



## Stand Strong After COVID-19 Disruption: Steps to take now

COVID 19 is an unprecedented world-wide disruption in this era of globalization, impacting the bulk of small businesses everywhere. As a small business owner or entrepreneur what can you do now? The initial Reactionary Phase is past, and as a nation we are in the Crisis Response Phase.

It is a time to plan, not react. Reaction may take you to overreact or underreact, planning will take you to make solid decisions based on truth, facts and data. Be proactive, not reactive.

This is not a time to stop and give up. Above all, now is not a time to stop and wait out the storm. It is a time to assess your business model.

### Step 1. Business Model Assessment

What is a Business Model?

A Business Model describes how an organization creates, delivers and captures values. Osterwalder & Pigneur 2009

What makes up a Business Model?

All Business Model consists of 9 Building Blocks:

- Customer Segments
- Value Propositions
- Customer Relationships
- Channels
- Revenue Streams
- Key Partners
- Key Activities
- Key Resources
- Cost Structure

What tool can I use to build a Business Model?

Tool to assess a Business Model:

Business Model Canvas - allows you to describe any business model based on nine fundamental building blocks. It's a practical business tool to design, test, implement, and manage business models over their lifecycle. Osterwalder & Pigneur 2009



## It is time to **Rethink** and **Reset** your Business Model

### **Rethink:** Key questions to consider

- What is my Core Business Model? In other words what is essential in my business in order to be successful? A brief description is OK for now. The Business Model Canvas below will assist us in digging deeper into this question.
- What is working during COVID 19? Where are my sales coming from, and from who?
- What is not working? What is not selling? What is too expensive to continue to sell?
- What are my Customer Segments now? The Customer Segments are the group of people, users, or organizations that you are creating value for whose problems you are helping solve or needs you are helping satisfy.
- Which Customer Segments have I lost? and Why? Did I lose them temporarily or permanently?
- How am I earning money from my Customer Segments now during this phase of COVID 19? The earnings or income would be the Revenue Streams part of the Business Model.
- What are my current Value Propositions during this phase of COVID 19? The Value Proposition outlines how a bundle of products and services creates value for a specific customer segment. It is not just the product.
- For what Value Proposition are my Customers really willing to pay at the moment during the Crisis Response Phase? The Crisis Response Phase lasts as long as a large majority of the economy is shut down.
- For what Value Proposition are my Customers willing to pay during the Recovery Phase of COVID 19 and beyond? The Recovery Phase will be established when COVID 19 is under control.
- What do they currently pay? Your Customer Segments may be willing to pay a premium price during this disruption because of several reasons: shortage of product, supply chain is unstable, convenience of delivery to home.
- How are they currently paying? During this crisis a lot of Customers are seeking a Cashless/Touchless pay method, are you giving them access to such a system?
- How much and how would they prefer to pay during the Recovery Phase of COVID 19? It is important to think long-term and how will your Customer Segments wish to interact with your business. Will Cashless/Touchless pay methods continue to be the preference?
- How much does each Revenue Stream contribute to overall revenues? Think about the actual Crisis Response Phase and Recovery Phase. Will your Revenue Streams change? Will there be new Revenue Streams in the Recovery Phase?

Make sure you clearly define WHO (Customer Segments) is paying and for WHAT (Value Propositions). This your opportunity to diversify your Business Model. Be alert to opportune moments and events where others are downsizing or closing. Good news, Big Business is slow to respond to the immediate opportunities on solving a problem or satisfying a need. This a time to be among the first to enter such a market and meet a specific need or solve a problem which have arisen as a consequence of COVID 19.

Two other areas to consider:

1. Review and revise your existent Supply Chain. It is timely to take a serious look at local, regional and national. During this crisis, supply chains have been disrupted and in some cases decimated. A wise strategy is to multi-source your Key Resources, clearly decrease your dependence upon only one supplier.
2. As a small business owner, you are great at running your business, but probably, like the majority of small business owners, avoid looking at your financial statements. Well this is a good time to learn and know your numbers. We aren't asking you to become an expert but do familiarize yourself at least with the following: Cash Flow, Net Income, Profit and Loss, Sales, Price Point, Gross Margin and Total Inventory.

**Reset:** Time to Pivot your business

Pivot usually takes place when a business makes essential changes to their Business Model after concluding that their old Business Model is impractical under the present economic circumstances. COVID 19 Disruption is such a case. The world will not return to normal, there is a new normal. After fully assessing the Business Model, you have found out what has changed temporarily or permanently. Now is your opportunity to innovate, reinvent and to come out stronger as a small business.

Several restaurants have gone through rethinking and resetting their Business Models. In the first example, the small business expanded their services to include catering and food truck, in addition to their existent restaurant. A second restaurant, during Covid 19, immediately converted their Business Model to expand their business hours and offer delivery service throughout their county. And recently, have created pre-packaged dishes for a local grocery store. Like these there are many examples nationwide that are rethinking and resetting their Business Model with success. Key is to sit down with your team and assess your Business Model.

Community and Economic Development and Farm, Food and Enterprise Development of Iowa State University Extension and Outreach have built a Business Development team to serve Iowans with direct Technical Assistance on assessing your Business Model. For more information contact Victor Oyervides, Retail Business Specialist, at (319) 321-9623 or [oyervide@iastate.edu](mailto:oyervide@iastate.edu).

The set of “Stand Strong After COVID-19 Disruption: Steps to take now” Series is part of tools and resources that the Iowa Retail Initiative of Community and Economic Development of Iowa State University Extension and Outreach. To learn about these resources and the complete Iowa Retail Initiative program visit <https://www.extension.iastate.edu/communities/iowa-retail-initiative> and contact Lisa Bates, Community Development Specialist, at (515) 357-8185 or [lbates@iastate.edu](mailto:lbates@iastate.edu).

Resources: Strategyzer <https://www.strategyzer.com/>  
Business Model Canvas Template <https://www.strategyzer.com/canvas/business-model-canvas>

*Our next topic in this Series - Stand Strong After COVID-19 Disruption: Steps to take now is “Build Team Capacity”.*

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