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## Emergency Business Planning

### Chamberlain Corporate Update - Emergency Business Planning

April 1, 2020

The COVID-19 pandemic is having a devastating impact on businesses and the employees they support. Mass lockdowns and rapid changes in consumer and company spending are forcing businesses to scale back and implement drastic measures in an effort to survive. As businesses await clarity on how long the pandemic will last, and what local and national government will be able to do to support them, business owners can take general steps now to better position their business to handle an uncertain future.

#### 1. Employee Concerns

Employees receive constant information about the pandemic and the current state of the world. They are anxious and confused about what will happen to their families, their jobs, their communities, and the future.

- Prioritize Frequent and Transparent Communications with Employees
  - Identify how employees are being personally affected by the pandemic and provide reassurances where possible about how you can support them
  - Communicate policies promptly and clearly
  - Include the reasoning behind policy decisions in order to foster employee engagement, instill trust and prevent surprises
  
- Facilitate "New Normal" Work Routines
  - Invest in and promote work from home technology when possible
  - Establish remote work rules and guidelines to evaluate and monitor effectiveness and productivity
  
- Review Employment Law Considerations
  - Be aware of the potential impact of various laws including:
    - Family and Medical Leave Act (FMLA)
    - Americans with Disabilities Act (ADA); and
    - Worker Adjustment and Retraining Notification Act (WARN Act)
  - Understand which employee benefits your business is required to maintain
  - Update or establish your communicable illness policy
    - Include items such as what sicknesses are covered, employee obligations to report, rules for sick leave, and travel restrictions.

#### 2. Operational Concerns

## Emergency Business Planning, *Continued*

The business of your customers, vendors, and contractors are likely affected in a significant way by COVID-19. It is important to remember that personal relationships are always critical to continued success with your business partners, especially in times of crisis.

- Regularly Communicate with Customers, Stakeholders and the Public
- Provide reassurance that your business is taking appropriate measures during the pandemic
- Establish a continuing dialogue with customers to determine what they require from you
  
- Determine Crucial Business Needs
- Plan for maintaining relationships with suppliers and subcontractors
- Work with vendors regarding the services they can realistically provide

### 3, Financial Concerns

The sudden change in how our society operates has consumers and companies significantly modifying their behavior, including careful assessment and reallocation and prioritization of their spending. Businesses must follow suit to ensure long-term survival.

- Make a Detailed Short-Term Financial Plan
- Continually monitor, review and update the plan
- Get in touch with vendors, landlords and lenders that need to be paid within the next 3 to 6 months and assess options to manage or defer costs, rent and loan payments
  
- Manage Cash
- Prioritize expenses that have to be paid and identify expenses that can be put cut or put off (such as those that relate to unnecessary projects or work that can be shifted to a later date)
- Temporarily turn off items that are auto-drafted from your bank account to best manage where and when every dollar goes
  
- Review Insurance Coverage
- Consider your business interruption insurance policy
  - Note that business interruption insurance policies are very specific and will often state detailed covered and non-covered events
  - While most business interruption policies are triggered in the event of physical property damage, each policy has different terms and coverages and should be carefully reviewed to see if they apply
  - Many business interruption policies specifically exclude pandemics; however, there are instances where coverage might still provide relief
    - For instance, if a visitor to a business tested positive for COVID-19 and the business was forced to close for a period of time to sanitize its facilities, business interruption coverage might provide some relief
  
- Take Advantage of Federal Relief
- Federal and state stimulus packages have recently been enacted to help small and mid-sized businesses and individuals negatively impacted by the virus. This includes assistance such as:
  - Low-interest federal disaster loans, including those with loan forgiveness features;

## Emergency Business Planning, *Continued*

- Employer tax credits;
- Federal income tax deferment; and
- Payroll tax holidays

### 4. Plan for the Future

The long-term impact of the COVID-19 pandemic is likely to change our businesses and society in important and enduring ways. Smart business owners will prepare now for the changed world that will emerge from this pandemic.

#### - Use Downtime Productively

- Work on the development of products or services that you previously did not have time for
- Encourage staff training on new and additional skills

#### - Prepare for the Next Crisis

- Document lessons learned during this time and begin working on a plan to safeguard your business in the future
- Implement plans and procedures for future times of crisis

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