

# COVID-19: Managing Your Business During A Crisis



July 21, 2020

# Address the Current Situation

## Triage the Here and Now

To provide immediate response to the current COVID-19 crisis. Response to include handling daily information and awareness briefing, direct planning / recovery efforts, and provide leadership with the information required for them to make executive decisions.



# Understanding the Situation

Threat phase:

(Sample)

Phase I: Warning		Phase II: Endemic	Phase III: Epidemic	Phase IV: Pandemic
Situation: Indication		Person-to-person	Global Containment	Community Spread
Response	Communication <ul style="list-style-type: none"> <li>Weekly Meeting</li> <li>Company comm(s)</li> </ul>	Communication <ul style="list-style-type: none"> <li>Weekly Meeting</li> <li>Weekly comm(s)</li> </ul>	Communication <ul style="list-style-type: none"> <li>Daily meeting</li> <li>Information hub</li> </ul>	Communication <ul style="list-style-type: none"> <li>Daily meeting</li> </ul>
	Travel <ul style="list-style-type: none"> <li>Alerts</li> <li>Tracking</li> </ul>	Travel <ul style="list-style-type: none"> <li>Alerts</li> <li>Tracking</li> </ul>	Travel <ul style="list-style-type: none"> <li>Domestic</li> <li>Events</li> </ul>	Travel
	Office <ul style="list-style-type: none"> <li>Hygiene</li> <li>Fact sheet</li> </ul>	Office <ul style="list-style-type: none"> <li>Establish protocols</li> </ul>	Office <ul style="list-style-type: none"> <li>Property mgmt.</li> <li>Remote work</li> </ul>	Office <ul style="list-style-type: none"> <li>Community support</li> </ul>
		Crisis Management <ul style="list-style-type: none"> <li>Command Center</li> </ul>	Crisis Management	Crisis Management
		Operations <ul style="list-style-type: none"> <li>Assessments</li> </ul>	Operations <ul style="list-style-type: none"> <li>Stakeholder analysis</li> </ul>	Operations <ul style="list-style-type: none"> <li>Government liaison</li> </ul>

# Understanding the Situation (cont'd)

Situation:

(Sample)

Sample Updates (as of 6:00am EDT)	Trends
<ul style="list-style-type: none"><li>❑ WHO Classification: PANDEMIC   U.S. declared a National Emergency</li><li>❑ WHO warns that the pandemic infection rate is accelerating globally</li><li>❑ 169 countries report active cases per JHU; sustained community spread is pervasive</li><li>❑ Multiple EU, African and SE Asian countries have enacted national lockdowns or strict restriction of citizen movement</li><li>❑ Economic Impact: U.S., UK and multiple European and Asian countries are preparing or have declared large economic stimulus packages for citizens and industry</li></ul>	<ul style="list-style-type: none"><li>❑ Increased impact to persons 60+ and those with weakened immune and respiratory systems</li><li>❑ Increased rate of spread &amp; testing capacity drives surge in reported cases</li><li>❑ Context: 1st 100k infections took 67 days; 2nd 100k took 11 days; 3rd 100k took 4 days</li><li>❑ Cancellation or postponement of non-essential medical and dental procedures</li><li>❑ Increased and prolonged school closures (including daycare, K-12, university)</li><li>❑ Transition from to remote work for many workers; layoffs or furloughs increasing for industries unable to work remotely</li><li>❑ State and local quarantines and travel restrictions in the US; Nationwide internationally</li></ul>

# Continuing Your Business Throughout the Pandemic



# Cyber Security and Resilience Considerations

Cyber criminals are looking to prey on the coronavirus situation and exploit workers and systems.

- ❑ Train employees unfamiliar with working from home and reinforce cyber hygiene for all employees
- ❑ Ensure IT/CISO employees busy with recovery efforts also have time to monitor potential cyber intrusions
- ❑ Ensure all the new pieces of end-point hardware are properly protected

*"We've definitely seen an uptick in COVID-19 phishing attempts that are making emotional appeals and using the crisis to drive urgency,"*

**Tom Hale,**  
SurveyMonkey  
President

The screenshot shows a CNBC article from the Technology Executive Council. The title is "Phishing scams, spam spike as hackers use coronavirus to prey on remote workers, stressed IT systems". The author is Eric Rosenbaum (@ERPROSE). The article is published on Friday, March 20, 2020, at 10:36 AM EDT and updated at 12:15 PM EDT. The article includes a "KEY POINTS" section with three bullet points: "More than one-third of senior technology executives surveyed by CNBC say that cybersecurity risks have increased as a majority of their employees work from home.", "Other experts say the true level of hacking risk is likely much higher than even these numbers indicate.", and "About 85% of companies surveyed say at least 50% of their employees are now remote."

[www.cnbc.com/2020/03/20/phishing-spam-spike-as-hackers-use-coronavirus-to-hit-remote-work](https://www.cnbc.com/2020/03/20/phishing-spam-spike-as-hackers-use-coronavirus-to-hit-remote-work)

# Insurance

Good resiliency programs consider insurance as part of the overall risk mitigation strategy.

There is now debate on the coverage resulting from COVID-19 losses. Where do we stand with coverages?

- ❑ Business interruption
- ❑ Extra expense insurance
- ❑ Contingent business interruption


Look for potential litigation and government intervention in the weeks and months to come

The New York Times

The Coronavirus Outbreak | **LIVE** Latest Updates | Maps | Market Updates | U.S. Impact | Common Questions | Newsletter

## Coronavirus Will Cost Businesses Billions. Insurance May Not Help.

Companies buy insurance that usually pays out when they have to halt operations. But it's usually because of physical damage, not outbreaks.



The coronavirus outbreak has closed suppliers in China, but insurance policies meant to protect companies from business interruptions probably won't cover the losses. Noel Celis/Agence France-Presse — Getty Images

[www.nytimes.com/2020/03/05/business/coronavirus-business-insurance.html](https://www.nytimes.com/2020/03/05/business/coronavirus-business-insurance.html)

# Building Resiliency into the Future





# What the Future May Hold

## Elevating operational resilience

- ❑ Companies and regulators will look to enhance the role

## Country and concentration risk

- ❑ More conservative approach to offshoring and other cost saving business decisions

## Updates for existing and new regulations and standards

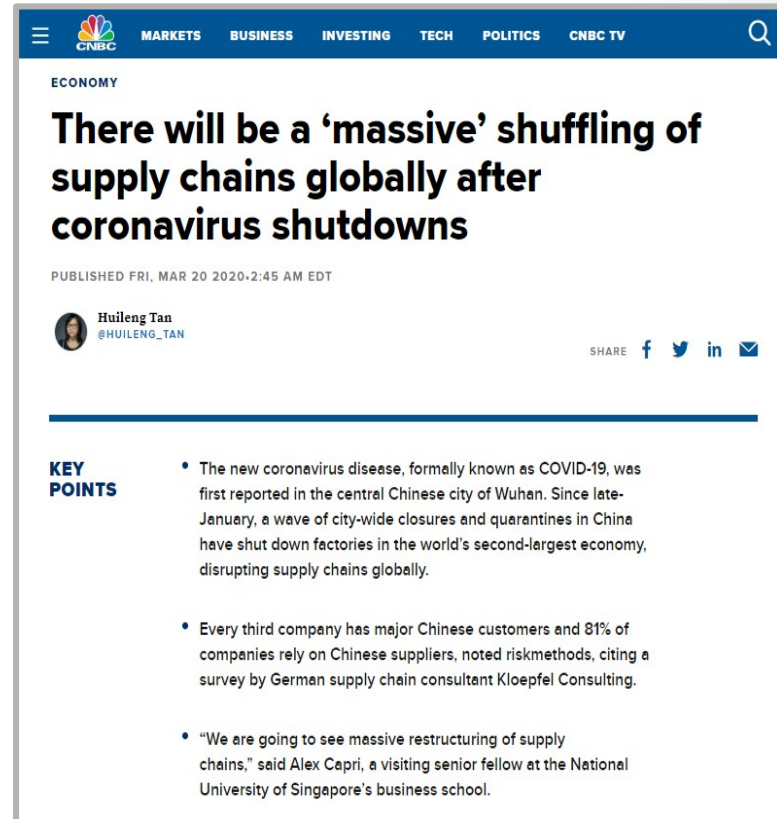
- ❑ More guidance likely on the way

## Continued focus on 3rd and 4th Party Risk Management

- ❑ Deeper inspection, more validation

## New normal

- ❑ Company's may permanently change the way they operate (e.g. remote work, distance learning, tele- health, diversified supply chains, etc.)



The screenshot shows a CNBC article page. At the top, there is a navigation bar with categories: MARKETS, BUSINESS, INVESTING, TECH, POLITICS, and CNBC TV. The article is categorized under 'ECONOMY'. The main headline is 'There will be a 'massive' shuffling of supply chains globally after coronavirus shutdowns'. Below the headline, it says 'PUBLISHED FRI, MAR 20 2020 2:45 AM EDT'. The author is 'Huileng Tan @HUILENG\_TAN'. There are social media share icons for Facebook, Twitter, LinkedIn, and Email. A 'KEY POINTS' section follows, containing three bullet points: 1. 'The new coronavirus disease, formally known as COVID-19, was first reported in the central Chinese city of Wuhan. Since late-January, a wave of city-wide closures and quarantines in China have shut down factories in the world's second-largest economy, disrupting supply chains globally.' 2. 'Every third company has major Chinese customers and 81% of companies rely on Chinese suppliers, noted riskmethods, citing a survey by German supply chain consultant Kloeppel Consulting.' 3. '"We are going to see massive restructuring of supply chains," said Alex Capri, a visiting senior fellow at the National University of Singapore's business school.'

[www.cnbc.com/2020/03/20/coronavirus-shocks-will-lead-to-massive-global-supply-chain-shuffle.html](http://www.cnbc.com/2020/03/20/coronavirus-shocks-will-lead-to-massive-global-supply-chain-shuffle.html)

# Summary of Takeaways

1

Address the immediate situation through command, control, and communications

2

Build or strengthen your resiliency plans to come out of this in a stronger position

3

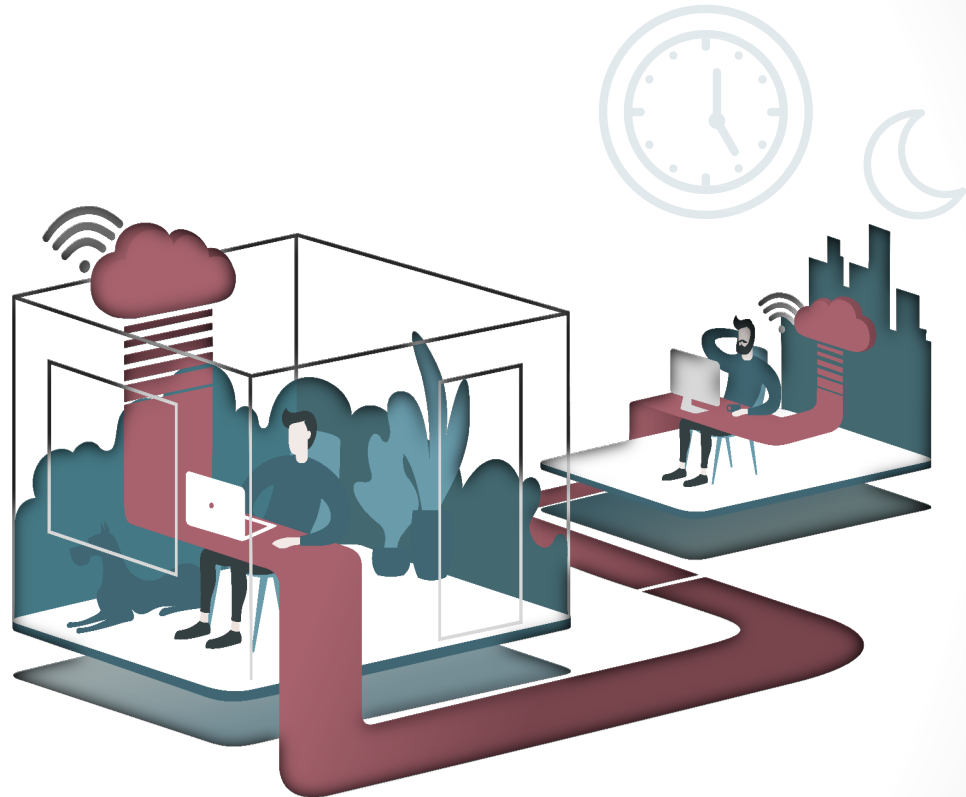
Be prepared for changes in how business operate and consider those impacts on resiliency planning

# Responding to COVID-19

What does it take to enable a

**PRODUCTIVE,  
COLLABORATIVE  
and SECURE**

remote workforce overnight?



# The Current State of Remote Work

## When Remote Work Works

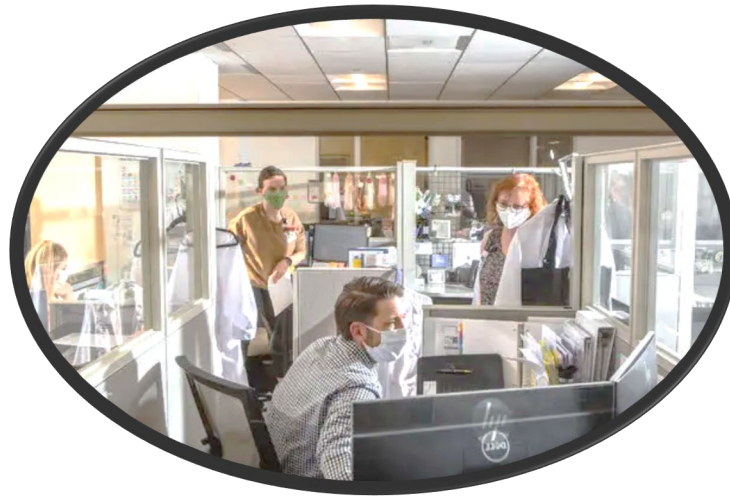
- ❑ Leaning in on cloud technologies
- ❑ Strengthening security posture
- ❑ Robust IT infrastructure
- ❑ Consistent, integrated collaboration tools
- ❑ Keeping and maintaining compliance
- ❑ 24x7 IT service desk support
- ❑ Secure collaboration across all devices
- ❑ Making business decisions based on data

## When It Doesn't

- ❑ Vulnerability gaps
- ❑ Disruption of work
- ❑ Poor communication and collaboration
- ❑ Increasing risk of fines and loss of customers
- ❑ Lack of productivity and delivery due to tech issues
- ❑ Limiting your team's ability to work
- ❑ Making guesses and hoping for the best

**If you're struggling, it's not too late.**

# CHALLENGES RELATED TO WORKPLACE SHORTAGES



# COVID-19 Workforce Landscape



## WORKER ABSENTEEISM

According to STAT news, we could see as many as 1 million U.S. coronavirus cases by the end of April



## REMOTE WORK

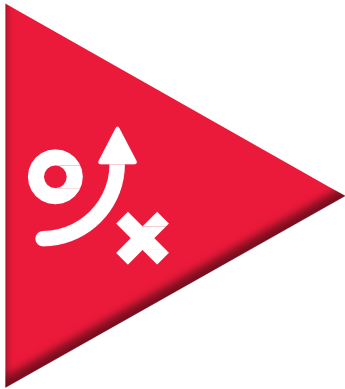
Only 18% of American employees work remotely 100% of the time (pre-pandemic)



## CHILDCARE

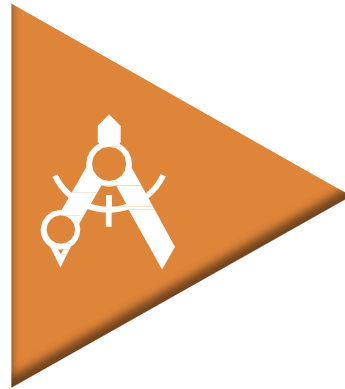
1 out of 3 children <5 years old with working mothers are in some form of organized childcare arrangement

# The 4P's of Effective Resource Planning



## PROACTIVE

What are your struggles?



## PRACTICAL

What is essential?



## PRODUCTIVE

How do you execute?



## POSITIVE

How do you keep your people motivated?

# Fill Essential Roles

**CONTINGENT** work may be necessary—but use **EXISTING** resources where you can



## KEY QUESTIONS

- ❑ Do we need to freeze hiring in the short term?
- ❑ If we do need to continue to hire, how can we do so remotely?
- ❑ If we do need to continue to hire, should we consider doing so on a contract basis rather than full time?

## KEY CONSIDERATIONS

- ❑ Make the best use out of the workforce you have by cross-training
- ❑ Source contingent labor during a potential freeze
- ❑ Have contacts to help you navigate a contingent workforce



# Manage Remote Workers

Technology is only **PART** of the recipe for success.



## KEY QUESTIONS

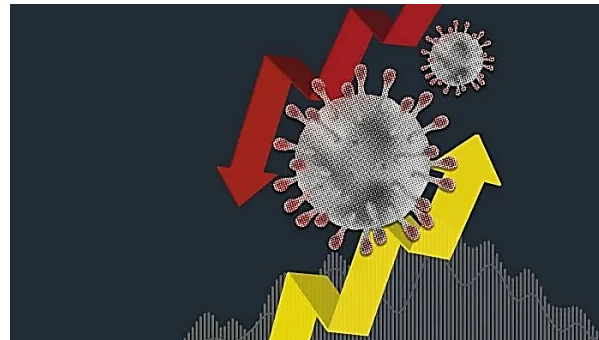
- How do I ensure my remote workers are productive?
- How will the shift to remote work impact the way work is performed?
- How do I address declines in job performance?

## KEY CONSIDERATIONS

- Review and update existing remote work policies
- Consider covering the costs of childcare
- Set clear expectations with measurable MOBs
- Address underperformance with compassion

1  
3

# IDENTIFY AND UNDERSTAND SYMPTOMS OF DISTRESS



# Some of the Key Signs of Distress Include...

## ❑ **Tight liquidity**

- Insufficient cash on hand
- Inability to obtain new financing for the business
- Inability to pay debts as they come due

## ❑ **Fully drawn on credit facilities**

- Covenant violations lower borrowing base availability
- Deteriorating relationship with lenders

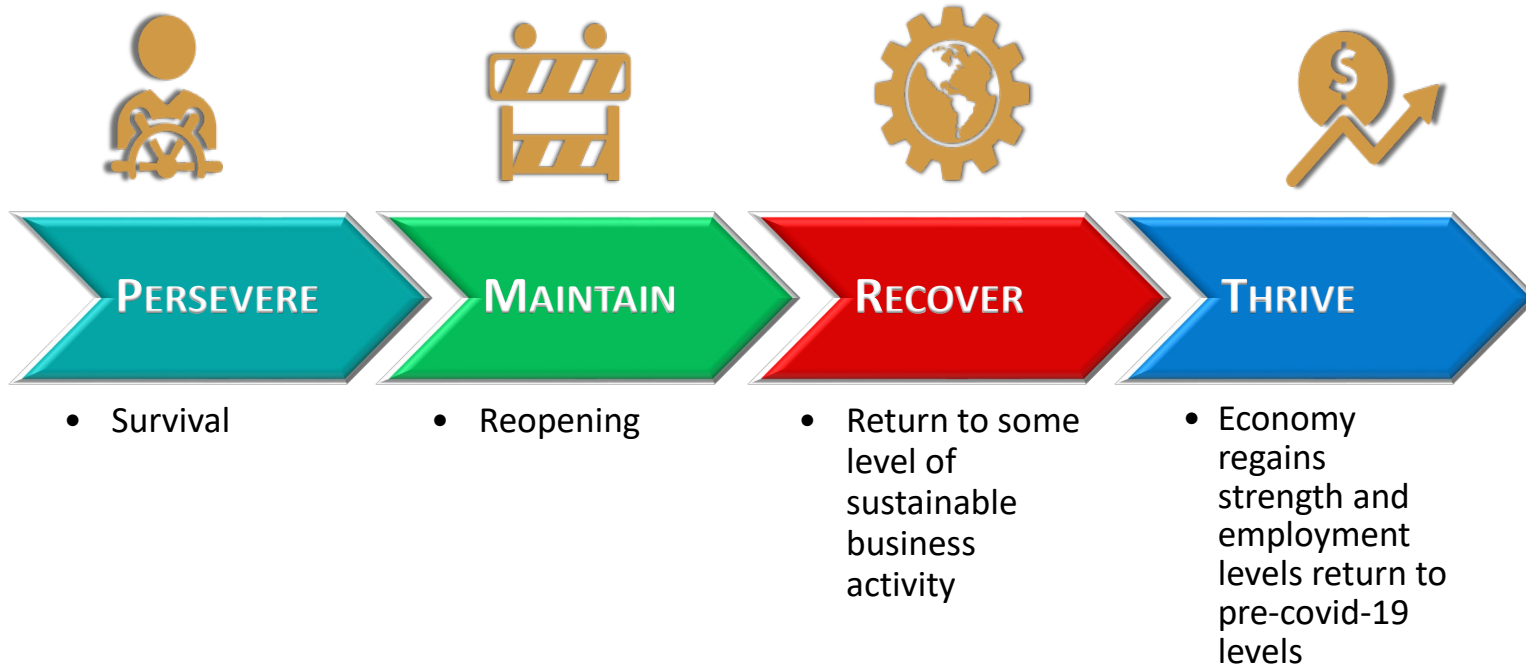
## ❑ **Declining profitability**

## ❑ **Debt in excess of book value of assets**

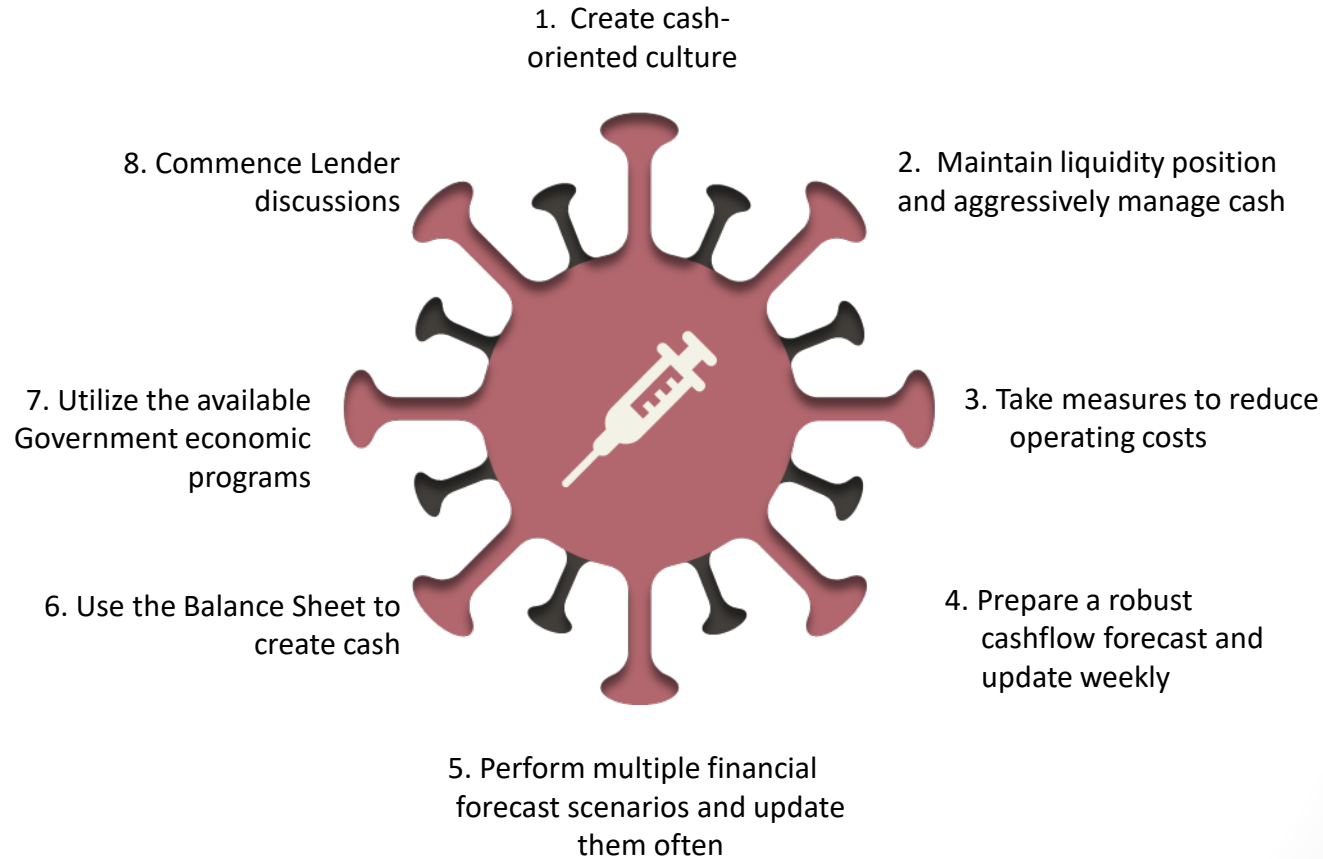
## ❑ **Other signs of distress**

- Loss of key customers/vendors
- Management and employee turnover
- Layoffs, product line reductions, etc.
- Retention of restructuring professionals (attorneys, investment bankers, etc.)

# The 4 Phases of Recovery

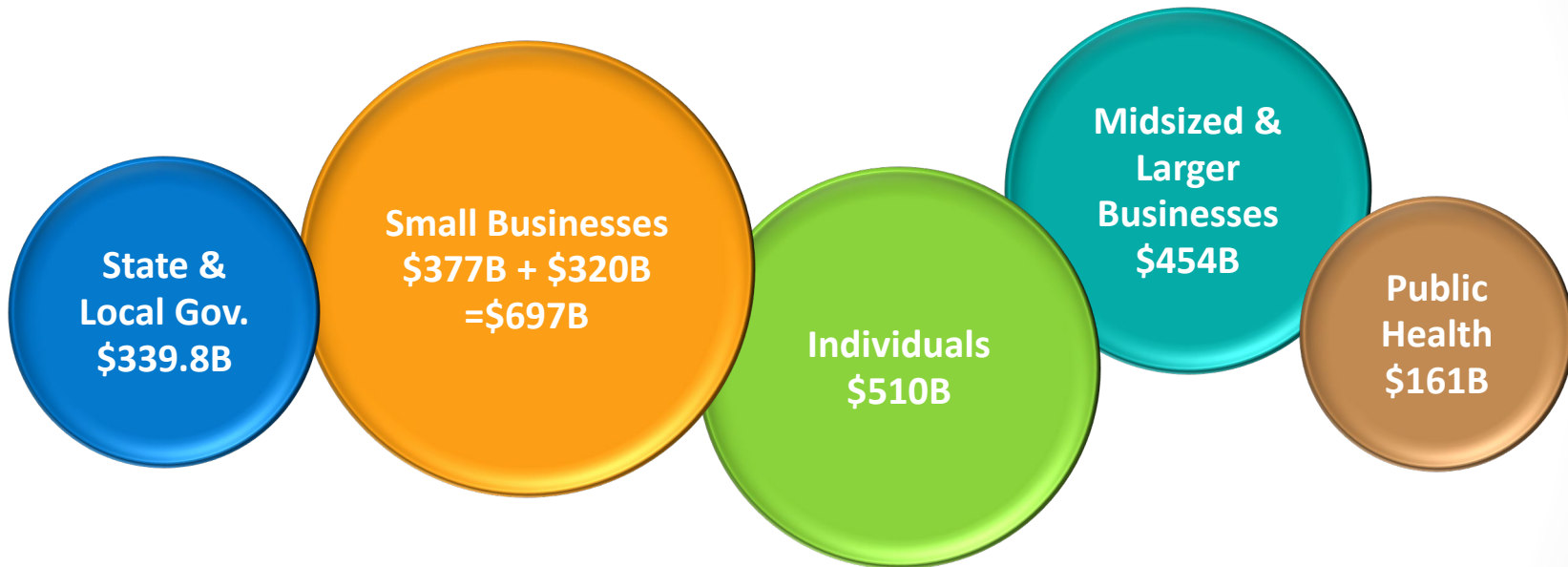


# Liquidity Management



# The CARES Act Part I & II

**\$2.78 TRILLION IN DIRECT ASSISTANCE<sup>1</sup>**



<sup>1</sup> Includes both CARES Act(s) as well as special appropriations and administration costs

(As of April 24, 2020)

# CARES Act Support Programs

Corporate Credit Facility	\$750B	Administered by The Federal Reserve - designed for businesses with access to public debt/equity markets
Main Street Loans	\$100B	Administered by The Federal Reserve - similar to TARP in 2009 designed to highly liquid portfolios of debt
Paycheck Protection Program	\$600B	Administered by The Federal Reserve - designed for businesses under \$5B in revenue
Corporate Credit Facility	\$659B	Administered by the SBA - Extension of existing 7(a) Loan Program - can be forgiven
Economic Injury Disaster Loans	\$20B	Administered by FEMA - program extended for C-19 injury

# Managing Lending Relationships

- ❑ Lenders are also in “crisis management mode”
- ❑ Triage actions underway
- ❑ CARES program support
- ❑ Second quarter “passes” have been issued by many lenders
- ❑ Open and honest communications are important
- ❑ Be prepared – realistic forecasts, business plans, requests
- ❑ Take action – don’t wait
- ❑ Retain professionals – legal and business
- ❑ The challenge - Who will fund cash shortfalls?
- ❑ Senior, second lien, mezzanine, ownership negotiations
- ❑ Collateral, valuation, priority, strategic alternatives

