

COVID-19: Navigating a Pandemic: A Practical Guide For Businesses

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Businesses across all sectors are feeling the impact of COVID-19, commonly known as Coronavirus. The virus is creating substantial financial uncertainty in the marketplace. Companies and individuals are being faced with unique challenges. How the economy responds to these challenges is very uncertain. There is some certainty in knowing that there will be change and that due to the world-wide impact of this event, there will be a contraction in the economy. Despite the uncertain future, there are steps and precautions businesses can take today to address these impacts.

Focus on Maintaining Business Continuity

By now, many businesses are in the process of implementing a business continuity plan. Don't have one? It's not too late. Here are some steps business organizations should take now:

1. Identify and Assess Your Business Risks

Identify critical business processes, systems, employees and documents. What do you absolutely need to run your business? Anticipate a reduced work force, a work force working remotely or no available work force. Consider the health and safety of your employees. There is a real possibility that you may need to close your business for a period of time and/or reduce hours of operations. Anticipate potential limited access to your business premises, building closures, local or state mandated lock-downs or quarantines. In assessing your risks, consider the risk of account vendors not being able to timely meet payment obligations. Likewise, identify key contractual obligations that you must meet. Review those contracts and understand your rights and obligations ([see COVID-19: Understanding Your Contract Rights and Obligations](#)). Consider that you may not be able to meet your obligations in a timely manner. Develop strategies for managing these risks, and establish a plan to address them.

2. Developing a Plan

Now that you have identified your critical needs and risks, establish an action plan.

Establish a response team consisting of key staff members.

With increasing advisories recommending social distancing and avoidance of public places, you will need a plan to accommodate your employees. If they can perform their jobs from home, then have a plan in place to ensure sufficient access to your systems. Do you have the technology? Do you have all requisite licenses for remote access? Is your system protected? Do employees have the tools they need to do their jobs from home? Establish protocols for remote employees, i.e., work hours, availability, and clocking in and out for employees who are hourly. Test all remote systems to ensure proper functioning.

If employees cannot perform job functions remotely, then consider staggered schedules to minimize interactions. Obviously, sick employees or those with a sick member of their household must be told to remain home and to seek available medical care. Be mindful of potential liability issues that could arise from violations of the Americans with Disabilities Act, the Family Medical Leave Act of 1993, and the Health Insurance Portability and Accountability Act of 1996, known as HIPPA. [See *Coronavirus Q&A: A Legal Resource Guide for Employers*](#).

Take steps to protect against the spread of the virus in the workplace. Do you have a cleaning protocol? If not, this is the time to establish one. Does your landlord or building provide cleaning services? If so, discuss the process and ensure that it is adequate to kill any virus that might reside on work surfaces. Do not overlook any hard surfaces: desks, keyboards, file cabinets, copiers, phones, entry points, floors and restrooms. Provide plenty of soap, and if available, hand sanitizer for employees, customers and invited guests.

With the Federal Reserve cutting the interest rate, consider the availability of a short term loan if you do not have reserves to manage through this downtime. If you are a small business, monitor the Small Business Administration website for available loans. For those employees who do not have paid leave or who must be let go, be mindful that we will likely see changes for obtaining unemployment compensation. Employees can be advised to monitor appropriate state websites for new developments. Banks will likely provide relief through targeted mortgage moratoriums. Encourage employees to monitor their bank's website for new and developing information.

Also, monitor the progress of national, state or local relief efforts. Over the weekend, the U.S. House of Representatives passed a corona virus relief bill which is now before the Senate. Highlights include:

- Requiring employers with fewer than 500 employees and government employers to provide two weeks paid sick leave.
- Requiring those same employers to provide up to 3 months of paid family and medical leave for people forced to quarantine due to the virus or care for children or family members because of the outbreak.

- Offering payroll tax credits for employers providing those leave benefits.
- Placing \$1 billion into emergency state grants for providing unemployment insurance benefits. It includes \$500 million for staffing and logistical costs for states, with an additional \$500 million reserved for states that see a 10% increase in unemployment.

Establish a communication plan. Communicate with your employees early and often. If you don't have one, consider establishing an intranet or other common portal to share information with your employees. Open the lines of communications with customers or clients. Keep them apprised of your status. Open lines of communications with key vendors and suppliers. Make information available on your website.

Unable to meet contractual obligations? Communicate with your contract partners early. Let them know your status and the proactive steps you are taking. Work with them to find middle ground solutions. Consider use of reserves, or again, short term loan options. Again, review your contracts. Know your rights and obligations.

Most importantly, stay calm. Understand that there will be things outside of your control. Time spent worrying about matters you cannot control is not productive. Bottom line, an effective plan will not only help your organization navigate these uncertain times, but will help to reduce the stress you, your employees, customers and business partners are no doubt experiencing.

3. Recovery: Strategize for the Short Term and Long Term

Despite the uncertain future, there are some important lessons that we need to remember. The markets are going to be turbulent. Take this time to focus on what you can control in the future, both short term and long term.

In the short term, businesses should adjust to the realities of the changing market. For some, the impact of the virus will mean new opportunities and immediate growth, for others substantial hardship, and for many, a mix of both. In the short term, businesses should focus on:

- Cash flow. This is the lifeline of any business. Be sure to get bills out timely. People don't pay bills without an invoice. Be prudent with expenditures. Buy what is necessary, but wait on things that are not part of your core business.
- Recognize that this crisis may require increased liquidity. Look for additional credit/capital or liquidate unnecessary assets that are not a core part of your organization's future.

- Analyze near term needs and take steps to ensure that you can address those items. Keep abreast of emergency relief efforts.
- Do not lose sight of future growth opportunities. Have a plan for recovery after the present crises passes. In all likelihood, there will be additional recovery assistance. Keep apprised of new developments. Follow critical news sources daily. Position your organization to seize opportunities as they become available. In making these decisions, remembering that while our global economy is in a downturn, organizations can eliminate the opportunity for future growth and seizing opportunities by failing to have a reservoir of assets that can be deployed to address new ventures.
- Utilize time productively. Every business person will tell you that time is their most valuable asset. Ask the question; how are you using your time? Although business may be slow, one can always find time to market, innovate and retool. Do not let the “slow times” be slow. Use the time to your advantage. Fix the fixable and plan for the future.
- As your organization plans for the future, ask some hard questions. For example, prior to this crisis, were you satisfied with profitability/performance? Are you in a non- competitive market? Where do you want the business to be in 5 years? For companies who fail to plan for the future, there is little likelihood for growth.

Keep in mind, this crisis will pass. The economy and the market will recover. Although, there will certainly be a lag time for economic recovery. Aim to restore critical business processes as quickly as possible. Establish a recovery plan and time table. Evaluate re-employment of staff that had been let go. Strategize for the return of full time staff. Be prepared for delays in receipt of payment from your account vendors, which may likely impact your ability to timely meet your own financial obligations. Keep all lines of communication open as you navigate your recovery. Work with your customers and vendors on win-win solutions. Be mindful that it is unlikely you will have business interruption insurance coverage for this event. However, review all of your insurance options, and understand your rights.

As always, our team at RumbergerKirk is here to assist you as we all work through this crisis together.