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COVID-19 and pandemic planning: How companies should respond

By EY Global

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Traditional resilience planning doesn't do enough to prepare for a pandemic. Learn how organizations can improve their response.

While cyber risk is a relatively recent consideration in resilience planning, companies have long maintained various resilience plans for business continuity, disaster recovery and crisis management. These plans, while effective for a range of business disruptions, may fall short during a global crisis such as coronavirus or other pandemic events.

Moreover, companies typically have less incentive to invest in distinct pandemic management capabilities since pandemics are lower-probability events (the last major pandemic, H1N1 influenza or swine flu, occurred in 2009). And while firms likely refreshed resilience plans in response to the H1N1 pandemic, it is important to consider differences in today's environment.

For example, cyber criminals may be more likely to target a situation where security operations centers are largely managed in the affected region. Given the high severity, potential human impacts and greater contagion effect that these events can pose on the ongoing viability of operations, companies must think through the implications to their businesses and develop specific crisis management annexures around pandemic threats. These annexures can serve as critical mechanisms by which companies can coordinate response with federal, state and local authorities, in addition to their own incident response and crisis management framework and protocols, to provide an effective response to these events.

Chapter 2

How to plan and respond differently to pandemics

Why traditional resilience plans are not sufficient to address pandemic-related disruptions.

There are significant differences between business disruptions that are caused by natural, human-made, technology or operational failures and those caused by pandemic events. These differences persist due to the potential increased scale, severity and duration of pandemic events, necessitating the need for organizations to expand beyond traditional resilience planning strategies. Companies must incorporate pandemic planning considerations into existing resilience management activities to provide a comprehensive response and to provide continuity for their most critical products and services.

* While some of the characteristics and impacts of business disruptions caused by natural disasters (e.g., hurricane, earthquake, tsunami) may be similar to those caused by pandemic events, a natural disaster is limited to a particular area/geography, whereas a pandemic can start in a particular area/geography and quickly spread globally.

Chapter 3

Key takeaways and next steps for leaders

How to plan and respond differently to pandemics versus traditional resilience planning.

Apply a people-first mindset

The very first priority of an organization during a pandemic should be the safety and well-being of its workforce. Employees are unable to focus on work responsibilities when their well-being and that of their family are in peril. Hence, the critical question firms must address at the onset of a pandemic event is whether their employees are safe, followed by whether they are available to perform critical functions. It is important for companies to be able to monitor the situation, provide a safe workplace and offer their employees the support that they need.

Examples of employee support may include providing access to internal and external resources (e.g., World Health Organization, International SOS, Centers for Disease Control and Prevention), services (e.g., extended child/elder care, transport for late hours) and recognition for employees who take on work for other areas, communicating timely updates to raise awareness and establishing employee standard of care services where possible to provide support to sick personnel or those that are caring for sick household members.

Additionally, degradation or limited availability of core infrastructure such as mass transit, telecommunications and internet may pose further challenges to activating plans and strategies. Companies must carefully design distinct strategies; for instance, inter-affiliate contracts to subcontract work to or alternate supply chain vendors to overcome these barriers, and especially plan around areas of high manual intervention and concentration risks, including single points of failure.

Companies should validate that contracts between country-to-country affiliates are in place to reduce uncertainty of terms, rates, payments and regulatory requirements; data-sharing agreements are addressed within the contracts (e.g., General Data Protection Regulation requirements); and, as required in regulated industries, appropriate licenses are in place to conduct the additional work. Further, downstream dependencies should be considered. For example, if contractor onboarding is concentrated in the impacted region, capabilities in other locations that could be quickly mobilized should be entertained.

Assess reliance on third parties

Companies today have increased interconnectedness with third parties such as outsourced vendors, cloud service providers, data processors, aggregators, payment processors and suppliers for delivery of products and services. These third parties are also vulnerable to pandemic events. Companies must develop a thorough understanding of their critical third, fourth and fifth parties, and their resilience programs, and develop alternate plans, for instance insource strategies or substitutability, if the critical third party's ability to perform services is impaired.

Companies should also validate alignment between their alternate plans and those of their third parties. Conversely, companies should also identify instances where there may be opportunities to rely on certain third parties with geographically dispersed operations to assist with critical activities performed internally. However, in planning for such third-party alternatives, companies must recognize that their peers and competitors may look to the same third parties for assistance during a market contagion, leading to concentration risk.

Companies must assess third-party capacity and bandwidth considering these market dependencies and, where possible, explore opportunities to embed contractual clauses that allow companies to be prioritized for products and services in relation to their competitors.

Engage with customers

As observed during natural catastrophes, customers are generally more empathetic to degradation or discontinuation of certain products and services during disruptions that are beyond a company's control and involve life safety concerns than they are toward those that are perceived to be preventable (e.g., system glitches). However, they expect transparency and timely updates.

Companies must continue to communicate with customers through multiple channels, reinforce that customer interests are a priority and provide information to alleviate their concerns. Customers may have specific questions around a company's supply chain, especially if resources are located in impacted areas, and also may have questions around how those resources may pose any potential risks to them for future use of the company's products and services.

A clearly drafted frequently-asked-questions document published and disseminated through multiple channels, including the company's website and social media, can prove to be a useful tool to proactively address customer

In addition, companies must rehearse crisis management governance and response, including C-suite executives and delegations of authority at least two levels down from primary decision-makers, so that delegates are well prepared to execute timely decisions in the event primary decision-makers are not available. Companies should also include critical third parties in select tabletop simulations to gain a better understanding of interdependencies and points of coordination, and to assess effectiveness of their resilience plans.

Leverage pandemic command center to prioritize and govern effectively

As time goes by, a widespread pandemic event will assert more pressure on existing resources, infrastructure and technology, resulting in significant degradation of products and services. As resources become constrained, firms must constantly re-prioritize delivery of products and services that are absolutely critical to meet customer needs and provide market stability.

Equally important is a thorough understanding of activities that must be de-prioritized to allow effective repositioning of available resources. Companies must have a clearly documented prioritization framework, inclusive of associated risk tolerances, supported by a robust governance process to make risk acceptance decisions (e.g., discontinuation of certain services) during an event.

Additionally, a pandemic command center setup can go a long way in enabling rapid decision-making, drive clear accountability, provide heightened event monitoring and reporting, and disseminate cohesive enterprise messaging, internally and externally. Companies must also institute a back-end quality control process to identify and rectify errors if work is performed by employees with less tenure and cross-training, or by those operating in overtime conditions.

Establish crisis management exception approval process

In the event of a crisis, there are instances when companies need to deviate from standard policies and procedures to best meet the needs of their customers and employees. For instance, a company may not support or have stringent policies with regard to family travel expenses, overtime or remote work, corporate card usage and so on during the normal course of the business; however, these policy exceptions may be necessary and permissible during an actual crisis.

Companies must expand on existing human resources, finance, legal, operations and business processes to accommodate certain critical exceptions, and clearly communicate the revised policies, criteria and processes to allow such waivers in an accelerated manner. All potential changes to existing policies should be carefully reviewed by risk management, compliance and legal prior to being finalized and should take into account what risks are appropriate to accept and any legal and jurisdictional nuances (e.g., local overtime laws across different geographies).

10 next steps for leaders

1. Communicate with employees to raise awareness, enforce policies (e.g., travel restrictions) and familiarize them with available tools and resources

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