Resiliency Toolkit

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WHY WE NEED RESILIENT BUSINESSES

RESILIENCY IN ACTION

HOW TO USE THIS TOOLKIT

HOW DOES YOUR BUSINESS BUILD RESILIENCY?

Preparing for an unexpected event
- Understand where your business is at risk
- Identify your key resources and how to protect them
- Understand your supply chain and explore alternatives
- Track and understand your finances
- Understand your roles & obligations
- Develop a contingency plan
- Foster a culture of learning and growth

Responding to an unexpected event
- Communicate with key stakeholders
- Take advantage of available support
- Pivot your business model or diversify your product/service offering to take advantage of the situation
- Find the silver-lining
- Take care of yourself and your team

CONCLUSION
Why we need resilient businesses
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In today's globalised and rapidly changing world, one of the most important skills businesses and their teams can learn to build is resilience.

Resilience is the capacity to recover quickly from difficulties, or 'toughness'.

The origin of the word comes from the Latin word 'resilire' which literally means to 'bounce back.' In the context of the business world, we see it as an ability to adapt to an uncertain business landscape. As a resilient business, you are better prepared for the natural disasters, economic crisis, and global health pandemics that may put your business, clients and supply chains at risk, as well as the technological and social advances that may make your products & services obsolete. Just look at what ride sharing companies like Uber have done to the taxi industry. Or what online streaming services like Netflix have done to the film industry.

As we write this, we are in the midst of the global Coronavirus outbreak. For some industries - in particular the travel, hospitality and retail industries - this has been a devastating blow. However, resiliency doesn't only apply to major global changes, it can also apply to the everyday changes and natural ebbs and flows that your business experiences. It is just as necessary to be prepared for a wave of high staff turnover or a cyber attack as for a natural disaster or pandemic. Businesses that are unprepared for these unexpected events, can unfortunately fall into the 40% of small businesses that are forced to close when one hits.
Resiliency in action
Resiliency in action

So what makes a resilient business stand out? Rather than operating from a place of fear and reacting to challenges on the fly, a resilient business has a clear plan in place and is better able to meet these uncertain and ever-changing times head on with confidence and a growth mind-set. They are prepared for multiple and worst case scenarios and actively look for opportunities to take advantage of these changes and challenges to better serve their customers.

As Diane Coutu explains in “How Resilience Works,” there are three key characteristics that define resilient people (and can be extended to businesses as well):

1. **An ability to understand and accept reality** - While optimism may appear to be an indicator of resilience, blind optimism can actually foster denial. Accepting reality allows us as individuals and businesses to be prepared for it.

2. **A belief that life and hardships we experience have meaning** - An ability to see the silver lining or underlying benefits of a particular challenge or faith that there is a larger meaning behind it. This belief often comes from a strong value system that helps you interpret the world around you and also as a business, gives you purpose beyond making money.

3. **An ability to improvise** - To be faced with an obstacle and innovate a way around it.

Resiliency is an important skill-set that you and your team can build and this toolkit is designed to help you do just that. We have outlined here 12 ways you can prepare your business for success in uncertain times.
How to use this toolkit
How to use this toolkit

We have outlined here clear actions you can take to increase your resilience and where possible, we have included examples and case studies from real businesses who have put these practices in place. We have broken these down into actions you can take to prepare for an unexpected event and those you can take to respond to an event and reduce its impact on your business.

Each tip has a suggested activity you can do with your leadership team to apply this to your business. You may even like to use this as an opportunity to plan a whole team strategy day (either in person or virtually/remotely depending on the situation). We suggest delegating each activity to the team who will be responsible for implementing the new strategies that develop from them. If you want your team to really take ownership over ensuring the company’s resilience, get them to help craft and own strategies!
How does your business build resiliency?
How does your business build resiliency?

Preparing for an unexpected event

1. UNDERSTAND WHERE YOUR BUSINESS IS AT RISK

What kind of risk is your business exposed to? Your business may be exposed to a number of external risks like natural disasters, civil unrest, or other events which are often outside your control, or internal risks that relate to your product/service, staff, machinery or finances for example. Here are some common risks facing small businesses around the world:

- Natural disasters (fire, flood, hurricane, cyclones, landslide, earthquake)
- Epidemic
- Civil unrest
- Terrorism
- Financial crisis
- Theft/Crime
- Workplace violence
- Personal Accident
- Hazardous material
- Cyber Attack
- Loss of key staff member(s) or supplier(s)
- Flawed or faulty product/service
- Other?

Take a few minutes to identify which of these risks are facing your business. Next, you will want to identify what level of impact you face. Download a free worksheet and find detailed instructions here.

ACTION

Use a chart like the one below to plot the impact and the probability for each key risk you face. Download a free worksheet and find detailed instructions here.
2. IDENTIFY YOUR KEY RESOURCES AND HOW TO PROTECT THEM.

In preparation for unexpected events, it is important to think about what your key resources are and how you can protect them. Whether that is your place of business, your inventory, equipment or staff, be sure to get the necessary insurances to protect you from the key risks your business faces. Back up important data regularly and ensure that important or sensitive information like customer records, staff files, bank details, tax documents and any critical emails, files and spreadsheets are saved securely - ideally in the cloud or on a backup hard drive or server.

In the event of an emergency or crisis, you will want to have all of your emergency contact details and those of your key stakeholders somewhere secure and easily accessible so you can take the necessary actions and disseminate information quickly.

ACTION

Make a list of your key resources and identify what you can do to protect them in the event that your business is exposed to any of your key risks.
3. UNDERSTAND YOUR SUPPLY CHAIN AND EXPLORE ALTERNATIVES

If you are running a business where you are creating a product or delivering a service that requires supplies, one of the most vulnerable aspects of your business is your supply chain - or where you source the raw materials/resources needed to deliver value to your customers. The better you understand where parts and components of your products or services come from and whether there is a risk that your supply will be negatively impacted by unexpected events, the better you can avoid disruptions to your business. You will want to understand not just where you source your products but also where your suppliers source their raw materials.

By mapping out these key players in your supply chain, you can proactively identify alternative suppliers you can turn to if your existing supplier isn’t able to fulfil your order. You may also want to consider diversifying your supply chain by engaging multiple suppliers. You should also be continually tracking and comparing your suppliers’ prices, the quality of the product they are providing to you as well as the service they provide. If you notice a drop in quality or a price increase due to issues one supplier is facing, you will be aware of the other options in the market and can easily switch to an alternative supplier if necessary.

ACTION

Map out your supply chain. Who are the key stakeholders you depend on to get your product/service to market? Which of these suppliers or pieces of your value chain are at risk? What kind of risk are they exposed to? Identify an alternative supplier for each key supplier.
4. TRACK AND UNDERSTAND YOUR FINANCES

If your supply chains are affected or your business needs to shut down for a period, you'll want to understand the potential impact on your cash flow. This is where planning for multiple scenarios in your budgeting process can be incredibly helpful. If your sales drop by 30%, what does that mean for your business? Where will you need to cut costs? What if you have to close all together for a period of time, how would you financially manage that?

Knowing your burn rate (what your business spends each month to operate) and your runway (the number of months you can operate if you bring no more revenue into the business from today) are essential. Aim to set aside enough cash reserves to get you through at least 3 months without generating revenue. If you know you are at higher risk for particular events that could negatively affect your business, consider increasing your cash reserve for a longer period of time.

Ensure that in times of crisis, you and your team are clear on the overheads you can cut and the order in which expenses will be cut. Having these conversations and action plans ahead of time will help you move quickly and confidently in the event of an unexpected event or emergency.

For example, the biggest costs in your small business are likely to be your people, and office/equipment/facilities rental costs. Therefore, strategies in a time of crisis may include re-financing physical assets, removing overtime for contract workers, implementing temporary pay reductions, or working with other organisations and industry groups to propose support measures to local government to help with covering these costs.

**ACTION**

Identify your burn rate, your runway and the core costs that are absolutely necessary to keep the lights on. All other spending should be seen as discretionary and will be the first to go in times of crisis.
5. UNDERSTAND YOUR ROLES & OBLIGATIONS

From both a professional and personal capacity, you fulfill certain roles and hold certain obligations. As a business owner, your obligations are primarily to your employees. In the event of a crisis, are your employees safe if they continue working? If they are not able to work, are you obligated to pay them? Can you request they take paid/unpaid leave? Can you access government support to continue paying them? You’ll need to consult a legal expert in your country to get clarity on your legal obligations and what is required of you in relation to your staff.

In a personal capacity, during an unexpected event that impacts your community, you may be expected to play a role in the community’s recovery (e.g. take care of children or the elderly, cook for the community, or fund any damage) which might take you away from your business. Do other relatives depend on your income? What is the dynamic at home? Is there another source of income you could turn to if your business is affected? If schools and childcare providers are affected, who will step in? Will you and your partner share this or does it make sense for one of you to take on that responsibility?

Likewise, if your business is one of the lucky ones who actually benefit from an event and suddenly can’t cope with increasing demands (as online food delivery companies and are experiencing today in light of Coronavirus) what contingencies do you need to have in place? For example, where will you source extra child care or care for parents or elderly relatives?

ACTION

Identify the flow-on effects of a disruption to your business. Brainstorm how you can support your employees? (e.g. support for internet costs at home or extra childcare costs) How can you support your personal dependents? Have a conversation with your partner or family members about what you would do if one or more of you were out of work.
6. DEVELOP A CONTINGENCY PLAN

Have a plan to deal with disruptions to your business. Rather than planning for every possible scenario, identify the most likely or impactful risks to the business using your risk impact/probability chart e.g. loss of staff, disrupted supply/demand of your products/services, loss of place of business, loss of IT, etc. and develop backup plans for each of these scenarios.

For example, in the event that supply or demand is disrupted, you may need to scale back production, rethink your marketing approach, or diversify your product range or customer base. In the case that you or other staff are no longer able to work, you may want to consider ensuring that more than one person can do all essential tasks in the business (e.g. your accountant isn’t the only one who can access the business’s financial records or pay invoices!). Or perhaps you want to consider having a second in charge who can operate the business when required if you have competing priorities and your absence poses a risk to the business.

If your staff can’t come into work, can you get on with work remotely? There are some great resources here to help you manage and support a productive and happy remote workforce.

ACTION

Look back at your risk chart and identify 1-2 risks with the highest impact/probability for your business (any in the upper right quadrant!) and come up with a contingency plan for each that identifies the scenario, trigger, response, key contacts, who is responsible, and a timeline. See templates here for a minor business disruption or a serious business disruption.
7. FOSTER A CULTURE OF LEARNING AND GROWTH

Encourage your team to be searching out learning opportunities. These might be around changes to your industry, new technologies, or industry risks. Invest in their learning and development and create opportunities for them to bring those learnings back into your team.

Bring in 'Lunch & Learn' sessions once a month where team members have the opportunity to teach your team about something new. These are a great way to transfer new knowledge across the organisation and encourage a culture of learning and growth.

ACTION

Brainstorm with your team and agree on two ways you will foster learning and growth in your team culture this year.
Responding to an unexpected event

8. COMMUNICATE WITH KEY STAKEHOLDERS

In a crisis, communication is key and a lack of communication can put your brand and partnerships at risk. You will want to think about how you plan to communicate your response to the event and/or any disruptions to your business to all of your key stakeholders. This includes staff, customers, suppliers, partners, investors. You will also want to be clear on who is responsible for rolling out your communication plan and how quickly that should happen.

For example, Talanoa Treks in Fiji, a social enterprise offering sustainable tourism experiences, had to suspend treks in response to Coronavirus. They developed clear communication to reassure customers they would postpone treks and carry forward any deposits held with them until a specified date. Quick and clear communication like this can help to avoid customers cancellations or refund requests.

Red Cross has some great advice around engaging your stakeholders during an incident.

ACTION
Craft a crisis communications plan with your team. For inspiration, check out ygap’s recent email and social media communication on Coronavirus.
9. TAKE ADVANTAGE OF AVAILABLE SUPPORT

Remember to review what insurances you have, and whether you can claim anything to support you with recovery from an event. Consider what support may be provided by government or business communities. In an economic crisis for example, many governments offer stimulus packages to keep small businesses afloat. You may be able to apply to have certain taxes or fees waived or for a grant to help you through a tough period.

Consider the following:

- **Government grants/support** - Is your chamber of commerce or local business community offering any resources or support to recover from disruptions to your business? Can you apply for a loan to help with revenue loss? Can you defer paying your taxes?
- **Corporate grants** - For example, Facebook has recently committed $100M in cash grants to small businesses in over 30 countries where they operate who are experiencing disruptions as a result of Coronavirus.
- **Banks** - Are your banks or credit cards offering repayment plans or to waive monthly fees?
- **Insurance** - What insurances do you currently hold and what could you claim?
- **Unemployment Assistance** - Can you or your employees apply for assistance during a time of unemployment due to a disruption to the business?

**ACTION**

Check your local government or Chambers of Commerce websites or pick up the phone and give them a call to find out what sort of support they have in place to help you recover from setbacks. Or better yet, be proactive and reach out to local industry groups to develop a proposal to your local government on helpful measures they can take to support you!
10. PIVOT YOUR BUSINESS MODEL OR DIVERSIFY YOUR PRODUCT/SERVICE OFFERING TO TAKE ADVANTAGE OF THE SITUATION.

If your business is suffering from travel restrictions or social distancing, can you offer your product online? If you're required to shut your restaurant, can you pivot to online deliveries or take-away meals?

Friends of ygap run a company that provides high end tents for weddings and events but in the wake of COVID-19 they quickly and creatively pivoted to providing medical tents to help with overloaded hospitals and health care systems.

ygap Alumni Free to Feed host private and corporate events and parties but also innovated rapidly and are now providing 'Brave Meals' - a home catering service delivering home-cooked meals to those who are practicing self-isolation due to COVID-19.

ACTION
Identify alternative methods of delivering the value you offer customers.
11. FIND THE SILVER-LINING

If a crisis has left you without work, there will no doubt be stress and anxiety about how you will keep food on the table. We acknowledge that survival is the number one priority in these circumstances and all your energy will be directed at ensuring you and your family have a sense of security. However, if business has simply slowed and you find yourself with less work and more time on your hands, consider taking advantage of that quieter time to:

- **Reflect on how your business has evolved** - Is the evolution still in line with your vision, mission and values as an organisation? Use this time to reflect and prioritise the elements of your business that deeply align with that purpose and values.
- **Develop your own skills** - Identify opportunities for personal growth. Take a Udemy course!
- **Apply for funding** - Research opportunities and start the arduous task of filling in those grant applications!
- **Brainstorm & develop new products or services** - It is a great time to use for research and development - Apple did this during the 2008 financial crisis and came out of it far outperforming their competitors.
- **Develop new resources or tackle projects you've had on the backburner** - Maybe it is time to develop a media kit or reassess your brand strategy. Perhaps you want to use this time to plan out your social media communications. Use this time to get ahead!

**ACTION**

Bring your team together and explore these questions:

1. How have we evolved? Are we still in alignment with our vision, mission and values?
2. What projects or tasks have we had on the backburner?
3. What new products or services could we offer?
4. How can we use this time to get ahead?
12. TAKE CARE OF YOURSELF AND YOUR TEAM

Your business is only as strong as the team and leaders leading it. Educate your team and ensure they have the latest, most accurate information while also acknowledging and supporting them through the emotion and uncertainty they may be facing. Your mental health and that of your team is crucial in challenging times.

Some tips for encouraging well-being during a time of crisis:

1. **Daily exercise, meditation or time outdoors** (where possible and safe) - Move your body regularly and connect back to nature and to yourself. These practices help to ground us, promote calm and get our endorphins going which help to reduce stress. Check out free online fitness and meditation apps like Nike Training Club, Insight timer or 1GiantMind.

2. **Eat & sleep well** - Make a priority to eat nutritious meals and get adequate and good quality sleep to boost immune and nervous systems.

3. **Foster Connection** - In times of stress, fear or isolation, it is important to find ways for you and your team to feel connected. Organise virtual coffees/meet-ups where possible or find alternative ways to bring people together face to face.

4. **Monitor your media use** - While it can be tempting to be glued to the news, a constant stream of the latest information can often harm rather than help our stress and anxiety levels.

5. **Remember your ‘why’** - It will be easy for teams to be distracted in times of crisis, but your job as a leader is to bring them back to the problem your business exists to solve.
Conclusion

History has proven that these challenging times often highlight a community’s vulnerabilities and weaknesses. It is an opportunity to fix the things that aren’t working, to innovate new, more sustainable solutions. Pandemics, natural disasters and other unexpected events help our health systems, education systems, businesses, and communities become more robust and resilient.

It is only natural to feel anxious when we are faced with big and uncertain events. It can be helpful (and a way of assigning meaning to these times!) to see these challenges as our society’s way of self-correcting. See this as a permission slip to slow down and reflect on what your business truly needs to survive and thrive. Can you do more with less? Can you get creative about how you deliver your product/service? Remember that if we are well prepared for these unexpected events, we can minimise the effect on our business and ultimately emerge stronger for it.

We invite all current and past participants of ygap programs to reach out to your local program manager if you require additional assistance or coaching in the wake of a disruption to your business.

Through these challenging times, we remain committed to backing local change.

Do you have some feedback/suggestions on how to improve this resource? We’d love to hear from you. Get in touch!
ygap is an international development organisation that backs early-stage social impact ventures with locally-led solutions to local problems.

We believe in the power of entrepreneurship as an effective and sustainable way to provide opportunities for people to lift themselves out of poverty and disadvantage.

We find, accelerate and support the growth of impact ventures led by local entrepreneurs who deeply understand the unique challenges of their communities and are best placed to develop solutions.

ygap programs are designed to provide support where it is needed most in different countries and regions across the world. ygap accelerators support impact ventures in South Africa, Kenya and Bangladesh. Our yher program supports women-led ventures in the Pacific Islands and Africa and our First Gens program supports migrant and refugee-led ventures in Australia. ygap has offices and local teams that lead programs in each area that we work.