

Globes Article

Not destroyed – a crisis

Step back and do a mental accounting of the business. Consult as many people as you can. Diversify in order to decrease risk. These are the few pieces of advice that Professor Danny Warshay, an expert in entrepreneurship at Tel Aviv University, has for small businesses owners that are facing the process of rebuilding their businesses. He also has advice for the government.

Professor Danny Warshay, an expert in entrepreneurship from Brown University in America, is visiting Israel. Warshay who arrived in Israel during the war, despite his wife's worries, is teaching an abbreviated course in entrepreneurial studies for students in the managerial MBA program in the school for management named after Recanati in Tel Aviv University.

Between classes, Professor Warshay found time for a short interview that raised a few points that address the owners of small businesses now rebuilding after the war.

Re-Thinking

“The natural thing to do the day after is immediately to reopen your business and start working,” says Professor Warshay. “A five week pause is a very long period of time, and a business owner that was hurt will naturally try quickly to decrease the damages. It is critical, however, not to confuse what is urgent and what is important by diving immediately back into the work,” emphasized Warshay.

The right way to return to business activity, according to Warshay, is by stopping and creating a short but significant process to learn a lesson. “After events like war, people see things that they didn't pay attention to previously,” he says. “A war, like a hurricane or any other crisis can bring along with it personal and business wisdom. This is a great opportunity to stop in order to reevaluate the situation, and it's worthwhile to take advantage of it. There is no need for days or weeks of thinking. It's enough to take a few hours during which the owner of the business can analyze his situation and build a clear plan that includes goals and measures that will help in rebuilding in both the short and long term. It can build a path for the future. You can compare the need in a new business plan to traveling in a car. A person can get into a car and press the gas and just start driving. However, if you develop a plan for himself \with the help of a map and points of progress, it will be much easier to reach your objective.”

The future plan should take into consideration certain points. What's the damage that this war caused, and why did the business arrive to this level of damage, and of course how is it possible to prevent similar damages in the next war?

“Establishing a business and its management means taking risks,” says Warshay. “The owner of a business in Israel and in general has to be ready for a crisis such as an economic depression, a natural disaster, and in Israel the possibility of a war. An owner that is interested in decreasing damages in a crisis has to check all points that this war damaged, and think how to avoid them in the next crisis. The solution is to strengthen the business not by building walls around it, but through creative thinking that includes

spreading risks (diversifying), and creating spin-off businesses that are not sensitive to crises.”

“If for example an owner of a business puts all of his eggs in one basket and the family support depends on a few boarding house rooms, and any other tourism businesses, he has to expect in the next battles his business will be damaged again. The day after is exactly the time to reevaluate the sources of support and to initiate additional business directions in areas that are less vulnerable. If it’s a business that depends on workers or employees that cannot arrive during a crisis and cause the work to stop, it’s worthwhile to prepare alternatives such as family members or friends that can help.”

“If the business sensitivity depends naturally on the buyers, the owner of the business has to think how he will reach them during a crisis. If a restaurant stood empty during a war, maybe he should consider developing a delivery service to people in houses or shelters. For example, a café owner might consider a mobile unit that he can move to a safe place. And the principal of a cooking school could open virtual workshops on the Internet that will not be damaged during the war.”

“I heard that during the war an *ad hoc* market in Tel Aviv was established for products from the north. Why only during a war and not during peaceful days? Selling products in several varied channels decreases the dangers of collapsing in a situation when they are sold primarily in the area where they are produced.”

“All business owners should think creatively in ways to help them to identify the weaknesses that were revealed during this war, and should do what is necessary to decrease the potential for damage in the future. It’s also necessary that an owner of a business will check if this crisis point presents an opportunity to change his business and turn to different directions. Every crisis is a ground for failing business, and the beginning of a new business.”

“The answers for all of these questions,” summarized Warshay, “are a process of learning important lessons whose result may make the difference between a business that will survive and a business that will disappear.”

Business Support Group

Warshay recommends not doing the thinking process alone. “Brainstorming that several people do increases the range of thinking and develops ideas that one person cannot think of alone,” he says.

A meeting of this type creates an organized thinking process, and shouldn’t include more than five people who come from the same area of expertise. All of the participants will tell their own story, they will analyze the problems that this war created, and will think together about ways to overcome the crisis. “I would recommend to every group like this to look for a facilitator, even a business student, or maybe an owner of a business who does not have any stake in the outcome, someone who will be able to ask provocative questions and promote discussion. In this way a strong support group is formed and can

create individual help in thinking, and can produce common help that will include helping each other in creating infrastructure and build a support group that will continue to exist even in peace time.”

“Many times a business owner feels that he is lonely in the system and this feeling is not pleasant. A business support group is very acceptable and very important. If Bill Gates can take advice from Warren Buffet on a regular basis, there is no reason that small business owners won’t be able to help each other by their thinking during a war, the day after a war, and in general.”

Warshay suggests organizing the groups right now by the local trade offices and also privately without expectation for actions of the government organizations above you.

Business Campaign Now

The last advice for business owners that are struggling now with the war damages is very practical advice. “You have to strike when the iron is hot and take advantage of the great sympathy that people in Israel and in the world feel toward the people in the north,” says Warshay. “In a few weeks everyone will return to their routine, and the real desire will vanish, and therefore it’s worthwhile to create a national and international campaign that will offer support and not charity to business owners in the north.”

“During the intifada, for example, products that arrived from Israel were marked and whole communities in the United States and other countries looked for them and bought them deliberately to help the Israeli economy. Also today, it’s right to mark products from the north clearly, and to encourage people to buy them. For this type of campaign there are two implications. The first one is, of course, it will bring immediate cash that will arrive directly into the pockets of businesses that were damaged. And the second one is exposing the products to populations that never looked for them and maybe they will be addicted to them after the first trial and maybe will buy them also in the future.”

It’s preferable that this type of campaign will be organized by the government, but it is not necessary. Business people that are not interested in waiting for public figures can unite in these support groups, or any other organized group, and cause other business owners to follow them. “It’s important to take advantage of the momentum,” emphasized Warshay. “The businesses in the north have to help themselves and to initiate more and more creative activity that will help in their rehabilitation.”

[Under Picture: Warshay: “War, like hurricane or every other crisis, brings personal and business wisdom. This is a golden opportunity to stop, to re-organize the situation]