

ANDE Webinar: Supporting SGBs through COVID-19 Q&A Session

| Directed Person | Questions | Answers |
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| | <p><u>Supporting our own team</u></p> <p>As support organizations we focus a lot on preparing to solve the challenges for the SGBs. One of the panelists mentioned these same challenges we are describing apply to our own teams. What are some of the strategies you are following to support your own teams?</p> | <p>Villgro: Strategies to manage the fallout Financial - we might miss incubation targets & milestones of donors. We are planning for contingency funds to support projects that get delayed</p> <p>Operations - Teams are reworking their annual plans to identify tasks and goals that can be achieved during this period. And to defer milestones that need physical interaction. Donors are being aligned to these changes.</p> <p>Technoserve: Be a positive leader. There is plenty of “leadership in crisis” resources on the web but in my own experience, what I value the most is being positive, honest, emphatic, scenario planning, decisive. Train members in good practices to be even more empathetic with beneficiaries during crisis but also trying to move them into acknowledging the new situation and move into action</p> <p>Support BAs with: Sessions to listen to how they are feeling and providing tips for self-care</p> <p>Training and support from senior staff and collective problem solving to ease the burden of providing highly critical advice Tools to revisit the business model and finances of entrepreneurs in the new scenario See TechnoServe report</p> <p><u>SEAF</u> There are several levels to this as one might imagine, but it all starts with leadership, both demonstrating it and encouraging it at all levels. At the highest levels, it is effectively communicating where we are, what we are doing and where we trying to get to. Use multiple ways to communicate, including email, group zoom calls, whatsapp groups, and of course, one on one check-ins, asking “how are you doing” and “what can we do to help you”. It doesn’t hurt to share some of the struggles leadership are dealing with themselves individually, building empathy and solidarity. Be there, if you will. Implied in this are the tools required to do this.</p> <p>Also, apply the same lessons to yourself that you are suggesting to clients. Be proactive, communicate, assess 3, 6, 9, etc. cash flow projections based on different scenarios. Then, make the decisions that have to be made as fairly and transparently as possible. For some, this is not a cake walk of course – do what</p> |

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| | | <p>has to be done – every situation is different of course so every course of action will be different. Have a bias for action.</p> |
| <p>Juan Carlos</p> | <p><u>Emotional Support to Entrepreneurs</u></p> <p>Juan Carlos, I would like to know how, you provide emotional support to entrepreneurs. Have you offered emotional advisory through apps or a team via Whatsapp or other platforms? Or maybe through content?</p> | |
| | <p><u>Program Design</u></p> <p>We don't know exactly for how long the pandemic will be but do we have any sustainable initiatives to support SGBs. Which topics do you recommend accelerators transmit to entrepreneurs in order to help them?</p> <p>In the present situation do you see the need to change program design post COVID-19?</p> | <p>Villgro:</p> <p>We recommend helping entrepreneurs in evaluating activities to identify those that can be done remotely; and those that will help satisfy business demand when the situation becomes normal. These include improving the product, planning for cost reductions, make processes more efficient and research</p> <p>TechnoServe:</p> <p>For dealing with the crisis right now, our programs are moving from a focus on acceleration support to one of problem solving to help the businesses survive. The most important topics in our experience have been 1) financial management focused on cash flow and evaluating the impact of different scenarios and actions, and 2) revisiting the business model based on the effects of the crisis and the opportunities it is generating (you may want to use canvas to go over each element). Depending on the problem that the businesses are facing, the solutions might come through cash flow management and ensuring that the business stays above its break-even point, finding ways to keep selling and maintaining their relationships with the clients, and developing new approaches to stock in some contexts with disrupted supply chains--all of this in a new situation.</p> <p>At a minimum, I think the accelerated adoption of tech in learning and business is here to stay and needs to be considered. There will likely be other learnings, but it is still early in the process.</p> <p>See TechnoServe report</p> <p><u>SEAF</u></p> <p>We don't have accelerators per se but two quick suggestions on the question: (1) ask other acclerators, as you have one here in a way, and (2) ask your entrepreneurs what they need.</p> |

Finance

Is anyone working with SGBs that have outstanding loans? If so, what are people doing with the banks and other lenders to enhance the flexibility of their terms, possible restructuring and work with your client SGBs?

Are there any smart ideas regarding mastering salary payments as substantial cost item - e.g. how to cover (e.g. grant / subsidy programs / public or private budget sources), defer, lower, ... - what can SGBs do, what can SGB support institutions, what can public sector do?

Villgro:

Many of our portfolio companies have outstanding loans. We are asking to defer payments for 3 months & working with lenders if required.

We are trying to get emergency grants to partly pay for salaries for 3 - 4 months, if the SGB is willing to reduce the overall salary bill, by forgoing components in the salary.

TechnoServe:

Be proactive. Do the financial scenario planning and prioritize actions that will improve cash flow (while minimizing potential future impacts), such as collecting money and reducing credit when possible, renegotiating debt to longer terms, postponing investments, open an online sales channel, etc.). Entrepreneurs should also talk about their plans with banks and investors, as it is in their interest to be flexible in these challenging times.

Regarding salaries of employees who might be idle, it's important to see: can they work remotely or use vacation time? Is there an opportunity to temporarily shift people to new functions within the business, like waiters in a now empty restaurant doing food the delivery? Are there any government subsidies available? is it possible to renegotiate salaries? move full time to part time?

The public sector in some countries is putting together aid packages for SMEs. It's important for programs to be informed of these evolving plans and convey to government stakeholders what you are seeing, so that these packages are well designed. Programs should also keep an eye on these programs to inform entrepreneurs

[See TechnoServe report](#)

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Comments above are great, particularly with regards to being proactive and coming with a plan to your lender. Basically, (1) this is our problem, (2) here are our cash flow projection with assumptions, (3) we are committed to honoring our commitment as much as possible, (4) but we need your help to do this and this is what we propose.

With regards to payroll, which can be the most significant cost of course, consider (1) pay reductions rather than staff reductions – every jurisdiction is different on what one can and cannot do – pay reductions can realize cash faster and be a way to equitably share the pain, and (2) using the opportunity to identify those of provide the most value to the organization – Yes, some do more than others.

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| | <p><u>Cashflow</u></p> <p>One of the biggest challenges of this crisis is the inability to predict when it will end. When advising companies to prepare cash flows or do scenario planning, what is worst case time frame they use?</p> <p>If the SGB keep losing without enough backup capital, should they close down or continue with such a hardship?</p> | <p>Villgro: We are asking SGBs to plan for a scenario with 3 months of zero sales and zero collections for sales made prior to the lockdown.</p> <p>It might be advisable to temporarily suspend operations, if that can preserve cash.</p> <p>TechnoServe: Nobody knows when this is going to end and how is it going to end. I would suggest considering different scenarios in terms of time and think of milestones for taking new measures (“If x happens, I will take Y action”). Closing, at least temporarily or permanently, may be one of the options if things evolve beyond a certain level of sustainability. In the Nicaragua crisis, we have seen companies reopening after the situation became less acute.</p> <p>SEAF Great thoughts above. Every business is different of course so every cash flow analysis is different.</p> |
| | <p><u>Intermediary Collaboration</u></p> <p>I’m wondering if there are any initiatives globally or regionally where intermediaries are coming together to support each other’s work or jointly fundraise to support their portfolio companies during this crisis and the recovery period thereafter? A sort of resilience fund not just for companies but also for intermediary orgs</p> | <p>Villgro: Not sure of any. Hopefully, ANDE can cobble together something on this front?</p> <p>SEAF There are initiatives on the US side such as the payroll protection program which is meant to cover US-based business’ payroll for 2.5 months with very forgivable terms going thru one’s SBA bank. Sorry don’t have a link ready at hand. I think Duke has also set up a clearinghouse of sorts on this under the leadership of Cathy Clark.</p> |
| <p>All and Bob and Juan Carlos</p> | <p><u>Business Models</u></p> <p>Assuming protracted disruption to the already limited supply of capital to SGBs, which sectors or widespread business models are you most concerned about? Are there any SDGs that may be more difficult to achieve?</p> <p>Bob and Juan, please talk about re-inventing business models, realistically how long can this take given that there's a need for a quick turnaround time for SGBs to remain afloat in</p> | <p>Villgro: Agriculture is a sector where there can be lasting impact, because as seasons change crop productivity and choices will change.</p> <p>TechnoServe: Revisiting the business model needs to be done quickly. If the business’s survival is threatened, it’s better to make a partial, reasonably effective adjustment now rather than wait for a perfect solution that comes too late. Some examples of quick actions we are seeing are micro retailers adopting cashless payments and using increased sanitary measures to keep customers coming. Other businesses are moving to online selling and delivery models.</p> |

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| | <p>these times. Are there examples you can give from your portfolio companies?</p> <p>Assuming protracted disruption to the already limited supply of capital to SGBs, which sectors or widespread business models are you most concerned about? Are there any SDGs that may be more difficult to achieve?</p> | <p>We are most concerned about sectors that can't deliver their products or services to their clients or that have critical supply chain challenges, as well as those that are not providing essential goods or services</p> <p>SEAF In addition to those above, we would say those with large cross-border terms of trade and those with high fixed cost structure. Also, those businesses that are (1) highly leveraged, and (2) earlier stage. No surprise here.</p> <p>One great example, but not easy to replicate of course is we have an education coming in South Asia that has pivoted from bricks and mortar delivery to online. Obvious and fortuitous but they're doing it. Necessity is mother of invention, right.</p> |
| | <p><u>Policy</u></p> <p>Are there any good examples of governments implementing policies to help facilitate SGB survival or recovery?</p> | <p>Villgro: The Indian govt. has launched accelerator programs to discover innovative solutions from SGBs and large corporates. The central bank (RBI) has allowed for deferring of loan payments for 3 months. Regulatory filings & financial year's close has been extended to 31st June from 31st March</p> <p>SEAF Assuming its implemented well (big assumption), the US' payroll protection program noted above is a great example. Other countries doing some similar – implementation is key – can cash be distributed fast enough? Remains to be seen.</p> |
| | <p><u>Metrics</u></p> <p>What metric are we using to classify the business as essential or non-essential also what practical measures towards cost cutting and survival are the service industry using?</p> | <p>TechnoServe: See responses above on suggested measures towards cost cutting and survival</p> |
| | <p><u>Information dissemination</u></p> <p>Do any of the panelists have practical examples of how non-health SGB's are playing a role in disseminating access to health information and innovative products to deepen relationships with their customer base?</p> | <p>SEAF Sort of. Our investment in Georgia, a supermarket chain called Foodmart, has been very proactive in communicating with its customers on what it is doing in its stores to keep them safe and with tips on what they can do in and out of store to protect themselves.</p> |

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| | <p><u>Virtual Technical Assistance</u></p> <p>Do the panelists have suggestions for virtual technical assistance, online workshops for SGBs? What platforms have been effective for online content sharing? Are you using live webinars or recorded sessions?</p> <p>How do you see digital technologies being helpful to SGBs during this crisis? What are some surprising innovations you are seeing in your investment or TA portfolios that SGBs are doing that others can replicate?</p> | <p>TechnoServe: See TechnoServe report on what works in remote training</p> <p>SEAF Our CEED program has a webinar tomorrow that might be helpful. Here is the link: http://tfaforms.com/4813695 to register. Read more here at http://ceed-global.org/blog/2020/04/01/navigating-change-ceed%e2%80%99s-response-to-covid-19/</p> |
| Srinivas | Can you share the name of the ventilator company? | <p>Villgro: RespirAID (BioDesign Innovation Labs), AgVa Healthcare</p> |