

# INTERNATIONAL BUSINESS TIMES

## The COVID Comeback: Companies Cope With Reopening Challenges

*By Anne Field*

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Businesses across the country are opening up. That's good news, of course. Or is it?

Fact is, for many companies, from retail stores to interior designers, re-opening involves a great many challenges. And the situation has been made even more formidable as such states as Florida and Texas order the re-shuttering of some businesses, while others, like New York, slow down schedules or change the parameters of the re-opening phases. Here are some of the top challenges facing small companies as they attempt to make their COVID comebacks.

### **Unpredictability**

"The single biggest issue for small businesses is uncertainty," says James Cassel, chairman of Miami-based investment banking firm Cassel Salpeter & Co. That's especially true for enterprises serving customers from a physical location. Perhaps their patrons aren't ready to spend a lot of time inside. But even if they are, there are logistical questions for staff, both now and down the road: Are camps and day-care centers opening? what about schools holding in-person classes in the fall? If they don't, how to juggle childcare and work

schedules? And of course, underlying it all: Will a new surge of cases force companies to close up again?

The result: Small businesses are struggling to plan in an unpredictable environment. "They're trying to determine an optimal strategy that will enable their businesses to be profitable when there are so many variables out of their control," says Johana Schwartzman, who heads Go Blossom Consulting, a business and marketing strategy consulting firm in Toronto.

Ideally, according to Schwartzman, businesses can develop at least a "plan b" to fall back on, if not a "plan c," too--different options to follow depending on, say, whether they face a second COVID wave or employees need to stay home with children. She points to a company that typically teaches art to students at their physical location. In case the business has to close again, the owner is considering stocking up on art kits to sell to parents and holding classes via Zoom.

Perhaps the most pressing issue related to uncertainty is cash flow. According to Brian DeChesare, founder and CEO of finance blog Mergers & Inquisitions, about half of small businesses are concerned about how much cash they have on hand. "They might be able to afford to reopen, but they won't be able to sustain operations for an extended period of time if profits are down significantly," he says.

### **Safety Concerns**

Companies need to take steps to ensure the safety of not only customers, but employees, as well. In March, Sumita Batra, CEO of Ziba Beauty, an Artesia, Cal.-based eyebrow threading salon, closed all 14 venues, selling supplies like gloves and hand sanitizers to keep the business alive. Because the service is high-touch, requiring close contact between client and employee, however, Batra's employees, many of whom live with elderly parents, are wary of returning. "How can they keep social distancing? It's impossible," she says.

The upshot: In June, although she was allowed to open under California's

rules, Batra chose to remain closed through July. (Several counties also pushed back their opening dates to later in the month.) With customers clamoring to schedule appointments, Batra launched a social media campaign on Facebook and Instagram to explain her decision to stay closed. That included a video in which eyebrow threaders address customers, explaining their reluctance to return. According to Batra, customers have responded positively.

Once she opens up, like many business owners, Batra will face another safety-related problem: paying for PPE and other cleaning and sterilization measures. According to Batra, the equipment is both more difficult to find and more expensive than usual. To cut costs, she's trying to re-negotiate the terms of her leases with her landlords.

### **New and Old Business Models**

Since March, many retailers, as well as wholesalers that sell to brick-and-mortar stores, have expanded their e-commerce sales to stay afloat. But that creates a conundrum: As stores open up, how much resources to put into traditional channels vs. new ones? "It calls for a re-prioritization of funding," says Alexander Kehoe, who runs Caveni Digital Solutions, a digital marketing company in Philadelphia.

Kehoe points to a wholesaler that added a direct-to-consumer e-commerce capability about six weeks ago. Now that many of its regular retail customers are opening up, however, it's unclear how to divvy up dollars, and directives. The firm is dealing by staying loose: Should those older clients experience normal levels of demand, then the company will most likely focus more on its original market. On the other hand, if that business is slow, the e-commerce side will require greater attention. "It means being ready to do both," says Kehoe.

### **Re-Connecting with Customers**

Just because a company has reopened, doesn't mean it's business as usual.

And that can affect relationships with new and existing customers.

Take Ryan Novak, the owner of Chocolate Pizza Company, a gourmet chocolate maker in Marcellus, NY. While the company's manufacturing facilities stayed open during lockdown, Novak had to close his retail location, which he re-opened in June. But, according to Novak, an essential ingredient in his company's success has been the ability for retail employees to chat with customers and build a rapport. Now, however, employees are separated from patrons by Plexiglass, face masks and social distancing, while customers tend to get in and out quickly rather than spending time to browse. "It's hard to build a relationship," says Novak.

To create more of a personal connection with customers, Novak recently asked his retail staff for patrons' most frequently asked questions. Then he added wall art with interesting, eye-catching tidbits about the company to answer those queries, like the single largest order (31,000 "chocolate pizzas"), and pictures of far-flung places they've shipped to.

### **Pent-Up Demand**

As they rev up, some companies are scrambling to meet a backlog of orders (admittedly, a good problem to have). Case in point: TAKA Interiors, a Lyndhurst, NJ, interior design firm. Under normal circumstances, according to co-owner Tamara Ramos, she and her partner provide in-home one-on-one services. But while clients were sheltering in place, they switched to virtual consultations and projects that required entering client's homes were put on hold.

As a result, when clients started allowing the partners into their homes about a month ago, there was a pent-up demand not only for projects placed on pause, but also for more extensive renovations. "People who just wanted their living room changed before lockdown now also want a home office and a playroom," says Ramos. That also means large-scale projects lasting three-to four months versus the usual six weeks or so.

To meet the demand, Ramos and her partner decided to change their usual design approach. Instead of joining forces and working together on, say, two projects at one time, now each woman is operating solo, while still touching base with the other. "We're dividing our forces," says Ramos.

Handling the backlog of projects also requires a triage, of sorts. Clients who had to postpone work during the lockdown period go to the top of the list. "Anyone who signed a contract in March, we're getting to them first," says Ramos.