

The background of the entire page is an aerial photograph of a tropical island. The island is circular, with a dark green forested interior and a lighter green, sandy beach. It is surrounded by clear, turquoise water. The sky is a deep blue with scattered white clouds. A semi-transparent grey rectangle is overlaid on the right side of the image, containing the title text.

# **SME BUSINESS IMPLICATIONS OF COVID-19 INFORMATION KIT**

Think Ahead

# SME BUSINESS OWNERS ADVICE FOR ACCA AFFILIATES AND MEMBERS

**To say we're living in difficult times is an understatement. Over recent weeks we've heard both concerns and hopes from our stakeholders.**

We know this is a particularly difficult time for SME's with many businesses being affected.

To further support our SME owning ACCA Affiliates and Members during this time, we've created this support document to provide you with practical advice and information.\*

## CONTENTS

<b>SME EMPLOYMENT</b>	<b>4</b>
<b>SME FINANCE</b>	<b>5</b>
<b>SME TRANSFORMATION</b>	<b>7</b>

\*correct at time of publication

We know, given the current situation, SME's have been hit hard. The UAE Government has unveiled an extensive economic stimulus package for SME's and in particular free zones in light of what has been described as 'exceptional circumstances'.

The five-point-plan, that is intended to support SME's in the Emirates, includes postponing rent payments for six months, a freeze on loan installments, refunds of security deposits and guarantees, excusing fines for both companies and individuals, as well as permitting temporary contracts that allow the free movement of labour between companies operating in the free zones for the rest of the year.

Many of the small and medium businesses in the UAE are set to emerge from this challenging period stronger than ever. The good news is that there are several steps you can take if you are a small or medium business to ensure that you don't just survive but thrive when economic conditions are poor.

To further support our ACCA Members and Affiliates SME business owners during this time, we've created this support document to provide you with practical support and information and suggest you keep up to date with the official news channels which are being updated regularly with updated information and revised stimulus:

- UAE Government Portal  
<https://u.ae/#/>
- Emirates News Agency  
<https://wam.ae>
- UAE Cabinet  
<https://uaecabinet.ae/en>
- Central bank of the UAE  
<https://www.centralbank.ae/en>
- UAE Ministry of Interior  
<https://www.moi.gov.ae/en/>
- UAE Ministry of Human Resources and Emiratization  
<https://www.mohre.gov.ae/en/home.aspx>

# SME EMPLOYMENT

As an SME, you are no doubt already keeping your workforce to a minimum. However, if your experiencing a severe downturn in business then you may feel that letting go of staff is your only option.

This might be the last thing on your mind! However, it may be a necessity. There are number of alternative options you may like to consider before deciding to let staff go such as reducing their salary or even placing them on unpaid leave.

First thing is to know your rights and the rights of your employees. For a full guide to the UAE's Labour Law, please visit: [mohre.gov.ae/en/laws-legislation/labour-law.aspx](https://mohre.gov.ae/en/laws-legislation/labour-law.aspx)

There have been many changes included to help employees and employers to make this transition easier, including the launch of a virtual labour market.

The government has a strict set of guidelines in place to protect employees and employers alike and the ruling website for all employment related issues is: <https://www.mohre.gov.ae> here you will find a wealth of information.

All companies registered with the Ministry are obligated to work in accordance with the provisions of ministerial Resolution No. (279) of 2020, which clearly articulates both parties' rights. For full details on the new COVID-19 business support plans, which includes all the rights of employees such as: supporting the

Stability of National, lifting restrictions on Visas and work permits and rights around pay and leave, can be found here: [migrant-rights.org/wp-content/uploads/2020/04/Ministerial-Resolution.pdf.pdf](https://migrant-rights.org/wp-content/uploads/2020/04/Ministerial-Resolution.pdf.pdf)

## Factors to include in your decision:

- > End of Service benefits: How much is your employee legally entitled too? Use the MOHRE online gratuity calculator. Consider that paying this out right now maybe more expensive than keeping the employee.
- > Visa: When is their visa up for renewal? Can you allow the employee to remain on your visa until they find new employment?
- > Pending leave and their entitlement. Work out what leave is needed and how much is due to be paid.
- > Option for unpaid leave – talk to your staff about this, they may be willing to take unpaid leave until the situation has passed. Remember it will cost you to hire and train good staff later.
- > Medical Insurance: When is it due for renewal? Are you eligible for any refund? Consider allowing this to remain until the employee finds a new position.
- > Salary reduction: Talk to your employee about a possible salary reduction. Again, they may be willing to take a reduction until the situation has passed. Remember it will cost you to hire and train good staff later.



# SME FINANCE

As well as understanding your rights and entitlements, there are several ways you can ensure your business comes through this.

Information on the government stimulus packages can be found on the UAE official News Agency site:

**[https://wam.ae/en/occasion/coronavirus\\_updates](https://wam.ae/en/occasion/coronavirus_updates)**

And, the Central Bank's Covid-19 Targeted Economic Scheme:

**[https://centralbank.ae/sites/defaultfiles/2020-03/CBUAE\\_TESS\\_20200317\\_final.pdf](https://centralbank.ae/sites/defaultfiles/2020-03/CBUAE_TESS_20200317_final.pdf)**

## **BUSINESS LICENSING**

Many Free zones have implemented key licensing initiatives to support companies during these exceptional circumstances. Initiatives include waiving annual license fees for new companies during the next three months, and a 10% discount on renewal fees for existing licenses during the same period.

Postponement of payment plans for all commercial properties, reduce ownership transfer fees from 5% to 4% along with some free zones offering up to 30% discounts on renewal and amendment fees. In addition, to launching flexible payment options.

It's important you understand what benefits are available to you within this stimulus package. Here are some websites that could be beneficial for you and will provide direction and up to date messaging:

- **<http://dubaifreezonecouncil.ae/>**
- **<https://uaecabinet.ae/en>**
- **<https://wam.ae/en>**
- **<https://wam.ae/en/details/1395302833457>**

### Manage cash-flow even more tightly

> As an ACCA professional you know the importance to run regular cash flow forecasts to estimate how much money your business has coming in and going out. Now is not the time, to forget these basic practices. It is now the optimal time to run your cash flow forecast based on when invoices are due to be paid, credit notes are to be refunded and factor in any other recurring income or expenses.

### Cut the frills

> If you're anticipating or experiencing a drop in revenue, cost-cutting can be an effective way to maintain profitability. You could, for example, look at running a more virtual business if you're in a space like marketing. Rather than spending money on rental and petrol, you can steer your team and clients towards using online tools to collaborate.

### Service provider switching / Negotiating

> Now is an optimal time to review your day-to-day running expenses. When did you last switch insurance providers and are you sure you're getting a value-for-money deal? Can you still afford the morning ritual of cappuccinos and croissants for the team? Do you buy stationery and consumables you don't need?

Think about these other areas that are open for negotiation:

- Rent payments
- Medical Insurance renewal
- Business & vehicle Insurance
- Bank charges
- Vehicle costs
- Alternative platform provides

UNLESS YOU ARE GENUINELY OVERSTAFFED, DOWNSIZING YOUR HEADCOUNT SHOULD BE A LAST RESORT INITIATIVE. LAYING OFF PEOPLE CAN HAVE A NEGATIVE IMPACT ON MORALE AND CUSTOMER SERVICE, PLUS, YOU'LL NEED TO PAY END OF SERVICE PACKAGES. YOU'LL ALSO FACE RECRUITMENT AND TRAINING COSTS IN THE FUTURE WHEN YOU START GROWING AGAIN AND NEED TO REHIRE.



You'll also face recruitment and training costs in the future when you start growing again and need to rehire.

**ENGAGE THE TEAM, ASK FOR SAVING IDEAS, YOU MIGHT FIND THEY HAVE SOME VALID IDEAS.**

# SME TRANSFORMATION

Being an SME has its advantages, in situations like these SME's can often be more agile and adapt to change quicker. Here's a few considerations around adapting your business.

## **BUSINESS CONTINUITY**

It's still not too late to review or even draft your BCM. The UAE has an excellent toolkit in place, that not only guides your thought process around drafting your businesses BCM but provides you with a template that includes all the relevant areas you need to incorporate.

Check it out here: [ncema.gov.ae/content/documents/BCM%20English%20NCEMA\\_29\\_8\\_2013.pdf](https://ncema.gov.ae/content/documents/BCM%20English%20NCEMA_29_8_2013.pdf)

## **LEVERAGE DIGITAL OPPORTUNITIES**

Regardless of your sector or industry, you will no doubt be aware that the competition in your space is fierce. Use this time to leverage the power of digital and cut through the noise to grow your business.

In the digital age, the possibilities for creating engaging, inspiring marketing campaigns are endless. By taking the time to connect with your prospects on a deeply personal level, focusing your efforts and taking a strategic approach to your activities, you will set yourself apart from the pack, cementing your success for many years to come.

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**NOW IS A GREAT TIME TO LEARN HOW TO HARNESS THE POWER OF DIGITAL TO ENGAGE AND INFLUENCE CUSTOMERS AND RETHINK YOUR BUSINESS AND MARKETING EFFORTS.**

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## **PIVOT TO A RECESSION-PROOF SECTOR / RECESSION PROOF YOUR BUSINESS**

If your bread-and-butter business is under pressure, you can look at ways to use your skills and infrastructure to target more recession-proof markets or recession-proof your business. For example, if you're running a face to face accounting practice, consider building a DIY platform for other SME's – a simple pay and use solution.

Consider asking your existing customers, what it is they need? How could you help them going forward? Then extend this research to other business networks – this will give you a foundation for you to be able to ideate and move your business forward or using your skill-set in new markets you hadn't considered before!

## FOCUS ON CUSTOMER SERVICE

During a downturn, remember that your customers are also feeling the pressure. They'll consider every Dirham twice before they spend it. The key to surviving is to retain as many of your best customers as you can. Figure out what is important to them and keep delivering the quality of service that they expect.

While cutting costs, try to do so in a way that doesn't damage the customer experience. If you do face a trade-off between maintaining your standards and meeting the customer's price expectations. Communicate openly about the decisions you are making and how they will affect the customer.

## DON'T FORGET MARKETING MATTERS

Get smart and tactical about sales and marketing, too many small businesses make the mistake of ending all marketing efforts but the short-term cost-saving comes at the expense of building a strong pipeline of leads and sales for the future. What's more, maintaining sales and marketing efforts throughout a downturn can help you to grow market share as other companies in your space appear inclined to reduce their spending.

Rather than abandoning all marketing efforts, review your spending to see where you are getting the best return on investment. You might find that it pays off to focus on low-cost digital channels such as search and social rather than print or radio. Tactical executions such as sales, price promotions and discounts can help win dividends in a tough market.

### Keys tips for marketing considerations:

- > **Website:** Do you have a website and is it working for you?
- > **Go Social:** In this time more than ever, most people and potential customers are looking at their suppliers / service providers and business contacts. 95% of these are looking at this via a social platform or two. 73% of marketers state that social media marketing has been either a somewhat or incredibly effective part of their business strategy.
- > **Optimize your email marketing efforts:** Now is not the time to be quiet. You need to reach out to your existing clients and potential new clients. Emails are an asset to any budding SME. Email, if used effectively, has the power to engage and influence consumers in a big way.
- > **Embrace Paid Advertising**
- > With budgets being small right now, Social paid advertising is extremely cost-effective. By embracing the potential of Pay-per-click (PPC) through outlets including Google, Facebook and the recently regenerated, Amazon Ads platform, you'll be able to connect with a wider online audience for a fraction of the cost of 'traditional advertising'.

MANY WEBSITES HOST A WEALTH OF INFORMATION ALL DESIGNED TO GIVE SME'S LIKE YOU BEST PRACTICES AROUND MARKETING STRATEGIES FOR SME'S. DO A SIMPLE GOOGLE TO SEARCH FOR WHAT OTHER SME'S LIKE YOU ARE DOING.







MORE INFORMATION

WITH THE INCREASING CHALLENGES PRESENTED BY COVID-19, WE'VE BROUGHT TOGETHER SOME USEFUL RESOURCES FOR WORKING AND WELLBEING FOR BOTH YOU AND YOUR STAFF.

VISIT THE

**ACCA COVID-19 hub**



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