

How to survive a pandemic

Author: Lindah Mavengere . January 2021

The world is in pandemonium. Businesses are closing and the word in the streets is “survival”. How has the world coped with this pandemic a year later? Many corporates face premature closure due to a failure to sustain themselves throughout the pandemic. The COVID-19 pandemic is a global pandemic that has affected everyone, with no discrimination from first world countries to countries in the third world. If you are reading this, congratulations, your business has made it so far, but how are you going to make it continually and stay in the market? How are you going to survive this pandemic?

The pandemic created both a supply and demand shock, which has had major implications for business. A supply shock may be defined as, “...an event that suddenly increases or decreases the supply of a commodity or service, or of commodities and services in general. This sudden change affects the equilibrium price of the good or service or the economy's general price level” (Czech, 2013).

Due to lockdown measures and categorization of businesses into essential and non-essential services, there has been a reduction in the production of goods. Manufacturers and suppliers were unable to produce their normal output, at their normal prices, for the simple reason that, they did not have anyone to produce it for. This meant that many companies had to cut down on their production, due to the closure of many other non-essential industries, creating a deficit in supply.

In economic terms, a demand shock is a sudden event that increases or decreases demand for goods or services temporarily. The demand shock forces consumers to prioritize when they are making purchases. Instead of buying that new television set, one is going to stock up on medication instead. The Corona Virus-induced demand shock meant that there was an increase in demand for health-care products and a decrease in other luxury services such as going on holiday in resort towns. This meant that businesses offering these other services, deemed as non-essential by consumers, were at risk of going out of business. The world as it is has created a test for innovation for everyone. Some companies failed to innovate in 2020 and ultimately filed for bankruptcy. These are some of the companies that went bankrupt:

- **24 Hour Fitness:** The company filed for bankruptcy on June 15 2020. Due to the impact of the Corona Virus and many countries introducing lockdown measures, the fitness industry was greatly affected by many people staying indoors.
- **Advantage Rent a Car:** The car rental company filed on May 26, 2020, due to global travel restrictions brought about by the pandemic.
- **The ALDO Group:** This company is a Montreal-based shoe retailer that operates in about 3,000 locations in more than 100 countries. The company filed for bankruptcy on May 7 due to a decline in business caused by store closures.
- **Art Van Furniture;** Initially, this mid-western retailer in 176 locations, filed for bankruptcy on 8 March 2020. As the pandemic-induced economic crisis worsened, it was liquidation in early

April.

- **Intelsat:** The satellite manufacturer filed for bankruptcy on May 13, though it said it will continue to launch new satellites. The ground-breaking company put the first communications satellite in space in 1965.

Ways to remain in business in light of the pandemic

All the companies were in no way prepared for the effects of the pandemic on their businesses. This is why your business needs to be prepared if you are facing premature closure.

- **Build an agile system, fast**

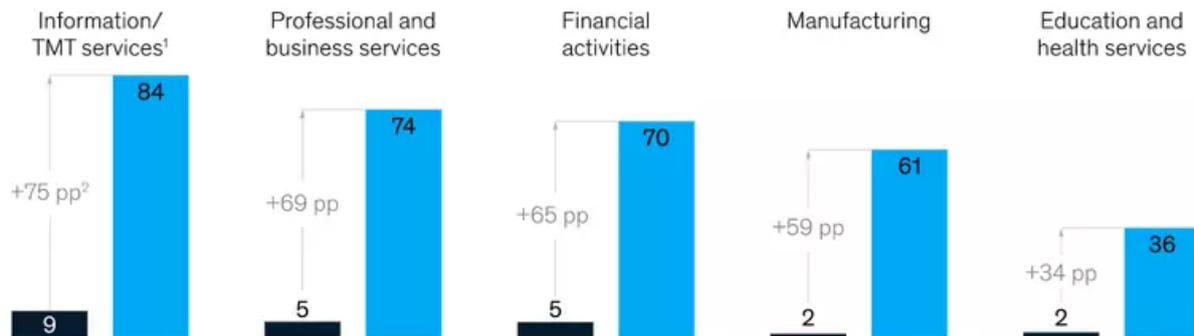
Menon, 2020, defines organizational agility as, “the ability of a company to quickly change or adapt in response to the tumultuous and rapidly changing market.” Two components are required to make this work and these are speed and stability. A business needs to be able to quickly adapt to the changing face of business. LUG light factory, a company based in Poland, had to come up with a way to adapt in light of the pandemic. The company came up with a new brand of luminaires, which use UV-C technology that kills harmful microorganisms. LUG was able to adapt promptly, and manufactured a product that offered healthier solutions to public facilities.

- **Adopt digitalisation**

‘Working from home’, has become the newest method organizations have roped in line with keeping safe during the pandemic. To be able to do this organizations must ensure that they have systems in place that can cater to this. An organization that is prepared to stay in business, will likely create a model that will serve this purpose. The challenge in this for most organizations, however, is staying productive through the digitalization process. Some organizations, however, have come up with ingenious ways, to stay relevant. Purvankara Limited, one of the largest real estate developers in India, had been almost 100% dependent on in-person viewings of properties to generate sales “Menon, 2020”. When their operations became digital, they started conducting their business online. They identified opportunities and shifted their property viewing to online viewings. This meant that there was no more physical interaction and they managed to stay in business throughout the pandemic.

The levels of remote working have skyrocketed during lockdowns and are likely to remain higher than precrisis levels for some time.

Share of employees working remotely full time, %



¹TMT = technology, media, and telecom. Pre-COVID-19 figures for remote-work frequency in sector sourced from internal survey (unavailable in American Time Use Survey).

²Percentage points.

Source: American Time Use Survey, US Bureau of Labor Statistics, n =134; expert interviews; press search; McKinsey analysis

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