

Emerging stronger:

Playbook for startups to face the COVID-19 challenge

Google for Startups

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A photograph of two women in a meeting. The woman on the left is wearing a yellow sleeveless top and looking down. The woman on the right is wearing a dark top and is holding several colorful sticky notes (pink, orange, yellow). The background is blurred, suggesting an office setting.

Introduction

A decorative graphic consisting of several parallel diagonal lines in yellow and orange colors.

Entrepreneurship at the best of times means a daily challenge, weighing trade-offs multiple times in each day and owning the considerable responsibility of teams that look to you for leadership and answers. When this is placed in the context of a global pandemic, with entire populations placed under lockdown, public spaces deserted and consumer spending at a historic low, the struggle is existential.

As entire workforces find themselves confined indoors, supply chains disrupted indefinitely, value evaporating from stock markets and economic pain being felt across the board, entrepreneurs need to act fast - to accept that the old normal is gone and zoom in quickly on things they can do to survive the 'winter' businesses find themselves in.

This playbook - created by Google for Startups with invaluable inputs from Prime Venture Partners, Matrix Partners, Blume Ventures, Dunzo, Wysa and mentors from the Google for Startups program, Sreeraman Thiagarajan, Shrinath V and Vivian Gomes - is an effort to bring informed and actionable advice from across the ecosystem to young businesses and their leaders, as they navigate their way through this Black Swan event.

India's core challenges - in healthcare most of all, but also in sectors like agriculture, fintech, education and sustainability - have come into sharp focus.

With the onset of the COVID-19 crisis, India's core challenges - in healthcare most of all, but also in sectors like agriculture, fintech, education and sustainability - have come into sharp focus.

The need for solutions that can truly scale across economic and educational strata, to ensure continuity in access to basics like financial services, health-critical information and food supplies, has never been more urgent.

But the crisis has also posed serious collaboration challenges, with the ability to physically meet and brainstorm, next to impossible in the immediate term. This playbook seeks to bridge that gap, and provide insights from real examples of startups - whether they're looking to harness a tailwind, pivot or just keep the lights on.

To help startups tide over this difficult time, Google has also identified support across its suite of offerings, spanning Ads credits, free premium access to collaboration tools, upskilling opportunities for teams, to useful advice for teams working remotely. The full details are available [here](#).



Thinking strategically about your approach:

Amit Somani,
Prime Venture Partners



It happens. Call it Black Swan, Once-in-a-Blue-Moon, or a D-Day moment. Nobody could have predicted it. As all of us would agree that both in life, and in entrepreneurship alike, the only constant is change. This is once in a decade if not a lifetime type of storm, and there's really only one thing we can do and that we are really good at doing - Adapt!

We need to reset our work and home situations, reassess what is absolutely necessary and how we get through this and reimagine a brighter future which does exist once we get across this viral tornado.

Understand your business, and the world, will be never the same again.

Depending on your business, you may be deeply and negatively affected for a while (e.g. Travel industry), temporarily (e.g. Cab industry), or if you are fortunate enough to have a business that has a positive tailwind (Telemedicine or Online Education), your business could actually accelerate. Regardless of the category, you need to reset.

As the Stockdale Paradox suggests (and it was observed by long time prisoners of war), the ones that survive are those that confront their most brutal reality and yet have a belief that they will prevail in the end. We will have lesser money, lesser revenue, lesser resources but we can have more belief, more faith and more focussed action to get through this.

Enough has been said about managing costs, brutally prioritising and keeping your chin up.

Recommendation

Do a Pre-mortem wherein you look forward and forecast why you have failed in the future. That will help identify the most obvious and simple pitfalls. Just minimize or avoid those to the best of your ability. In fact, [Charlie Munger's "Invert, Always Invert"](#) is another fantastic mental model that tells us that the following common sense is far more important and valuable than seeking brilliance.

Reassess

Often as entrepreneurs, we like to think in Black and White. Zero or One. True or False.

Unfortunately, the world that we are living in is very probabilistic. Things are literally changing dramatically every week, if not every day. The paradox here is that we can not wait for months together, nor bet the farm on some outcome basis our current conjectures.

We need to have a view and keep iterating as we learn more. As Tetlok and Gardener observe in their book *Superforecasters*, the best decision makers don't treat their beliefs as treasures to be guarded but rather as hypotheses to be proven. We should have a view of the near term future (next 3-6 months), and keep updating our mental models on a regular, say weekly, basis.

Recommendation

Build a 2-month and a 6-month plan based on your current beliefs and do some scenario analysis. Keep that plan as a living document and update it as required every week or so basis any material information about the environment or your business.

We will get through this!

Humans and the way we interact with the world has changed forever. Our roles as citizens, parents, students, workers, family members, etc. are all going to be impacted as we come out of this situation.

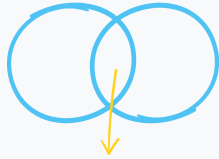
How about your business? Are you keeping your eyes and ears on the ground to what is changing? Are there trends that can dramatically alter your products or services? Even if your offering remains unchanged, perhaps how you do your business - sales, product, customer service, engineering, etc. - would change forever.

Recommendation

One of my favorite, simple but not easy, strategy exercises I recommend entrepreneurs do is to imagine you were starting your company today. No customers, no product, no employees. Knowing what you know now, and what we will learn through the next few months, what would you do if you were starting now and had no incumbency baggage? Do this exercise with intellectual integrity. One hack that helps is to have someone who is not involved or otherwise emotionally attached to your business be a part of this exercise.

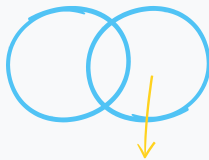
Then do a Venn Diagram of what your business is and what you would do if you were starting up again.

Double Down Zone: If you already have some offering and traction in what matters now and will matter in the future, double down on it.



Double down zone

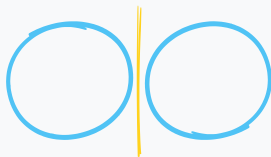
Reimagination Zone: There are new behaviors, problems to solve or ways to solve them. This is most likely going to be the NEGLECT zone but could totally redefine your success in the future. Pay attention to this.



Reimagination zone

Sunk Cost Zone: If your prior offerings or way of doing business is no longer relevant, you will have to prune those without succumbing to the sunk cost bias.

One extreme case here is that if there is no intersection, perhaps it is time to evaluate if you want to shutdown, perhaps sell your business and then restart.



No intersection



The brass tacks

Putting the plan in motion



Managing Burn

According to Matrix, fundraises are expected to be pushed out till there is clarity on economic recovery and there will likely be very few new deals in the first half of 2020.

Given this, managing burn to ensure a runway between 18-21 months is key as that is the only part of the equation they control. Revenues are difficult to predict as they tend to be more market dependent on policies, evolution of the pandemic, etc.

With this context, it is mission critical that leaders double down and evaluate **moving to a cash flow based planning** (versus EBITDA): looking at bank statements on a day-to-day basis, keeping pace with how fast things are changing, instead of counting on accounts receivable.



Marketing

Every buck you spend should be **revenue-generating**. While ads are available dirt-cheap, target spends on revenue and stay cautious. If you're a digital native business witnessing increased demand, such as edutech or gaming, evaluate your most efficient and ROI positive channels and double down on those.

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Defer payments where possible

RBI has announced a 3 months EMI moratorium for all term loans. Wherever you can take a cue from this and re-negotiate pending payments by a couple of months, do it. This includes deferment discussions with landlords and vendors. Avoid deferred payment structures that hit as a bullet payment and take the business down – match outflows to inflows. Exception to this advice - providers of facilities services, or anyone who falls in a low-income bracket and might not have the cushion needed to offer you easier payment terms.



Rethink discretionary expenses

Rethink discretionary expenses like SaaS tool subscriptions, dispensable office space, even the nicer coffee machines. Keep the expenses that contribute directly to customer value - tools that help with audience measurement, notifications, communications, expenses in support of business development efforts - keep these. Other tools that are nice to have but not mission critical, including long-term projects that won't pay off immediately - stop, or at least pause. Instead, consider investing in WFH productivity tools.

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People costs

In all likelihood, salary reduction, shifting to variable pay, salary deferral or, in the worst case headcount reduction, may be inevitable to your survival. Try to plot cost vs contribution of the asset while making these decisions. With respect to pay cuts, it is recommended that the **highest-paid slabs take the most hit** in terms of %.



Redeploy

Think of innovative ways to deploy underutilized resources - for e.g., Billing, Product, Sales teams COULD be reassigned to **customer success** which becomes critical during times when adding new logos is tough, and retention of old logos is key.

Identifying new sources of revenue

If you have an ancillary source to generate revenue, consider that. Look for encashable expertise and human capital within your startup. Are the founders lawyers, doctors, designers? Pick up a professional service delivery project that can generate cash. Think of this like a crutch. Depend on it till you get the cast on your fractured leg removed i.e. your main source of revenue starts humming again.

Sreeraman Thiagarajan, mentor at Google for Startups, illustrates with his own example:

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We are in the business of podcasts (aawaz.com) and voice technology; but won a consulting project from a global handset maker for localising their UI in Indian languages, this came amidst the COVID-19 lockdown giving us cash, and optimism. Delivering this project hinges on founders' and a few team members' expertise of building tech & content in Indian languages and nothing directly with our podcast line of business.

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Raising new money

On pumping new money into the company, Sanchita Bamnote of Blume Ventures advises, 'If there is money on the table right now, take it with the most optimized terms. External capital will be more difficult to raise. Amidst funding woes, alternative financing options like venture debt helps startups weather the financing challenges and keep their ships afloat.'

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Startups desperate for cash may be tempted to consider raising funds at reduced value, which leads to disproportionate dilution of founders' equity, and eventually, low skin in the game, whenever the situation takes a turn for the better.

Venture debt financing is virtually non-dilutive and flexible in its structure to draw and use the proceeds.

Some potential avenues could be to tap banks if you have collateral, or angels and alternate investors for debt options at market rate or lower. Discount POs and other negotiable instruments with lenders. Or seek debts from other entrepreneurs / individuals who have surplus to share. You can make good on the payments through deferment, or convertible debt notes.

Finally, strike a balance between growth and profitability, while one defines your future, the other decides your survival into the future.

Productivity while working remotely

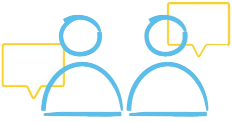
While fostering collaboration has long been a defined way of working in most modern businesses, proximity is a variable that has always been taken for granted. With social distancing and mandatory lockdowns, this variable is no longer valid. Losing proximity has meant corridor conversations, getting 'pulled into' meetings as needed, or visibility into what's happening just because you're around, no longer happens.

This can lead to teams feeling disconnected from one another, as well as to the larger mission of the organisation, which at this moment, is more critical than ever. Some ways to ensure teams feel a sense of cohesion, even while apart, are:



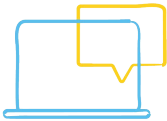
Up your planning cadence

In this fast changing climate, planning that you might earlier have done monthly, might need more frequent cycles to keep pace with new developments such as mobility, social distancing advisories, or relief measures announced by the government.



Put a daily reporting cadence in place

Have daily team huddles – morning and evening, or sprint check-ins - so that teams have the chance to know what's priority for the day and what's achieved at the end of it.



Invest in remote collaboration tools

Communication



Google Hangouts



Slack



Flock
(Cheaper alternative)

Meetings



Google Meet or other similar options

Project/task management

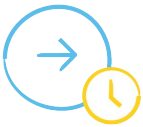


Trello or other similar options



Employee morale

- When in doubt, over-communicate - be it town halls, group coffee breaks, weekly meetings to celebrate wins or any other format
- It is important that leaders allay employee concerns in the most transparent manner by quoting authentic data. Morale is likely to dip also due to layoffs or pay cuts in the company - make sure you communicate why.
- Invest time and resources in creating collective online events - quizzes, meditation, webinars on mental health or just Friday happy hours over video call




Prepare in advance for what's next

Back-to-office and extended (hybrid) WFH scenarios:

- Make sure the workplace feels like a safe environment for the employees by investing in things like temperature check, upgraded medical kits/resources, news bulletin, better hygiene standards than ever. Provide the on-ground staff with soaps, gloves, masks, and sanitizers while educating them about the virus spread and protection. The workplace should feel like a safe space.
- Prepare for a scenario where rotating sections of the team are WFH - in that case, make sure the company is technologically equipped to do so. This includes ensuring internet connectivity, collaboration tools, enhanced security systems, etc.



Contributing to helping fight COVID-19



Startups that broadly provide services related to healthcare and hyperlocal delivery can transform their capacities for the short term to serve the essential services demand for their customers. In the process, it allows them to help the community and build goodwill for the long term.

For example, one of Blume Ventures' portfolio companies, Ethereal Machines, a manufacturer of 3D Printers reworked their capacities by printing 3D ventilator splitters for COVID-19 patients to address the challenge of ventilator shortage in the country.

Food tech startup, Zomato has also added essential grocery delivery services, Zomato Market, to service the huge demand in home deliveries for fresh produce and staples.

LBB, a local recommendations and discoveries platform for places, services & events has now rearranged their platform offerings to provide for discovery of essential services like milk, food delivery restaurants, home services etc.

A few categories like online education, entertainments, health and fitness, gaming and grocery are definitely seeing a surge in demand and a few best practices to serve this demand and contribute to the community at large are:

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Provide free subscriptions, contactless delivery and waive fees to address a larger user base and enhance customer experience.

For example, Toppr and Byjus are providing free access to their live and video classes for students from Grade 1- 12. Further, Unacademy, our portfolio company has announced 20,000 free live classes for candidates looking to prep for entrance exams for union public service commission, banking, railways, and more.

Similarly, in the healthcare and fitness space, companies can provide for free virtual classes and shift to providing online consultations. Cure.Fit, fitness startup has provided free access to their live classes for 90 days.

All hyperlocal delivery companies have rolled out 'contactless delivery' to minimize any contact between the customer and the delivery executive. They have also urged customers to adopt 'digital payments' to again minimize any human contact.

Provide for salaries and safety equipment of blue-collar workers

It is crucial to ensure that blue-collar workers and all delivery executives who are serving on the front-lines of this pandemic are duly attended with respect to salaries, incentives, and safety equipment. Salary cuts and deferrals should be restricted to only the leadership, middle management and not percolate to the level of blue-collared staff/delivery executives/on-ground staff who are primarily helping service the demand of the company. Additionally, they should be provided with all safety equipment like masks and sanitizers since they bear high risks of contracting COVID-19.

Salary cuts and deferrals should be restricted to only the leadership, middle management and not percolate to the level of blue-collared staff



Case Studies



Dunzo

When all teams transitioned to working from home owing to a national lockdown to contain the spread of COVID-19, we had to swiftly transition into remote working for every single team member - whether those were internal teams or external-facing teams like customer support.

First things first, as a company we had to align on what our non-negotiables were. These always existed, but we now had to articulate and communicate them a lot more.

As a customer-centric organization, we had 3 main objectives, underlined with this core belief: **Safety of our users, partners, merchants and team members is always going to be our #1 priority.**

1. Enable the safety of our partners, while not taking away their choice to earn an income while serving the city
2. Enable merchants across to serve a wider range of users for their daily essentials, stay informed on what items were most needed along with providing best practices for safety at their outlets
3. Enable users to get their daily essentials during these times, safely and securely.

KEY PRIORITIES



Customer-centric, now and always

For Dunzo our purpose during this time was to provide users with daily essentials when they were unable to step out of their homes, provide partners a safe option to earn a living and to work with our merchants to meet the city's growing demand. This led to a sense of pride and belongingness for team members towards a common vision. When the city is at a standstill, for users to have an option of getting essentials like medicines and groceries, was something we did not take lightly



Respect for all

During this time, as leaders and as an organization, Dunzo took the stance of reiterating our purpose and our mission through regular org-wide communication. Company-wide rituals such as the All Hands and Q&A continued, to ensure the Dunzo team came together as one team, multiple times to talk about our community and what we can achieve together.



Absolute ownership

It was important for teams to do what's right by every stakeholder. During this crisis, we saw people set up smaller strike teams to solve for ideas that were our most challenging and work in alignment with each other towards a common purpose.



Fearless pursuit of safety

Dunzo set up cross-functional teams to solve for some of our hardest problems like safety. One of the key problem statements was how do we keep our partners safe, while they continue to be on the streets serving cities selflessly? As a tech company, our teams believed there was more than we could do: other than providing masks, sanitizers and other preventive measures. It was in strike teams like these features like throttling partner dispatch for busy stores to ensure social distancing and safety were prioritised.

We saw people set up smaller strike teams to solve for ideas that were our most challenging and work in alignment with each other towards a common purpose.

HOW TO ACHIEVE THESE PRIORITIES

Working remotely, many teams set strict agendas to ensure maximum productivity during conference calls. Reshifting focus, teams began to have earlier stand-ups to align for the day and provide clarity for the day's outcomes. Each team set up a process that most suited the needs of their team members, and as an organization, we allowed them the flexibility to keep their hours.

Staying connected with the team and letting communication be universal, became even more important during this time.

Trust is important when teams are working together in the workplace. It's even more important during WFH. With personal fears as pressing as professional ones, managers needed to assure their teams to be open and forthright about their inhibitions and limitations. Working together with their teams, and helping them work flexibly allowed each member to contribute effectively towards the team's daily objectives.

Staying connected with the team and letting communication be universal, became even more important during this time. Information had to be relayed across all levels, and all function leads improved their frequency of communication to ensure everyone felt included even though they were spread out in different corners of the city and country.

MAINTAINING BUSINESS CONTINUITY



Customer support

The largest team at Dunzo with over 350+ team members is structured to cater to users, delivery partners and merchants, with the modality of support being heavy on chat and phone support. This is a process-heavy team at Dunzo with over 300 SOPs, knowledge management tools, online process knowledge tests, etc.

These levers were built to provide exceptional customer experience, however, during this time, these levers became even more important for the team to be aligned and take quick decisions for the end-user, efficiently and effectively. The team focussed on the below while contingency planning:

- Guidelines for every team; to enable the same experience when working remotely
- Internal capability to coordinate virtually [core working hours, standups, virtual coffee breaks/ lunch hour, etc]
- Channels of formal and informal communication
 - Multiple standups every day for all shifts
 - The larger team connected on hangouts/ Whatsapp
 - Team leaders in constant communication with the team not just for work, but for any support required during these times
 - Fun activities
 - Motivate and inspire at every opportunity

As we build on more safety and efficiency features, we continue to work for the most vulnerable part of the supply chain - our Dunzo delivery partners. As we share this information, the Dunzo team is establishing an internal fund to help partners impacted by the lockdown.

Wysa

'Social distancing' and 'lockdown' are fast becoming our new reality, and the mental health ramifications of those need to be discussed and addressed. The mandated isolation is often [associated](#) with post-traumatic stress symptoms, anger and avoidance behaviors.

Our own therapists are swamped with clients talking about COVID night and day, and we take periodic breaks on Zoom to sing and dance together and reduce our cortisol levels.

Healthcare workers have it even worse. Our own therapists are swamped with clients talking about COVID night and day, and we take periodic breaks on Zoom to sing and dance together and reduce our cortisol levels.

We think Wysa can help and have made our premium version [free for all frontline healthcare workers](#).

For everyone else, we have created free tool packs to deal with pandemic health anxiety and isolation. They also can talk to [Wysa](#) at any point to talk through their worries or just vent a little.

For those new to Wysa, it is an AI penguin written by therapists that users talk to anonymously about their mood and struggles. Typical sessions can make an impact in under 15 minutes, and people open up about their struggles in the first minute – something that is hard to achieve even in a human therapist conversation. For those who need more support, there is also an option to chat with qualified human therapists - again, anonymously.

The nature of conversations has also changed.

Since the pandemic, there has been a surge in usage of Wysa. The nature of conversations has also changed.

Earlier low energy, depression, relationship issues, and sleep were the top topics on Wysa.

These have now been replaced by health anxiety, feelings of isolation and both financial and social implications of lockdowns. It is clear that people are struggling with not only health but also a financial crisis without access to their normal routines, social support, and coping mechanisms.

Helping people cope in moments of panic, and come to a point of acceptance in their grief so they can plan to move forward, has been our main focus.

Wysa has a range of tools that they can access from relaxation techniques to cognitive restructuring, improving focus or regaining motivation. Most of these take under ten minutes to do and 93% of the users find them helpful.

Over a 100,000 users have used Wysa toolpacks for health anxiety and social distancing during the time of this pandemic, a 3x increase over any other tool in the same time period. Interestingly, they were first called pandemic anxiety and isolation support but people found these words triggering. Wysa is a safe space where they want to avoid being reminded of the pandemic.

For healthcare workers, all of our premium tools including support for burnout prevention has been made free, and has been shared widely in the UK by the NHS. It is a trust based, quick registration on [this site](#) to get free access.

ORCHA, the agency that evaluates health apps for the NHS, has rated Wysa as #1 for self-management during the Covid pandemic.

Our effort to help our users has paid back many times over

There is such a thing as good karma. Our effort to help our users has paid back many times over: Wysa caught the attention of insurers, hospitals and public health systems who have since launched Wysa-powered solutions of their own. These include leading firms like Aetna, Aster DM Healthcare, Cincinnati Children's Hospital (US) and, soon, several more."

For those who
never stop starting



Partners:

