

## OPINION

**COVID 19, MOVING FORWARD**


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COVID-19 impacted all businesses and posed challenges at all levels and for all sectors. Some may be hit harder and sooner than others but in general, all sectors will almost certainly be affected drastically.

The world will be different, rules and policies will swing and change, new habits will prevail and tension and conflicts will rise at all levels (policy-makers, employees, customers, management, shareholders etc.).

Recent studies/reports show that in most developed countries, more than 90% of companies reported a decrease in turnover and around 70% expect closures in the upcoming 6 months. In developing countries hit with COVID-19, the effect is unimaginable. While this will mostly be seen and felt in small and medium-sized (family) businesses that work in specific sectors, this will have a large impact on governments and global incomes, causing slowdown in investments, growth and spending in general.

To that end, all major sectors in the UAE/GCC will most likely be greatly affected and will be hard hit for its main dependence on a specific industries (O&G, construction, manufacturing, etc. and of course tourism...). Given that how and when those industries will recover is still uncertain, organisations, surely, do not want to erode their capital and assets (further to what it is now) while waiting for such sectors, and economy, to bounce back. If owners/stakeholders have a chance to maintain companies during this period and grow it thereafter, then owners/stakeholder must have a strategy for that, to avoid the unpleasant alternatives down the line.

#### So what to do?

Immediate, mid, and long-term strategies must be developed to absorb current and future challenges imposed by COVID-19 for each and every company, division, department and section.

In order to develop a strategy, a recovery expectations must be explored and identified. Those in charge need to decide whether it will be (for their sector) a V-Curve (a quick rebound); a U-Curve; or a long term L-Curve where the pandemic controls have failed causing wide-spread bankruptcies and credit defaults.

Judging from the performance of most sectors, and the drop in revenues, which is expected to continue until the end of 2020, I would say (and sincerely hope) the recovery will be more of a U-Curve (1-1.5 years) with possible severe to catastrophic impact suggesting one or more of the following steps will/may/should be taken:

- Mothballing part of the business/equipment and have them ready to restart;
- Capitalise on organic and inorganic growth, if feasible;
- Divest, prepare for new entrants, or new applications; and/or
- Reinvest or reinvent a completely new position or even abandon certain services/markets.
- Reduce overheads and highly paid employees that grew to / gained such high income over the years.

To do so companies need to switch from defence to offence. Those in charge should play this in a similar manner to how sectors have responded to significant technological shifts and emerged even more successful than prior to that shift.

#### Few suggestions to embark on:

- Assess the impact, 3 months, 6 months, 12 months and 24 months, supported with cash flow forecasts; with if scenarios be it positive or negative.
- Develop appropriate strategy for each case;
- Go on the offensive;
- Make board/shareholders/owners/lenders aware and seek their opinions and that of the experts if necessary;
- Provide recommendations to implement and get approvals in timely manner;
- Capitalise on opportunities arising from/due to: low inflation, low interest rates, cheaper energy, abundant skills, and other, unlisted, relevant factors.
- Carry out detailed job analysis for each position. The analysis should include a detailed review of all processes, load, efficiency, cost per individual vs added value and possible amalgamation of duties to optimise numbers. A reduction of up to 30% in terms of numbers and specially salaries, e.g. merging of departments/owned companies can/should be done immediately hence reducing overheads.
- Detailed review/freeze of all Capex and Opex while renegotiating all service contracts with a target to reduce;
- Increase of income by introducing other and innovative ideas or to better utilise existing equipment is well supported and should be pursued.
- Embark on going fully digital to optimise operations, finance, manpower, maintenance, stores, spare parts, etc. This is an urgent requirement and will have drastic effect on efficiency, control and subsequent costs;

#### So why am I writing this?

Well... I believe the role of Independent Executive Directors (IED) is becoming essential as it brings experience at an effective cost, while companies reduce their highly paid executives.

Get-NED can promote and push such role/scope and has (and I am one of them) a group of experts that are ready to jump in with minimum overheads.

From experience, existing managers in any company or organisation cannot make the shift or embark on drastic solutions, simply because "old habits will for sure prevail".

*Food for thoughts.*

"" "" References and extracts from:  
Nick De Mey, Philippe De Ridder, philippe@boardofinnovation.com, boardofinnovation.com/low-touch-economy  
Impact of COVID-19 On Dubai Community, Dubai Chamber of Commerce & Industry (May2020) ""