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***Point of View on COVID-19 -- The Coronavirus in the context of Crisis Preparedness
Actionable steps for your business***

Presented by

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Point of View (POV) Notes

- Since COVID-19 (Coronavirus) is a fluid situation, any plan is subject to change based on real-time market conditions. **We note that while day-to-day (or even hour-to-hour) conditions may change, good preparation is a Crisis Framework that accounts for variability and best practices for business continuity.**
- This POV is designed to serve companies from the Fortune 50 to our start up partners (and all in between) across several industries. Therefore there are elements of the POV that may be reinforcing what you already know or are doing or may be out of reach for your company. We encourage our clients, friends and partners to review the entire document as there are nuggets of knowledge throughout that will be useful depending on your specific situation regardless of your size and experience with any crisis and knowledge of COVID-19 and of course call us with your specific questions.
- Some Companies are well versed in Crisis Planning and are already deep into COVID-19 plans (may have Pandemic plans that are already active) and others are just starting to think through what it means for their business, teams and ecosystem.
- Based on prior work to formulate Crisis Response Plans, Emergency Preparedness & Response Plans in response to managing and navigating through 9/11 terrorism, Ebola, SARS, hurricanes, earthquakes, the 2001 & 2008 macro-economy down turns and many other major and minor challenges across industries, this POV is focused on helping you to anticipate how you and your teams will handle a crisis so that you have a rapid response in the event that your company is directly affected by the COVID-19 outbreak or potential economic fallout in the wake of an outbreak.
- Digital DNA Infusion, LLC has no background in public health; we are not virologists nor public health experts. This POV is a business strategy primer, not a Pandemic response plan.
- **The team at Digital DNA Infusion is available to you to offer a free phone consultation. We welcome the opportunity to discuss your specific needs with you.**

Summary

If conversations in your offices over the past days and weeks have been anything like ours, your leadership, stakeholders, customers, friends and associates are jittery. Their health and safety is paramount and top-of-mind. Yet many companies are unprepared for dealing with ambiguity on this scale. The unknown of what may come next is heightening a sense of fear.

From a macro-business perspective in the United States, being ready to respond to COVID-19 is about FEAR and caution in the customer base (B2C and B2B). If your business has global operations in Asia or the European Union, you may already have staff & facilities that are more severely impacted. And your response needs to include your external customers as well as your internal customers, stakeholders and employees.

The framework discussed throughout this POV is relevant across geographies, countries and cultures with appropriate modifications to the specific needs that may be present.

Having dealt with a number of crises over the past 30 years, helping businesses and our clients, we are sharing a primer to assist and reinforce your existing plans as you and your teams invest more time and efforts to prepare or deal with implications from current impacts. This POV aims to help you and your teams think through the planks required to maintain business continuity and formulate a rapid crisis response in light of the Coronavirus Spread (COVID-19) as well as to rationally and empathetically deal with the widespread fear and uncertainty currently gripping the marketplace.

Before we review specific steps directly related to COVID-19, we are sharing our view on a Crisis Framework (for any crisis) so that if you do not have a business continuity plan in place, you are able to put the COVID-19 recommendations into the proper framework.

In a crisis, without proper preparation, ordinary operations often breakdown, your customers and employees may be confused; some may even be angry. Proper planning and communications help to weather the storm to protect your Employees, Customers, Vendors, Brand and Business as best you can.

Crisis planning & execution helps to establish, reinforce and maintain long term value propositions that will return dividends over the years ahead. **Our mantra for clients is “Put People First.” The rewards of doing so are many and long-lasting, even if in the short term you incur minor losses.**

Review: The Basic Elements of a Crisis Framework

- Anticipate the crisis, its size, duration, direct and indirect impact
- Create goals for your business, your teams, stakeholders, vendors and customers
- Identify critical resources in terms of people, processes, systems and resources (including Capital)
- Create mini-plans to protect your staff, customers, brand, systems, as well as ensuring back-up access to critical infrastructure & resources
- Identify your top-level points of contact & spokespeople
- Establish a hierarchy that information and action flows through your organization out to the press, your employees, your partners, customers and into your communities
- Establish a listening system to gather information from sources of Truth and the Marketplace
- Build a notification & monitoring system
- Develop “holding statements” that you can deploy immediately until you have had more time to assess the crisis
- Establish a process & a frequency to assess current conditions and make adjustments

A solid Crisis framework needs to go beyond these planks to help anticipate change and expect the unexpected. In every crisis we have dealt with, “the best laid plans of mice and men often go awry.” This does not obviate the need for good planning and being able to “see around corners”, especially in sectors we often serve- Travel, Hospitality, Franchise, Real Estate, Retail, Media & Financial Services.

COVID-19: Anticipating Change

Companies that are prepared will be able to leverage change to their benefit. Here are six changes we anticipate as COVID-19 continues to impact the marketplace:

- 1) **Business & Cultural Norms** -- As concern around community transmission of COVID-19 increases, we anticipate accepted norms to change. This means:
 - a) No handshakes, no air kisses & no hugs as a greeting
 - b) People choosing not to travel; and companies large and small banning travel due to concerns for the health and safety of their employees
 - c) Employers asking employees to work from home
 - d) Schools closing in certain geographies -- and requiring adults to stay home to care for their families
 - e) Parks, Cultural Institutions & Attractions closing their doors “temporarily”
 - i) This week, The Louvre in Paris, France (the busiest museum in the World) closed its doors out of an abundance of caution
 - f) People avoiding large public gatherings
 - i) This is already happening -- with the cancellation of The World Mobile Congress, Facebook’s Global Marketing Summit & F8 Conferences, The Geneva International Motor Show, The Game Developers Conference, Google’s Cloud Next Conference, the Paris and Bologna Book Fairs, and 260 other business conferences in Europe to date could have as much as a negative \$1 trillion worth of direct spending globally¹ in downstream economic impact
- 2) **Bail-Outs/Companies failing** -- One of the largest conglomerates in China, The Hainan Group (HNA) failed after its airlines group lost a material amount of their bookings and consequently, the company was unable to meet its obligations. This week, HNA was taken over by the Chinese Government.
 - a) While the US has not banned domestic and/or International travel except from a few origination markets, such measures could become even broader and more stringent to prevent continued community transmission. This will have significant downstream impacts
 - i) No single destination, community, company or brand is large enough to withstand the economic fallout when the Travel Industry falters
 - ii) Since the Travel Industry supports 1 out of every 3 jobs in the United States and approximately 10% of all GDP worldwide on a direct basis, if & when a greater portion of the traveling public is asked to “shelter in place,” this will not only hit Airlines, Hoteliers, Restaurants, Convention Centers

¹ The Industry Events Council, 2017

and their suppliers, but all businesses that rely on the free flow of human capital

- iii) By way of example, destinations in the US with no connection to COVID-19 are already reporting that their International tourist and Chinatown districts saw major declines in business receipts in mid-February
- 3) **Business Disruptions** -- Beyond “hard goods” supply chain issues due to closed or slowed factories in China (and now parts of the EU), other aspects of commerce are slowing down as our interconnected global economy is finding vendors, suppliers and distribution partners are temporarily closing/closed or changing their business practices
 - a) Since your business likely has business continuity insurance, it is important to start keeping close track of falling revenues, uncollected bills, as well as changes you make in your accounts payable processes
 - b) What are you doing to anticipate how your supply chain, sales, marketing and distribution partners are impacted?
- 4) **New Opportunities** -- Knowing that the marketplace is jittery and ordinary operations are no longer the norm can open new opportunities for community-oriented & creative business leaders.
 - a) For example, while Hoteliers may start to see significant declines in occupancy, there is the possibility to increase FEMA contracts and/or convert properties you have near a medical facility to an extension of the hospital.
 - b) For QSRs, OEMs and retail brands that know that consumers are working from home with children home from school, there is the opportunity to market products that make staying home more comfortable.
 - c) For airlines & travel brands, there is the opportunity to rethink cancellation policies and/or rebooking fees to build greater customer loyalty.
 - d) For destinations, there is the opportunity to revamp “inspiration” campaigns that show empathy for current fears while planting seeds for future travel (and what is likely to be “pent-up demand”).
 - e) Your ecosystem of partners, vendors and distributors may need you more than ever. **Some of them may be rightly distracted from whatever core commitments they may have with you.** Hopefully you already have deep valuable relationships with this ecosystem, this is the time to deepen and enhance those by adding value and showing care.

COVID-19: Reinforcing your Crisis Framework for a Pandemic

Note: These are first steps/core planks and could be drastically different depending on your specific company, industry, geography and operations. We are

available for a free phone consultation if you desire to discuss your specific needs.

- 1) Identify cross functional leadership team that meets as frequently as your business needs (not less than daily/weekly) include an outside perspective with this group (new employee, valued partner, facilitator).
 - a) Depending on your operations you should plan for this to be a standing Teleconference or Video Conference.
 - b) Do you need an external facilitator?
 - c) Do you include your distribution/vendors/supply chain?
 - d) How does this impact your operations? MarCom? CustServ?
 - e) **How does this group communicate with the rest of your leadership? Company Staff? Vendors? Franchisees? Investors? Other stakeholders?**
 - f) Do you want to be seen as a leader or a follower?
 - g) If you are a Franchisee- what do you need from your Franchisor?
 - h) What is the driving ethos or metric for this team?
- 2) **Put your staff, employees and internal customers first.**
 - a) LISTEN TO THEIR CONCERNS
 - b) Take appropriate measures depending on where and how you operate.
 - c) Especially when you have staff in significantly impacted geographies (note we expect this to be everywhere in the near term).
 - d) Internal Communications (comms) are as important as any external Marketing Communications (MarCom) you may plan.
- 3) Be prepared to put short term revenues/returns on hold; focus on customers (internal and external) first. Build and reinforce your brand/message/company/services/products as caring about your customers. This may mean welcoming cancellations even on non-cancelable orders, inventory, bookings or products.
- 4) Establish/reinforce your external advisors to help be a sounding board across your business needs.
- 5) Establish your medical sources of truth. We recommend the World Health Organization (WHO) outside the United States. And in the US, the Centers for Disease Control & Prevention (CDC) -- There are a variety of links to resources to be found at the end of this POV.
- 6) Listen to the scientists and doctors when available. Avoid listening to the pundits & the politicians.

COVID-19: Preparing for the Worst -- A Long Term Health & Economic Crisis

Prepare for the worst and hope for the best!

- 1) Assume that members of your staff, supply chain and ecosystem will have contact with the Coronavirus.
 - a) What is your primary goal(s)? What metric matters?
 - b) How much coverage does your current plan provide?
 - c) What support will you offer & to whom?
 - d) What should the focus be of your staff?
 - e) What happens when a key leader in your business is directly impacted?
 - f) What will you do if/when the medical facilities in the geographies you operate are overwhelmed with COVID-19 patients? Critical healthcare supplies run out?
 - g) Think through the value chain from your staff's perspective. Be sure to communicate and reinforce with policy what you want your teams to focus first (i.e.: on family safety, then day to day business, then on your customers).
 - h) If you have hourly staff who work paycheck to paycheck, how do you incent them to stay home if they are sick? - This is counter intuitive especially if they don't have sick days (or any left). Paying them to stay home may seem well outside your operating norms, but that is better than them coming to work sick for an 8-hour shift
 - i) Assume that your customers (B2B and B2C) will have contact with the Coronavirus.
 - j) Do you want to lock down your offices? Facilities?
 - k) Do you want to lock down your business travel?
 - l) Are there staff who need to travel?
 - m) What are you doing to support staff that needs to travel?
- 2) Have a market by market plan. Different geographies and verticals will need different plans
- 3) Assume that **Fear, Uncertainty and Distrust** may be influencing customers. The global media in the short term is doing their best to report "facts." However, different political factions are casting doubt by contradicting and challenging the public health authorities, scientists and doctors.
 - a) While Fear sells well on TV and hysteria leads the local media. as of today approximately 80% or more of the infected COVID-19 patients have mild (or less) symptoms and recover "quickly"
- 4) Assume that the economy is in for a major downturn (We all already see the beginnings of this)
- 5) Assume that all Travel -- business, leisure and group -- will become more challenging, stressful and journeys will be disrupted (i.e.: more vigorous airport screenings, more flight cancellations, frequent re-routing are just the start)
- 6) What is your Public Relations & Crisis Communications plan?
 - a) How does that tie into your Brand positioning for COVID-19?

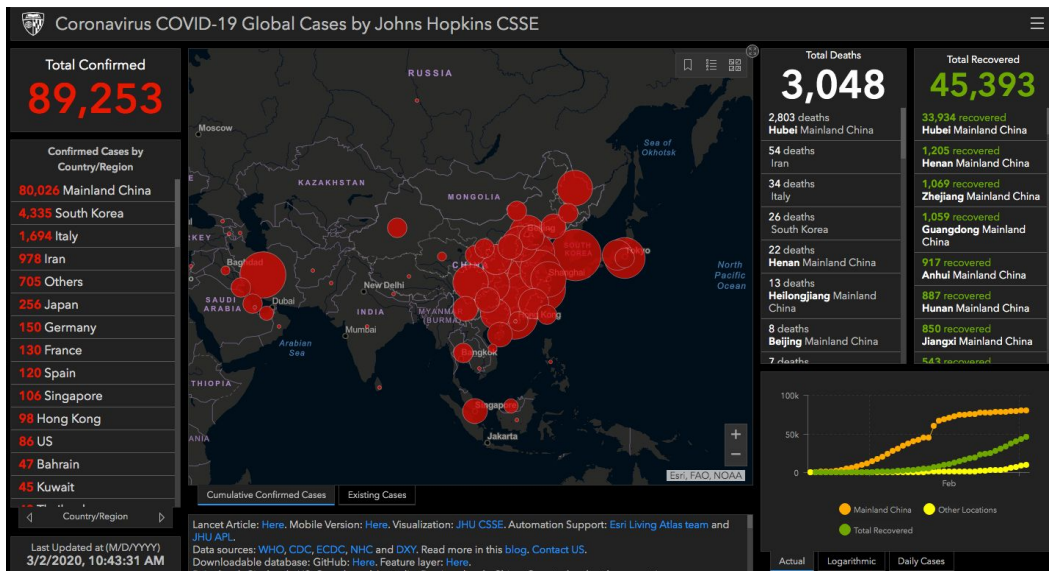
- b) As of today in most of the world, COVID-19 is like a late plane that one expects to arrive. Your customers are in the terminal, waiting, anxious that their lives and plans will be disrupted.
 - i) What can your company do to help reduce anxiety?
 - ii) What actions can your company take if and when COVID-19 becomes a medical situation in your community?
 - c) The common Flu is still a deadlier risk in absolute numbers than COVID-19. This may or may not be the case as COVID-19 spreads.
- 7) For our real estate clients:
- a) What does this mean for your sales and development pipeline?
 - b) What does this mean for the market value of your real estate assets?
 - c) What does this mean for your development and construction projects?
 - i) Expect building supplies that are sourced from certain geographies to dry up very quickly
- 8) For our travel clients:
- a) Assume that your guests will show symptoms of the COVID-19 (maybe for the first time) in your hotel, attraction, on your plane, on your cruise ship.
 - i) What is your plan?
 - ii) Will they blame you?
 - b) What about the mid and near term group cancelations?
 - c) What about your franchisee support?
 - d) Is your operations team properly supported with capital, systems and empowerment?
 - e) Have you properly calibrated your revenue and yield management vs customer service and long term Brand positioning for the FEAR factor?
- 9) For our destination, attraction, sports, events, restaurant, food & beverage and QSR clients:
- a) Assume that customer numbers will dwindle.
 - b) Assume that food stuffs and other expiration date inventory will go unused/bad.
 - c) Assume that you will need to reduce your typical order sizes and begin asking your suppliers about “rainy day” terms.
 - d) Determine whether you intend to keep your doors open or shut down temporarily.
 - i) What impact will shutting down have on your FTE & CSG labor force?
 - ii) How can you help to mitigate that impact so that your employees can meet their obligations?
 - iii) What costs will you incur if you shut down? What will be the highest hurdle(s) to starting up again?
 - iv) What messages do you need to convey to your community, your customers, your visitors, your employees to assure them you are doing everything you can, that your company cares about their health and safety?

- v) What means of communications do you have in place to speak directly with each of your constituencies/audiences?
- 10) For our agency, technology and vendor clients:
- a) Understand and plan for your B2B and B2B2C customers to be materially impacted and distracted from whatever plans or projects you have underway.
 - b) Have you done the proper executive outreach to align with your customers needs beyond your normal account management outreach?
 - c) Determine what you can do to help your customers meet their obligations to their customers, employees and communities.
 - d) Determine what percentage of your monthly billings to clients -- especially those that may have to temporarily shut their doors -- can be delayed and/or what other financial assistance you can lend (i.e.: waving of late fees, etc.).
- 11) For our OEM & Brand Clients:
- a) **Plan for long term investment; this is not the time to cut costs.** This is the time to reallocate your investments into Brand positioning around safety and security.
 - b) Think about how to use -- not abandon or reposition -- your Brand Pillars, then adjust your mix and messaging for your key long term MarCom strategies, investments and channels.
 - c) Plan for the long term with your vendors, ecosystem, revenue/yield management, distribution, sales and marketing plans. Although counterintuitive, investing now in these will yield big payoffs for you as COVID-19 response becomes part of daily life.
 - d) Empower all levels of your staff to handle CustServ immediately (reinforce if you already have this implemented- doubling down on CustServ is a core attribute to leverage during any time of crisis or fear).
- 12) For all employers -- Put People First!**
- a) Many of you have the ability to offer tele/video commute options for many or all positions. Determine at what point will you recommend staff telecommute and at what point you mandate staff telecommute.
 - b) How will you maintain intra-company communications and productivity?
 - c) Do you have collaboration software in place today? Assign a business leader to investigate the costs and timeline to put a basic system in place as soon as possible.
 - d) This is an opportunity to invest in your people, company and customers. Lead your industry and ecosystem- show the way.
- 13) Make sure your stakeholders understand: **This may be “The Rainy Day” you have all long planned for**
- a) Short term growth metrics (EBITDA, cash flow, returns, ROI, ROAS) or other metrics may need to be put aside.

- b) Work together to formulate emergency communications processes, new timelines & benchmarks for “extraordinary” business operations. In some cases, break even or even sustaining a loss must be acceptable.
- c) Keep your focus on the LONG TERM: Be the Brand/Company you have always wanted to be. A community leader. An industry thought leader. The company that puts people before profits.

COVID-19: Data visualization of Virus Infection Rates and Spread

Globally



US Domestic



COVID-19: Resources and Footnotes

Resources

- World Health Organization (WHO)
<https://www.who.int/emergencies/diseases/novel-coronavirus-2019>
- Centers for Disease Control & Prevention (CDC) Coronavirus Resources
<https://www.cdc.gov/coronavirus/resources.html>
- CDC (travel specific)
<https://www.cdc.gov/coronavirus/2019-ncov/travelers/index.html>
- Occupational Safety & Health Administration (OSHA)
<https://www.osha.gov/SLTC/covid-19/>
- National Institutes of Health (NIH) Corona Virus Research & Information
<https://www.fic.nih.gov/ResearchTopics/Pages/infectiousdiseases-coronavirus-cov.aspx>
- Global Health Network Knowledge Hub on Corona Virus Outbreak
<https://coronavirus.tghn.org/>

- Johns Hopkins Data Visualization of COVID-19
<https://gisanddata.maps.arcgis.com/apps/opsdashboard/index.html#/bda7594740fd40299423467b48e9ecf6>
- World Meter Coronavirus Statistics by Country (updated hourly)
<http://www.worldometers.info/conoravirus/#countries>

Footnotes

- 1- <https://www.sciencealert.com/large-chinese-study-finds-most-coronavirus-infections-are-mild>
- 2- <https://www.health.com/condition/cold-flu-sinus/how-many-people-die-of-the-flu-every-year>
- 3- <https://miami.cbslocal.com/2020/03/02/coronavirus-confusion-miami-woman-allegedly-denied-proper-testing/>
- 3- <https://www.ccn.com/china-underreported-coronavirus-infections-leaked-data-suggests/>
- 3- <https://abcnews.go.com/International/wireStory/bahrain-threatens-untested-iran-arrest-amid-virus-69300053>
- 4- <https://www.telegraph.co.uk/news/2020/03/01/virus-will-get-worse-gets-better-boris-johnson-warns/>
- 5- <https://www.statnews.com/2020/02/26/coronavirus-vaccines-are-far-off-fda-official-says-but-drugs-to-treat-patients-could-come-sooner/>
- 6- <https://www.fiercehealthcare.com/hospitals-health-systems/experts-discuss-implications-pandemic-amid-signs-coronavirus-spread-u-s>

About Us

Digital DNA Infusion, LLC (“Digital DNA Infusion”), formed in 2006, has more than 100 years combined experience in digital and traditional businesses from Startups to Fortune 50 companies.

We pride ourselves on “teaching our clients to fish versus fishing for them.”

Digital DNA Infusion is a business management consultancy that provides exceptional service to our clients before, during and after an engagement. We foster open communication that enables fast decision-making, collaboration and high quality results. We understand how difficult it is to stay abreast of all of the changes in the market. We distill the complexities of the marketplace, deliver cogent insights, actionable recommendations and collaborative management services to our clients.

Co-founders and Principals, David and John Atkins, along with our partners and network of advisors, bring unparalleled expertise in strategic planning, business and product planning, product development, marketing (B2B and B2C) and optimization, digital media sales, technology and agency screening and selection, ongoing vendor relationship advice and support, business development, and customer insights with a focus on the ever changing marketplace.

We tailor our business strategy & consulting services to our clients needs. Through our extensive network, we pull in the best talent to provide our clients with real world experts in areas of need. We provide the coaching, tools and resources that allow our clients to identify fresh ideas and perspectives and recognize differentiating factors that drive competitive advantage.