



BUSINESS CONTINUITY DURING COVID-19 AND BEYOND

SURVIVING THE PANDEMIC AND FLOURISHING IN ITS WAKE.

BHARGAVI JANAKI, GABRIELLE KAUFMAN, MANAS SHUKLA

ESCP BUSINESS SCHOOL, BERLIN

JUNE 2020

TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
COVID-19 RESPONSES: A TALE OF TWO COMPANIES	4
CONTINUITY KPIS.....	6
TRANSPARENCY	6
COLLABORATION	7
HEALTH & SAFETY	7
DIGITAL ROADMAP	7
OPERATIONAL EFFECTIVENESS.....	7
SPR: THE FORMULA FOR RESILIENCE	8
SAFETY	8
READINESS	9
PREDICTABILITY	10
<i>SRP scores</i>	10
CAPABILITY MATRIX: HOW TO STRENGTHEN RESILIENCE.....	11
CONTINUITY: AN ACADEMIC PERSPECTIVE.....	13
CONCLUSION	14

EXECUTIVE SUMMARY

430 million.

That’s the number of organizations that were deemed at risk of “serious disruption” by the UN labor agency in April of 2020¹. On top of people’s worldwide concern for the health and safety of their loved ones as well as their own, a more long-lasting unease has settled in and continues to ravage communities long after their active case rates have begun to fall.

Between factory shutdowns, massive layoffs, and volatile stock markets, business are scrambling to keep their footing throughout these “uncertain times” – a phrase which has become cliché at this point, but for good reason. With no precedent upon which to rely, leaders of many organizations are finding out the hard way what works, and what doesn’t.

While everyone is reeling from the impact of COVID-19 across the globe, certain industries have taken a harder hit than others. The restaurant and travel industries are clear victims, but manufacturing – notably in the textile industry—as well as agriculture have been equally at peril, notably due to their expansive global value chains.



The verdict is still out, so to speak, as to the long-lasting effects of this crisis and we have yet to have proof of the most effective actions a company can take to mitigate the impact of any future destabilizing event. However, a closer look at the actions of companies in industries risking disruption as the pandemic evolves provides early insights. After a thorough analysis of these actors, as well as conducting interviews and surveys with businesses regarding their experience, we are able to find certain common tropes that may inform future actions.

We live in a VUCA era – one of Volatility, Uncertainty, Complexity, and Ambiguity – and it has become increasingly essential for businesses to be able to ensure continuity regardless of the circumstances. While many methods are currently being deployed whose effectiveness have yet to be seen, there are certain measures an organization can adopt early in order to prepare and be resilient to whatever awaits.

¹ [Nearly half of global workforce at risk as job losses increase due to COVID-19](#)

COVID-19 RESPONSES: A TALE OF TWO COMPANIES

It should come as no surprise that among the many casualties of this pandemic, industries relying on border-spanning supply chains were some of those hit the hardest. While some found stability – even success – through this period, others experienced severe disruptions whose duration and effects have yet to be known.

In terms of relative success, few have gone through the pandemic with as much success as Danone, the food and beverage giant already known for its active CSR (Corporate Social Responsibility) strategy.

“TO STAND BY THE PEOPLE WE SERVE, WE FIRST AND FOREMOST NEED TO STAND BY THE PEOPLE OF DANONE.”

In a letter² addressed to its employees on March 24, 2020, the executive committee outlined their “worldwide” commitments, including the measures to be taken to prevent propagation of the virus and make guarantees regarding the job security of their workers. Danone chief executive Emmanuel Faber made the safety of their workers and employees a priority over other strategic plans and reiterated their commitment to providing nutrition to populations across the globe; the executive informed his board of the priorities during this crisis, saying that they “will operate in a radically abnormal and often degraded situation for the duration of the lockdowns... Forget the three-year plan. It doesn’t exist any more. Just get through the next 10 days, then the next month, and so on.”³

With worker safety and emotional well-being at the forefront, Danone not only gained points in the moral arena: unlike many, their sales *improved* during the pandemic. While factories, already operation under a “lean” system, found themselves stretched out in order to meet productivity requirements, they were also grateful for early implementation of safety measures such as social distancing and split time shifts in order to avoid propagation of the virus.

This prioritization and the rapid measures taken to ensure the safety and well-being of workers and office employees alike no doubt greatly assured the survival and even success of the company during the pandemic. Other food manufacturers were not as wise, and therefore not as lucky.

Tyson Foods, another global player in the food industry, tells a different tale. The meat producer has been in headlines throughout the pandemic, from initial worker contamination to factory shutdowns to a recent refusal from Chinese customs agents to allow the import of their goods⁴. Despite their spokesman touting similar resolutions to maintain worker safety, an executive order in the United States made the slaughterhouses remain open – much to the chagrin of the local unions.

With unions lacking the power their counterparts may have in other countries, the order proved to be a death sentence for some: as of June 2020, at least 24 workers had died

² [Communication to all Danone employees](#)

³ [Culture war: How Danone kept making yoghurt in the pandemic](#)

⁴ [China halts imports from Tyson Foods plant over coronavirus fears](#)

from the virus, with 7,185 cases tied to Tyson⁵. Despite “hundreds” of workers still testing positive in a week, Tyson reverted to its pre-pandemic absentee policy, penalizing workers who stayed home.

IN LATE APRIL, TYSON RAISED SHORT-TERM
DISABILITY COVERAGE TO 90% OF NORMAL PAY UNTIL
THE END OF JUNE. PRIOR TO THIS CHANGE, SICK
EMPLOYEES SEEKING TIME OFF OF WORK ONLY
RECEIVED 60% OF PAY⁶.

Despite the horror coming out of its facilities, no changes seem to have come from the costly lessons learned. This could be traced to more than governmental pressure: prior to the crisis, Tyson offered not sick leave but “disability coverage,” and at a rate of only 60% of pay. An increase to 90% during the pandemic may have convinced workers with symptoms to stay home but lifting such a policy when many continue to fall ill suggests that certain factories are unlikely to reopen – or remain open – in the near future.

Both Danone and Tyson made public pledges to the community yet the difference in outcome is drastic. The difference lies in many factors but one is astoundingly clear: one cannot prioritize their consumers without prioritizing their workers first. Pledges to the community are important, but if your workers are not safe, your company cannot thrive.

⁵ Tyson reverts to its pre-pandemic absentee policy.

⁶ Tyson reverts to its pre-pandemic absentee policy.

CONTINUITY KPIS

What to keep an eye on to evaluate COVID responses

Danone and Tyson are merely two extreme examples of continuity during a crisis (or lack thereof). There are a multitude of factors that have influenced a company's ability to withstand the trials and tribulations of the COVID-19 crisis; most of these factors, however, were found to fit under one of several overarching themes.

These themes are broad categories under which most actions during the crisis could fall; successful implementation of the efforts below could mean success or total disruption.



TRANSPARENCY

How aware are employees, consumers, and suppliers about the changes introduced during the COVID-19 pandemic? How often and how effectively is the company communicating with its stakeholders? Companies, such as Danone and PepsiCo.⁷ Have regular updates online and FAQs to provide constant information regarding the steps being taken and what steps are coming. Those that regularly did Q&A sessions with their employees and created a constant dialogue between management and the workers saw increased reassurance and feelings of relative safety, as opposed to those that chose to relatively obfuscate the crisis and left employees to wonder anxiously on their own.

⁷ [COVID-19: See how we're working to ensure the health & safety of consumers & communities.](#)

COLLABORATION

Many companies have reached out to local organizations to support and strengthen the communities in which they operate. As seen with Tyson, this is often not enough on its own, but its impact is nonetheless undeniable.

Many major brands found themselves partnered with organizations to fulfill a variety of needs, from distributing food to its workers to donating money to local efforts. Nike went so far as to repurpose much of their material to produce PPEs⁸ – great for the community and great for the brand’s image.

HEALTH & SAFETY

Ensuring the health and safety of workers and employees remains an obvious parameter with which one can judge the response of a company faced with this crisis. This can encompass a variety of actions, all depending on the context of the employee in question: providing adequate equipment, rotating work shifts, working from home, increasing physical distance between employees... but also can apply to allowing for a paid sick leave policy that makes workers comfortable with staying home should symptoms arise – and not have to choose between paying their rent and infecting their colleagues.

DIGITAL ROADMAP

With ever-evolving needs of suppliers, consumers and employees, the digital roadmap has put pressure on leaders across the globe to transform culture within the organization to maintain a balance across stakeholders. The impact of this pandemic on the digital efficiency of an organization extends far beyond the ability to work remotely. An effective digital roadmap within a company allows for it to react more quickly and efficiently to evolving consumer and employee needs, as well as across the supply chain.

OPERATIONAL EFFECTIVENESS

When a company relies strongly on a global supply chain, being able to react quickly has shown to be a make-or-break capability. Adapting working capital and resource distribution across the value chain in various offices, plants, and factories has been a crucial question for many manufacturers.

⁸ [How Nike is striking the right tone with its response to Covid-19](#)

SPR: THE FORMULA FOR RESILIENCE

The aforementioned factors are the building blocks of the guide to continuity during a crisis; what the end up building are clear guidelines made of three different elements: safety, readiness, and predictability. After several interviews and a survey of 26 different organizations, spanning 7 industries, there is a clear correlation between these three factors and successful business continuity throughout this pandemic and beyond.

Organizations demonstrating strong emphasis on safety had more reassured and motivated workers. Those having prepared for crises in advance evidently reacted better, as well as those that were already oriented towards sustainability and social responsibility. And, while it remains to be proven, companies integrating sustainable changes to their structure to brace for the future will undoubtedly not only have a competitive edge, but ensure the longevity of their operations.



SAFETY

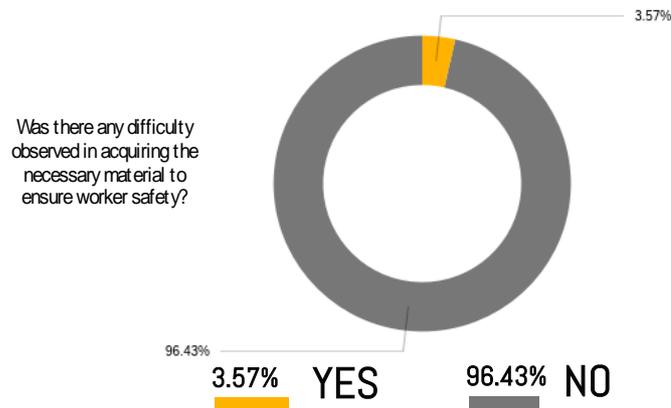
Safety is concerned with how companies are taking care of their employees and asking the question, “What to do now?” The survey and interviews focused on the following topics:

- Alternatives working solutions businesses offered to their employees
- Level of Human interaction during regular working conditions.
- Areas of concerns/challenges
- How ready employees feel to go back to the office.
- What concerns they have about going back.

Scan Holdings ltd., an Indian-based metal packaging company, and Fruitidelia SAS, a Colombian based dry foods company, revealed that communication with employees was key. Scan Holdings particularly saw COVID-19 as an opportunity – as demand increased, so did their number of suppliers. However, proper safety measures remained a priority throughout. For both organizations, whether it was via a more motivational adoption or transparency at the forefront, they communicated changes and updates as needed to make sure that their employees are on the same page as the changing conditions of the pandemic.

In the survey conducted, 75% of the respondents stated that feedback from employees was communicated with employee representatives and 25% via a hotline approach. Most companies seem to still be trying to adjust towards the changing needs of the stakeholders, but even so, not many are looking into hiring a third-party for assistance, such as NGOs.

SAFETY EQUIPMENT WAS AVAILABLE



In terms of alternative or adjusted methods of operating business, 78% of respondents stated that there was already a system set in place for working from home. However, for those who work in areas such as a production line precautions measures were set and compliance standards (eg. reduced working hours) seems to have been simple enough to implement.

Interestingly, the idea of going back to the office seems to evoke mixed opinions. The reasons presented ranged anywhere from commuting to the aspect of human interaction with only about 6% having no concerns. When looked at it reversely, the prospect of returning to the office being positive in relation to the fact that it makes collaboration easier and better work-life balance.

READINESS

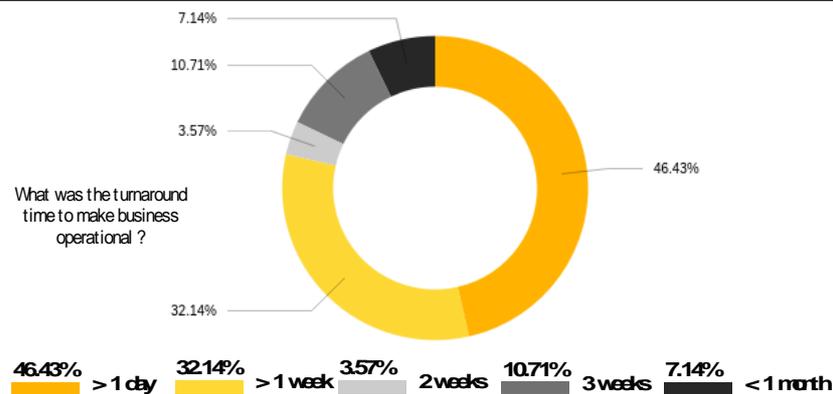
The flexibility and response of the organizations was observed and asked, “What do we do next?”, to identify short term outlooks for the company. The topics of the questions asked was based on the follow ideas:

- Importance of crisis management team to business continuity
- What measures and how quick the companies reacted.
- Vulnerability

The idea of crisis management within the business was of particular interest, as it can help measure how ready companies were to adapt to the crisis. Surprisingly, about 68% of respondents stated that they have a crisis management department or s specific system in place prior to the pandemic.

In the case where the company does not have a crisis management team, the CXO (Chief Experience Office) usually tended to lead the strategic decisions made when unforeseen projects as such happen, a quick turn around is crucial to the functioning of the business. Companies that had a crisis management department in place prior to the pandemic had a quicker turnaround time of under 1 week.

TURNAROUND TIME WAS RELATIVELY QUICK.



Respondents also stated that the turnaround of the organization was not fully prepared for this crisis with only about 7% agreeing that their business responded well.

PREDICTABILITY

The objective of this theme is to identify the long-term outlooks of the company and identify what they are doing to prepare for the next crisis or what their long-term solutions are.

Although there is no for sure answer as to how much of a permanent change will occur post- COVID , businesses are still considering the possibility and considering the implementation of new or an expansion of their long term goals.

- **16.67%**: Implement technology across or in areas of the value to chain as a part of business strategy.
- **19.44%**: End single-meeting air travel for management and executives to reduce pandemic exposure.
- **30.56%**: Invest in innovation for employees to continue work from home, reducing operational risk.
- **8.33%**: To reduce supply chain redundancy and dependency by creating alternates across globe.
- **25.00%**: Change HR policies to give employees more confidence and stability (ie, improve/augment paid sick leave, more flexible hours...).
- **None**: Implement CSR in more areas of the organization as a part of overall strategy.

This research shows that the biggest change will occur in how employees work to reduce operational risk, followed by changes in HR policies to promote confidence and stability in their employees. However, there were no reports of implementing or improving on CSR as a part of the organization's overall strategy.

SRP SCORES

These survey results were based on questions which were in turn inspired by research on what companies like Danone, Tyson, and Nike were doing in response to the pandemic. The options of each response were weighted in order to be able to calculate a Safety, Readiness, and Predictability Score – a way to determine just how resilient a company will be during whatever crisis comes next.

The questions were distributed with an equal weight, with the exception of the first two questions asking for company name and designations. This was used in identifying the industry and the value chain to which they belong.

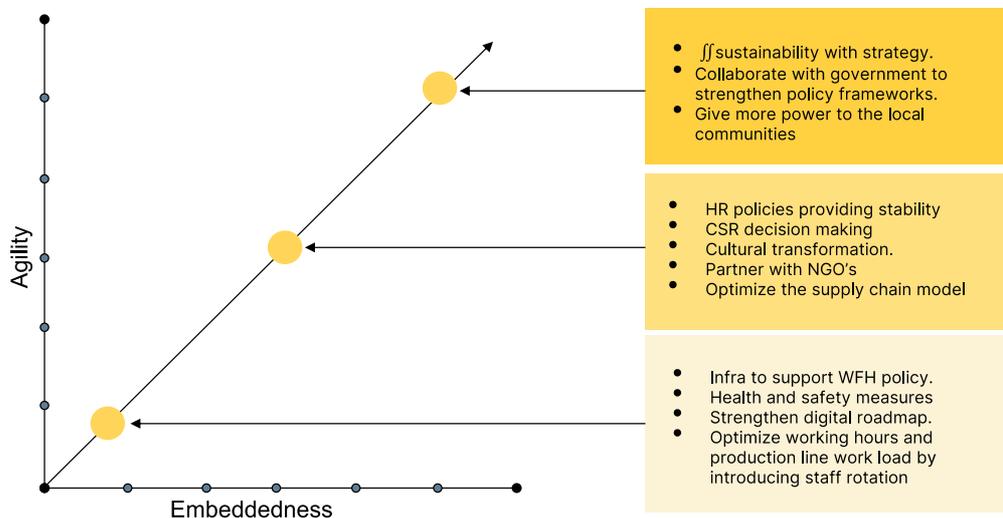
Each response for most of the questions have an equal weight, or a zero value. Certain options held a negative value: those degrading the current value of the organization, such as health and safety not considered, or an employee not wanting to return due to concerns regarding the safety of returning to the office

Using a student t-distribution method to measure score relevance and accuracy, certain hypotheses were tested, such as integration of sustainability or CSR into strategy and decision making helps in effective long term planning of crisis management.

This method resulted in a quantifiable determination of a company’s ability to endure during the pandemic and any future crises. Using this scoring system, correlations were made visible and quantifiable; for example, in a high-scoring company where a CSR team was involved in decision-making, an employee was much more likely to answer they felt safer returning to the office. Companies scoring low, on the other hand, showed employees stating the opposite.

CAPABILITY MATRIX: HOW TO STRENGTHEN RESILIENCE

The Capability Matrix tool allows companies to calibrate their potential (and current) challenges over the curve of organizational embeddedness versus agility, where embeddedness of the factors will define the agility with which the organization can adopt to changes during a crisis.



These factors can be mapped to functional areas have being identified in seven different categories:

- **Strategy & CSR:** focused towards how integrated the CSR team is into strategic decision-making; whether sustainability concerns not only economics but also the environment and social concerns.
- **Health & Safety:** post COVID-19, health and safety remain the major concern. Ensure that the safety protocols deployed are in line with WHO guidelines and local regulations. Are they maintaining social distancing; are temperature measurement techniques deployed?
- **Partnership & Policy:** how are they connecting with the communities; partnering up with local government, NGOs or local influencers to connect.
- **Manufacturing:** steps deployed to automate manufacturing plants, upscaling of the employees to be more effective and efficient.
- **Transparency:** communication carried out with employees, consumers, suppliers and community. Website, FAQs, newsletter...
- **Digital Transformation:** is leadership integrating a digital roadmap? A few factors to consider are cultural transformation, supply chain tracking and human transformation.
- **Distribution Channels:** building nodal points across the world to reduce dependency across over a single distribution or supplier; ensure availability of resources and healthy relationship across the globe.

CONTINUITY: AN ACADEMIC PERSPECTIVE

One thing is clear: we still do not know the true extent of the impact and, consequently, the “right steps” to be taken.

This was the disclaimer during a discussion with Olivier Delbard, professor in the Law, Economics, and Humanities department of ESCP Business School in Paris, France. With over 25 years of experience in CSR and sustainability, he still had much to contribute regarding the potential for companies to develop their resilience to disruption during crises such as the ongoing pandemic.

Professor Delbard noted that, while it is still early, there is already a clear trend in the companies that have survived the pandemic with relative ease. A correlation can be noted between companies that have a sustainability-driven culture and how prepared they were to deal with this disruptive crisis. Suggesting a possible relation between mature CSR strategy and responsiveness, especially in European organizations, the professor noted that there could be a strong link between the “stakeholder mindset” employed by these sustainability-driven companies and their successful reactions. This correlation also may exist due to the “long-term” thinking that companies with embedded CSR strategies tend to adopt.

COMPANIES WITH CSR EMBEDDED INTO ITS STRATEGY
HAVE ALREADY ADOPTED A “STAKEHOLDER” MINDSET
AND ARE THEREFORE NATURALLY MORE AGILE AND
RESILIENT IN TIMES OF GREAT CHANGE.

Concerning any permanent changes that may be adopted after this pandemic, he emphasized that real change would have to go beyond the organization itself. Local governments as well as consumers both have a leading role in motivating and pushing companies to change in order to brace for whatever comes next. Be it in terms of labor policy or sustainable practices, both hold the power to demand changes that companies may otherwise be hesitant to adopt.

Apart from the risks currently surrounding companies, there is also a risk for local communities that go beyond the current virus; evoking a potential “race for the bottom,” he expressed concern that deteriorating social environments may prove to be too tempting for companies who may consider taking advantage of the situation. Again, the role of consumers and governments would be key in preventing such practices.

Finally, one major change that may occur regardless of consumers and government is rethinking the global supply chain models. Suggesting that a “balance” should be sought, he mused at the idea of a “middle-of-the-road” position that would be more regional and consistent; buying things “from the other end of the world” in order to reduce costs may no longer be the priority and trend that it has been until now.

CONCLUSION

450 million.

With so many companies at risk, it is no doubt that the globe is scrambling for solutions to survive this catastrophe and be resilient during the next.

If one thing is clear during *these uncertain times*, it is that the organizations that have come out relatively unscathed are those that have already anticipated and have taken the steps necessary to put their community and their workers first. Recognizing that without these stakeholders, without their health and well-being, all the business planning in the world cannot survive wholly disruptive events – and, in this VUCA world, they are to be expected – has proven to be a key to not only continuity, but success.

Ensuring safety, investing in being prepared, and making changes based on lessons learned are instrumental in the longevity and sustained success of modern organizations, especially for those whose core operations rely on global value chains. While governments and consumers alike have a hand in pressuring organizations to change certain habits – ensuring adequate sick leave policies, supporting organizations that put their workers first – organizations can take actions today to make sure they are ready for tomorrow.

Investing in the community, in workers, and in sustainability not only provides a competitive advantage, reaps economic rewards, and allows for good PR – it also ensures continued business continuity in whatever awaits.