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How is Q4 shaping up for the business world?

With COVID-19 threatening to re-emerge as a disruptive force, firms face more tough times

Just as quickly as things have begun to settle into a new rhythm, an air of uncertainty has again descended. For businesses, the second quarter was dominated by the effects of coronavirus, while the subsequent three months have so far anchored on an attempted recovery.

The fate for businesses over the course of the fourth quarter - normally a critical period - looks increasingly cloudy with each passing week.

Despite COVID-19 hitting trade across the board, there's nuance in how different sectors have fared over the last few months. It's no surprise that those suffering the most are in the sporting (most notably football), retail and hospitality sectors, as well as the arts. Many companies in these sectors would've been pinning their hopes on the so-called golden quarter, making the most of events such as Christmas where trade traditionally reaches its peak. The prospect of a second wave, however, might derail any hopes of a Q4-boom.

Lessons learned

Like the virus itself, its effect on businesses was shrouded in mystery, with the true scale of the disruption only becoming clear as it unfolded, according to notonthehighstreet.com CEO Claire Davenport, whose company partners with more than 5,000 online retailers.

Indeed, Davenport says that entire sectors have been reshaped, with a rapid move to online spaces being the symptom of a permanent shift.

"One of the biggest impacts of COVID-19 is that the lockdown prompted the rapid acceleration of certain long-term underlying trends, causing structural changes across whole sectors," she says.

"Whole industries have been reshaped as so many companies moved to working from home, massively reducing travel and increasing the use of online tools and sites. The pace at which big decisions had to be made suddenly accelerated beyond recognition."

Tom Cheesewright, an author and futurist, elaborates that these existing trends that COVID-19 has accelerated include "the shift to remote and hybrid working, retail moving increasingly online and the struggles of mid-tier bars and restaurants". Some of these things, however, will snap back, he cautions.

"We're already seeing the backlash against remote working from those it disadvantages, whether because of their age and experience, wealth or domestic environment, or simply because they thrive on collaboration," Cheeswright says.

"The office will come back to a large extent. As will the bars and restaurants. The only question is how much support the government will give current providers to survive until the return."

Investing in the future

For many organisations, ongoing government support will be critical should further restrictions be imposed over the coming months.

Many in this camp have been forced to adapt to survive and have thus far done so through schemes such as bounce back loans or employee furlough, according to Don Marshall, head of e-commerce and fulfilment at product handling solutions provider Exporta.

This may no longer be a sustainable long-term option, however, despite economic support continuing into the Winter, given the permanent shifts in how customers engage with their products and services.

"Companies have had to reinvent themselves in terms of proposition, product and or price," Marshall says. "Many have had to adapt to trading online and find new ways of transacting with their current customers and finding new ones."

Davenport echoes this view, noting that small businesses were faster to respond to changing demands, and were able to gain traction in areas traditionally held by larger companies. Curiously, many of these businesses have welcomed some of the structural changes that have accelerated during the pandemic and, as a result, are thriving as they build for the future.

Indeed, Forrester Research has suggested that investment in automation might be one of the keys to the economic recovery.

We've also seen acceleration in digital transformation in the public sector - which is surprising given it's an area traditionally burdened with painfully slow processes and legacy technology. But this shift will likely not come without downsides, according to Cheesewright who warns that many companies may use COVID-19 as a cover to accelerate such projects to the detriment of their workers.

"This might sound like a positive, with more spending on software and hardware, but this capital expenditure might increase the pressure elsewhere, eliminating administrative or customer-facing roles, removing the need for some service partnerships, and further reducing the size of the company's office footprint," he says.

"There will be a lot more redundancies in Q4. And some very tough conversations between landlords and tenants."

The golden quarter?

An element of gloom dominates forecasts for Q4, particularly given no other event in recent history has had such a disruptive effect as COVID-19. For Neil Araujo, CEO of the global tech firm iManage, however, this period also represents an opportunity, with success resting on how businesses deal with the after-effects of the pandemic and then grow from that.

"Clearly, it will have a huge influence on top and bottom line across organisations," he says. "But it also presents a massive opportunity to look at higher order workflows to determine how you can enable transactions to be done digitally and better equip people to collaborate in a distributed environment."

Araujo, adds that habits, processes, and infrastructure need to change and that this will, ultimately, dictate whether companies survive or not. Cheesewright concurs and suggests that internal and external adaptation will be required and that businesses operating on a remote basis will need to continue refining processes around this practice.

"The technology was the easy bit. The hard part was working out how you manage someone, train someone, support someone, discipline someone, all down the line. I don't think these problems are even close to solved yet," Cheesewright says.

"Externally, many businesses needed to find a model or channel that worked for them and their customers, whether that was direct delivery, time-limited access, or enhanced cleaning procedures. As with the sandwich shop, not every business has obvious, viable alternatives."

Unfortunately, as with the first lockdown, it's those businesses that rely on footfall that will bear the brunt.

Davenport suggests the steps organisations must take remain sector-dependent, and that industries such as travel and retail are still actually dealing with the fallout of the initial wave of restrictions.

That's precisely why Marshall calls for more government support for the affected sectors. "Q4 will be all about survival," he stresses.

"The threat of a second wave is current and a return to more severe restrictions is very real. The government will need to support business and trade, rather than imposing a complete lockdown again. A very uncertain period lies ahead."