



LATIN AMERICAN
AND CARIBBEAN
ECONOMIC SYSTEM

CONCLUDING NOTE

WEBINAR “ORGANIZATIONAL RESILIENCE FOR SMEs IN TIMES OF PANDEMIC: PRACTICAL RECOMMENDATIONS FOR BUSINESS PROTECTION”

Economic and Technical Cooperation

Webinar SELA: Organizational resilience for SMEs in times of pandemic: Practical recommendations for business protection

Caracas, Venezuela

30 July 2020

W-SELA: ROPYMESTP: RPPE Di2-20

Copyright © SELA, July 2020. All rights reserved.
Printed in the Permanent Secretariat of SELA, Caracas, Venezuela.

The Press and Publications Department of the Permanent Secretariat of SELA must authorize reproduction of this document, whether totally or partially, through sela@sela.org. The Member States and their government institutions may reproduce this document without prior authorization, provided that the source is mentioned and the Secretariat is aware of said reproduction.

The webinar on "ORGANIZATIONAL RESILIENCE FOR SMES IN TIMES OF PANDEMIC: PRACTICAL RECOMMENDATIONS FOR BUSINESS PROTECTION" was held on 30 July at SELA headquarters. A large group of representatives of business associations, small and medium-sized enterprises and public and private officials specialized in disaster risk reduction and business continuity plans in Latin America and the Caribbean attended this event, organized by the Permanent Secretariat.

The Permanent Secretary of SELA, Ambassador Javier Paulinich, delivered the opening remarks of the activity, highlighting the importance of public-private partnerships for disaster risk reduction and business continuity in times of crisis and disasters. These issues emerge as points of intersection between two major SELA's work areas: the Latin American and Caribbean Programme for Small and Medium-sized Enterprises and the Programme for Disaster Risk Reduction.

In this regard, he stressed the importance that both the private and public sectors could anticipate adverse scenarios and take preventive measures to develop the planning needed to minimize the costs and losses generated by disasters. He also referred to the devastating impact of the pandemic on the economy and society and the need to protect SMEs because of their economic importance in the region, accounting for 90% of the business fabric in LAC.

Then, Ambassador Oscar Hernández, Director of Relations for Integration and Cooperation of SELA, took the floor to conduct the webinar. After referring to the importance of the organizational resilience of SMEs in the context of the COVID-19 pandemic, he introduced the panellists: Yves Dávila (PERU), Executive Director of Protiviti and Business Continuity Management Consultant for South America, and SELA's Consultant for the training of SMEs in Business Continuity; German Vargas Pedroza (COLOMBIA), International Consultant in Best Technology and Business Practices, and Business Continuity Manager of CLARO Colombia and founding vice-president of Continúan Colombia; and María Elisa Padilla (ARGENTINA), Head of Business Continuity and Incident Management at Banco Itau Argentina.

The panellists initiated a dynamic dialogue on the basis of 7 priority topics: i) Background and consequences we have experienced during the pandemic; ii) how resilience helps manage changes; iii) resilience of people and productivity management; iv) cost reduction and financing; v) use of information technologies; vi) sales and innovation; and vii) what awaits us in the new normality.

Among the fundamental ideas expressed by the panellists are the following:

1. Background and consequences of the pandemic: Although the potential risk of an epidemic or pandemic is known, COVID-19 takes public and private institutions in the world by surprise and without proper preparation, and this generates a high impact and a diversity of consequences on the economy and society, namely: problems in adjusting to telework, transport difficulties due to pandemic containment measures and rules, difficulties in acquiring inputs and raw materials, the paralysis of non-essential economic sectors, difficulties in signing physical documents, financial losses from business closure and paralyzed projects, declining sales, problems arising from the implementation of social distancing measures, loss and vulnerability of confidential information (loss or theft of information) and electronic fraud resulting from the high digitization of processes, and difficulties in adjusting to new government provisions due to the pandemic.

2

In addition, panellists highlighted the importance of small and medium-sized enterprises in the context of the pandemic, as they account for approximately 90% of all enterprises and generate 60% to 70% of jobs and 50% of global GDP and the pandemic is putting enterprises in a situation of vulnerability and risk. An estimated 2.6 million companies in Latin America and the Caribbean are at risk of closure.

2. Resilience of organizations and people: Panellists stressed the need to manage change and risk, but above all the ability to adapt to change, which is the fundamental condition of resilience. Recognizing the changing environment is vital for organizations, because digitization is driving changes in businesses, suppliers, and customers. As regards the resilience of people, at least three aspects were highlighted: i) Personal and professional accompaniment (through online classes of gymnastics, yoga, nutrition, various courses, languages, and other activities to strengthen their work skills and for emotional and psychological support); ii) Learning other ways of work (with short and effective online meetings, adaptability to new situations and functions, and relying on work teams and compliance with precise and well-defined goals and objectives); iii) Rediscovering communication, developing informal and dynamic contacts and relationships, managing Web conferencing tools such as Zoom and learning how to manage telework and all that it entails). They also stressed the importance of developing new (hard and soft) skills to strengthen the resilience of people and predispose them to innovation, technologies, greater knowledge of their environment, openness to experimentation, tolerance to errors, innovation, so as to move from normal thinking to disruptive thinking. The pandemic took people and businesses out of their comfort zones, but that makes it possible to take advantage of the situation to improve certain processes, technical and professional skills involved in work at home and accelerated digitization.
3. Managing productivity: Panellists highlighted the need to use tools to monitor the fulfilment of objectives, updating of staff, definition and use of schedules, shifts and work teams, organized on the basis of the criteria of social distancing; possibility to enable workspaces, such as co-working; ensure connectivity, access to the necessary information, and the technology required for remote work; as well as safe means of transport, respecting biosecurity recommendations and organizing carpool options. The recommendations in this regard are as follows: Optimize processes and simplify them, create adaptive structures, increase digital processes, optimally use resources, look for alternative suppliers and substitute inputs. Trust in the company's human resource is vital. In addition, it is feasible to use tools to track tasks and projects, as well as the fulfilment of goals and objectives.
4. Cost reduction and financing: For cost reduction, panellists considered it advisable to analyse the benefits and extensions that governments are offering through their rescue and economic emergency plans and programmes due to the pandemic, creative strategies for staff management that are well informed and spread to those affected, analysing contractual clauses to increase companies' room for manoeuvre to facilitate recovery time and adjusting production to demand, current conditions of transport and logistics. It is important to minimize superfluous or unnecessary expenses. As for financing, it is advisable to manage and design strategies to keep positive financial statements. For access to bank financing, it is necessary not to lose sight of the importance of financial leverage for the

post-pandemic, estimate income and expenses for the next 6 months based on confirmed and assured sales and income.

5. Use of information technologies: Panellists noted some actions that companies are implementing, such as the importance of increasing the visibility of companies over the Internet, use of mobile platforms for the sale and delivery of products, use of advertising on social networks, use of collaborative technologies in the company, protection of the company with cybersecurity strategies and vital information of companies and customers. The technological component was important, but now is vital to the company. There are also strategies to increase telework capacity, the decision of companies to provide laptops, cell phones and chairs, increased technical support and attention span, digitization of processes, monitoring and control of hacking and e-commerce fraud scenarios.
6. Sales and innovation: the central idea is to transform the crisis into an opportunity through innovation. In this connection, the recommendations aim to think about products and services during the post-pandemic, adjust production according to the seasonal needs that the pandemic has imposed, evaluate and expand sales channels, develop strategies for customer retention, attract new customers and align business strategies with their needs, promote inventory and reduce stocks, explore new markets, review the business model and innovate in the company's value chain, leverage installed capacity and human talent, develop integration strategies and strategic partnerships, mergers and acquisitions to support the business.
7. What awaits us in the new normality? There is a general agreement that nothing will ever be the way it was. The pandemic has changed everything. Protection measures and social distancing will be maintained for a while and will be reduced based on pandemic behaviour; habits and customs will change forever and the experience lived will serve to make better decisions in the future; remote work will likely be maintained and combined with face-to-face work. The experience of the pandemic will lead to the incorporation of these scenarios into business continuity plans, as they are already a real possibility that can be repeated, and we must be prepared and anticipate them. Thus, the recommendation is to continue to strengthen validated and implemented continuity plans, define critical and/or urgent processes, and create work teams, efficient and rapid call trees, and resources for remote work.
8. Business continuity plans shall be adjusted according to the experience of the pandemic.