

Tips: How top founders are navigating the COVID-19 economic crisis

One of the most important factors of managing and growing a business through a crisis is a community to brainstorm with, learn from, and challenge you. Other founders will understand the challenges and may be able to share ideas that have worked for them.

Here, we have compiled a summary of some key take-aways and strategies some of our founders are using across geographies in order to navigate the current turmoil. While this is by no means a “one-size-fits-all” approach, we hope the information will guide founders across the region to protect their employees and support their ability to be resilient and prepared.

- 1. Protecting and maintaining a safe workplace for employees:** Push ahead with advising and mandating employees across multiple locations to work from home, where possible. Businesses that require staff on-site should closely coordinate best practices with teams so that they remain informed and updated about the virus. Founder of [Kitopi](#), Mohammad Ballout, emphasized the need to step up and protect employees, *"Health and safety has been a priority from day 1 of the crisis. Everyone is wearing masks, there are cameras in place to ensure that everyone maintains the highest hygiene standards, we are running 20-minute hand washing drills, and bags are being packed differently."*
- 2. Preserving a strong, trust-based company culture:** Strong company culture coupled with open communication are invaluable in navigating tough decisions. Organize weekly, and even daily, video conferencing calls to share thoughts, find solutions, and minimize panic amongst all stakeholders. Founder of [Tribal Credit](#), Amr Shady, echoed this sentiment, *"We created a Weekly Ask Me forum for teams to ask questions and obtain answers openly. For those who wanted some anonymity we created a link to post questions ahead of the session. We celebrate the toughest questions and make people proud of being open and direct with their thoughts."*

While transparent crisis communication is essential, companies are also creating avenues for non-work-related communication to foster a sense of social closeness between employees and build camaraderie on a more personal level.

- 3. Developing a crisis management plan, but running the business:** Founders should not be side-tracked in trying to manage an uncontrollable, volatile situation. Initially, it is best to take two weeks to prepare a relevant contingency plan, and then spend no more than 1 hour per day on crisis management. The business should remain operational, and all enterprises should adopt remote collaboration tools to ensure business continuity and efficient management.
- 4. Thinking in scenarios:** Identify trigger variables that will affect cash runway, and build multi-stage plans to identify plausible scenarios and assess relative likelihood of occurrence. This enables founders to take away emotionality from the current environment and develop a pragmatic solution to test for stress on CapEx, working capital, cash and liquidity. *"We are creating a scenario-based model with various triggers and inputs (i.e. if we only hit a certain*

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percentage of sales what are the impacts), and trying to make reductions to any cost structure that is not relevant today”, said Geet Bhalla, Founder and CEO of [HolidayME](#).

5. **Altering customer engagement:** Make a concerted effort to keep customers engaged and reassured in the near term. Discounts and special offers help incentivize current customers. Rapidly pivot and explore adjacent businesses if current business models are not working, given the shifts in consumer behavior. For example, Co-Founder of [Lunch:ON](#), Mohammad Al Zaben, shared that *“Lunch:ON has been quick to pivot and deliver to its customers who are working from home. We have a responsibility to play our part in delivering affordable food to our customers and those that are isolated wherever they are.”*

6. **Assessing supply chain risks:** Focus on supply chain stabilization by identifying suitable alternatives to resist global shocks and ensure sustainability to meet consumer needs. Founder of [Mumzworld](#), Mona Ataya, stressed that *“Product shortages, spurred by lower manufacturing and logistical bottlenecks, are likely to further affect ability to meet growing demand in the near term. To mitigate this, Mumzworld has taken proactive measures with on-hand inventory in the UAE and the KSA, relying on local sourcing alternatives, and has been dispatching regular land freight shipments to cover increased demand.”*

7. **Managing costs optimally:** Ensure sufficient capitalization to withstand economic repercussions through various mechanisms including:
 - Hiring freeze: Do not hire in the coming months, unless immediately revenue generative. Some portfolio founders are also offering employees voluntary unpaid leave, and working closely to consider options on pay, leaves, and benefits.
 - Rerouting resources: Talent is hard to come by, and founders have invested significant time and energy in sourcing suitable talent. Founders are carefully assessing the possibility of providing a marginal salary cut today and then offering a potential upside in the long term (i.e. replacing salary cut with equity or guaranteeing a bonus after a 1-year period).
 - Pushing for reduced/flexible rent: Many landlords are granting temporary moratoriums on rent, and largely responding to tenants with flexibility. Renegotiate deals with landlords, especially for those in the hospitality and retail sectors.

8. **Preparing to bounce back:** Better run companies have a higher likelihood of withstanding the turbulence and bouncing back quickly. Companies should be strategic in identifying potential market gaps to acquire market share in the long term (i.e. M&A strategy, innovation vs. other market players). After all, some companies may ultimately transform into the consolidators of their industries.

Of course, none of us can say with certainty what the future holds. However, one thing is clear – the COVID-19 outbreak underscores the importance of immediate and effective actions. By making the right decisions now, and constantly bearing in mind the longer-term dimensions, founders and their companies will be better prepared to come through stronger on the other side!