

Can Small Businesses survive COVID?

Suppliers and Customers say Yes

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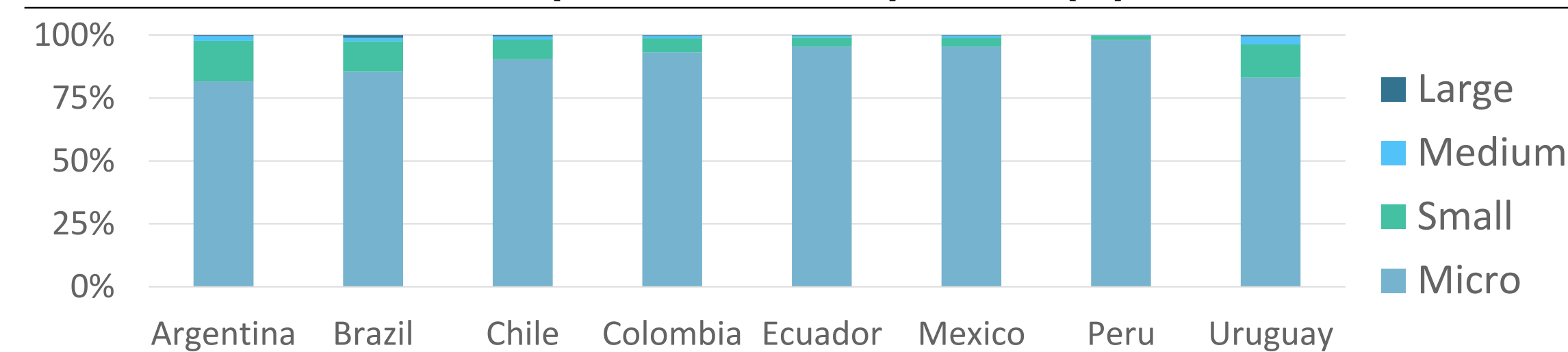
January 2021 Poster Session

Motivation / Background

Limitations Latin America's development model (UN, 2020)

- > Low levels of productivity: micro and small firms account for only 40% of the GDP, even though they are nearly 90% of all firms

Proportion of firms per size (%)



- > COVID-19 caused severe impacts to Latin America's MSE



3 MM jobs at risk¹

(1): (Pototschnik, et al., 2020)

Key Question / Hypothesis

What are the most appropriate SRM and CRM strategies to improve Micro and Small Businesses survival in Latin America during and post COVID-19?

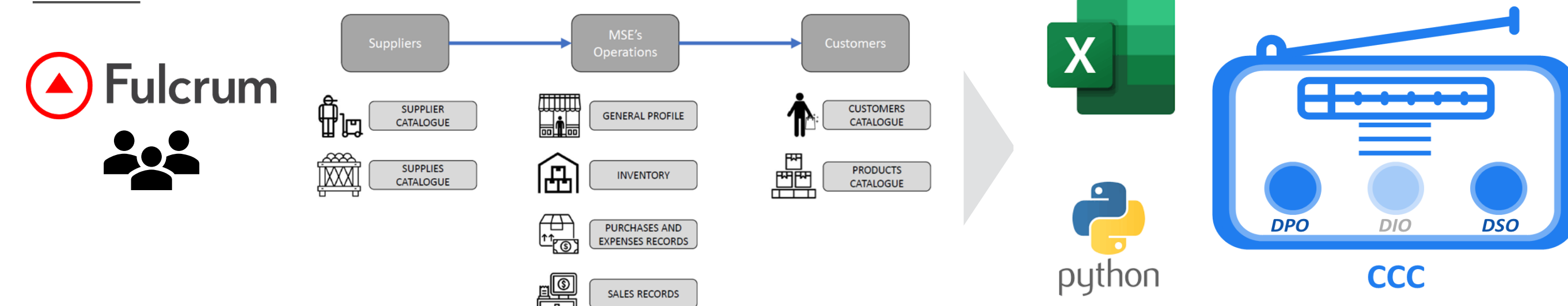
Relevant Literature

- Hofmann, E., & Kotzab, H. (2010). A supply chain-oriented approach of working capital management. Journal of business Logistics, 31(2), 305-330.
- Quayle, M. (2001). Welsh SME's and effective supply chain management-Fact or fiction. Inaugural Professorial Lecture, University of Glamorgan Business School, January.
- Lambert, D. M., & Schwieterman, M. A. (2012). Supplier relationship management as a macro business process. Supply Chain Management: An International Journal.



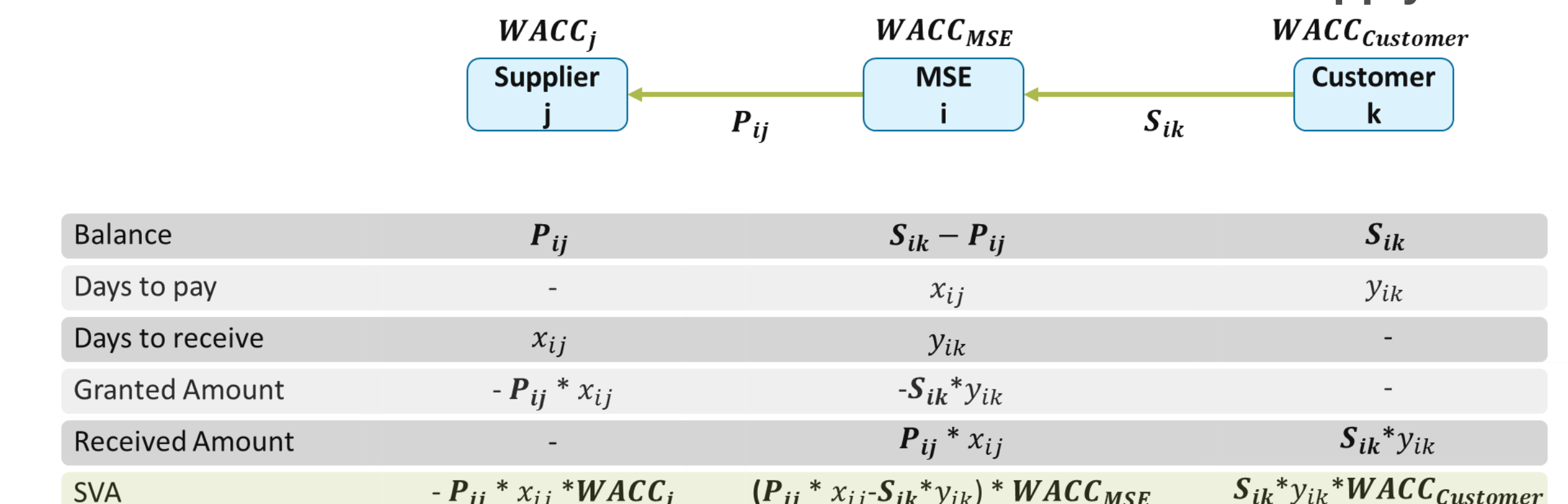
Methodology

Data:



Optimization Model:

Build an optimization model to determine optimal DPO and DSO that consider the Shareholder Value Added across the whole supply chain

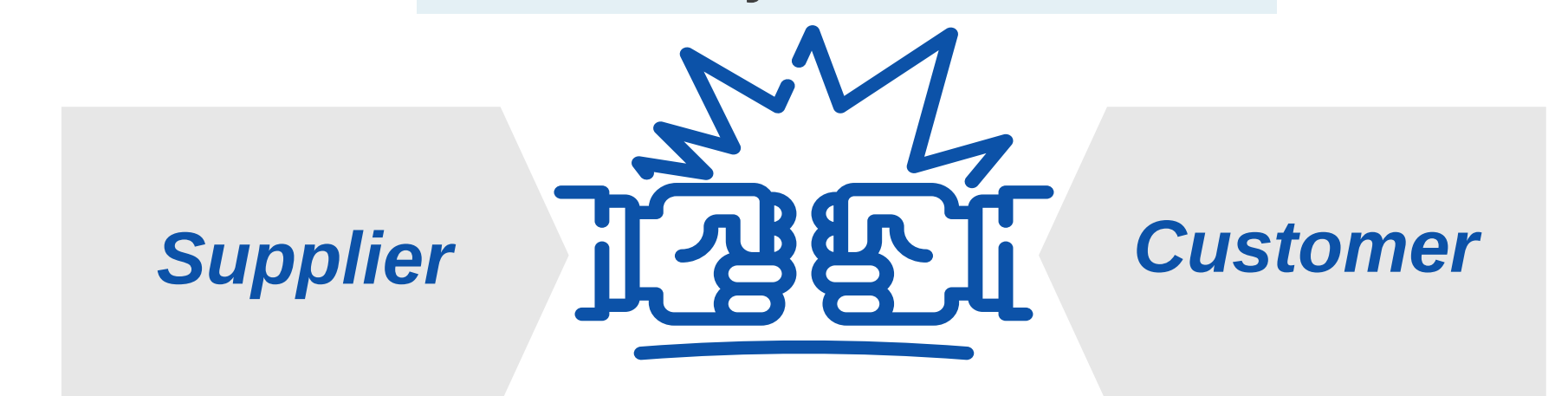
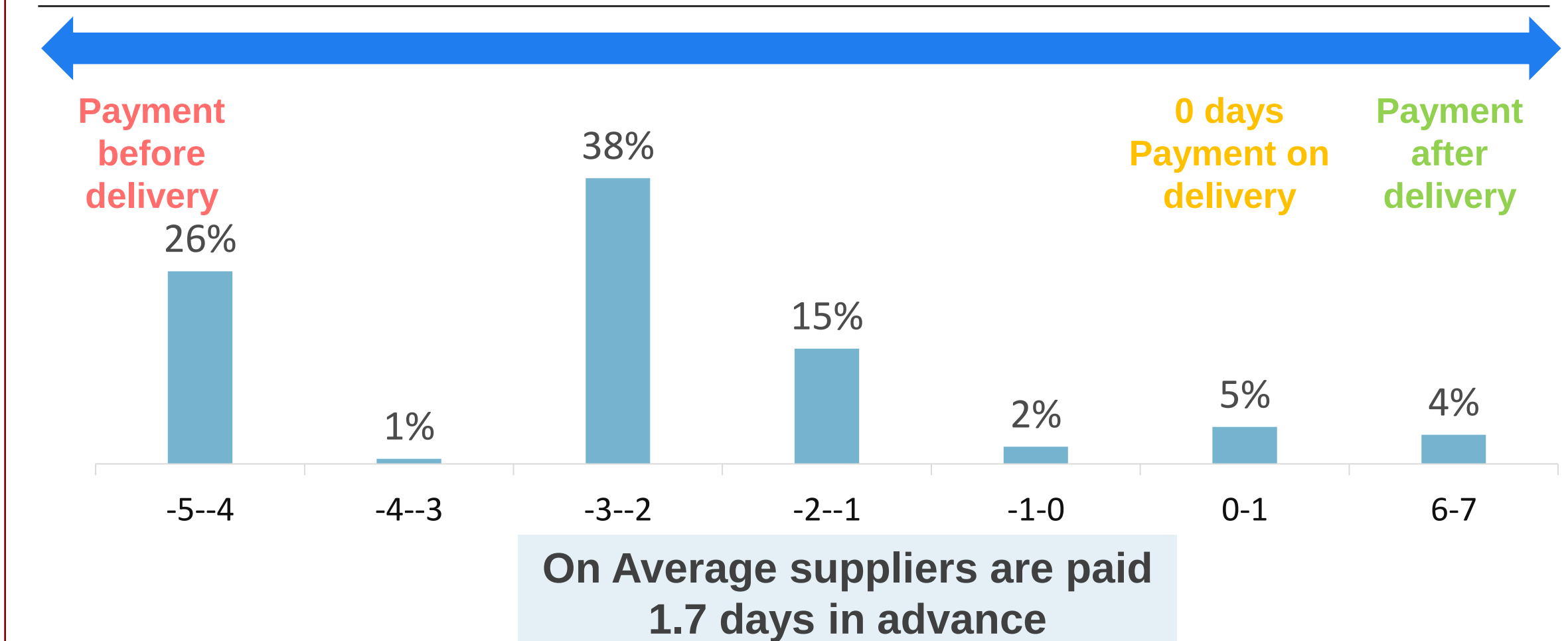


The Problem

- > Most small firms in Latin America survive for less than a year
- > Cash Availability is crucial for small firms' survival
- > Small firms pay suppliers in advance, jeopardizing their survival

Initial Results

Number of Orders Distributed in Bins of Average Days to Pay Suppliers



Expected Contribution

- > Provide a clear recommendation of SRM and CRM strategies that allow for increased cash availability for small businesses
- > Increased survival rate for small businesses during and after COVID-19

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