, founders, and business owners could literally lose the business.

If you are a growing business, debt capital is likely not the right avenue for you. But if you really need help and have a great turnaround strategy, this is a good time to consider debt. You will likely be paying monthly or quarterly interest instalments, so make sure that you forecast these into your cash projections.

Ultimately, a hybrid of any of the above options might be the way to go for you. However, you must understand what is being traded in exchange for the capital. If possible, seek legal help. Also make sure you have every intention to pay any borrowed money back in the future and incorporate the repayments into your overall financial projections. Make sure you have multiple versions of those projections to understand the impact to your bottom line if you exceed, meet or fall short of your repayment plans.

Lease

One of the major issues the pandemic has placed front and center for many businesses relates to their need for commercial space. The pandemic has created sudden and significant challenges to corporate real estate and the open-plan office design thinking that has developed over the past couple of decades. The crisis has, in fact, thrown into doubt the very premise underlying centralized offices. While some of the disruptions are certainly in the short-term, there are going to be significant long-term or permanent changes to the way organizations look at office space and other commercial space.

Depending on your industry and your particular business, you need to consider whether you truly need to have a central office space. If so, to what extent? This is difficult to conceive as we have been conditioned to believe that an office is all but a necessity of doing business. For many, having an office is a symbol of legitimacy for their business.

You need to get past that conventional thinking. Consider to what extent you can have your workforce operate remotely and what are its advantages and disadvantages. Does it increase or decrease your ability to attract talent in some key positions? Does it increase or decrease your business's efficiency? What can you do to make up for the lack of physical proximity of your teams? How will you preserve your workplace culture?

Next, consult a real estate professional, preferably someone with experience about the needs of businesses like yours. Such professionals will likely have a number of ideas on how you can make the best use of your space. They will have their fingers on the pulse of the industry both from the perspective of tenants and landlords; they will know what similar businesses are considering or have done already; and will be knowledgeable about various trends and options.

In all likelihood, you will find out that even if you need and want an office, there are many better ways you can use your space. Perhaps you will realise that you can do a lot more with a lot less space. You may decide that you want an office for various in-house meetings and client interactions, and not necessarily to host your customer service team, which can very effectively work remotely. You may decide that you need to eliminate a central office location and instead have several smaller offices. Some organizations are finding that decentralization better supports their employees' performance, while allowing them to provide a safer work environment at the same time.

After some initial planning, you should approach your landlord with a request for a temporary abatement, explaining that your office needs in the short-term have significantly decreased and that the long-term needs are in a state of flux, which you are working to settle. Most sophisticated landlords will entertain the conversation and will accommodate reasonable requests that are part of a plan that is thought through and takes their interests into account.

If your landlord reacts aggressively at first, you should consider consulting a real estate attorney with expertise on the law in your region. At the end of the day, a short-term abatement should be something that you can negotiate. Your landlord's other option is to initial costly legal proceedings that will have plenty of negative consequences and risks for them as well.

Conversely, to the extent that your teams are working remotely already or can switch to it if they aren't, your need for office space for the foreseeable future is quite limited. As such, legal action by your landlord will have little impact on your business operations. Additionally, in most jurisdictions, your landlord has some mitigation obligations, meaning that they have to undertake efforts to rent the space in question. An experienced lawyer should not only have the necessary expertise about your legal rights but must have the knowledge to navigate through this with you.

At the same time, you should be working diligently with your real estate broker or professional to decide whether you will need your office space and if so, how best to use it. You may decide to reduce the space you currently have and redesign what you keep. If you choose this option, you could sublease the extra space. This will both reduce or eliminate your rent obligations, and ensure that your landlord does not object to your downsizing because they are obtaining another tenant who will pay rent in your stead.

The goal is to make the situation a win-win for your business and for your landlord. Your business will have the office space it needs at reduced rent and your landlord will not lose out on rent and also have a seamless transition to another tenant.

Your Capital May Be Part of the Problem

While capital may be part of the solution when there is a disruption, it may also be part of the problem. Many small businesses have been able to survive the Covid-19 pandemic due to the programs offered by the government. Many have also leaned on their investors, or turned to lenders to get them through this unprecedented disruption.

Let's talk about debt capital. Since the financial crisis of 2008, private debt has grown significantly, particularly in the US and Europe. Further, as banks reduced their lending programs to small businesses, private debt and equity filled in the gap. These private entities can be much more flexible than traditional banks in large part because they are not saddled with the regulatory structure of traditional lenders. The funds come from a specialist fund manager and are released to a variety of small companies and businesses – from professional services like lawyers and doctors to brick-and-mortar establishments like restaurants to online businesses and other tech companies.

At the same time, they bring with them additional challenges for small businesses. Lenders have increasingly become more sophisticated about their business practices. Their loans come with a variety of strings and present short and long-term issues that business owners must ensure they understand and are prepared to deal with.

To the surprise of many borrowers, the terms and conditions that come attached to loans can give lenders enormous power both within and outside the court system.

To many founders, small business owners and managers, dealing with lenders and the power they wield may be a daunting task. In many respects, it may appear that lenders operate by the Golden Rule: "He who has the gold, makes the rules." That is particularly true when the agreement is with someone other than a major or traditional bank.

Over the past decades, lenders have only increased the conditions they place on borrowers. Loan agreements can run into hundreds or even thousands of pages, comprising a collection of multiple documents and agreements among various parties. This is true even for small businesses and also for relatively modest loan amounts.

Additionally, loans that are considered higher risk not only come with higher interest rates, but bring with them entirely different conditions. They commonly involve lenders with wholly different business philosophies, expectations and approaches toward their borrowers.

It is not uncommon for a business and its managers to believe that they have a close, cooperative relationship with their lender, especially if they have been making their payments regularly. But that can change very rapidly when a loan matures and the business is not in a position to pay it off.

The reason the business is in this position will play a large role in how you strategize, plan, and attempt to reach a resolution. Regardless, if you need to seek a loan extension, forbearance or some alteration to the loan or the relationship with the lender, it is important that you act quickly, decisively, and follow some basic rules while doing so.

First and foremost, as part of your preparation for loan maturity, it is important that you understand your lender, their philosophy, business model, and their expectations during good times. If you wait until maturity to do this, it may be too late. You can find your business fighting for its life quite quickly.

Among other things, understanding your lender includes knowing their business model, their relationship with their investors, and their business practices in the past when dealing with similar situations. For example, get to know their attitude toward proposals for extensions or forbearances. Learn whether they are even open to such arrangements and if so, the information and assurances they will need to enter into them along with any additional conditions they may want to impose on your business. If they are not open to the idea, investigate any options to which they are open.

Also, keep in mind that how your lender's portfolio is performing may have a significant impact on how they react to your proposals. The problem is that it is particularly hard to judge how private debt and equity funds are performing. Their real performance may not be apparent for five or more years because they tend to lock up investor money.

Next, you need to figure out whether you can accommodate your lender. If not, you should investigate other options and seriously consider employing a professional with experience in options and workouts. There are entire industries that have been created around these issues and lenders are at a great advantage when default situations arise as they typically have far greater resources than borrowers.

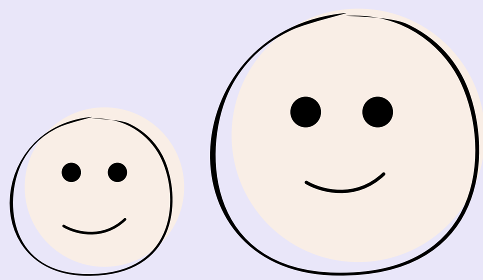
The general public too tends to view such situations in terms of the borrower being irresponsible and even incompetent and being the cause of the default. Specifically, that the borrower somehow conducted business incompetently or improperly resulting in the default. At the same time, the lender is commonly viewed as the victim of such incompetence or impropriety. In reality, a variety of factors could have caused the default, among them or even chiefly, could be the lender and its conduct.

Over the years, lenders and creditors have therefore created many advantages for themselves not only in the court of public opinion but also inside the real court system. Because of this, once a loan matures or there is a default, the onus is on the borrower both in terms of public perception and the legal system.

This is why business owners who suspect that there is the slightest chance that they will default on a loan must swiftly consult experts in the field well before the loan matures. This means more than just talking to a lawyer. The business owner must consult experts who are able to address and manage the issue in various arenas, not just the legal system and not just in terms of PR. Further, the business owner must be able to budget appropriate resources and find ways to put in place alternative payment arrangements for the apparatus needed to level the playing field.

Once you understand the lender well, and once there is an expert on dealing with such matters on your team, your business is still far from being out of the woods. Now comes the time for action. You must be strategic, make a plan, and execute it. Also, it is important to take steps to ensure there is as little business disruption as possible. Going to battle with a lender can be incredibly taxing on businesses and its owners, as lenders – by contract and by law – have a variety of options at their disposal, which can be virtually debilitating for the borrower.

Loan maturity or major default events are serious matters and can lead to devastating consequences – even dooming a business. For this reason, businesses must anticipate such events, and get ahead of them by bringing in expertise that can handle and manage the issues loan defaults present both inside and outside the legal system.



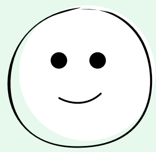
Stay Positive

Employees and other managers and leaders look up to you as a senior leader. They look to your direction to guide them through tough times. While you may be focused on larger goals and challenges that could determine the survival of your business, you have to also ensure that you acknowledge the small wins and the effort of your team members to help the business survive and thrive.

Your team can feel your energy – positive or negative. While it is important to be a source of strength and resilience, it is also crucial to be human. Both qualities are what makes you a leader and why your team is still working their tails off for you and the company.

Remind yourself how and why you got to where you are, and do what it takes to find the energy to push hard through this challenging time. Maybe it is something that is not directly related to work such as exercise, better diet, and meditation. Or it could be work related, such as finding a second wind through small wins.

Whatever it is, be sure to take care of yourself. When you do that, many of the other things will take care of themselves. Remind your leadership of this as well, and tell them that it is ok to take time to refresh themselves. If you simply cannot get away from it all but need a break, even a half day in the morning during a work week once a month can bear fruit. The journey may not be easy, but your attitude can certainly make things easier.



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