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WORLD VIEW

# Seven key actions business can take to mitigate the effects of COVID-19

In the face of a global crisis, well-prepared businesses can help protect their workers and their bottom lines.

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**At PwC's [Global Crisis Centre](#)**, we deal with crises every day. But as the COVID-19 outbreak has worsened, the volume of calls fielded by our teams has noticeably increased. By the end of February, the phones were ringing off the hook. Business leaders are concerned, and rightly so, for the welfare of their people and their organizations.

No crisis is an isolated, neatly contained incident, and the COVID-19 outbreak is exceptional by any standards. It comes with extreme scope and levels of uncertainty. It's a situation that is well beyond the experience of most business leaders — the [median tenure of a CEO](#) is five years, and the last epidemic that approached anything near this scale was the SARS outbreak in 2003. SARS infected more than 8,000 people and lasted nine months. In much less time than that, COVID-19 has already infected more than ten times as many people, and is spreading fast.

Estimating the virus's effect on the global economy is hard. The SARS outbreak is [believed](#) to have cost about US\$40 billion; the economist who made that calculation says COVID-19 could cost [three or four times as much](#). The [International Monetary Fund](#) had downgraded its global growth estimates, and the [Organisation for Economic Co-operation and Development](#) has suggested global growth could be cut in half as a result of the virus. We've already seen [massive disruption to supply chains](#), and if the virus continues to spread, we could soon see widespread closures of schools and workplaces, whether voluntary or enforced.

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# Business leaders see managing a crisis as an inevitable part of their role. COVID-19 will test many of them to the limit.

According to PwC's most recent [Global Crisis Survey](#), nearly seven in 10 leaders (69 percent) have experienced at least one corporate crisis in the last five years in their companies, and the average number of crises experienced in these firms is greater than three. COVID-19 will test many business leaders to the limit.

The key to managing any crisis is preparation. Here are seven actions that you as a leader can take to ensure your organization is in the best shape possible to withstand what's ahead.

**Review workforce locations and travel.** The first priority is to establish exactly where staff are and how many workers are in affected or vulnerable territories. Do any need to be repatriated? Or have they asked to work from home? Upcoming travel plans will need to be reviewed, rescheduled, or canceled.

Clear policies should be in place to address absence due to sickness or caring for relatives, the protocol for visitors to company sites, the procedure for reporting illness, and travel restrictions. You also should plan for policies in the event of lengthy school closures — what will the policy be for working parents? There's also the issue of tax: If workers are forced to stay in foreign countries longer than expected and then become subject to taxation, what policies do you have in place to address this? Lastly, be prepared to continuously refresh and update these policies as circumstances evolve.

**Revisit your crisis and continuity plans.** Every well-run business has a crisis or continuity plan, and many will have a specific pandemic plan. But nothing tests theory quite like reality. One Asia-based organization's pandemic plan, for example, designated a European city as the evacuation site for employees and

their families — but flights from China to the city were suspended soon after the outbreak.

Generic plans need to be adapted and tailored to cope with the specific challenges of an epidemic. If large numbers of your employees have to work remotely for a time, for example, is there enough technology bandwidth to cope? Will your operations be impacted if outsourced, offshore workforces are unable to come to work? What is the procedure for updating travel advice and policy? How will communication with employees be managed? During any crisis, [the biggest worry for CEOs](#) is gathering accurate information quickly. How will data flow during this crisis?

**Evaluate the supply chain.** A clear understanding of [your supply chain](#) will help to expose any potential vulnerabilities. This means beginning with the most critical products and looking well beyond first- and second-tier suppliers, right down to the raw materials, if possible. For example, if your products contain a component from a country that becomes isolated, is there a secondary supply? Contingency plans can run into difficulty quickly if the virus spreads; we've already seen suppliers in China that turned to South Korea as a Plan B, only to see that country quickly become infected.

**Identify potential points of failure.** Who are the teams and individuals on whom critical processes or services depend? Are there workers with the right skills who could step into critical roles if needed? Call centers and shared service centers are potentially vulnerable if the virus continues to spread — can steps be taken to reduce the level of human interaction, such as staggered shifts or remote working?

**Get communication right.** Although we've seen employers work hard to keep their workforce informed, disinformation and confusion have spread along with the virus. Your employees (and wider stakeholders) will be looking for reassurance from you that they are being protected and that the business is prepared. Leadership should be seen as a source of truth — and according to the [2020 Edelman Trust Barometer](#), business is more trusted than both government and the media. Consistency and accuracy of messaging is the key, as is reassurance from the top of the organization; your workforce will need to know that their welfare is paramount.

**Use scenario analysis.** With uncertainty rife, and COVID-19 holding the potential to impact every part of a business for months, scenario planning is a critical tool to test preparedness. What are the best- and worst-case scenarios, and is the business equipped to cope? What could be the impact in the longer term, for example, on working capital or bank covenants, or even rents for shops and restaurants if public places are closed? Ask searching questions of your finance team to highlight critical sensitivities. Organizations in some sectors could see a significant rise in demand if more of the population is spending more time at home rather than at work — are they prepared for this? [Supermarkets](#) are reducing the variety of products, stocking up on staples, and developing contingency plans.

**Don't lose sight of other risks.** COVID-19 isn't the only threat on the horizon — and often organizations are at their most vulnerable when dealing with a crisis that dominates their attention. The many other risks that your business faces aren't diminished by an epidemic. Cybersecurity, for example, should always be top of mind.

We don't know what the next few weeks and months could bring. If the World Health Organization upgrades the current COVID-19 epidemic to a pandemic, the tone of the conversation will shift from containment and prevention to protection of key workers in order to keep businesses running. National restrictions on movement and the gathering of people could come into force, and organizations will need to be agile to respond.

At the Crisis Centre, we like to say that the response window for a crisis is measured in months, while recovery is measured in years. Those companies that are well-prepared will always recover more quickly. +

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