



Covid19: The effect on MSMEs, lessons learnt for businesses - post pandemic.

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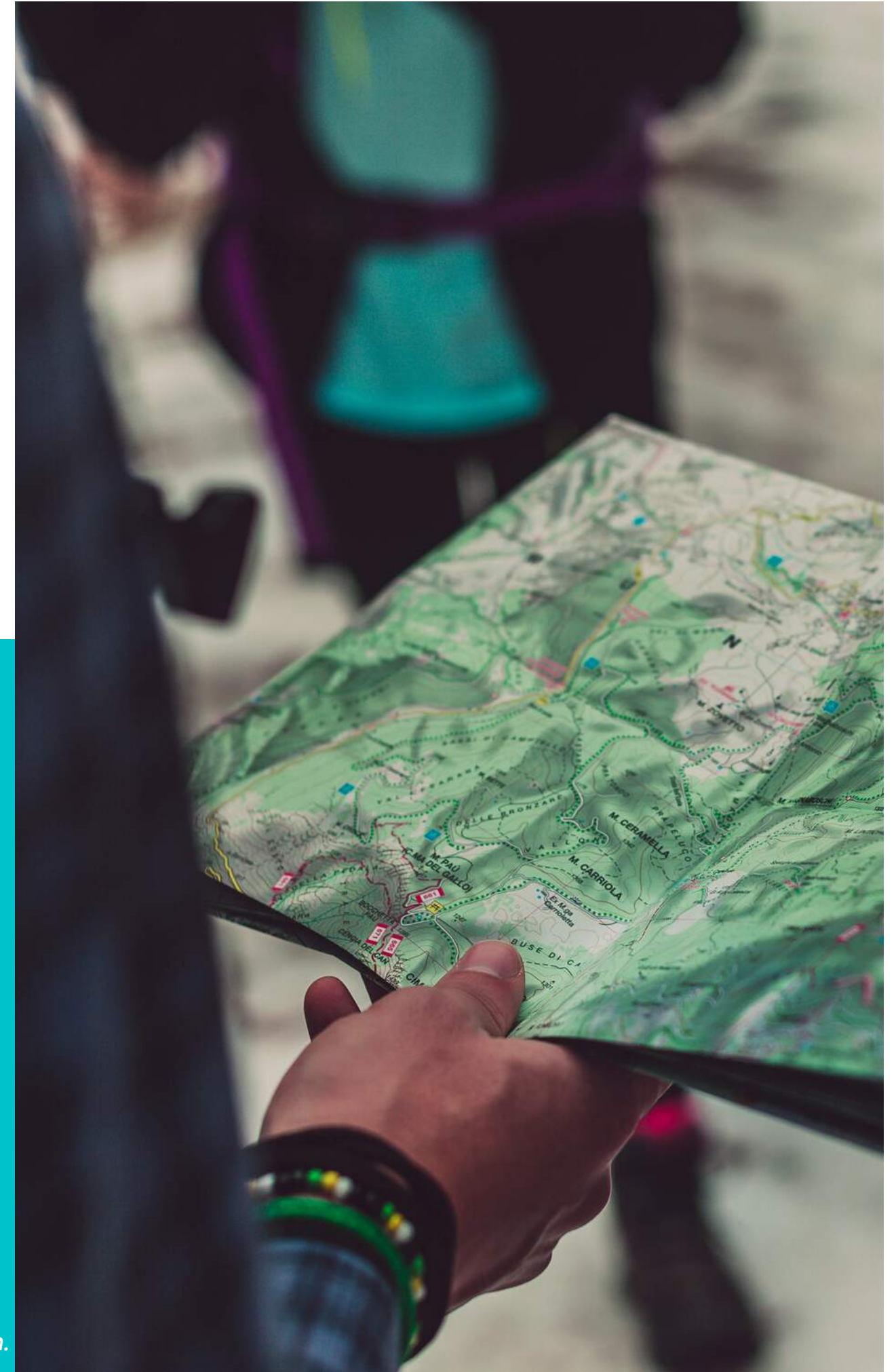
2 June, 2020

Covid-19 & Entrepreneurs

Webinar Outline

WHAT WE ARE COVERING?

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CORONAVIRUS IMPACT ANALYSIS

Health crisis

Across the world:

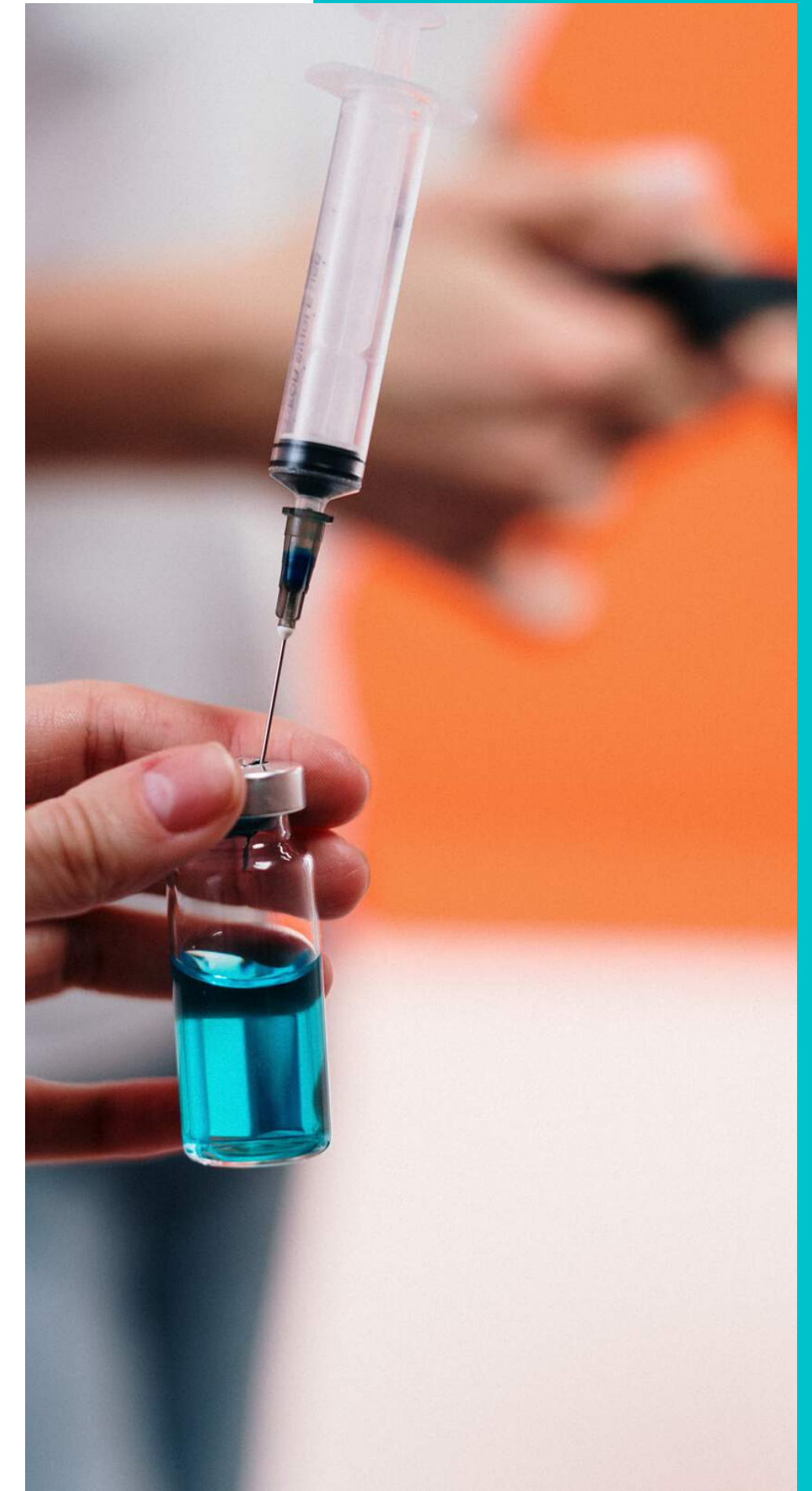
- 213 countries & territories affected worldwide
- 6,374,962 combined cases
- 377,607 reported deaths | 2,909,777 recoveries
- US worse hit with 1,859,597 cases

In Africa:

- 54 African countries affected
- 144,702 cumulative cases
- 4,149 reported deaths | 61,164 recoveries
- SA worse hit with 34,357 cases

In Nigeria:

- 36 states, plus the FCT affected
- 10,578 infected cases
- 299 reported deaths | 3,122 recoveries
- Lagos worse hit with 5,135 cases



CORONAVIRUS IMPACT ANALYSIS

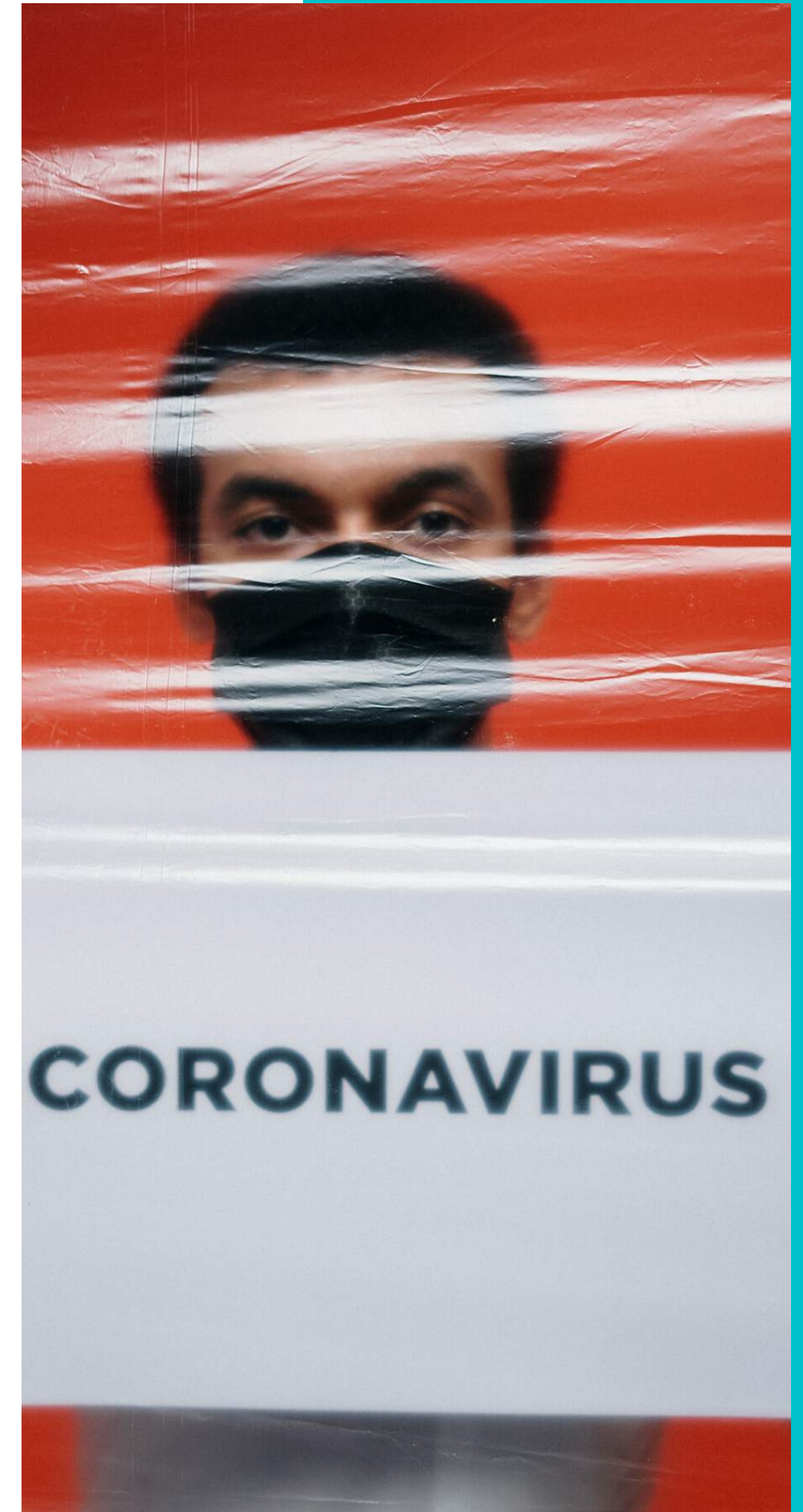
Economic crisis

Prior to Covid19

- Poor economy, low GDP, reduced government revenue & rising debt
- High poverty rate, unemployment, deaths
- Poor infrastructure - water, roads, health care & electricity
- High rate of insecurity - kidnapping, banditry, ethnic unrest & so on
- Lack of trust in government and leadership

Covid19

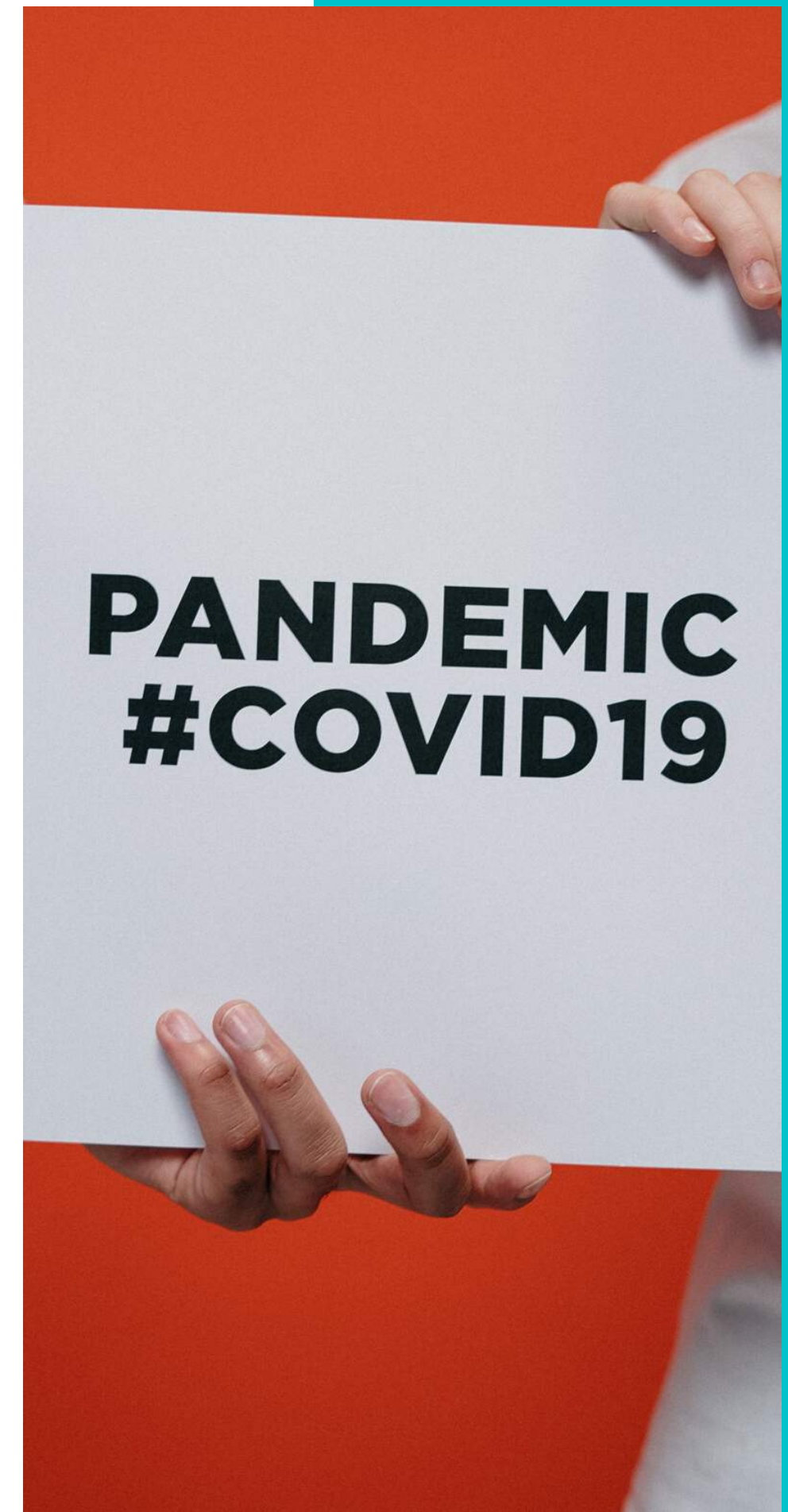
- Supply chain disruptions, lockdown / movement & travel restrictions
- Change in consumer spending pattern to majorly essentials - food & data
- Huge drop in crude oil prices
- Increased concerns for job losses, under-employment, work from home, closure of schools and borders
- Closure of income yielding activities & businesses
- Travel bans & closures of airports & air routes
- 80%+ of economic activities in Africa occurs in the informal sector



CORONAVIRUS IMPACT ANALYSIS

Financial crisis

- Little or no liquidity for both businesses & government
- Lost incomes due to inactivity, no sales or business activities
- Downturn stock & financial market activities
- Federal government now revising 2020 budget
- Closure of physical trading & market activities / phased operations
- Aggressive government financial interventions required yet government revenues are dwindling.
- Aggressive taxations regime following circulars issued by the FIRS, which appears to be inconsistent with ease of doing business & the present business predicament
- Palliatives not getting to enterprises who truly need funding to cushion the impact & effect of the disruptions
- Businesses are unable to keep staff & operations due to the pandemic & lockdown. Several small business might have to shut down permanently.
- Inflation is fast approaching 13% threshold, presently at 12.6%



MSME STATISTICS IN NIGERA

Sourced from the 2017 joint report of the National Bureau of Statistics (NBS) and the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN), these statistics help us understand why MSMEs are hardest hit by the Covid-19 and what we need to correct to do business better, post Covid-19.

Category	Micro Businesses	Small Businesses	Medium Businesses
Definition (According to SMEDAN’s National Policy on MSMEs)	Less than 10 employees/ less than ₦5million worth of assets (excluding land and building)	10 to 49 employees/ ₦5million to ₦50million worth of assets (excluding land and building)	50 to 199 employees/ ₦50million to ₦500million worth of assets (excluding land and building)
Number of Businesses	41,469,947 (99.8%)	71,288 (0.17%)	1,793 (0.004%)



MSME STATISTICS IN NIGERA

Category	Micro Businesses	Small Businesses	Medium Businesses
Top Industries	Wholesale/ retail trade (42.3%) Agriculture (20.9%) Other service activities (13.1%) Manufacturing (9.0%) Accommodation and food services (5.7%)	Education (27%) Manufacturing (23%) Wholesale/Retail Trade (18%) Human health and social works (10%) Accommodation and food services (8%)	Manufacturing (43%) Wholesale/Retail Trade (13%) Human health and social works (12%) Accommodation and food services (9%) Education (7%)
Ownership Structure	Sole proprietorship- 97% Partnership – 2% Others – 1% (*97.8% are not registered with CAC)	Sole proprietorship- 65% Private Limited Liability – 21% Partnership – 5% Faith based – 6% Cooperative – 1% Others – 2%	Sole proprietorship- 65% Private Limited Liability – 21% Partnership – 5% Faith based – 6% Cooperative – 1% Others – 2%

MSME STATISTICS IN NIGERA

Category	Micro Businesses	Small Businesses	Medium Businesses
Sources of Capital	Personal savings (61.2%) Family (23.6%) Cooperative Groups	Personal savings (55.6%) Loans (17.5% made up of loans from commercial banks- 91.9%, Micro-Finance Institutions – 4.7%, Development banks- 1%) Family (11.7%)	Same as Small Businesses
Age of Founders	26 to 50 years	88% are over 36 years	88% are over 36 years
Growth Rate in number of businesses from 2013	12.1%	4.6%	-61%



MSME STATISTICS IN NIGERA

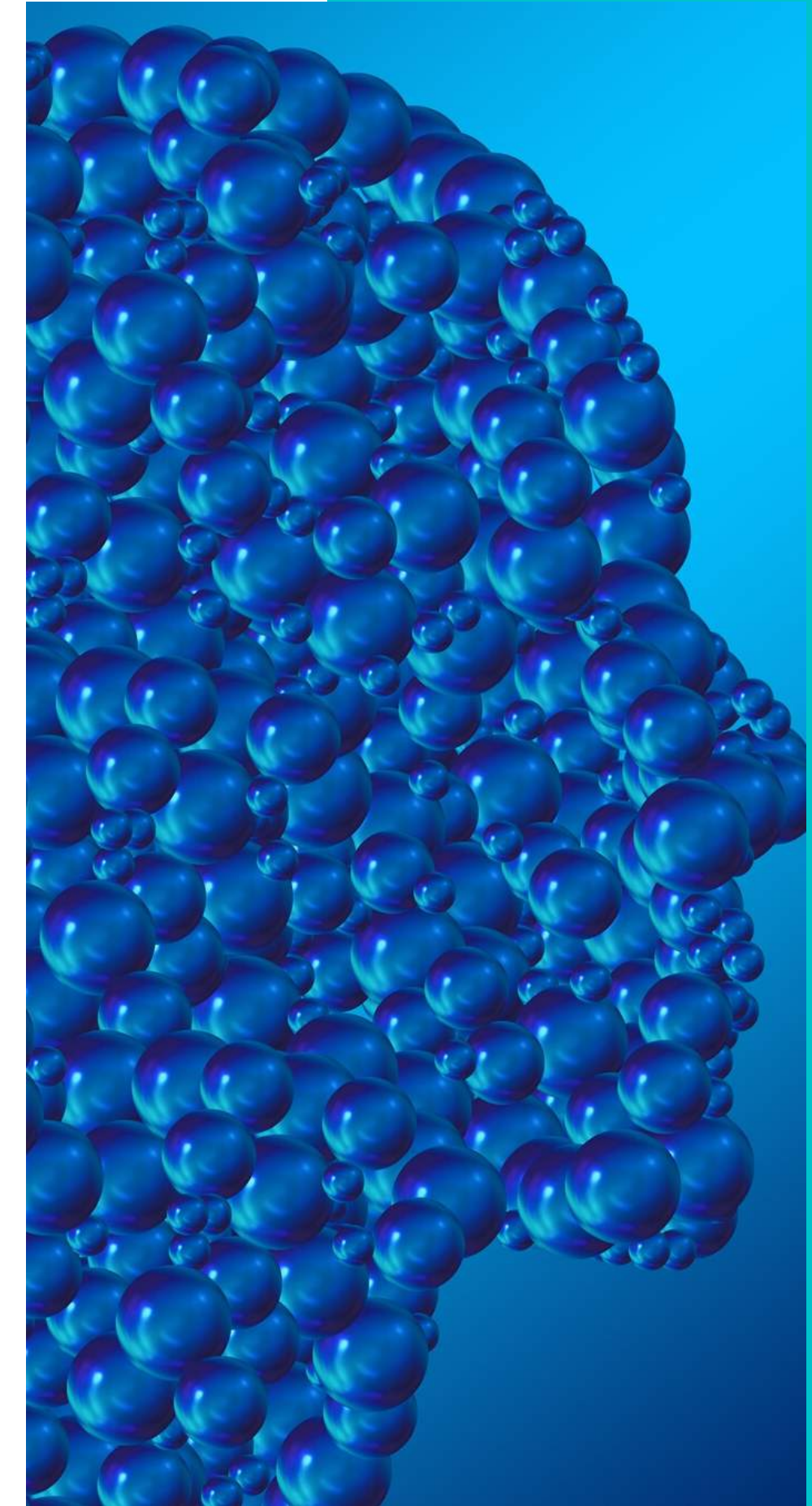
Category	Micro Businesses	Small Businesses	Medium Businesses
Top Challenges	<p>Lack of finance- 90.5%</p> <p>Lack of financial and business support services (pervasive absence of Business Plans- 75.6% has no business plan- leading to business failure and reluctance from investors in providing capital)</p> <p>Lack of business registration (97.8% unregistered)</p> <p>Lack of Insurance (96.61% uninsured)</p>	<p>Lack of finance- 67.9%</p> <p>Lack of financial and business support services (pervasive absence of Business Plans- 65% has no business plan- leading to business failure and reluctance from investors in providing capital)</p> <p>Lack of Insurance (63.9% uninsured)</p>	<p>Lack of finance- 67.9%</p> <p>Lack of financial and business support services (pervasive absence of Business Plans- 65% has no business plan- leading to business failure and reluctance from investors in providing capital)</p> <p>Lack of Insurance (63.9% uninsured)</p>



LESSONS LEARNT/POST COVID-19 STEPS

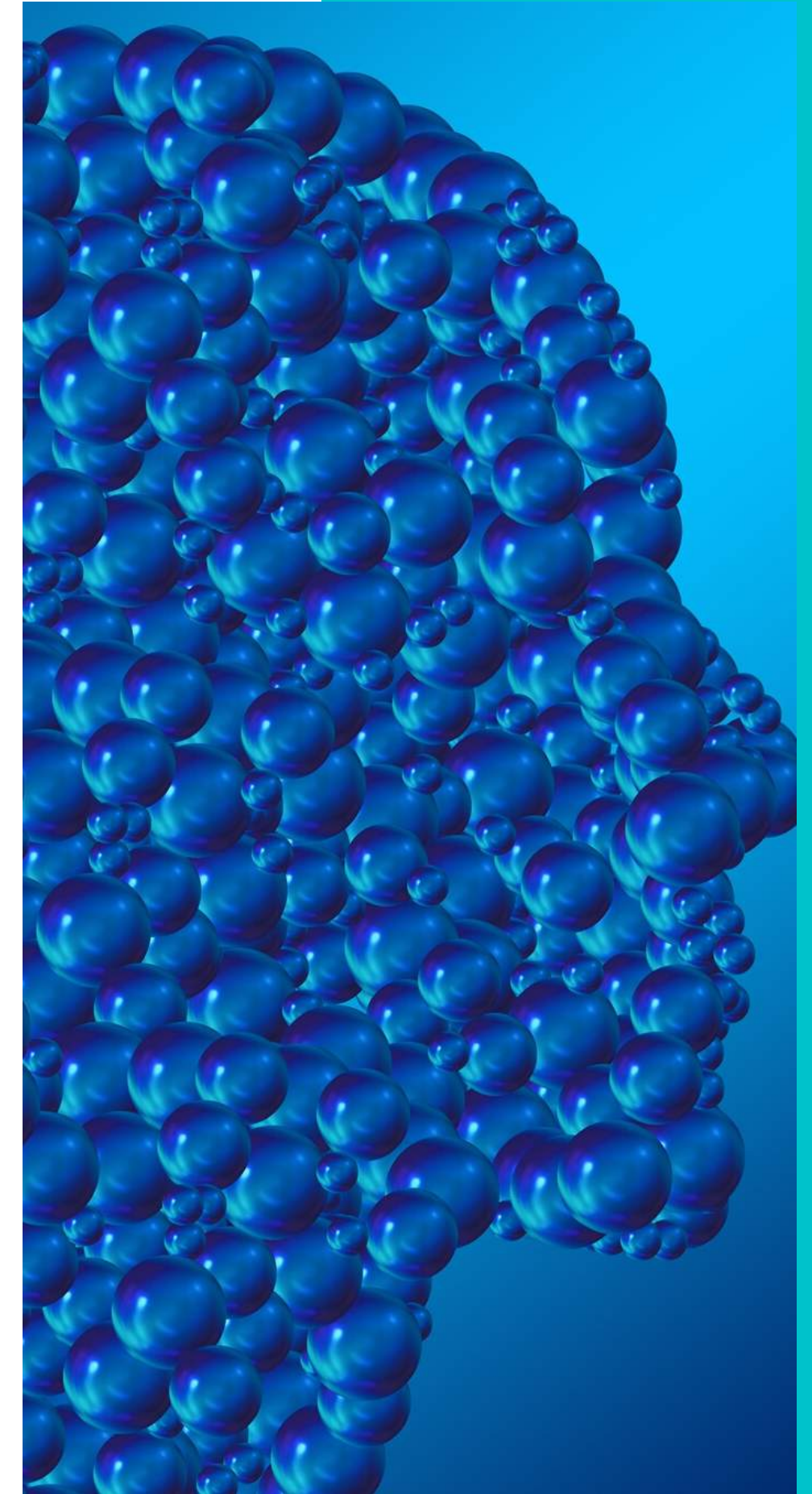
Some lessons learnt in the past few weeks/ months of physical and economic lockdown:

- Customer need vs want - clear definition between essential and non-essential commodities. Build a business around customer needs
- Need for agility, competence and flexibility in strategy and operations
- Need for reliable and stronger business networks and collaborations
- Need to build a business that can auto-operate with little or no human interaction - use of technology to power your business
- Need for solid operational structure, insurance, safeguards and shock absorbers
- Need to have a good business plan in place
- Diversify sources of finances, operations, and supply
- Need to have up to date financial statements and tax status/ clearance in case you need funding from banks or need to diversify operations



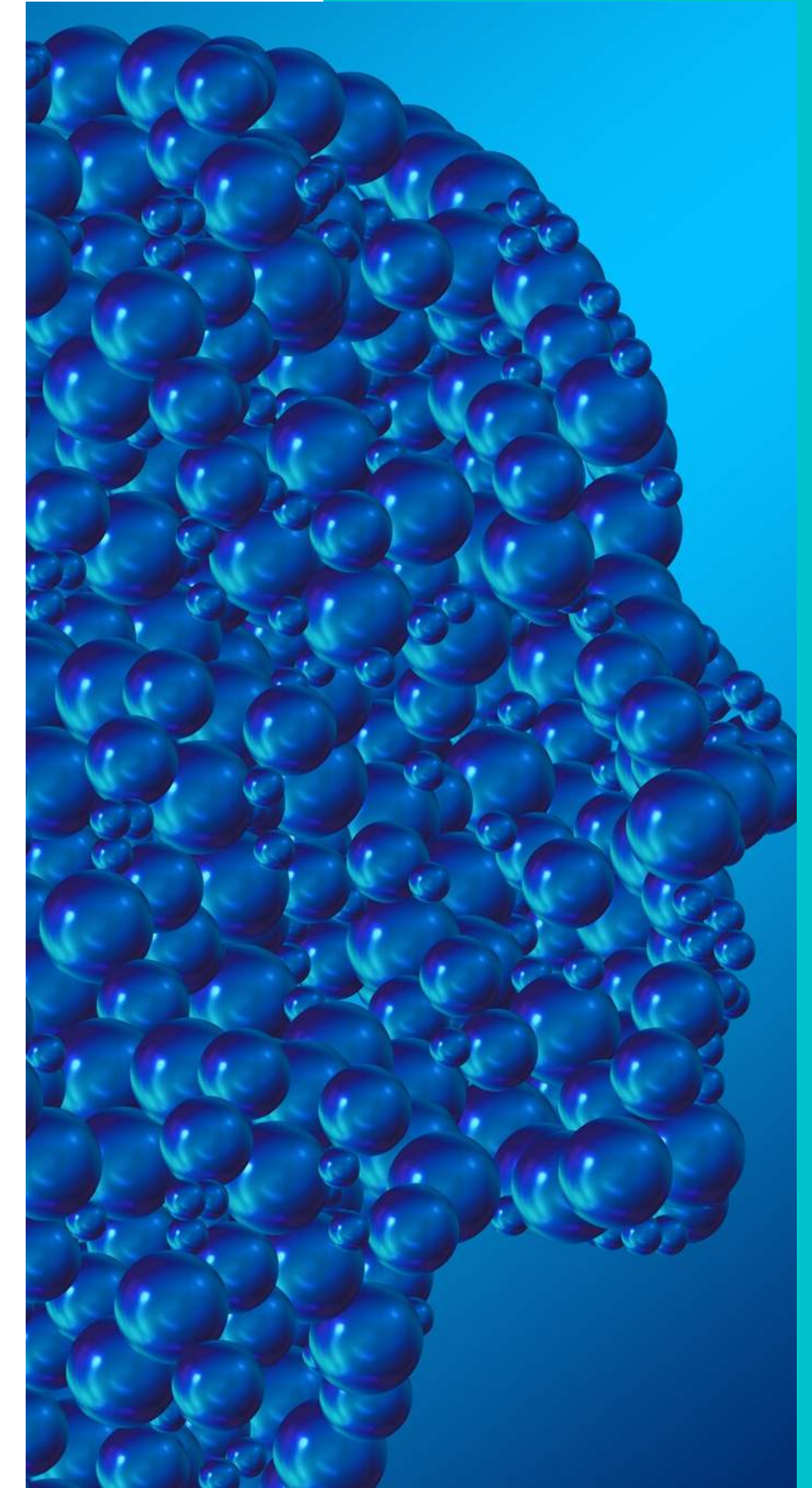
LESSONS LEARNT/POST COVID-19 STEPS

- Employees must be ready to put the business first - salaries would come, if only the business stays alive - businesses should thus seek out and retain resilient and committed employees
- Ensure that businesses are duly registered and correctly structured - CAC, FIRS, SIRS
- Strive to have a database of your clients, customers and suppliers - this would enable you know them more and build better relationships
- Pay attention to changing trends in the economy - align/ diversify your business to emerging opportunities but stay the course of your business' plan/ mission
- Structure remote, flexible or online business conditions / activities, should your business rely on importations - you might not be able to travel soon




LESSONS LEARNT/POST COVID-19 STEPS

- Actively engage customers to understand buying preferences - Knowledge of market conditions is paramount at this time
- Pay attention to the comments of relevant government agencies, so you can position your businesses better - FIRS, CBN and other related business regulators
- Speak openly to your creditors and suppliers and ask for better negotiating terms or supply conditions. This should also happen with other vendors who provide you with support
- Improve transferrable skills, learn technical skills too, engage consultants for business support
- Take it easy, everyone has been affected one way or more by this pandemic - you are not the only one!



Conclusions



NEED TO BE
HEALTHY - SO
STAY SAFE,
SANE AND
HEALTHY FIRST



EMBRACE
TECHNOLOGY
FOR
EFFECTIVENESS



NETWORK
MORE; GET
BETTER
PARTNERSHIPS



RE-STRUCTURE
YOUR SELLING
& SUPPLY
PROCESSES



RE-STRUCTURE
YOUR FINANCES-
FUNDING IS KEY



RELOOK
YOUR HUMAN
CAPITAL

ABOUT VI-M

Vi-M Professional Solutions is a technology focused tax, audit and advisory services firm.

We are the first professional services firm in Nigeria to be engaged by the Federal Inland Revenue Service (FIRS) to write and publish tax technical articles in a national newspaper for the education of taxpayers. Also, the first to partner with the catholic Archdiocese of Lagos to carry out business advisory and tax clinic series for enlightenment of its MSMEs. We produced the first Tax Laws App (Tax Law Book) - to make it easy for people to access, read and understand the Nigerian tax laws.

Tax Law Book App is on Android and IOS stores and has been updated with the amendments in the tax laws from the Finance Act 2019.

We also partner with ERP and Accounting Software providers to automate end to end processes for businesses in different sectors and sizes. Vi-M Talent Assist - vi-mtalentassist.com is our people software, designed to assist talents and employers achieve their career and recruitment goals respectively.

These impact and value driven initiatives are all geared towards using the most effective media and technology to solve the end to end needs of Nigerian businesses and investors.

Learn more about Vi-M Professional Solutions on www.vi-m.com or follow us on Instagram, Facebook, LinkedIn and Twitter to get periodic business insights and updates.

To contact us, please send an email to clients@vi-m.com or call 08173203657; or 08028646609.

Vi-M Professional Solutions

Questions & Answers



Covid-19 & Entrepreneurs