

Good Business Lessons Learned In Lockdown



I normally write seriously technical articles about market trends, investment performances, portfolio management and so on.

Now whilst these topics are the bread and butter for our industry, sometimes it is good to express views about other matters.

During Level 5 lockdown I was working from home and this gave me an opportunity to

observe how different business owners were reacting to the lockdown restrictions.

With much of the world in lockdown I, like everyone, saw many jokes being bandied about, with reference to the lockdown in many countries (*You know those jokes sent to your phone on WhatsApp*). I received many that made me cringe and some made me smile and some even warmed my heart.

Then I read one, which is in fact true, it made me stop and think about how important it is that **businesses need to be able to react in times such as these**.

I have tried to look for this "meme", but it has seemingly disappeared from the internet all together so from my memory it said something along the lines of:

"Only in Italy, are the hospital ventilators made by Ferrari, the face masks by Armani and the personal protective equipment by Dolce and Gabbana!"

Now this may relate to how the Italian population have a fascination with fashion brands but to me it related to a **very important lesson for business**, especially with the crisis we are facing in 2020.

For the record Ferrari did in fact stop making beautiful scarlet red supercars for a period and turned their factory to producing ventilators for hospitals. As for Armani and Dolce and Gabbana I cannot say, as I do not follow the fashion industry that closely.

The lesson I observed is that **businesses should always be planning for the worse** and finding ways to diversify at a moment's notice. **Businesses should be nimble and agile;** a company should be able to adjust to the world around them and in some ways "never waste a good crisis".

A good example I found interesting is the oil tanker business. Can you imagine managing a company that has HUGE ships that carry millions of barrels of precious crude oil from one part of the world to another over rough seas? Then the next thing that happens is the world, faced with a virus, goes into lockdown and the demand for oil drops to unprecedented levels. What do you do? To keep oil tankers docked in harbours empty while they cost your company huge amounts of capital daily must be quite shocking to a company's management.

But the guys in the oil tanker business are sharper than we think! They realise very quickly that the oil companies that pump crude oil out the ground cannot simply stop pumping. The process of pumping the oil out the ground involves pressures which need to build up over time and thus cannot simply be switched off at a moment's notice. So, the oil being pumped out the ground must go somewhere, and the storage facilities are rapidly filling up around the world. Therefore, the creative oil tanker owners start offering the oil tankers as storage facilities. This is genius! It is probably more profitable for the ship owners to store oil in the tankers than it is to transport oil around the world on rough seas!

Last week, I picked up an article on Moneyweb regarding JSE listed company, Balwin Properties. Balwin Properties sell dwellings in new developments. According to the article, Steve Brookes the CEO of Balwin Properties managed to sell 200 units in their residential property developments in April! This while the whole country was in lockdown and the Deeds office was closed. How did they manage this? They focussed their efforts on selling properties online. Now let's be realistic here and say that probably a percentage of these 200 homes Balwin sold were in the process of being sold before lockdown began. Nevertheless, this shows that businesses can find different ways of doing what they do even in these trying times.

(<https://www.moneyweb.co.za/news/companies-and-deals/balwin-properties-takes-on-covid-19-with-online-sale-push/>)

In business school we all get taught that **company management has to keep up to date and be ready to change** the way business is done very quickly, but it is very easy to get stuck doing business the same old way especially when this has proven to be successful for a long time. The *“Don’t fix it if it ain’t broke!”* approach.

In these times of lockdown I have spoken to many small business owners who are complaining that the COVID-19 lockdown restrictions are killing their businesses and they do not even know if they will be able to recover after the lockdown restrictions have been lifted.

However, **I have also observed around me some of the creative ways that management in small businesses** have quickly adopted their businesses to the changing environment, like the pizza restaurant down the road from my office. They always baked pastries and bread in their ovens for the restaurant. In lockdown they remained open as a bakery. This again is genius! Sure, close the restaurant, but how else can you produce a product that everybody requires and can be sold at this time and will not contravene the lockdown regulations? They operated as a bakery. Are they going to go back to being simply a restaurant? Probably, but maybe they will find they had greater success as a bakery and not re-open the restaurant at all!

Another example is a friend of mine who owns a restaurant in Cape Town. He was also required to close his restaurant during lockdown but needed to continue to pay the staff their wages during this period. So, he thought creatively and offered his clientele vouchers where they could pay for meals now for when the restaurant was able to re-open again. Thereby creating a way to generate turnover now.

Working in financial markets for 25 years I have learned that **there is never a shortage of business opportunity** even in moments such as these. We who work with stock exchanges learn very quickly to analyse markets and economic situations and then to work out which listed company will benefit from this type of situation (like the oil tankers). This is often referred to as a top down approach to investment management.

However, in these times of uncertainty one should also be aware of those companies that are not willing to change to the **“New Normal”** like the small business owner who closes his business during the lockdown, sends his staff home and simply sits at home gardening. Maybe his reasoning is that he is unable to meet with his clients and thus he will not get any business. In this example this business owner is missing the revolution that is occurring! The ability to meet with people virtually, to communicate and discuss with clients using ZOOM, GOOGLE meets and other such internet-based applications that many of us have become very familiar with. **If business owners do not adapt to using technology, they will simply not survive** and not only during this period but even in “normal” business periods you cannot let your business fall behind the technology curve!

I think of another small business owner that I know. He inherited a very successful garden and landscaping servicing company from his late father. During lockdown he was at home doing his own garden. I came across a small opportunity to refer to him, I asked him to quote, his response was that his staff are all away and he could not assist my friend that required the service. Now please note this was after the Lockdown level 5 restriction was lifted and this was an opportunity to spray the outside of another friend’s house with a pest controlling detergent (*Which could have been considered an essential service*) and this is a service he offers during his normal business services. I made a comment to my wife, that had I been in this business owner’s shoes I would have simply quoted and gone to do the work myself without

staff. Packed my van with what is required and gone to generate income for the business.

I often think about the things we say without thinking about the meaning. The one that has come to mind recently is that we should all think "out the box".

What does "thinking out the box" really mean? Well if one refers to the examples I have provided above, such as the oil tankers and the restaurants finding ways to keep going even in these tough and uncertain times, this is "out the box" thinking. "Out the box" thinking is the creativity of finding solutions that will keep your business going during hard times and this could even change your business forever, for the better.

In conclusion, I am simply going to offer business owners some advice by using another thing we say all the time without thinking and this is "never get stuck in a rut". Always be prepared to change how you do things and even the things that you do. Remember Honda Motor Corporation started out making sewing machines and then motorcycles and now motor cars! In another example French car manufacturer Peugeot at one stage made pepper grinders and bicycles!

Good luck to you, my fellow business owners out there. The crisis will end, just make sure you are ready for when it ends to do things differently and even do different things.

I wish your all good profits and unprecedented success!

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