



## **What have we learnt from 2020?**

What have we learnt from 2020? To answer this question, we should take a look at a few adjectives that have been used to describe Covid-19's effects on our personal and business lives. For example - unexpected, unprecedented, disruptive.....

Prior to the pandemic we assumed that tomorrow would turn out much like yesterday. Many businesses had become accustomed to managing cash flow on the assumption that next month's turnover would be more or less guaranteed, based on expected market conditions.

Covid-19, in a matter of weeks, tore up this assumption. It quickly became evident that the pandemic was creating new norms. A few business sectors have benefitted from the ensuing disruption, but many businesses have not. A sizeable chunk has gone out of business as lock-down regulations have required them to close for much of the year.

### ***Lesson 1 – always expect the unexpected.***

There are a number of businesses in vulnerable sectors that have survived Covid disruption so far. Many have had their cash flow enhanced by the multitude of government grants and soft loans on offer. Others were already financially prepared with healthy reserves of cash or assets on their balance sheets. What we now know is that the unexpected needs to be factored into our business planning, should anything of this magnitude ever happen again.

### ***Lesson 2 – make sure you can ride out extended downturns.***

For example, periods where your income is much reduced or your business is required to trade at a loss. It will be many years before the coronavirus outbreak passes into folklore. The fear of a repeat will linger for some time. Should we, therefore, include the acquisition of reserves as one prudent strategy for 2021? If that is not possible could you "mothball" your business if required or convert your business assets to a different use?

### ***Lesson 3 – planning is no longer a luxury we cannot afford.***

In the past, pre-Covid, when the expectation was tomorrow would be much like today; many of us felt no need to plan for what could happen going forward. This is no longer the case. The last year has provided the evidence that the unexpected can have a real impact.

During 2021, perhaps we can all benefit from business planning? We are still in the centre of the Covid storm and from next month we will be dealing with additional disruption as we finally leave the EU transition period behind.

There will be no one-size-fits-all remedy from the damage inflicted in 2020. What is clear is that a willingness to engage in the challenges presented, to factor in the unexpected, and to plan for the future is an endeavour worthy of serious consideration.

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