

How The Virus Has Affected New Businesses

Author: Sifiso Dingani . May 2020

A lot has changed in the last few months, and that is just putting things mildly. The world has stopped as everyone watched with disbelief the coronavirus pandemic spread its reach across every corner of the globe.

With more than 300 000 deaths worldwide, it gives us a high amount of perspective about the gravity of this global pandemic.

In the times where people need to stay indoors and away from each other, the challenges start-ups face, particularly the ones with a high physical component, are only increasing. The world post the coronavirus pandemic, where research for cures is on the peak, companies like Google and Zoom are coming through for entrepreneurs and start-ups, allowing them to leverage their tech solutions.

How the start-ups are more vulnerable

As a result of some of the preventive measures taken by governments worldwide to control the pandemic, small businesses, start-ups, and entrepreneurs have come out to be one the most vulnerable groups that have been directly affected by these measures. Whether it's the preventive measures or the general chaos, COVID-19 has caused extreme disruption socially and economically. However, it turns out big corporations around the world feel the consequences of the pandemic as sharply as start-ups.

Decline in productivity

In the digital age, most of the newly formed businesses and start-ups have been adopting the lean organization structure, which means more cross-functional roles. With facilities being shut down, even a small decrease in employees' productivity can build up serious problems for organisations

Besides, these tough times also require additional time and attention on societal needs, such as to keep up with the global reactions and monitor possible development of the virus around the proximity. One also has to be more attentive towards personal needs like household concerns, taking care of the family, and ensuring the stable mental health of family and their own. No one can doubt these are tough and unprecedented times, but the cumulative impact of the loss of staff productivity spread over weeks and possibly months will be very tough to handle for businesses worldwide.

Whether it is the massive number of employees using their employee benefits like healthcare and burdening start-ups or the declining productivity of employees, getting through the other end of this pandemic will mean surviving a number unprecedented challenges.

The supply-chain breakdown

With the global commerce community being more connected than ever before, it is not surprising to see that a lot of companies are also facing problems because they are unable to communicate with vendors in the red zone areas. According to the whitepaper by Dun and Bradstreet, 94% of the Fortune 1000 companies have some primary components of their supply chain linked to the centre of the COVID-19, China.

The problems in the supply chain are turning out to be a big challenge for start-ups within a wide range of sectors, such as healthcare and technology. As the matter gets out of the control of entrepreneurs and small businesses, the dysfunctionality of the supply chain is further raising concerns about surviving the pandemic.

Furthermore, as China is the world's biggest market for industrial goods, mostly because of its cost-effectiveness, the practice of quarantine within the region is impacting businesses across the globe.

Besides, for start-ups that are associated with third-party firms for regulatory, industrial, and legal operations are also facing delays and challenges. The soft supply chain, which also includes outsourcing of essential tasks like customer services, data acquisitions, and administrative functions are creating another side of vulnerabilities for start-ups.

As most of the start-ups have relatively undiversified revenue flows, the supply chain is presenting to be a big challenge in terms of both goods and services. This obstacle will create problems like meeting the deadlines and orders in the short-run and impact the goodwill in the long-run.

Closing down the premises

As part of the preventive measure, an increasing number of countries are practising social and commercial lockdown, except for healthcare and other necessary business. The closing down or restriction of running operations is profoundly affecting the performance of start-ups and other organizations. For a lot of small businesses, their management systems are either not adequately established to cannot be fully taken online. This is again turning out to be another reason for concern.

Even though authorities have ordered businesses to shut down their premises, and as part of the social distancing, employees are expected to function as a virtual workforce without letting their productivity drop, which is a bit too much to ask for, given the current situation.

As the coronavirus continues to spread throughout the world, particularly in urban areas, it only increases the chances of more workplaces closing down or going virtual. However, some businesses are going the extra mile. They are providing their employees with all the necessary equipment and help them adopt digital platforms to ensure they are safe, healthy, and maintain some sense of purpose in these challenging times.

The stakeholders come through for start-ups

There are no doubts entrepreneurs and start-ups are going to suffer due to this rising economic uncertainty. Besides, the United Nations stated earlier, along with other tragic consequences of coronavirus, the slowdown in the global economy will cost the world around \$1 trillion within the year. However, with all that has changed in minimal time, it is imperative for the government, concerned authorities and leaders of the commercial and digital world, to come together for the more vulnerable community of entrepreneurs and start-ups.

Start-ups post the COVID-19 pandemic

The COVID-19 pandemic is the black swan event of the decade that has taken the world by storm. With unprecedented challenges and situations, entrepreneurs and start-ups are facing every day, their concerns for survival and getting through these tough times are only increasing. The social isolation has set some conscious or unconscious limitations on employees' productivity. Whereas, more tangible problems like dysfunction of supply chain and disrupted demand are easier to analyse. However, these rather unfortunate times have helped the global communities to come together in whatever capacity possible. However, as the real-world implementation of digital innovation and tech-based platforms has come through as the real hero, it will be exciting to witness how entrepreneurs and start-ups practice digitalization in post coronavirus pandemic.

Sifiso Dingani is a Talent Management Consultant at Industrial Psychology Consultants (Pvt) Ltd a management and human resources consulting firm. Phone +263 4 481946-48/ 481950/ 2900276/ 2900966 or cell number +26377 551 7211 or email sifiso@ipccconsultants.com or visit our website at www.ipccconsultants.com

<https://thehumancapitalhub.com/articles/How-The-Virus-Has-Affected-New-Businesses>