



**CAN YOUR CURRENT  
BUSINESS MODEL SURVIVE  
ANOTHER PANDEMIC?**

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**THOUGHT LEADERSHIP**

## CAN YOUR CURRENT BUSINESS MODEL SURVIVE ANOTHER PANDEMIC?



Written by:

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*Agility and the ability to adapt to the changing environment have been shown to be a key requirement for surviving a pandemic.*

*Unfortunately, many existing business models have not catered for this rapid response capability.*

At the same time, sustainability and remaining relevant are key focus areas for businesses. As such, re-imagining current business operating models post pandemic, has never been more at the forefront of any executive's agenda than it is today.

The world has been hard hit by the global pandemic over the past 18 months. Businesses have been exposed to several unexpected challenges, amplifying situations in which some organisations were not structured to respond to the resultant disruption. Recovering from the impact of the pandemic has been slow and slim for some. Those that have been able to bounce back were those that had the agility to respond to such disruption quickly, and without creating a whole new set of issues to deal with later. Digital transformation has been a significant contributor to successful response and recovery.

StatsSA conducted a rapid business survey during the lockdown, in which it asked businesses how the current COVID crisis is affecting their operations. Four in ten businesses indicated that they cannot continue to operate because of a lack of

financial resources. Almost half of the respondents have temporarily closed their doors – mainly in construction, manufacturing, trade and mining. This crisis has had a direct impact on businesses' turnover, so that most businesses cannot remain organised in the same way they were organised before. Most respondents believe this crisis will be worse than the 2008/9 market recession.

South Africa is not the only country battling to recover from the pandemic's impacts. Businesses worldwide were not ready for the high number of COVID related deaths across age groups. The rapidly felt, negative impact of keyman dependency in several organisations provided yet another reason to revisit the sustainability of their operating models.

Keyman dependency has been an identified risk to businesses long before the pandemic, with business leaders planning for events that then appeared unlikely to occur. COVID has very quickly changed the "unlikely to occur" into "highly possible", so that mitigating key person dependency risk has now become a critical part of business succession planning.

Losing key people through attrition, death and retirement is unavoidable, and businesses have known for a long time that this exposure should be managed. In addition to this, COVID has presented further risks, such as that of factory or business unit shut down having a wide impact across profitability by creating significant delays in response time, reducing productivity, and damaging brand image, reputation, and customer confidence.

Even organisations with well-thought-out, centralised, single location shared service centres, questioned their sustainability when faced with the risk of total shutdown. The reliance on a single global location is being reviewed against considerations such as:

- Supporting satellite offices and
- The shift from centralised to hybrid workplace strategies to mitigate the risk that the pandemic has presented.

For the C-Suite, this global pandemic represents a catalyst to transform or implement new technologies to keep their businesses relevant and competitive in a sustainable manner. The influence of COVID-19 has forced the immediate re-imagining of core competencies, business opportunities and sustainable business models. The goal is not just to survive this disruption but to rise above it, equipped and enabled in a sustainable manner. This can be achieved through the adoption of new technologies, and becoming more resilient in times of crisis.

All this positive shift requires a rethink of businesses operating models. In the face of the global pandemic, many components of operating models require reassessment. People, seen as one of the key enablers of operating

models before the pandemic, moved quite rapidly to become the most critical disabler due to the pandemic unsuspectingly taking the lives of many people, leaving organisations with people gaps to fill that were not planned for.

Continuous assessment of service delivery models, including consideration to move to outsourcing and offshoring in response to internal team dependencies, are receiving more attention. Business continuity plans are being reassessed for relevance and inclusion of key man risk. CxOs are being forced to consider various other options in response to the impact of COVID on their businesses.

Some responses to mitigate keyman risk include:

- focussed succession planning strategies for CxOs and other key roles
- reviewing risks within the organisation's current service delivery model
- assessing processes that can be outsourced, automated or even co-sourced
- enforcing mandatory documentation for operating procedures
- reassessing current delegations of authority to cater for the long absence of key authorised signatories
- emphasis on team collaborations and knowledge sharing
- cross-functional engagement
- job shadowing
- role rotations.

SoluGrowth has been engaging with many CxO's on a variety of these responses and can already see benefits for clients that have acted timeously and shown agility in making such assessments.



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