

# MANAGING THROUGH COVID-19

A CASE STUDY

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EDDIE CHEW CPA

CEO & FOUNDER OF POTBOY GROCERIES

Potboy Groceries is a local online grocery and household products retailer. Founder and CEO, Eddie Chew, said Potboy Groceries experienced a three-fold increase in sales in recent months and saw more new accounts including new repeat customers owing largely to the Movement Control Order (MCO) in Malaysia initiated for two weeks on 18 March 2020 and extended three times, since.

### TRAVEL RESTRICTIONS AND SHIFTING CONSUMER BEHAVIOR

Movement restrictions as well as social distancing concerns mean consumers fear leaving their homes for their shopping needs. While consumers may have initially viewed online channels as a secondary or supplementary means of shopping, after more than a month under the MCO Eddie believes that we are experiencing an underlying shift in the consumers' perception of online market places. People are growing more accustomed to the convenience it offers and are gradually accepting its place as a primary shopping medium. The segment of shoppers who had not embraced online buying due to a lack of preference for it or familiarity with it, as well as security concerns, are now being forced to learn and experience online shopping, shedding their preconceived misgivings for the medium. Thus, Eddie believes the shift to e-shopping will be permanent for the most part.

### “GOOD PROBLEMS”

During the MCO period, Potboy Groceries had to deal with challenges in two key aspects of the business:

1. Supply chain resilience
2. Order fulfillment

Reliance on supply chain was one of the biggest challenges due to the constraints around acquiring raw materials and interruption in the consistency of supply. Manufacturers of food and household essentials were only allowed to continue operations with 50 per cent manpower during the MCO. This meant distributors and retailers were not able to guarantee a consistent supply of goods. Supply was waning while demand was swelling. To manage this, Eddie and his team decided to use more aggressive weekly stock forecasts and hold a higher level of stock than normal. This resolved the stock issues but led to another issue: a lack of storage space.

While a business decision was made to move stock faster to deal with floor space constraints, there was insufficient capacity to pack and distribute orders in time. For Eddie, it was important to ensure timely delivery to show customers their needs were being fulfilled and not to disappoint or put them off. While Eddie could have temporarily halted the processing of new orders to clear the backlog of orders, he decided to continue taking orders and employ more resources accordingly. The situation had presented the business an opportunity to hook customers who were more inclined to shop offline at a volume that the business could not have manufactured by itself. The business invested in more capacity to process orders by hiring more manpower (permanent and temporary) and conducting a lot of on the job training. Eddie's believe that there is permanence in the shift to online shopping meant he was not jut hiring to meet immediate capacity needs, b ut future capacity needs as well.

Finally, roadblocks during the MCO meant Eddie's dispatch/delivery riders were spending at least two hours a day going through a minimum of three checkpoints, impacting their ability to deliver on time. To deal with this, delivery trucks were prepared in the warehouse well in advance and deployed much earlier.

## **MOTIVATING STAFF WITH A BROADER PURPOSE**

Potboy Groceries' employees are its greatest assets because if they do not show up for work, the business activities cannot proceed. Thus, to ensure employees feel safe at work, all the essentials for safety and protection such as gloves, masks and sanitisers are provided. Going the extra mile, the business also provides vitamin C and has introduced social distancing in the business premises. For example, break times are split into four different time segments so that staff are not congregated in the same area at the same time. This gives the employees comfort that the company cares for their health and they do not fear going to work.

Eddie sees Potboy Groceries as supporting government initiatives to stabilise panic buying situations in the country, particularly amongst the segments of society that feel cut off from necessities with the MCO trade and travel restrictions in place. It seeks to reduce unnecessary panic from the public by distributing groceries as efficiently as possible.

Eddie regularly articulates the role his business and thus, his employees are playing in supporting society in these trying times. Weekly updates are also provided on what all divisions are doing and what the Government is doing to keep employees engaged. The sense of purpose motivates and encourages employees to come to work. Staff who are working from home are also kept updated via teleconferencing.

Additionally, the businesses' efforts in ensuring timely fulfilment of orders has garnered positive feedback and expressions of gratitude from customers. These are published in the company bulletin to boost staff morale and motivation.

## **BUSINESS PLANS AND OUTLOOK**

Potboy Groceries had planned to expand to the entire Peninsular Malaysia in 2020 and into neighbouring regions (e.g. Thailand, Philippines or Indonesia) 2021. The 2021 plan may be put on hold until the outbreak is curbed, and trade and travel restrictions are lifted internationally. However, the expansion plan for 2020 is still on track.

The Covid-19 led responses by the government and society presented new business opportunities which has led to a revision in strategy but still aligned with the 2020 plan. These new opportunities include –

- New suppliers, especially local produce/brand owners/smaller suppliers that did not have an online business presence have approached Potboy Groceries to sell and deliver their products on the Potboy Groceries platform. As a result, Potboy Groceries has been able to enhance and vary its product offerings on its platform.

- Food services operators such as independent, smaller hawker stalls, who use the Potboy platform to purchase produce have approached Potboy to use its platform to take orders online and allow pick up at the stall. This presents Potboy Groceries with an opportunity to enhance its service offerings to this segment of customers while getting more entrenched in their supply chain.

Changes are happening so often that Eddie's approach is to continue reacting in the best way possible to the spike in demand and emerging opportunities, letting that drive resource planning and not limit business activities on expectations when all the "excitement" dies down. With being able to generate repeat orders from new customers, he is optimistic about the long-term prospects of Potboy Groceries.

## **ADVICE TO OTHER BUSINESS LEADERS**

For those trying to navigate through travel and trade restrictions in this time, Eddie advises the use of scenario analysis: look at your business and its prospects before the "lockdown" and after the "lockdown". Once a "lockdown" is called, consider whether that means the businesses loses all avenues to generate revenue. If so, then businesses need to initiate negotiations with its stakeholders to put the business on "life support" mode and stand down its resources. If, during a lockdown, the business is still able to continue operations and generate revenue then it is important to review resource plans and consider the need for capacity building.