

3 business lessons 2020 taught us

By Jason Mellow

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We all agree 2020 was a year of disaster of note - but hard times can be good teachers. Businesses, and particularly SMEs, should take the time now to understand what 2020 taught us as they prepare to navigate an uncertain future.



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Here are some of the key lessons that we can all use to give our businesses the best possible chance of succeeding in 2021 and beyond:

1. Digital transformation is a must

The businesses that were able to adapt best to the unexpected impact of the Covid-19 pandemic were those that were well down the road of digital transformation. In this case, they were able to shift to remote working more easily and effectively, but the broader lesson is that the more digital an organisation is, the more flexible it can be. Remote working may not be the best response to the next crisis, but you may be sure that a digitalised business will be better able to adapt than a traditional one.

It's worth emphasising here that digitalisation is more than just technology. It's vital that companies relook their business processes in order to optimise them for the digital environment: digital technologies and platforms are not just new ways of doing what you've always done, but an opportunity to reach new markets or offer new products/ services. The status quo has been permanently disrupted and so the emphasis must be as much on "transformation" as on "digital".

What does your business model need to look like today, and are you able to adjust it as easily as circumstances change?



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2. You can't be too prepared

Without much fear of contradiction, one can say that nobody was prepared for what actually happened in 2020 – but it's equally true that those who had planned for the unexpected had the advantage of plans that could be quickly adapted.

The lesson? You simply can't be too prepared. Business continuity planning has never been more important because it focuses not only on how to respond to specific risks but also on how to make the organisation more resilient to any change in circumstance. SMEs in particular, may find themselves lacking in this area.

Globalisation is now being reassessed from the resilience point of view. Many companies are realising that globalisation has made them more vulnerable to disruption, both regarding their supply chains and their markets.

Consider tourism and its reliance on foreign visitors, or a South African manufacturer's reliance on parts coming from overseas. Many organisations are seeing a greater focus on local markets or suppliers as a way to make themselves more resilient.

Financial resilience should be a particular focus – in business, the bottom line rules everything. Every effort should be made to reduce costs and overheads in order to build up a contingency fund.

3. Communication is vital

When times are uncertain, the smart get communicating. Business partners and customers are two audiences that need to know how your business is responding to the changed business circumstances and what your outlook is. Silence might be construed to indicate a lack of stability or ineptitude.

Similarly, employees will be feeling more stressed and uncertain. It's rightly said that talent is the key differentiator in business, and it's important to ensure yours is assisted in coping with new working conditions.

It seems clear that working from home/remote working will continue to play a part in business even once the pandemic is finally brought under control in certain industries: a company's staff needs to understand the implications for them and management styles will certainly need to change radically. Often a leap of faith is required in affording more freedom and trust to our valued employees.

Similarly, employees need to know that there will be implications for abuse or actions contrary to your business values. All in all, this new approach can be very rewarding for both employer and employee.

4. Think strategically

This is probably the most important lesson, underpinning the three preceding ones. Having acquired the ability to be agile, having prepared itself for every eventuality, and having got its customers, business partners and employees on board, the company needs to know what to do.

Spending time on formulating strategy is more important than ever, but the time horizon has contracted dramatically – a fast-changing environment requires companies to see strategy formulation as an ongoing process rather than an action that takes place at stated intervals.

In conclusion: 2020 was a tough year, but we need to absorb the lessons it has to teach us – they will equip us all better to prosper in the years ahead.

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