

6 Ways to Prepare Your Small Business for (Possibly) a 2nd COVID Lockdown

8 min read



Key Takeaways

- **Combat Employee Turnover:** They're calling it the 'Great Resignation.' Businesses are facing a tidal wave of employee turnover- 25% of workers in North America plan to quit their jobs. Here's what to do...
- **Outsource:** Consider outsourcing your non-core competencies. 80% of U.S small businesses plan to outsource more in 2021- citing time savings, cost savings, the ability to grow their business, and the opportunity to work with experts.
- **Focus On Cash Flow:** Hone in on your cash flow strategy to decide whether now is the best time for you to invest free cash flow outside of your business

With COVID hot spots once again dotting the world map and U.S officials rolling out restrictions on social distancing, business owners should be considering what they can do now to prepare for the possibility of a second COVID shutdown.

Before 2020, no one could have imagined the impact that a global health crisis would have on the modern workplace and today's global economy.

The pandemic brought about supply chain disruptions, forced operational shutdowns, measures requiring businesses to operate at limited capacities, shifts to remote workplaces, unprecedented employee turnover rates, and ongoing health safety measures. All these challenges continue to disrupt and impact the workplace from day to day and, ultimately, impact your business's bottom line.

Despite all the challenges of the past year, business owners have demonstrated unshakeable resolve, commitment to their companies, and impressive optimism about moving forward.

The majority (88%) of US business owners reported they expect the global economy to improve over the coming year, according to a survey conducted by PwC in January and February of 2021. However, this was not without some reservations. Of the same group, 71% reported having extreme concern about cybersecurity threats and 46% reported the same level of concern about health crises and the pandemic [1].

Of course, everyone hopes and wishes that the

pandemic will soon become an increasingly distant event, only visible in the rearview mirror of world history. However, the pandemic might not be over just yet. Despite increasing rates of vaccination, new COVID strains and variants threaten our reopening economy and the return to normal life.

Whether or not the U.S goes back into another full lockdown, these steps will help your business be better prepared for any challenging economic uncertainties.

👉 For the latest on Covid related restrictions and trends by state, stay up to date with this [interactive map](#).

6 Strategies for Small Businesses to Survive Major Challenges (Like the possibility of a Second COVID Shutdown!)

1. Strengthen Your Cybersecurity

With the need to stay socially distanced, many businesses were forced to shift daily operations online. This move to facilitating remote work with online networks and virtual meetings was the saving grace for most companies during the pandemic – regardless of industry.

Read More: [Two Steps to Having Highly Effective Virtual Meetings](#)

This change, however, left many businesses exposed and vulnerable with their IT departments scrambling to shore up networking systems, sensitive data, and each new potential access point (i.e. every employee's computer or tablet, home internet connection, and mobile phone) against cyber threats in a hurry.

Regardless of whether your workplace is returning to in-person workdays, shifting to a combined remote and in-person workplace, or staying remote for good, now is the time to put your IT department to task. No matter how you plan to move forward, you do not want your business to be in a pickle (for the second time) if we are forced into another shutdown due to the ongoing pandemic.

To safeguard your business's data and reputation, your clients' personal information, and your employees' information, you need to take steps now and continue to do so going forward to protect your business from online threats.

Indeed, the changes in workplace structure brought about new points of weakness and cybersecurity threats. However, most businesses were already facing existing [cybersecurity threats](#) before the pandemic. Plus, a huge portion of these threats is aimed directly at the C-suite.

Read More: Major Failure in the C-Suite: CEOs Need to Take More Caution In Cybersecurity

With 76% of CEOs admitting to bypassing cybersecurity protocols and 84% reporting having been the target of cyber threats [2], it's up to business leaders to take note, adjust their own risky behaviors, and learn exactly what they need to do to protect their businesses.

2. Automate As Much As Possible

If you aren't doing this yet - you should be for various reasons. But when times are lean in lockdown, there's a real need to save money wherever possible, and automation is one of the best strategies for streamlining your operations and cutting costs.

Since, currently, the economy is picking back up and businesses can operate more normally, now is the perfect time to take a close look at your business's operations to identify any redundancies and processes that can be automated.

Automation saves on labor costs while increasing productivity, which means your bottom line stands to benefit from an investment in technology that's designed to automate as many steps in your company's daily operations as possible.

Whether a second shutdown happens or not, you'll be glad for the improved profit margins.

3. Combat Employee Turnover

The Great Resignation is sweeping the U.S. Businesses across the country are already dealing with a major shortage in labor that's forced many in the service industry to operate with reduced hours or lower capacity. Now, businesses stand to face down a tidal wave of employee turnover, as 25% of workers in North America plan to quit their jobs once the pandemic subsides [3].

Read More: 2021 Turnover Surge: Investing In Your Employees Pays Off

Turnover not only causes operational challenges, but it's also expensive. Employee turnover leads to direct costs associated with advertising openings, replacing employees, and training new workers, in addition to indirect losses due to operational problems,

unfilled positions, and reduced productivity. All in all, replacing a top-level employee can cost up to 150% of the employee's salary.

Since we know that a major trend in turnover is approaching, employers can take action now to hold onto the employees they have while making their job opportunities appealing to potential talent.

Read More: Lower Turnover & Boost Profits By Honoring Maslow's Hierarchy Of Needs

Take the time to assess the culture in your workplace.

Has it suffered over the past year as a result of working remotely? Are your existing employees struggling due to turnover that's already occurred?

Consider what you can do to ensure your employees feel:

- like they're part of a positive team
- that their jobs are fulfilling
- that they're part of a bigger picture
- that they have opportunities for career and personal development
- that they are being compensated, recognized, and rewarded as they should be

Taking steps now to ensure employee satisfaction will save you big-time in the future.

4. Outsource Your Core Competencies

According to a new report on Clutch, 80% of small U.S businesses plan to outsource more this year, citing the ability to save time and money, grow their business, and work with experts [4].

Outsourcing is a major problem-solving strategy for businesses trying to operate smartly on a lean budget. Outsourcing saves money, automates processes, and can even help you avoid some of the problems associated with employee turnover.

You probably shouldn't outsource your business's primary functions, but you can outsource everything that you're not an expert in – from marketing and customer response management to legal services, bookkeeping, and accounting.

When it comes to non-central business operations for small and medium-sized businesses, outsourcing (over hiring employees in-house) is almost always the smarter option. You'll gain access to people who are the top talent in their respective fields while avoiding the high costs of hiring full-time employees in-house.

Additionally, with outsourcing, you don't have to worry about the continuity issues and costs that occur when a full-time employee takes a vacation, gets sick, or decides to leave your company in search of new opportunities.

5. Develop a Cash Flow Contingency Plan

Cash flow shortages are one of the most common reasons why businesses go out of business, and there's nothing quite like a global health crisis to dry up cash flow quickly. That's why you must have a cash flow contingency plan for your business.

Taking steps to cut costs through outsourcing, reducing turnover, and automating/streamlining operations will all improve your cash flow.

Read More: [Save Your Small Business With These Cash Flow Strategies](#)

When times get exceptionally tough, however, these improvements might not be enough to get you through the really tough challenges, like losing customers due to health safety concerns or being forced to close your doors during another lockdown.

While the economy is in a stronger position and cash is flowing in, take a close look at your free cash flow strategy to determine whether now is the best time for you to invest free cash flow outside of your business or if now is a better time to put free cash flow away for later.

Consider ways to maintain cash flow in the event of another lockdown.

How can you adjust your service model to provide more through virtual services, curbside models, and other creative forms of delivery?

Additionally, be sure to keep in touch with your vendors and other suppliers to maintain positive working relationships. Should cash get tight in the future, you'll be better able to negotiate more attractive payment terms or delay payments without penalty.

While everyone hopes that we're through the worst of the pandemic and out of the woods, new waves could put us at risk of facing another round of closures and challenges similar to those endured in 2020. If this is the case, stay aware of the disaster relief and assistance programs that become available to businesses and make the most of these opportunities.

6. Maintain Continuity and Client Communications

Most business owners prefer for their employees to interact directly with clients. With social distancing and operations being forced online, these types of interactions simply weren't possible.

If you haven't already, start developing new channels for customer communications now, using online tools like your website and social media platforms. You can also invest in customer response management software that helps you manage direct communications with your clients.

Read More: Automation Trends That Will Reshape Your Back Office

We are beginning to see more and more software advances that make remote communication more convenient for your service teams. For example- [Loom](#) allows employees to record and share video messages of themselves, their screen, or both- and seamlessly it sends over email. Not only is this faster than sending an email or meeting live, but it also adds a personal touch.

Social media is simple to use and a quick and easy way to stay connected with your client base while also branding your business. In the event of another lockdown, you'll find it useful to already have an established presence on social media. This way, you can keep

your customers informed and up-to-date by easily communicating changes in operations, share supportive messages, and provide upbeat content during challenging times.

With social media and modern communication abilities, you never have to be far away from your clients – no matter how tightly the world is locked down.

Lockdown or Not – Know Your Numbers to Make Impactful Decisions Now, Before It’s Too Late...

By outsourcing your small or medium-sized business's back office, you can simultaneously save money on in-house employees, solve part of your turnover problem, automate and streamline more processes, and build increasing value into your company's bookkeeping and accounting function – all by enlisting expert help to help you know your numbers.

When you know your numbers, you can identify and strengthen your most profitable revenue streams, identify and eliminate unnecessary costs to increase cash flow from operating activities adjustments, and make data-driven decisions to shore up your business for the possibility of a second lockdown and secure a more successful future for your business, your employees, and yourself.

[1] <https://www.pwc.com/us/en/library/ceo-agenda/ceo-survey.html>

[2] <https://www.forbes.com/sites/louiscolombus/2020/05/29/cybersecuritys-greatest-insider-treat-is-in-the-c-suite/?sh=3bdcb7757626>

[3] <https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/turnover-tsunami-expected-once-pandemic-ends.aspx>

[4] <https://www.prnewswire.com/news-releases/80-of-small-businesses-plan-to-outsource-in-2>

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