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Scenarios will help SMEs out of Corona Crisis and Beyond

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Abstract: Small and medium size companies have to fight for their survival during the corona crisis and beyond the crisis. Long-term thinking is crucial for the renewal and the short-term survival is essential in the management in the time of crisis. In this paper we present the results of the virtual futures workshop arranged with SMEs in the beginning of April 2020. Altogether 15 companies from various business fields participated this session. They used four alternative scenarios as wind tunnels and as a source for new ideas to renew their business. First, they analyzed their direct needs to survive through the next weeks and months in each scenario and then, in the second phase they prepared new insights and innovations beyond the corona crisis. Scenarios and the results concerning the Innovations for services, products, distribution channels, customer relations and networks with new partners will be presented in this paper.

Keywords: Scenario Approach; SMEs; Crisis Management; Innovations; Renewal; Long-Term Thinking

1 Introduction to the Issue

Small and medium size companies have to fight for their survival not only during the crisis but especially beyond the crisis (e.g. Drucker 1995). Long-term thinking is crucial for the renewal although the short-term survival is also essential for the management in the time of crisis.

A problem is how to get out of the daily worries because of the corona crisis and actions based on that like total lockdowns or changing customer behaviour. The aim is not to forget the present situation with the requirements of quick responses, but also, at the same time, to confirm and renew the business to meet the challenges in the long-run after the crisis.

Small and medium size enterprises unfortunately have lack of resources to think ahead especially in the time of crisis, when the focus is how to survive from day to day concerning all the responsibilities e.g. in the terms of customers, economy or business in general. There is no time to develop alternative future paths out of the crisis or innovative solutions to get stronger position in the future market (see Manninen&Meristö 2019).

Scenario planning has been during the last decades a practical tool to look beyond and develop alternative paths for the future. From the experience we know, how difficult it is to think the unthinkable, one of the earliest examples in the 1970s is the first oil crisis. However, the benefits of scenario planning are recognized and the help of scenarios for the innovation management is well known. Alternative scenarios can act as a basis for the strategic planning, but also for the innovation process in order to create visionary concepts, products and services (Meristö at al. 2007).

SMEs usually have no extra resources to think the future, especially during these difficult times of corona crisis. That is why, we have developed drafts for the future scenarios to help SMEs make plans and test their business opportunities for the future. The set of four alternative scenarios (Meristö 2020) acts as a simple tool for the SMEs to find their way out of the crisis and run their business successfully not only today but in the future, too. Key drivers in these scenarios are on one hand the time perspective out of the crisis (short/long) and on the other hand getting or not the financial support during the crisis e.g. from the society.

Scenarios differ from each other based on these key drivers, i.e. scenario 1 is called SPRINT with financial support and short-lasting crisis, scenario 2 STEEPLECHASE is short-term crisis, but no financial support whereas scenario 3 MARATHON (or even EXTREME RUN) is without financial support with long-lasting crisis and finally, scenario 4 RELAY is long-term crisis with financial support. The set of these scenarios will form a tool for the SMEs to open their mind to new alternatives to develop innovations to meet the challenges in different scenarios. Furthermore, scenario approach will help them to think beyond crisis proactively, not only to react to the challenges today.

2. Practical Interest

The aim of this paper is practical. First, the scenarios developed for the SMEs to deal with uncertainty concerning the future with and after corona crisis will be described here to get response to the scenarios and to improve their usability when working with SMEs. Second, the preliminary results based on the workshop run 2nd April 2020 with local SMEs in Finland will be discussed as examples of the innovations needed to find the way out of the crisis and to be successful after that, too.

Scenario drafts developed for the practical workshop with the entrepreneurs will use the scenario axes methodology, i.e. first recognizing the key drivers, giving the extreme values for them and then describing each of the four scenarios by answering to two questions in each corner: What are the basic assumptions behind the scenario? What are the possible consequences for the business based on these assumptions? Finally, each scenario is naming descriptively, getting the titles from the sport terms, i.e. depending on the speed and length of the run, including barriers and support from the others. The final names for the scenarios are as follows: scenario number 1 is SPRINT, scenario 2 STEEPLECHASE, scenario 3 MARATHON (or even EXTREME RUN) and finally, scenario number 4 is RELAY by name.

These four scenarios as a set were one of the futures tools used in a special futures workshop for the SMEs. We run this futures workshop with local SMEs from various industry fields on the 2nd April 2020. Because of the corona restrictions, the workshop

was facilitated virtually, each participant sitting with his or her computer at home. *Zoom* was used as a digital platform for the session. The participants were Finnish entrepreneurs from Radar project coordinated by Laurea UAS and financed by ERDF (2018-2020).

Altogether 15 companies discussed and used these scenarios in developing and renewing their businesses for the future. Before the practical exercises in smaller groups the facilitator presented the background assumptions of futures research and scenario planning. This lecture included tools for environmental scanning, like PESTE analysis and the rate of uncertainty concerning the data. Also tools for analyzing the collected and monitored data were presented, e.g. mini-trends and impact analysis. Finally, tools for synthesis like scenario axes were introducing, too. The futures session was 3 hours by length consisting of futures research lectures plus facilitated work in small groups with the corona scenarios as given examples.

Corona scenarios in the form of scenario axes were discussing together before the group work. The participants got the task to discuss then these scenarios in smaller groups to get the shared understanding of them. Then they worked with scenarios in two phases: In the first phase, they analyzed their direct needs to survive through the next weeks and months in each scenario and then, in the second phase they prepared new insights and innovations for their business out of the corona crisis. Threats and opportunities as well as strengths and weaknesses in each scenario from the participants' viewpoint were discussing.

As a main finding the participants discovered, that in spite of the time of crisis, the positive thinking is the key solution for the survival and for the success. The entrepreneurs pointed out, that the atmosphere they will spread around them and around their customers will cause either positive or negative spiral, and they want to be winners in this game by causing a positive spiral. The success story they want to tell in the future has written today.

Of course, the positive attitude is not enough to deal with the uncertainty in these corona times. Another quick response to the crisis in spite of the restrictions and fears is to serve customers via new channels. Of course internet-based business via virtual channels has been one common solution, but also face-to-face sales e.g. as take a way concept or as applied shop-in-shop concept. "Mobile" solutions in a more traditional way have applied in the form of pickup cars, in other words e.g. barbers and hairstylists have rented a van for their necessary equipment and they then drive from place to place and serve customers, one by one, in their mobile hair studio.

Some of the entrepreneurs wanted to analyze trends and megatrends after the corona crisis. People's long stay at home probably will open new opportunities for interior design business and kitchen devices, too. It is possible, that globalization as a megatrend will get slower or even turn, and people are then more interested in rural areas and nature instead of urban megacities. National, regional and local networks are important in the time of crisis, where many international channels are close, or at least the competition is tough.

One key for opening new opportunities in alternative scenarios is to think again the competences and skills the entrepreneurs have: What else we can do in these hard times? Where is the highest demand? Disinfect products and masks are in a key position, when taking care of the corona patients and when protecting others from corona virus.

Handicraft skills have helped a lot people to manage the shortage problem of masks in everyday life, whereas local paint factories have started to produce disinfect liquids.

3. Benefits for all

Long-term thinking and development work is difficult in the time of crisis. With help of alternative scenarios, having the perspective not only on long- term issues, entrepreneurs have got support and help on how to survive and get out of the crisis and to get benefit of the actions applied during the acute crisis. Several innovations concerning services, products, distribution channels, customer relations and networks with new partners have developed during the session.

The practical experiences and outcomes from the scenario workshop with the entrepreneurs are worth discuss with others. The alternative scenarios prepared for the entrepreneurs to survive include insights to find the way out of the corona crisis. Scenarios are usually long-term tools to develop business and to create flexibility and resilience. In this case, we applied scenario approach also for the short-term purposes to find the way out of the crisis and to give the vision and hope for the future. Scenarios are a useful tool for the innovation and business community anywhere, but in these hard times they open thinking for positive and offensive actions instead of defensive, threat-driven behavior. We wish to get discussion and response from ISPIM participants to our renewal work within SMEs with the help of Corona scenarios.

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