

Business Survival in a Pandemic Age

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CEOs are refocusing their businesses to adjust to the world in which we live now. Along with uncertainties about managing digital-era workforces, CEOs fear economic clampdowns that might be prompted by pandemic flare ups. Returning to something close to a pre-pandemic state will not happen soon, if ever. Once vaccines are safely in hand, distribution will be a challenge. Only when 60-70% of the population is immune can there be some level of assurance that a widespread outbreak can be prevented. Decisions made during the pandemic will go through reevaluation as the current environment and horizon change. Continued reduction in revenue, stress on the

economy, reduction in workforce, ongoing evaluation of benefits, particularly healthcare, will play out for the foreseeable future. Businesses will need to be nimble in order to survive.



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How the Pandemic Began

In late December 2019 a cluster of atypical pneumonia in Wuhan City, Hubei Province, China was reported. There appeared to be an apparent link to a market that sells live animals. Early reports, mostly inaccurate, suggested that the virus was transmitted to humans from civets, snakes, pangolins or anteaters and chickens.

Current thinking is the reservoir for the virus is bats. This was not the first time a corona virus caused infection in humans. Novel corona viruses have been responsible for infections in humans, including an outbreak of severe acute respiratory syndrome (SARS-CoV) in 2002 and Middle East Respiratory Syndrome (MERS-CoV) in 2012.

In record time, Chinese officials identified the virus causing the pneumonia-like illness on January 7. On January 13, Thailand had the first reported case outside of China, and seven days later, the United States had its first reported case. By the end of February and the beginning of March, the number of reported cases spiked in South Korea, Italy, and Spain among others. In Italy, the increase in cases was so dramatic the government placed 60 million people on lockdown or home quarantine. The WHO declared the worldwide outbreak a pandemic on March 11, 2020, at which point the president banned all travel from 26 European countries. Two days later he declared a national emergency. The virus spread was so rapid that by the end of March, there were over 80,000 cases in the United States and Italy, and on April 2, there was more than 1 million cases worldwide.

Like disease outbreaks in the past, there has been an overlay of politics in this pandemic. Unfortunately, dynamics between countries peppered with mistrust, accusations, and leadership vacuums have been seriously impacted. The World Health Organization was accused of being too closely aligned with China and withholding information; an accusation that was later shown to be false. Fortunately, the public health and

medical communities maintained open lines of communication to share information. This communication has been critical in managing the outbreak and learning how to better treat patients with the disease.

The speed at which the virus spread caught many government officials off guard, while others failed to heed the warnings of public health officials. In the United Kingdom, the prime minister was slow in implementing public health control measures, causing a sharp rise in the number of cases. In the United States, the president told the public the virus would disappear “like a miracle” and downplayed the threat to the public. With one or two exceptions, governors and mayors failed to take quick action, allowing spread of the virus to continue.

With mixed messages from Washington, governors, and mayors, there was no uniform response by businesses, and most were caught flatfooted with no preplanning for an epidemic or pandemic. Not until governments issued emergency orders were businesses forced to close, most in less than a week’s time. IT departments were forced to ensure their systems had the programs and bandwidth and laptops to allow those employees, who could, to work from home.

Businesses defined as “essential” worked to put policies in place for employees needed to maintain operations.

Price gouging became a problem and remains for some personal protective equipment, hand sanitizers, and disinfectant cleaning products, with counterfeit and untested products flooding the market.

The cost of reopening for some companies has been in the millions. An example is a company that closed offices and manufacturing and warehouse/distribution facilities for over two months. Reopening meant setting up temperature checks and health screening at all facilities. Temperature checks for employees entering facilities were done by trained medical professionals with health screening done through an online application or in a trailer outside of the manufacturing and distribution facilities.

Early in the reopening planning, the company began ordering disinfecting wipes, individual hand sanitizer, automatic hand sanitizer dispensers, and large volume containers of disinfecting solution for use in the offices and stores. Disposable gloves were purchased along with safety goggles for staff handling liquid disinfecting solutions. Masks alone cost over \$500,000.

All locations were outfitted with signage reminding staff about handwashing and travel paths in the warehouse and the distribution facility. Signage proved to be expensive, as did putting arrows for travel direction and squares for distancing on floors. In the corporate office, plexiglass shields were placed at desks, and work schedules were arranged so that no employee sat within six feet of another.

Employees were offered the option of continuing to work from home or be placed in a daily split shift that was further split into alternating weeks. At no point was more than 25% of the workforce in the office at any one time. Meeting rooms were only used if a virtual meeting was not practical for the purpose. Visitors were prohibited, and outside meetings were prohibited. The company paid for bicycle parking at their Manhattan locations.

Facility cleaning became an extraordinary cost. Matrons were contracted to do ongoing cleaning of common areas, including restrooms, common areas and high-touch areas. Employees were provided disinfecting wipes to clean their workstations before and after their shift. At the end of each day a cleaning service performed a general office cleaning with disinfecting solution. Daily cleaning at their stores was less of a challenge.

Counters and any other area used by the sales associate were wiped after each customer encounter.

Cleaning at the manufacturing and distribution facilities was challenging and costly. Cleaning staff did thorough cleaning during all shifts in common areas. More thorough cleaning was done at night. High tech electrostatic spray cleaning is only done in areas where cleaning by hand is difficult. We question the effectiveness for spray cleaning, but in limited areas it can be useful.

MERV 13 or higher filters for building ventilation systems were recommended. MERV is the Minimum Efficiency Reporting Value rating system. Ranging from 1-16, it is an indicator of how efficient ventilation system filters are at trapping small particles. The use of ultraviolet light systems in ventilation systems may have some benefit, but data is limited. One gym has investigated the use of ultraviolet light at entry points and throughout the facility. Ultraviolet light is used in hospitals to reduce pathogens. To date there has not been enough data to validate widespread use of ultraviolet light.

Lessons to Heed

The pandemic will hopefully serve as a lesson to corporations. Historically, companies plan for highly-likely events and pay little attention to events like a pandemic that are low probability and poorly understood. If one were to ask corporations with facilities on the east coast of the United States about their planning for earthquakes, few would have such an event listed in the threats they plan for, just like a pandemic. This pandemic may be a preview of a future influenza outbreak similar to the one that devastated the world in 1918. Corporations cannot, once again, turn a blind eye and fail to plan.

Planning to emerge from the current event means reimagining their workforce and facilities. Do staff members really need to be in the office on a daily basis, or can they work from home with an occasional day in the office or a visit to customers when necessary? In the current environment, distance is safety. How do you permanently redesign your manufacturing or warehousing facilities to optimize employee safety by reducing the chance for virus spreading?

What does a permanent personal equipment outfit that meets necessary OSHA requirements and protection from catching the virus from a fellow employee look like?

There's no question that companies are looking at the costs of redesigning and maintaining the new office environment. Permanently reducing the real estate footprint of office space is an option providing a significant cost saving in capital and operational expenses. Providing employees with the necessary IT infrastructure, which would have been provided in the office, is a break even in cost.

Supply chains have been broken, particularly those from Asia. Planning for domestic sourcing, supply lines from multiple regions around the world, or manufacturing your own components will protect from future disruptions. Perhaps pooling your needs and creating domestic supplies with companies in similar industries is a strategy for the future of business.

You now know how you have restructured for the current pandemic. Corporations will need to continue to adjust to changes dictated by public health guidance and rules. Rebound in the number of cases caused by ongoing circulation of the virus could cause new restrictions, including scaling back or once again closing operations for all but essential businesses. In the midst of influenza season, the threat to public health becomes greater, compounding the potential need for public health restrictions.

Significant progress has been made with vaccines. When vaccines are available, the challenge will be achieving widespread distribution, not only in developed countries, but to underdeveloped nations where poor public health practices result in an ongoing reservoir of virus. We have also seen great advances in treating COVID-19, such as better use of drugs and advances in other therapeutics like high concentration hyperimmune globulins used to develop an antibody response. These have saved many seriously ill patients who would have succumbed to the disease early in the outbreak. There is concern that poorer nations will not be able to afford the newest therapeutics, or countries making these drugs will hoard them, limiting availability to the market in general.

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Once a vaccine is ready for widespread distribution, compliance with recommendations for vaccination for SARS-CoV-19 and seasonal influenza will impact infection rates and ultimately the number of people who become ill. Unfortunately, there is a large anti-vaccine movement that spreads false information about the adverse effects of vaccination. These anti-vaxxers, as they are called, have convinced some parents that diseases such as autism are caused by vaccines. Many parents have not vaccinated their children against diseases of childhood, and rates of influenza vaccination are lower than desired. A low rate of vaccination against this virus will impact developing herd immunity.

History tells us that a virus jumping from animal to man can be the beginning of a pandemic. The fact that we are negotiating a path through the current pandemic should not lull us into thinking we can let our guard down. In fact, we should aggressively plan for the next outbreak. It could be ten years down the road, or ten months from now. Complacency is no longer an option.