

# What does a post-COVID business look like?

According to reports from small business support services, we will see record numbers of new startups in 2021. But as we enter a post-COVID-19 era, how will these new businesses differ from startups that launched two years ago?

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The outcome of the latest research from the business support organisation Enterprise Nation, 2021 looks set to become a record year for new business startups despite the upheaval COVID has caused. A fifth of UK adults said they want to start a new business this year, with more than a third (34%) of 18-34-year-olds particularly interested in being their own boss.

The pandemic hasn't pushed people to start their own new businesses because of circumstances such as redundancy, although this may be a factor for a small percentage of new business owners. Rather, the desire to become business owners has been rekindled, with a view that the post-COVID-19 trading landscape will be different and offer new opportunities.

Oliver Holle, managing partner at specialist early-stage European VC Speedinvest told Maddyness: "COVID has had markedly different effects on different sectors. Hospitality and travel, for example, have suffered, while areas like remote work, digital education and e-health have flourished.

"We've encouraged companies to consider if their product or service could also be applied to one of these growth sectors and have seen a couple of very successful pivots, with businesses tweaking their business models to take

advantage of the new investment landscape.

“Also, businesses with traditional customer routes via enterprise sales have suffered significantly more than businesses with a direct path to the market, both to consumers and SMEs. Going direct is clearly a winning strategy.”

### **Digital paves the way**

What kind of enterprises will typify post-COVID business will have a strong digital component, as the massive changes in the high street show no sign of slowing. With online sales increasing by over 46% according to the Office for National Statistics (ONS), many of the new businesses we will see emerge this year will be digital-only or have online as a critical component of their business models.

Last year, Amazon began its Small Business Accelerator to help over 200,000 small businesses across the UK respond to the pandemic’s impact and lockdown for small companies.

Doug Gurr, UK Country Manager, Amazon, said: “We have a long track record of supporting entrepreneurs and small businesses, with more than half of all products sold on Amazon stores coming from our selling partners. Many businesses have found their way through the crisis by providing goods and services online.”

Businesses, of course, need to make money. It’s how they will approach profit and its acquisition that is likely to change.

Laura Weldon, Director, Studio LWD, said:

*“I wouldn’t say profit is a dirty word. Businesses will need to demonstrate that making money isn’t the only core of the business. Customers used to feel confident in businesses who were outperforming the rest, but there’s been a shift.”*

“Customers now want to support the independent businesses and smaller firms who have struggled to survive during lockdown. Instead of making quick

decisions to purchase from the larger firms, customers will be looking for evidence of how they are giving back to their community, and the ethical and environmental policies in place.”

This view was reiterated by Nelson Phillips, Professor of Innovation and Strategy at Imperial College Business School: “In my experience, the last year has accelerated a trend that was already well underway. Most entrepreneurs that I have encountered in the last few years have had a sense that founding a business was about contributing to society socially as well as economically.

“Their businesses are based on the idea that profit and social responsibility are an ‘and’ not an ‘or’ in their businesses. This is also true of potential employees who want to understand how their efforts are making the world a better place rather than simply making profits.”

### **Changing business drivers**

Two core elements of new post-COVID-19 business include a greater awareness of the environment and a desire to create socially aware enterprises. This was a significant finding in the Small Business Britain report from Enterprise Research Centre (ERC).

“The Business Futures Survey results show that, despite the COVID-19 crisis, sustainability is part of the strategic objectives of many UK SMEs, with 52% reporting that ‘reducing environmental impact’ is their business priority,” the report concluded. “Also, just over a quarter of firms declared that ‘reducing environmental impact’ had become a more important priority since the COVID-19 crisis.”

More socially aware new businesses are an evident trait amongst a high percentage of new business startups. A realisation that the profit motive should not be the sole driver for enterprises is having a massive influence on how the startup business sector will look throughout 2021.

Steven Van Belleghem, author of customer relations handbook *The Offer You Can't Refuse*, said: “Once the pandemic is finally behind us, for many people it will feel like picking up where we left off – but it will only seem that way. In reality, the post-pandemic world will be fundamentally different from the world we knew before the pandemic. We will keep all the new, more efficient and more sustainable business models – they will remain successful, and they will put old business models under pressure.

*“For post-pandemic business, it is all about*

*combining the best of both worlds, but the platform to start from is the new world that we all created during the pandemic. Businesses who are just waiting for the pre-COVID situation to come back are taking a big risk, so should try to build new value models.”*

The post-COVID business landscape is rapidly changing. Physical retailing is in a state of constant flux, with no sign of settlement any time soon. In 2021, new businesses will have a core classical basis where cash flow and every other traditional and essential component of a successful business will remain. Still, it's how these new businesses will approach their staff, customers and commercial partners. This is where the most striking changes will take place.

### **Learning from the past**

The owners of new startup businesses will be focused on the human component of their businesses. Indeed, the ERC report clearly states: “Our findings highlight the need to support SME owner-managers with the skills they need to be effective leaders of transformational change.” Paying close attention to their own and their employees’ mental health and wellbeing will be a central tenant of new businesses throughout 2021.

New business startups in 2021 will also look to make sustainability a core part of their enterprise’s DNA. The trinity of the environment, human resources and social impact will integrate together to create key sustainability-focused business goals, while still being mindful of profit.

Speaking to Maddyne, Sheree Atcheson, Global Director of Diversity, Equity and Inclusion (DE&I) at employee analytics and success firm Peakon, said: “Profit is a core focus for businesses big and small. While this is unlikely to change, the tide is starting to turn, with inclusivity and diversity becoming an increasingly important metric for employers and employees alike.

“Both things should work hand in hand – business goals should be aligned with DE&I goals, and senior management goals should include DE&I-related goals. Doing this from the beginning makes for a better journey than trying to retrospectively add in inclusive practices later. New businesses have pivotal moments that shape their culture at the beginning – if inclusion isn’t

considered, we will create more companies that do not and have not prioritised creating environments which work for all people.”

Vivi Friedgut, CEO and Founder at edtech startup Blackbullion, said: “We’re going to see a flurry of new businesses from people responding to how the pandemic’s changed our world, including opportunities in education, home-working and wellbeing.

“The pandemic’s been a huge accelerator for emerging businesses that were, prior to the lockdown, not of the zeitgeist moment. Take sustainability; now we’ve seen cleaner air, clear skies and wildlife returning, understanding has gone next level, creating more demand. Businesses that were ahead of their time are now in the moment.

“It feels as though there has also been a value reset, so new businesses will need to ensure they’re aligned with these. Take the commitment to local communities. Yes, we’ve all been buying on Amazon, but there’s been a shift as we’ve all become stakeholders in our neighbourhoods and local independent cafes, shops, restaurants. That desire to shop local and support local has actually seen some incredible grassroots businesses cropping up. At the same time, more people are looking at side hustle as our finances have been so precarious.”

The new businesses that will be created in the wake of the pandemic will be diverse and traverse every business sector and market. The difference between these new enterprises and those created in the past will be how coronavirus has changed their owners. Their attitudes, world view, social conscience, and witnessing how other profit-centred businesses have failed will all impact the kind of post-COVID business they create.