

BRIDGE Entrepreneurship Community of Practice

Virtual meeting held on 19 May 2020

How is COVID-19 disrupting entrepreneurial activity?



Setting the scene

BRIDGE recently convened a virtual meeting of young entrepreneurs and NPOs involved in youth entrepreneurial development to consider how Covid-19 is disrupting entrepreneurial activity. The conversation explored some of the risks and challenges, as well as opportunities arising during this time.

This convening stemmed from the series of community of practice meetings held during 2019 by BRIDGE's Post-School Access CoP, focussing on what young entrepreneurs need to know and have, if they are to create and run sustainable businesses.



Discussion

How do I feel about risk?

Facilitator, Charles Marriott, opened the discussion by inviting participants to describe their attitudes towards risk. While most normally see themselves as having an appetite for risk (or even 'thriving on risk'), the present high-risk environment and the threats it poses to lives and livelihoods is causing many to adopt a more nuanced approach.

Some reflections on risk:

- living the risk now is a whole different ball game
- exercised risk is different to intellectualized risk
- the need to think ahead and act fast takes on a new meaning now
- these are scary times because everything is much more uncertain, and the danger is real
- despite everything that is happening, these are exciting times because of the lessons we are learning
- risk is important for everyone; it really tests your resilience
- this new feeling of being risk averse has helped me understand why others are risk averse in life
- calculating whether a risk is worthwhile considering is not a science, but rather a feeling – we are feeling our way through this moment as much as we are working through it

"This time calls for those important entrepreneurial characteristics, which include risk taking. It is inspiring to hear that young people are seeing opportunities in the pandemic. Now more than ever entrepreneurs – and NPOs – need to be agile and nimble in their thinking and the way they conduct their activities, keeping their ears to the ground and taking up opportunities as they arise." [Nelly Mofokeng, JASA]

CoP participants



Bernadette Bule:
Junior Achievers SA



Muzi Mtshali:
Entrepreneurzy ZA



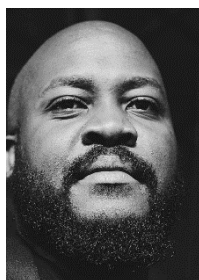
Nelly Mofokeng:
Junior Achievers SA



Neo Matsau:
Bamboo Network



Sekgametsi Lethiba:
Rhiza Babuyile



Shonisani Lethole:
Entrepreneurzy ZA



Tebogo Moalusi: MNM
Marketing Solutions



Thulile Mbuyane:
Mama Tee's Beverages



Zaza Motha: POUT
Movement & Magazine

What are the biggest risks and challenges to entrepreneurs, businesses and NPOs during this time?

Participants shared insights, examples, and ways of mitigating risk. It is important to take a calculated approach, weighing up opportunities in terms of the risks, rewards and resources required. The uncertainties around Covid-19 are making this kind of decision-making especially challenging.

- **Not reading the market and business environment correctly**, and not adapting to the changes that are occurring.
- **Not innovating – just continuing with the same business model and methods.** For NPOs particularly, the challenge has been to move quickly from face-to-face to digital methods of connecting, without losing their effectiveness or disrupting existing relationships.
- **Not maintaining good communication** with clients, suppliers, beneficiaries, or funders.
- **Taking on additional credit** or using credit extensions to alleviate the immediate pain, without considering the true costs and consequences.
- **Loss of stock and products with a limited lifespan.**

A practical example: For a producer of beverages and traditional food, the extended Level 5 lockdown resulted in raw materials and finished products expiring or over-fermenting and having to be disposed of (“...this literally meant throwing money away”).

- **Pivoting too sharply/ quickly** – managing a major change means having a plan in place and understanding that some things will change in the short term – while keeping to the long-term vision and safeguarding the inherent core value of the business.

A practical example: An events company that changes to digital would totally change its method of delivery, but its main product (providing entertainment) would still be there, and its core value would not be lost.

- **Management of working capital when pivoting.** For example, a company transitioning to digital would need to invest in skills and setting up online platforms and would have to manage its working capital strategically to avoid running out of funds before the change (pivot) was complete.
- **The psychological risk of pivoting** – this relates to the leadership team being ready and willing to let go of previous achievements and basically start over from scratch to re-energize, reposition and repurpose the business, and to reinvest themselves in it.
- **Reduced cash flow** from the knock-on effects of the lockdown on client value chains. With clients being unable to trade, projects are being indefinitely postponed or cancelled at short notice.
- In the NPO sector, **prospective funders and clients changing direction** to focus on more immediate social needs.

What opportunities have surfaced during the lockdown period?

Covid-19 is not just posing risks and challenges but is creating opportunities as well. People understand that change is inevitable and here to stay, and while reality is forcing them into the future, most are making that journey very willingly. Now is the time for businesses to evaluate what they are doing, how they are doing it, and whether they need to change. Participants also emphasized the importance of businesses pivoting for sustainability, by using their existing resources differently and better, for optimal value.

“We could wait for the lockdown to be lifted and for everything to go back to normal – but in reality the world won’t ever be the same. This is the right time to think about what the new world will be – and whether our businesses will still be relevant in that new world. While the demand for services and products will remain, consumer behaviour will change – and we entrepreneurs must be ready for that.” [Muzi Mtshali, Entrepreneurzy ZA]

The ideas emerging in this part of the conversation have been grouped into three main themes: digitizing, systematizing, and collaborating.

“This has been an opportunity to pause and reflect, to really evaluate what we do, and to assess how to do things differently.” [Nelly Mofokeng, JASA]

Moving to digital

The Covid-19 pandemic and the lockdown measures to contain it have fast-tracked a way into the future. The move to digital presents massive opportunities to entrepreneurs, whatever their area of business. Attitudes are changing – organizations that previously resisted digital platforms are now embracing them. Businesses that are already digitized are well positioned to capitalize on their capacity and expertise.

- Choose technology that works for you – rather than using a ‘hard sell’ approach that could annoy potential customers, find ways of digitizing that feel natural for your business context. Having fun with the technology also makes it easier and more natural. Some suggestions:
 - *WhatsApp for Business* gives the option of chats or calls to manage customer experience.
 - A cheap and flexible way to introduce enterprise level technology is with a cloud instance on *Amazon web services (AWS)* or *Google Cloud Platform (GCP)*, and by using *Fiverr* to find a programmer to load open source software that you can then try.

Some tangible examples:

- At a time when long-established magazine titles are failing to turn a profit and being discontinued, the online women's magazine POUT¹ is widening its reach and growing its revenue – by understanding its market and using an innovative advertising model. All work is done online, and the Covid-19 lockdown has opened many opportunities.
- BRIDGE's core work used to depend on face-to-face meetings – it is now relying heavily on technology to connect people and sees itself continuing to build on this approach post Covid-19.
- Instead of building our own programmes, we have reached out to companies that already have contact-based entrepreneurial development courses, and a budget, but cannot run their courses because of the Covid-19 lockdown. We are using our learnings and platform to digitize and present these courses online. This includes adapting them for online, making them easier to access (shorter, cheaper, with interactive methodology and enabling flexible attendance), and using data for measurement purposes. Digital is making it possible for people anywhere in the world to access these programmes. [Shonisani Lethole, Entrepreneurzy ZA]
- Covid-19 has strengthened our resolve around online programming. Previously there have been reservations (regarding data, connectivity and hardware), but with no other option and lots of uncertainty about when we can go back to implementing in the classroom, we wanted to see if it would work. We have had to exploit the opportunity, and the results have been encouraging. [Nelly Mofokeng, JASA]

Systematizing / digitally commoditizing

An enduring challenge for entrepreneurs is how to create a business that does not depend on the entrepreneur being hands-on all the time, and is able to expand and scale (so that it can 'make money while you sleep'). Systemizing business operations and digitally commoditizing can make these goals achievable.

- Commoditizing is especially important for businesses that provide services which are difficult to scale (such as contact-based courses or live events). It would mean producing a more tangible version of the service or product and delivering it in a way that reaches a much wider market – although leveraging customer loyalty built up over time would still be important. In the case of an events company, this would involve digitizing the entertainment and making it available online – where it would interact with the previous events platform, to enable expansion and scalability.
- Systematizing also enables the business to continue running and earning money without the active participation of the 'key person'. In the Covid-19 context, where a small business could fail if the key person were to fall ill and be unable to work, this is especially important.

Collaborating

The value of relationships, networking and collaborating was mentioned often in different contexts.

- Change your viewpoint so that when you look around at your network, you see potential partners and opportunities to collaborate, rather than clients and opportunities for sales. Instead of focusing on the short-term and trying to use digital to hard sell, rather use this time to connect through

¹ POUT stands for 'Powerful, Outstanding, Unique & Talented'. It is an inspirational and aspirational self-empowerment movement for young women.

interesting conversations, building the connections and being open to the opportunities that arise. [Neo Matsau, Bamboo Network]

- The lockdown is influencing people to interact in ways they didn't before. This is happening within the POUT Movement, where women from a range of backgrounds and situations are coming together to pool ideas and resources, promote their products, and make a combined effort in the form of small contributions to help others start initiatives. [Zaza Motha, POUT Movement and Magazine]
- For us as an organisation the biggest opportunities during this time have been around the alleviation of poverty caused by Covid-19, with the help of sponsored resources. For me personally, the biggest opportunities have been in helping other entrepreneurs wade through the tide, and in finding so many people willing to help each other. [Sekgametsi Lethiba, Rhiza Babuyile]
- We are hearing from the conversation that others are doing things that we can tap into as an organisation. [Nelly Mofokeng, JASA]

“As entrepreneurs we need to lead, going forward – previously market forces determined what kind of business we could run, but economies are breaking down and there is now an opportunity to redefine the space. It will require courage to take this risky step, but it is time to teach customers how we would like them to engage with our businesses.” [Tebogo Moalusi, MNM Marketing Solutions]

What are the key takeaways?

Participants appreciated the opportunity to share and learn, and to make new connections that open possibilities for collaboration. These comments give a sense of the discussion:

- People's preparedness to embrace change, and the resilience they are showing
- The session's small size allowed deeper engagement, giving a good sense of who people are, what they are doing and what their challenges are
- No matter how bad the situation, there are always opportunities - initially there was shock and fear, and now people are coming up with ideas, seeing solutions and different alternatives
- The importance of:
 - forming relationships with other businesses and customers
 - using digital in more humane and subtle ways (not just putting what you did before into digital form and using it online)
 - creating value to ensure sustainability while adapting to the new normal
 - networking, working together, and sharing resources
- This convening has spread some light – even though it is difficult now, there are opportunities for new beginnings and new ways of doing things
- We have been working in the digital space, but it is always important to see how else we can innovate and improve – this convening has brought us into contact with others we can learn from and work with
- It is time for a new beginning as country – all have a part to play as we attempt to recover the country

- Well done to BRIDGE for facilitating the conversation – this platform has created opportunities for us as a community to see how we can work together.



Facilitator's summing up

In closing the session, CoP facilitator Charles Marriott included these ideas:

- The importance of mobility, and the need for entrepreneurs – and NPOs – to be psychologically, intellectually, financially, and physically mobile.
- 'Going digital' does not mean excluding people – it involves blending a range of skills, including soft skills, and does not discount the need for good teams and people with great ideas. "Just because tech is hard, it doesn't mean we have to be hard."
- Sharing of resources does not only apply materially (i.e. to sharing physical resources), but also psychologically, in terms of support.