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Business Lessons from the 2020 Pandemic

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Business Lessons from the 2020 Pandemic

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Abstract- This paper discusses the Covid-19 implications for companies, including successful strategies to address it and lessons learned. This crisis has represented a major disruption of economic and commercial activity in the world and has negatively affected many people and businesses, but at the same time has allowed lessons to be learned to make companies more resilient in the future and have their leaders better able to prepare them to deal with similar crises and to overcome them satisfactorily.

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I. Introduction

The 2020 pandemic, generated by Covid-19, will leave important lessons for business. The direct consequences of this pandemic for businesses have been that it has made it difficult or prevented workers from meeting in offices and in many cases in factories and consumers are also limited to go to stores or other sites to buy the products or receive the services.

Donthu and Gustafsson (2020) pointed out that this pandemic has led to an unprecedented disruption of trade in many sectors. Most companies face many short-term challenges, such as those related to health and safety, supply chain, workforce, cash flow, consumer demands, sales, and marketing.

These challenges have had a huge negative impact on many companies, and some have had to close; however, others have managed to survive and even thrive in this crisis. Understanding the reasons for explaining these differences is critical for future situations like this, which are not limited to a similar pandemic but to events such as natural disasters, armed conflicts, etc., that may induce life restrictions similar to those caused by the Covid-19 phenomenon.

II. Winning Companies and Losing Companies

Information technology companies (Microsoft, Apple, Tencent, Facebook, Nvidia, Alphabet, Google, Adobe, Sea Group, ASML, etc.) have undoubtedly thrived the most during the pandemic, closely followed by the so-called discretionary consumer companies such as Amazon.Other companies have done well, such as tele-communications companies (Zoom, T-Mobile, etc.), pharmaceutical services (West Pharmaceutical Services, Abiomed, AbbVie, Chugai, Roche, Regeneron, Novo Nordisk, Eli Lilly, Modern, Vertex, etc.), electronics (Advanced Micro Devices, etc.), electronic payment systems (Pay Pal, Adyen, etc.), package delivery (UPS, FedEx, etc.), digital commerce (Pinduoduo, Shopify, JD.com, Alibaba, eBay, Mercado Libre, etc.), digital entertainment (Comcast, Hulu, Netflix, Amazon Prime Video, etc.),home and farmim provement (Home Depot, Tractor Supply, etc.), electric cars (Tesla, etc.), food delivery companies (Meituan Dianping, Uber Eats, Instacart, etc.), teleworking solutions, online education, cleaning products, snacks, and alcoholic beverages.

The companies with worst performance have been real estate companies (Simon Property Group, Federal Realty Investment Trust, Equity Residential, Boston Properties, etc.), tourism companies (Carnival, Norwegian Cruise Line, Walt Disney, Marriott, etc.), airlines (Delta Air Lines, United Airlines, Southwest Airlines, etc.), and financial services (Wells Fargo, JP Morgan Chase, American Express, Berkshire Hathaway, etc.). Of course, many small businesses, such as restaurants, gyms, beauty services, dental services, party agencies, etc., have also done very poorly.

However, membership in a particular sector has not been a total guarantee of success or failure in this crisis. For example, information technology companies such as Cisco Systems, Intel, Automatic Data Processing (ADP), Western Digital and Net App, digital services such as Xerox, pharmaceutical services such as Pfizer and Merck, or tele-communications such as Verizon have not done very well.

On the other hand, many companies have not been significantly affected by the pandemic, either positively or negatively, such as construction equipment companies (Caterpillar, etc.), equipment rental (United Rentals, etc.), mining (Freeport-McMoRan, etc.), clothing and footwear (Nike, etc.), health services (United Health, Johnson & Johnson, etc.), hypermarkets (Walmart, etc.), andfast food restaurants (McDonald's, etc.).

III. Successful Strategies

Belonging to a particular sector can favor survival and success in difficult conditions such as this pandemic, but it is also particularly important to have appropriate resources and capabilities and to make good strategic decisions. In general, what this pandemic has shown is that digital channels are essential in situations like this. Tele work, digital marketing, online education, telemedicine, etc., have been the main tools companies have used to survive and thrive in the crisis. These digital strategies have been complemented, in many cases, by efficient freight

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transport services and measures such as outdoor activities (restaurant service on terraces and sidewalks, physical exercises directed in parks or squares, etc.). Obviously, the companies that were better prepared and have already been making use of these tools and measures are the ones that were able to better deal with the pandemic and even benefit from it.

Jacob ides and Reeves (2020) claimed that a shock like the Covid-19 pandemic can lead to lasting changes in consumer behavior, and winning companies will quickly identify changes, adjust their business models to reflect those changes, and are not afraid to invest.

Guillén (2020) argued that a successful strategy has been to pivot or adjust the business model to create enough value for both the customer and the company. He cited several examples of offering novel and cost-effective services to customers, adapted to the life restrictions of the pandemic.

As for remote work, most companies were not adapted for that, as Neeley (2020) acknowledged. In his article, written at the beginning of the pandemic, he recommended, apart from having the appropriate infrastructure, to act very prudently, developing rituals typical of office work and maintaining a disciplined way of handling the day. However, he argued that productivity would not have to decrease. Indeed, there is no evidence that productivity has decreased with remote work. If managers or supervisors trust their employees, remote work can be as productive or even more productive than office work, and it could also save employees time and cost of transportation, and allow businesses to reduce the cost of office space and even the ability to be located in less expensive places. It is not something that should be reserved for contingencies like this year's, but it can be adopted permanently.

IV. Lessons for the Future

It is clear that companies need to prepare for contingencies such as the Covid-19 pandemic or the like, including any natural or man-made catastrophes that disrupt normal economic activity.

Scoblic (2020) argued that, in order to create an effective strategy in the face of uncertainty, leaders must institutionalize strategic forecasting, harnessing the power of imagination to build a dynamic link between planning and operations. However, Nohria (2006) warned that in order to prepare for a crisis it is not enough to have plans, but that it is necessary to develop an organization characterized by networks of collaboration, distributed leadership, little interdependence between the units of the organization, dispersed workforce, interdisciplinary trained generalists rather than specialists, and operations guided by simple and flexible rules.

Kanter (2020) stated that companies with a culture of people-first, of listening to stakeholders and serving others, are better able to resurface after adverse cycles with a positive trajectory forward.

Reeves and Whitaker (2020) warned that most of today's companies are managed with financial performance criteria and very few for the purpose of being resilient; that is, being able to overcome traumatic circumstances. These authors recommended that in order to build resilient companies it is necessary to: establish redundant systems, to protect against unexpected shocks; to have a variety of responses to adverse situations; to use modular systems to avoid total system failure; to develop adaptability, i.e. the ability to learn through trial and error; to develop contingency plans; and to align the company at the service of important social needs.

Panetta (2020) mentioned examples of Chinese companies that increased the resilience of their business model by allying with digital giants or successfully leveraging automation.

Jacob ides and Reeves (2020) recommended, when faced with a shock like this, to examine changes in the way people invest their time and money and the effects on the companies involved. Then determine what those changes mean for how one creates and delivers value, with whom one should be associated, and who the customers will be. Finally, you must be ready to put your money wherever this analysis takes you.

Hall (2020) has suggested five changes in digital marketing strategies for future events such as this pandemic: 1) Redefine your business model; 2) Send carefully crafted and appropriate messages for critical situations; 3) Facilitate online purchases and services; 4) Prepare for greater digital interaction with consumers; 5) Analyze and measure everything.

But preparation is not enough. When unforeseen situations occur, they need to be addressed. Kerrissey and Edmonson (2020) highlight the importance of leadership in crisis management such as the Covid-19 pandemic. Based on the examples of Adam Silver, Commissioner of the National Basketball Association (NBA), and Jacinda Arden, Prime Minister of New Zealand, these authors identified four lessons for leaders in any sector: 1) Act urgently; 2) Communicate with transparency; 3) Respond productively to errors; and 4) Get involved constantly and actively in crisis management.

Kanter (2020) suggested three types of actions to be ready for life after the crisis: 1) Set the right tone at the top (the leader should foster open communication and take responsibility) ;2) Stimulate collaboration and initiative; and 3) Orient the organization towards the long-term future.

V. Conclusions

The Covid-19 pandemic has represented a great alteration of economic and commercial activity in

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the world and has adversely affected many people and businesses, but at the same time has allowed us to learn lessons to make companies more resilient in the future and their leaders are better able to prepare them to face similar crises and to overcome them satisfactorily.

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