COVID-19 and Entrepreneurs in the Developing World:

Supporting Business Survival and Recovery
Table of Contents

Introduction ............................................................................................................................................................................. 3
I. Challenges Facing Micro and Small Businesses... 4
II. Responding to the Crisis: Helping Businesses Survive ........................................................................................................... 6
III. Recovery: Helping Entrepreneurs Return to Growth ......................................................................................................................... 13
Supporting entrepreneurs is more vital now than ever.

As the impact of the COVID-19 pandemic grows, it is threatening the survival of micro and small businesses across Latin America, South Asia, and Africa. Quarantines, shelter-in-place orders, social distancing, and cascading economic impacts make it difficult for many of these enterprises to carry out business.

Nevertheless, it is vitally important to save these businesses. Micro and small businesses form the backbone of emerging economies: according to the International Labor Organization, approximately 90% of employment in Sub-Saharan Africa and South Asia is in enterprises with fewer than 49 employees, as is 75% of employment in Latin America and the Caribbean. Small shops and other micro-retailers are an essential source of basic goods and services—more important now than ever—for vulnerable communities, reaching populations often overlooked by larger firms and serving as a vital link in food supply chains. Furthermore, the survival of these businesses has important implications for sustaining gains made in advancing women’s economic empowerment and gender equality: in Africa, for example, more than 50 percent of women in the non-agricultural workforce are entrepreneurs, and women in the region are far more likely to be entrepreneurs than men.

While micro and small businesses are vital, they face immediate threats to their survival and a difficult road to recovery. As entrepreneurs grapple with how to meet dramatically shifting market demands, reach their customers in an era of social distancing, manage new staffing challenges, secure their finances, and confront the stress of the moment, the prospects for their businesses may appear difficult.

But the situation is not hopeless. We know that timely, well-targeted support can make all the difference in a crisis. When unrest rocked Nicaragua’s economy in 2018 and 2019, GDP fell by nearly 9%, and more than a quarter of jobs in the formal sector disappeared, according to official figures. 30% of small and medium-sized enterprises went out of business, according to the country’s Chamber of Industry. However, among companies participating in Impulsa tu Empresa—a business accelerator run by TechnoServe, with the support of the Argidius Foundation—87% of firms survived the crisis and 83% of the jobs they supported were saved. The entrepreneurs estimated that, on average, their sales would have fallen an additional 26% without the advisory services, tools, and training they received through the program.

We also have early evidence from a TechnoServe program in Mozambique that business counseling provided during the COVID-19 pandemic has helped entrepreneurs keep imperiled micro-enterprises open and re-open ones that had been shuttered during the first days of the crisis (see box on pg. 14).

What kind of support do micro and small businesses need at this moment? As the Aspen Network for Development Entrepreneurs highlighted in its issue brief, while small businesses will need access to flexible financing, this must be matched with non-financial assistance focused on building essential skills necessary for navigating the crisis. In March, we published a first version of this guide, suggesting forms that this non-financial support could take when needed, and we have learned much more over the past two months, as 25 TechnoServe programs have worked closely with thousands of entrepreneurs in developing countries to confront the crisis. Our learning journey will continue, but we want to share our insights, recommendations, and examples, based on TechnoServe’s past experience, interviews with program managers, and surveys of nearly 1,300 entrepreneurs across Latin America and Africa.

At this moment of crisis, we must help businesses adopt a survival mindset, develop financial resilience, and adjust their business model to changing market needs and opportunities. If we are able to provide that support, these essential firms will be able to survive the crisis and lead the economic recovery.
I. Challenges Facing Micro and Small Businesses

While the impacts of the COVID-19 pandemic on business can vary significantly based on an enterprise’s sector, location, and business model, it is clear that entrepreneurs around the world are confronting a challenging situation. Our programs conducted a series of surveys assessing the impact of the crisis, reaching a total of 1,298 firms from across Latin America and Africa, and the results paint a dire picture. Among businesses that were asked about their sales, 56% had experienced a decline, with an average drop of 52%. 41% of surveyed firms have laid off employees or plan to shortly, and 32% of businesses have halted operations completely. Firms also anticipate difficulties in the future: 60% of those polled reported that they would face liquidity challenges over the next three months, jeopardizing their survival unless they received financing.

What factors are generating these impacts? We've identified several common challenges.

Declining sales

- Lockdowns, movement restrictions, and social distancing have made it difficult for firms to physically reach customers, as shops and offices are closed.
- As the economic shock moves through the population, customers are adjusting their spending habits to cut back on non-essential goods and services.
- Specific activities, such as travel and events, are considered virtually impossible to carry out safely.

Operational challenges

- Social distancing guidelines are creating operational challenges as firms struggle to safely accommodate their employees in the place of work.
- Securing a supply of goods may be difficult due to restrictions on mobility and the limited availability of transportation.
- With school closures and an increase in household demands, business owners—and most frequently women entrepreneurs—may face challenges dedicating time to their entrepreneurial activities.
- Because many firms lacked remote work strategies prior to the crisis, they have faced difficulties shifting to this way of doing business and managing operations remotely.

Financial strain on the business

- Cash flow challenges emerge due to declining sales and operational difficulties.
- Entrepreneurs have difficulty accessing working capital due to reduced lending (although new aid is becoming available).

Personal stress

- Some entrepreneurs struggle to adapt their mindset to the current challenge and manage their fears, personal stress, and concerns about the business.
- Entrepreneurs must also manage the concerns and stress of their employees.
- Uncertainty about how the situation will evolve makes it difficult to plan for the future.
- The stress makes it harder for entrepreneurs to make the numerous difficult, time-sensitive decisions that are necessary to navigate the crisis.
MICRO-RETAILERS: ENSURING FOOD SECURITY AMID THE CRISIS

A recent poll found that 80% of respondents across Africa feared that they would be unable to access enough food during the COVID-19 pandemic. Micro-retailers like Caroline Moses are on the frontline, working to make sure that doesn’t happen. The 23-year-old entrepreneur runs a corner shop, or duka, in a town outside Nairobi, Kenya. Micro-retail outlets like Caroline’s are where base-of-the-pyramid consumers typically purchase their food and other essential items; in Nairobi, 80% of basic goods are sold through these shops. They also serve as a vital source of income and employment in marginalized communities and provide an avenue for economic opportunity for women.

But the COVID-19 pandemic is creating a unique set of challenges. Curfews are restricting the hours when shoppers can visit the store and when merchandise can be transported to the store; demand for certain items has surged, and the stores are having trouble keeping them in stock; and entrepreneurs have had to implement new procedures, ranging from increased use of mobile payments to the use of alcohol gel. Some of Caroline’s customers have left the urban area for the perceived safety of their rural hometowns, while others have seen their incomes evaporate in the economic crisis.

“My business has been hit hard by COVID-19, which has brought about so many challenges to us duka owners,” Caroline said. Her sales have fallen 50% as a result of the crisis.

The impact Caroline identified is common to micro-retailers, according to a TechnoServe survey of 240 shop owners in Kenya, Tanzania, Côte d’Ivoire, and Nigeria. These micro-retailers reported that their average number of daily customers fell from 41 to 23 with the on-set of the crisis. More than half of the respondents listed low sales as their primary concern, and more than one-third said that they were concerned about their ability to keep their shop stocked going forward. Among businesses that had employees, 20% have already suspended or laid off staff.

To address these challenges, TechnoServe’s Smart Duka program has provided remote support to shopkeepers like Caroline, providing training and creating WhatsApp groups for the entrepreneurs. “My trainer has connected the shop owners in my region with different suppliers and manufacturers, making it easier for us to get the products we weren’t getting from our usual suppliers. Through TechnoServe, we have created a WhatsApp group where our trainer is sharing training materials... We are also reminding ourselves of precautionary and health-related measures to undertake to avoid contracting or spreading the virus when we serve and interact with customers and suppliers,” she said.

Micro-retailers in Kenya are also leaning on business groups that were organized with TechnoServe’s assistance. These groups help to coordinate purchases and often act as savings groups, collecting small weekly contributions from members and providing rotating loans to help shopkeepers access cash.
II. Responding to the Crisis: Helping Businesses Survive

The immediate crisis requires an immediate response. To navigate this difficult period and help businesses position themselves for the recovery phase, we’ve created a framework for how our entrepreneurship programs should respond:

*Reset the goal to business survival*

In times of economic stability, TechnoServe’s entrepreneurship programs help enterprises identify and seize new business opportunities, and the focus is on growth: improving profitability, increasing sales, and expanding community impacts like hiring and sourcing from local suppliers. In a crisis like the coronavirus pandemic, however, that kind of growth is often impossible. It’s essential that programs re-orient their short-term goals to helping businesses survive. Once the crisis passes, business can shift to the recovery phase, and programs can then return to their focus on growth.

The decision to focus on business survival is the vital first step, because it guides the kind of advisory services programs offer. In our experience, it is important to:

- Start a dialogue with donors, project partners, and other stakeholders to share the challenges that the businesses face, build consensus around the new focus, and develop new targets and indicators. We have seen that funding partners are eager to understand the situation on the ground and receptive to adaptations that address the crisis.
- Reach out quickly to entrepreneurs to let them know that the project will continue to support them and focus on helping them weather the crisis. Time and again, we’ve heard from entrepreneurs that one of the greatest contributions of the programs was the peace of mind that came from knowing that there was someone there to help them during a time of upheaval.
- Rally all program staff, including business advisors and others, around these new goals

*Adapt the program to meet new needs*

Shifting from a growth orientation to a survival orientation has important implications for programs. At TechnoServe, our entrepreneurship projects help micro and small businesses build skills to better manage their businesses and seek new market and funding opportunities. During a crisis like COVID-19, these levers continue to be important, but each one
needs to be adjusted to fit the evolution of the operating environment and the needs of entrepreneurs. Based on an initial conversation with the entrepreneur, programs can provide tailored advisory services. Our business survival toolkit will help entrepreneurs to build a mindset for weathering the crisis, carefully manage their finances for resilience, and adapt their business model.

**TECHNOSERVE’S CRISIS TOOLKIT FOR ENTREPRENEURS**

To help guide business advisors and programs to support entrepreneurs in crisis, TechnoServe created a seven-step toolkit for responding to the crisis. It provides a framework and process that allow the entrepreneur and advisor alike to focus on the most important questions and actions.

**STEP-BY-STEP CRISIS TOOLKIT FOR SUPPORTING ENTREPRENEURS**

1. **Building a mindset for survival**
   
   One of the most pressing issues is addressing entrepreneurs’ new emotional needs. When faced with a crisis like the COVID-19 pandemic, entrepreneurs (like the rest of) can often feel overwhelmed, distracted, or defeated. This strain can lead to business challenges, as entrepreneurs (and staff) face a kind of “analysis paralysis” that prevents them from making key decisions. Programs need to address these psychological needs. They can do this by creating a safe space for entrepreneurs to share their experiences and concerns, lifting their spirits, and helping them to focus on addressing the most urgent problems they face without jeopardizing their post-crisis future. It’s important to create channels for peer support among entrepreneurs, which has proven to be particularly effective for these purposes.

2. **Financial management for resilience**
   
   Having a clear picture of a business’s financial position and being able to make sound decisions based on the numbers are always important skills, and they become indispensable in a crisis. We should help entrepreneurs:
   
   - Evaluate the financial status of their business in the current situation, with particular focus on liquidity
   - Analyze the business’s break-even point and estimate the financial impact of different scenarios
• Find potential measures to improve cash flow to help the business survive, such as cutting non-essential costs, reducing the mark-up for selected products and services in order to maximize sales, or negotiating more flexible terms with suppliers

• Prioritize these financial measures based on the ease of implementation, impact and risk of jeopardizing the future of the company

• Gather information about government aid, grants, and deferred tax collection

• Identify bank initiatives to make loan repayment terms more flexible and other programs offered by the private sector and civil society to help small businesses

It’s important to note that laying off staff is an excruciating decision for entrepreneurs struggling to keep their business alive. To the extent possible, we help entrepreneurs identify opportunities to reallocate staff to new, vital roles—for example, a restaurant shifting waiters to food delivery—to avoid losing key personnel and jeopardizing the long-term profitability of the company. It is also important to consider that government aid is becoming available in some countries.

3. **Revisiting the business model and Identifying new revenue opportunities**

Entrepreneurs show a remarkable ability to identify new channels, approaches, products, and services that meet the needs and purchasing abilities of consumers in a crisis. Programs should encourage this kind of innovation. Entrepreneurs in our programs have:

• Shifted from product and service lines with falling demand to ones that are less affected by the crisis. This often happens between related businesses, like a sit-down restaurant shifting to food delivery. However, if a business has the necessary resources and skills, it can shift between sectors; for example, a handicrafts manufacturer we worked with in Nicaragua started producing food when demand for crafts fell.

• Identified new sales and distribution channels that were able to reach consumers in spite of curfews and travel restrictions, such as online marketing and/or door-to-door delivery

• Positioned their business as a safe place to shop; for instance, micro-retailers have addressed the current pandemic by discouraging the use of cash and making hand sanitizer available in their stores, among other measures.

• Redefined their relationship with the supply chain to ensure access to key products and ingredients (see text box on pg. 15)
**In Benin, Finding New Sales Channels**

When fears of the COVID-19 pandemic reached the community of Natintingou in northern Benin, they created a new problem for Djamaloul Dine Alidou. Alongside his wife, Safiatou Suery, he runs a small agri-business, selling eggs, chickens, and guinea fowl to local residents from the couple’s farm. But with fears of the virus rising, shoppers stopped visiting the farm. “I was very panicked about having all of my products in stock with no market to sell them in. I also had to face the expenses of buying feed and paying salaries,” he recalled.

With the encouragement and support of his business advisor from the BeniBiz program, Djamaloul developed a new strategy for reaching his customers. He started offering home delivery of the eggs and poultry, using strict safety protocols. He also started using social media and WhatsApp to share recipes, safety recommendations, and other marketing information with his clientele. These are all good marketing practices that will help Djamaloul to not only weather the crisis, but also move forward in the recovery phase and grow his business. To diversify his income, he also began selling chicken to local supermarkets, and he planted a market garden so that he can sell vegetables.

As a result of these different strategies, Djamaloul has been able to maintain his monthly sales levels despite the disruptions to the local economy and shopping behavior. “I am very encouraged to have regained my customers—and reached new customers—through my new sales strategy,” he said.

**Providing remote support**

As programs change the content they are sharing with entrepreneurs, they must also change how it’s delivered. With social distancing and other protocols making it difficult to offer many forms of in-person support, the question is how to effectively provide these to entrepreneurs remotely.

We recently published research, *Supporting Entrepreneurs with Digital Tools: How to Make Remote Learning Impactful*, about moving program support to remote delivery. We have also worked with our programs operating in resource-constrained environments, where entrepreneurs don’t have access to a laptop and internet connection and support must be tailored for delivery by phone, radio, and other channels.

As a result of these experiences, we have identified some guiding principles for the use of technology in the survival phase:

1. **Choose tools that are accessible and easy to use.**

During the immediate response, there is not time to build bespoke solutions or introduce complicated platforms; it’s better to harness tools that entrepreneurs already use. First, understand how the target audience engages with technology: if you don’t already know which tools entrepreneurs in your program use or could use, it’s important to quickly gather that information. To facilitate that in our programs, we developed a simplified model with four user profiles:

<table>
<thead>
<tr>
<th></th>
<th>User profile 1</th>
<th>User profile 2</th>
<th>User profile 3</th>
<th>User profile 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Literacy</strong></td>
<td>Illiterate</td>
<td>Semi-literate</td>
<td>Literate</td>
<td>Literate</td>
</tr>
<tr>
<td><strong>Access to technology</strong></td>
<td>No phone</td>
<td>Feature phone</td>
<td>Smartphone</td>
<td>Smartphone and computer</td>
</tr>
<tr>
<td><strong>Access to internet</strong></td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>
• Be sensitive and responsive to the persistent disparities in men’s and women’s access to and use of digital tools.
• Find solutions that allow projects to deliver 1:1 advisory, peer-learning activities, and individual learning that suit the profile of the assisted entrepreneurs. The same project might need to reach entrepreneurs who fit different profiles; for example, programs working with micro-entrepreneurs in Mozambique and Kenya are using both WhatsApp and text messages to reach entrepreneurs according to the kind of phones and access to internet that each participant has.

2. Keep advisory and training short, and maintain a structure
Program activities like advisory and training sessions will likely need to be shortened as they move online, because the attention span for remote support is shorter than for in-person activities. This will also accommodate the challenges women and men may be facing in juggling business and household demands. Entrepreneurs also benefit when courses maintain a consistent structure. Our experience suggests that programs should:
• Design a predictable and efficient course structure, featuring modules with a limited number of learning objectives to be covered weekly or bi-weekly. Design a sequencing of activities that is repeated in each module.
• Keep webinars and one-on-one advisory sessions as short as possible (while the limit will depend on context, we have found that anything longer than 90 minutes has been too long), and keep the total time demands on the entrepreneurs reasonable.
• Check in more frequently with entrepreneurs than you would in-person, in order to make sure that they are engaged.

3. Using effective teaching and advisory practices is now more important than ever
Even though the channels through which you are communicating have changed, it’s important to continue using effective adult-education principles in remote support. One of the most important of these is to make the support interactive.
• Design the program along learning stages to help the participant achieve behavioral change: help the participants to be prepared and eager to learn (for example, by connecting the content with their aspirations), let the participants discover the topics at a basic level, then allow them to practice the new skills and abilities, and finally support participants to apply the new skills in their lives and develop new habits.
• Find ways to make the entrepreneurs participate actively; this could mean asking entrepreneurs to respond to questions via text message, post a video of themselves performing a new task, or share their experiences with the group.
• Be selective with content: it’s important to prioritize just a few key learning objectives and to convey these as simply as possible. Select skills that drive impact, are achievable, and are urgently needed.
• Measure your results, which can mean tracking not only engagement, but also learning, adoption of best practices and results. Use monitoring information to course correct and become more effective over time.
SUPPORTING WOMEN’S ECONOMIC EMPOWERMENT DURING AND AFTER THE CRISIS

The COVID-19 pandemic is a stark reminder that while gains have been made in closing gender gaps between women and men, significant underlying inequalities exist. Applying a gender lens to our response means focusing on strategies that will enable women business owners to continue to operate and employ others. It also means securing women’s ability to earn and control their income and strengthen their economic decision-making through the crisis and beyond.

The pandemic is creating new threats to women’s economic empowerment. Women are likely to take on most of the additional childcare and domestic tasks generated by the pandemic, leaving them with less time to spend on their business. As business and household finances are stretched, women entrepreneurs are more likely to see their assets sold off or businesses shuttered because of their weaker decision-making power and the value placed on men’s role as income earners. As training and support move online, women are more likely to be excluded from these resources due to the gender gap in internet use. And with quarantine conditions increasing rates of gender-based violence, women entrepreneurs are at increased risk of suffering violence, abuse, and emotional strain.

As a result, our consideration needs to include four key gender principles:

1. Ensure that support reaches women entrepreneurs: Tailor remote support to the digital tools available to women and men and add digital literacy training to address differences in knowledge and use of digital tools. Monitor participation using sex-disaggregated data.

2. Protect women’s income and assets: Promote financial tools that allow women to protect and save income, and share financial management tools that households can use to manage cash flows and financial assets in order to enable their economic recovery.

3. Address women’s disproportionate responsibilities in the home: Now is the time to shift rigid gender norms and encourage men to take a greater role in household activities and value women’s economic contributions. Promote sharing of household responsibilities to free up women to spend more time on their income-generating activities.

4. Provide resources about gender-based violence: Programs should identify agencies, organizations, and initiatives that can help people in situations of gender-based violence and provide this to entrepreneurs as needed.

Interventions that apply a gender lens and incorporate these key principles can help ensure that the pandemic does not widen the gender gap and that the crisis does not derail efforts to support women’s economic empowerment. Sex-disaggregated survey data from TechnoServe’s Impulsa tu Empresa and Crece tu Empresa programs in Central America, for example, show that women participating in those projects have not suffered greater impacts on their businesses than men as a result of the crisis, and in fact feel more optimistic about their businesses’ financial situation.

We know that men and women will be affected in both similar and different ways throughout this crisis. Our responsibility is to collect data that enables us to learn how and to make evidence-based decisions that support both women’s and men’s survival and recovery.
Engage the ecosystem

The coronavirus pandemic is a new challenge for micro and small businesses, and no single organization has all the answers for how to address it. That’s why it’s more important than ever to build partnerships and sustain dialogues between implementing organizations, governments, foundations and donor organizations, the private sector, convening organizations, and others in the entrepreneurial ecosystem. Working together, we can:

- Provide practical, on-the-ground information for organizations to use in their grantmaking processes
- Help financial institutions and private-sector actors tailor their services to micro and small businesses in difficult situations
- Make available information about complementary services to help entrepreneurs deal with the health impacts of crises (e.g., suicide, depression, violence)
- Build the case for policies that support entrepreneurs in times of crisis
- Facilitate the communication of new government policies and procedures to entrepreneurs
- Prepare our organizations for future crises

To identify effective practices within our programs and promote their adoption across both our own organization and the broader ecosystem, it’s vital that we capture accurate, sex-disaggregated data about how women and men entrepreneurs are being impacted by the crisis and our responses to it.
III. Recovery: Helping Entrepreneurs Return to Growth

At different times in different places, the most acute phase of the crisis will end. The spread of the virus will slow and the health risks will ease. The lockdowns will be loosened and then lifted. But the situation that will greet entrepreneurs will not be the pre-pandemic reality. The world will have changed, and if we want micro and small businesses to grow again, entrepreneurs and the organizations that support them must change with it.

Remain flexible

During the survival phase, the most successful enterprises are those that adapt fastest to the new situation. Entrepreneurs will need to continue with this mindset during the recovery phase, as they will be traversing a new and unfamiliar economy with new market behaviors and limitations.

Entrepreneurs cannot fall into the trap of thinking that just because their business was successful before the pandemic, that will be the case after. Instead, entrepreneurs will need to keep monitoring trends and adapting accordingly.

- Listen to the market and revise the business model: The ability to read the market and identify new opportunities will be critical, as the economy and the behavior of consumers and businesses will change. A tool such as a business model canvas can be very helpful for making adjustments.
- Pay attention to cash flow: To enable the kind of agile, timely decision-making that’s needed in the recovery phase, entrepreneurs will need to be vigilant about tracking the money flowing in and out of their business each month.

Imagining the new normal

While it’s impossible to precisely predict how the post-pandemic world will look, we are already observing certain trends, and it will be important for entrepreneurs and the entrepreneurship ecosystem to keep these in mind:

- Digital business models and e-commerce: McKinsey has called this crisis an “inflection point” for the shift to digital commerce channels, and that also applies to emerging markets where the digital revolution has been slower to reach many businesses. Both consumers and businesses have become more comfortable with e-commerce over the past weeks and months, and businesses can’t afford to overlook these channels during the recovery.
- Remote work: Similarly, many businesses have been forced by circumstances to adopt remote work for the first time and have found that it has many advantages. Making work-from-home an option will allow businesses to reduce expenditures on rent and increase flexibility.
- Local supply chains: As the Financial Times reports, the disruptions to global trade generated by the pandemic have led many policymakers and business leaders to prioritize developing local supply chains. In many emerging economies, this will create new opportunities for small and medium-sized firms that are able to forge connections to these networks.
- Evolving customer values: In the recovery phase, as COVID-19 remains at the top of many customers’ minds, safety will remain a priority, and fortunately, consumers also seem to be placing greater emphasis on sustainability.
- More active role for the state: It’s likely the public-sector assistance and global aid will become available to help micro and small businesses navigate and recover from the crisis. It is important that entrepreneurs keep track of the support available to them.
When the Business Women Connect program, a partnership between the ExxonMobil Foundation and TechnoServe, surveyed its participants in Mozambique—women micro-entrepreneurs running small retail posts, hair salons, bars, and restaurants—on the impact of COVID-19 in early April, there were some startling results. Due to an array of restrictions designed to control the pandemic, as well as changing consumer behaviors, the women’s businesses were disrupted: 37 of the 144 entrepreneurs had already closed their enterprises, with another 29 anticipated doing so within a month.

But the situation had changed when the program surveyed the entrepreneurs again in early May. Of the businesses that had been closed, 59% were back up and running, and among the entrepreneurs who had predicted that their businesses would close, 90% were still operating a month later.

What happened? With the support of business counselors who provided support through phone calls, text messages, videos, and audio messages, the entrepreneurs had found ways to adapt their businesses to the situation. Among the strategies used were:

- Diversifying lines of businesses: for example, bars reinvented themselves as neighborhood grocery stores
- Negotiating discounts or postponed payment of rent
- Shifting to products and services that the markets demanded: shops stocked up on staples; restaurants moved to selling essential food products or preparing meals based on pre-orders (to avoid losses); salons that previously washed, braided and dried hair started selling hygiene products and wigs; and tailors started making masks made from African print fabric
- New sales channels, especially home delivery of services
- Entrepreneurs found ways to efficiently work from home
**How organizations can support entrepreneurs in the recovery phase**

To help entrepreneurs navigate the recovery phase and return to growth, programs should offer support in a few key areas.

- **Provide inspiration**: Rebuilding a business in a difficult situation is a daunting process, and it is easy for entrepreneurs to feel dejected at a moment when their fortitude is vitally important. Programs need to address this; they can, for example, ask entrepreneurs to think of people in their own lives who have been resilient in the face of adversity to serve as inspiration.

- **Increase the focus on business modeling and identifying emerging trends**: These are essential skills for entrepreneurs and a core part of the curriculum for incubator and accelerator programs, but even experienced entrepreneurs should revisit tools like the business model canvas.

- **Facilitate peer support**: Entrepreneurs are often the best people to provide emotional support and practical advice to other entrepreneurs. This could take the form of a more formal mentoring program, or it could be facilitated through a simple WhatsApp or Facebook group.

- **Continued focus on women’s ability to participate and benefit from programs**: As we move into the recovery phase, we must continue to work to ensure that the channels, timing, and location for our support services allow women entrepreneurs to fully participate; that households divide domestic responsibilities more evenly; and that women have access to the financial and productive assets they need to grow their businesses and weather future shocks.

- **More remote delivery**: Programs that shifted quickly to remote support during the crisis should take the opportunity to improve their digital and remote tools during the recovery phase. Continued restrictions may make it difficult to deliver some kinds of in-person support, and remote delivery can also be more efficient and convenient for time-strapped entrepreneurs.

- **Greater engagement with the ecosystem**: Just as entrepreneurs need to listen to the market and adjust based on what they learn, organizations need to remain in learning mode, sharing insights with other stakeholders in order to adopt best practices and improve results.

**FROM SURVIVAL TO GROWTH**

The experience of Nicaraguan cheese manufacturer Las Delicias during the 2018-2019 political crisis highlights how businesses can shift from survival mode to a profitable recovery. With roads blocked, the company struggled both to source milk from the countryside and reach buyers with its cheese. Owner Idalia Medina solved the supply problem by deepening her relationship with the farmers in her supply chain, offering them agricultural inputs and other products to ensure that they would continue to sell to Las Delicias despite the transportation issues. With the help of Impulsa tu Empresa, she has also worked to control her costs by overhauling the firm’s production process and has identified new sales channels. Since joining the program, her sales have increased 22 percent and Las Delicias is more profitable.

“I’ve learned a lot through the program, but planning and organization have been the most useful. It made my plans more assured because I could see what should happen in a successful business.”
ABOUT TECHNOSERVE’S ENTREPRENEURSHIP PRACTICE

TechnoServe has partnered with large corporations, multilateral institutions, and governments to provide life-changing support to entrepreneurs in a variety of settings. For instance, we help young entrepreneurs in rural Africa to start new businesses; we support established enterprises to accelerate their growth and impact in Latin America; we work with food processors in Africa to expand their business, sourcing more products from small-scale farmers; and we help small shop owners to improve their businesses and profits. Our programs are built on four pillars:

Careful adaptation
A market-driven approach
Effective capacity development
Rigorous measurement and continuous learning

We estimate that in 2019, 45,000 people earned an additional $67 million in revenue thanks to the work of our entrepreneurship programs.

If you would like information about TechnoServe’s work in crisis situations, or have ideas about how to partner to support entrepreneurs during the coronavirus pandemic, please contact Juan Carlos Thomas, global entrepreneurship director, at jthomas@tns.org.