

Coping with COVID-19: a workshop for last mile distributors

Hosted by the Global Distributors Collective (GDC) on Friday 27th March 2020

Since the outbreak of the global COVID-19 pandemic, the GDC has been gathering evidence and intelligence from its members - all of whom are facing challenges. Many have either slowed or ceased operations completely because of lockdowns, reduced access to communities (because of social distancing measures), or due to precautions that members themselves are taking to protect their staff and customers.

This document summarises discussions from a virtual workshop with GDC members. It is not intended as a set of recommendations for action.¹ Instead, it provides an overview of approaches and strategies that GDC members have adopted to cope with the COVID-19 situation, and the support they have indicated that they need to weather the crisis.

Introduction

Whilst many LMDs have adapted their business models to be able to continue to operate while socially distancing, few currently have a comprehensive plan for hibernation during lockdown. Many face unprecedented levels of uncertainty, have limited cash runways, and need both financial and technical support to plan for a range of scenarios and phases of the crisis – dynamics which are explored below.

Despite the challenging circumstances they face, LMDs are proving to be nimble and creative in their response to the crisis and are committed to meeting the changing needs of the customers they serve.

What crisis mitigation strategies LMDs have adopted Workforce

a) Health and safety

- Many LMDs are distributing basic personal protective equipment to staff including hand sanitizers and face masks, sharing information with staff on preventative

¹ Members are encouraged to refer first and foremost to national and [global health guidance](#) on COVID-19.

measures (e.g. handwashing), and/or setting up protocols on social distancing, particularly for field staff and retail managers.

- Some LMDs have asked sales agents not to travel far from their local areas, or pulled agents out of regions where there are confirmed cases.
- Others are providing alternative transport for staff who are required to attend the office, so they can avoid using public transport (for example, car-pooling).
- Working from home policies have been implemented by nearly all LMDs for office-based staff.

b) Job security

- **Staff:** When it is not safe for staff to continue working as normal, some LMDs are taking steps to protect staff incomes by keeping them on payroll. This helps staff to have cash and support their families, which is particularly crucial given that many countries do not offer unemployment benefits; and helps LMDs to avoid redundancies and retain business capacity to deliver. Strategies include:
 - Finding ways to redeploy field staff in other areas of the business
 - Negotiating wage reductions during the lockdown period
 - Asking staff to take annual leave
- **Agents:** Some LMDs report continuing to pay agents base salaries, or per diems, but are not able to cover the costs of income usually earned through bonuses/commissions from sales.
- One LMD is exploring use of crowdfunding to pay for salaries while sales are limited.

c) Ways of working

- Many LMDs are adopting virtual conferencing platforms to ensure continued collaboration and productivity during the crisis, e.g. using Zoom.
- A number of LMDs highlight the importance of continuity of communications with salesforces e.g. via SMS, to show solidarity and maintain motivation.
- Some LMDs report introducing a buddy system, so that each staff member has someone who can step in to ensure business continuity if they become ill.

Customers and sales

a) Customer relations

- Many LMDs have proactively been in touch with customers to provide status updates, and are prioritizing open, transparent communications, for example via call centres or new, dedicated phone lines.
- One LMD reports setting up a customer referral program via SMS, whilst their sales team is working from home.
- Several LMDs are exploring how to re-organize payment terms, or delay payments, for customers experiencing hardship.

b) Sales

- While physical sales are no longer possible for many LMDs, some are pivoting to online sales or sales via call centres, with products delivered by post.
- One LMD is refocusing sales activity towards areas people have been moving back to, because of COVID-19.

c) Marketing

- Many LMDs who usually rely on in-person marketing are exploring advertising through radio, TV, printed and online press, and community/loud speaker announcements.
- Several LMDs highlighted the need to ensure marketing messages are tailored and sensitive to the crisis.

Finances

- Many LMDs are cutting non-essential costs (eg. staff development and travel) to conserve cash.
- Many LMDs are planning for short-term hibernation.
- Some LMDs are currently doing sales to less risky clients e.g government health departments to reduce delayed or prolonged payment.
- Some LMDs trying to renegotiate current loans to get more flexible repayment plans to help them keep afloat.

Stock

- Some LMDs have closed retail outlets or implemented additional security, due to the risk of product thefts or stockpiling of products (like briquettes) by wealthy consumers, which reduces LMDs' ability to serve last mile consumers.
- Multiple LMDs report that they are liaising closely with customs officials to lobby for products stuck at ports to be assigned as high priority and released immediately.
- Many LMDs are focusing on building stock supplies, particularly in field locations, so they are able to hit the ground running once lockdown periods end.

General planning advice from members

- While short-term planning is a priority, it's important not to overlook the need to plan for the long-term. This can feel less urgent but is critical.
- Consider hibernation to preserve cash and energy, and to stand a fighting chance of being able to operate after the crisis.
- Reported by an LMD with previous experience of a similar crisis: plan for the worst case scenario, since aid funding may not materialise or be extremely slow to do so.

What support LMDs need to weather the crisis

Financial support

- Funding to enable ongoing provision of staff/agent salaries and ensure retention during the crisis.
- Funding to cover fixed operating costs such as office space.
- Funding to maintain availability of stock. Many LMDs are beginning to run out of stock and in some cases are unable to buy more due to affected supply chains causing stock shortages, increased prices and difficulties at clearing points.
- Revised or extended payment terms on existing loans and stock purchases.
- Funding to enable distribution of sanitation and hygiene products to at-risk communities.

Non-financial support

a) Sales and marketing support

- Access to an e-business platform with a payment infrastructure on which to place products.
- Support to pivot marketing strategies to engage existing customers and market to new customers remotely.
- Support to digitize operations.
- Training opportunities and other ways to keep field staff learning, engaged and motivated while they are not able to work.

b) Cashless payments

- One LMD suggested network operators/governments remove fees for mobile money transactions, to reduce the risk of infection via cash payments (as Safaricom has done).

c) Logistics and mobility

- Ability to rent, rather than buy, motorbikes to enable continued operations in rural areas.
- One LMD suggested haulage companies could offer free shipping for LMD products in containers that are currently empty.

LMDs would like to be exempt from lockdown, given the critical role that they play in serving last mile customers with life-changing products.

d) Trust and optimism

- One LMD reported that an investor had recently pulled investment due to COVID-19. Now more than ever, LMDs need investors to trust in their companies and support them through this period of hardship.
- Another LMD reported that pessimistic messages from the international community were causing staff demotivation, and it would be helpful to see more 'business as usual' content and recognition that the crisis is time-limited.

Opportunities identified for LMDs to contribute to the crisis response

a) Information sharing

- LMDs feel they are well-placed to help last mile communities access up-to-date, reliable information about the pandemic through a range of approaches already at their disposal. These include call centres, bulk SMS capability, and networks of agents and retailers who can communicate directly with communities.
 - One LMD was already sharing health information with 150,000 customers via SMS.
 - Some LMDs are actively conducting awareness raising about social distancing and hygiene promotion activities.
 - Similarly, some LMDs see an opportunity to gather data from communities and share with government authorities to help inform crisis management efforts.

b) Distribution of critical supplies

- Some LMDs are considering adding health/hygiene products to their portfolio (masks, sanitizers, soap, etc) to help last mile communities reduce their risks of catching/spreading the virus (but report that sourcing these is a challenge).
 - One LMD is already donating water filter products to the communities in which they operate.
- Some LMDs highlight an opportunity to distribute solar systems and refrigerators to enable health centers to operate during the night and store medical supplies.
- Where other means of transport are now forbidden, one LMD cited e-bicycles as an option to transport patients quickly to health centers.