Manual to Land

Building resilience in a crisis

Practical advice
for impact entrepreneurs
in challenging markets

MIT D-Lab

INTRODUCTION

Being a first-time entrepreneur is a bit like flying a plane without a manual. You navigate turbulent markets, make difficult choices with imperfect information, and hope to safely land on your feet.

Preparing for the unknowable

The global spread of Covid-19 has had an unprecedented impact on all markets and communities. It has made being an entrepreneur more challenging than ever.

Although it seems like a crisis unlike any other, the pandemic has many lessons to offer entrepreneurs working with underserved communities in low-income markets. Outside of the context of Covid-19, these entrepreneurs are regularly exposed to exogenous shocks that destabilize their work, from currency fluctuations and unstable supply chains, to scarcity of resources and weather-related risks.

Strengthening leadership capacity to manage and adapt to multiple types of crises is a long-term project for the MIT D-Lab Scale-ups program. As a first step, we embarked on a mission to collect and share many of the useful tactics and strategies that entrepreneurs can employ to manage uncertainty or radical change.

A Manual to Land - *a draft in progress*

Not all entrepreneurship has to be a high-pressure guessing game. Although galvanized by the pandemic, a "***Manual to Land***" is more than a Covid-19 guide. Building on research, as well as conversations with entrepreneurs and practitioners, it was developed with the broader lens of helping entrepreneurs better navigate crisis leadership. Please note that this is a first draft. We will continue to revise it over the coming months.

Audience

The guide is most relevant for entrepreneurs that are:

- **Early stage**: Running small and medium sized enterprises (SMEs) which have some market traction and are preparing for an expansion phase.
- **Inclusive**: Developing commercially and socially viable business models and activities which include people in the Base of the Pyramid (BoP) as consumers, producers and entrepreneurs.
- **Working in low-income markets**: Serving communities in emerging markets where people live on less than US $8 per day.

OVERVIEW

We've organized the manual into five easy-to-navigate sections: Finances, Operations, Customer, Team and Business model. More specifically, in each category, it offers:

Tips for self-orientation
It provides a framework to understand what is happening and what the effects are for your enterprise.

Actionable advice
It is organized as a checklist offering concrete immediate and long-term actions to take in order to protect your venture, team and customers.

Analysis of trade-offs
It helps you to identify and navigate potential tensions as you take action (for example, in areas like profit and impact, short-term gains vs. future growth, etc.)

Real-life examples
It is illustrated by actual case studies of MIT D-Lab Scale-Ups affiliated entrepreneurs who are mounting innovative responses to Covid-19 and learning critical lessons along the way. ***(coming soon)***

The goal of the manual is to provide structures, and to help entrepreneurs hone the competencies needed to adapt to emerging threats.

Let's get started!
Resilience is a worthy destination. This manual provides advice on how to get there. We hope the information we have gathered is useful to you.

Please contact us at repishti@mit.edu if you would like to use it, share your thoughts or have suggestions for improving it.

Jona Repishti, MIT D-Lab

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About MIT D-Lab

MIT D-Lab works with people around the world to develop and advance collaborative approaches and practical solutions to global poverty challenges. The program's mission is pursued through an academics program of more than 20 MIT courses and student research and fieldwork opportunities; research groups spanning a variety of sectors and approaches; and a group of participatory innovation programs called innovation practice.

About the Scale-Ups Fellowship

The D-Lab Scale-Ups Fellowship is a global accelerator working with local entrepreneurs bringing poverty-alleviating products and services to emerging markets at scale. Launched in 2012, the Fellowship is a one year program, providing a $20K grant to each fellow and tailored mentoring, capacity building and inclusive design training, and networking. To date, the program has supported 39 Fellows working on four continents in sectors including agriculture, energy, water, health care, housing, livelihoods, mobility, recycling, education, and personal finance.

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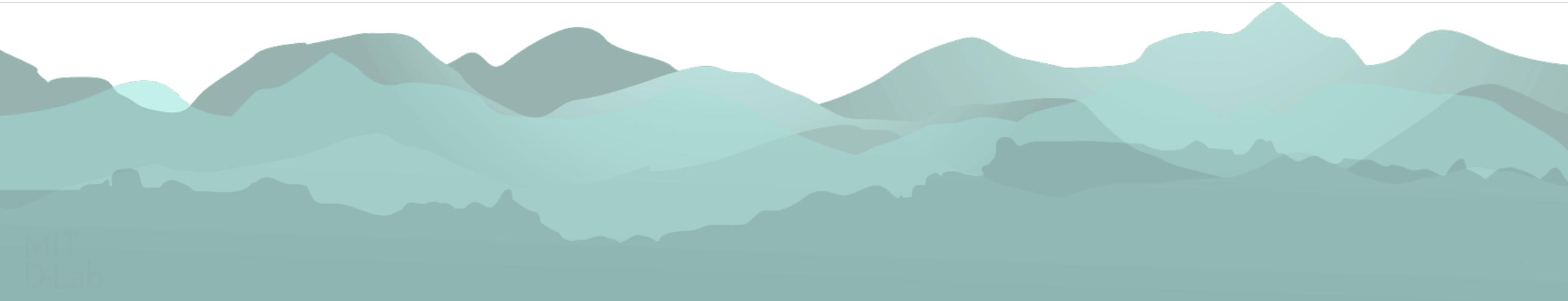

YOUR FINANCES

Revisit Your Budget, Cut Expenses and Increase Cash Flow

When facing an unfolding crisis, such as Covid-19, you will need a new roadmap to get you through long-term market uncertainty. We have compiled some tips and best practices we think may help you gain an understanding of your financial situation, mitigate revenue disruption, and regain control of your resources. During this time, you need to focus on the big picture and find ways to increase your efficiency and your runway. Become lean (and more frugal) and get creative about bringing in more money as quickly as possible.

Scenario planning

Compensation

Cost reduction

Raise capital

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SCENARIO PLANNING

The external ecosystem – the public health crisis, the government response, and the macroeconomic environment – are all constantly shifting. These shifts will continue to impact every aspect of your business, and you might find that your pre-Covid-19 projections no longer make sense. To prepare, you need to recalibrate your plans for uncertainty.

Develop best/worst case scenarios

Scenario planning for extreme outcomes can prepare you to deal with unanticipated difficulties that can destabilize your organization. See First Round's templates for more guidance and continuously adjust your plan. You may also find the Premortem exercise (by Atlassian) useful for identifying the biggest risks to your business.

Develop timeline based scenarios

Break down the crisis timeline into three more manageable time horizons: the lock-down phase, the re-opening phase, and the post-Covid-19 phase. Develop a strategy as a response to each scenario. See the Scenario Matrix tool developed by Sequoia Capital for more guidance.

Create and update a cash flow model

At a time of crisis, cash is king. Assess your liquidity on a week-by-week basis and your working capital needs. A cash flow analysis exercise will give you an accurate evaluation of your ability to meet current and near-term expenses that are critical to your day-to-day operations. Use this First Aid kit to assess the health of your overall financial situation. Also go through Mulago's Quick and dirty guide to Covid-19 planning for non-profits (applicable to all kinds of organizations).

Account for Covid-19 related expenses

Social distancing directives and new rules may change your unit economics and your burn rate. Your new models should account for and incorporate costs related to keeping your staff safe or implementing new operating standards with social distancing. They should also take into account shifting costs of expensive raw materials, new technology, developing new distribution routes, etc.

HOW?

This is not the time to stay on autopilot. Do not delay action in the hope that things will return to normal. Scenario planning is not easy, but you need plans for more than one possible future, and constantly adapt them to the best of your ability. First, shift your mindset from growth mode to survival mode, adjust your trajectory accordingly, and then begin to push for recovery.

COMPENSATION

Salaries are one of the biggest cost drivers and sources of stress for founders who find themselves in a cash crunch. Here are a few strategies you can mix and match to develop a staff compensation strategy that works best for you.

Defer salary payments

If you choose to postpone salary payments, determine a timeline and set clear expectations regarding when you will restart payments. Payback can be tied to milestones, such as when a certain amount of revenue is banked, for example. If you make a robust recovery, consider paying salaries that were held back.

Introduce part-time work or furloughs

If it does not impact your bottom line, ask some of your employees to work less. Introduce part-time work or ask staff to take temporary leave, and compensate accordingly. You may recruit volunteers, but also consider making strategic top down decisions based on actual operational needs. Identify roles that are currently less productive or necessary and send those employees on leave with adjusted compensation. Also, stay updated on government policies for dismissal and compensation relief for employees, as there may be some relief programs you can tap into.

Implement salary cuts

Salary cuts can be team-wide or staff-specific, based on the structure and the needs of your business. (Rather than cutting 50 percent from everyone's salary, for example, you can be strategic. Determine payroll percentage cut scenarios for different team members based on need and work needs). Consider cutting for the long run to give your venture at least a six month runway so you don't have to do this repeatedly. Place the biggest burden on the leadership and try to protect the income of your vulnerable and most essential employees.

Identify creative compensation strategies

When cash is low, introduce other incentives to drive productivity. You can adopt non-monetary rewards such as offering a promotion or a relief basket (which can include essential items that may be valuable to the employee and his/her family). You can also use pay for performance schemes, such as take-home commissions or milestone-based bonuses. If someone is truly exceptional, offer revenue share or stock options to get them to stay and work hard throughout the crisis.

COMPENSATION continued....

Use benefits strategically

If you cut salaries, you may want to keep benefits (like healthcare), since benefits offer a safety net for people to rely on during uncertain times. Keeping staff on benefits is also symbolic, and it may act as a signal of your steadfast commitment to them. You can also consider doing the opposite; if you know that more value comes from direct cash, cut benefit payments and place that money into direct salary compensation.

Decrease your team size

Layoffs may be necessary, but this may cause significant damage to your organization. Do it as a last resort. You will need to evaluate whether you can maintain business continuity with less staff and whether you can raise the productivity of those remaining. If you choose this route, first eliminate less critical functions and try to make all cuts at once. Consider connecting employees you terminate with your network and pass on any hiring opportunities.

HOW?

There are no easy answers on how to pay your people if your organization is in trouble. You may need to experiment and try out a combination of all the strategies outlined above. Be conservative and remember to balance cuts with your current operational/production needs, as well as other opportunity costs. In leaner times, you will need to inspire commitment to your mission and foster a scrappy, problem solving mindset, so you can all get through the crisis together. Remember that your team is your number one asset, so proceed with extreme care, empathy, and careful planning. How you treat your team during this time of need will have a direct impact on your ability to grow your organization in the future.

COST REDUCTION

Assess and cut variable costs, focusing on those that don't impact your bottom line. Variable costs rise with your level of output. Then identify and reduce fixed expenses. Fixed expenses occur independent of your level of production or sales.

Revisit underperforming parts of business

Consider shutting down (temporarily or permanently) underperforming business units, product lines, or sales channels that eat up your revenue. If you are subsidizing a part of your business, this is the time to take stock and let it go.

Negotiate deals and lower prices

When times are tough, other businesses will be stretched thin, so you may get competitive pricing or be able to negotiate deals on expenses like raw materials, packaging, transport, etc. Get in touch with your vendors, suggest pain-sharing alternative arrangements, ask for lower prices, or request to defer payment. You can also negotiate lower prices if you work with others to form buying cooperatives, which can make it possible to acquire goods or services in larger quantities.

Go light on assets and goods

If customer demand is slowing down, consider ways of reducing production of finished goods, decreasing the purchase of raw materials, or selling excess inventory. It might be okay to let go of small customer orders instead of trying to continue to build up inventory to service them.

Review and restructure your marketing costs

Regardless of the size of your marketing budget, re-assess its cost-effectiveness. Focus on those marketing activities that deliver rapid results and have higher customer uptake for the money spent. To save costs, you can partner with non-competing brands in separate product categories (i.e. those that target the same consumer segment as you) and develop joint marketing strategies to access difficult to reach customers.

Minimize all non-essential expenses

Stop activities that have no direct impact on your core business. Seek cheaper options when you can. Also, re-evaluate or scale back all expansion projects.

COST REDUCTION (Fixed costs) continued....

Negotiate rent and leases

Move quickly to negotiate a delay and/or a decrease to your rent payments (for offices, factories, storage units, etc.), as well as for any equipment leases. The discount you ask for can be temporary or permanent; you can also ask for a discount in the form of credit. In many cases, you can negotiate by offering to extend the lease or by establishing a clear repayment plan. If your request is not taken seriously, consider involving a lawyer, who should be experienced in explaining that without cash relief, your business may fail.

Delay recurring or outstanding payments

If you have loans, bills and outstanding payables to banks, suppliers, etc. try to propose an alternative repayment plan that is more favorable to your organization. If you have loans or recurring bills, propose more favorable terms (including refinancing, principal payment deferral, etc.)

Cost-share to cut expenses

Consider collaborating with other organizations to optimize and cost-share resources. You can collectively purchase inventory, utilities, office rents, and even share your workforce. Partnerships with other companies can boost your capacity in a crunch.

HOW?

Act fast. Cutting costs is painful, but don't delay, Conserving cash is the most important thing for you at the moment. Involve your whole team in identifying cost reductions, as they may help you see things that you do not, but do not delegate the task of managing the final decisions. As you slash your budget, learn to differentiate between good costs, which help you grow, and bad costs, which are fixed and don't contribute to sales and growth. A holistic assessment of all enterprise-level operations and expenses will hopefully reveal opportunities not just to lower costs, but also to improve efficiencies. Understand that there are trade-offs to making drastic cuts: 1) You need to maintain good relationships, so don't be unreasonable when negotiating with partners; and 2) Lowering expenses will affect your operational capacity. To be successful you need to be smart about trimming waste and reallocating what is left to proven growth sources.

RAISE CAPITAL

Focus on bringing in more revenue. Your customers are likely asking for price cuts and your contracts are probably not closing at the last minute. Other customers are defaulting or delaying payments (B2B businesses may be particularly vulnerable to this). Incentivize sales, even at lower margins.

Understand the financial health of customer base

Has your customer's ability to purchase or threshold for making purchases changed? Monitor your sales pipeline closely. If you are looking for new customers, assess if your leads are actually converting to sales.

Explore new pricing strategies

You can offer temporary relief or introduce flexible payment terms, or you can introduce incentives such as offering credit for future purchases or launching promotional offers (i.e. six-month use of your app for free or a minimal fee) or loyalty programs. You could also introduce new pricing models by bundling or unbundling offerings or providing price ladders for different product categories (the higher price provides customers with more features and benefits), or you could introduce new services or functionality (free contactless shipping/delivery, health related add-ons, etc.) You can also offer price discounts, but if you do so, proceed with care, and maybe offer discounts only on certain products. Make clear the time boundaries to discounts provided during a crisis. Price anchors your value in your customers' minds, and discounts made may be sticky and may reset value perceptions of your product or service in the long term.

Incentivize lagging payments, capture more value

Aggressively monitor your account receivables and constantly revise your playbook for incentivizing payments as much as possible without hurting your bottom line. Segment the portfolio into buckets by potential risk, then provide customized solutions and reward good repayment behavior. A few things to offer include: deductions on the total sum owed, splitting owed sum into multiple smaller payments, or offering future discounts. In all you do, build on customer interactions and co-create solutions with them when the intention to repay is real.

Bring in more money from new channels

You can also consider working with other organizations to capture new customers, or establishing a new channel (such as an online presence) for increased sales. Most of these strategies will help you survive but lower your margins — so try to balance long-term, highly-discounted offers and their impact on your business recovery in the future.

RAISE CAPITAL continued....

Shorten customer payment cycle

If you are a B2B business or a venture that sells to underserved consumers (or intermediaries) who need financing to afford your product, you likely have longer payment cycles, which puts you at a higher risk for experiencing cash flow issues during the crisis. This is the time to explore strategies to shorten the time between the placement of orders and the receipt of payments. A few strategies to try include changing your collections policy, negotiating better trade terms with whoever is buying your products so that you can collect cash more quickly, and looking for financial intermediaries. Keeping in mind your impact goals, you may consider if it is possible to temporarily prioritize customers that pay on time, or whether you should try to reach different customers who may have higher ability to pay during the crisis. You can also introduce digital technologies (especially digital payments) or automate invoicing and collections processes, but if you do so, plug into existing solutions as much as possible.

Leverage assets for cash

If you have equipment that can be useful to other organizations and can be rented to raise cash, consider leasing it. You can also consider selling your assets (excess inventory, machinery or intellectual property) to generate the necessary cash to survive (but proceed carefully as this may harm or leave you exposed in the long run).

RAISE CAPITAL continued....

If possible, fundraise. First, determine how much and the type of money that you need. Assess whether you need money to pay your team or whether you need it for production and cash-generating operations. The answer to this will determine your finance options. When identifying additional sources of capital to pursue, realistically take into consideration the lead time required to bring it in.

Search for grants and flexible capital

Start by contacting existing funders. Request that they lift restrictions on current grants to support your general operating budget, extend timelines, revise deliverables, etc. Then utilize previous donors and your network to bring in more funds. Be prepared to share how the crisis is impacting your organization's operations, programs and finances, and what you may need. If you are addressing emergency needs, including hunger, health services, etc. find out if there is a rapid response fund to meet your needs. Browse covidcap.com, one of the most up-to-date funding databases. Also research if you are eligible for any government aid or relief programs. Consider crowdfunding with close supporters.

Consider loan options

Gather information about government aid, grants, and deferred tax collection. Find out if you are eligible for low cost loans, and consider drawing down on available credit before it's needed. Register moveable assets as collateral which can provide security to potential lenders.

Prepare for a challenging VC environment

Most impact investors will be making fewer investments as they shift their focus to supporting their portfolio, maintaining reserves, and waiting for things to stabilize. Expect equity financing rounds to take longer and for valuations to decline. If you are looking to raise funds, be opportunistic and determine what you need to get to your next fundable milestone. You will need to develop a narrative that explains how your market has changed, defends how the money raised will lead to growth, and explains how it will help you capture immediate opportunities in the current environment. During this time, impact investors will be looking even more closely for enterprises that also clearly provide societal gains for the communities they serve.

YOUR OPERATIONS

Manage Business Disruptions and Reconfigure Your Value Chain

Your organization is likely dependent on a combination of goods, processes and third-party relationships that are all impacted by the crisis. For early-stage enterprises that partner with Base of the Pyramid (BoP) stakeholders as suppliers, producers, distributors and retailers, the operation of supply chains during Covid-19 has become even more challenging. The more complex your operations, the more likely it is that you are discovering multiple points of vulnerability, each of which affects your ability to deliver your product or service successfully. You need to take a holistic view of your entire process from sourcing to after-sales. In this section, we will provide a few tips for identifying and coping with supply chain risks.

Supply chain

Production

Distribution

Point of sale

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SUPPLY CHAIN

Many early-stage organizations serving low-income customers still rely on agile micro-supply chains that are short, local, and nimble. Others rely on more complex international supply chains. The current crisis has disrupted both models. Below are a few tips on how to ***understand and reduce supply bottlenecks***, and regain control of your supply chain.

Assess demand and supply volatility

Learn all you can about your suppliers and their challenges and be hands-on as issues arise. Communicate with your suppliers and vendors via channels that they already have, like TikTok or WhatsApp. Create a process to anticipate and rapidly evaluate changes to supplier capability (e.g., parts/materials shortages, reduced operational capacity, delays, etc.), which may lead to loss of key components for production and/or for running your business. Also understand whether you will have priority allocation, as you are likely not their only customer. Develop a strategy according to how suppliers will be affected, and for how long disruptions will last.

Protect the vulnerable in your supply chain

It is likely that a lot of your organizational impact depends on the livelihoods that you uplift and support through your value chain. As your organization struggles, you will have to balance business continuity with your commitment to using (and supporting) sustainable and inclusive supply chains. Be careful about moves that will squeeze supply chains at the expense of vulnerable workers and the environment. Continue to uphold responsible sourcing and purchasing practices. Stay committed to the relationship whenever possible, and show as much flexibility as you can. Ask your suppliers about their challenges and discuss ways to overcome them together. When possible, support your suppliers or vendors in getting access to affordable and timely finance from financial institutions.

Undertake proactive procurement

As long as market demand and supplier lead times are in flux, you will need to set up a system to take both into account to recalculate inventory needs. Consider conserving, staggering, building up or even shedding inventory to ride out uncertainty and to meet changing demand. Understand that your suppliers may be more cash strapped than usual. (In some cases, if they are small scale farmers or waste pickers, for example, their very livelihoods may be at risk.)

Enhance collaboration to increase access to key materials/services

Utilize, or if necessary, develop networks and cooperatives to help coordinate demand and supply of products and services across multiple actors. Use these networks not only to consolidate purchasing, but also to negotiate better prices, but also to exchange goods (as maybe one company has produced in abundance what another desperately needs).

SUPPLY CHAIN continued....

Below are a few tips to ***strengthen*** your supply chain.

Align your supply chain with customer needs

Get a clear understanding of what consumers value most about your business and your organization, and then think about how to build supply chain resilience around that value proposition. If your customer values, for example, price, quality or timeliness above all other product qualities, then vet suppliers by that particular criterium. There are long-term benefits to increasing your agility and responsiveness to meet shifting customer demand. A few strategies that bring you closer to your customer include supply chain decentralization, supply chain segmentation, additive manufacturing and other last mile advances.

Introduce technology upgrades throughout your supply chain

Leveraging technology is a powerful way to streamline the flow of information and create smarter, more efficient and more resilient supply chains. For example, you can consider introducing IoT-enabled devices in your supply chain for remote monitoring and for richer real-time data. You can digitize supply-chain transactions, you can automate parts of the supply chain to decrease dependence on labor, offer an online platform to your suppliers or you can introduce new technologies such as 3D printing to source a low-volume part, at a competitive cost.

HOW?

The disruption to supply chains will likely continue into the future. Take inspiration on how to prepare for future shocks from organizations that deal regularly with uncertainty and fluctuating customer demand, such as weather-driven agricultural start-ups or disaster recovery aid organizations. They build their supply chains to minimize lead times as much as possible and they develop capabilities to respond quickly. Take the opportunity to rethink your supply chain for increased agility, transparency and collaboration.

SUPPLY CHAIN continued....

Below are a few tips to ***broaden and diversify*** your supply chain. If you face structural difficulties, take time to understand the root causes and consider making broader structural changes. Assess whether the crisis has created supplier disruptions that are short-term or likely to continue into the future.

If disruption is temporary, consider band-aid strategies

Some supply chains, for example, are more likely to be affected by shutdowns but may start to recover once government restrictions on movement are lifted. In these cases, you can devise shorter-term coping strategies by trying to activate alternate sources of supply. You can look for replacements from new suppliers or competitors who may have excess inventory (and would be willing to sell if their own sales have decreased).

If disruption is long-term, build anew

Develop the capabilities of your existing suppliers. If you are working with low-income, unique suppliers, you may consider investing in their long-term capacity and resilience. In the agriculture sector, for example, this could mean training agripreneurs and farmers on sustainable farming methods, helping them reduce production costs and giving them finance training and technical assistance. Support suppliers so they become more than low-cost vendors, by getting together with them and other key stakeholders to share training and best practices, etc.

Identify and onboard new suppliers. If disruptions are likely to be more permanent, you should begin to think about switching or adding alternative suppliers (domestically or internationally) to avoid single points of failure. You may want to build relationships and enlist two or three additional suppliers, so you have options if need be. Assess new suppliers for competency, reliability, price, stability and fit. The best candidates have the potential to turn into real partners, helping you not just cut costs, but improve sustainability, the quality of your products, and even help with marketing. By minimizing reliance on a single source for inputs, you will decrease your exposure to supply chain disruption.

Change the structure of your supply chain. Depending on the failure modes that the crisis helped you uncover, you may find opportunities to make lasting improvements to your supply chain. Consider shortening your supply chain, simplifying it, or looking for products outside of your region; you may choose to develop vertical integration capabilities to merge your organization with others that are at different stages of production, etc. In general, more decentralized, local models can help you keep your production and delivery flexible, and help you scale volumes and introduce new products at short notice.

PRODUCTION

Understand and mitigate production and manufacturing disruptions.

Prepare for lean operations or closures

With government restrictions, demand fluctuations, supply chain disruptions, and employee health risks, etc., it is very likely that you will slow or shut down your manufacturing or production site at some point or another. Determine minimum operating requirements and if you don't meet them, close down. If your facility is shut down, but you need to produce, consider if it would be possible to shift operations temporarily somewhere else. Develop a plan for simplifying product lines, and prepare to work with a smaller team on a rotating basis. Consider reviewing ways you could change your manufacturing steps for lower volume operations. If you have had to suspend operations at some point and are thinking of ramping up production again, do so strategically by first allocating capacity and inventory to products that fulfill short-term objectives.

Obtain permission to operate

If you are experiencing manufacturing disruptions due to government policy, try to try to petition for your venture to be considered as an essential business or as one that is operating in an essential area. Attempt to obtain official permission to continue operations and stay up to date on guidance that outlines under what conditions you need to meet for your business to be classified as essential.

Develop workplace safety measures

If you continue to operate, adopt a "worker-first" mindset to protect your employees and your bottom line. Introduce enhanced health surveillance, physical distancing, protective equipment, and sanitizing, and ensure workers can stay at home if they feel unwell. Though this will slow down your processes, it can protect you from more expensive and lengthy closures in the future.

PRODUCTION continued....

Diversify production to make use of under-utilized manufacturing capacity

If your manufacturing output remains low, be adaptable and creative about how to take advantage of this. You can retool your manufacturing processes to diversify the types of products that you are manufacturing. For example, you can convert some capacity to developing products that are desperately needed by the community (like Covid-19 protective gear), or conduct R&D and test new product lines. Beware of shifting gears too quickly or drastically, as you may face compliance and liability risks or struggle with quality (and brand).

Reimagine your manufacturing capabilities

In extreme cases, you may need to rethink where and how your product is made. Companies that are able to move more quickly than their competitors may be able to capture a larger share of the pent-up demand. To assess new manufacturing partners, look at your product, market, and process demands. Explore local versus global manufacturing strategies, or a combination of both, based on your long-term needs. Take into account trade-offs between your growth plan, impact focus, lead times, quality, market access, and finally, disruption risks, before making a decision.

HOW?

Take swift action to stabilize your production capability, because taking the approach that “things are just running late” isn’t going to work. Monitor the situation and continually adjust. If you plan a manufacturing shift, check to see if the new products and/or production capabilities will be valuable to you in the short-term and the long-term as well. Assess how they might impact your bottom line, customer retention, or investor and stakeholder relations. Confidently pursue those changes that bring you dividends in the future.

DISTRIBUTION

Understand and mitigate distribution disruptions. Focus on channels you can control to regain momentum with distribution.

Centralize distribution efforts

If distribution routes have been disrupted or your distribution costs have increased, consider densifying distribution rather than going directly to each household, retailer or community. Prioritize supply and demand on a macro scale to reach the most high-demand locations and the most high-need customer segments.

Explore new delivery and pick-up partners

If your distribution capabilities are down, consider co-transport options with suppliers or competitors in order to bridge the gaps in service. If third-party alternative carriers and other logistics providers continue to serve your routes, try to piggyback on their efforts. Consider the possibility for customers to pick up the goods themselves; leverage “Uber-like” service models and think creatively about the use of unconventional logistics partners like motorcycle taxis or buses.

Tap into Covid-19 specific distribution channels

If appropriate, petition for your products and services to be considered essential items authorized for distribution. Consider trying to get your products included as part of new distribution efforts, i.e., as part of a food relief package put together and disseminated by governments (which traditionally includes fuel, grain, etc.)

Invest in new distribution capabilities

Identify new routes and ports and alternative ways of reaching customers, shops or sell-points. If you believe that your distribution capabilities will not recover easily, consider establishing parallel capabilities to your existing distribution model or introducing more permanent solutions. These include developing a network that leverages local partners, setting up a proprietary distribution network, or acquiring an existing network.

POINT OF SALE

How and where you sell may need to shift. Disruption of commerce is widespread and you must consider how to adapt your sales model to the new reality, in the short- and long-term. This will be particularly challenging if you have a high-touch customer model. A few tips to experiment with are below:

Modify points of sale to match new purchasing routines

How and where you sell may also need to shift. Try to understand how your customers' interaction with shops, markets or sales agents will change in the near future and in the long run. You may see a lot of change in what consumers, particularly low-income consumers, need and how much of a product they need. They may have also reduced the frequency, timing, and location of their shopping. There may also be a new member of the household who is doing the shopping. Assess what these shifts mean to you and how your shops, sales agents and overall sales presence need to shift to respond to these needs.

Introduce digital channels

Some may move from brick-and-mortar commerce to online commerce during the crisis. This unexpected shift in channels has created challenges for many companies, who need to assess the implications of the shift and move quickly to respond. First, consider how to move online and if this is possible (introducing virtual/remote engagements, mobile money payments, touchless delivery). Then assess how digital channels may change your unit economics and your ability to reach your target customer.

Broaden your concept of a “selling” place

Not all organizations can take their business online. For some products and for some customers, online channels may not work because they do not easily lend themselves to immediate consumption purchases, product displays, or new product trials, which may be important to your business model. In these cases you may need to develop a more long-term view of “place” that includes all potential outlets and points of distribution where consumers can find, evaluate, and purchase an offering. Consider new points of presence or using your existing sales points in creative ways.

Sell with others

Aggregating customer demand (online or offline) can be beneficial for your organization and customers. If you sell with other ventures and stakeholders, you may create opportunities for bulk purchasing, and maximize customer traffic. Joining a network, platform, or a cooperative that combines products in similar or complementary impact areas (that are non-competitive) may help to reinforce your value proposition and visibility, and to increase sales.

POINT OF SALE continued....

If you can't sell your product or service, track customer responses to its absence

If your customers cannot have your product or service due to point of sale disruptions, try to understand their reaction. Does the shortage of your product in the market mean that they are moving to competitors or alternatives? This can be valuable information for you as you prepare to re-engage the customer and re-imagine your product or service after lockdown.

Introduce safe interaction along the whole customer journey

As you begin to operate, carefully map all customer touch points and spread safety measures along this customer journey to minimize risk to your team and to your customers. Mark out locations of where customers can queue outside the shops, for example, to ensure they follow proper social distancing, or introduce curbside pick-ups. Adjust common social rituals like shaking hands or having conversations in proximity to one another, and adopt new rituals that allow for people to have more personal space. Educate your customer (via channels like WhatsApp or posters) to raise awareness and sensitize adherence.

HOW?

Monitor the situation and continually adjust. To succeed in this challenging time, you need 360-degree visibility along your value chain. Having an integrated plan is more critical than ever these days. Your production plan should match your supply plan (don't try to start producing anything before you can be sure of a supply of needed materials); your production plan should match your sales plan (only produce what you can sell); and your sales plan should match your production and supply plan (don't sell or promise what you cannot procure and make). Additionally, be reasonably transparent in sharing your plan and capability with your key supply-chain partners, so they can plan accordingly. Also, share your production plan with key customers so they are aware of what's coming and can also plan accordingly. Disruption presents a learning opportunity that may suggest reconfiguring your operational activities and shifting to a different state of operations.

YOUR TEAM

Support your employees

Employee challenges often emerge when an organization is put under stress. Covid-19 is likely pushing you and your employees to work in new ways and under unfamiliar circumstances. Understanding what your team needs, and leading them with the right structures in place, will be critical to your ability to deal with the crisis.

Physical safety

Emotional well-being

Productivity

Capabilities

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PHYSICAL SAFETY

Introduce measures for physical safety. Take decisive measures to protect employees and stop the spread of Covid-19 in the workplace. Identify all areas and job tasks with potential exposures and introduce control measures to minimize or eliminate risks.

Educate employees on Covid-19 risks

Provide training and share informational material covering prevention, symptoms, and potential responses. When possible collaborate and leverage training that other actors (like NGO's, government or unions) are conducting to effectively communicate important information. Make the training accessible (you may need to simplify concepts and use unique platforms to improve uptake and behavioral change), tailored (based on the needs of your unique organization) and continuous (provide refreshers and progressive upgrades, as needed).

Adopt protective measures in the workplace

Encourage employees to work from home if possible. To minimize interactions, introduce flexible working hours or staggered work shifts. For employees who commute to work using public transportation, consider offering transportation options (like ride-share). When operating, equip staff with personal protective equipment (PPE) such as gloves, sanitizers and masks. Maintain social distancing protocol by putting down markers on the ground at all point-of-contact sites (factory, distribution, sales points, etc.) Develop proactive health check-ups (such as temperature check-ins) and create self-reporting incentives for team members that feel unwell.

Introduce new policies at the organizational level

Allow employees, for example, to shift their hours so they can commute or be in the workplace during less busy times. Have policies in place to support staff that are feeling ill to stay at home. Develop a chain of notification and quarantine guidelines if an employee or a family member test positive to Covid-19. Assess what special provisions you need to introduce to protect people who are at higher risk for adverse health complications. Create back-ups for essential team members, in case they get sick and cannot perform duties.

HOW?

There are no cookie-cutter approaches to developing a safe and comprehensive back-to-work plan. You have to be diligent and balance your actions with your particular situation. Take into consideration four dimensions: the overall risk level in your business and community; incurred costs of implementing your plan over a long period; a potential scarcity of materials; and any resistance to implement or follow guidance by employees or customers, which you have to address to get appropriate buy-in and adherence levels from the outset.

EMOTIONAL WELL-BEING

Support emotional well-being. During this time of uncertainty, your team may be stressed and scared, which can have an effect on productivity and work culture.

Create open communication channels for your team and use them often

Set up effective internal communication plans that address staff concerns in relation to job security, compensation, isolation, and other immediate challenges. Lead all communications with compassion and transparency. Radically increase the frequency of communication to keep your team informed and engaged throughout the crisis. Provide actionable weekly updates on the strategies your leadership is pursuing to mitigate the situation and the impact on the business. Remember that your team is dealing with massive change and new channels of communication may be needed to encourage staff members to express their thoughts, feelings and experiences.

Maintain high morale

At a time when the organization is facing an uncertain future, make time to recognize and celebrate wins small and big, and do so visibly. Embrace belonging, shared goals, the common good, and when possible, focus on positives when communicating with your team. Encourage staff bonding and connectivity. Pair up people as quarantine buddies. Find creative ways to enforce company culture and rally everyone around your impact mission. Be particularly sensitive to people who have special challenges – such as those who live in a different country or care for young children.

Support continuous learning

Some research shows people feel more productive when learning new things. Bolster effectiveness by sharing learning and growth opportunities (online webinars or interesting information) with team members as a way to enable them to divert their energy into something that is useful and of interest.

PRODUCTIVITY

Introduce measures to increase team productivity. How you connect, enable, and lead your team during this difficult time is just as important as strengthening your organization from external shocks. Here are a few tips on keeping employees focused and productive:

Put purpose at the core of your strategy

More than ever, your team will need to feel inspired, find meaning, and feel the impact their work has on others. Help them refocus on your mission and make time to share your impact stories. Also create a link between organizational goals and the team's well-being. It will strengthen your culture and help everyone navigate organizational challenges with a shared sense of purpose during these uncertain times.

Fuel momentum by focusing on priorities

In times of uncertainty, you will need to help your team focus on the most essential things that need to happen in the short term. Clear all non-essential or now irrelevant tasks from the work plan and communicate the most important priorities for the organization and for each team member. Involve your employees in developing, managing and reviewing these priorities. Then break down these priorities into smaller, more manageable tasks to move quickly.

Set clear expectations and outcome-oriented goals

If your team is working in a distributed manner, you will need to make management more practical and simpler, whenever possible. Be explicit about employee responsibilities and set up clear work policies. If you are not already doing so, manage for outcomes, rather than for completing tasks or inputs. You can do so by setting meaningful milestones and incentives and tracking productivity against those goals.

Establish end-to-end communication flows

This is a time when information flows in the organization are more critical than ever. Provide open channels and incentives for employees to provide feedback and to share problems and solutions. Also develop processes for making quick decisions and clearing roadblocks. Make sure that channels exist for informal conversations; the type that would exist over coffee or happen spontaneously around the office. Do not neglect establishing channels that also enable customer insights to flow from the ground up to top leadership.

PRODUCTIVITY continued....

Develop organizational agility

Invest in developing your organizational structure around smart and versatile teams that can move quickly and independently. Share decision-making power with employees, and revisit decision-making processes so you can more quickly respond to shifting market forces.

Restructure roles to match new needs

You may find that some job responsibilities are no longer relevant and that new priorities have emerged in their place. Revisit your organizational design, assess who is in charge of what, and redeploy resources to match emerging needs. Create room for people to be creative.

HOW?

Building talent and managing productivity are two major challenges for all first-time founders. Doing so remotely in the midst of a crisis is a whole other ballgame. You need to take the time to rethink the scope of your organizational activities and how you need to transform your team to deliver throughout the crisis. Understand that there is a learning curve to achieving a deeply productive and engaged workforce, but start early because the investment will pay off in the long term.

CAPABILITIES

This is your time to challenge legacy ways of working. Understand that alongside building skills you need to address underlying behaviors and mindsets. Don't expect transitions to be seamless; instead put a plan in place to support your team.

Invest in new communication and technology infrastructure

What kind of permanent and secure infrastructure does the organization need to invest in (hardware, software, training) to enable and facilitate operations in the new reality? A few types of technology solutions you may consider adopting are storage tools (e.g. Dropbox, Google Drive, etc.), communication tools (WhatsApp, Skype, Zoom, etc.), project management tools (Slack, Trello, etc.), collaborative working tools (Mural, Mindmeister, etc.), customer relationship management and data management tools (Salesforce, etc.). Be careful of overwhelming your team; start where you most need it, pilot and then deploy more widely.

Continue to nurture and attract talent

Keep an eye out for the employees that are stepping up at this time since they may be your future leaders. Develop opportunities for team members to explore their talents and expand on their interests. Even if you cannot hire, be creative about how you can recruit new talent to help you put together the right team you need to overcome the crisis. A few low-cost examples may include recruiting interns, finding pro-bono advisors or hiring high-quality freelancers. Sometimes identifying temporary talent can help you overcome the immediate talent or capacity gaps in your team.

Equip and upskill your team

Your workforce will need extra information, guidance, and support to navigate the novel set of challenges, the new technologies, or the new work assignments they face. Assess if there any bottlenecks or barriers that need to be removed to increase performance. What resources or processes would allow them to move faster? First, identify the technology, technical, or cognitive skills that your recovery plan depends on. Next, prioritize the gaps you need to address most immediately and select the right candidates for re-skilling. Then, leverage as much internal and external support as you can to build up competitive talent. For example, how can you help your sales force do their jobs remotely?

YOUR CUSTOMER

Support your clients/beneficiaries

A crisis can be the chance to learn more about your customers. This knowledge can help you navigate a new path forward to add value and serve them better.

Communication

New insights

New strategies

COMMUNICATION

Be visible to your customer base. Rethink the customer experience interface and use customer touch points to communicate and create visibility for your business.

Be visible to your customer base

To avoid unnecessary customer frustration or inconvenience, communicate clearly, succinctly and often. Ensure your current and potential customers are up to date regarding any potential changes to your operations, your product or service availability, or any new promotions or pricing strategies. Use communications to share all customer health and safety measures you are undertaking.

Enable two-way communication, motivating customers to reach you directly

If you don't already have platforms that enable customers to interact with you, now is the time to set them up. Use multiple channels and consider offering increased telephone, SMS, and WhatsApp support. Collect and respond in a timely manner to questions, concerns, or requests, but also create space to enable idea gathering and insightful conversations. Also, consider setting up customer-driven forums, so customers can interact and support one another.

HOW?

If possible, use existing channels. Set up periodic news via press releases or newsletters for quick and effective updates. In cases where customer literacy levels are low, consider using interactive voice response (IVR), TikTok, imo (video calling and chats), or recording videos where the founder speaks directly. Also consider sending messages via credible local networks to strengthen trust and provide reassurance.

NEW INSIGHTS

Collect data to understand how the crisis has impacted your customer base. It is imperative to gain insight into how your customers are feeling and the challenges they are facing so you can move to fill the gap. Cultivating loyalty, when done right, will have huge payoffs. Recognition and communication will make customers more likely to stick around as they build a sense of "ownership" of your brand. Look out for insights in the following categories:

Track shifts to customer well-being

If your customers are from low-income communities in underserved markets, their income streams and livelihoods may be adversely affected. Use your customer review to understand the health and the financial situation of your customer base, and what this means for your business.

Understand changes to customer needs

What are the customer priorities at the moment? Fundamental shifts to priorities could include starting to spend more time at home, more value on local goods, more emphasis on hygiene and health, or greater emphasis on family security. What new unspoken needs and aspirations can you identify?

Understand shifts in customer behavior

Due to the situation, people are changing what they do and how they do it. Try to assess how your customers are adjusting their behavior and their consumption patterns in the short and the long term. What new habits are they forming? Are they, for example, moving more readily to digital channels? Try to distinguish increased, postponed or disrupted consumption, and new, more permanent patterns of behavior.

HOW?

The customer needs-assessment and relationship-building activities described above are intensive and require considerable human and financial resources. Make information gathering an organization-wide priority. Is it possible for all team members, including your sales team and your leadership, to have strategic, direct conversations with valuable customers? Consider also deploying low-cost and lean methods for surveying and gathering feedback. Remember to make each interaction with your customer relevant, interactive, informative and not intrusive. For tips see 60 decibel's Remote Survey Toolkit or J-PAL's Best Practices for Conducting Phone Surveys.

NEW STRATEGIES

This is a time for founders to roll up their sleeves and jump into the trenches. It is important to make strategic decisions based on information and customer data, rather than fear and gut instinct. Good customer relationships are a two-way street. You have an opportune moment to gain attention and bond with your customer so you can come out in a stronger position after the pandemic abates.

Remain inclusive and when possible, give back to the community

Targeted actions like developing customer experiences focused on increased health and safety, eliminating late fees, allowing longer grace periods, or passing on cost-savings to price sensitive customers, may go a long way to building loyalty to your brand.

Double down on existing customers

Consider shifting your focus even more toward existing customers (versus finding new ones). Increase responsiveness to their needs and enhance the customer experience so that you retain them. Positive engagements can turn customers into brand ambassadors. A stronger bond now can be a base for growth in the future.

Help your customers make the digital journey

It is likely that Covid-19 will drive significant adoption of e-commerce in most markets, including low-income ones. As such, when possible, use existing platforms and tools to launch online operations. Some customers may already have a strong digital footprint, but others will struggle with the transition, and without support, will be left behind. Organizations that help customers make the online transition will be more competitive. When you see a usability gap, work with others to develop customer capabilities and adoption. When you can, use local languages and/or a digital iconography. You may need to bridge technology infrastructure gaps, for example, by supporting internet access or providing tools, like smartphones to shop owners, sales staff, etc.

HOW?

Do not lose sight of your impact focus and develop a plan to support your customers. Demonstrate empathy toward the customer and look for ways to help and add value. What can your organization deliver that will serve their current needs or address their anxieties? Customer-centric organizations will be better positioned in the long run, so you need to find new ways to reach, connect and meet evolving customer needs.

YOUR BUSINESS

Strengthen and reimagine your capabilities

The crisis is also an opportunity for metamorphosis, a time when you can begin to reimagine how to future proof your business. If you are an early-stage enterprise with unproven unit economics or are still searching for true product/market fit, this may be a good time to step back and make changes.

10x your product

New platforms

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10X YOUR OFFERING

10X your product or service offering; grow it ten times beyond its current reach. Does your value proposition — or if you are a later stage company, your product-market fit — still stand? Do not assume that your buyers still need and want what you are selling. Remember that there is no fixed or ideal product; there is only a solution that fits the customer's needs.

Improve your offering

Shift from product and service lines with falling demand to ones that are less affected by the crisis. Develop a roadmap to improve your product features and think of ways to differentiate your product from existing solutions.

Diversify your offering

If your business has the necessary resources and skills, you can shift between sectors. Experiment with temporary add-ons.

Develop new products or services

The crisis may have created new massive supply / demand imbalances and may have changed the way your sector works. Pay attention to underserved segments or unmet needs. Are there other products or services that are more resilient to the current environment that the company can produce/deliver?

Develop a new brand around a new value proposition

Rework your positioning as much as possible in response to observed customer behavior and new insights you have gathered. Your marketing language should be quickly recrafted around a holistic value proposition that includes these new emotional, economic, health and community value drivers.

HOW?

Innovate in ways that are high impact and mission relevant. Position yourself to take advantage of unexpected or latent opportunities. Short-sighted PR stunts or crafty marketing campaigns during times of real societal distress will have a negative impact on a company's long-term marketing strategy, and should be avoided at all costs. Innovating is about providing new value to your customer, community, and stakeholders – as well as the organization itself.

NEW PLATFORMS

Consider using new platforms to amplify your business. Do not assume that current channels of generating revenue and reaching customers will continue to be relevant in the future. Re-validate all of the basic elements of your strategy, from your solution's impact, to who your key customers are, and how you will reach them, since all of this might have changed. Then, map out your strategy along the "new" channels that will emerge and the new pain points that your customers have developed.

Develop new channels

Innovation in this dimension involves creating new points of presence or using existing ones in creative ways. Increase the use of new digital and nondigital touch points to broadern availability for purchasing.

Consider new infrastructure

Leverage or repurpose your existing capacities. What are your comparative advantages that you can deploy to grow your footprint? Consider repurposing technology, networks, or unused bandwidth.

Leverage new networks

Understand ecosystem shifts. Government will play a key role in the next year; leverage this and seek partnership with government agencies.

Consider new partners. New players may have emerged, while others may have disappeared. Look at your competitors; are you in a stronger position than they are? Consider momentarily joining forces or merging with them to ensure survival through the crisis. Find a new partner that could deliver your product in stores and to other geographical locations. Consider combining operations with partners or complementary ventures to lower costs, share support functions, and create economies of scale.

If you have read through all or parts of “Manual to Land” and you have questions or need help applying the content in your context, please don’t hesitate to get in touch.

The “Manual to Land” is part of a broader resiliency project of MIT D-Lab Scale-Ups program and we welcome your feedback and hearing about your stories.

Email your thoughts to repishti@mit.edu

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