

Survival tips from one SMME to another

By [Khathutshelo Mufamadi](#)

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No small business could have anticipated the events of 2020 or adequately planned for a pandemic or the economic carnage that would follow. Without a doubt, small businesses have been the most acutely impacted by the Covid-19 pandemic.



Source: www.pexels.com

According to a study by the Small Business Institute (SBI), SMMEs that employ between one and 250 people, 98.5% of the workforce, the majority of the country's business sector. Before the Covid-19 pandemic hit the country, there were about 267,959 formal businesses in the country employing one or more people. Of interest to note is that this number has not grown since 2004, but in fact dwindled during the pandemic.

Financial stability remains one of the biggest constraints to the growth and survival of SMMEs, among others. Under normal circumstances, most small businesses have less than a month's worth of cash on hand to deal with any unexpected financial crisis, putting them in one of the riskiest positions in the event of a crisis.

With the Covid-19 pandemic's devastating impact on economies across the world, SMMEs have experienced even greater challenges, some surviving, some shutting down, a few new businesses launching, a handful were able to expand and reinvent.

While small businesses have been the most impacted by the pandemic, they are agile and can kick back using robust management tools to deal with some of the challenges encountered during the Covid-19 period.

I share learnings from my experiences to help other small businesses to survive and begin to regroup and grow:

- **Have a strategic approach**

There is still opportunity to take this time to recalibrate and explore ways in which to grow small businesses. It is critical to have a clear strategic approach that will consistently guide decision-making for a competitive edge in the marketplace.

In 2016, Droppa disrupted the marketplace when we launched our bakkie and truck e-hailing app, enabling clients to move goods or furniture from one point to another. Under five years in business, the company partnered with global courier company Skynet, and strategic planning has been crucial in growing the business, even during these testing times.

- **Form strategic partnerships**

Identify partners with whom you can work to grow your business. Strategic alliances will help strengthen your business and expand your offering. The right partnerships can improve your access to markets and enable your company to enter markets that would otherwise be out of reach.



The value of partnerships in a competitive environment and strained economy

Khathutshelo Mufamadi 30 Nov 2020



Droppa's partnership with Skynet in the middle of a pandemic has expanded the company's reach exponentially. While other businesses have been forced to cut their workforce, Droppa has been able to hire four new permanent team members to support the growing business.

- **Go digital where possible**

The Covid-19 pandemic has proved the value of going digital, especially during lockdown when everything from shopping to work meetings has happened online. In fact, overall online shopping increased by an average of over 50% over the past nine months.

Where digital platforms are optimised, companies can decrease costs and increase productivity. The trick is to make sure that the online solutions chosen for any business must be solutions that work for the business and should not be adopted in a rush.

- **Tighten the belt**

Financial management is one of the most difficult challenges that SMMEs face. Coupled with that, it becomes even more difficult when there are no finances. It is important to manage finances very closely. Spend less and save more where possible.

Identify areas where you can cut costs, and cut costs without shedding jobs. Put effective structures in place to

enable efficiencies within your business, regardless of the size of the business. Make sure that you have systems in place to enable your business efficiencies.

- **Reinvent and adapt your business**

It is always important to reinvent and adapt your business to identify areas to improve business offerings, solutions and products. Solutions must address the market needs and enhance the day-to-day lives of people.

- **Be strategic in your pursuit of funding support**

While many a business idea has fallen flat due to lack of seed finance, instead of relying on one funder for all the capital, approach several funders and explore different sources for funding. Look at your specific requirements, i.e. identify sponsors for your office space (where needed), identify grant seeding opportunities, commercial opportunities and partnerships that will help in boosting your finances.

Most people focus a lot on raising big-ticket funds and investments; when these are not forthcoming they give up, instead of breaking up needs and approaching funders with smaller requests for specific investments and support requirements.

- **Look out for opportunities**

The businesses that continue to see opportunities and innovate even in the middle of a crisis are those that will stand the test of time and thrive. Small businesses need to begin to think bigger than their present circumstances and start putting in place plans and measures to bolster business growth even in a crisis. It is important to assess risk and come up with measures to tackle those risks.

When Droppa was established four years ago, the business focused only on providing services to individuals. Not long afterwards it started targeting retailers. When the Covid-19 pandemic forced the country to shut down, Droppa started exploring other opportunities and demands at the time, and expanded its services to offer transportation of medicines and essential goods. It subsequently partnered with Skynet, a partnership that has had the biggest impact on the business so far.

ABOUT THE AUTHOR

Khathutshelo Mufamadi, founder and CEO of Droppa

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