

Tips to navigate these uncertain times

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As the Covid-19 pandemic continues to expand from a health crisis to an economic one, startups and other small businesses have already felt the pinch.



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Many will seek guidance from their most logical supporting board: their financial sponsors. Investors are an obvious source of guidance for technology startups right now and they will ensure the good overall health of the startup ecosystems.

The points below can help entrepreneurs who are trying to weather the current economic Covid-storm.

- **Clear focus on the things you can control** - There is a lot of uncertainty on how the future will play out. Hence plan with different situations and make adjustments on a bi-monthly basis until you get a better understanding of what the impact is to your core business.
- **Clear understanding of your expense structure** - Startups must have a clear picture of their cash position. During

tough times, cash is king. You need to know your expense structure inside and out and should be managing your resources even more carefully than usual. Startups that can make it through the Covid storm with cash reserve in the bank, will be in a very strong position to capitalize on future growth opportunities following this crisis.

- **Creating a survival plan** – Have a survival plan in place, then move toward thinking about how the business can thrive in this new environment (e.g. Which marketing channels can be used?). Think about key resource hire who could have a meaningful impact on your business. With the current flood of top talents on the market, there is a significant benefit for both sides to be able to hire during this time.
- **Setting new information flow** - Discard everything you thought you knew before and set the new information flow. This new flow of information becomes your guide, creating a transparent set of facts that your firm can rally behind, justifying changes to your team members and prioritizing risks you should underwrite with your rare resources.
- **Action to preserve cash** - Because entrepreneurs are naturally optimistic, you may take the view that this downturn will be followed by a quick recovery. As such, there is a considerable risk that startups won't take the necessary action to shore up and preserve cash. So, you need to take strong action to preserve cash during this crisis. Cash preservation actions taken now can be reversed later; running out of cash in the middle of a downturn can be permanent.
- **Focus on things that don't change** – You need to focus on things that don't change. You need to have a genuinely useful product. Quality and empathy always matter. Business is not B2B or B2C, it's always - human-to-human.
- **Be steady and be decisive** - There's no point sugar-coating facts with employees, your board of directors, investors, etc. Everyone is struggling, so don't pretend things are good. The current climate is the best time for having a steady hand, and the right mix of honesty and belief. If there was ever a time for making hard decisions, it's probably now.

Don't be reckless, but the decisions most firms will have to make over the coming few months and beyond are going to be very tough. The longer you hesitate, the longer you burn cash, or something else deteriorates and you put yourself into a position you can't recover from.

- **Hunting for new opportunities** - The important priority for entrepreneurs must be the health and safety of their teams, then the survival of their business. As your earnings are impacted, you need to start finding ways to save and manage costs and begin assessing the core business model. Look for new opportunities. History has shown that during each crisis, there are opportunities being born to come out as winners for post-crisis
- **Believe in fundraising** - You never know how investors will react to the economic climate. Strong startups may possibly always be able to get more funding, and some investors might see this as an opportunity to get great deals. In the current scenario, high valuations may be harder to come by, terms may become more taxing, and the size of a potential investment round may be limited - but they might still happen!

Stay optimistic, but realistic!

This is a challenging time. When people talk about entrepreneurship being tough, this is what they mean. It's a true rollercoaster ride. But remember, it's also a time to grow and shine.

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