

COVID-19 and pandemic planning: How companies should respond (1)



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Traditional resilience planning doesn't do enough to prepare for a pandemic. Learn how organizations can improve their response.

The rapidly evolving threat around the COVID-19 virus, commonly referred to as coronavirus, is impacting the business and investor community across the world. The global and interconnected nature of today's business environment poses serious risk of disruption of global supply chains that can result in significant loss of revenue and adversely impact global economies.

The impact on the global economy may increase depending on the extent of geographic spread of the virus. However, the pandemic has already negatively impacted the global economy as a whole.

This article presents insights and recommendations covering:

1. Enterprise response
2. How to plan and respond differently to pandemics
3. Key takeaways and next steps for leaders

CHAPTER 1

Enterprise response

Conventional approaches and why they fall short in today's environment.

As the event evolves, we are seeing companies take measured approaches to safeguard employees and mitigate financial and operational exposure. For example, at the time of publication of this paper, many multinational businesses have reduced output of facilities and or suspended operations in affected regions, as travel restrictions and mandatory social distancing and homeworking have been invoked. Companies and governments around the world continue to closely monitor the situation.

While cyber risk is a relatively recent consideration in resilience planning, companies have long maintained various resilience plans for business continuity, disaster recovery and crisis management. These plans, while effective for a range of business disruptions, may fall short during a global crisis such as coronavirus or other pandemic events.

Moreover, companies typically have less incentive to invest in distinct pandemic management capabilities since pandemics are lower-probability events (the last major pandemic, H1N1 influenza or swine flu, occurred in 2009). And while firms likely refreshed resilience plans in response to the H1N1 pandemic, it is important to consider differences in today's environment.

For example, cyber criminals may be more likely to target a situation where security operations centers are largely managed in the affected region. Given the high severity, potential human impacts and greater contagion effect that these events can pose on the ongoing viability of operations, companies must think through the implications to their businesses and develop specific crisis management annexures around pandemic threats. These annexures can serve as critical mechanisms by which companies can coordinate response with federal, state and local authorities, in addition to their own incident response and crisis management framework and protocols, to provide an effective response to these events.

CHAPTER 2

How to plan and respond differently to pandemics

Why traditional resilience plans are not sufficient to address pandemic-related disruptions.

There are significant differences between business disruptions that are caused by natural, human-made, technology or operational failures and those caused by pandemic events. These differences persist due to the potential increased scale, severity and duration of pandemic events, necessitating the need for organizations to expand beyond traditional resilience planning strategies. Companies must incorporate pandemic planning considerations into existing resilience management activities to provide a comprehensive response and to provide continuity for their most critical products and services.

Additionally, companies should consider establishing pandemic-specific policies and procedures, capabilities for employee communications, telecommuting and personal/family leave to minimize disruptions. Due to their duration, impacts on personnel in the regions that absorb additional work cannot be overstated, from the start of the pandemic to several weeks in, when contractor resources can start to meaningfully contribute. Scale can also vary, and to date it has been regionally concentrated with some global impacts; we have not seen a fully global crippling pandemic yet, although this remains a possibility.

Differences between traditional business disruptions and pandemic-related disruptions are listed below:

Dimension	Business disruptions*	Pandemic-related disruptions
Scale	Localized: impact a specific firm, geography, facility, third party, workforce	Systemic: impact everyone, including workforce, customers, suppliers, competitors
Velocity	Typically are contained and isolated quickly once root cause of failure is determined	Spread rapidly as a market contagion across a geography or even globally with severe cascading impacts
Duration	Generally shorter duration of disruption; e.g., less than a week	Extended and more long lasting; e.g., can last up to several months
Workforce shortage	May result in temporary shortage or repositioning of workforce	May result in a quickly increasing, significant shortage of workforce, e.g., more than half the workforce
External coordination	May require some coordination with public, government, law enforcement and health officials	Require high degree of coordination with public, government, law enforcement and health officials and may require coordination with more than one regional jurisdiction
Infrastructure availability	Requires reliance on the availability of public infrastructure (e.g., power, mass transit, telecommunications, internet) to complement primary business strategies	May constrain or restrict the availability of public infrastructure as scale and severity of event increases, especially as other companies are impacted by the same issue

* While some of the characteristics and impacts of business disruptions caused by natural disasters (e.g., hurricane, earthquake, tsunami) may be similar to those caused by pandemic events, a natural disaster is limited to a particular area/geography, whereas a pandemic can start in a particular area/geography and quickly spread globally.

CHAPTER 3

Key takeaways and next steps for leaders

How to plan and respond differently to pandemics versus traditional resilience planning.

Apply a people-first mindset

The very first priority of an organization during a pandemic should be the safety and well-being of its workforce. Employees are unable to focus on work responsibilities when their well-being and that of their family are in peril. Hence, the critical question firms must address at the onset of a pandemic event is whether their employees are safe, followed by whether they are available to perform critical functions. It is important for companies to be able to monitor the situation, provide a safe workplace and offer their employees the support that they need.

Examples of employee support may include providing access to internal and external resources (e.g., World Health Organization, International SOS, Centers for Disease Control and Prevention), services (e.g., extended child/elder care, transport for late hours) and recognition for employees who take on work for other areas, communicating timely updates to raise awareness and establishing employee standard of care services where possible to provide support to sick personnel or those that are caring for sick household members.

To enable timely two-way communication and employee tracking and to disseminate critical information, companies must validate that emergency notification systems are in place and tested on a routine basis. Alternative communication channels such as social media may be used, especially if the telecommunication network capacity is strained. In addition, companies should deliver pandemic-related training to enhance employee preparedness and alleviate any concerns.

Plan for geographical segmentation of functions and activities

A pandemic can have severe consequences in impacted areas and geographies, making them inaccessible for an extended period of time. As a component of a business impact analysis, companies identify the chain of activities and

down the spread of the disease, requiring the activation of remote working capabilities. Unlike an occasional weather event, which may prompt some employees to work remotely, a pandemic may lead to a complete shutdown of the entire facility in an area, forcing a high number of employees to work remotely for an extended duration. This may in turn result in heavier-than-normal traffic on remote connectivity networks, causing capacity and load access issues.

Companies should invest in tools to enable personnel to work remotely and collaborate virtually, assess their current bandwidth to support remote work, perform periodic network stress testing and identify workarounds for critical tasks that are not executable from home. It is worth noting that while remote working is a viable option for the service sector, it does not work as well for manufacturing, thus resulting in critical impacts on product supply chains.

Consider the systemic nature of pandemics when designing response strategies

Companies must challenge and stretch the boundaries for traditional resilience plans to address pandemic events. During a pandemic, some of the standard strategies such as work transfer to alternate sites, relocation of workforce and staff augmentation may not be viable options as personnel and alternate locations/sites may be just as impacted by the event.

Additionally, degradation or limited availability of core infrastructure such as mass transit, telecommunications and internet may pose further challenges to activating plans and strategies. Companies must carefully design distinct strategies; for instance, inter-affiliate contracts to subcontract work to or alternate supply chain vendors to overcome these barriers, and especially plan around areas of high manual intervention and concentration risks, including single points of failure.

Companies should validate that contracts between country-to-country affiliates are in place to reduce uncertainty of terms, rates, payments and regulatory requirements; data-sharing agreements are addressed within the contracts (e.g., General Data Protection Regulation requirements); and, as required in regulated industries, appropriate licenses are in place to conduct the additional work. Further, downstream dependencies should be considered. For example, if contractor onboarding is concentrated in the impacted region, capabilities in other locations that could be quickly mobilized should be entertained. ■

(Continued in next edition)

Leading through the pandemic

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Invest in technology and infrastructure to support remote work and virtual collaboration capabilities

A pandemic requires employees to stay home to limit exposure and to prevent or slow