



## Business in the Time of Coronavirus

By [Arun Shukla](#), [Phil Lynch](#), [Andrew Klemm](#)

COVID-19 has created a dynamic economic climate unlike anything that has come before. It has fractured business models by simultaneously sending most global and local business value streams into forced hibernation while catapulting a few into overdrive. The impacts of this pandemic will affect all businesses in one way or another. Some industries will be birthed and grow amidst this pandemic while others may be lost completely. Determining where those growth opportunities lie is the key to surviving in these uncertain times and thriving in the post-COVID-19 world.

Recently, our team at [SLKone](#) hosted a video conference with our [Advisory Partners](#) to discuss the potential fates of various business models, pandemic-related market trends, and solutions for those industries that find themselves in challenging positions. Together, we identified opportunities and brainstormed how the landscape may look in the future.

### What does the evolution of industries look like over the next five, ten, even fifteen years?

*“One way to think about what effects the coronavirus is going to have on the future of different business is to ask what are the assumptions that companies have operated under and what are the assumptions that consumers have operated under that are going to be challenged by the coronavirus.”* – [Dr. Sridhar Balasubramanian](#)

*“What we need in terms of what we’re consuming hasn’t changed a whole lot, but what we want in terms of how it’s delivered to us, or how we get it, is starting to change...it’s making me think a lot about the delivery method of how we consume”* – [John Deitrich](#)

Well, the one thing we can count on is change. The impact of COVID-19 will permanently alter the world we know. To begin with, we are already seeing a shift from “push” to “pull” business models through an accelerated adoption of online services. Those that may not have preferred to do business online are now being forced to, and both bandwidth and virtual service providers must grow to support the increased demand and volume of internet traffic (think Microsoft or Zoom with a sudden surge of videoconferencing demands). There will be continued pressure on all industries to adapt and improve products and services to be available “on-demand.”

*“What I see is an acceleration of a trend that already started and that’s the destruction of the push model and delivery of goods and services and moving to a pull model, whether that be delivery of products to your door or whether that be delivery digitally of medical or educational services. What are the networks and infrastructures that will be needed to facilitate that delivery? I think long term, this event will accelerate [business] models.”* – [Rick Jones](#)

While the current intensity of online activity may ease slightly once social distancing orders are lightened and stores begin to reopen, chances are we will still see a continued increase in e-commerce, even post-COVID-19, as consumers will have fully adopted a “new normal.” Online consumer goods businesses and delivery services will only increase in demand as time moves forward. Brick-and-mortar businesses will need to consider how they can deliver products and services to clients in new and meaningful (and safe) ways, creating both obstacles and opportunities in supply chain and logistics. Additionally, as businesses learn how to operate online, the need for commercial real estate will decrease accordingly for both physical operations and back-end support functions.



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*“You’re going to see people become very aware of what they’ve missed...if this is going to be a “new normal” for the next four months, or the next eighteen months if this really goes bad, how are we going to substitute and help people?” – [Dan Kowalski](#)*

While travel and hospitality related businesses have taken the brunt of COVID-19, it may force the emergence of new cross-industry equations in the post pandemic future. Health and safety precautions will need to remain front-and-center for these businesses as we anticipate waves of viral activity. Indeed, as various states and countries peak and recover on staggered timelines, airlines and hotels will need to respond accordingly and with the utmost care and responsibility. We may also see a sustained decrease in corporate travel as businesses focus on maintaining their client relationships virtually while conserving personal resources and aiding the environment.

*“It’s becoming much more critical that we understand the interplay between healthcare and other industries.” – [Kim Chin](#)*

Arguably the industry most distressed by the current pandemic is our healthcare system. Overwhelmed and understaffed, this coronavirus has pinpointed all the weaknesses in our current capacity for patient care. Growing in the wake of this crisis, however, is an accelerated adoption of telehealth and telemedicine practices. As medical professionals and patients learn these new tools, and as regulations are adapted to fit, we may see a digital revolution in healthcare standards. Similarly, wearables and at-home healthcare devices to support telehealth are anticipated to grow, enabling even greater benefit and support for patient-provider interactions.

*“I think there is a real hole in the market for...remote communication programs as well as academic curriculum programs. There is a lot of opportunity here.” – [Drew Krut](#)*

Education is experiencing a similar evolution as courses are delivered in a remote capacity due to the current inability to gather in person. If this new model is broadly successful, what might that mean for the future of traditional schooling? Not long ago, online learning represented only a fraction of the industry. As our interconnectedness via technology increases, learning this way will be a more natural extension of our lifestyles. Social experiences will become something we intentionally seek out for pleasure and entertainment, not something that is built into the infrastructure of work and school.

### **If change is inevitable, how can we ensure it is proactive and managed instead of inflicted with costly consequences? What can businesses do now to increase their market value in the future?**

Further considering those industries that are currently positioned to grow amidst the pandemic, we anticipate the current shift from in-person business meetings to virtual video conferences will be sustained well beyond the immediate need caused by COVID-19. Thus, it is imperative that all businesses integrate initiatives to support this trend by investing in reliable video conferencing technology and training teams how to use it effectively (we have all been on the receiving – if not driving – end of disruptive or difficult conference and videoconference meetings). If this tool is to permanently replace a portion of corporate meetings, conference gatherings, and education; end user ability, as well as provider security, must grow to fit.

While telemedicine has been catapulted into a reactive opportunity that has the potential to create new patient-provider experiences, controlling the destiny of national health brings biomedical manufacturing up for future assurance versus low cost outsourcing. This will include hospital



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infrastructure, lifesaving devices, and personnel protective gear. Biomedical waste management in the wake of a pandemic will also need to be understood for future planning and once-a-century preparedness. We anticipate more onshore production and processing due to a current lack of foreign product availability, paving the way for new automations in supply chain planning and operations. Perhaps even an increase in machine programmed manufacturing to minimize the number of human workers required at any one site. This helps to meet COVID-19 social distancing standards now and opens the door to cost-saving near-shore business model improvements that can be sustained into the future.

Inventory management and diversification will also be an investment in the future success of your business model. Having a sole source for goods or parts or a steep focus on just-in-time inventory levels, as too many operations can currently attest to, is dangerous. Supply chain resiliency depends on a diversified source of materials – the current approach to inventory management does not account for or allow for spikes or global disruptions. Finding the balance between what is appropriate for safety stock levels without tying up too much working capital will be a focus of CFOs and COOs in the coming months.

We encourage all businesses to take this time and examine core competencies. By identifying expertise, you can more effectively leverage your most valuable assets. In an effort to grow in healthy economic climates, many organizations expand beyond their foundational offerings. However, this environment offers an opportunity to refocus the business and execute on them. This is also an ideal time to hone skills to meet new needs that your company may be specifically positioned to serve by building new core competencies.

When looking at the bottomline, focus on business outcomes and not just on revenue or costs. This is a difficult economic moment for all of us, but there are ways to measure success even when income is challenged. Consider your profit margins; are there opportunities to increase the value of sales compared to costs? Consider personnel and societal outcomes; are there opportunities to support your team and community right now that may double as an investment in your company's future? [Consider cash flow management](#), not just as a restructuring tool, but as a tool for managing the business and in turn, ensuring survival and funding the future.

For businesses with brick-and-mortar locations, rethink business hours (observing your area's restrictions) to serve your clientele at the most effective times. It's costly to be open long hours when sales data can be analyzed to demonstrate the most beneficial hours of operation, saving time and money (think of a traditional retail establishment, the hours with the largest traffic and profit margins are easily tracked through POS scan and sales data).

Finally, be sure to plan for and manage risk. What are your risk plans? When was the last time a holistic risk analysis was performed in the wake of uncertainty, if ever? Have they ever been tested? How can you flex risk management in an uncertain environment (like this one)? Answering these questions for your own company can illuminate opportunities for current investment of time or resources for future growth in a post-COVID economy.

At SLKone, we understand that while this may all make sense on paper, it's certainly easier said than done, and we're here to help. Our mindset of creating bespoke solutions suits the settings that are not mentioned in the existing playbooks. Our consultants and subject matter experts are trained in a variety of industries and represent a deep functional expertise within many areas of business. We specialize in identifying areas of opportunity and can roll up our sleeves to jump in and help – not just



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direct – but execute project and organizational management for successful business model improvements, in the shortest possible time, and with the highest value creation.