



RISK CONSULTING

Coronavirus Resilience

Preparing for and Responding to the Novel Coronavirus Outbreak

Are you prepared?

Given its rapid spread, the World Health Organization (WHO) has declared novel coronavirus (2019-nCoV) to be a public health emergency of international concern. While many firms plan for emergency situations that impact business continuity, most are not prepared for potential prolonged impacts on staff welfare, operations, supply chains, and the broader economy arising from a globally-spreading infectious disease. Organizations should take the time now to review their resilience and crisis response strategies and plans so that they are well prepared for the potential impacts of the novel coronavirus.

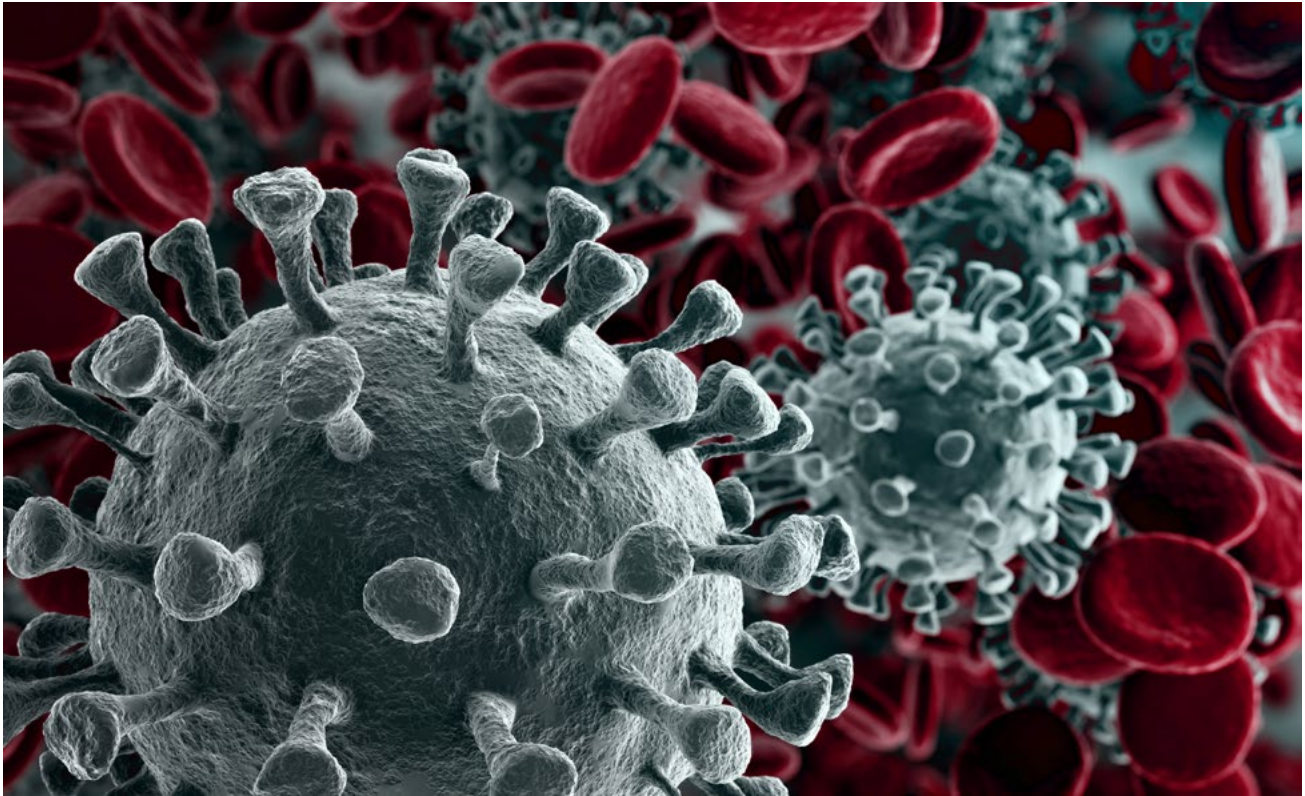
Potential organizational impacts of the coronavirus

Being reactive to events will delay a recovery, increase response costs, and place a significant strain on senior management time available for business as usual, further compounding the disruptive effects of a pandemic event. Understanding the main likely business impacts you may face, and planning for these, is an important first step.

Businesses should pay particular attention to:

| | |
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| People: Put staff first. | Staff may fall ill, become anxious about the risks, or fail to show up to work due to safety concerns, caring for sick family members, and travel restrictions. Supporting your staff throughout a pandemic event and planning for any absences, particularly in critical roles, will be important. |
| Travel: Take advice. | Official travel advice may change as a pandemic spreads, meaning travel policies may need to be adjusted quickly. In addition to your own staff travelling, you should consider the potential risks related to any visitors arriving from infected areas. |
| Operations: Prepare for disruption. | Operational disruptions could lead to significant backlogs and increased costs of working. For some businesses, the event will cause a drop in customer demand, while others will need to be prepared to handle an increase. |
| Supply Chain: Manage supply chain vulnerabilities. | Supply chains may be disrupted with delays and be presented with cost increases for inputs or services, either through suppliers directly experiencing operational problems, as a result of travel restrictions, or scarcity of in-demand goods. |
| Reputation: Ensure that responses are timely and thoughtful. | An organization's behaviors during a crisis can significantly damage the trust of staff, customers, and other stakeholders. A poor response can have lasting negative consequences. Our research shows that a poorly-handled crisis results in an average and sustained drop in share performance of 12%.* |

*Marsh and Cranfield University, 2018.



Managing operational impacts of the coronavirus outbreak

In terms of managing the impact of the novel coronavirus, Marsh Risk Consulting recommends that you develop and implement a 4-step action plan. Our team has the resources and experience to help you to:

Key Activities

| | |
|---|---|
| Define (Now*) | Identify your main vulnerabilities. <ul style="list-style-type: none"> • Convene a meeting of senior decision makers to identify the main areas of potential impact for your business. |
| Assess (Tomorrow) | Understand how prepared you are. <ul style="list-style-type: none"> • Review any existing plans and check whether they are up to date. • Begin drawing up business continuity and crisis management plans aimed at minimizing impacts specific to a pandemic outbreak. |
| Implement and Change (This Week) | Make sure your plans will work. <ul style="list-style-type: none"> • Work with senior management to establish and embed response and recovery arrangements. • Confirm that senior management understands its role and supports how the plan will be used. • Ensure you have a means to monitor the situation and know when to trigger any special recovery arrangements. |
| Communicate and Stay Vigilant (Throughout the event) | Make sure your teams are kept informed. <ul style="list-style-type: none"> • Assign clear responsibilities for internal and external communications. |

*Indicative timeframes – adaptable as per the situation.

The ability to plan successfully for a novel coronavirus outbreak or similar crisis and mitigate the impacts on your business is the result of a full understanding of risks, comprehensive planning, regular training and exercises, and a strategy for maintaining these capabilities over time.

The table below provides guidance on developing some of the actions you should take when preventing, responding, or recovering from such an outbreak.

| | Premises/Equipment | People | Suppliers | IT |
|----------------|--|--|--|--|
| Prevent | <ul style="list-style-type: none"> • Ensure regular and appropriate cleaning regimes. • Display appropriate hygiene advice. • Identify locations and/or equipment that is particularly vulnerable to disruption and create contingency plans for these. | <ul style="list-style-type: none"> • Set up awareness programs on the topic of infectious disease and hygiene. • Ensure incident management plans include infectious diseases as possible scenarios. • Ensure cross-training among staff that hold critical roles (to provide redundancy). • Consider briefing trade unions if appropriate. | <ul style="list-style-type: none"> • Talk to critical suppliers to understand their plans. • Identify alternative suppliers as backup. • Review any contract liabilities in the case of delays, cancellations, or quality issues. | <ul style="list-style-type: none"> • Assess and test the continuity arrangements of critical systems or network infrastructure, particularly where remote working may be expanded. |
| Respond | <ul style="list-style-type: none"> • Continue hygiene and sanitation activities. • Identify space to segregate/isolate teams or individuals if necessary. • Explore means of limiting contact with external stakeholders. | <ul style="list-style-type: none"> • Record and track staff absences. • Unwell staff should be sent home/seek medical treatment or told to stay away from work. • Consider home working where possible. • Rearrange any staff travel to avoid spread/exposure. • Provide regular communications. | <ul style="list-style-type: none"> • Stockpile critical supplies if possible. • Continue to communicate with existing suppliers, encouraging openness about their level of disruption. • Adapt orders and shipment arrangements to fit current demand (particularly important where increased demand may be expected). | <ul style="list-style-type: none"> • Utilize telephone and video conference calls instead of face-to-face meetings where possible. • Continue to monitor IT system and network availability, remotely if possible. • Communicate any important information internally and externally throughout the incident. |
| Recover | <ul style="list-style-type: none"> • Return premises to normal. | <ul style="list-style-type: none"> • Develop a plan to manage any backlogs, hiring temporary staff if necessary. • Communicate with external stakeholders. • Consider medical screenings for any staff that have been ill or in contact with individuals who have been ill. • Offer welfare provisions for affected individuals. • Update and extend business continuity and response plans to include pandemic protocols. • Develop and distribute return-to-work guidance. • Carry out regular catchups with staff to track progress overcoming backlogs. | <ul style="list-style-type: none"> • Procure new suppliers if necessary. • Review lessons learned with critical suppliers. • Place additional orders to make up low supplies if necessary. • Explore/invoke any relevant contract clauses that may help limit costs or increase the speed of recovery. • Decide whether any failures of contract KPIs constitute a breach worthy of compensation. | <ul style="list-style-type: none"> • Review how IT systems performed and update resilience arrangements as needed. • Document any alternative working arrangements that were used as part of the organization's Business Continuity Planning arrangements. |

This guide does not speculate on the cause and nature of the novel coronavirus, or how things might develop globally. It focuses on some practical steps organizations can take to reduce the risks to staff, customers, and business disruption. In addition to this guide, organizations should seek updates and follow the advice of global and local health bodies and national and local government authorities.

For more information about the pandemic and other resiliency solutions from Marsh Commercial, please visit our website: marshcommercial.co.uk/coronavirus or contact your usual Marsh Commercial representative.

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